Workstream 2 – Deliverable 2B: Institutional and Organisational Assessment

Final Report

Prepared by Oxford Policy Management

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List of abbreviations

APR	Annual Progress Report
CD	Country Director
CEO	Chief Executive Officer
CMP	Common Market Protocol
COO	Chief Operating Officer
CSO	Civil Society Organisation
DFID	Department for International Development (UK)
DG	Director General
DRC	Democratic Republic of Congo
EAC	East African Community
EATN	East African Trade Network
EQ	Evaluation Question
FCAS	Fragile and Conflict-Affected States
HQ	Headquarters
HR	Human Resources
HRRC	Human Resource and Remuneration Committee
ICAI	Independent Commission for Aid Impact
ICT	Information and Communication Technology
KMS	Knowledge Management Strategy
KPI	Key Performance Indicator
LTH	Logistics and Trade Hub
M&E	Monitoring and Evaluation
MEL	Monitoring, Evaluation and Learning
MIS	Management Information System
MoU	Memorandum of Understanding
NOC	National Oversight Committee
NTB	Non-Tariff Barrier
PAR	Project Appraisal Report
PCC	Programme Coordinating Committee
PCM	Project Cycle Management
PMS	Performance Management System
PSO	Private Sector Organisation
SLT	Senior Leadership Team
SMT	Senior Management Team
SO	Strategic Objective
SOL	Strategic Objective Leader
SPV	Special-Purpose Vehicle

APR	Annual Progress Report
START	Strategy and Results Team
TEPP	TMEA-EAC Partnership Programme
TMEA	Trademark East Africa
ToC	Theory of Change
ToR	Terms of Reference
TQ	TMEA Question
TRIMS	Trade Information Management System
USD	United States Dollar
VfM	Value for Money
WTO	World Trade Organisation

Executive Summary

As part of the Independent Evaluation of Trade Mark East Africa (TMEA), a supplementary Institutional and Organisational Assessment was similarly undertaken. The purpose of this assessment was to determine the suitability of TMEA's institutional and organisational model, and to make recommendations, enabling its alignment with "Strategy II", considering both the *current accountability* and *learning for future positioning.* The assessment particularly considered the following *Detailed Evaluation Questions* (DEQs):

> **DEQ 1.7:** To what extent does TMEA have the management arrangements, systems, processes and HR appropriate for carrying out its mission[1]? How suitable are these for the implementation of its activities?

> **DEQ 1.8:** To what extent do TMEA's financial, procurement, HR and risk management processes enable it to efficiently and effectively manage its contractual relationships with implementing partners?

> **DEQ 1.9:** To what extent do the processes that TMEA has in place promote organisational learning and the sharing of good practices?

> **DEQ 1.10:** Are the M&E tools and processes in place appropriate, both in terms of results and in terms of finances? How could they be strengthened?

> **DEQ 5.21:** Is the programme providing VFM and what are the lessons learnt for driving greater VFM across the board?

A second set of five evaluation questions was provided by the TMEA SLT, focusing the assessment on practical questions, which could inform the next steps to be taken by the organisation:

> **TQ 1:** To what extent is the existing TMEA institutional and organisational model effective and why?

> **TQ 2:** What commercialisation options are being developed and what processes are being adopted?

> **TQ 3:** Are TMEA governance structures and accountability mechanisms fit for purpose?

> **TQ 4:** How should the recommendations of the recent external organisational review (February 2017) be most effectively implemented?

> **TQ 5:** To what extent are the systems in place for TMEA to provide VfM for current investors?

The assessment team examined each question to agree a workable alignment between the TMEA sourced questions, and the DEQs set out in the approved OPM Inception Report, and to agree the focus areas for enquiry, which would ensure both sets of questions were comprehensively addressed (see **Table 2: Focus Areas**Table 2: Focus Areas**).

The assessment also makes additional and important contributions to the following DEQs:

> **DEQ 5.6**: What are the strengths and weaknesses of the working model observed to date?

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[1] The mission of TMEA is 'to promote rapid advances in East Africa's integration, trade and global competitiveness for all East Africans'.

DEQ5.9: Is using one organisation – a not-for-profit company – the best vehicle for impact on trade, and on poverty reduction through trade? What are the strengths and weaknesses of this approach?

DEQ5.10: To what extent are the programme's governance arrangements leading to the delivery of high quality and timely outputs?

DEQ5.11: Is the operational model at donor level appropriate and efficient for delivering TMEA? What are the key enablers which need to be preserved, and what are the remaining constraints arising from donors' systems?

The assessment took place between 1 March and 31 May 2017. At the time of the assessment, the budget for Strategy II was not yet finalised, thus, the assessors looked at an overall alignment based on core activities and initiatives.

Two senior consultants, Jon Burns and Peter Omondi, drew upon their extensive collective experience and expertise to undertake the assessment. Jon Burns is an organisation development consultant with 30 years of experience and with several years of experience living and working in East Africa, and working on trade related programmes in southern Africa, West Africa, and India. He has post-graduate degrees in economics and in organisational behaviour. Peter Omondi, a Kenyan national, has over 30 years' experience working in trade related issues in Kenya, and with the EAC.

This report is presented as an external expert review rather than an evaluation report; its conclusions treated as the assessment of external experts, not as a standard of evidence and evaluative reasoning expected from an evaluation. The level of confidence placed in its findings should be judged accordingly by readers, and the evaluation team has done so when drawing on this assessment elsewhere in their independent evaluation of TMEA.

McKinsey's 7s framework[2] was adopted for the assessment, a model used to assess and monitor changes in the internal situation of an organisation. The 7 'Ss' include: Structure, Strategy, Skills, Style, Staff, Shared values, and Systems. The assessment team adapted the 7s model to further consider: Stakeholders, Setting and Sustainability.

Based on the assessment parameters[3], and in line with the Inception Report, it was determined that the optimal methodology for data capture and collation would be a mixed methods approach comprised of: 1) comprehensive document review; 2) targeted primary data collection with key stakeholders and interlocutors at TMEA HQ, and in the seven TMEA country and regional offices; and 3) regular engagement meetings and virtual remote communications to triangulate evidence and test and validate emerging findings.

Table 1: presents a summary of the overall conclusions of the assessment. A full list of conclusions and recommendations can be found in **Section 7**. **Table 5** provides details of the status of recommendations and those which have already been actioned by TMEA.

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[2] https://www.strategicmanagementinsight.com/tools/mckinsey-7s-model-framework.html

[3] The size and complexity of TMEA, dispersed geographic locations of TMEA offices, combined TMEA and DFID questions, the developing situation on staff employment security and pay, the large number of inputs, and the limitations of a two-person team and a 22 week consultancy

Table 1: Conclusions

DEQ /TQ	RESPONSES	HEADLINE CONCLUSIONS
DEQ 1.7 – To what extent does TMEA have the management arrangements, systems, processes and HR appropriate for carrying out its mission[4]? How suitable are these for the implementation of its activities?	Section 2 & 4	The assessors are of the opinion that TMEA has in place the proper management arrangements, systems, processes, and HR to carry out its mission. They identify some isolated areas for improvement and suggest TMEA would significantly benefit from a more integrated information system and more user-friendly guidelines for staff on how to access the large quantity of available documentation.
DEQ 1.8 – To what extent do TMEA's financial, procurement, HR and risk management processes enable it to efficiently and effectively manage its contractual relationships with implementing partners?	Section 2	The assessors are of the opinion that TMEA has in place the necessary financial, procurement, human resources, and risk management processes to enable it to manage its relationships with implementing partners. Relationship management with implementing partners is a strength. They note, however, there are some areas for improvement and suggest greater efficiency and effectiveness could be achieved through the enhanced enforcement of financial management and reporting protocols. This is especially needed in the case of larger and more complex infrastructure projects.
DEQ 1.9 – To what extent do the processes that TMEA has in place promote organisational learning and the sharing of good practices?	Section 3	The assessors agree that organisational learning and sharing practices are a "work in progress" for TMEA. There is both recognition that these practices are important, and a commitment to TMEA being a learning organisation. The wider responsibilities attached to the new Organisational Performance function should support better organisational learning and sharing in the future.
DEQ 1.10: Are the M&E tools and processes in place appropriate, both in terms of results and in terms of finances? How could they be strengthened?	Section 3	The assessors are of the opinion that the main policies and plans are in place and are appropriate for the remit and purpose of TMEA as a regional trade facilitation organisation, and its stated mission and vision. They note that systems are becoming well embedded in the organisation, that the structure for delivery is advancing, but agree there are weaknesses at the monitoring at project level, including common un-specification and confusion between outputs, outcomes and impact in the monitoring frameworks, and lack of rigour and standardisation of project reporting with regard to evidence

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[4] The mission of TMEA is "to promote rapid advances in East Africa's integration, trade and global competitiveness for all East Africans'

DEQ /TQ	RESPONSES	HEADLINE CONCLUSIONS
DEQ 5.6: What are the strengths and weaknesses of the working model observed to date? **DEQ5.9:** Is using one organisation – a not-for-profit company – the best vehicle for impact on trade, and on poverty reduction through trade? What are the strengths and weaknesses of this approach? **DEQ5.11:** Is the operational model at donor level appropriate and efficient for delivering TMEA? What are the key enablers which need to be preserved, and what are the remaining constraints arising from donors' systems? **TQ 1 –** To what extent is the existing TMEA institutional and organisational model effective and why?	Section 2	The assessors are of the opinion that the existing TMEA institutional and organisational model has been broadly effective in successfully delivering the first TMEA strategy. Despite several isolated areas for improvement, the assessors found no systemic flaws or failures. They use this report to identify the mix of organisational elements and characteristics which they consider work together to support the functionality and effectiveness of the model. Having reviewed the various organisational options, including those set out in Section 8.3.3 (p. 99) of Strategy II, they suggest any future organisational model should be closely based on the existing model suggesting retention of a Special-Purpose Vehicle (SPV) and a legally registered not-for-profit organisation. The assessors are of the opinion that the current model is proper for TMEA's mission, and that change 'for the sake of it' would be unnecessarily complex and expensive.
DEQ5.10: To what extent are the programme's governance arrangements leading to the delivery of high quality and timely outputs? **TQ 3 –** Are TMEA governance structures and accountability mechanisms fit for purpose?	Section 4	The assessors suggest the governance structures in place require review. They identify signs of a misalignment of incentives in some areas between the TMEA Council and the TMEA Board and are of the opinion that the constitution requires an early review to better accommodate the needs of Council members (donors) and enhance their access to TMEA operations. They suggest that more frequent trilateral engagement between Council members, Board members and the TMEA SLT could support enhanced governance. They believe that the committee system adds value, and that the NOCs and PCC support TMEA efficiency and effectiveness, despite some isolated areas for improvement, including the need for improvements in the PAR process for larger projects (see DEQ 1.8 above).
DEQ 5.21 – Is the programme providing VfM and what are the lessons learnt for driving greater VfM across the board?	Section 5	The assessors are of the opinion that TMEA is providing VfM. The assessment has focused on economy and efficiency measures and the assessors identify positive signs that VfM mechanisms are in place. This includes a strategy with 14 KPIs and individual SLT members leading on delivery in specific areas. Data capture and reporting are robust. TMEA is now developing equity indicators and should align its cost benefit analyses with cost effectiveness indicators. Effectiveness measures are addressed in detail in other workstreams of the wider independent evaluation. This report makes suggestions as to how to enhance VfM reporting based on recent learning.
TQ 2 – What commercialisation options are being developed and what processes are being adopted?	Section 6	A consultancy exercise is underway to assess the opportunities and the mechanics required to commercialise through an equity-based infrastructural fund. There are some existing TMEA services which could be commercialised, such as ICT for trade services and facilitation of the proposed logistics and trade hubs. If commercialisation is to be pursued, the assessors suggest the establishment of a separate entity for commercialisation should be considered. TMEA should be aware of the possible negative impacts of trying to deliver traditional and established trade facilitation and grant services together with commercial services through the existing organisational model.

DEQ /TQ	RESPONSES	HEADLINE CONCLUSIONS
TQ 4 – How should the recommendations of the recent external organisational review (February 2017) be most effectively implemented?	Annex F	The recent organisational reviews are of mixed quality and many of their recommendations have been superseded by the likely "reduced-budget scenario" for TMEA Strategy II. Some recommendations, however, remain relevant. The assessors suggest the two main priorities for implementing recommendations from the recent reviews are: 1) The piloting and implementation of the (revised) performance management system; and 2) A review of staffing and skills (structure) requirements to deliver the necessary services in the context of the likely scenario.
TQ 5 – To what extent are the systems in place for TMEA to provide VfM for current investors?	Section 5	As set out in EQ 5.21 above.

Note: The assessment team reviewed the **relevance of organisational reviews undertaken in early 2016** for Strategy II. The report assesses the relevance of the recommendations, set out in the aCatalyst consulting reports, submitted in February 2017 and suggests how these should be prioritised. The assessors considered the quality of the organisational review outputs to be mixed. Many are generic and the reviews are particularly weak in performance management systems. The workflow review also lacks depth, although there is some useful guidance on structure. The assessors noted that the current budgetary context has partially superseded the recommendations. The two main priorities are the introduction, piloting and implementation of a revised PMS, and a review of skills and staff numbers (and the impact on structure) in the context of Strategy II. The assessors' commentary can be seen at **Annex F**. **Annex G** sets out their response to a request to compare their findings with those set out in the draft, August 2017, due diligence report.

1   Introduction

1.1   Structure of the Report

The report consists of 7 chapters and 9 annexes:

- **Chapter 1** introduces the purpose of the Institutional and Organisational Assessment, and sets out the assessment process;

- **Chapter 2** presents the main findings of the organisational assessment in relation to each of the key components;

- **Chapter 3** provides an assessment of TMEA's Knowledge Management, and Monitoring, Evaluation and Learning functions;

- **Chapter 4** presents conclusions of the institutional assessment;

- **Chapter 5** considers Value for Money Considerations;

- **Chapter 6** shares commercial considerations; and,

- **Chapter 7** presents the overall findings and conclusions from the assessment.

1.2   Purpose

The purpose of this assessment was to determine the appropriateness of TMEA's institutional and organisational model, and to make recommendations enabling its alignment with "strategy II", considering both *current accountability* and *learning for future positioning.* As per the Inception Report, the assessment is intended to be forward looking; identifying the lessons to be learnt from the evolution of TMEA organisationally, and how anticipated changes to the operational processes could be adopted in planning for the new strategic cycle. At the time of the assessment, the budget for Strategy II was not yet finalised. The assessors consequently examined an overall alignment based on core activities and initiatives.

The institutional and organisational assessment responds to two sets of evaluation questions, as set out in the design note and already noted in the executive summary. The first set of five detailed evaluation questions (DEQs) is embedded in the Inception Report[5] for the wider independent evaluation of TMEA. These are set out below.

> **DEQ 1.7:** To what extent does TMEA have the management arrangements, systems, processes and HR appropriate for carrying out its mission[6]? How suitable are these for the implementation of its activities?

> **DEQ 1.8:** To what extent do TMEA's financial, procurement, HR and risk management processes enable it to efficiently and effectively manage its contractual relationships with implementing partners?

> **DEQ 1.9:** To what extent do the processes that TMEA has in place promote organisational learning and the sharing of good practices?

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[5] approved in December 2016

DEQ 1.10: Are the M&E tools and processes in place appropriate, both in terms of results and in terms of finances? How could they be strengthened?

DEQ 5.21[7]: Is the programme providing VFM and what are the lessons learnt for driving greater VFM across the board?

The second set of five evaluation questions was **provided by the TMEA SLT**, with a view to focusing the assessment on practical questions that could inform next steps for the organisation. The five questions are set out below and, to a large extent, overlap with the five DEQs above.

TQ 1: To what extent is the existing TMEA institutional and organisational model effective and why?

TQ 2: What commercialisation options are being developed and what processes are being adopted?

TQ 3: Are TMEA governance structures and accountability mechanisms fit for purpose?

TQ 4: How should the recommendations of the recent external organisational review (February 2017) be most effectively implemented?

TQ 5: To what extent are the systems in place for TMEA to provide VFM for current investors?

The assessment team examined each question to agree a workable alignment between the TMEA sourced questions and the DEQs set out in the approved OPM Inception Report, and to agree the focus areas for enquiry that would ensure both sets of questions were addressed (see **Table 2**).

For ease of reference, the DEQs and TMEA Questions (TQs) relevant to each section are referenced at the head of each section of this report.

1.3   Assessment Framework

The assessment was undertaken by two senior consultants, Jon Burns and Peter Omondi, and draws on their lengthy collective experience and expertise. Jon Burns is an organisation development consultant with 30 years of experience in the area and with several years of experience living and working in East Africa and working on trade related programmes in southern Africa, West Africa and India. He has post-graduate degrees in economics and in organisation behaviour. Peter Omondi is a Kenyan national with over 30 years of experience working in trade related issues in Kenya and with the EAC. The assessment took place between 1 March and 31 May 2017 and involved a combined total of 30 days of field work, divided into two missions, in East Africa.

The purpose of this assessment has been to obtain valid information about the performance of TMEA as an organisation and the factors that affect its performance in order to determine the appropriateness of TMEA's institutional and organisational model and to make recommendations which enable its alignment with "strategy II". As agreed in the Inception Report[8], this assessment used a classic 'mission-based' organisational effectiveness analytical framework, based on the evaluation questions, and focused on the critical dimensions of whether TMEA's institutional and organisational model is appropriate for its purpose, as required by the investors.

An organisational assessment of this nature differs from other types of evaluation as the assessment focuses on the organisation as the primary unit of analysis. Such an assessment considers whether an organisation has the appropriate internal mechanisms in place to deliver its objective, and the

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[8] Annex I include details of the proposed methodology from the Inception Report

extent to which these mechanisms are operational and effective. It reaches conclusions based on systematic analysis of the evidence by organisational development experts, as well as their specialist opinion regarding what constitutes good practice.

The assessment team considered a number of analytic frameworks[9] before adopting McKinsey's "7S" framework, one of the first models of organisational assessment to be popularised in the 1990's. This model incorporates a holistic, or 'systems' perspective, in which the interrelationships of the key components are seen to determine overall system performance.

The obvious limitation to this model is that it focuses on activities inside the organisation, giving little attention to the external environment in which TMEA operates. To ensure that this was fully considered from the outset, the assessors adapted the model to add three additional "S's", creating a '10s' framework, as follows:

- **Structure:** the formal and informal allocation of tasks and responsibilities at TMEA
- **Strategy:** the crafting of the organisation mission of TMEA and its niche in the market place
- **Skills:** the individual and organisational capacities at TMEA
- **Style:** the culture and behaviour of TMEA
- **Staff:** the nature of the people employed or utilised by TMEA
- **Shared values**: the espoused and actual belief system at TMEA
- **Systems**: the processes inside TMEA to support delivery of strategy
- *Stakeholders***:** project partners, clients, beneficiaries, EAC member state interlocutors, board and council members and members of country committees
- *Setting***:** the operating environment, including ease and efficiency of operations across the EAC member states
- *Sustainability***:** access to funding, power and control and relevance to target markets

A pre-fieldwork exercise was undertaken to confirm whether the "10S" framework would enable a systematic organisational assessment of TMEA. This process involved assessing: 1) what data could be captured and collated against each of the ten "S" areas (**see Annex A**); 2) how data could be collected; and 3) what approach to data analysis could be adopted. This exercise confirmed the analytical framework, and informed the field work approach, based on: the parameters of agreed input days; availability of key staff; status of TMEA and job security of staff; accessibility of reviewable data and accessibility of key influencers and decision makers, and operators in the TMEA organisation.

The OPM team leader worked on the overall Independent Evaluation of TMEA, as well as leading on Workstream 2 for the overall evaluation and confirmed the choice of approach for this assessment. Working with the assessment team, they ensured strong links with the analytical framework for the overall evaluation, and discussed and agreed how sources of data from other workstreams could be accessed to support the institutional and organisational assessment. Specifically, it was agreed that the institutional assessment would cross-check whether strengths and weaknesses in the implementation processes, identified in the summative results review, at the different layers of intervention, or in different thematic sectors, related to the institutional nature of TMEA (i.e. as a not-for-profit company), its management arrangements and/or its operational structure.

For each question, the assessors worked to determine which focus areas should be addressed to ensure comprehensive responses to the DEQs and TQs, see **Table 2**.

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[9] Two other frameworks were considered – The causal model for organisational performance (Burke and Litwin); and The Six Box Model (M Weisbord). These are set out in brief in Annex A, together with the reasons for disregarding them

Table 2: Focus Areas

Question	Focus
DEQ1.7 DEQ1.8 DEQ1.9 DEQ 1.10 TQ 1	To assess what combination of components (drivers of productivity and success) support the effectiveness of the TMEA institutional and organisational model: including (but not limited to) the delivery of regional initiatives through national teams; the supply and demand dimensions of east African trade; the composition of TMEA personnel; the nature of project intervention design and delivery; the TMEA reward and incentive system; the devolved responsibilities to country based teams; the TMEA organisational culture; knowledge management and the capture, dissemination and contribution of lessons learnt; the sharing of knowledge through communities of practice; the sufficiency of space created, at a senior level, for reflection of, and adjustment to, existing plans and the role of innovation in the effectiveness of the TMEA model. The assessment will examine in what ways TMEA reflects its vision and strategy in its operational management in relation to: the country contexts and emerging needs of the EAC; the position of TMEA in the regional development community; and the IPs, including: (i) EAC, (ii) national trade bodies, and (iii) government agencies and standards organisations. The assessment will examine the appropriateness and relevance of the strategy, structures, systems, and skills, relating to financial, procurement, risk, and human resources management in the context of contractual relationships with implementing partners. It will also examine the extent to which TMEA has in place processes to promote organisational learning and sharing of good practices?
DEQ 5.21 TQ 2	To what extent is TMEA providing VfM for current investors? What lessons can be drawn for driving greater VfM across the programme in the future? What would be the likely impact upon trade in East Africa if services were delivered through a traditional donor organisation rather than a special purposes vehicle; the balance between "contracting in" and "contracting out" in a VfM context; and other institutional and organisational arrangements which might deliver better VfM than the current model?
TQ 3	How would any commercialisation process influence and change existing TMEA strategy, structure, staffing, skills, systems, and services? What conclusions can be drawn, and recommendations made, on the commercial capacity and strength of the TMEA board. What existing and potential "business lines" and areas have the potential to generate future income streams? How might the TMEA operating environment and institutional context support the future provision of finance, including, for example, equity, a catalytic fund, a social impact facility and infrastructural lending. How might existing TMEA "growth hubs" contribute to an effective commercialisation model?
DEQ1.7 DEQ1.8 TQ 4	How does the current TMEA accountability function work and is it fit for purpose? What actions should be taken on TMEA governance to ensure future relevance and effectiveness? What conclusions can be drawn, and recommendations made, on the purpose, role, and contribution of the TMEA Council? What should be done to strengthen the relevance and impact of the TMEA board? What conclusions can be drawn, and recommendations made, on the purpose and performance of National Oversight Committees (NOCs) and Project Coordination Committees (PCCs)? In the context of "Strategy II" what would be the optimal governance structure and accountability mechanism for TMEA? How would any future commercial component be embedded – for example, should it be integrated or detached?

Question	Focus
DEQ 1.10 TQ 5	To what extent are the recommendations of recent organisation reviews realistic and relevant in the context of "Strategy II"? How should the various organisational review recommendations be most effectively implemented? What are the priorities (and sequence) for implementing the recommendations of recent organisation reviews? In the context of Strategy II does TMEA have sufficient capacity and skills in: i) management and technical roles; ii) its financial operations; iii) risk management, iv) its measurement and reporting functions (monitoring and evaluation (M&E); v) IT functions it performs / should perform; vi) its communication strategy? How effective are TMEA's management interactions and relationships with: i) country offices; ii) national East African / trade / revenue ministries and agencies; iii) the EAC; iv) private-sector organisations; v) civil society organisations? To what extent does TMEA have an effective measurement and reporting framework, and how is it used as part of management's monitoring of the activities for which they have responsibility?

Data Collection & Analysis Strategy

The data collection process was grounded on a desk-based review of internal strategy documents, as well as management and procedural operational documentation, including project appraisal reports, project monitoring reports, TMEA country strategies, internal TMEA evaluations, and other relevant project documentation (see **Annex C** for a full list of documents reviewed). Face to face interviews, meetings and focus group discussions (FGDs) were conducted with TMEA donors, TMEA senior managers and staff, in both HQ and country offices, during field visits (see **Annex B** for a full list of interviews and meetings). A survey of opinions from the selected sample of IPs was also undertaken to obtain feedback on strengths and weaknesses of the TMEA management and operations from the perspective of the recipients of support. This was informed by the assessment parameters[10], and is in line with the Inception Report.

Specifically, the assessment relied on the following data collection methods:

- A **Document Review**[11] of TMEA's internal management and procedural operational documentation. This was undertaken to ascertain whether TMEA had the necessary structures, procedures, and processes in place to assess their suitability to TMEAs mission and vision (Strategy). This included:

  - A review of internally generated documents at TMEA (HQ and dislocated offices – country and EAC), including reports, plans, strategies, accounts, budgets, organisation charts, policies, procedures, systems maps, agenda, minutes, terms of reference and briefing notes.
  - A review of externally generated documents at TMEA, including DFID annual reviews, Sida annual review, organisation reviews, annual stakeholder surveys, commissioned consultancy assignments (including commercialisation and staff costs), external audits and annual reports, external VfM reviews.

- A **Survey of project partners** to capture perceptions of TMEA (relevance, efficiency, performance, competencies). Whilst the survey results were not substantively used to reach conclusions in this assessment, they did inform the interview protocol early in the information gathering workshops. Aggregated results from the assessment survey were brought together with feedback supplied via other workstreams within the overall evaluation, ensuring a comprehensive representation.

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[10] inputs, duration, deadlines, size and complexity of TMEA, physical dislocation of TMEA offices, combined TMEA and DFID questions, a two-person team and the developing situation on staff employment security and pay

[11] The full list of documents reviewed is included at **Annex II** of this report

- A combination of **interviews**, **focus groups**, **workshops** and **observations** were used to determine how widely known these structures, policies procedures and processes were, and how effectively they were being followed. These included:

    - **Individual interviews** of those drawn from: TMEA donors (DFID, USAID and Sida); the TMEA governance structure (council, board and sub-committees); TMEA leaders and managers (CEO, COO, DG, Function Heads, Country Heads, EAC Office Head); and from a wide range of staff at the TMEA HQ in Nairobi, country offices, and the EAC office.[12]
    - **Focus group meetings and workshops** relating to assessment aspects, including human resource management and organisational planning, operating systems, VfM, financial management and reporting, results measurement and procurement processes and reporting[13].
    - **Observing processes and procedures during** Senior Leadership Team Meetings, Senior Management Team Meetings, Board Sub Committees on HR, operations, finance, and systems.
    - **Meetings held during the fieldwork, which** assessor(s) attended, specifically surrounding commercialisation, strategic development, staffing costs, new procurement policies and procedures, and proposed IT systems.

The assessment of TMEA's organisational performance began with a review of strategy I, and the current draft strategy (Strategy II), annual business plans, half yearly progress reports, and annual reviews commissioned by donors (particularly DFID). The assessment team also conducted initial meetings with key TMEA stakeholders to gain insights and orient the assessment.

The desk review informed the development of interview protocols and an overall structure for interviews and workshops, as well as the focus and direction of facilitated workshops and focus groups, designed to ensure consistency of approach, enable comparisons, and ensure that expert views and conclusions could be triangulated and sense-checked across a reasonable sized pool of interviewees. Interviews were semi-structured; conducted initially with a purposive sample of key stakeholders but developed into a snowball sampling approach, enabling the assessment team to follow lines of enquiry as they emerged. Interviews were recorded in note form, coded, and evaluated for accuracy and validity (in the first instance with the original interviewee, and then with others familiar with the content and context). All interview feedback was regularly analysed by the assessment team, then aggregated messages were used to further test findings, to determine conclusions and to support the generation of potential recommendations.

Facilitated workshops and focus group meetings were used to gain new insights, validate findings, and test the levels of familiarity, relevance and utility of information drawn from strategies, plans, reports, policies, procedures and processes relevant to the performance (progress against plan) and future plans of TMEA as an organisation. Data was triangulated through interviews with different stakeholder groups, focus groups and workshops, as well as through direct observations of key organisational processes (decision making, reporting, planning, communications), including TMEA board sub-committees and at leadership, management and country office meetings (themselves augmented by agenda and minutes). For example, external visits to the TMEA country offices and the EAC office in Arusha, were planned for the second mission. These offices are the interface with the funded programmes, and projects and assumptions drawn from early interviews at the TMEA HQ in Nairobi were assessed during this interaction.

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[12] The full list of interviewees is included in **Annex B** of this report
[13] TMEA and stakeholder meetings were requested by the assessors and organised by TMEA. Meetings with stakeholders in individual countries were arranged by national teams while meetings with regional stakeholders were arranged by the regional teams

Specific quality assurance processes were integrated into the fieldwork. This included but was not limited to:

- Triangulation of evidence from document review, interviews and focus groups, observations, combined with the assessors own expert views.
- Daily morning meetings during fieldwork, to discuss and agree any changes to formats, templates, and schedules; discuss feedback and results; and to identify information gaps, and/ or contradictory messages and agree actions to address.
- The assessment team met at the end of the day to discuss findings, agree validation strategies, and to identify emerging themes and potential recommendations.
- Meetings were held every three days with members of the Senior Leadership Team at TMEA to assess and validate information received, and to stimulate deeper thinking and contributions on key elements of the assessment.
- Field visits to country, and regional offices, were used to capture additional organisational and operational information, and to assess information received at HQ.
- At the end of the fieldwork, the assessment team led a validation workshop[14] to check the accuracy of facts, and confirm the findings and conclusions of the assessment with all managers, and senior staff from TMEA. Participants supplied valuable commentary and feedback, all of which has been taken into consideration within this report.
- Brief meetings, on preliminary findings and conclusions, were held with a TMEA Council Member and the outgoing Chair of the TMEA Council. This was a valuable process to validate interim findings and to further understand any issues from the perspective of an investor and from a member of the governance team. The assessor was then able to validate these views during the second mission, and reach conclusions surrounding investor satisfaction and governance structures, communications, and influence.

Finally, and per the assessment remit and recent requests, the assessors reviewed recent external reviews of TMEA. In particular, the assessors were requested to compare their findings with two recent reviews: an organisational review, delivered in February 2017 by aCatalyst Consulting, the reports from which were submitted in February 2016. The purpose was *"to recommend a structure to enable delivery of Strategy II at a reasonable cost, whilst ensuring that workload and grades are reasonable and consistent across TMEA"* and; the draft Due Diligence Assessment of TMEA, undertaken by Deloitte & Touche, Kenya during June 2017[15]. These triangulations, with commentary, are provided in **Annex G**.

Limitations
This assessment is a "snap-shot". Although the assessment team managed a large document review and two field missions, the timeframe for the assessment was short and was undertaken during a challenging and difficult period for TMEA. At the time of the assessment, TMEA staff employment contracts were due to expire on 30 June 2017, affecting morale and commitment. A TMEA Council request to reduce senior management remuneration, by as much as 33%, was also being implemented. At the same time, the six-year strategy from 2017/18 to 2022/23 (Strategy II) had been submitted with an indicative budget of USD 700 million. Furthermore, it was becoming increasingly clear that the actual available budget was more likely to be closer to USD 360 million. In this report, this is referred to as the *reduced-budget scenario (or lower-case budget scenario)*. TMEA has available liquid funds through to the third and fourth quarter (Q3/Q4) of 2017. At the time of writing, an 'emergency' six-month plan (to cover the period from July to December 2017) has been drafted and submitted to the TMEA Board to enable the effective management of the transition period between

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[14] See **Annex D** for PowerPoint used in final validation workshop
[15] At the time of the initial fieldwork and the submission of the draft of this report, the draft due diligence assessment had not been submitted, and the assessors were asked to contrast and compare their findings with a Swedish Government funded in depth efficiency audit. However, the assessors understand that this audit has now been superseded by the draft due diligence assessment and, accordingly, this final report contrasts and compares with this document (Annex G)

Strategy I (complete at 30 June 2017) and Strategy II. Wherever relevant, the limitations on what the assessment was therefore able to consider is referenced, and the impacts of the challenging time for staff is noted, particularly when considering Skills and Staff (Sections 2.3 and 2.5).

No formal analysis of alternative structures was planned, but in examining the performance of TMEA operations, the assessment considered service provider contracts, or direct assistance to stakeholders (e.g. support to the EAC) where appropriate, based on the expert judgement and experience of the assessment team. A comparative analysis of other institutions was not considered appropriate given the unique nature of TMEA.

Finally, this report is presented as an external expert review rather than as an evaluation report. While it presents answers to certain evaluation questions, these conclusions should be treated as the assessment of external experts rather than with the standard of evidence and evaluative reasoning that would be expected from an evaluation. The level of confidence placed in its findings should be judged accordingly by readers, and the evaluation team has done so when drawing on this assessment elsewhere in their independent evaluation of TMEA.

2 Organisational Assessment [DEQ1.7, DEQ1.8, TQ1]

A key focus for this exercise was to undertake an assessment of TMEA as an organisation and determine whether its key structures, mechanisms and components were aligned with the remit and purpose of TMEA as a regional trade facilitation organisation, and appropriate to its stated mission and vision. The assessment team considered the following key components: Structure, Strategy, Skills, Style, Staff, Shared values, Systems, Stakeholders, Setting, and Sustainability.

2.1 Strategy

The assessors conclude that Strategy I was well-aligned with the remit and purpose of TMEA as a regional trade facilitation organisation, and its stated mission and vision. This conclusion is based on an analysis of approved quarterly reports submitted by the Operations Committee, which consider the Strategy I results against objectives agreed (by the Board and approved by the Council). The TMEA Senior Leadership Team (SLT), the TMEA Senior Management Team (SMT) and Council Members confirmed that they also consider Strategy I delivered the expected results, to the satisfaction of TMEA donors, and further that Strategy II was being drafted to build on these.

Board members, staff and managers consider the strategic planning process rigorous, evidence-based, and broadly inclusive, integrating adaptive planning and management as well as systemic change techniques and approaches. They reported that the time senior management devoted to strategy development and delivery, has had a positive impact on the quality of the process.

The assessors agree Strategy II is comprehensive, cohesive, and clear, seeking to achieve greater impact than its predecessor based on i) Lessons learnt from the implementation of Strategy I; and ii) changes in the regional trade environment (market demand). They considered Strategy II is responsive to market demand, relevant to development goals and consistent with both the TMEA Theory of Change (ToC) and its results framework. They further note that the inclusion of a Fragile and Conflict-Affected States (FCAS) approach in Strategy II is consistent with good practice[16]. In particular, the recognition of importance of political economy and conflict analysis, and the need for tools and processes to rapidly decide and execute the scale-up, discontinuation or recalibration of a specific activity, project or programme based on external developments[17]. The TMEA Corporate Strategy 2017-23 recognises that, "*Results based management is particularly important when working in fragile and conflict affected states (FCAS) such as Burundi, South Sudan and DRC. In FCAS environments, threats (and opportunities) may emerge very rapidly, and it is essential for programming to adapt quickly to the changing context. Rigid input-driven and overly centralised management is unlikely to cope in these circumstances. Results-based approaches, where there are "short feedback loops" between measurement of impact and executive decisions at the local level, are more robust and effective.*" (Section 5.2)

The assessors are of the opinion that the core HR team and staff technical ability contributed to the effective functioning of TMEA. They further consider the TMEA action plan for results-based management (RBM) reflects good practice[18], with clear staff guidance. For example, on Results Based Project Cycle Management, Results Chains, MEL as an essential monitoring tool, and how to review

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[16] See Strategy for Enhanced Engagement in Fragile States, African Development Bank, 2008; Centre for Global Development's research on Fragile States; and GSDRC Topic Guide, *Economic development in fragile and conflict-affected stateshttps://assets.publishing.service.gov.uk/media/57a0899040f0b6497400014a/Econdevfragilestates1.pdf.* McIntosh, K. & Buckley, J. (2015). Birmingham, UK: GSDRC, University of Birmingham for a summary of the evidence base and key emerging lessons see the

[17] Annual Review 2016, p21

[18] OECD's external reviews of RBM approaches detailing good practice; Discussion paper prepared for the Canadian International Development Agency, Results-Based Management: Towards a common understanding among development Agencies, 2003; UNDP Results Based Management: Concepts and Methodology, 2002

progress[19]. They consider HR and technical development plans to be consistent with Strategy II deliverables but note that the financial capacity to deliver the project, was insufficient.

The assessors note that whilst changes to country strategies are meant to evolve to reflect rapid change in the national operating environment, it does not always happen quickly enough. Report 2D/2E found the Country Strategies, which set the framework for TMEA assistance, have in several cases, not been updated. An example is evident in the case of Tanzania, where a change in government in 2015 should have led to a review and an updating of the TMEA country strategy. Therefore, they suggest that a framework for regular review would add value.

The assessment team identified instances of budget overspend (for example in Kenya), from interviews with TMEA country office representatives, as well as significant delays to the procurement process (see Deliverable 2A). They suggest that these issues relate to organisational skills and systems, which are further considered in section 2.3.

Strategy II urgently needs adapting into the emerging reduced-budget scenario. Assessors suggest that TMEA would benefit from an early 'reduced-budget scenario' strategy (a revision of Strategy II) to identify the 'core' and 'non-core' delivery areas for the period of Strategy II, and how these will be reflected in the organisational and governance structure. The assessment team recommend a revised plan for this scenario should be prioritised, and a succession plan integrated to be implemented during the first half of Strategy II. Further recommendations are for core TMEA services to relate to the improvement of trade infrastructure, in and around development corridors.

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[19] *TMEA's monitoring, evaluation and learning*, Version 2.0 – 12 May 2014; *Results Based Project Cycle Management, Guidelines for Trade Mark East Africa*; *TMEA Results Measurement Summary Sheet – Accompanying the TMEA MEL Guidelines*; TMEA's *How to make Results Chains*, Version updated 25/01/13; TMEA's *How to Make a Monitoring Plan*, Version edited 16/01/2013; TMEA's *How to Review Progress*, Version edited 16/01/2013;

2.2 Structure and functions

The TMEA Council and Board will consider organisational structures in August 2017, once the budget for Strategy II has been agreed. The structure described in **Figure 1** remains in place and forms the basis for this assessment[20].

Figure 1: Current leadership and management structure
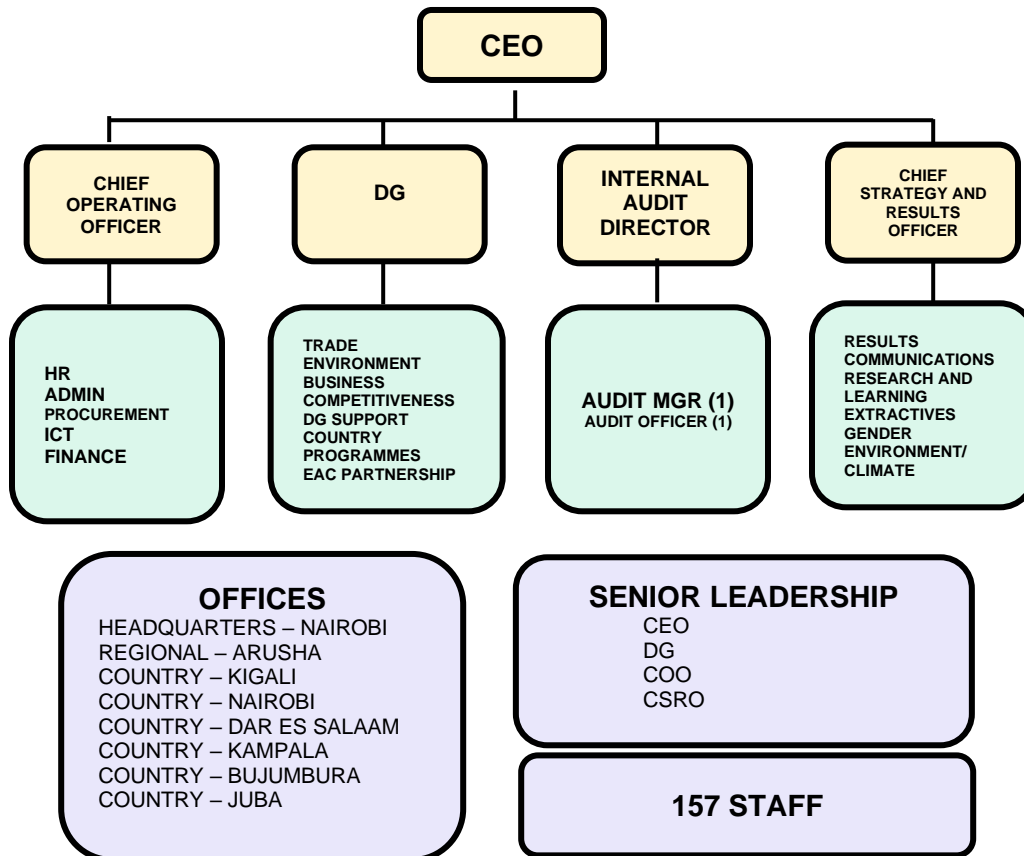
There are currently ten grades in the TMEA hierarchy.

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[20] In early 2017, a wide-ranging organisational review was undertaken by an aCatalyst Consulting. The review suggested several changes to the structure and an increase in total staffing numbers from 157 to 172. At the time of writing however, the recommendations made by the aCatalyst review have not been implemented, due to questions about their relevance given the very significant reduction of the budget for Strategy II, as well as reservations and concerns to the appropriateness of some of the conclusions and recommendations.

Table 3 below illustrates staff numbers in each grade for Strategy I, and the proposed numbers for Strategy II[21].

Table 3: TMEA staffing changes

Grade	Strategy I	Strategy II	Net Change
CEO	1	1	0
Deputy CEO	3	3	0
Senior Director	5	4	-1
Director	25	24	-1
Manager Two	28	38	+10
Manager One	26	28	+2
Officer Two	16	43	+27
Officer One	30	13	-17
Assistant Two	15	13	-2
Assistant One	8	5	-3
TOTALS	**157**	**172**	**+15**

2.2.1 TMEA Headquarters Structure

The assessment team considers the organisational structure to be appropriate for, and aligned with, the stated deliverables, as set out in Strategy II.

Revised structures to align with reduced budget
In the context of a reduced budget, TMEA will need to tailor both the deliverables and the structure as recognised by the TMEA SLT, and work on this started during the latter days of mission two fieldwork. During the validation workshop, held at the end of mission two, progress and plans relating to a reduced set of deliverables, and a consequent reduction in staff numbers and functions in the structure were discussed. The TMEA representatives affirmed, following a detailed costing exercise, the work to tailor Strategy II in the context of a reduced budget, was now underway. The assessment team were informed by members of the TMEA SLT and SMT that there were structural changes reflected in Strategy II, which should directly address the capacity requirements of both existing and new initiatives, including LTHs. They further affirmed changes would be based on the probable reduced-budget scenario, and subsequent decisions on 'core' and 'non-core' activities.

Balance of responsibility between HQ and Country Offices
The TMEA SMT considered the reduction in budget would influence the balance of responsibility and authority between country offices and head offices. The assessors believe the recommended elevation of CDs in the TMEA hierarchy could contribute to more inclusive decision making, and lead to a better service provision on national and regional programmes. This opinion was supported by internal interviews and in the validation workshop discussions.

Top-heavy structure at TMEA headquarters
When structure was discussed within TMEA and regional offices, most responses considered TMEA to have a **top-heavy structure**. Interviewees suggested there were too many managers and directors at the HQ in Nairobi. TMEA SLT and Council members also felt the structure was top heavy, but considered this structure was common in advisory organisations such as TMEA, which rely on human

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[21] The total cost (employment) of the Strategy I structure is USD 13,929,000. The additional cost for the Strategy II structure is USD 1,411,000. This is a difference in cost of USD 15,338,000. TMEA intends that the net addition in costs will be offset by cost savings elsewhere and that accordingly, the increased staff numbers will be cost-neutral.

and intellectual capital, and where seniority and experience are requisite for organisational performance. The assessors suggest a further explanation for the top-heavy structure to be the growth trajectory of TMEA during Strategy I. Nonetheless, they recommend collapsing the structure at the top, i.e. reducing the top five tiers to three or four. This would facilitate improved internal communications, and advance country directors into more influential positions, resulting in enhanced and speedier decision making, and fostering a more cohesive organisation; including improved integration of HQ offices into the decision 'fabric' of TMEA. Recent internal reviews of the structure have started to consider this issue.

The assessment team recognise the sensitivities and risks involved in merging the upper echelons of the TMEA hierarchy, and recommend undertaking substantial work to minimise risk. This could include:
- Assessing the impact of quality assurance and other responsibilities, and determining how these would be managed in a 'collapsed' structure; and,
- assessing the impact of proposed changes on the recently revised levels of authority.

The TMEA matrix management structure
For the delivery of programmes and projects, TMEA adopted a matrix management structure. This structure applies to all TMEA-funded projects and was developed to generate clearer accountability for every project, its management, monitoring and outcomes.

The matrix management structure comprises of three specific roles, operating at both regional and national levels, for TMEA staff members within each project:

1) A **Portfolio Director** reviews the Project Leader's work plan and budget, monitors progress, performance and plans of projects within his or her portfolio, and is the primary contact for high-level stakeholders, especially at a political level.

2) A **Project Leader** is responsible for ensuring successful delivery of the project, full achievement of project outputs, for the day-to-day management, and for the approval of invoices, purchase orders and other project control documentation.

3) The **Technical Coordinator** provides technical advice to the project team in support of successful project delivery and undertakes a quarterly Q&A review of projects.

The **Strategic Objective Leader (SOL), a centralised function,** is accountable for the achievement of TMEA's expected outcomes within the area of their respective SO. The current SO areas for TMEA are:

SO1 (Increased physical access to markets)

This is comprised of **three strategic outcomes**:
1) Improved efficiency of transport infrastructure;
2) Reduced transport regulatory and administrative costs; and,
3) Increased capacity of transport infrastructure.

SO2 (Enhanced trade environment)

This is comprised of **five strategic outcomes**:
1) Implementation of the Customs Union;
2) Implementation of the Common Market Protocol (CMP) for goods and services;
3) Improved regional and national coordination;
4) Reduced Non-Tariff Barriers (NTBs) to trade; and,
5) Efficient trade systems and procedures.

SO3 (Improved business competitiveness)

This is comprised of **three strategic outcomes**:
1) Enhanced business regulation for trade;
2) Improved export capability; and,
3) Efficient trade logistics services.

By comparison, Strategy II suggests two outcome areas:

1) Reducing barriers to trade; and,
2) Improving business competitiveness for trade.

Strategy II also proposes various pilot programmes in the form of LTHs and 'borderland' initiatives. These changes will only occur once the budget is agreed for Strategy II, and TMEA services adapted to fit.

The SOL's are responsible for overseeing the technical quality of the overall portfolio. A Strategic Objective Leader is accountable for an SO of TMEA, ensuring programmatic consistency, delivery, and quality, taking responsibility for all project 'signoffs', appointing project leaders and technical co-ordinators, and managing the technical directors. The SOL's also have the power of veto over projects.

The Head of Country Offices, the TMEA DG and Country Directors, as well as staff who participated in Focus Group Discussions and workshops, believe the matrix management structure was showing signs of success. This suggestion is supported by the content of internal reports, such as the TMEA Corporate Strategy 2017-23 (Section 8.2), and independent reports, for example the 2016 TMEA Annual Review, undertaken by BKP Development Research & Consulting, contracted by DFID (p.23). The assessors' observations, when reviewing country office programmes and EAC office programmes in Arusha, is that the matrix structure is firmly embedded within the organisational structure, and could now enhance organisational effectiveness and efficiency. However, they recommend clarity of roles and concepts within the matrix management system, could safeguard against tensions and confusion around specific responsibilities (particularly on larger and more complex, and expensive, infrastructure projects) becoming burdens on performance, progress or planning at programme level.[22] Overall, the majority of staff believe the matrix management system has improved organisational efficiency, decision-making processes, and programme and project quality. In addition, when functioning well, the matrix management system could be a catalyst for organisational learning and the sharing of knowledge, as staff must communicate routinely with both functional and project leaders, which serves to increase the flow of information and learning[23].

In the assessors' experience, and supported by the relevant literature, matrix management structures are suited for the challenges within complex and dynamic (often service-based) organisations. Further, they work efficiently in project-based organisations, as they have the embedded capacity to draw on existing skills and experience from the differing functions within an organisation.[24] Consequently, the correct choice of staff is assigned to the appropriate project, ensuring the right prerequisite experience on each project, and further enabling a balanced workload and intra TMEA collaboration. Nonetheless, matrix management structures are known for their inherent complexity, and can be confusing, particularly at the project level where various functions converge. Overcoming this confusion requires efficient communication, and the reinforcement of roles and responsibilities (and, authority and accountability)[25].

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[22]See Galbraith, J, *Designing Matrix Organisations that Actually Work: How IBM, Proctor & Gamble and Others Design for Success*, 2009, Jossey-Bass, San Francisco, CA; Burton, R.M., Obel, B., Hakonsson, D.D., How to get the Matrix Organization to Work, Journal of Organization Design JOD, 4(3): 37-45 (2015); Hanover Research, Best Practices in Matrix Organisational Structures, 2013;

[23] Howland, I., Knowledge Management and Organisational Learning: An International Development Perspective, 2003, ODI; and Nick Horney, Ph.D. & Tom O'Shea, Matrix Organizations: Design for Collaboration and Agility, 2009, Agility Consulting

[24] Supra footnote 25 & 26

[25] Supra footnote 25 &26

As indicated above, the assessment team is of the opinion that the TMEA matrix management structure is working. However, under SO1, which is comprised of the large and complex infrastructure projects, operational reports and interviews suggest there is lack of clarity surrounding accountabilities, especially within country offices and amongst project leaders and technical directors, (with no visible difference in authority levels between national and technical directors). A review of roles and responsibilities within the matrix management system structure, particularly for projects under SO1, is recommended. During fieldwork, the assessors noted that the aCatalyst *"Organisational Review for Strategy II"* report advises that in the future, the CD should determine what is to be done, when, where and by whom, whilst the Technical Director should be accountable for 'how'. The assessors supported this general division of labour.

The assessment team note how experts in organisational development and behaviour, tend to support the matrix management structure approach as a means of striking a workable balance between accountability (for a function or task) and authority (responsibility for programme / project delivery)[26]. It is here that TMEA should focus its efforts on the larger and more complex projects under SO1.

TMEA organisation staff numbers and costs
Recent internal reviews have addressed staffing costs and numbers (**see table 3**). The resulting figures show a reduction of 4% in staff numbers above director level, and an associated cost reduction of 8%. In the context of Strategy II, the implementation of a direct cost review ensures that any changes to the structure are cost-neutral. The introduction of reductions in remuneration (of up to 33% for senior staff) and the probable reduced-budget scenario, should further reduce the overall cost of the TMEA organisation.

Interviewee responses, and assessor observations, have concluded CD responsibilities are not always aligned with their current (fourth-tier) position. CDs with large portfolios have significant financial and organisational responsibilities, with clear justification for them to become members of any new senior leadership or management team. This is currently being addressed by the SLT, and will support a wider senior pool to oversee the evolving delivery of the numerous TMEA policies and regulations.

The reduced-budget scenario for Strategy II is likely to further decrease the number of regional programmes, whilst expanding some national programmes (Kenya and Tanzania), as well as EAC border programmes with neighbouring countries. As expected, interview responses from the EAC Secretariat and the East African Business Council imply that any reduction in regional programming will be an unwelcome development. The assessors therefore advise that TMEA will need to develop an external communication narrative, to limit any future relationship management issues, which may develop with the EAC and its representatives.

Alignment between future workflows and new structure at TMEA
Interviews, workshops, and discussions surrounding future workflows, imply they are not fully reflected within the new structure. As such, the structure is suboptimal, with further capacity building likely needed to deliver its future remit. The assessors recognise how the responsibilities for M&E and results measurement, will need to be delegated to country offices for national reporting purposes. They further agree with the organisational review of February 2017, which advised for a new structure be established to accommodate the residual organisational performance staff, including two new (relatively junior) learning and accountability officers. The assessors understand that the new results and organisational performance function would require additional senior personnel, as the majority of work to be undertaken is qualitative in nature (requiring staff with prior knowledge and experience of organisational development methodologies). The assessors recommend a TMEA review, following the decision on the Strategy II budget and, without wishing to pre-empt this, suggest the removal of one Accountability Officer, and the addition of one Performance Manager.

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[26] For example, see Galbraith, J, 2009, pg 233

The comparatively limited number of lower-level staff within TMEA has created a disproportionate management and supervisory burden. TMEA management are aware of this burden and will address the issue. The planned (cost-neutral) net staff additions indicate that the lower-to-middle management capacity will be increased, and numbers in the top five tiers will be reduced, which should prove to be a positive efficiency measure.

The assessors consider the planned structure for Strategy II supports TMEA's holistic and facilitative approach, and is aligned with intermediary outcomes, the results framework, and the ToC. The planned structure should allow for Strategy II (in its current form) to be delivered at scale, increasing the propensity for transformational impact. Further, changes in structural costs are being addressed with sensitivity, and the planned structure is broadly aligned with the intended impacts.

Amendments to the TMEA Theory of Change
The assessors note in Strategy II, the TMEA ToC has been amended, which will have a structural impact. Strategy II will see the existing three outcome areas reduced to two (SO1 for 'reduced barriers to trade' and SO2 for 'improved business competitiveness'), with the current SO3 merged into Outcome 2. TMEA respondents were of the opinion that physical infrastructure and the trade environment remain distinct and significant in scope and scale. Strategy II suggests reducing the scope and scale of regional programmes and expanding the number and size of country-specific projects. The reduction in the number of SOs, and the greater focus on country over regional programmes, will entail some structural change. The main changes are highlighted in the February 2017 Report to the Board Committees regarding the organisational review. The new structure is based on the need to achieve balance between increased staffing (to meet demand for services) and existing overheads.

Impact, on the organisation structure, of transition from Strategy I to Strategy II
The uncertainty surrounding the scale of available funding for Strategy II requires TMEA to be cautious with the management of any organisational transition from Strategy I to Strategy II. The assessors agree there is an immediate need to ensure that TMEA retains its core competencies. Workloads across functions are currently imbalanced, with some being high (but manageable) whilst others are low, and possibly over-staffed. Balanced workloads across core functions should be integral to any transition plan.

If TMEA were required to deliver Strategy II, as set out in the existing document, the assessors suggest the following organisational changes would be required:

1) Increased functional effectiveness in the areas of strategic planning, external relationship management, external communication, and knowledge sharing, fundraising and new business opportunities.
2) Strengthening of capacities for the follow-up of project implementation.
3) Removal of several TMEA-EAC partnership programme (TEPP) posts and relocation of the residual function to the trade environment group.
4) Building of the capacity and competencies to ensure consistency across countries and the establishment and development of new Strategy II pilot initiatives within countries, including the LTH and borderland initiatives.
5) Planning for the growth in scope and scale of some country programmes (Kenya and Tanzania) and the shrinking of other country programmes (Burundi, South Sudan, and the Democratic Republic of Congo (DRC)).
6) Strengthening of internal legal skills and knowledge to offset the costs of external service providers.
7) Development of skills and experience to harmonise ICT systems, business planning, budget management, financial performance monitoring, procurement, and cash outflow management to enhance corporate performance.

Impact of change on the Strategy and Results Team
The existing START currently reviews and supports performance at programme level. The Strategy II structure expands this function to the whole of the TMEA organisation. However, the design, delivery and development of the PMS, is the responsibility of the HR team. This suggests strong collaboration between the START (Results team) and HR functions, which oversees the transition of the START into the Directorate of Results and Organisational Performance, and ensures on-going cooperation to embed the new function through the sharing of knowledge. The structure of this oversight process is currently unclear and should be addressed as a priority. Additionally, there are concerns amongst current team members that the planned changes to the START structure (as recommended in recent organisational reviews) should be revisited. Under Strategy II, the existing START will focus more on organisational performance management and the provision of strategic direction. This is a major change, and current reports suggest that this department would need to increase its staff by five people (31% of the current number) from sixteen to twenty-one. The Chief Director for Strategy and Results would become the DG for Organisational Performance, and would be responsible for overall organisational performance management, including monitoring, and reporting on the performance of programmes, countries, and corporate services.

Impact of change on the oversight of organisational performance
The DG for Organisational Performance will be personally responsible for the following four directorates:

1) **Sustainable and inclusive trade:** Responsible for the mainstreaming of cross-cutting issues (gender, poverty, youth, the environment, climate change and safeguards) across programmes and in organisational policies, systems, and practices.
2) **Impact and research,** which will focus on contribution at impact and intermediate outcome level, and will collaborate with the directorate for results and organisational performance (see below) to monitor attribution at outcome and output level (and will also support research and learning across the organisation).
3) **Communications,** which includes internal and external communications, marketing, public and press relations, and brand positioning.
4) **Results and organisational performance** (recently recruited), including monitoring and results measurement throughout TMEA, and the management of TMEA organisational performance.

The assessors view is that the planned TMEA services (as set out in the existing Strategy II) are aligned with TMEA's mission and strategy. Through interviews, FGDs, workshops and desk reviews, the assessors were confident that planned services were developed through a rigorous and iterative process, ensuring alignment with organisational objectives and results. Associated baselines, data sources, indicators and targets are articulated and documented, and based on a robust problem analysis.

2.3 Staff and skills

As previously noted, the assessment took place at a time of considerable uncertainty related to the Strategy II budget, and the assessment team had to be mindful of the effects of short-term employment contracts, and issues of organisational liquidity on staff motivation and commitment. Senior managers have focused on preserving staff morale, and the status quo and communication to staff has been sensitive, transparent, and timely. A senior staff succession plan, including wider exposure and mentoring initiatives, is now being finalised. Its development has been rigorous, and the plan is both achievable and appropriate.

Nevertheless, the assessors observed that some staff were looking at alternative external career options. The TMEA SLT was aware of this, and at the end of the fieldwork, the TMEA CEO issued employment contracts to all staff which extended existing contracts from 30 June to 31 December

2017. Whilst this action seems to have had had a positive impact, it can only be a 'stop gap' whilst liquidity issues and likely Strategy II budgets are respectively addressed and agreed.

TMEA mission, vision, values, and style
The TMEA mission, vision and values are important to staff, and represent a strong binding force, which has resulted in elevated levels of staff pride in TMEA and its purpose. Several interviewees suggested that heavy workloads, and commitments, negate the recommendations of the internal TMEA capacity reviews, and highlight potential future staff capacity issues. The overall message is that the reviewers have not fully understood the existing, or future, workflow volumes, and this should be revisited during the transition between Strategies I and II. The assessors deem this particularly relevant to the, soon to be established, Directorate for Results and Organisational Performance (currently the START team).

Management of increasing workloads
The assessment team agree that growth related workloads have impacted TMEA structure, staff, and skills, which delay rapid organisational growth, and are now catching up. Whilst this is to be expected, it does suggest some organisational corrections are needed before specific Strategy II requirements can be considered. This will ensure capacity is aligned with existing workloads, prior to the acquisition of additional posts. A climate change adviser has been recruited, and the recruitment process for the Director of Results and Organisational Performance is now complete.

Alignment of organisational skills with TMEA mission
From a review of HR and appraisal reports, as well as interviews with the Director for HR and senior TMEA managers, the assessors consider their skills appropriate for strategy and mission delivery, and there are no systemic issues in the area of skills needing to be assessed. However, the assessors identified isolated areas for improvement, including the need for:

1) Better programme and financial management and reporting skills;
2) Strengthening of the future Directorate of Results and Organisational Performance;
3) More engineering and quantity surveying skills to reflect larger and more complex infrastructure projects; and,
4) A clearer strategy surrounding contracting in and what should be contracted out in the future.

Skills acquisition, development, and improvement
The assessors agree the TMEA skills acquisition, development and improvement process is rigorous. Senior managers at TMEA HQ, and in the regional and country offices, consider gaps in skill sets are thoroughly identified and addressed, and HR staff and senior managers believe skills and job content are well aligned. Nevertheless, the assessment team suggested skills development and acquisition will be required across TMEA for the effective delivery of Strategy II, irrespective of the funding amount, and adjustments will be needed to redress existing imbalances, as well as future initiatives. Interviewees deemed that skills searches and acquisitions have been facilitated, as TMEA is increasingly perceived as a quality brand and an agreeable workplace.

2.4 Management systems and processes

Systems documentation
The assessment team undertook an intensive document review process (**see Annex C**), which confirmed TMEA has available documentation and regulations regarding its systems, and has developed clear manuals and guidelines to accompany them, several of which are exceptionally detailed. They are standalone documents, relating to individual functions, or individual reporting processes. However, despite the available documentation and support to results based management practices, interviews and FGDs have suggested that very few staff are accessing systemic output data to support their work and learning. Interviewees, and FGD participants, identified document accessibility and complexity are the two main inhibitors to understanding and learning, and several interviewees believed that simplified documents and effective signposting would be helpful. The

assessors propose that a single staff manual (in both hard and soft copy), summarising core processes and procedures, and 'signposting' staff to individual documents based on a logical codification, would help to address these issues.

Systems integration

Many of the standalone and manual systems in TMEA are based on good practice[27], but lack of interface with other systems limits their effectiveness and impacts the overall efficiency and effectiveness of the organisation. Examples of standalone systems include, the financial and cost management system, the HR management system (Excel-based), the admin systems (also Excel-based), and the procurement system. Systems requiring integration between these functions include those relating to management information, VfM, financial management and reporting, organisational learning and organisational performance. Put simply, the assessors believe the benefits of integration are not being achieved. Senior TMEA managers reported they are aware of the issue and are considering the implementation of a new integrated system, TRIMS. However, this system is expensive, and implementation will be protracted, heavily drawing on staff time. In the context of current uncertainty, any decisions on system integration have been temporarily postponed and whilst the assessors support this, it has nonetheless resulted in systems inertia. The assessors suggest it is worth considering an interim streamlining of systems to increase the efficiency and effectiveness of information flows for reporting, decision making and learning. They recommend the new Directorate for Results and Organisational Performance be tasked (with some external support and the support of the ICT Manager) to look at how the existing systems could deliver improved information (and information flows) for better reporting, decision making, and organisational learning.

Leadership to implement policies

The assessors reviewed the capacity of TMEA to provide leadership and management to ensure the implementation of policies and regulations. The SLT is taking the lead in this area. The sheer volume of documentation, results in a selected set of policies and regulations (those perceived to be most important) being proactively implemented, reviewed, and updated. There is a case to be made to divide implementation responsibility between the SLT and the SMT. This could ease the considerable workload borne by the SLT, broaden skills and knowledge, and assist timelier implementation of policies and regulations.

Procurement systems

There are clear signs of positive change in the procurement function. A new manual[28] has been developed, which has addressed several issues related to 'economy' and 'efficiency', and TMEA are using the procurement function to test how a proportion of central corporate service costs[29] can be effectively recharged to programmes to better reflect their full cost.[30]. If this pilot is successful, TMEA will look at how further costs of other central functions, associated with delivering programmes, could be recharged in a similar way. These initiatives contribute to a policy thrust to reduce central overheads from the current 14%, to a planned 10% of overall programme value.

Risk management, operations, and internal communications systems

The practical application of TMEA's risk management, operations and internal communication systems is not always aligned. For example, there are isolated cases of unilateral project budget reallocations

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[27] For example, TMEA's Guidelines for Results Based Project Cycle Management draws from Project Management Institute (PMI), *The Standard for Programme Management, 2nd Ed*. The Procurement and Grants Manual adheres to the principles underlying the EU commission directive on public procurement, and confirms that in all cases, international best practice will apply without exception

[28] This has recently been finalised and following the completion of this report, is now available here https://www.trademarkea.com/download/15380/

[29] The full cost of a programme includes both the direct costs of the programme as well as a portion of overheads.

[30] The full cost of TMEA programmes includes both direct costs incurred as a direct result of running the programme, as well as a proportion of the overhead costs that are incurred in order to support programmes to be delivered. Overhead costs will not always be proportional to the direct costs of a programme as different programmes make different demands on the organisation

on larger projects, suggesting the need to improve enforcement measures in relation to financial management, reporting, and risk mitigation.

The assessment team observed the TMEA risk management tends to look at project and investment level risks, whilst their corporate and enterprise level risk management is less developed, despite recent work undertaken. The assessors recommended a review of corporate and enterprise level risk management, and that any risks identified should be included in the TMEA risk register with appropriate management and mitigation actions. This is reflected in the 2016 Annual Report, which recommended a review of TMEA's risk management to arrive at a more "proactive, dynamic and coherent (across the whole organisation) approach towards mitigating risks" (p29).

Planning and budgeting systems
Planning and budgeting systems have been assessed through interviews with the Chief Operating Officer (COO), and the Financial Director, and through reviews of the finance policy and procedures, and recent financial reports from various cost centres, including country offices. TMEA's financial management and procurement systems were reviewed by PwC in both 2010 and 2011 (as they have been updated) and judged to be satisfactory[31]. TMEA's external auditors, Ernst and Young, confirmed that the system is appropriate[32]. The assessment team are highly confident in the assessments of the external auditors, and consider TMEA's financial planning and budgeting system is based on good practice.

However, the assessment team noted, that in practice, the planning and budgeting process relied on the country and regional offices to provide good-quality and accurate information for planning and budgeting purposes. Interviewees from the corporate services department, and the directorate for internal audit, suggested that financial planning and budgeting skills were lacking in the country and regional offices, which has resulted in overall delays.

The initiatives to strengthen financial planning, budgeting and management standards and skills, combined with a tighter monitoring regime, should support better overall planning and budgeting. They should also support improved financial reporting and oversight on larger and more complex projects. TMEA considers that it has 'outgrown' the Navision financial management software, which will need upgrading over the next year. The Navision system is unable to interface with other systems within TMEA, and interviewees shared their opinion that this limits its functionality for wider financial scenario planning.

As indicated in section 2.6, there is a need to strengthen financial management, reporting and oversight on large and more complex projects. As TMEA's credibility has grown, so too have its budgets, enabling investment in complex and/or large infrastructure projects. A proportionate allocation of project staff, with the requisite project management skills, is taking longer, and this gap may be contributing to sub-optimal data quality in financial reports. The scope and scale of large infrastructure projects suggests the need for a resolute and appropriate financial management resource based in the relevant country (or regional) office. Feedback from interviewees in TMEA headquarters and country offices suggests this would result in rigorous and better-quality project-based financial management.

Compliance versus freedom to operate
With reference to procedures in general, the assessors regarded the balance between 'freedom to operate' and 'compliance requirements' was proportionate and appropriate. However, they suggested this balance should be the subject of constant review as future change affects the scope and scale of TMEA. The assessors further believed TMEA's results system, based on the PCM approach, is starting to operate to plan, with structured reporting on results, outcomes, and impact available for review. The assessment team noted that challenges tended to manifest around the most complex

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[31] DFID Business Case: Additional Support to Regional East African Integration Programme (REAP2), 2016, para. 138
[32] All of TMEA's audited financial statements are available on its website

infrastructure projects, which are sometimes too elaborate for systems (management, financial and monitoring/oversight) to cope with successfully.

Capturing knowledge and sharing learning
Plans and initiatives are in place to capture knowledge and learning, but these are not always visible and, as indicated above, more needs to be done in relation to access and utility. Several positive steps have been taken regarding performance data identification, capture, processing and reporting and the direction of travel is towards more of these. Notable developments include:

1) Proposed results are mapped to the results framework and ToC and inform management decision-making processes[33];
2) Adaptive programming and management are taken seriously;
3) There are signs in recent management reports that project and aggregated reporting has improved with the inclusion of relevant and verifiable information;
4) TMEA is increasingly adopting a market systems development approach within its vision and strategy;
5) Most internal project control systems address efficiency;
6) Interviewees consider that the staff induction systems are appropriate and functioning well, and shared that they appreciate and value the 'buddy' system, which they consider to be working;
7) Fraud and corruption risk are being proactively managed;
8) The results framework integrates adaptive programming processes; and
9) Work is being undertaken to constantly improve the PMS and PCM systems, and the assessors believe this is contributing to improved quality.

Project cycle management systems
The assessors observed that PCM guidelines and systems are in place and are being used, with support from a mentoring programme, and results-based management systems for Fragile and Conflict Affected States (FCAS) are advanced. The development of reporting templates at output and outcome level, including targets, is still a work in progress but should be completed by the end of 2017. The assessors consider risk controls and fund management procedures for operational, reputational, political and security risks were both appropriate and proportionate. The risk register and risk matrix continues to evolve and, as above, the assessors recommend greater emphasis on enterprise-level (existential) risks. The risk matrix is updated every three months and a risk mitigation system is in place and being used, as a part of financial management, and internal audit process. Processes for the management of risks related to the implementation of Strategy II are proactive, dynamic, and coherent. Detailed risk reports are described through the governance structure.

Project appraisal and reporting
Feedback from several staff interviews and workshops, suggest the Project Appraisal Reports (PARs) are insufficiently detailed for large and complex projects. Further questioning elicited the view that the scope and scale of the PARs is not always related to the scope, scale, and complexity of the project. The assessors reviewed a sample of the PARs, as well as attending the Board Operations Committee, at which several PAR presentations were made. They observed that the level of detail varies widely among PARs in a manner unrelated to the scope, scale, and complexity of individual projects. The PARs, which were reviewed, ranged from six to fifty pages in length. Report 2D2E confirms the quality of output reporting requires improvement, as there is a general lack of consistency in the monitoring and results frameworks, definitions of terms, specification of indicators and reporting. There were many differences between budgets and indicators contained in the PARs and the quarterly/monitoring reports[34].

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[33] See analysis of the theory of change in Deliverable 6B section 4
[34] This summary is drawn from the results mapping stage and evaluation deliverable 2D/2E, which covered a total of 42 projects under SO2 and SO3, including 20 site visits across five of the six EAC countries

The assessors consequently recommend that the Internal Audit team work with SO teams and country and regional offices, to establish PAR guidelines, which better reflect the scope, scale, and complexity of projects. The assessors considered that Annual Project Reports (APRs) are of reasonable quality, although there is scope for improvement, as reported in more detail in the review of Monitoring and Evaluation systems (see **Annex H**, originally included as Annex to 6B). The APR templates are very reader-friendly, with quantitative data relating to progress and challenges and a 'traffic light' system, which provides a useful dashboard. Reporting on economy and efficiency measures is carried out consistently, and the assessors deem that the quality is appropriate, however although effectiveness reporting is also taking place, the quality of reporting is not consistent.

Results based management system
The Strategy II improved results-based management system has been endorsed. Results-based PCM guidelines are in place and should enable a better understanding of evidence. Adaptive programming improvements are moving away from the design stage and towards the management of interventions, whilst consideration of the political context is becoming increasingly apparent at all stages of the project cycle, particularly in the case of future FCAS initiatives. There is evidence of improved mainstreaming of social development and inclusion in TMEA programmes. For example, the preparation of the *One Stop Border Post/Integrated Border Management Gender Action Plan,* to ensure inclusion of gender mainstreaming activities, and facilitate its adoption and implementation by border agencies [35]. The 2016 Annual Review also confirms that substantial progress has been made with respect to the mainstreaming of gender issues (p29). Operational risk assessment and management are reported to the SLT and the TMEA Board.

Systems to link performance and reward
The linking of reward to performance is still a work in progress. Vertical communications are becoming more formalised as TMEA moves toward 175 staff. Horizontal communications have the propensity to be hindered by the limited integration of systems, and this has the potential to result in functional 'silos', where the accumulation of relevant knowledge and expertise stays in one operational unit without being shared elsewhere in the organisation. Communities of practice and organisational learning in the programming function(s) are at an exceedingly early stage of development.

There are signs that project volumes have outgrown the current IT system, and this could suggest the MIS may not be appropriate for the duration of Strategy II. TMEA is examining how to source greater utility and facility from the MIS for knowledge and learning.

Relationship and communications between functions at TMEA headquarters
The assessors are of the opinion that the relationships between various functions in the TMEA headquarters support collaboration (particularly, those within the larger organisational groups under the DG and the COO). Feedback from the START, the Corporate Services team (particularly the HR team), support the view that relationships between the START team and the HR team are cordial and based on positive collaboration. It is likely that this relationship will become more intensive around the development of systems for the delivery of better organisational performance, under Strategy II and during the transition from Strategy I to Strategy II.

Relationships and communications between country offices (including the EAC office)
Based on a review of meeting minutes, interviews, and observations the assessors consider the relationships between the various country offices are cordial and positive, characterised by the sharing of information and the responsive provision of advice. Relationships between country offices and the TMEA headquarters are more complex, with country offices seeking greater autonomy and influence, whilst accountability and authority continue to require clearer definition. These are discussed below (regarding the matrix management system), and the assessors make recommendations on both within this report.

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[35] East Africa Transit Improvement Programme, Annual Review 2016

The assessors did not specifically review the relationships between donors and country teams. Interaction here tends to be at the level of the NOC and a review of NOC minutes suggests relationships are functional but could be strengthened by improved communication and reporting. However, this finding is anecdotal at best, and not based on a detailed assessment.

2.5   Style and culture

Staffs' views were sought on the style and culture of TMEA, specifically what they thought made TMEA a successful organisation, through FGDs, interviews and workshops. Interviews were held with staff in the corporate services (finance, HR, START and procurement), operations and country offices. What follows is their views on aspects of organisational style and culture.

Leadership style
Leadership style and integrity at TMEA were highly regarded by staff. However, many staff suggested the SLT could delegate further down the organisational chain, to empower staff and better spread workflow and workload. Feedback included that innovation and creativity are encouraged in the TMEA system, and staff were especially appreciative of i) The reward structure (which is subject to change); ii) The focus on skills development; iii) The openness, flexibility and lack of rigidity; and iv) The accessibility of senior managers (although several staff reported the trend is more toward limited accessibility). Staff felt they would appreciate more coaching and mentoring. They were proud to say they work for TMEA but were less appreciative of the increasingly complicated standalone systems.

A culture of professionalism augmented by a mission driven approach
Staff throughout TMEA reported a professional culture which reinforced the quality of their work. Some staff thought of TMEA as an "incubator of ideas". Staff appreciated that TMEA is mission-driven, with a focus on results and is enterprising, allowing staff to adopt a "can do" attitude. Most staff knew how, and where, they fitted into the 'big picture'. They considered the SLT to be respectful, and illustrated a clear duty of care towards its employees. TMEA's core facilitator role is appreciated by staff and seen as adding significant value. Staff were pleased to note how TMEA now has the scope and scale to support high-profile projects (for example infrastructure projects at Mombasa and Dar es Salaam ports), which makes a significant contribution to trade facilitation in the region.

Striving for flexibility and agility
Several staff reported, whilst they recognised that TMEA strives for the organisational flexibility and agility of a smaller organisation, bureaucracy and paperwork were 'creeping' more into their daily working lives. Staff were pleased to observe that TMEA is facilitating the implementation of regional projects at a national level (for example, the electronic cargo tracking system). Many staff believed that TMEA has significant 'convening power' and the ability to consolidate and take high-level oversight, which they thought would be better for project design, delivery, outcome, and impact. Several staff thought the proposed LTH and borderland initiatives were important, demand-led, and innovative, and would enhance the TMEA brand.

Understanding of the political economy, gender issues and the operating environment
Staff thought their leaders had a good understanding of the regional trade political economy and they managed networking and relationships well. All staff who were interviewed, thought cooperation with implementing partners was a major strength of TMEA. The large majority of staff interviewed were of the view that i) Gender issues were beginning to positively permeate TMEA activities although the emphasis on gender was noted in the earlier TMEA projects; and ii) The economic empowerment of women (and vulnerable groups) was now actively being considered in the project appraisal process. This was observed by the assessors when PARs were presented in the most recent Operations Committee meeting in Nairobi.

In addition, some staff commented on new initiatives (such as the borderlands) which specifically target women traders. When asked, staff suggested these initiatives were being designed to help

ensure both scale and sustainability (an opinion supported by assessors, having reviewed the design documents). Several staff informed the assessors they thought more should be done in climate change mitigation. All interviewed staff believed TMEA was 'not there yet' but is slowly strengthening its learning culture and communication activities in support of learning.

Most staff commented on the effectiveness of the innovative 'buddy' system in place between TMEA and EAC, which they say has improved relationships and access to regional networks of influence. Most staff reported that TMEA is a good external communicator, but that it could be better at communicating success and results.

Critical success factors for TMEA
When asked, which components make TMEA a successful organisation? The following responses were given, by five or more people, in interviews:

1) It is mission-driven.
2) It is results-orientated.
3) Its successful blending of a business approach with social impact.
4) The delivery of regional initiatives through national teams.
5) Its flexible structure, based on a balanced composition of staff and skills.
6) The fact that interventions (including their design and delivery) are usually well thought through and executed.
7) It attaches importance to rewards and incentives, but also personal coaching and development.
8) The devolution of responsibilities to country-based teams (although they would like to see this increased).
9) Communication is open, and leadership and values are top-down in nature;
10) The presence of space at senior level for staff to reflect on approaches and react to them appropriately.
11) The application of in-house creativity and innovation to outcomes.

Other comments, drawn from group meetings, include the observation that:

1) Partnership development is an overall strength of TMEA and may be considered 'part of its DNA'.
2) Relationships with country offices are good (although some group members suggest that TMEA is too HQ-centric).
3) Communications are typically good with some outliers on large programmes.
4) There have been positive results on relationships from recent stakeholder satisfaction surveys and the 2016 review (endorsed by the assessors).
5) Relationships with East African national ministries and trade agencies are positive;
6) The relationship with the EAC is good, although currently highly dependent on a single person (the DGI).
7) Relationships with private sector and civil society organisations are excellent.

Some feedback also suggested that external messaging should include country team inputs more often.

2.6   Sustainability and finance

Leadership and current funding
As indicated above, the assessors noted financial and job security amongst staff has been recently shaken. However, the assessors consider that TMEA leaders have reacted well. Both a sustainability team, and a well thought-through sustainability planning process are now in place. This includes the establishment of a TMEA sustainability task force, a fund diversification and acquisition plan, and a succession plan, which is being developed by the CEO and is at the final draft stage.

The current fund acquisition focus (known as the 'Big 5', comprising DFID x 4 + Netherlands x 1) is, according to assessors, appropriate to secure immediate funding. Alternative funding sources, including the European Union, concern longer-term programmes. The assessors further view the development of a London 'interest group' to represent TMEA's interests as a positive initiative, which could support organisational sustainability. They note how there is now a greater focus on the acquisition of diversified funding amongst TMEA leadership, with the SLT (particularly the CEO) spending significant time on the identification and acquisition of funding as a part of a wider funding source diversification strategy, which they view as important.

Demand for services beyond grants
The assessors were given several examples by TMEA offices indicating there is a high demand for existing TMEA services beyond grants management. Types of services mentioned as having been requested by the Arusha office, and in-country offices, included: TMEA as a regional trade convenor, TMEA as trade experts with unique networks and access to key trade facilitators, TMEA as an advocate for regional trade. The Tanzania office reported that the Tanzanian Government's Department of Trade, Investment, and Industry were accessing TMEA's knowledge and expertise in trade to help inform the new trade and industrialisation agenda. The EAC secretariat shared they were eager to use the learning from TMEA to inform the regional trade strategy, and to better understand which areas of investment were most likely to create better opportunities for foreign direct investment, export opportunities and volumes of trade. The 2016 Annual Review speaks to TMEA's value beyond grants management, and this was corroborated by the (then) chair of DFID, who suggested TMEA had, by then, generated substantial information on trade issues, and this was/ is a valuable repository for those involved in trade policy, trade facilitation, and to investors in trade infrastructure in the EAC bloc. Several board members and sub-committee chairs (as well as members of the TMEA SLT) shared the view that the learning TMEA had accumulated, could helpfully be packaged to inform others, and TMEA had – over time – become a valuable repository for recently acquired advice on trade issues.

The assessors considered the appropriateness of in-house skills and experience, TMEA's risk management strategy, and other practices, all support overall organisational sustainability. They are of the opinion that processes were embedded, and product innovation supported the wider organisational sustainability, as did the agility of the organisation and the ability to respond well (in terms of both predicting and adapting) to changes in the wider operating environment. However, they noted the need to rapidly adapt structures, systems, and staff to align with the probable reduced-budget scenario for Strategy II, which is critical to immediate financial sustainability.

There are existential risks for TMEA, related to its reliance on political and financial support. Recommendations are made above (pg 30) to integrate corporate and enterprise level risks, together with mitigation and management actions, into the risk management strategy and risk register.

2.7   Organisational models

The existing model works
Based on interviews with TMEA staff, management, and stakeholders, as well as based on the annual stakeholder satisfaction surveys and response to external questionnaires, the assessors conclude that the existing model works. The summary table below **(Table 4)** indicates some of the main elements the assessors believe contributed to the functionality of the TMEA model and the nature of their contribution (some having already been highlighted in the above sub-section on style and culture).

Table 4: The TMEA Model

TMEA MODEL: ELEMENTS OF SUCCESS	WHY IT IS A SUCCESS FACTOR
Independent legal framework	Perceived as non-political and 'expert'
Governance structure including an independent board	Private sector experience creates credibility
Leadership and management	Strong leadership attracts and retains staff and partners
Responding to a significant need	The benefits of trade integration in the EAC are recognised
Regional programme implemented at a national level	Addresses both national and regional trade interests
Professional culture	Creates a sense of purpose and elicits commitment
Mission driven with a focus on results	Staff and partners experience results and attribute accordingly
Attractive within the labour market	TMEA can acquire the best skilled and experienced people
Role as facilitator as well as funder and/or investor	The significant value added beyond funding is recognised
Retention of flexibility and agility	TMEA can respond to market and stakeholder needs and adapt to changes in the political economy
Enduring relationships with key stakeholders	These ensure credibility in the EATN and access to political economy
Strong networking, resulting in quality networks	Relationships with key influencers are strengthened and maintained
Convening power with the ability to consolidate views	Knowledge and consensus are built on regional trade issues
A blended approach of business and social impact	Perceptions of a combination of efficiency and social return are generated

Retention of a Special Purposes Vehicle

The assessors reviewed various organisational options, including those set out in Section 8.3.3 (p. 99) of Strategy II, and suggest that any future organisational model should be closely based on the existing model suggesting retention of a Special-Purpose Vehicle (SPV) and a legally registered not-for-profit organisation. It is their opinion that the current model is appropriate for TMEA's mission, and change 'for the sake of it' would be unnecessarily complex and expensive.

Specifically, the assessors recommend that any future TMEA model should have a Board or similar. The constitution, the Board composition, and the Board member remuneration policy should be the subject of review by a subset of Council members, led by the new Council Chair. The aim would be to ensure greater alignment between the Council and the Board, and a structure, which allows for greater access by Council members to TMEA management and operations. The assessors consider the current organisational model to be well positioned to continue relevant service delivery, and provide high-quality regional trade facilitation services, which respond to market demand.

A reduced budget scenario

Based on investor priorities, any future organisational model would need to consider a revision of deliverables linked to 'core' and 'non-core' priority areas, and contextualised in the probable reduced-budget scenario for Strategy II. This suggests an equally probable reduction in the number of both regional and country programmes, accompanied by a general increase in the size of country programmes. It may also suggest a reduction in FCAS programmes, and a review of new initiatives, including the LTH and borderland initiatives.

The central cost structure of TMEA would also have to be adjusted accordingly. In this context, there is a case to be made for a funder diversification strategy. Suggested targets, in addition to the EU, include impact investors of a high net worth who are seeking a social return on their investments. Social impact capital requires credible, compliant, and trustworthy partners. Other bilateral funders and non-traditional funders (private sector foundations) offer potential alternative sources of funding. Any future TMEA model will see donors continuing to provide the bulk of TMEA funds. This may be at a lower level than recently received but should still represent a predictable core for planning and delivery. The focus of existing funding is more likely to be targeted at 'core' delivery areas. Section 5 of this report looks at options for commercialisation and tentatively suggests an appropriate organisational model.

2.8 Alignment of Strategy II with planned TMEA services and strategy

Figure 2 below shows the TMEA results chain for Strategy II as drawn from p.19 of the Strategy II document. The assessors have based their review of planned services and strategy on this proposed results chain.

Figure 2: Results chain for Strategy II
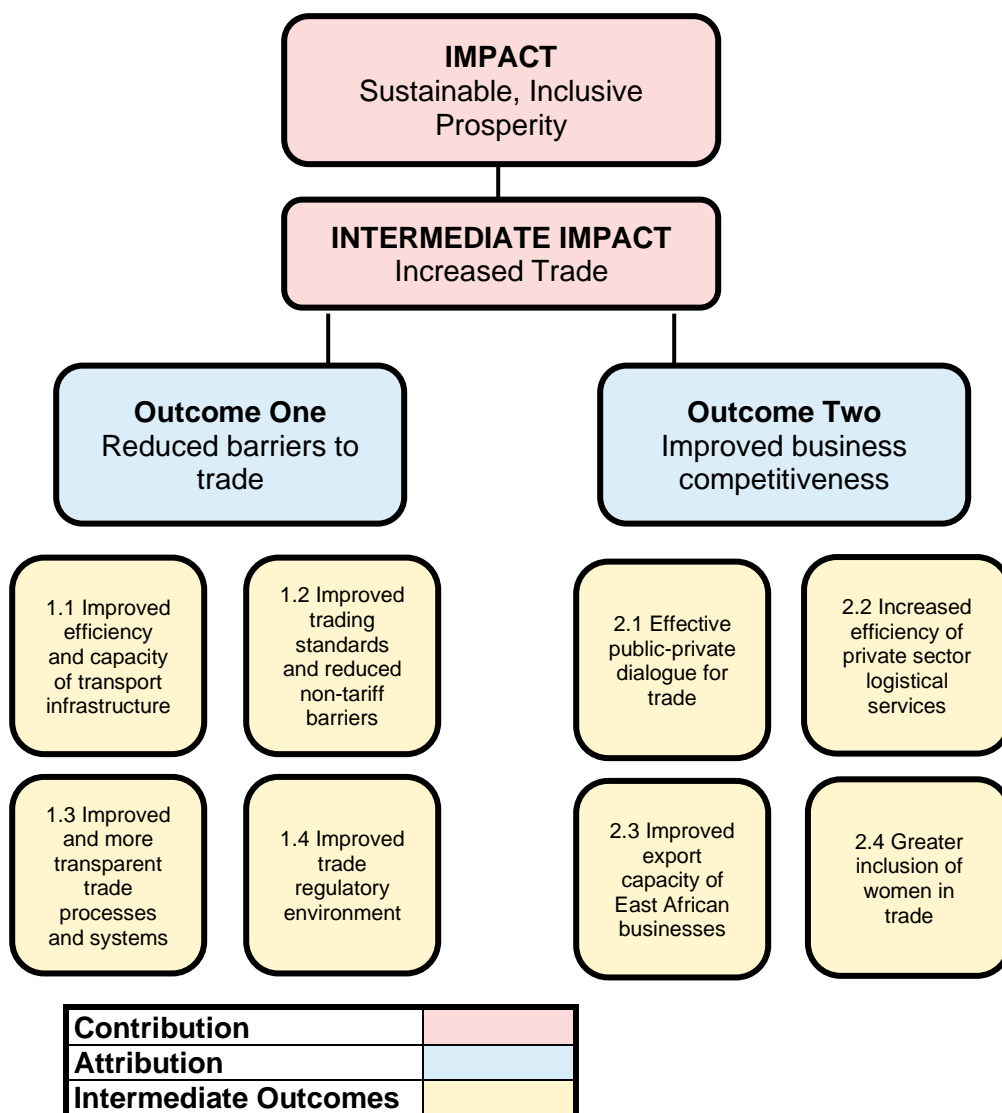
Alignment of Strategy II with intermediate outcomes and impact
Informed by document reviews, as well as interviews and workshops with TMEA HQ staff, country and regional office staff, the assessment team consider the services set out in Section 3 (p. 28 to 62) of the Strategy II document are aligned with the intermediate outcomes, and intermediate impacts identified in the Strategy II Results chain (see **Figure 2**). The assessors are of the opinion that the underpinning logic of the Results Chain is sound and suggests TMEA activities can be expected to contribute to these two overall outcomes. The main services foreseen for the Strategy II period under each outcome are as follows:

OUTCOME 1.1

1. Continuation of the Tripartite and IGAD Corridor Programme (TICP) to boost trade and growth and reduce transport-related costs;

2. Further expansion and intermodal integration of the Northern Corridor, including the continuation and expansion of:
   ο The Port of Mombasa initiatives;
   ο The Mombasa-Nairobi rail linkages;
   ο Road initiatives (especially in Kenya and Uganda) to expand the Northern Corridor; and
   ο Transport regulatory reform in Kenya and Uganda;

3. Further expansion and intermodal integration of the Central Corridor, including the continuation and expansion of:
   ο The Port of Dar es Salaam initiatives;
   ο The one-stop shop inspection stations at Manyoni and Nyzanazi; and
   ο The intermodal connection with Lake Tanganyika;

4. Expanded support to the Southern-Uhuru and Gulu-Juba Corridors; and

5. The increased efficiency and effectiveness of trade flows at border crossings by building linkages with the single EAC market and its neighbours at the following locations:
   ο On the Ethiopian border at Moyale;
   ο At Nadapal on the Kenya-South Sudan border;
   ο At Goli on the Uganda-DRC border;
   ο On the Rwanda-DRC border;
   ο On the southern border with Malawi, Zambia, and Mozambique; and
   ο At several border crossings where facilities have been built but are non-operational.

OUTCOME 1.2

6. Continuation of support to the programme for regional harmonisation of standards, including the facilitation of pre-requisites for an effective standards regime, the enhancement of private sector capacity, the introduction of mutually recognised certificates of conformity and the strengthening of sanitary and phytosanitary measures; and

7. The continuation of work to remove NTBs to trade across the EATN through a programme to ensure their identification, registration, monitoring, reporting, prioritisation, and elimination.

OUTCOME 1.3

8. Improved trade processes and systems through facilitating the implementation of the World Trade Organisation (WTO) Trade Facilitation Agreement and World Customs Organisation (WCO) recommendations, which advocate for the use of technology to establish and promote efficient trade facilitation procedures; and

9. Use of the ICT for Trade (ICT4T) programme, which has transformative potential and will focus on enhancing the EATN digital footprint by ensuring that all significant international trade processes are delivered via electronic platforms. The target intervention areas for ICT4T under Strategy II include:
   ο Trade community information systems;
   ο Integrated trade management systems,
   ο Systems to enhance customs efficiency;
   ο ICT value added services for trade;
   ο Facilitation of international trade networks; and
   ο Shared CT infrastructure for trade.

OUTCOME 1.4

10. Continuation of the same scope and scale of support to the TEPP to catalyse and sustain momentum on regional integration (including the customs union, CMP, institutional support, and tripartite free trade area);

11. Support to the on-going development and implementation of trade policies, which will provide a framework for the EAC to achieve its ambitions as a regionally integrated trading bloc;

12. Facilitation of the approximation of legislation within an EAC framework to permit the principle of mutual recognition and factor mobility about the CMP, including the launch of a CMP approximation support programme for all partner states;

13. Facilitation of a South Sudan CMP accession support programme;

14. Facilitation of a regional CMP support programme, which will closely align with the TEPP and will strengthen work already undertaken at a national level;

15. Support to the implementation of the WTO Trade Facilitation Agreement, including:
   ο The provision of assistance to member countries toward compliance:
   ο Increased transparency and predictability of trade rules and regulations;
   ο Strengthening of institutional mechanisms to drive trade facilitation reforms;
   ο Stimulation of private sector inclusion in influencing trade-related reforms; and

16. Support to the expansion of trade in services in the region through the enactment of enabling policies and laws, including the following specific interventions for targeted sub-sectors:
   o Improved services, trade data and systems;
   o Generation of evidence for the reduction of barriers to services;
   o Cataloguing of binding constraints to the competitiveness of EAC services;
   o Catalytic diagnostic studies for services development;
   o Service sector development evidence facility;
   o Franchising scoping study and pilot;
   o Support to service coordination and policy making;
   o Development of regional service standards; and
   o An increased profile of services in the EAC.

OUTCOME 2.1

17. Facilitation of public-private dialogue for trade, including:
   ο Support to region-wide coordinated actions;
   ο Stimulation of the creation of new and relevant advocacy bodies;
   ο Establishment of coalitions with advocacy partners to enhance the outreach of the overall regional advocacy effort and resolve challenges to advocacy; and

18. Support by TMEA to the following advocacy/dialogue priorities:
    ο Implementation of the EAC Customs Union and the CMP;
    ο Addressing of competition between tariff and NTBs and consumer needs;
    ο Harmonisation of taxes;
    ο Free movement of services;
    ο Standards, counterfeits, and compliance;
    ο Transport regulations; and
    ο Attraction of investments through the East Africa trade organs and the private sector.

OUTCOME 2.2

19. Facilitation of increased efficiency in private sector logistics services, through focusing on sub-sector logistics at the level of LTHs and building the capacity of the wider logistics industry in East Africa; and

20. Support by TMEA to increased efficiency in the logistics sector through the following initiatives:
    ο Improved market access opportunities for the LTHs (which will support women traders);
    ο Capacity building for the logistics industry;
    ο Logistics for Borderland programmes (which will support women and small-scale traders at the borders);
    ο Support to innovation (through the utilisation of challenge funds to generate innovative solutions using new technologies;
    ο Launch of a logistics information accessibility programme; and
    ο The diversification of transport modes.

OUTCOME 2.3

21. Support to the improved export capacity of East African businesses, including a focus on areas where TMEA:
    ο Has provided leadership and expertise;
    ο Can leverage export partnerships;
    ο Can focus on catalytic and systemic impact; and
    ο Will start a piloting approach and scale up successes; and

22. Prioritisation of TMEA services which contribute to:
    o Export growth for export-ready businesses;
    o Upgrading of market systems along the logistics and trade (growth) hubs; and
    o Stimulation of growth for trade in services through increased competitiveness.

OUTCOME 2.3

23. The facilitation of greater inclusion of women in trade through the provision of support to evidence-based advocacy for a gender-responsive trading environment (policy, regulation and practice) for women and small businesses (to be done through the establishment of women's associations, cooperatives and regional women's platforms to address issues that create barriers to entry);

24. TMEA will undertake gender programming initiatives to address the following constraints:
    ο Corruption, harassment, and a lack of transparency in cross-border trade procedures;
    ο Gender-specific NTBs;
    ο Weak implementation of a simplified trade regime;
    ο Weak trader representation in Joint Border Committees (JBCs); and

25. TMEA will undertake capacity building in the following areas:
    ο Advocacy, membership development and funding initiatives among weak associations;

ο Complex import and export procedures for traders; and

ο Trading competitively and sustainably.

The alignment of services with the organisational mission and objectives
The services within each outcome are broadly aligned with the mission and objectives of TMEA, as far as the underpinning logic of the Strategy II Results Chain suggests that TMEA services can be expected to contribute to the overall mission and objectives. The assessors received commentary from stakeholders (including Council and TMEA Members) which suggests that in the case of a reduced Strategy II budget, TMEA should focus on its 'core services' (those that relate to the strengthening of regional trade corridors). If resources turn out to be less than those included in the Strategy II document, then the reduction of services to focus on core business seems appropriate.

Recent organisation reviews and recommendation on organisation structure
The assessors were of the view that the structures suggested by aCatalyst Consulting because of the review they undertook in early 2017, are not entirely appropriate for the delivery of Strategy II services. It is recommended that a further review be undertaken following the August 2017 Council and Board meetings (which will determine Strategy II budgets). Further detail on aCatalyst Consulting's recommendations can be seen in Annex F of this report.

3 Knowledge management and Monitoring, Evaluation and Learning (MEL) [DEQ1.9, DEQ 1.10]

3.1 Knowledge Management

Knowledge management in TMEA is desirable for two main reasons:

- To increase organisational effectiveness and impact through individual learning from experience, which allows for reflection and the subsequent adaptation of behaviours that lead to better performance; and
- To package and use captured knowledge to inform a wider external audience of lessons learnt.

In this section, conclusions and recommendations on knowledge management and MEL, draw on evidence from interviews and workshops, in addition to TMEA's MEL Paper of 12 May 2014 and its KMS of 3 March 2015. Note: DEQ 1.10 - *Are the M&E tools and processes in place appropriate, both regarding results and in regard finances? How could they be strengthened?* – is addressed comprehensively by 6B, included here as **Annex H**. Findings, lessons, and recommendations are incorporated here.

Approach to Knowledge Management
The TMEA approach to knowledge management and MEL relies on the quality of the information captured through the monitoring, evaluation, and performance appraisal systems. Feedback from focus groups, and interviews with users suggest the M&E systems are becoming embedded within the organisation, but the system still requires implementing in detail and there are gaps that need to be filled.

Vision and Strategy for Knowledge Management
TMEA's knowledge vision is *"to become an institute of reference on matters of enhancing regional integration through trade in East Africa"*. Its mission to achieve this vision is *"to collect, re-purpose, package, disseminate and learn from tacit and explicit knowledge of regional integration and trade gathered internally and externally, with a view to enhancing the delivery of the specified outputs and outcomes of TMEA-supported projects and programmes"*.

The TMEA Knowledge Management System (KMS) seeks to establish and entrench a "knowledge culture" within the organisation and to enhance the operational effectiveness of TMEA-supported interventions. The aim is to support this through the following:

1) Enhancing the translation of knowledge into policy and action;
2) Enhancing the identification, re-purposing, re-packaging, and dissemination of knowledge;
3) Leveraging knowledge through partnerships; and
4) Providing the necessary resources and capacity development interventions for knowledge management.

Current context
Procedures on communities of practice in the operations team, and feedback from staff interviews and focus groups, validated in a corporate services workshop, and the end of mission II validation workshop, with the SLT and SMT, suggests TMEA is creating a learning culture and is strengthening internal learning. Managers and staff confirmed they were planning to share more knowledge. Managers and staff considered new policies and plans were being informed by the internal promotion of knowledge sharing and learning in programme and project activities. Equally, country directors and country office staff indicated that country offices are learning from each other. Initiatives, such as cross functional communities of practice, were implemented and should strengthen the development and

integration of practices and procedures for the capturing, packaging, sharing, and learning of information and knowledge[36].

Internal initiatives designed to strengthen learning and build knowledge include the following:

1) Planned and organised knowledge exchange sessions between department managers and staff;
2) An online library (which would benefit from an improved navigation system) and central document repository that provides links to the external TMEA website;
3) An intranet and enhanced website which aims to improve operational, communication and research functions;
4) After-action reviews (which are now embedded in some projects), which look at what happened, what can be learnt and what should happen next;
5) Regular staff reviews, six-monthly all-staff retreats and quarterly partner meetings;
6) Stakeholder satisfaction surveys and the collection of lessons learnt, good practices and success stories from partners;
7) Increasing engagement with research institutions and government agencies where research aligns with TMEA policies and the mutual sharing of lessons; and
8) The (very nascent) practice of establishing and nurturing communities of practice.

The TMEA KMS develops a rationale and a methodology, sets out a high-level implementation plan and allocates roles and responsibilities across the organisation. It also identifies risks and mitigation measures as well as resource requirements, integrates monitoring and auditing and sets out expected outcomes to be measured. Of interest to the assessors were some of the internal issues identified during preparation of the KMS, which limited progress and performance. These are as follows (bearing in mind the findings also included many strengths):

1) TMEA addresses the management of knowledge reactively rather than proactively;
2) TMEA lacks enough capacity to identify internal knowledge areas for documentation;
3) Lack of documentation of knowledge is draining TMEA of institutional memory;
4) Current information 'packaging' impedes knowledge access and interest; and
5) A growing 'silo' mentality and a race toward the achievement of KPIs unintentionally stifles learning and the nurturing of innovation.

The assessors are of the opinion that the strengths of TMEA's KMS outweighed the weaknesses. As stated below, the assessors are of the opinion that the KM system design reflects good practice, but that more attention needs to be invested in its implementation. It is important that TMEA engage with these internal challenges throughout implementation.

The assessors suggest the focus of knowledge management in TMEA should be aligned with the learning needs of the ToC for the two specific objectives of Strategy II (i.e. reduced barriers to trade and improved business competitiveness), as well as poverty alleviation, gender equity and climate change mitigation.

Other external commentary on knowledge management
In late 2014, TMEA commissioned a consultant to help develop a KMS. One of the main findings was, whilst some of the operational procedures were successfully documented and were starting to provide external stakeholders with knowledge references, TMEA's own utilisation of these knowledge resources was a challenge. The existing information infrastructure systems operate in isolation,

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[36] Jelenic, D., 2011. "The Importance of Knowledge Management in Organizations – with Emphasis on the Balanced Scorecard Learning and Growth Perspective," Knowledge as Business Opportunity: Proceedings of the Management, Knowledge and Learning International Conference 2011, International School for Social and Business Studies, Celje, Slovenia

leading to possible duplication of effort, and a struggle to locate internal and external knowledge products in a timely manner.

The 2016 TMEA Annual Review suggests (para. 75) the dissemination of evaluations takes place but is limited. The conclusion is that *'TMEA fails to contribute significantly to knowledge addition of what works and what doesn't work in the wider community'*. The assessment team concluded this remains a concern. Over time, TMEA has developed a wealth of knowledge, which could add value to the wider development community in East Africa and beyond. The TMEA SLT is proposing to focus more resources on external communications when Strategy II is implemented. This will need to go beyond marketing messages to also involve the packaging of relevant learning information targeted at trade players and development organisations. The annual review suggests that non-confidential summaries of all evaluations could be prepared and made publicly available. The assessors support this suggestion, but also recommended the packaging and dissemination of learning captured through the new TMEA knowledge management system. Accordingly, the lessons learnt will inform the need for better internal practices, systems, and skills but also for wider understanding.

Potential Risks
The potential organisational risks, if the implementation of the KMS continues to be protracted, are as follows:

1) Loss of institutional memory upon staff attrition;
2) Limitation of opportunities for innovation and learning;
3) Loss of an authoritative voice due to undocumented or unshared knowledge products; and
4) Apathy resulting from difficulty accessing documents.

Based on the document review process, interviews and workshops, the assessors conclude most of these 'findings and threats' are still valid and that whilst the KM system design reflected good practice, it was yet ready to be fully implemented. It was therefore recommended for TMEA to accelerate the implementation of its KMS.

Planned next steps
A revised KMS is under development and will go before the TMEA Board for approval in August 2017. The TMEA MEL approach paper has been drafted, and focuses on knowledge capture, documentation, and information sharing. It is the view of assessors that investments in learning and sharing were a work in progress, and they reflected a commitment to organisational learning in TMEA. The SLT made it clear to the assessors that they were making investments in knowledge capture and learning, and subsequent budget reviews showed this to be the case. Systems are starting to capture data, but TMEA staff are not yet gaining a learning benefit and organisational learning is not yet embedded or cultural. Learning and communities of practice are a positive idea but need further commitment and action.

Country office exchanges and learning through the matrix management structure
Recent reports (including the 2016 Annual Review) together with direct feedback from country directors and country office staff, suggest that cross-learning between country office teams is starting to occur and that the matrix management structure is facilitating learning between country, regional and technical teams. This is a positive development, but there is still a requirement for a systemic approach to learning and sharing. Such an approach could start by formally placing "ownership" with the new Directorate of Results and Organisational Performance. Points of departure here could be:

1) To start an organisation-wide conversation on the benefits to staff of a learning and sharing system;
2) To co-opt users in the design of any learning and sharing system; and/or
3) To pilot and subsequently adapt the utility, accessibility, and design (content and structure) of the system before expanding it on a phased basis across the organisation.

3.2   Monitoring, Evaluation and Learning

For knowledge management purposes, the assessors consider the TMEA MEL system is:

1) Complete in its design, when it comes to project implementation and output monitoring, although it is not always completely or thoroughly implemented (with incomplete paper trails);
2) It shows incomplete links between output monitoring and the monitoring of financial implementation; and
3) It still shows gaps in monitoring (in terms of comprehensively characterising and quantifying) the contribution of project outcomes to TMEA corporate outcomes.

Monitoring, evaluation and learning, the results framework, PCM, and financial management and reporting systems are critical to effective adaptive programming. Adaptive programming and management facilitate the process of organisational learning. The 2016 Annual Report notes that "many TMEA programmes face volatile and rapidly changing environments that require quick response and adaptability from programme and project managers. In practice, this means that TMEA should possess tools and processes to rapidly decide and execute the scale-up, discontinuation or recalibration of a specific activity, project or programme based on external developments" (pg. 21). Adaptive programming will require that project management tools evolve as outlined in the TMEA Corporate Strategy 2017-23 (Section 5.2) which specifies that "*Results-based approaches, where there are "short feedback loops" between measurement of impact and executive decisions at the local level, are more robust and effective.*"

The current assessment shows weaknesses in the monitoring of data intake at project level (mostly under SO1 and SO2) and the lack of a clear paper trail of all project activities and relevant budgets (including changes to any of these agreed on after the PAR). There is also a need for a more thorough definition of milestones against which (outcome) progress can be comprehensively assessed during the implementation process.

As above, it is the view of the assessors that a commitment to organisational learning and results-based management was evident, but that monitoring systems are weak and more attention needs to be invested in the implementation of systems and processes. Specifically, TMEA is encouraged to ensure that:

- A full set of M&E information is available for each project, including: a final project document which sets out the milestones and targets; the PAR, logframe, and results chain; all of the quarterly and annual monitoring reports since inception; as well as details of changes in the budgets, milestones and targets which have been formally agreed and documented;
- Ensure that M&E system processes are well aligned, with clear responsibilities for not only providing information in a timely manner, but ensuing the quality and utility of that information. Review M&E frameworks for inconsistencies and put measures in place to encourage and check the alignment and between PAR, M&E frameworks and monitoring reports. Introduce process to review and formally accept monitoring reports provided by the partners – to ensure that they are validated, analysed and quality assured by TMEA staff, and that quality assurance concerns and recommendations are actioned by partners;
- M&E systems capture information on the (differential) progress of different target beneficiary groups. Review indicators to confirm that they are Specific, Measurable, and Relevant, and able to provide information as to the extent of progress towards outputs and outcomes. Require data to be disaggregated by relevant sub-groups in target populations – for example, gender.

A separate background review was undertaken as part of the overall evaluation which comprehensively addresses DEQ1.10[37]. This is included as **Annex H** and is summarised here to complement the findings of the current organisational assessment.

The review was based on a mapping and review of TMEA's monitoring systems and processes, interviews with staff from the TMEA M&E team, and an assessment of 40 projects, which included visiting and assessing project sites, reviewing desk reports and interviews with TMEA staff, partner organisations, and, where possible, final beneficiaries. The review also drew on the review team's experience in conducting the interim outcome evaluation from Deliverable 2D/2E from working with 5 country offices[38]. Evidence from both the analysis of the process, and of the monitoring reports, is used to highlight strengths and weaknesses, and presents a series of recommendations to improve monitoring processes in the future.

3.2.1   MEL systems and processes

The TMEA monitoring system is based on quarterly self-reporting by partner organisations, using a monitoring system agreed upon by the project implementation team, the M&E team, and the partner institution. The monitoring system consists of the results chain, the logframe, the monitoring framework, and the monitoring budget. The results chain is a simplified Theory of Change, which sets out the objectives of the intervention, the causal impact pathway, and key assumptions behind the intervention logic.

There is a quality assurance system, which consists of evaluating a project's set of monitoring reports, monitoring plan, work plan, risk matrix and results chain against a set checklist. The checklist does not focus on individual monitoring reports, but on the monitoring system as a whole. It is also a technical evaluation of the monitoring plan, and not a verification or validation of results.

Several issues in TMEA's M&E process have been identified, which has resulted in some processes being changed and adapted. The key issues identified are as follows.

1) **Partners have limited M&E experience.** Although the TMEA M&E team have tried to remedy that with their 'Results curriculum', partners often struggle to develop coherent monitoring plans.

2) **Arranging meetings with all relevant stakeholders can be challenging.** TMEA's M&E process calls for a meeting to discuss each quarterly monitoring report. Gathering together all relevant stakeholders in a timely fashion can be difficult, and the requirement for quarterly monitoring reports to all be submitted at the same time, puts additional pressure on organising meetings. The result is that some meetings are delayed or cancelled.

3) **Comments on monitoring reports sometimes reach partner institutions shortly before the next report is due**. One consequence of delayed quarterly meetings is that comments sometimes only reach partners shortly before the next monitoring report is due. Considering that impeding deadline, partners often focus on completing the next round of quarterly monitoring reports rather than addressing comments on prior reports.

4) **Manual submission of monitoring reports can delay updating monitoring reports.** Monitoring reports are manually uploaded onto the MIS system using pre-set templates. Amended or revised monitoring reports are sometimes not uploaded, given the time resources involved in manually uploading documents, and the pressure to finalise project reports. This can make it difficult to track progress and the time of milestones met.

5) **There are limited consequences for partners as a result of not responding to comments**. The current process does not imply any repercussions or consequences for failing to amend a

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[37] "Are the M&E tools and processes in place appropriate, both in terms of results and in terms of finances? How could they be strengthened?"
[38] Nairobi, Dar-es-Salaam, EAC (Arusha), Kigali, Kampala, and Bujumbura

monitoring report following TMEA comments and some partners were not particularly responsive to requests for amendments or clarifications.

6) **Quality assurance reports are often not followed up**. The quality assurance checklist can be used to highlight where projects have selected indicators of little value, have not updated indicators, or otherwise have gaps within their monitoring framework. However, the process of following up on quality assurance reports is not clear, with responsibility for updating reports falling on TMEA implementation staff rather than M&E staff.

7) **Monitoring budgets are often reapportioned for other uses**. Whilst endline surveys may be planned and budgeted, the final evaluation is not seen as a priority by partners and these funds are often reallocated to meet unplanned costs.

3.2.2 Evidence on the quality of MEL products

As part of the ongoing independent evaluation of TMEA, IPE Triple Line conducted an assessment of outputs and outcomes of a representative portfolio of TMEA projects. Twenty project sites were visited and assessed, based on desk reports and interviews with TMEA staff, partner organisations, and, where possible, final beneficiaries. A further 20 were assessed using desk reports alone.

The following key issues were identified:

1) **Poor alignment between PAR, M&E framework, and monitoring reports:** In many cases, there were clear inconsistencies between the outcomes, outputs and activities defined in the PAR and those used in the monitoring report. It was not clear whether the project had therefore changed, or whether the process of constructing an M&E framework had resulted in changes. More importantly, it sometimes became unclear what the precise outputs of the project were meant to be, and how they linked to the outcomes.

2) **Finalisation of Documentation and Basis of performance assessment:** There was often a complete disconnect in terms of budgets, and milestones between the project PAR and the monitoring reports.

3) **Issues with the quality and structure of quarterly and annual reports:** The monitoring reports, both quarterly and annual, are not structured in a way which provides the reader with a clear sense of past achievements and current progress. It was difficult to ascertain what had been planned compared to what was actually delivered. Where this information did exist, it was clear that an activity or output had not been achieved as planned, as there was often no accompanying explanation or revised date for delivery. The quality of reporting provided by the partners to TMEA would suggest that many of these reports have not been validated, analysed and quality assured by TMEA staff.

4) **Unclear evidence:** A specific area of concern was the lack of evidence provided in the reports. Quarterly and annual reports did not present or reference the means of verification of the indicators reported against, and there was no sense that this had been checked by TMEA. Combined with the lack of analysis in the reporting, this often meant that it was unclear what had simply been reported by the project, what had been verified by the PM, and what type of supporting evidence had been provided. This is not to suggest that the projects are not achieving these outputs, simply that the reporting does not systematically and clearly provide this information. It must however be emphasised that in cases where TMEA were asked to provide data on the relevant outputs, they were able to provide the evidence. Therefore, TMEA has a large body of evidence and supporting information, but the basic reporting and recording of project deliverables requires improvement.

5) **Poorly chosen indicators:** Indicators frequently offered little value as to the extent of progress towards outputs and outcomes. Quantitative indicators often failed to capture the full impact of an activity, a point made by both partner organisations and TMEA staff. Partner organisations appeared wedded to using quantitative indicators, even when they had little purpose.

6) **Limited disaggregation by gender or youth:** Projects are rarely disaggregated by gender or by youth, making it difficult to assess levels of distribution that were gender-based or age-

based. Without that data, it is impossible to know the extent of gender-based discrimination in this area. TMEA have begun to focus more on mainstreaming gender within M&E.

7) **Incomplete compilation of monitoring reports:** The assessment team were frequently given an incomplete set of monitoring documents. A full set would have been the PAR, the logframe, the results chain, and all the quarterly and annual monitoring reports since inception. In some instances, the TMEA staff were able to provide additional reports upon request, but it was uncommon to find a complete set of quarterly reports since project inception.

8) **Progress towards corporate outcomes difficult to track:** The TMEA Results Framework puts a lot of effort into defining detailed indicators and sub-indicators for corporate outcomes and tries to update available information as often as possible. It fails, however, to provide a brief overview regarding the level of progress towards specific outcomes and milestones under each Strategic Objective. All required information is available, but it is not provided in a reader-friendly and evident way.

4 Institutional Assessment [DEQ1.7, DEQ1.8, TQ3]

The Institutional Assessment considers the appropriateness and performance of TMEA's oversight and governance arrangements. This section begins with a description of the current governance arrangements, before setting out findings and insights gained through the assessment process regarding the structure, systems and processes, and the extent to which these align with, and are likely to make, a positive contribution to strategy and shared values.

4.1 Governance arrangements

Figure 3 below summarises the current governance arrangements, and the subsequent narrative explains how the TMEA governance structure and system currently functions. This information is drawn from interviews with the former Council Chair, other Council Members, a Board Member, the Chief Executive Officer (CEO) and the Chief Operating Officer (COO), as well as from the TMEA Constitution (approved in June 2015), the TMEA Memorandum and Articles of Association and the current job description for a TMEA Board member. It was confirmed by the Senior Leadership Team (CEO, COO and DG) in interviews and at a validation workshop, through discussion with the Chair of the Council (Head of DFID Kenya), and through feedback on the early draft review.

Figure 3: Current TMEA Governance Structure
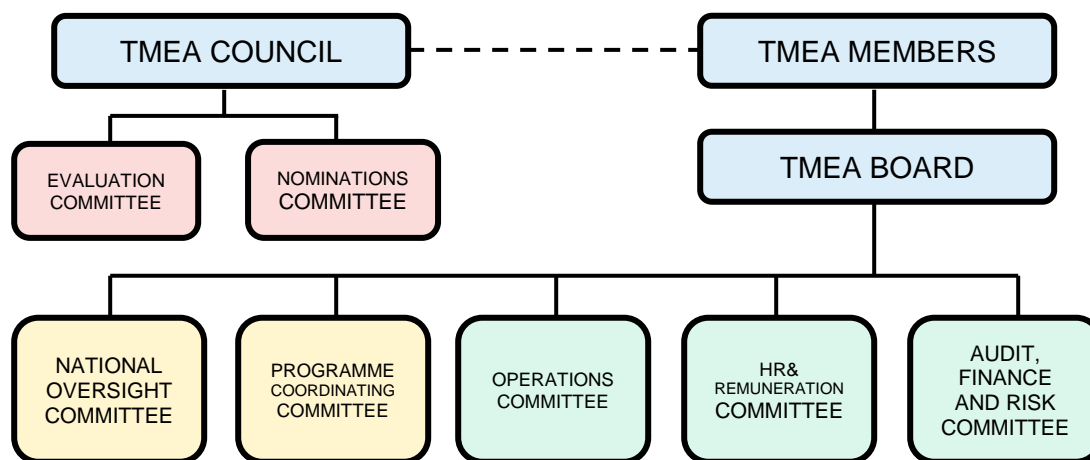
TMEA Council

The main function of the TMEA Council is to provide high-level strategic support to the Board and TMEA members. The Council establishes the overall framework of achievement for TMEA and the parameters within which it must operate. Council members are representatives of TMEA donor organisations (the investors). The Council is responsible for:

1) Recommending the appointment and dismissal of Board members;
2) Approving and reviewing implementation of the TMEA strategy;
3) Appointing and dismissing independent Council members;
4) Commissioning outcome and impact evaluations;
5) Receiving and accepting the Annual Report of the Board, the annual audited financial statements, and the audit letter;
6) Approving contribution agreements and other donor agreements or decisions relating to donors; and
7) Commissioning independent audits of any aspect of TMEA operations at any time as it sees fit.

Any Council member may appoint another Council member, or any other person, to represent their interests on the Council, or to attend any Council meeting on their behalf. The Council oversees a Nominations Committee and an Evaluations Committee and can establish additional sub-committees to cover specific issues. The TMEA Council meets every six months, although *ad hoc* meetings may be requested by the TMEA Board to consider matters that require a 'no objection'.

TMEA Board

The main function of the TMEA Board is to oversee operational delivery and management of TMEA's objectives. The Board is concerned with how TMEA aims to achieve its targets in accordance with strategies and business plans. There should be between five and eleven Board Members. Board Members are appointed for a period of thirty-six months, which is renewable one time only. The TMEA Board meets every three months. The main responsibilities of the TMEA Board are to:

1) Appoint the CEO and the members of the TMEA SLT and review and assess their performance;
2) Oversee implementation of the TMEA strategy;
3) Approve the Annual Business Plan;
4) Approve Project Appraisal Reports;
5) Establish sub-committees as and when required in pursuit of the effective implementation of strategies and the delivery of objectives;
6) Receive and review the minutes of meetings from the NOCs and the Project Coordinating Committee (PCC);
7) Set management policies and targets;
8) Oversee financial management and performance (including the management and mitigation of fiduciary and other risks and the review and submission of performance reports, annual financial statements, and letters to TMEA Members and the Council, with care to highlight any significant issues that arise); and
9) Establish the remuneration policy, including changes to the remuneration of the CEO, subject to a 'no objection' from the Council.

TMEA Members

As a company limited by guarantee, TMEA is required by law to have between two and fifty members. TMEA Members are similar in role and responsibility to the shareholders of a company with limited liability, with the exception that their liability is not limited to the paid-up share capital of the company (as there is no share capital) but to the sum guaranteed under the Memorandum of Association of the company.

Qualifying Donors, i.e. those contributing a minimum of USD 5 million to TMEA, may nominate one person, institution, or government body to represent their interests as a TMEA Member. The TMEA Council (see below) may also nominate one or more persons to function as independent TMEA Members (i.e. not representing Qualifying Donors) if at any time it becomes a legal requirement to have a minimum of two members. TMEA Members meet every six months. Their main responsibilities are enshrined in the company's Articles of Association and comprise the organisation of annual general meetings and the obligation to vote on the following matters pertaining to the governance of TMEA;

1) Determination the composition of the Board, including the appointment and removal of Board Members;
2) Appointment of TMEA's external auditors;
3) Agreement of changes to the TMEA Constitution and/or the company's Memorandum and Articles of Association;
4) Agreement of any alterations to the rights of TMEA Members; and

5) Receipt and approval of annual audited financial statements and agreement on the remuneration of Board Members.

Evaluation Committee

The Evaluation Committee reports directly to the TMEA Council and meets every three months. It comprises both Council and TMEA Members and is attended by the TMEA SLT. Its purpose is to:

1) Determine what evaluations should occur and when (including an annual independent performance evaluation);
2) Approve ToR and appointments;
3) Receive and approve reports on progress and performance;
4) Receive and approve evaluation reports;
5) Monitor actions taken as a direct result of an evaluation report.

Nominations Committee

The Nominations Committee reports directly to the TMEA Council and comprises both Council and TMEA Members. The Nominations Committee meets every six months and may meet on an *ad hoc* basis to consider nominations as they arise. Its purpose is to review applications and nominate TMEA Board Members and Independent Council Members for a final decision by the Council.

Operations Committee

The Operations Committee reports to the TMEA Board and comprises both Board and TMEA Members. It is chaired by a TMEA Board Member and its purpose is to review TMEA operations. It assesses (based on KPIs) how TMEA is performing. The Operations Committee meets every three months.

The assessors attended the most recent Operations Committee meeting on 2 May 2017, at which discussions took place on the following:

1) Cash flows and liquidity;
2) The establishment of a sustainability task force;
3) Succession planning;
4) A progress update on the external consultancy for the establishment of a catalytic fund and wider commercialisation initiatives;
5) Next steps relating to the organisational review;
6) Spending rates;
7) Country programmes;
8) Major infrastructure projects;
9) Programme KPIs;
10) Status of the TMEA strategy and annual business plan;
11) Review of the operational environment and political economy;
12) Progress and performance on Phase 1 project closure;
13) Status of the TMEA knowledge management plan;
14) Fundraising strategy;
15) Infrastructure maintenance and presentations; and
16) Decisions on PARs received via NOCs and the PCC.

Human Resources and Remuneration Committee (HRRC)

The HRRC reports to the TMEA Board and comprises members of both the Board and TMEA with a TMEA Board Member as Chair. The HRRC meets every three months to review and make decisions on human resource policies/plans, organisational structure, recruitment, performance management reward and remuneration matters.

Audit, Finance and Risk Committee (AFRC)

The AFRC reports to the TMEA Board and comprises members of both the Board and TMEA. It is chaired by a TMEA Board Member and meets every three months. Its purpose is to receive and review:

1) Financial management and performance reports;
2) Internal audit reports;
3) Risk management and mitigation plans; and
4) Risk reports.

National Oversight Committees (NOCs)

A NOC is established in each country in which TMEA operates. NOCs meet quarterly and are established as advisory committees. Each has its own Constitution which governs its procedures. Their main purpose is to:

1) Review country programme implementation progress, performance, and plans;
2) Review wider TMEA management issues likely to affect the country programme;
3) Review and make recommendations to the TMEA Board on PARs; and
4) Receive information from the TMEA Board and provide relevant information (beyond advice on PARs) to the Board.

The NOCs' members tend to include representatives from national trade and industry bodies, the TMEA CD, relevant national government departments (East African Affairs/Trade) and TMEA donor country offices. The NOCs are usually chaired by a Permanent Secretary from the national government and are often attended by TMEA country office staff and the TMEA Senior Director for Country Programmes. The NOCs meet annually with the PCC. Each Qualifying Donor may appoint one member to each NOC. The minutes of all NOC meetings are submitted to the TMEA Board, Members and Council. NOC Chairs sit collectively as a consultative forum providing advice to the TMEA Board.

Programme Coordinating Committee (PCC)

The PCC (based in Arusha, Tanzania) was established to oversee TMEA's regional programmes. It meets every six months and functions as an advisory committee. TMEA has a Memorandum of Understanding (MoU) in place with the Secretariat of the EAC. The PCC has its own Constitution which governs its procedures. Its main purpose is to:

1) Review implementation progress, performance and plans in relation to regional projects;
2) Review wider TMEA management issues likely to affect regional projects;
3) Review and make recommendations to the TMEA Board on PARs;
4) Review progress, performance and plans in relation to the MoU; and
5) Receive information from the TMEA Board and provide relevant information (beyond advice on PARs) to the Board.

The PCC members tend to include representatives of the EAC (Secretariat, Legislative Assembly, Court of Justice, and other organs), the TMEA Senior Director for Regional Projects, donor organisations, national governments, the private sector and civil society organisations. The PCC is chaired by the EAC Secretary General and meets annually with the NOCs. Each Qualifying Donor may appoint one member to the PCC. The minutes of all PCC meetings are submitted to the TMEA Board, Members and Council. The PCC Chair sits in a consultative forum together with the NOC Chairs to provide advice to the TMEA Board.

4.2   Structure

The 2016 Annual Review, funded by DFID, is broadly positive on governance matters and the assessors would support this observation (except for the Council and Board alignment issues mentioned above). The recent appointment of a new Council Chair represents an opportunity to address some of the above-identified issues. The Council should review and determine the composition and role of the Board at its earliest convenience.

4.2.1   Recent transitions

The Chair of the TMEA Council, the USAID representative on the Council, the CEO, COO and the DG of TMEA considered that the transition from a Programme Investment Committee (PIC) with an external trustee to a Council and a Board has been a protracted process leading to mixed results. The change seems to have created a gap (in terms of communication and engagement) between the donors (Council) and the TMEA SLT. The donors wish to have a greater level of interaction with, and influence on, operational issues. Essentially, the Council represents donors (investors) and they are expressing the need for greater and more frequent access to plans, performance, and progress.

Interviews with donor representatives on the Council, feedback from the CEO, and the Chair of the TMEA Board all suggest that donors also wish to have an increasingly greater influence on operational matters. This emphasises the need for change through more frequent exchange between donors and the TMEA SLT, and between donors and country programmes. The assessors broadly support a closer relationship between donors and the TMEA SLT and suggest this will require a new 'modus operandi' between the Council and the Board, which should lead to appropriate changes to the TMEA constitution.

4.2.2   Country and regional governance mechanisms

The assessors believe the NOCs are broadly effective and fit for purpose, despite isolated examples of limited and slow communication between the NOCs and the TMEA Board. NOCs comprise influential, experienced, and well networked members. They serve to reflect national trade and integration policies and the relevance and alignment of proposed projects with these policies and are well aligned with the overall TMEA approach. The PCC, established to advise and recommend on regional project submissions, is regarded as efficient and effective by regional stakeholders. The PCC is more politicised than the NOCs, but this is accepted and managed by TMEA and the EAC representatives.

With reference to the PCC, the assessment team was informed that the TMEA regional office in Arusha is being deprioritised (with a reduction in staff numbers)[39]. Concerns about this have been raised in Arusha. Interviewees in the Arusha office expressed the view that without full representation in Arusha, the number and value of regional programmes will be reduced in favour of national and cross-border programmes. This view was shared by some, within the results, and within the strategy business unit, who were concerned about the implications for the legitimacy of TMEA with respect to the East Africa geographic remit, and by the EAC DG for Trade (current Chair of the PCC), who expressed his concern that TMEA seemed to be downgrading regional programming, which is an unwelcome development. Nevertheless, the Operations Team at TMEA, headed by the DG, were confident that this was the right decision, and that a future focus should be based on national (rather than regional) programmes and cross border activities to strengthen cross-border trade. As may be expected, interview responses from the EAC Secretariat and the East African Business Council suggested that any reduction in regional programming will be an unwelcome development. The

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[39] Direct comments from senior TMEA leaders, confirmed during discussions in the TMEA EAC office in Arusha with managers and staff. The assessment team triangulated this information at the end of Mission II in a TMEA validation workshop, comprising several members (including CEO and COO) of the senior leadership and senior management team

assessment team therefore recommend that TMEA develop a narrative for external communication to limit any future relationship management issues that may result with the EAC and its representatives.

4.2.3 Board and committees

As illustrated in **Figure 3**, the Board has established three committees (one for operations, one for HR and remuneration and one for audit, finance and risk) and the Council has established two committees (evaluations and nominations). The assessors attended four recent committee meetings and concluded that they serve an important purpose, function well and are robust, inclusive, and transparent.

The assessors consider that board mechanisms and procedures represent good VfM for TMEA. They represent efficient and effective checks and balances and support the TMEA SLT on strategy, tactics, and operations. The TMEA SLT, and other TMEA staff stated that this level of support added significant value. They also reported a general sense of 'goodwill' from the Board and easy accessibility to members between meetings. The assessors found the Board and its committees are effective in undertaking their remit.

4.2.4 Stakeholder Forum

The TMEA stakeholder forum is held every 18 months. This is a useful mechanism, which allows for engagement and the receipt of wide-ranging insights on the operating environment. It is also an opportunity for the TMEA SLT to communicate results and successes to the wider East African trade network (EATN).

4.3 Systems & Processes

4.3.1 Independence

TMEA was established as an independent not-for-profit organisation. Although funded by a range of development agencies, it was important from the outset that TMEA was recognised as a trade facilitator providing expert services, and not viewed as an organisation that was pushing a particular political agenda, or one that was susceptible to the politics of aid. It was recognised, when TMEA was being established that it would need to be an honest broker in order to deal effectively and credibly with both the EAC secretariat, and the national governments of the EAC member states. This independence from the political agenda of donors is embedded and reflected in the TMEA Constitution, and broadly reflected in the governance structure. However, recent discussions around roles and oversight responsibilities have suggested this independence might be at risk due to a push for greater influence from investors. The assumption at a TMEA organisational level, was influence from donor countries was in danger of affecting strategic direction and decisions on trade facilitation initiatives. These assumptions have now been addressed, and the assessment team were informed that (during the latter stages of mission II) meetings had taken place between the Council, the Board and the SLT and any emerging concerns around TMEA's independence were resolved to the satisfaction of all three bodies .

As a SPV, TMEA makes strategic decisions, as do many of its senior personnel. This suggests the need for a Board which has good regional networks, outreach and experience of strategy development and implementation. During discussions with CDs, it was suggested that resident Board members should be encouraged to actively participate in relevant NOC meetings. The assessors support this suggestion, as it could assist better governance and enhance the quality of communication in the TMEA governance system.

4.3.2 Adherence to constitution

With reference to the 'modus operandi' of the Council, Board and TMEA Members, the following matters require a 'no objection' from the Council:

1) Variation to Memorandum and Articles;
2) Establishment of a TMEA subsidiary or branch;
3) Remuneration of Board members and the reimbursement of their expenses;
4) Contribution agreements;
5) Borrowing or incurring indebtedness;
6) Winding up (or filing a notice to do so);
7) Revoking or restricting the rights and powers of TMEA; and
8) Amendments to the Constitution.

A resolution of the Board is required for the adoption of policies and asset disposal.

Specific decision-making processes exist within, and between, the TMEA organs of governance. The Council can put forward amended or alternative views on requests for a 'no objection'. This is not binding on the Board but is noted for record. Where a 'no objection' decision is not addressed within the required timeframe, it will be deemed to have been given by the Council. Decisions of the Council, TMEA Members or the Board are only binding when the meeting(s) is/are quorate or by written resolution based on consensus. Matters can be put to the Council by the Board at any Council meeting in writing from the Chair of the Board at least 14 days prior to the Council meeting date. A TMEA Member or Board meeting is quorate if at least two thirds of the members are in attendance, whilst a Council meeting is quorate if most members are in attendance. Where consensus cannot be reached, decisions will be made based on a simple majority. In the event of a tie, the Chair of the meeting will have a second and casting vote.

TMEA Members, the Council and the Board are not bound by the recommendations of a NOC or the PCC. There is a Chair and a Vice Chair of both the Council and the Board. They are appointed by majority vote of members for a two-year period. The Chairs of the Council and Board conduct annual performance assessments of their respective organisations.

The Secretary General of the EAC is appointed as the Patron of TMEA. The primary role of the Patron is to ensure congruence of TMEA strategies and business plans with those of the EAC and its organs, in addition to providing strategic advice to the Council. In addition to the above, the Constitution ensures that rules are in place for meeting schedules, meeting minutes, observers, conflicts of interest, confidentiality, and amendment(s) to the Constitution.

This structure is common in both private and public sectors. The assessors note the TMEA constitution is not always strictly adhered to in practice due to investors' occasional need for greater proximity to operations.

4.3.3 Harmonisation of reports and evaluations

The assessors observed how there is little harmonisation, sequencing or streamlining of external reporting and evaluation requirements from investors. This is creating a large management and staff burden. In the new organisational structure, three full-time finance staff are allocated to the provision of financial reports. Evaluations often overlap and absorb significant management and staff time.

In addition, TMEA receives numerous requests for *ad hoc* (i.e. external to the formal reporting system) reports which can absorb significant amounts of staff time. The assessors recommend an early meeting between TMEA management and donors, with the aim of finding a way to streamline donor reporting to reduce, where possible, the burden on TMEA management and staff without compromising the quality or timeliness of information provided to donors.

4.4　Tripartite relationships and communications

Council members have individual political remits, resulting in differing requirements and foci. The Board comprises private sector expertise, resulting in a strong emphasis on best private sector practice, including highly effective committee structures. It is clear, from observations in board sub-committees, and via interview feedback to the assessors, that the needs and incentives of the TMEA Council and Board are not always aligned. This is, for example, apparent in the Council's request for unremunerated Board of directors. The Council is naturally cautious, whereas the Board has more of an appetite for risk. It should also be recognised that individual Council members have reporting lines to their own headquarters. Relationships between the Council and the Board are positive. However, the underlying issue does require monitoring. Board members, Department for International Development (UK) (DFID) representatives and TMEA SLT members all suggested that the establishment of more frequent trilateral (Council, Board and TMEA SLT) meetings would help to highlight and address areas of divergence in a timely manner. The assessors fully support these suggestions, which could contribute to greater cohesion between strategic intent and delivery of strategy, but did not consider the occasional lack of alignment between the Council and the Board to cause a significant barrier for the effective functioning of TMEA.

5 Value for Money (VfM) [DEQ5.21, TQ5]

The assessors took note that the 2016 Annual Review (December 2016) report indicates (p. iii) that VfM performance is satisfactory and the measurement has started, but equally that it states KPI targets remain to be formulated. The assessors found, through interviews, specific VfM workshops, focus group meetings with the finance teams, and the director for internal audit, that addressing VfM is a priority for TMEA's SLT. Significant progress has been made during the delivery of Strategy I and TMEA is now able to monitor VfM performance, particularly in relation to economy and efficiency measures for project implementation (the necessary focus of the current assessment). The analysis below looks at some of the key measures of the VfM issues for TMEA as an organisation with a focus on efficiency. As set out in the Inception Report, a detailed analysis of TMEA's VfM will be presented in the final VfM assessment, including considerations of effectiveness.

5.1 KPIs and VfM performance

Based on the VfM strategy of 7 October 2015, an action plan has been presented to the TMEA Board and a set of VfM KPIs approved. However, the monitoring and reporting of performance is still a work in progress. The VfM strategy is based on the guiding criteria and evaluation framework for VfM formulated by the Independent Commission for Aid Impact (ICAI)[40] and includes broad actions, which will be taken to ensure VfM, as well as identifying specific KPIs, which will be regularly monitored and that are now being presented quarterly to the TMEA Board. The VfM action plan comprises of nine focus areas: i) VfM; ii) Project design; iii) Procurement; iv) Grants; v) Salaries; vi) consultants; vii) Infrastructure; viii) Overheads; and ix) Travel and workshops. In each area, it indicates the actions to be implemented to achieve VfM (accompanied by the relevant KPIs) and identifies who has the lead responsibility (all members of the SLT). There are five economy indicators, six efficiency indicators and three effectiveness indicators. These indicators are all quantitative and TMEA is in the process of developing additional qualitative indicators to help capture the 'story' behind the numbers for learning purposes.

There are no cost effectiveness indicators (aligned with impact), although cost effectiveness is generally addressed through the cost benefit analysis exercises undertaken within the 'Corporate Services' function. There are no equity indicators. VfM measurement requires the disaggregation of the VfM system at the level of projects. Interviews with the TMEA finance directorate and with the regional and country offices suggest the measurement of VfM is uneven at this level. To address this, VfM indicators are being embedded in project designs. Recently, TMEA has also started to place greater emphasis on the achievement of effectiveness indicators (most of which relate to programme and project delivery). The assessors understand that equity indicators will be operationalised in the early part of the Strategy II implementation period. Despite identifying some areas for improvement, the 2016 Annual Review reports that overall, TMEA represents good VfM.

What is less clear, and not explicitly covered in the VfM strategy, is how risk and innovation are considered in TMEA's VfM assessments. For example, it is unclear how TMEA views the potential VfM of innovative initiatives, including the pilot LTHs and borderlands. How TMEA views the relationship between innovation and risk would also be useful to set out. The assessors recommend that future VfM assessments should explicitly consider investments in innovative initiatives and, where appropriate, the potential VfM implications of relevant items on the evolving risk register.

In the area of VfM 'economy', the two main criteria are procurement and salaries. The assessors reviewed the TMEA Procurement and Grants manual and investigated the process with the TMEA Director of Procurement. The manual is a detailed (209-page) document which addresses all relevant procurement procedures and processes and is based on a well-developed procurement strategy. The

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[40] https://icai.independent.gov.uk/wp-content/uploads/ICAIs-Approach-to-Effectiveness-and-VFM2.pdf

assessors are of the opinion that the Procurement and Grants manual, which is regularly reviewed and amended, is of good quality, and note that it adheres to the principles underlying the EU commission directive on public procurement. This latest version of the manual is in the early stage of implementation, and procurement staff will be monitoring, and reporting on, economy and efficiency of the process over time.

Limited observation of how the TMEA procurement works in practice, together with feedback from a procurement team focus group meeting, suggests a well-considered and robust process. However regional and country offices shared there is some frustration around delays in the procurement process. The assessors confirmed examples of inordinate delays, resulting in calls for the devolution of responsibility for procurement to the country offices. The assessors recommend that procurement should remain a centralised function and should, through planned training and capacity strengthening, streamline some procedures. They recommend the introduction of a service-level agreement between the procurement function and regional and country offices, to help ensure the economy and efficiency of the process.

Economy measures in procurement are supported using early market engagement events, framework contracts and restrictive policies for single sourcing. The assessors also note that the TMEA procurement system has achieved the corporate certification standard by the pre-eminent global professional procurement institute; at the time, the second organisation in Africa, after the African Development Bank, to receive the certification.

Following a recent organisation review, TMEA is addressing salary costs and has pledged to reduce these during the transition from Strategy I to Strategy II. Overheads will account for no more than 14% of the overall budget, and strategies are in place to reduce this percentage over the duration of Strategy II implementation. Any prospective increases in staff numbers to address Strategy II deliverables will be cost-neutral as mentioned earlier in this report.

The proposed reduction in salaries is a significant saving but could have an impact on staff retention. It is only after these reductions are implemented that TMEA will be able to assess any impact on results. The assessors suggest TMEA monitoring potential impacts staff retention through regular reviews, reinforced by risk mitigation strategies – for example, the rapid implementation of the new PMS – to help identify and manage any potential organisational shocks in this area.

The VfM action plan, VfM reports, financial reports and interviews with finance and internal audit staff suggest the following indicators, trends and lessons learnt in relation to economy:

1) Indications suggest that the average daily fee rate of consultants has fallen slightly due to tighter controls in the procurement process, suggesting that economy in this area is improving;
2) Despite no significant changes yet to the average cost of employment per employee, planned reductions in TMEA salaries (toward a lower percentile) and of associated overheads suggest that economy in this area will improve during 2017;
3) There are signs that the percentage value of grants which are awarded competitively has increased slightly over the last 12 months. The assessors consider this to be due to better grant management controls, suggesting that economy in this area has slightly improved; and
4) New procurement procedures require more open competition, so it is highly likely that economy in this area will improve (despite there being no improvement thus far).

The assessors are of the opinion that TMEA displayed due regard for economy, and this should support them to provide VfM into the Strategy II implementation period.

VfM efficiency is measured through costs relating to overheads, project management and travel[41]. A methodology for the measuring of indirect and administrative costs will be established during the early period of Strategy II implementation. TMEA is planning to recharge programme management costs as is currently being piloted in the Procurement Directorate. This will provide a more accurate picture of overall efficiency.

The VfM action plan, VfM reports, financial reports and interviews with finance and internal audit staff suggest the following indicators, trends and lessons learnt to relate to efficiency:

1) The number of low-value procurement contracts is falling, suggesting that efficiency in this area is improving;
2) The number of consulting days has slightly fallen quarter on quarter over the last year, suggesting that efficiency in this area is improving;
3) Plans indicate that the percentage of spending on indirect costs will fall during the Strategy I to Strategy II transition period, so it may be concluded that plans are in place to improve efficiency in this area;
4) Plans are in place to recharge costs as regards programme management and this has started (as a pilot) in the procurement function, suggesting that transparency in this area will start to improve and that actual project costs will be more accurate as a result; and
5) Financial reports (and a VFM report submitted by KPMG) suggest that the amount spent on travel, workshops, *per diems* and meetings is falling, suggesting that efficiency in this area is also improving.

The assessors conclude TMEA actions showed due regard for improvements in efficiency and, as such, these should contribute to improved VfM in implementing Strategy II. The assessment did not review VfM effectiveness, as this is to be addressed comprehensively in the VfM Assessment component of the Independent Evaluation.

5.2   VfM system and reporting

As indicated above, the measurement of VfM performance against KPIs is less than 12 months old but there are positive indications that the VfM reporting system (data identification, capture, processing, and structuring) is rapidly improving. Board committee reports on VfM suggest TMEA projects have made a positive contribution in supporting institutions achieve the planned outcomes. In relation to equity indicators, the TMEA SLT has identified measurements on the borderlands initiative and for programmes linked to women in trade. TMEA has shown due regard for VfM and risk management for FCAS and established systems for capturing information on existing economy and efficiency indicators. The 2016 Annual Review suggests the quality and detailed VfM reports are in place for monthly review by the SLT and quarterly review by the Board. The assessors shared this opinion, based on their own review of the VfM reports.

5.3   VfM lessons learnt

As indicated above, VfM is a TMEA priority area. This is confirmed by the TMEA SLT and the CEO in bilateral discussion with the lead assessor. Reporting so far on the subject has started to generate significant information. Lessons (some of which are listed immediately above) can be extracted from recent reports on economy and efficiency measures. The VfM 'management system' has accelerated change in various activities to improve VfM. The assessors recommended inclusion in the quarterly

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[41] There are diverse sources of literature on the use overheads as a measure of efficiency. See, for example, Sencer Ecer, Mark Magro, Sinan Sarpça, The Relationship Between Nonprofits' Revenue Composition and Their Economic-Financial Efficiency, 2016, Nonprofit and Voluntary Sector Quarterly Volume: 46 issue: 1, page(s): 141-155

VfM reports of a section, which summarises lessons learnt and future actions to be undertaken because of these lessons. This will allow them to be summarised at organisational level to inform future VfM strategies.

5.4   Systemic integration

There are plans to integrate the TMEA project-based VfM system into the TMEA PCM system. This will generate higher-quality reports and embed VfM reporting as standard. This integration process is due to take place during the second half of 2017.

6 Commercialisation [TQ2]

6.1 Relevance

The examination of opportunities for commercialisation is a relevant initiative. Discussions with two board sub-committee chairs, the Chair of the TMEA Council and the CEO and DG, suggest there is a need for infrastructure financing in East Africa to the amount of USD 100 billion, disbursed through priority projects, over the next ten years. There is an enabling operating environment, although details will be determined by experts contracted by TMEA to assess the opportunity and to look at means of addressing it. The risks of any commercial model relate to:

1) The potential for the supply of funds and services to be provided relative to the requisite scope, scale, and quality;
2) The containment of costs to ensure delivery at a price point which ensures financial sustainability;
3) The ability and willingness of a lender to repay; and
4) The ability of a service client to repay.

As indicated below, a commercial model is more likely to appeal to a development fund than to traditional providers of official development assistance. However, the consultancy exercise (which is being undertaken by the Lion's Head Merchant Bank – www.lhgp.com) will assess the risks and opportunities that the model entails for potential funders.

6.2 Quick assessment of options for an organisational model

In the context of the 22-week consultancy exercise, the assessors did not have time to undertake a detailed review. This quick assessment, although superficial, draws on the lengthy collective experience and expertise of the assessment team. The following should be understood within this scope.

The assessors are of the view that an organisational model, which is separate from TMEA, may be worth considering. The reasons for this suggestion include the likely challenges involved in converting donor funds to equity, the potential for brand confusion between existing TMEA services and commercial services and the likelihood that i) strategies, services, structures, staffing, style and skills will become fragmented; and ii) an attached (hybrid) model will create organisational and functional confusion.

Initial indications are that TMEA should continue to deliver trade facilitation services using donor funding. Any future commercial entity could extract services with the potential to generate revenue. Such services may include the following:

1) The development, implementation and leasing of trade community and integrated trade management systems;
2) Value-adding services for trade, including mobile enablement, business intelligence solutions, data mining and analytics (including geographical information systems, trade monitoring and reporting);
3) Support to the design and implementation of a series of growth and logistics hubs at key nodes across the EATN; and
4) The design, development, and delivery of an East Africa-wide catalytic debt facility (a public-sector debt fund targeting trade infrastructure investments).

Organisational detachment may lend itself to the development of an unremunerated TMEA Board and a revision of the relationships between the Council, the Board and TMEA management. A commercial entity is likely to require a different Board composition and remuneration policy. The two separate

entities could develop a strong collaborative model for exchange. It is possible to envisage situations where TMEA staff will be uniquely positioned to provide research and design services for any new commercial entity, which could itself be a small, entrepreneurial, and agile organisation with either a 'for-profit' or a 'not-for-profit' motivation.

6.3   Timing

Any process involved in establishing a commercial entity will take time. Care must be taken to ensure change does not damage or weaken the competency, capacity, or brand recognition of TMEA in the interim. The aim should be to enhance the TMEA brand through the establishment of a 'commercial' sister organisation. The overall establishment phase for any commercial entity in these circumstances is unlikely to last less than 30 months. The current consultancy exercise will thus deliver a business plan by 22 September 2017, and it is assumed a progress report will be made available for the August 2017 board meeting.

6.4   Potential funders

Potential funders include development banks, for example the East African Development Bank, the African Development Bank and the Energy Industries Council, the new, recapitalised CDC Group (in the form of a regional partnership), the private sector and impact funds.

7   Conclusion

The following summary conclusions have been drawn from the findings of the assessment. A full list of recommendations can be found summarised in **Table 5**, along with an update on which recommendations have already been actioned by TMEA.

Structure
The assessors are of the opinion that TMEA's Strategy I management and organisational arrangements are effective. There were some isolated areas for improvement, particularly relating to the matrix management structure, which are being addressed by TMEA. These are elaborated in the main text (**Sub-section 2.2**) of this report. Plans for Strategy II core structure are appropriate and proportionate to Strategy II in its current form. The depth and breadth of structural changes will be determined by agreed Strategy II funding volumes. It is probable that the structure of Strategy II will need to be finessed to align with a reduced budget;

On the organisational models and sources of finance, TMEA should consider retaining broadly the same model. It seems that any evolving model will include a new remunerated board or technical committee appointed by the Council. It is equally likely the focus of TMEA will be more donor-influenced with the donors as the locus of control. There is potential for funding diversification and the assessors concluded that social impact funders and development banks represent potential for regional long-term, relationship-based funding partnerships (**see Sub-section 2.7**).

Strategy
Interviews, workshops, and a comprehensive review of TMEA quarterly, six-monthly and annual reports, the 2016 annual review and annual stakeholder satisfaction surveys suggest that the delivery of TMEA's Strategy I has been broadly successful in spite of some issues with efficiency at the project level. Despite several isolated areas for improvement, highlighted in the main text (**Sections 2 and 4**) of this report, the assessors identified no systemic flaws or failures.

The assessors consider that the strategic planning process for TMEA Strategy II has been demand-led, and has the necessary depth and evidence base to be relevant and credible. However, Strategy II will require adaptation to address the probable (and significant) budget reduction, which is likely to result in fewer regional programmes, fewer and larger country programmes, fewer new initiatives and services, reduced staff numbers and changes to the overall organisational structure. The six-month (emergency) transition plan is appropriate and proportionate to the current context.

To assess the organisational alignment with vision and strategy and the appropriateness of TMEA services, several document reviews and interviews were undertaken to draw and triangulate evidence. The assessors believe that the organisation is broadly aligned with the vision and the agreed Strategic Objectives (SOs). The SOs and the skills and experience of the staff are all broadly aligned with identified market needs. However, there are some isolated areas for improvement, and these are highlighted in the main text of this report (**Section 2**) and are being actively addressed by TMEA.

Staff & Skills
The assessors judge that TMEA staff were of high quality overall, and have relevant technical, personal and management skills, and sector / functional experience to contribute positively to the TMEA purpose. This conclusion has been drawn from:

1) Observations of processes and performance;
2) Interview processes and outcomes;
3) Assessment of results, drawn from annual reviews and annual reports; and
4) Validated results in the four TMEA key performance areas at the programme or corporate level which has been confirmed by the other interim evaluation deliverables, notably:

- Reduction in time for trucks crossing select borders.
- Increase in value of exports from the EAC region.
- Increase in inter-regional exports compared with total exports for the EAC region.
- Reductions in average time to import /export a container from ports to Burundi or Rwanda.

Board members and senior managers consider that TMEA comprises of an appropriate mix of skills and experience, and staff members are committed and motivated. The assessors are of the opinion that TMEA has the 'right skills directed to the right places'. However, recent uncertainty has affected both morale and commitment, and the assessors note how further skills acquisition will be required to optimally deliver Strategy II. Clear and comprehensive plans are in place for Strategy II skills acquisition, subject to finessing and adaptation to the actual Strategy II budget. There is a case for the development of further and different skills, which is elaborated **in Section 2.3** of this report. A well thought through succession planning process is being finalised and will be implemented for the duration of Strategy II. The assessors consider that TMEA exhibits a positive culture (style), which has contributed to the delivery of quality and sustainable results.

Systems
TMEA has many systems and procedures, which are individually of good quality. However, the system lacks integration and this limits the effectiveness and impact of any organisational Performance Management System (PMS), financial management system (FMS), VfM management and reporting system, Management Information System (MIS) and cross-organisational sharing and learning. There are several systems and procedures that are in the process of development. TMEA's processes are constantly evolving, and this is indicative of a willingness and commitment to continued performance improvement. An integrated Trade Information Management System (TRIMS) has been mooted by the TMEA SLT; this is expensive to purchase, and resource intensive to implement. In the context of budget uncertainty, acquisition has been postponed. Accordingly, there is a case to be made for interim measures to streamline and improve mission-critical existing systems. The main text (**Sub-section 2.4**) of this report examines the possibilities for an interim solution via the streamlining of existing systems and wider organisational involvement in policy delivery. It is understood that TMEA is actively addressing areas for systemic improvement.

Policies and plans are in place for the promotion of organisational learning and sharing. However, the systems for the effective delivery of organisational learning are still being developed and, therefore, organisational learning and sharing in TMEA is not yet optimal. More work needs to be done to establish communities of practice and to disseminate learning throughout the organisation. Greater integration of information systems will support sharing and learning. It is clear to the assessors that this is a management priority, and that realistic and time-bound strategies and plans are in place for better knowledge management and learning;

Stakeholders
In the area of governance and accountability, the assessors have concluded that there is some room for improvement and suggest an early review. TMEA Council and Board incentives are not always aligned and the Council would benefit from greater access to TMEA operations (which the assessors consider reasonable and desirable). Enhanced communication is required to improve relationships between the Board, the Council and the TMEA SLT. The assessors consider the skills and experience of both Board and committee members as relevant and productive, and committee processes are rigorous and effective. They are of the opinion that NOCs and the PCC are broadly effective, with isolated areas for improvement in some cases, and that governance structures are functional and productive. However, they note that higher-level processes, between the Council and the Board, are not always functional. An early review should look to agree on changes to the TMEA governance constitution, on roles and responsibilities and there is now an opportunity for the new Council chair to lead this process. The main text (**Section 4**) describes the current governance structure and the main elements of the constitution.

The assessors investigated the effectiveness of relationships and communications within TMEA and consider project partner relationship management as a strength. Investor (donor) relationship management would benefit from more regular engagement between donors, the Board and, the TMEA SLT. Feedback and assessor observations suggest that internal communications have been good but that there is room for improvement in the context of a rapidly growing organisation. External communications could be improved, and the marketing of results and success should be a greater priority for TMEA, not least to support fund acquisition, however assessors did not identify systemic flaws or failures in this area.

Setting[42]
There is an opportunity to commercialise some of the services being demanded by the market. These include, but are not limited to, infrastructure funding, Information and Communication Technology (ICT) for trade services and the development of private sector-led Logistics and Trade Hubs (LTH). There is a high latent demand for infrastructure finance in East Africa and the operating environment appears to be broadly enabling. The recent consultancy exercise (ended in September 2017), should address many of the outstanding questions on commercial opportunities and mechanisms. However, the assessors suggested that TMEA consider the option of building a commercial function in the current organisation. An examination of brand, culture, skills, strategy, investor incentives and capital base may suggest a detached model would be better than the current TMEA model (and any future commercial model) due to its greater functionality. The consultancy exercise is comprehensive and will also look at the legal status of any commercial entity. It will particularly look at addressing, a return on investment, surplus or profit requirement (see Section 5);

Sustainability
Regarding organisational sustainability, there is market demand for current and future services and TMEA enjoys high brand recognition and credibility. The current uncertainty around financial resources has shaken belief in the sustainability of funding. TMEA Human Resources (HR) are of high quality. Technical resources are not fully optimal but realistic plans are in place to enable them to contribute positively to sustainability. The assessors were of the opinion that it is neither fully possible nor helpful to judge organisational sustainability at this transitional juncture between Strategy I and Strategy II.

Work on VfM is a TMEA priority and is well advanced. There is a clear and comprehensive strategy in place, augmented with associated action plans. The assessors considered that Key Performance Indicators (KPIs) for VfM used in PARs since the last update of the VfM strategy are appropriate, proportionate, and reflect relevant standards and good practice. Economy and efficiency measures are in place, data is regularly and consistently identified and captured, and results are reported to both the SLT and the Board. Effectiveness, at a project level, is being reported, although cost-effectiveness, which focuses on impact, is not fully reported. VfM lessons are being generated but not yet fully extracted for organisational or wider learning purposes. The quantitative VfM indicators are relevant and should allow for greater understanding of VfM throughout the organisation (see Section 4);

Overall, the organisational components supporting service delivery represent a strong and synergistic mix resulting in good-quality deliverables as reported in the other evaluation deliverables (see Deliverable 6B). Although some of the more complex infrastructural projects need some improvement, particularly about project financial reporting and systemic information support. The main text (Sub-sections 2.7 and 2.8) of this report elaborates on the elements and characteristics of TMEA which support it as a functioning institutional and organisational model.

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[42] See the Relevance and Sustainability Assessment report (6A), that addresses in detail the political economy and trade policy contexts

Existing TMEA strengths include leadership, culture, strategy, skills, staff, services, partner relationships, regional trade networks, brand profile, committee processes, accessibility of managers, room for process and product innovation and the overall quality of reports.

At various points in this assessment report, the assessors indicated that key institutional and organisational issues are being addressed by TMEA management. Whilst the assessors accept that positive outcomes cannot be guaranteed, they have assessed what is in place to encourage positive outcomes and discussed and agreed the prioritisation of actions and approaches being adopted towards effective and sustainable solutions, including the following:

- The generation of alternative solutions and preferred options and actions;
- Broad time-frames for actions;
- Lead responsibilities for actions;
- Availability of appropriate financial, human, and technical resources for the achievement of actions; and,
- Prioritisation of actions.

In TMEA meetings and workshops, the commitment of management and staff toward improvement was evident, and this is reinforced by members of the Senior Leadership Team (SLT), comprising the CEO, COO, Director General (DG) and Chief Strategy and Results Officer. Accordingly, the assessors are broadly confident that in the absence of unforeseen external factors, the issues being addressed by TMEA management are likely to achieve a positive outcome.

The following overview (**Table 5**) provides a summary of TMEA areas for improvement and 25 recommendations. Since the fieldwork in March and May 2017, TMEA have already taken actions in many of the areas identified for improvement and Table Two includes an update on these actions.

In **Table 5** below:

Priority A – indicates recommendations to be implemented by end March 2018;

Priority B – indicates recommendations to be implemented by end September 2018; and

Priority C – indicates recommendations which should have started by January 2018.

Table 5: Summary of recommendations and actions already undertaken by TMEA

No.	Level of Criticality	Areas needing improvement	Recommendations	Actions taken by TMEA following fieldwork
1.	PRIORITY A	**Improved financial reporting, oversight & competencies on larger, more complex programmes**	It is recommended to effectively monitor Project Cycle Management (PCM) disciplines. These include monitoring, reporting, measurement, evaluation of progress and performance and project appraisal (relevance, opportunity, and feasibility). It is particularly recommended to induce and enforce budgeting and financial management disciplines. It is also advised to establish financial management and reporting standards in country offices and within regional teams and then embed these via training.	
2.	PRIORITY A	**Improving the functionality of governance and accountability structures and processes**	It is recommended to conduct a review of the roles and functions of the Council and Board. It is also recommended to review the effectiveness of communications and engagement between the Council, Board and TMEA SLT, as well as to establish a programme of regular tripartite meetings and make any necessary changes to the TMEA constitution.	We understand that Board and Council roles have now been elaborated and agreed and that the outstanding issues, relating to board remuneration, have been settled and finalised.
3.	PRIORITY A	**Development and implementation of a Strategy II structure which aligns with the revised Strategy II budget**	As soon as possible, after August 2017 Council and Board meetings in Kigali, TMEA should appoint an external consultant to develop a structure to ensure i) The future delivery of Strategy II; and ii) that the cost of the structure and the prioritised services to be delivered, to fully reflect the agreed Strategy II budget.	We understand that, following the fieldwork in May 2017, the TMEA SLMT have now appointed a consultant and that, from October 2017, the proposed assignment is underway.
4.	PRIORITY B	**Differentiating the scope and scale of PARs to better reflect the scope, scale, and complexity of projects. The lack of differentiation in detail could have a bearing on the subsequent performance of the project.**	The level of detail varies widely among PARs in a manner unrelated to the scope, scale, and complexity of individual projects. An Internal Audit team should collaborate with the SO teams and the country and regional offices to establish differentiated PAR guidelines which better reflect the scope, scale and complexity of the projects.	We understand that new guidelines and templates have now been developed and that the PAR formats and processes have been streamlined. We further understand that PARs have been standardised and shortened to a maximum of 15 pages. Each PAR will be presented and defended by a designated TMEA senior director.

No.	Level of Criticality	Areas needing improvement	Recommendations	Actions taken by TMEA following fieldwork
5.	PRIORITY B	Creating better linkages between VFM, innovation and risk.	It is not yet possible to clarify either the VFM potential of innovative initiatives (including the pilot logistics and trade hubs and borderlands) or the link between VFM and risk. The assessors recommend creating a link between future VFM assessments and innovation. Where appropriate, linking VFM reports to relevant items on the evolving risk register.	We understand that TMEA have, through cost benefit analyses and impact assessments underpinned by a revised risk policy, created the necessary linkages between innovation and risk.
6.	PRIORITY B	Mitigating actions to limit relationship fallout because of future reductions in regional support	Reductions in regional programming will be an unwelcome development in Arusha. TMEA should develop a narrative for external communication to mitigate any resulting relationship management issues with the EAC and its organs.	We understand that regional budgets have been agreed and are now in place. We further understand that US$9,000,000 has been allocated to the Arusha regional TMEA office from existing unallocated funds.
7.	PRIORITY B	More clarity and enforcement of regional and national responsibilities within the matrix management system (structure)	It is recommended to review and address the confusion between the role of programme managers (in country offices) and regional advisers and to ensure the clarification and enforcement of roles and responsibilities at the level of programme support. This issue is limited to the programmes to improve efficiency and effectiveness of the ports at Mombasa and Dar es Salaam.	
8.	PRIORITY B	Changes in the organisation structure to reflect the organisational and financial responsibilities of some Country Directors (CDs).	It is recommended to review the CD grades in the TMEA hierarchy and to adjust these to appropriately reflect the level and complexity of financial and organisational responsibilities and accountability.	We understand that grading and adjustments, relating to CDs, will be addressed during the current organisational review.
9.	PRIORITY B	Continuous improvement of VFM, process management and reporting	It is recommended to develop and introduce a process to ensure future reporting on cost effectiveness and equity and to develop a set of qualitative indicators to complement the existing quantitative indicators in the recently approved VFM strategy.	We understand that TMEA now has plans in place to develop qualitative indicators for VFM.

No.	Level of Criticality	Areas needing improvement	Recommendations	Actions taken by TMEA following fieldwork
10.	PRIORITY B	Review of current and proposed structure (capacities) in the Results and Organisational Performance directorate to ensure effective delivery of objectives	It is recommended to conduct an early internal review of the scope and scale of responsibilities within Strategy II for the Results and Organisational Performance (ROP) team and link the output to the recommended wider external review (to align the structure of Strategy II with its budget).	We understand that this internal review has now been undertaken and that the output has been linked to the wider external review. We also understand that there is now an alignment between strategy II structure and a revised strategy II budget.
11.	PRIORITY B	Addressing the specialised need for dedicated financial resources on large and complex (infrastructure) projects.	The scope and scale of the large infrastructure projects suggests a resolute and appropriate financial management resource based in the relevant country (or regional) office. Feedback from interviewees in TMEA headquarters and country offices, suggests that this would result in more rigorous and better-quality project-based financial management and reporting.	
12.	PRIORITY B	Improved information flows and systems	The ROP director and ICT manager should review existing management systems and make recommendations for their streamlining to avoid inertia while a decision is awaited on TRIMS. A "fit for purpose" review should be undertaken of the Navision costing and financial management system.	We understand that there are new developments underway to streamline existing systems and that a review has been undertaken of the existing costing and financial management system.
13.	PRIORITY B	Accelerating rollout of recharging programme costs to projects	It is recommended that, aligned to the results due from the pilot financial re-charging exercise in the procurement directorate, TMEA accelerates the rollout of re-charging other services (administration, finance, HR, ICT, Monitoring and Evaluation (M&E)). The objective is to, avoid the subsidisation of projects, reduce overheads as early as possible and to better understand and reflect 'actual' project costs.	We understand that this rollout has already been undertaken and that, as a result, there will be no subsidisation of projects and that there is an opportunity to now reduce overheads and better understand 'actual' project costs.
14.	PRIORITY B	Plan to create systems interfaces to maximise the quality of information and the relevance of learning materials	Subsequent to the systems streamlining exercise by the ROP director and ICT manager, it is recommended (if appropriate) to integrate management information and financial management systems resulting in a pan-organisational information system with effective functional interface that allows for relevant information flows on results, VFM, learning, financial management and risk management.	We understand that the Knowledge Management Strategy (KMS) has been approved and that the implementation of a knowledge management plan is now underway. This plan will be integrated into the TMEA PCM process.

No.	Level of Criticality	Areas needing improvement	Recommendations	Actions taken by TMEA following fieldwork
15.	PRIORITY B	A review of Board composition and remuneration	Subsequent to the review of the roles and responsibilities in the governance structure, if appropriate, a Council member should lead a review to determine the composition of a future TMEA Board and the implementation of a consistent approach to Board member remuneration.	We have been informed by TMEA that these issues have been "100%" resolved. Both remuneration and roles and responsibilities have been fully addressed.
16.	PRIORITY B	Risk management and mitigation on project grants and better recognition of risks at a wider organisational level	Good-practice risk management should be enforced through integration with the TMEA PCM system.	We understand from TMEA that they are now rolling-out a programme of risk management training to ensure that risk recognition, management and mitigation is fully integrated into the TMEA PCM system.
17.	PRIORITY C	Better access to procedures and support documents and ensuring effective oversight for transition and on-going activities in relation to the new Organisation Performance function.	Some useful "how to find documents" papers are in place but are rarely used. TMEA would benefit from staff manuals to 'signpost' documents and function as a 'dashboard' of the main procedures, processes and systems (including how to access them). It is recommended to devolve responsibilities for implementation of wide-ranging policies and regulations from SLT to an SLMT and, at the same time, increase the senior management capacity. These actions will be supported by the actions relating to recommendation on creating a wider policy and regulation delivery capacity.	We understand that these recommendations have already been addressed by TMEA and that the intention is to include staff 'toolkits' to support easier and wider accessibility to TMEA procedures, processes and systems. We also understand that the current organisation review will address the devolvement of responsibilities for implementation of internal policies and regulations.
18.	PRIORITY C	Reducing the number of tiers at the top of the TMEA organisation structure	It is recommended to assess the possibility of reducing the number of tiers at the top level of the TMEA organisational structure from five to three or four. This should help bring CDs into a more senior position, thus enabling them to contribute to and influence wider TMEA leadership and management matters.	The current organisational review will address this issue and there are proposals in place to merge the SLT and the SMT to create a Senior Leadership and Management Team (SLMT).
19.	PRIORITY C	Streamlining formal and *ad hoc* donor reporting to reduce the burden without affecting donor information needs	In the new organisational structure three full-time finance staff are allocated to the provision of financial reports. Evaluations often overlap and absorb significant management and staff time. In addition, TMEA receives numerous requests for *ad hoc* (i.e. external to the formal reporting system) reports which absorb significant staff time. The assessors recommend an early meeting between	

No.	Level of Criticality	Areas needing improvement	Recommendations	Actions taken by TMEA following fieldwork
			TMEA management and donors with the aim of finding a way to streamline donor reporting to reduce, where possible, the TMEA management and staff burden without compromising the quality or timeliness of the information provided to donors.	
20.	PRIORITY C	Ensuring effective oversight for transition and on-going activities in relation to the new Organisation Performance function.	It is recommended to establish a team and process to ensure effective oversight of the transition of the Strategy and Results Team (START) (soon to become the Results and Organisational Performance Directorate) to help them assume and absorb greater responsibilities around overall organisational performance. This team should include senior HR representatives. Currently HR is responsible for the development and delivery of the TMEA PMS.	We understand that these recommendations are already being addressed.
21.	PRIORITY C	Improvements in knowledge management and organisational learning and sharing systems	Knowledge management, organisational learning and information sharing systems should now be aligned with the results framework and integrated as a specific early responsibility of the new Results and Organisation Performance directorate.	We understand that these recommendations are already being addressed
22.	PRIORITY C	Improvements in the quality and utility of M&E data	Ensure that M&E system processes are well aligned, with clear responsibilities for not only providing information in a timely manner, but ensuing the quality and utility of that information. Review M&E frameworks for inconsistencies and put measures in place to encourage and check the alignment and between PAR, M&E frameworks and monitoring reports. Introduce process to review and formally accept monitoring reports– to ensure that they are validated, analysed and quality assured by TMEA staff, and that quality assurance concerns and recommendations are actioned by partners.	
23.	PRIORITY C	Ensure M&E systems capture information on the (differential) experience/ progress of different target beneficiary groups	Review indicators to confirm that they are Specific, Measurable, and Relevant, and able to provide information as to the extent of progress towards outputs and outcomes. Require data to be disaggregated by relevant sub-groups in target populations – for example, gender.	

No.	Level of Criticality	Areas needing improvement	Recommendations	Actions taken by TMEA following fieldwork
24.	**PRIORITY C**	**Ensuring that lessons learnt through better VfM performance are captured and used for continuous improvement**	The VfM 'management system' has accelerated change in various TMEA functions, resulting in improved VfM. The assessors recommend a section to be included in the quarterly VfM reports which summarise lessons learnt and future actions to be taken because of those lessons.	
25.	**PRIORITY C**	**Increased access to quality engineering and quantity costing skills and experience.**	In anticipation of larger and more complex national projects, it is recommended to ensure access to relevant engineering and quantity surveying skills and experience (currently absent from TMEA) through the establishment of frameworks or drawdown arrangements.	We understand from TMEA that addressing this recommendation is contingent upon making progress on the political environment at the port of Dar es Salaam. We are informed that, currently, there is a blockage to progress. As a result, activities have been suspended.

Annex A   Methodological Considerations

Assessment Frameworks

Two other frameworks (familiar to the lead assessor) were considered before the 7s model was adopted for this assessment. In brief these are set out below, together with the reasons for disregarding them.

1) **The causal model for organisational performance (Burke and Litwin).** In brief this model looks at how performance is affected by internal and external factors. It provides a framework to assess organisational and environmental dimensions that are keys to successful change, and it is often used to demonstrate how these dimensions should be linked causally to achieve a change in performance. The model is particularly relevant to organisational change management. The lead assessor uses this model for change management assignments. The model comprises detailed analysis in twelve organisational dimensions. See below.

   1. External Environment
   2. Mission and Strategy
   3. Leadership
   4. Organisational Culture
   5. Structure
   6. Management Practices
   7. Systems
   8. Work Unit Climate
   9. Task and Individual Skills
   10. Individual Needs and Values
   11. Motivation
   12. Individual and Organisation Performance

   Although a rigorous and proven framework, the assessor (and the team leader for the overall evaluation) determined that it would not be appropriate as the focus and level of detail would require a greater level of effort than agreed in the terms of reference and the change management focus of the model is not sufficiently relevant to the assessment remit, as above.

2. The Six Box Model (M Weisbord). This framework assesses the functioning of organisations. It is generic and intended for use across a wide variety of organisations. Its basis is in organisational development. It focuses on organisation structure and design. It tends to focus on planning, incentives and rewards and the role of support units. It follows a basic 'systems' approach, including 'inputs, processes, output' analyses. The assessor has used this model from time to time for organisational performance reviews. The approach is based on a review of the following six components.

   1. Purpose of the organisation
   2. Structure of the organisation
   3. Relationships within the organisation
   4. Rewards and incentives within the organisation
   5. Leadership and coordination of the organisation
   6. Helpful mechanisms for coordinating technologies

This model focuses on HR and personnel functions and people performance. The focus was deemed, by the lead assessor and the overall evaluation team leader, to have too narrow a focus compared to the remit (as above).

Review of data availability for each of the ten "S" areas

Structure: Review of HR documentation to determine the alignment between structure, mission and strategy and the performance of the current structure as well as the relationship between structure and ability to deliver strategy); review of strategic plans; review of country office strategies; observation; interviews with TMEA senior leadership team; interviews with TMEA senior management team; interviews with divisional, directorate, department and unit staff in each functional area, interviews with country office managers and staff, reviews of DFID annual reviews, Sida annual review and external organisational reviews commissioned by TMEA, meetings with board members, council members, board committee members, NOC and PCC members in country offices. Interviews with the CEO of TMEA.

Strategy: Internal strategic reviews to determine the relevance of strategy to mission and vision and the alignment between strategy, organisation structure, cost structure, skills and competencies and budget. Review of council minutes, board minutes, board sub-committee minutes, recent and future TMEA five year strategies, TMEA one year business plans, TMEA half yearly progress reports, TMEA country office strategies and business plans, workshops with the senior management team and the senior leadership team at TMEA, meetings with board members, council members and heads of country offices, meetings with NOC and PCC members and results from a partner survey (established as part of the assessment, results from recent internal stakeholder surveys. Interviews with the CEO of TMEA.

Skills: Interviews with human resource function directors (to establish appropriateness of skill sets and competencies to mission, vision, and strategy. Interviews with managers and staff. Interviews with the CEO of TMEA. Review of the TMEA Human Resources policy and strategy. Minutes of the HR board sub-committee meetings, interviews with the staff and leader from the Results and Measurement team. Interviews with function and business unit heads, interviews with heads of country offices and review of past, present, and future strategies in relation to TMEA's organisational competency and requirements for future strategic delivery. Focus group meetings with the corporate services team, comprising HR, results, finance, procurement, administration, and logistics. Policy review, review of learning and skills enhancement policies and review of recent organisation review and organisation imprint and skills reports (Catalyst). Review of annual review documents commissioned by investors and donors, feedback from internal stakeholder surveys and the assessment survey from project partners.

Style: Discussions with board members, council members, council chair, CEO, director general, COO at TMEA, discussions with leaders and staff in the HR function, discussions with country office leaders and staff, discussions, feedback from project partners via the assessment survey and the annual stakeholder surveys. Focus group discussions on values, beliefs, ethics, and culture as stated and in practice. Review of documents referencing organisational style and culture, including corporate strategies and recent organisational imprint reports.

Staff: HR files, HR policy documents, business plans and progress and performance reports, HR planning documents, establishment reports and reports on staffing costs, minutes from meetings of the HR board sub-committee, workshops with the HR function team, the senior leadership team and the senior management team, reviews of organograms and recent organisational reviews of TMEA, organisational analysis of staff, positions and costs and review and commentary of CEO reports to board and council on the costs of the TMEA organisational structure and future repositioning. Interviews with country office heads and staff. Feedback from assessment survey of project partners and annual stakeholder surveys.

Shared values: Interviews across the TMEA organisation to establish motivations for working at TMEA and likes, dislikes, beliefs, ethics, whistleblowing policy, promotion policy and opportunities, comparator organisations in Nairobi (Banks!). Discussions with board members, the chair of the council, representatives from donors (DFID, Sida and USAID), CEO, COO and DG. Review of HR documents relating to staff feedback on organisational values and commitments. Feedback from annual stakeholder surveys and project partner surveys established through the assessment.

Systems: A review of the efficiency and effectiveness of all TMEA corporate systems manuals (HR, Finance, internal audit, IT, organisational learning, VFM, Operations, procurement, budgeting, costing, and reporting). Observation of inputs, process and outputs of key systems that ensure TMEA functionality. Workshops with heads of units in corporate services at TMEA and interviews with managers, individual staff in country offices (systems devolvement), and in the following functions: security, logistics, transport, procurement, finance, budgeting, internal audit, costing, HR, IT, operations, (systems development and delivery). Interviews with members of board sub committees on operations and on systems and procedures, interviews with the CEO, DG and COO and interviews with members of the TMEA Senior Management Team and the heads of country offices.

Stakeholders: Interviews, relating to performance, progress against plan, returns of investment (impact) with the TMEA donors (DFID, Sida and USAID), with project partners via country offices, with board members and council members and through annual stakeholder surveys and the assessment project partner survey. Also, reviews of other OPM team outputs in other workstreams and discussions with leader of workstream two and the team leader for the overall evaluation.

Setting: Discussions with the TMEA senior leadership team, the senior management team, council members and board members on organisational environment for TMEA HQ (SWOT) and functional relationships and communications between HQ and country offices and HQ and Arusha (EAC) office. Discussions with country office managers and staff on setting and relationships with HQ and other country offices (including the EAC office in Arusha). Review of business papers and magazines and in-depth interviews with the CEO, the head of DFID Kenya, the COO, and the DG on observations of how setting affects operations.

Sustainability: Interviews with the chair of the TMEA council, members of the TMEA board, the CEO, the COO, and the DG on current and future sustainability at scale. In depth discussions with the CEO and Lions Head Kenya on options to commercialise some functions at TMEA – creating an equity lending organisation for transport and trade infrastructure projects in East Africa. Discussions on appropriate institutional models. A review of comparator organisations (interviews) in east Africa. Discussions with donors (particularly DFID) on longevity and value of future funding and aspect of value for money (RoI) expectations.

Data Collection Tools

Interviews were semi structured and then opened to further probe into particular areas. The "10S" methodology was applied as an overall framework, with questions designed to capture and extract information from the leadership team, senior directors, directors, country directors at TMEA HQ, and remote office staff on facts, qualified opinions and perceptions relating to the appropriateness (in the context of mission and objectives) within the relevant business unit and within the wider TMEA organisation on: structure, strategy (including business and work plans), skills, style (operating / team work), staff (numbers, senior / junior spread), shared values (level of consensus), systems (utility, efficiency and effectiveness), stakeholders (relationship management, communications and key issues), setting (positive drivers of performance and inhibitors to performance in the operating environment and other issues), sustainability (visioning and future proofing – concerns on sustainability and suggestions to overcome those concerns). Interviews concluded with a request to signpost the assessment team to others that may not have been in the original list of interviews; and

/or other people and documents which might validate information provided. The assessment team reviewed notes daily to identify emerging themes, consistency issues and knowledge / data gaps.

Focus Groups
These were intended to be thematic and linked to specific focus areas. Focus groups were held on the following, with the following.

- ***Country Office and HQ relationships and support*** – with Country Directors and the Head of Country Offices at the HQ
- ***Value for Money*** – with the COO, director of internal audit, procurement team, administration team and financial managers
- ***Alignment between strategy II and revised structure*** – CEO, DG, COO, Senior Directors
- ***Staff, Skills and Style*** – with the HR team
- ***Strategy and Results*** – with the Strategy and Results team (also including external visibility and communications)
- ***Commercialisation*** – with the CEO, the Lion's Head consultancy team and the DG
- ***Learning and sharing knowledge*** – with START, HR Director and Head of IT / MIS
- ***Systems, Procedures and Guidelines*** – the Head of IT and MIS plus function directors and country office staff

The assessors facilitated these focus group meetings to 'deep dive' into these pillars and, in particular, current statuses, how they are (otherwise) perceived, how they are embedded and accepted, what works and what does not work. In each case a basic SWOT approach was used to better understand context and facilitation including transition strategies, to build on strengths, access opportunities, reduce and mitigate threats, and convert weaknesses into strengths (or, at least, to neutralise them). In some cases, the assessor(s) used a force field analysis to look at what the drivers for successful delivery are, and what is inhibiting successful delivery. The meetings then focused on strategies, tactics, and plans to remove or neutralise the inhibitors to increase the propensity for the delivery of successful outcomes.

Workshops were held with each of the three divisional areas of TMEA. Workshops were used to explore issues and aimed to capture and extract high levels of information to inform the assessment. Such framing workshops were held during early fieldworks (mission one). Workshops were also used to validate, and triangulate information received from interviews, focus groups and documents reviewed. The assessors facilitated these workshops, structuring them around the "10S" framework matched against the main questions established for the assessment. Information gathering workshops were held with a cross-set of representatives from the operations and country offices division, from the CEOs office and from the corporate services division. Validation and triangulation workshops were held with the SMT and the SLT at the end of mission one and mission two.

Annex B   List of Interviewees & Meetings

1   Senior Leadership Team (SLT) and Senior Management Team (SMT)

2   Programme Manager

3   Strategy And Results Team (START) - DG for Organisational Performance, Acting Results Director, Gender Adviser, Communications Manager

4   Corporate Services Team – COO, R Director, Finance Director, Procurement Director, Administration Manager

5   IT Manager

6   CEO – Several meetings

7   DG – Two meetings

8   COO – Two meetings

9   Director of HR

10   Senior Director for Regional Programmes

11   Senior Director Country Programmes

12   Kenya Country Programme Manager

13   DFID and Outgoing Chair of the TMEA Council

14   DFID and Member of the TMEA Council and Member of the TMEA Board

15   Kenya Country Office – Country Directors and 4 staff members

16   Kenya Implementing Partner –Finance Manager at the Kenya Association of Manufacturers

17   Kenya Beneficiary – from the Kenya State Department of Trade

18   Tanzania Country Office – Country Director and 4 staff members

19   Regional Office, Arusha – Regional Director

20   Regional Implementing Partners – EAC Secretariat (DG Trade), Tripartite Coordination Unit, CEO of the EABC

21   Rwanda Country Office – Country Director and 3 staff members

22   Rwanda Implementing Partner – Rwanda Revenue Authority and Rwanda Private Sector Foundation

23   Uganda Country Office – Country Director and 2 staff members

24   Uganda Implementing Partners – Ministry of Trade, Ministry of Works, Unweal Uganda, Siattini Uganda

25   Burundi Country Office – Country Director

26   South Sudan Country Office

27   All Staff Meeting – 65 Personnel

28   Operations Committee Meeting

29   Evaluations Committee Meeting

30   HR and Remuneration Committee Meeting

31   Audit, Risk and Finance Committee Meeting

32   Validation Workshop – CEO, COO, 2x Senior Director and 1x CD

33   Evaluation Team Meeting with Tripleline

34   Evaluation Team Meeting

35   Evaluation Team Meeting with Team Leader and OPM Evaluation Lead

36   Head of Internal Audit Function

37   CEO of the Rwanda Private Sector Alliance and Member of the Rwanda NOC

38   CEO of the East Africa Business Council and Member of the PCC

Annex C   List of Reviewed Documents

1   Corporate Strategy 2017 / 2018 – 2022 / 2023

2   Half Year Business Plan – July 2017 to December 2017

3   TMEA Kenya Country Strategy

4   TMEA Tanzania Country Strategy

5   TMEA Uganda Country Strategy

6   TMEA South Sudan Country Strategy

7   TMEA Burundi Country Strategy

8   TMEA Rwanda Country Strategy

9   TMEA Regional (Arusha) Country Strategy

10   TMEA 2015 – 2016 Annual Progress Report

11   2015 Stakeholder Satisfaction Survey

12   2014 Annual Review

13   2015 Annual Review

14   TMEA Revised Procurement Policy and Grants Manual

15   TMEA Value for Money (VfM) Strategy

16   TMEA Revised Performance Management System

17   PHASE One Organisational Review Report

18   PHASE Two Organisational Review Report

19   Organisation Review Culture Reports

20   Human Resources (HR) Policy and Procedures Manual

21   Monitoring and Evaluation (M&E) Manual

22   Estimated TMEA Organisation and Personnel Costs V6

23   MEL Approach Paper – May 2014

24   PE Analysis Report for TMEA – ODI June 2011

25   Results Framework Guidance Notes

26   Key Performance Indicators for VfM

27   VfM Review Strategy

28   TMEA Articles and Memorandum of Association

29   Minutes and Papers from the Latest Operations Committee

30   Minutes and Papers from the Latest Evaluations Committee

31   Minutes and Papers from the Latest HR and Remuneration Committee

32   Minutes and Papers from the Latest Audit, Risk and Finance Committee

33   Latest Three Biannual Corporate Progress Reports

34   TMEA Constitution, including Council and Board

35   Board Induction Presentations

36   ToR for the Proposed TMEA Catalytic Fund

37   Cost Benefit Analyses Update Report

38   EAC/TMEA Financing Agreement

39   A Selection of Five Project Appraisal Reports

40   EASSI Project Overview Documents

41   TMEA Evidence Library

42   Finance Policies and Procedures

43   Minutes from Three Selected NOC Meetings

44	Minutes from Two PSCC Meetings
45	Recent Board Minutes
46	Recent Council Minutes
47	Guidance on Performance Ratings
48	Assessing Contribution Paper
49	Designing Indictors Paper
50	How to Find Information Guide
51	Effective Meetings Paper
52	Effective Results Chain Paper
53	Planning Baselines Paper
54	TMEA Corporate Strategy No 1
55	Reviewing Progress Reports Paper
56	Reviewing Consultancy Reports Paper
57	ICAI Briefing Paper – Nov 2016
58	Internal Audit Charter
59	Knowledge Management Strategy
60	Job Analysis Questionnaire
61	M&E Results Meter
62	Matrix Management Guidelines
63	MEL Approach Paper – May 2014
64	Members of TMEA Governance Bodies
65	MIS Presentation of May 2015
66	MIS Information GAP Analyses – 2014
67	TMEA Organisation Imprint Report
68	TMEA Organisation Chart – Q1 2017
69	Performance Appraisal Forms
70	Project Management 360 Degree Feedback Template
71	PSO and CSO Evaluation Summary
72	Results-Based PCM Paper
73	TMEA Results Framework and Logical Framework
74	Results Measurement Summary
75	Results Meter Overview
76	Revised Grants Manual
77	Risk Management Policy
78	Explanation of the TMEA Theory of Change (ToC)
79	VfM and Internal Audit KPIs
80	KPMG VfM Internal Audit Reports 2013 and 2015
81	VfM Strategy – October 2015
82	TMEA PCM Guidelines
83	In-Depth Efficiency Audit of Trademark East Africa (TMEA) – Tanzania Country Office – 19 May 2017
84	Draft Due Diligence Assessment of TMEA, Deloitte & Touche, Kenya – August 2017

Annex D   Validation Workshop

Click on slide above to open PowerPoint presentation

Annex E   Opinion Survey Results: TMEA Priority Project Implementing Agencies

B13 - JB SURVEY RESULTS 2.pdf

Click on slide above to open PDF with survey results

Annex F   Assessment of the aCatalyst Organisation Reviews – Feb 2017

The purpose of the organisational reviews undertaken in February 2017, by aCatalyst consulting, was to recommend a structure to enable the delivery of Strategy II at a reasonable cost, whilst ensuring the workload and grades are reasonable and consistent across TMEA. There has been some useful analysis, and several recommendations are relevant and evidence based. However, in some isolated areas (indicated below), the reviews are not appropriate.

The assessors believed that organisational workloads and workflows have been misunderstood in some functional areas, and this could impact on rightsizing for the 'reduced-budget scenario' for Strategy II. The recommendations for improvement of the PMS were not adopted by TMEA, as it was judged they did not reflect leading or best practices. This system has since been developed internally and subsequently approved.

Overall, the assessors consider that detailed analysis is limited, but there is useful and practical guidance on transition management. The Phase I report is mostly rigorous but tends toward generic recommendations in some areas (as above). The Phase II report is typically more generic and unfortunately, the recommended improvements to the working process are not specific to the TMEA context and are occasionally superficial. The culture surveys present valuable opinions. The commentary on workload balance will be of limited value to TMEA, and in any case, has been superseded by recent events. The assessors understand that TMEA plans to undertake a further review as soon as the actual Strategy II budget is known.

There are two priorities for implementation of the recommendations of the aCatalyst organisational review. Both should be implemented during the transition phase between Strategy I and Strategy II (i.e. by December 2017). They are:

- The introduction and implementation of the performance management system; and

- The development and implementation of an appropriate structure to align with the revised budget (and resulting priority or "core" delivery areas) for Strategy II.

Annex G   Contrast and Comparison with the DFID Due Diligence Assessment

The due diligence assessment was undertaken by Deloitte & Touche, Kenya during June 2017. These dates are post final fieldwork undertaken by the assessors and are after the submission of the final draft assessment report. However, the assessors have recently reviewed the draft due diligence assessment document and triangulated main findings with the findings from their assessment. The draft due diligence assessment report refers to the draft report on the institutional and organisational assessment, and the wider OPM independent evaluation. The assessors understand that this draft due diligence assessment replaces previous assessments, including the Sida funded assessment undertaken by Kepler Consultants in Feb and March 2017. The main areas of agreement and difference are set out below.

No	Area of review	Key Deloitte & Touche findings and recommendations	Actions agreed, or otherwise, by the TMEA SLMT	Areas of agreement and difference from the independent assessors undertaking the institution and organisation assessment (WS2B) of TMEA
1	Governance	**Fraud Risk Management** **Finding:** • TMEA's fraud prevention policy, which incorporates its conflict of interest and whistle blowing policies, is still in draft form and yet to be approved by the Board. • The fraud prevention policy does not cover procedures relating to money laundering and counter terrorism financing. • From review of the learning and development projections for the year ended 30 June 2017, there were no trainings held on fraud risk management. • The proposed reporting structure per the draft whistle blowing policy indicates that whistle blowing incidents are to be reported to the COO. The reporting structure may not be appropriate if the incidents to be reported relate to the COO or indeed, any other member of the management team. • The proposed whistle blowing mechanism, to allow anonymous reporting by staff and other stakeholders, is yet to be implemented to enable the confidential reporting of fraudulent or illegal cases. **Recommendation:** • The draft fraud prevention policy should be updated to include procedures relating to money laundering and counter terrorism financing.	**AGREE** Currently the policy is spread throughout several documents. We agree that it should be brought together into a single policy. The draft fraud prevention, counter-terrorism, and organised crime policies will be approved by AFRC on 2 August. The detailed document on the whistle-blower line provides for cases to be referred to the CEO and Board where the concerns relate to the COO or other SLT members, respectively. Whistle-blowing line will be launched by AFRC on 2 August 2017. *Proposed actions* *Submit draft fraud prevention, counter-terrorism, and organised crime policies to Board on 23 August 2017 for approval.*	*AGREED: We support the findings and recommendations of the DFID Draft Due Diligence Assessment (DDDDA) The fraud policy is spread across several documents. We agree that it should be pulled together into a single accessible document.* *We understand that the draft fraud prevention, counter terrorism, and organised crime policy has been approved by the relevant board committee at TMEA. We understand that the "whistleblowing line" will be launched at the same time.* *AGREED:* *We support this action and understand that these policies have now been approved by the Board of TMEA We support this initiative.*

No	Area of review	Key Deloitte & Touche findings and recommendations	Actions agreed, or otherwise, by the TMEA SLMT	Areas of agreement and difference from the independent assessors undertaking the institution and organisation assessment (WS2B) of TMEA
		Its approval and subsequent implementation should be expedited. • Fraud risk management training should be included in the board and staff learning and development plans. • The proposed whistleblowing reporting structure should be revised to require incidents to be reported to the Board through, for example, the Complaints Committee. Approval of the draft whistleblowing policy should be expedited and implementation of the outsourced whistleblowing service, with a revised reporting structure to the Board Complaints Committee, done.	*Provide introductory training on fraud at a knowledge learning session in September, followed by training at programme level, with a review at the Staff Retreat in December 2017.* *Provide training to Board Directors on fraud in November 2017.* *Revise fraud prevention policy to reflect reporting lines for whistle-blowers when members of SLT are involved, including Board involvement.*	*We support this initiative* *We support this initiative*
		Governance Structure **Finding:** The following overlaps were identified in the current governance structure: 1. One member of the SLT of TMEA is part of the Council Evaluation Committee. Per the current governance structure, the SLT is to report to the Board of Directors and the Board of Directors to the Council. 2. One member of the Council Evaluation Committee is also on the Board Operations Committee resulting in a self-review threat whereby the member may find it challenging to contradict an agreed upon position by the Board which he is a part of, if the Council was to take a different view on it.	**AGREE** The proposed changes were endorsed by the Evaluations Committee on 1 August 2017.	*AGREED: We agree with the DDDDA findings on governance structure. We understand that the relevant board committee has endorsed these changes*
		Recommendation: The current constitution of the Council's Evaluation Committee should be revisited to address the overlaps above	*Proposed action* *Submit proposal to Council to make the Board representative and SLT observers rather than members of the Evaluation Committee.*	*We support the submission of a proposal to the TMEA Council which addresses the constitution of the Council's evaluation committee.*
		Board Compensation **Finding:** There is lack of uniformity in compensation of Board members in that 4 out of 9 members are compensated while the other 5 members serve on a pro-bono basis. While we were informed	**AGREE** Subject has been under review and discussion by the Council for some time. The new Council Chair is making efforts to achieve consensus on a common approach to Board remuneration.	*AGREED: We support the findings of the DDDDA on the issue of board remuneration and we have been informed that this has now been addressed and was approved at the meeting of the TMEA board on 23 August 2017.*

No	Area of review	Key Deloitte & Touche findings and recommendations	Actions agreed, or otherwise, by the TMEA SLMT	Areas of agreement and difference from the independent assessors undertaking the institution and organisation assessment (WS2B) of TMEA
		that the members serving pro-bono were asked upfront and accepted to do so, from interviews held with both board members and management, there is a perceived disquiet in the requirement of similar levels of effort and commitment by Board members, for dissimilar reward. This may impact the motivation by pro-bono Board members to fully execute their role as board members. **Recommendation:** The Council should re-assess the current Board compensation practice and define an equitable measure that ensures that TMEA not only continues to attract the right calibre of board members but that once on board, they fully focus on fulfilling their mandate as Board members. **Board Operation** **Finding:** • The Complaints Committee's ToR are still in draft form and are yet to be formalised to guide the Committee on the execution of its mandate. • There was no evidence e.g. minutes of meetings by the Complaints Committee for the year ended 30 June 2017, presenting a potential gap in the formal reporting and follow up of complaints at Board level. **Recommendation:** The formalisation of the Complaints Committee ToR and execution of its mandate per the ToR should be implemented. **Organisation-wide Risk Management** **Finding:** • TMEA has a risk management policy that outlines the organisation's approach to risk management. However, it is yet to implement an Enterprise Risk Management (ERM) Framework to comprehensively guide the	**DISAGREE** These are not valid findings: • ToR were approved by the Board on 1 June 2016. • The Committee has not met because there have been no complaints which needed to be escalated. The second finding is therefore not valid. *Proposed action* *None* **AGREE** Currently the policy is spread throughout several documents. We agree that it should be brought together into a single policy. The draft fraud prevention, counter-terrorism, and organised crime policies will be approved by AFRC on 2 August. The detailed document on the whistle-blower line provides for cases to be referred to the CEO and Board where the concerns relate to the COO or other SLT members, respectively. Whistle-blowing line will be launched by AFRC on 2 August 2017. *Proposed actions* *Submit draft fraud prevention, counter-terrorism, and organised crime policies to Board on 23 August 2017 for approval.* *Provide introductory training on fraud at a knowledge learning session in September, followed by training at programme level, with a review at the Staff Retreat in December 2017.*	*We agree with TMEA Management. The ToR for the Complaints Committee are not in draft form. They have been approved. The TMEA management response on the lack of meetings is logical.* ***AGREED:*** *the DDDDA findings relating to the implementation of the enterprise risk management framework are valid. We support the TMEA management response relating to strengthening the policy and providing training to ensure full compliance.* *We agree with the comments from TMEA Management* *We agree with the comments from TMEA management on the quarterly country risk updates at each NOC. We support the suggested training initiative in H2 of 2017.* ***AGREED:*** *we support the recommendations of the DDDDA, and the actions proposed by TMEA management to address these.* *We support this proposed action from the TMEA management*

No	Area of review	Key Deloitte & Touche findings and recommendations	Actions agreed, or otherwise, by the TMEA SLMT	Areas of agreement and difference from the independent assessors undertaking the institution and organisation assessment (WS2B) of TMEA
		risk management process and inform internal control self-assessment reviews by different departments/functions and inform a risk based internal audit by the Internal Audit Function. • The risk register for the financial year ended 30 June 2017 only captures the organisation wide risks. Functional and country level risk registers for the same period were not in place. The procurement risk register was last updated in 2014. • Risk reporting to the Board is currently being conducted on a bi-annual basis. The risk management policy requires reporting to be done on a quarterly basis. • From review of the learning and development projections for 2016/2017, there were no scheduled trainings on risk management. **Recommendation:** TMEA should consider implementing an Enterprise Risk Management (ERM) Framework that captures the following at a minimum: • Description of the risk culture and control environment; • Level and nature of risk that is acceptable (risk appetite); • Details of procedures for risk recognition and ranking (risk assessment); • List of documentation for analysing and reporting risk (risk protocols); • Risk mitigation requirements and control mechanisms (risk response); • Allocation of risk management roles and responsibilities (accountability); • Criteria for monitoring and reporting on risks (accountability); and	*Provide training to Board Directors on fraud in November 2017.* *Revise fraud prevention policy to reflect reporting lines for whistle-blowers when members of SLT are involved, including Board involvement.* **AGREE** ***Proposed actions*** *Performance appraisals for Internal Audit staff will be conducted by the Chair, AFRC from 2016/17 onwards. A proposal to commission an external quality assurance review of the Internal Audit function (including an assessment of the adequacy of resources available) will be submitted to AFRC in November 2017.*	*AGREED: we agree with the findings of the DDDDA on the performance appraisal of the internal audit charter. We further agree that this helps ensure the requisite independence of the internal audit function.* *We think that this is an acceptable and workable solution We agree that this initiative will give comfort on compliance by TMEA to professional practices in internal auditing.*

No	Area of review	Key Deloitte & Touche findings and recommendations	Actions agreed, or otherwise, by the TMEA SLMT	Areas of agreement and difference from the independent assessors undertaking the institution and organisation assessment (WS2B) of TMEA
		• Allocation of appropriate resources to risk management. Functional and country level risk registers should be updated and developed for non-existent registers. Reviews of the risk register should be conducted on a regular basis as determined by policy to capture emerging risks and to ensure existing risks are adequately mitigated. Risk reporting to the Board should be done on a quarterly basis in line with the risk management policy. Risk management training should be included in the Board and staff learning and development plans. **Internal Audit Appraisal and Review** **Finding:** The Internal Audit Charter requires performance appraisal of the Director Internal Audit and other internal audit staff to be done by the Audit, Finance and Risk Committee. This safeguards the required independence of the Internal Audit Function. However, the last appraisal was indicated as having been conducted by the CEO which is not in line with the Charter requirements and best practice. **Recommendation:** Appraisal of the Internal Audit staff should be conducted by the Audit, Finance and Risk Committee in line with the Internal Audit Charter. To ensure compliance with the International Standards for the Professional Practice of Internal Auditing and that auditors apply the Code of Ethics, TMEA should consider undertaking an external quality assurance review of the Internal Audit function. This is in line with best practice standards by the Institute of Internal Auditors, Standard 1312, which requires external assessments to be conducted at least once every five years by a qualified, independent assessor or assessment team from outside the organization.	**PARTIALLY AGREE** Timelines are already contained in the Internal Audit Charter; however, these are not regularly monitored. Monitoring of performance will be strengthened, including by AFRC. The calculation of the "completion rate" is unclear and does not take into where reports have been issued in draft form but are awaiting finalisation. Further, we do not necessarily agree that delays are the result of inadequate resources. *Proposed action* *Quarterly report to AFRC to include KPIs on compliance with approved timelines in the Internal Audit Charter.*	*We are unable to fully comment on the DDDA findings and the TMEA management response. We did not review the risk-based audit plan. We have since reviewed but we did not assess scheduled audits as this was outside of our remit. Accordingly, it would be unreasonable for us to speculate on this area. However, we do feel able to comment on the TMEA management response below.* *AGREED: we think that this is a reasonable and proportionate response from the TMEA management.*

No	Area of review	Key Deloitte & Touche findings and recommendations	Actions agreed, or otherwise, by the TMEA SLMT	Areas of agreement and difference from the independent assessors undertaking the institution and organisation assessment (WS2B) of TMEA
		In line with the Standard, the Director Audit and Assurance must discuss with the Board:		

In line with the Standard, the Director Audit and Assurance must discuss with the Board:

- The form and frequency of external assessment.
- The qualifications and independence of the external assessor or assessment team, including any potential conflict of interest.

Resourcing of the Internal Audit Function and Service Level Agreement with Business

Finding:

From review of the internal audit reports issued for the year ended 30 June 2017 vis a vis the risk-based audit plan for the same period, only 7 out of the 13 scheduled audits had been completed. Audits for the following areas were yet to be finalised; Kenya Country Office, TMEA EAC Partnership Program (TEPP) Arusha Office, Business Continuity/Disaster Recovery Plan, ICT, Governance and Controls, Budgets and Budget Monitoring and SLT Expenses Audit. The 2016/2017 internal audit plan had a 54% completion rate.

Recommendation:

There is an opportunity to enhance the number of resources in the Internal Audit Function to ensure that the annual risk-based audit plans can be fully executed within each financial year. Various resourcing models including guest auditors from within TMEA and co-sourcing or outsourcing of specific audits should be considered to ensure the requisite skills are utilised and audits timely undertaken. Under each option considered, the audits should be undertaken under the direction and supervision of the Director, Internal Audit & Assurance. Consideration should also be made for Service Level Agreement (SLA) between the Internal Audit Function and the Business which would indicate the timelines within which completed audits must be reported on and by when the business must respond,

No	Area of review	Key Deloitte & Touche findings and recommendations	Actions agreed, or otherwise, by the TMEA SLMT	Areas of agreement and difference from the independent assessors undertaking the institution and organisation assessment (WS2B) of TMEA
2	**Internal control systems**	failure to which the reports would be considered finalized, to ensure audits are completed and closed within reasonable timelines. **Recommendation:** More stringent measures should be put in place that require budget holders to verify availability of travel budget, by checking year to date spend against the budget, before approving proposed travel costs to ensure better budget control. Justification should be provided for instances whereby the allocated budget has already been exceeded. To the extent possible, meetings should be held by video and teleconferencing to fully leverage the investment already made by the organisation towards these facilities.	*Proposed actions* *Implement travel expenditure forecasting template for 2017/18. Enforce programme-level cap on travel expenditure for 2017/18.*	*We did not assess the travel budgets in TMEA. This was outside of our remit and therefore we do not think it is appropriate to comment further on the findings or proposed actions, except to observe that the proposed actions seem to be a reasonable (proportionate and workable) response to the DDDDA recommendations.*
3	**Ability to deliver the programme**	The ongoing organisational wide assessment of TMEA led by Oxford Policy Management and other internal reports identify various pertinent issues that impact the organisation's ability to deliver. These include: a) Ensuring all projects undertaken can be clearly linked to the organisation's SOs. This may require, in some instances, narrowing the focus and therefore the projects funded; b) Need for comprehensive project risk assessments which include country specific risks, including changes in government and the impact thereof. This would forestall some of the delays experienced in project execution. c) Pre-award assessments/ due diligence to identify capacity constraints of potential grantees and a plan of action identified early and executed upon if contracting the grantees. d) Continuous engagement of stakeholders at the national and EAC level to ensure	**PARTIALLY AGREE** a) All projects are linked to the ToC and the Results Framework and well reflected in the PAR b) All PARs include a project risk assessment. c) A due diligence review is undertaken of all potential grantees. We will expand risk coverage to include political risk, economic risk through deeper political economy analysis. d) NOCs and the PCC are held quarterly and attract a strong attendance and active participation. e) It is mandatory for all projects to include baseline data. Sometimes, this data is not	*The DDDDA findings and recommendations in this area are related to the draft assessment report of the independent evaluation. Accordingly, we support the findings and the recommendations of the DDDDA. However, we also recognise that over four months has passed since we submitted our draft report. In this context, below we comment on the TMEA management response* a) *Agreed* b) *Agreed* c) *We support this initiative from TMEA management* d) *Only partly agree with TMEA management here as while the meetings are held as stated, the concern of the EAC Secretariat is the downgrading of the office by having only two technical officers to oversee the Regional TMEA Office*

No	Area of review	Key Deloitte & Touche findings and recommendations	Actions agreed, or otherwise, by the TMEA SLMT	Areas of agreement and difference from the independent assessors undertaking the institution and organisation assessment (WS2B) of TMEA
		early buy in and the sustainability of the programmes, beyond TMEA's involvement. e) Need for clear baseline data that becomes the basis of measuring the output and performance of various projects funded. f) Need for clarity and consistency in the monitoring reports prepared both internally by TMEA teams and externally by grantees. Where reports are received from grantees, it needs to be evident that the reports have undergone quality assurance and validation by TMEA teams. g) Clear articulation of VFM initiatives to be undertaken, at project design level. This would then become the basis for measurement of whether value for money attained as the project is executed. h) Inclusion of gender and climate change parameters in project design, implementation, and monitoring. **Recommendation:** The above should be implemented on any new or ongoing project funded by TMEA.	available at project inception, in which case we use proxy data but commit to undertaking baseline collection within a specified timeline from commencement of the project. f) If partners are interested in monitoring interventions/indicators beyond what TMEA is interested in, that should not be a problem. The key point is ensuring that a minimum, TMEA indicators are monitored. We shall improve quality assurance and compliance in this regard. g) VfM is well articulated in each PAR including measures of how VfM will be monitored. h) Gender and climate change are included in the PAR, monitoring plans and the results framework. It should be acknowledged that not all projects will have a climate dimension and gender coverage will also differ from project to project. However, we endeavour to ensure that within each SO area, there are projects with a gender dimension. *Proposed action:* *Revise PAR format, including to enhance monitoring of risks, VfM, climate change and gender indicators.*	e) *TMEA response noted but the issue here is the quality of the baseline data collected which was found to be variable as reported in deliverable 2D/2E* f) *We support the TMEA management response here.* g) *We have reviewed those PARs which were approved by committee during fieldwork and we accept the TMEA management response.* h) *We have reviewed those PARs which were approved by committee during fieldwork and we accept the TMEA management response. However, we found no evidence to support a conscious effort in each SO area to ensure that there are projects with a "gender dimension"* *We understand, from TMEA management that the PAR format has been revised to strengthen risk monitoring as well as climate change and gender indicators and we support this initiative*
4	**Results and remote management systems**	**Finding: Inconsistency between details per the PAR and the Monitoring Plans** Once a project is approved, the project manager inputs the details relating to the project such as the activities, outputs, and outcomes; into the MIS. These become the benchmark for monitoring the project performance. According to TMEA Programme and the PCM guidelines, *"the inception phase provides an opportunity to adjust the work plan to the latest*	**PARTIALLY AGREE** The PCM guidelines are clear regarding the making of changes. The key issue is compliance. The problem is not systemic and does not apply to majority of the projects. As you indicate 27% of sampled projects is on the lower rather than the higher side of the challenge. We will improve our quality assurance processes to ensure that consistency in project expectations during implementation stage. We will also improve accountability by	*AGREED:* *we agree with TMEA management that the PCM guidelines are clear around making the changes. However, we also observed that compliance with the PCM guidelines is not always consistent. We support the TMEA management response to improve QA processes in this area to help ensure consistency in project expectations. We also support the TMEA management commitment to improve accountability by developing standard templates for recording and approving project changes.*

No	Area of review	Key Deloitte & Touche findings and recommendations	Actions agreed, or otherwise, by the TMEA SLMT	Areas of agreement and difference from the independent assessors undertaking the institution and organisation assessment (WS2B) of TMEA
		realities." However, from review of projects listed under section 4.2, we observed that there were instances where revisions made to the project activities, outputs and outcomes used in the PAR were not evidenced by documents indicating the rationale and endorsed approval of the changes before updating final work plans and monitoring plans for 27% of the sampled partners.	developing standard templates for recording and signing off for project changes	*We agree with the main recommendation on strengthening the link between the PARS and the monitoring plans*
		Recommendation: Details in monitoring plans should be linked to the project details as per the PAR to ensure consistency in project expectations as approved during project appraisal. Any revisions made to project detail during inception should be justified in standard documents and signed off as approved by all relevant parties to the project.	*Proposed actions:* *Develop a standard template for the change logs to be signed off by the SOLs* *Trigger the MIS to provide alerts on changes so that these can be reviewed for appropriate accountability actions* *Annual review of PARs against actual implementation of projects for discussion by management*	*We support these proposed actions* *We support these proposed actions* *We support these proposed actions*
		Finding: Poor quality of monitoring reports The quality of reporting obtained from TMEA partners in the quarterly progress reports submitted to TMEA was in some cases lacking and it was not clear whether these reports had been reviewed in detail for quality assurance by TMEA staff.	**PARTIALLY AGREE** Standard templates for reporting are in place. However, we will improve quality assurance of reports to ensure that Partners adhere to the reporting guidelines that have been provided. Reports will record progress against targets.	*__AGREED:__ we agree with the findings of the DDDA. Enforcing a standard quality assurance process will increase the quality (and consistency) of monitoring reports.*
		Recommendation: Management should standardize the structure and content of both the quarterly and annual reports to be used by all partners to ensure that actual performance can be compared to the target results and for efficient review of the reports by TMEA staff and independent reviewers.	*Proposed actions:* *Review partner reports and provide feedback to teams regarding adherence to set guidelines. Where possible, reject reports found to be substandard. Provide quarterly updates for management review at SMT level.*	*__AGREED:__ We support the proposed actions of the TMEA management, including the provision of quarterly updates for review by the TMEA SLMT.*
		Finding: Staff capacity concerns in the monitoring and results team TMEA's M&E team is made up of 5 staff who support Project Leaders on approximately 185 projects across the region. Given the level of detail and review required during M&E over the respective project cycles, the staff numbers may not be sufficient. This may in turn impact the quality and effectiveness of M&E of	**AGREE** The recent organisational review recommended strengthening of the M&E function. However, implementation of the recommendations was put on hold pending greater certainty around future funding. It is also important to recognize the role played in M&E activities by programme teams especially project support officers. The above notwithstanding, we recognize the	*The TMEA management response is consistent with our findings in around the TMEA M&E function.*

No	Area of review	Key Deloitte & Touche findings and recommendations	Actions agreed, or otherwise, by the TMEA SLMT	Areas of agreement and difference from the independent assessors undertaking the institution and organisation assessment (WS2B) of TMEA
		projects as well as productivity of personnel. Our observation was confirmed from interviews with the staff as well as the Chief Strategy and Results Officer (CSRO).	need for additional resources considering constraints of overheads since the central resource is part of the central overheads.	
		Recommendation: TMEA should consider undertaking a detailed review of the staffing involved in the M&E of projects in comparison to size and number of both current and expected future projects. A decision on whether to recruit more personnel to the department to sufficiently cover all projects should be made following results of this review.	*Proposed action* *Review staffing of monitoring and results team during the light-touch organisational review in September 2017.*	*We understand that the proposed action, by TMEA management, has been integrated into the remit for the current organisation review.*
		Finding: Interface between MIS and Navision The MIS used for monitoring results is not integrated with Navision, the financial accounting system. This makes it challenging to report on outcome progress and their respective related costs without manual workaround. There is also no linkage shown between the outcome progress and budget vs actual expenditure allocated to the respective outcomes within the corporate progress reports.	**AGREE** The Board has agreed to the implementation of a new TRIMS. However, implementation was put on hold pending greater certainty around future funding.	**AGREED:** *We have similar findings to the DDDDA in this area. We have been informed that TMEA has since agreed to an integrated systems solution around the TRIMS concept.*
		Recommendation: TMEA should explore options for integrating the MIS and Navision system to facilitate side by side monitoring of project outcomes. A budget vs actual cost component should also be included within the corporate progress report against each project outcome under the Key Results Section to facilitate the comparison of outcome progress to costs incurred.	*Proposed action* *Re-start design and implementation of TRIMS following reassurances from DFID on future funding.*	*We are informed that pursuance of the TRIMS system is now a TMEA commitment and that a systems integration exercise is underway at TMEA. We support these initiatives as an appropriate way of addressing the current lack of integration (the stand-alone nature) of functional systems at TMEA.*
5	**Financial stability**	**Cyber Security** **Finding:** • A cybersecurity framework is not in place to guide the organisation on how it can assess and improve its ability to prevent, detect and respond to cyberattacks. • From review of the learning and development projections for 2016/2017, there were no	**DISAGREE** This is erroneous as TMEA already has an Information Security Policy and an End User Policy which cover the areas specified. We have provided ICT security training to all staff, including as part of the induction training for all new staff.	*We did not review the cyber security of TMEA. It is outside our remit. However, we are aware that TMEA has provided staff training, in ICT security.* *We are unable to comment further on this area.*

No	Area of review	Key Deloitte & Touche findings and recommendations	Actions agreed, or otherwise, by the TMEA SLMT	Areas of agreement and difference from the independent assessors undertaking the institution and organisation assessment (WS2B) of TMEA
		scheduled trainings on cyber security.	We commission an independent Vulnerability and Penetration Test of all our systems on an annual basis.	
		Recommendation: The emerging technologies and tools within the cyberspace are rapidly increasing organizations' exposure to new vulnerabilities thereby increasing cyber related security risks as well. It is imperative that TMEA develops a cyber security framework to help manage these cyber risks. The cyber security framework should cover the following at a minimum; • Cyber security policy; • Risk / Gap Assessment; • Cyber Crisis Management Plan; • Cyber Security Structure; • Cyber Security Policy; • Cyber Security Preparedness Indicators; • Cyber Incident Reporting; and • Cyber Security Awareness. Cyber security trainings should be included in the Board and staff learning and development plans.	***Proposed action*** *None.*	
6	**Downstream assessment and management**	**Finding:** i. Paragraph 5.5.8 of the procurement and grants manual states that, '*At implementation, TMEA will conduct periodic reviews (DDEV, due diligence and expenditure verification) to establish conformance of the grantee towards prudent financial management. At the DDEV, all receipts relating to all grants payments by the grantee shall be counter checked, that is, it will involve 100% verification of the grant spend rather than sampling. It is PSO/CSO's responsibility to ensure that DDEV are conducted during grant implementation.*' However, DDEVs were not conducted for 11 out of 40 sampled grants during the respective grant periods. Of the grants for which DDEVs were not conducted, 4 had DDEV audits ongoing at the time of	The recommendation is taken from the internal audit in April 2017. The recommendation is being implemented. We disagree with the rating of Major. **PARTIALLY AGREE** It is agreed that some DDEVs were not conducted during the grant period, however this matter was raised and addressed in April 2017 and following a commitment to the Board in May 2017 to do so, and corrective action has been undertaken. DDs, FRAs and DDEVs are designed to identify and manage fraud (amongst others) risk. There is no reason that TMEA cannot follow up on the findings of FRAs and DDEVs that we can ascertain. This requires further clarification by the auditors. The purpose of the DD, FRAs and DDEVs is specifically so we may follow up on any issues that arise, with the aim of preventing and	*AGREED* *We also found that DDEVs were not always undertaken. However, we were also made aware, during fieldwork, that following a commitment to the board during our fieldwork, corrective action was due to be undertaken.* *We are not aware of further clarification from the auditors, but we do think that clarification on follow up should be provided.* *We did not undertake a detailed review of DDEVs, although we did look through a small sample. The DDDDA has undertaken a deeper and wider review and, accordingly, we universally accept their findings and recommendations in this area.*

No	Area of review	Key Deloitte & Touche findings and recommendations	Actions agreed, or otherwise, by the TMEA SLMT	Areas of agreement and difference from the independent assessors undertaking the institution and organisation assessment (WS2B) of TMEA
		the DFID Due Diligence assessment in July 2017. In addition, 2 out of the 11 grantees sampled, Kenya Tourism Foundation (KTF) and Kenya Association of Manufacturers (KAM), for whom DDEVs had not been conducted during the respective grant periods, had scored a risk rating of 2 (substantial risk) in the due diligence (DD) assessment which was conducted prior to the grants. ii. DDEVs were done after the project end for 3 grantees: • DDEV was done in February 2015 for Tanzania Association of NGOs (TANGO) with a project period between November 2013 and November 2014. • DDEV was done in May 2017 for Private Sector Foundation of Uganda (PSFU) with a project period between September 2015 and December 2016. • DDEV was done in October 2015, the same month as the project closure for Shippers Council of Eastern Africa (SCEA) in Kenya. The timings of the above DDEVs were not appropriate to address the purpose of the DDEV (e.g. greater monitoring of usage of funds) and/or act on the results of the exercise (e.g. terminate the project in the case of financial abuse of funds granted by TMEA). See Appendix 6.5 for grantee details. **Risk**: TMEA may be unable to follow up on implementation of recommendations to findings raised during initial DD assessments or FRAs of partners or DDEVs and may also be unable to obtain assurance over accountability of funds disbursed during the grant period. This may in turn lead to misappropriation of funds and/or failure to meet expected project objectives.	mitigating the risk of fraud (amongst other purposes).	*The KTF and KAM projects have not been reviewed by the OPM independent evaluation team. Accordingly, we have no comments.* *The TANGO, PSFU and SCEA projects have not been reviewed by the OPM independent evaluation team. Accordingly, we have no comments.*

No	Area of review	Key Deloitte & Touche findings and recommendations	Actions agreed, or otherwise, by the TMEA SLMT	Areas of agreement and difference from the independent assessors undertaking the institution and organisation assessment (WS2B) of TMEA
		Recommendation: TMEA should ensure DDEVs are conducted for all grantees as per the grant agreement. Appropriate action should then be taken on the project following the outcome of the DDEVs.	***Proposed action*** *None – recommendation is already being implemented.*	
		Finding: Section 5.3. of the Procurement and Grants Manual requires an FRA to be conducted for grantees receiving grants of more than USD 1 Million and DD assessment for grants which are less than USD 1 million before commencement of grant agreements. However, a DD assessment was conducted for Eastern Africa Farmer's Federation (EAFF) in July 2011 for the project after the grant start date of April 2010. **Risk:** Funds may be allocated to partners with an inadequate control environment. This may in turn lead to misappropriation of funds and/or failure to meet expected project objectives.	**DISAGREE** We disagree with the rating of Major. The background to EAFF is that it was originally awarded by DFID and subsequently migrated to TMEA in 10/11. The grant was part of the **DFID REAP fast track grants** to quickly engage pilot grant programming (as approved by the PIC). EAFF was therefore established before the Grant policies were written A DD was conducted before award, prior to the formal system being introduced. As soon as the formal DD process was introduced these were conducted. The example is 7 years old.	*The EAFF project has not been reviewed by the OPM independent evaluation team. Accordingly, we have no comments.*
		Recommendation: FRAs and DDs should be conducted prior to grant agreement with potential grantees. The assessment reports should then be filed for future reference and follow up of findings therein.	***Proposed action*** *None.*	
		Finding: Grants agreements between TMEA and grantees require submission of grantee audited financial statements within four (4) months after their financial year end. However, the following deficiencies were noted in the implementation of this control: i. There is no requirement for the grantees to submit the external auditor's management letter to allow TMEA to assess the adequacy of the financial, internal control and regulatory compliance systems of the partners. ii. Finance personnel are not involved in the review of financial statements submitted by grantees. Financial statements and reports were	The recommendation is taken from the internal audit in April 2017. The recommendation is being implemented. We disagree with the rating of Major. **DISAGREE** i. This is acknowledged and the requirement now implemented. ii. This is acknowledged in part. Programme staff have the capacity and will continue to receive quarterly financial reports. As of April 2017, finance staff review qualified audit opinions in annual financial reports.	*During phase 2 fieldwork, we noted this requirement for grantee audited financial statements. We queried during fieldwork and we received similar responses from TMEA management, which we accepted.*

No	Area of review	Key Deloitte & Touche findings and recommendations	Actions agreed, or otherwise, by the TMEA SLMT	Areas of agreement and difference from the independent assessors undertaking the institution and organisation assessment (WS2B) of TMEA
		sent and reviewed by program staff who may lack the requisite skills for review of financial statements. However, following a similar finding raised by TMEA's Internal Audit function, instruction for review of submitted financial statements by finance personnel was passed by the TMEA COO on 20 April 2017. **Risk:** Inability to identify issues which could materialise as reported in the grantee's financial statements and management letters. **Recommendation:** TMEA should consider including a clause within grant agreements requiring the submission of the external auditor's management letter in addition to the annual audited financial statements to monitor the adequacy of the partner's internal control environment and financial management systems. The financial statements and management letter should then be reviewed by finance personnel at TMEA as well as program personnel to assess the adequacy of controls and the financial position of the grantee.	*Proposed action* *None - both recommendations were addressed in April 2017 and appropriate measures taken.*	*We support the TMEA management response*
		Finding: Despite scoring a 'substantial' risk rating in the initial Due Diligence Assessment performed by KPMG in October 2013 and another 'substantial' risk rating in the follow-up DDEV conducted in March 2015, a time extension was granted to Uganda Shipper's Council (USC) for project implementation to 30 June 2017 for the project titled 'Reduction of cargo transit time and costs for Uganda shippers' which had commenced in March 2014. In addition, there was no documented justification for approval of grant extension considering the consistent risk ratings following the DD and DDEV. **Risk:** Possibility of loss (financial or otherwise) resulting from unmitigated fiduciary risk exposures by partners.	The recommendations are being implemented. We disagree with the rating of Major. <u>AGREE</u> In the case of USC, the risks highlighted in the DD and DDEV were known and managed. Following the audit, risk mitigating action plans were developed based on the findings. *Proposed action* *None – the recommendation is already being implemented*	*The Uganda Shippers Council project has not been reviewed by the OPM independent evaluation team. Accordingly, we have no comments.*

No	Area of review	Key Deloitte & Touche findings and recommendations	Actions agreed, or otherwise, by the TMEA SLMT	Areas of agreement and difference from the independent assessors undertaking the institution and organisation assessment (WS2B) of TMEA
		Recommendation: Continuance of projects for which the grantee has failed follow up DDEVs should be backed up by a comprehensive mitigating strategy formally approved by TMEA's management. The strategy should specify reasons and controls in place for the decision. **Finding:** As part of the tendering process of grantees, there is need to provide justification for single sourcing. However, there was no documented justification for single sourcing for 29 out of 40 sampled grantees.	**DISAGREE** There is misunderstanding with the nature of strategic partners and how they are selected. The nature of strategic partners means competition is not appropriate. The Board has defined criteria for the selection of strategic partners that are not subject to open competition. The PAR current process is effective. We will continue to appoint strategic partners without competition. We disagree with the rating of Major.	*We raised similar issues with the corporate services team at TMEA and we received a similar response from TMEA management, which we reviewed with the grants and procurement team and accepted. Accordingly, we support the TMEA management response here.*
		Risk: Failure to contract the best and most cost-effective implementing partners for projects which could in turn negatively impact VFM on projects. **Recommendation:** Where applicable, justification for single sourcing should be clearly documented and approved. Otherwise, the required procurement process that involves call for proposals should be undertaken.	*Proposed action* *Develop a specific policy to justify more clearly the direct selection of strategic partners to avoid future misunderstandings.* **AGREE** The recommendation is taken from the internal audit in April 2017. The recommendation is being implemented. We disagree with the rating of Major.	*We think that the TMEA management response is helpful and will ensure avoidance of confusion in the future.* *We also understand that the internal audit recommendations of April 2017 are being implemented. This was confirmed by the TMEA Internal Audit team during fieldwork in May 2017.*
		Finding: The following deficiencies were noted in the grant management guidelines specified in TMEA's procurement and grants manual (March 2015): i. The grants manual does not provide guidelines for the circumstances and/or conditions under which financial aid is given and the management of financial aid to downstream partners. E.g. the selection and management of financial aid partners, procurement of contractors and material for the partners etc. The policy only provides guidelines for the management of grants which are provided to PSOs, CSOs and NGOs. ii. The grants manual states under section 5.4. that *'All grants below $1,000,000 shall be approved by the Peer Review Group (PRG) and all grants below $1,000,000 shall be*		

No	Area of review	Key Deloitte & Touche findings and recommendations	Actions agreed, or otherwise, by the TMEA SLMT	Areas of agreement and difference from the independent assessors undertaking the institution and organisation assessment (WS2B) of TMEA
		approved by the Programme Investment Committee (PIC)'. However, the PIC is no longer in existence according to TMEA's current organisation structure having been replaced by the TMEA council.		
		iii. The grants manual gives varying guidelines on action to be taken should a grantee fail an initial DD assessment or FRA. Section 5.2.10 (2) states that, *'institution and /or financial capacity building will be conducted by TMEA after which a DD/FRA will be carried out again when TMEA judges the grantee is ready'*. However, section 5.3.3 (2) of the manual also gives various conditions to be applied should a grantee get DD risk rating – 2 (substantial) of which capacity building by TMEA is not among. Refer to appendix 1 for the conditions stated.		
		iv. The grants manual does not specify the frequency and timing at which DDEV exercises are to be conducted for the grantees e.g. frequency and timing on basis of project period and grant amount.		*iv)* *we also noted this lack of specification on frequency and timing, but we understand that this is also being addressed.*
		Risk: Inconsistent implementation of grant management procedures which could impact the effectiveness of controls over downstream partners.	*Proposed action* *Submit new Procurement Regulations to Board in November 2017.*	*We support this proposed action from the TMEA management.*
		Recommendation: The TMEA grants manual should be reviewed and revised to provide guidelines based on the current TMEA chart of authority as specified by the organization structure and to address any deficiencies noted within the policy.	We disagree with the rating of Moderate. The format of a meeting template is a minor point. Reports and written feedback are appropriate to the type of partner engagement currently undertaken (e.g. minutes). Difficulty in follow up has not be encountered.	*We also think that the rating of moderate here is too high. Meeting template structure is a small point which can be addressed, if necessary, very quickly. Limited impact elsewhere.*
		Finding: Subsection 5.6.2 of the Procurement and Grants Manual states that, *'After each site visit by TMEA site visit team, the grantee shall get written feedback on the results obtained from the site visit.'* However, we noted from review of sample grantee site visit reports	**DISAGREE**	

No	Area of review	Key Deloitte & Touche findings and recommendations	Actions agreed, or otherwise, by the TMEA SLMT	Areas of agreement and difference from the independent assessors undertaking the institution and organisation assessment (WS2B) of TMEA
		and meeting minutes between TMEA and grantees that the feedback reports from the site visits by TMEA are not standard/ consistent and differed per grantee. **Risk:** Difficulty in follow up of issues raised and recommendations made during site visits and partner engagement meetings. Some issues may therefore remain unresolved.		
		Recommendation: A standard format for reporting feedback to grantees following field site visits should be adopted by TMEA. The Programme and the PCM guidelines should be updated to include the templates required for site visit reports and field meeting minutes.	*Proposed action* *Develop a template(s) appropriate to the engagement and incorporate into the PCM guidelines.*	*We support this proposed action by TMEA management*
		Finding: Section 1.8. of the Procurement and Grants Manual states that, *'TMEA partners who receive funding from TMEA for the procurement of good and services are required to follow the TMEA procurement procedures.'* However grant agreements with partners do not specify the requirement/ condition for adoption of the TMEA procurement guidelines by partners. **Risk:** Adoption of inappropriate procurement policies and procedures by grantees which could in turn lead to failure to meet VFM during procurements.	We disagree with the rating of Moderate. **PARTIALLY AGREE** *Proposed action* *Revise the new Procurement Regulations to remove this requirement.*	*We agree with the DDDDA recommendation and we support the response (proposed action) from TMEA management.*
		Recommendation: The condition for adoption of TMEA's procurement policies should be included in grant agreement to ensure adoption of the policies at grantee level. Compliance to the conditions should be periodically reviewed during DDEV.	**AGREE**	**AGREED:** *we have reviewed and find the same as the DDDDA.*

No	Area of review	Key Deloitte & Touche findings and recommendations	Actions agreed, or otherwise, by the TMEA SLMT	Areas of agreement and difference from the independent assessors undertaking the institution and organisation assessment (WS2B) of TMEA
		Finding: TMEA's Code of Ethics policy embedded within the grant agreements with partners does not specify/ indicate the communication lines to use to anonymously report fraud and corruption cases or any other breaches to the Code of Ethics. **Risk:** Inability of grantees to anonymously report cases of fraud and unethical conduct so that corrective action can be taken. **Recommendation:** The TMEA Code of Ethics should be revised to indicate the communication lines to be used for anonymous reporting of breaches to the Code of Ethics.	*Proposed action:* *Update the Code of Ethics will be updated to incorporate the relevant communications channels to be used by Grantees.*	*We support this proposed action by TMEA management as workable and proportionate / appropriate*

Annex H   Assessment of Monitoring and Evaluation Function

(Also Annex 6 of the 6B Report of the Independent Evaluation of TMEA)

This Annex shares a background review undertaken as part of the independent evaluation, to answer the evaluation question:

DEQ1.10: Are the M&E tools and processes in place appropriate, both in terms of results and in terms of finances? How could they be strengthened?

It first maps out the current TMEA monitoring system, based on the interviews with staff from the TMEA M&E team and where relevant highlights some key issues within that process. We have drawn on the experience in conducting the interim outcome evaluation from Deliverable 2D/2E from working with 5 country offices[43] and reviewing 40 projects.

Common problems encountered with the M&E reporting are outlined. Evidence from both the analysis of the process and of the monitoring reports is used to present a series of recommendations as to how to improve monitoring processes in the future.

Mapping the TMEA Monitoring System

The TMEA monitoring system is based on quarterly self-reporting by partner organisations, using a monitoring system agreed upon by the project implementation team, the M&E team, and the partner institution. The monitoring system consists of the results chain, the logframe, the monitoring framework, and the monitoring budget. The results chain is a simplified Theory of Change, which sets out the objectives of the intervention, the causal impact pathway, and key assumptions behind the intervention logic.

The TMEA M&E team initially encouraged the partner organisation to take the lead as much as possible in developing the monitoring system which included the development of key output indicators for regular reporting with the aim of encouraging ownership and being engaged with TMEA's understanding of the system.

Over time, the TMEA M&E team increased their inputs with each partner and now prepares a 'Results Curriculum' for TMEA project implementation staff and partner institutions. To help achieve buy-in from TMEA implementation staff, a team member is designated as an "M&E Champion" to function as a focal person for M&E. Some TMEA projects now receive a baseline study at inception, where appropriate, but this is a relatively recent component of the TMEA monitoring framework and followed from initial feedback on TMEA monitoring systems, which noted that without baselines it was difficult to assess progress.

After inception, partners sent a monitoring report to TMEA each quarter. This report is manually uploaded using a pre-set template into the MIS system by a member of the TMEA M&E team. Following a quarterly monitoring report, there is a meeting of all relevant stakeholders on the TMEA side, including an M&E representative, to discuss the report's contents and to send back comments to the partner institution. Having received comments from TMEA, the partner organisation submits a revised version of the monitoring report with the updates requested by TMEA. This amended report is then manually re-submitted into the TMEA MIS system. Completed reports are compiled into programme reports, at a strategic objective level, and are included within corporate reports.

Six months before project completion, partner organisations are asked to begin working on an end of project report. This report is submitted to TMEA, who respond with comments and clarifications. If planned and budgeted, an endline survey is conducted by the partner organisation. Having responded to all the comments submitted by TMEA, the partner submits a final project completion report.

A quality assurance system is in place, which consists of evaluating a project's set of monitoring reports, monitoring plan, work plan, risk matrix and results chain against a set checklist. The checklist does not focus on individual monitoring reports, but on the monitoring system. It is also a technical evaluation of the monitoring plan, and not a verification or validation of results. The checklist is shown below.

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[43] Nairobi, Dar-es-Salaam, EAC (Arusha), Kigali, Kampala and Bujumbura

Table 6: Monitoring and Evaluation Checklist

	Project Element
WORK PLAN	Have all activities been logically sequenced and linked to the supporting outputs?
	Has the amount of time required to start and complete activities and outputs been accurately estimated?
	Do all project outputs have clear and detailed descriptions?
	Has the work plan been updated since the project was initiated to reflect new developments?
MONITORING PLAN	Does the project have a result chain that logically articulates what the project seeks to achieve and how?
	Have all the critical indicators for each crucial step in the results chain (specifically key outputs and end of project outcomes aligned to the corporate/ national level results framework) been identified and defined?
	Have all project outputs been logically sequenced and linked to the supporting project outcome(s)?
	Do all critical indicators have clear, correct, and comprehensive methodology on how progress will be calculated and analysed?
	Do all the critical indicators have baseline information (qualitative or quantitative)?
	Where baseline information is still required, is there a plan and timeline for when baselines will be collected?
	Have all the targets for all the relevant indicators being monitored been set? And the dates when targets will be reached entered into the MIS?
	Is the Monitoring Plan updated to reflect actuals on targets?
RISK PLAN	Have all the risks identified been clearly and comprehensively evaluated? Do they have practical mitigation actions?
	Has the risk matrix been updated at least once every six months to reflect new developments?

Figure 4: TMEA Monitoring and Evaluation Checklist- Current Process
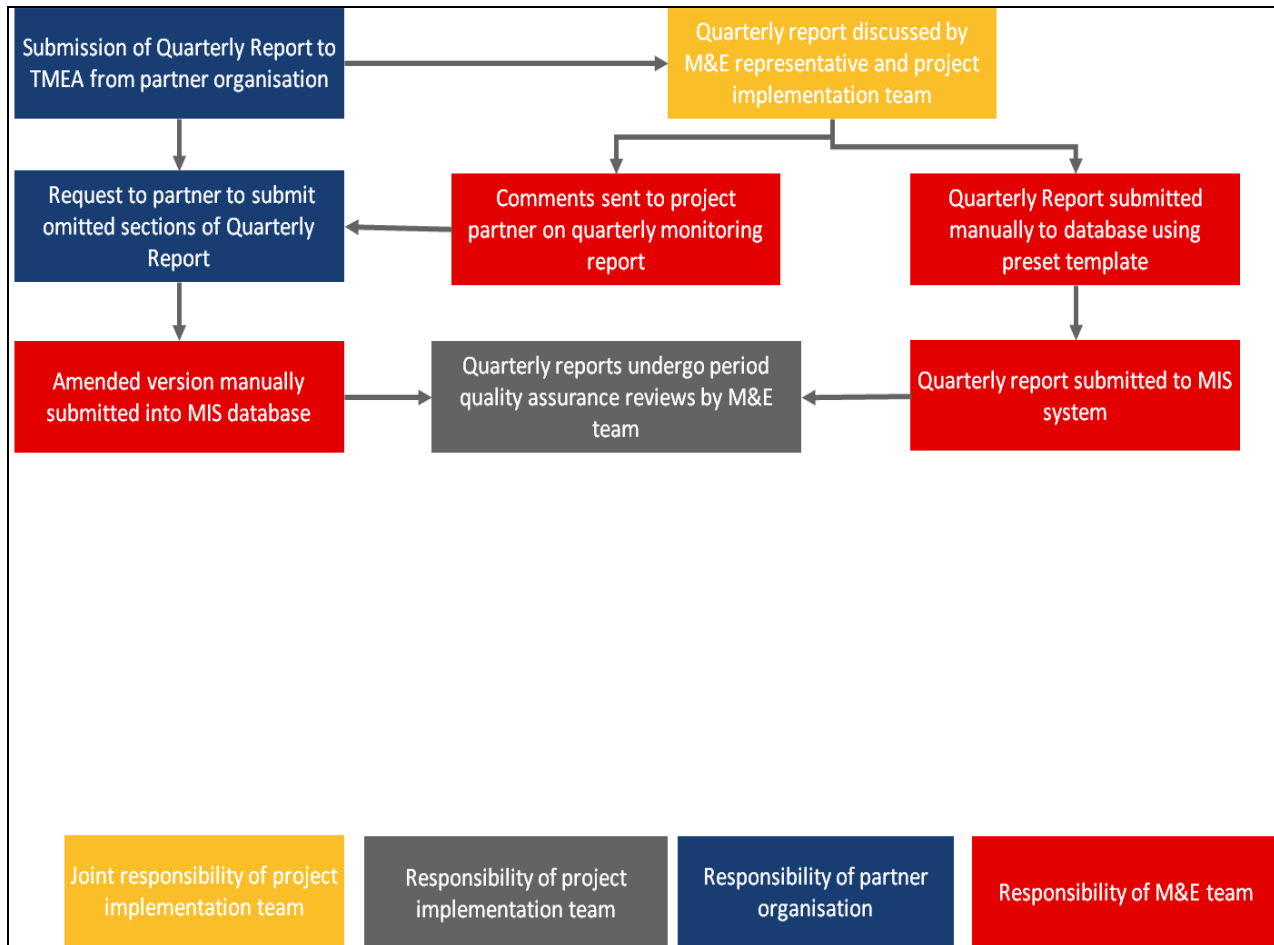
Several issues in this M&E process have been identified, which has resulted in the need for various processes to be changed and adapted. Some of the key issues are as follows.

1. **Partners have limited M&E experience.** Although the TMEA M&E team have tried to remedy that with their 'Results curriculum', partners often struggle to develop coherent monitoring plans. The emphasis on partner organisations taking the central role in the development of the monitoring system means indicators are sometimes not appropriate, and outputs, outcomes and impacts are frequently confused.

2. **Arranging meetings with all relevant stakeholders can be challenging.** The above process calls for a meeting to discuss each quarterly monitoring report. Gathering together all relevant stakeholders in a timely fashion can be difficult, given that some team members may be travelling, or busy on other projects. For more complex projects, team members may be stationed across multiple, separate locations. Furthermore, since quarterly monitoring reports are submitted at the same time, this places additional pressure on organising meetings. The result is that some meetings are delayed or cancelled.

3. **Comments on monitoring reports sometimes reach partner institutions shortly before the next report is due**. Comments are meant to be submitted to the partner organisation following the meeting regarding the quarterly monitoring report. This meeting is often delayed, as explained above. One consequence of this, is that comments sometimes only reach partners shortly before the next monitoring report is due. Considering the impeding deadline, partners often focus on completing the next round of quarterly monitoring reports rather than addressing comments on prior reports.

4. **Manual submission of monitoring reports can delay updating monitoring reports.** Monitoring reports are manually uploaded onto the MIS system using pre-set templates. Amended or revised monitoring reports are sometimes not uploaded, given the time resources involved in manually uploading documents, and the pressure to finalise project reports so that programme

reports, and corporate reports can be prepared. This can lead to some confusion in tracking progress achieved and the time milestones are met.

5. **There are limited consequences for partners as a result of not responding to comments**. The current process does not imply any repercussions or consequences for failing to amend a monitoring report following TMEA comments. Some partners, particularly in the private sector, were not particularly responsive to requests for amendments or clarifications. Under a grant scheme, payments can be withheld, but in the case of TMEA, it is sometimes difficult to withhold payment from the beneficiary institution as they are not contractually involved to deliver to TMEA.

6. **Quality assurance reports are often not followed up**. The quality assurance checklist, shown above, can be used to highlight where projects have selected indicators of little value, have not updated indicators, or otherwise have gaps within their monitoring framework. However, the process of following up on quality assurance reports is not clear, with responsibility falling on TMEA implementation staff rather than M&E staff for updating reports.

7. **Monitoring budgets are often reapportioned for other uses**. Whilst endline surveys may be planned and budgeted, partners often use these funds for meeting unplanned costs. Final evaluation is not seen as a priority by partners and thus they reallocate those funds. TMEA requests for more data at project completion sometimes go unanswered due to a lack of available funds, regardless of what was in the original budget.

Evidence on the quality of M&E from the output and outcome assessments

As part of the ongoing independent evaluation of TMEA, IPE Triple Line conducted an assessment of outputs and outcomes of a representative portfolio of TMEA projects. Twenty projects were visited and were assessed using desk reports and interviews with TMEA staff, partner organisations, and, where possible, final beneficiaries. A further 20 were assessed using desk reports. This provided ample evidence for the quality of TMEA's monitoring systems.

A key issue in undertaking the assessment was that the base project documentation supplied was insufficient to conduct an analysis of the output performance of the portfolio. There was a common mis-specification and confusion between outputs, outcomes, and impact in the monitoring frameworks. These issues have been recognised internally by TMEA; the Concept Paper for the TMEA Special Purpose Taskforce – Managing for Change – noted in the problem statement the "poor quality of key project documents including PARs, M&E plans and reports".

The quality of reporting varied between countries, but in making an overall assessment of the quality of evidence, a distinction needs to be made between the evidence that is available on the TMEA MIS system and provided in the standard monitoring reports, and other documents made available to the assessment team on request during site visits. The team observed the TMEA staff were "on top of their projects" and had evidence of progress, but this was not contained in project documentation.

This issue particularly affected the desk assessment of projects, and in many cases necessitated interviews with a project manager or requests for additional information from TMEA to obtain a full and detailed view of project progress. In particular, the lack of rigour and standardisation of project reporting regarding evidence has made it difficult in places to verify the performance of the portfolio.

In some cases, TMEA has contracted independent evaluations of projects, which support the evidence base of the portfolio. The main area of shortcoming is the quality of the self-reported monitoring reports provided to TMEA, many of which do not appear to be verified, checked for consistency or quality assured.

The following key issues were identified:

1. Poor alignment between PAR, M&E framework, and monitoring reports

In many cases, there were clear inconsistencies between the outcomes, outputs and activities defined in the PAR and those used in the monitoring report. It was not clear whether the project had therefore changed, or whether the process of constructing an M&E framework had resulted in changes. More importantly, it sometimes became unclear what the precise outputs of the project were meant to be, and how they linked to the outcomes. It was also noted there was an inconsistency in the M&E frameworks, in that some were structured in Excel, and some were Word document templates. These were difficult to link to the quarterly and annual reports, some of which contained long lists of activity indicators not linked or categorised according to outputs or outcomes, or clearly shown as being reported against the monitoring framework.

2. Finalisation of Documentation and Basis of performance assessment.

There was often a complete disconnect in terms of budgets, and milestones between the project PAR and the monitoring reports. As a minimum, it would be expected that there would be a final project document on which the milestones and targets are set, and/or, a clear paper trail on the agreed change in the budgets, milestones, and targets.

3. Issues with the quality and structure of quarterly and annual reports

The monitoring reports, both quarterly and annual, are not structured in a way which provides the reader with a clear sense of past achievements and current progress. In particular, the narrative sections of the report would have benefited from additional contextual information to assist in making sense of the activity and output indicators included.

As a result, it was difficult to ascertain what had been planned compared to what was actually delivered. Where this information did exist, it was not clear if an activity or output had been achieved as planned or not, as there was often no accompanying explanation or revised date for delivery. Furthermore, there was often little analysis of how this drift from the project plan might affect overall project progress. The quality of reporting provided by the partners to TMEA suggests many of these reports have not been validated, analysed, and quality assured by TMEA staff.

4. Unclear evidence

A specific area of concern was the lack of evidence provided in the reports. Quarterly and annual reports did not present, or reference the means of verification of the indicators reported against, and there was no sense this had been checked by TMEA. Likewise, the monitoring plans did not include the means of verification required against each output or activity indicator. Combined with the lack of analysis in the reporting, this often meant it was unclear what had simply been reported by the project, what had been verified by the PM, and what type of supporting evidence had been provided. This is not to suggest that the projects are not achieving these outputs, simply that the reporting does not systematically and clearly provide this information.

The assessment team were often provided with the evidence, but this had been the result of identifying inconsistencies in the project reporting. It must, however, be emphasised that in cases where TMEA were asked to provide data on the relevant outputs, they were able to provide the evidence. Therefore, TMEA has a large body of evidence and supporting information, but the basic reporting and recording of project deliverables requires improvement.

5. Poorly chosen indicators

Indicators frequently offered little value as to the extent of progress towards outputs and outcomes. Quantitative indicators often failed to capture the full impact of an activity, a point made by both partner organisations and TMEA staff. For example, projects under SO3, which were engaged in advocacy, often had outcome indicators related to 'number of amendments to legislation'. As partner organisations and staff within the SO3 team suggested, this indicator prioritised the number of amendments to legislation, rather than the value of each amendment. There were similar issues with quantitative indicators related to technical assistance, or to information dissemination. Partner organisations appeared wedded to using quantitative indicators, even when they had little purpose.

6. Limited disaggregation by gender or youth

Projects are rarely disaggregated by gender or by youth, making it difficult to assess levels of distribution that were gender-based or age-based. Even for projects, which are specifically focused on gender, indicators are frequently not gender-disaggregated, making it difficult to tell the full extent to which projects are successfully targeting gender-specific problems. For example, projects collaborating with women cross-border traders (WCBTs) used indicators related to the time it took for WCBTs to pass through formal border posts. Through the duration of the intervention, the crossing time fell significantly, from 2 hours to 15 minutes. However, there was no data point related to the amount of time it took for male traders to cross the border posts. Without that data, it is impossible to know the extent of gender-based discrimination in this area. TMEA have begun to focus more on mainstreaming gender within M&E.

7. Incomplete compilation of monitoring reports

The assessment team were frequently given an incomplete set of monitoring documents. A full set would have been the PAR, the logframe, the results chain, and all the quarterly and annual monitoring reports since inception. In some instances, the TMEA staff were able to provide additional reports upon request, but it was still uncommon to find a complete set of quarterly reports since project inception. This could be because of the manual submission of quarterly reports, although unconfirmed.

8. Progress towards corporate outcomes difficult to track

The TMEA Results Framework puts a lot of effort into defining detailed indicators and sub-indicators for corporate outcomes and tries to update available information as often as possible. It fails however to provide, briefly, an overview about the level of progress towards specific outcomes and milestones under each Strategic Objective. All required information is available, but it is not provided in a reader-friendly and evident way (as done in Tables 5 and 6 of this report).

Annex I Inception Report: WS2 evaluation methodology

Originally Annex E of the Inception Report for Independent Evaluation of TMEA, approved December 2016. Only those details relevant to the Institutional assessment are included here (E.1).

E.1 Institutional assessment (of TMEA as an organisation)

E.1.1 Context

TMEA was established as a Kenyan incorporated company limited by guarantee on 23 June 2009. Participating donors fund TMEA through grants for all its operations (known as 'core' funding) or contributions that are 'earmarked' for a specific programme. TMEA collaborates closely with East African Community (EAC) institutions, national governments, the private sector, and civil society organisations. Since its inception in 2010, TMEA has grown from a small organisation of 30 people managing a few projects, to a medium-sized organisation of 150 staff managing over 200 projects across six countries.

TMEA was formerly governed through the Programme Investment Committee (PIC), which provided strategic direction to management, and had a decision-making role in several areas, including with investments. Within this structure, National Oversight Committees (NOCs) were established in each of the participating countries with responsibility for overseeing TMEA's different country programmes and reviewing and making recommendations to the PIC. To overcome the perceived limitations of these arrangements, as TMEA evolved into a larger and more complex organisation, new constitutional arrangements were agreed. This had the aim of strengthening governance, providing more robust oversight, and providing for stronger regional ownership. A new constitution was approved in June 2015, and a new Board appointed in August 2015.

This constitution defines the membership and roles of the different governing bodies and the relationship between them. This governance structure is shown below in Figure 10. The main bodies are:

- TMEA members – the donors who contribute a minimum of $5 million
- The Council – a representation of qualifying donors
- TMEA Board of Directors and its three sub-committees
- Finance and audit
- Human resources and remuneration
- Operations
- NOCs
- Programme Co-ordination Committee (PCC), representing the interaction with the Secretariat of the EAC.

Figure 5: TMEA governance arrangement
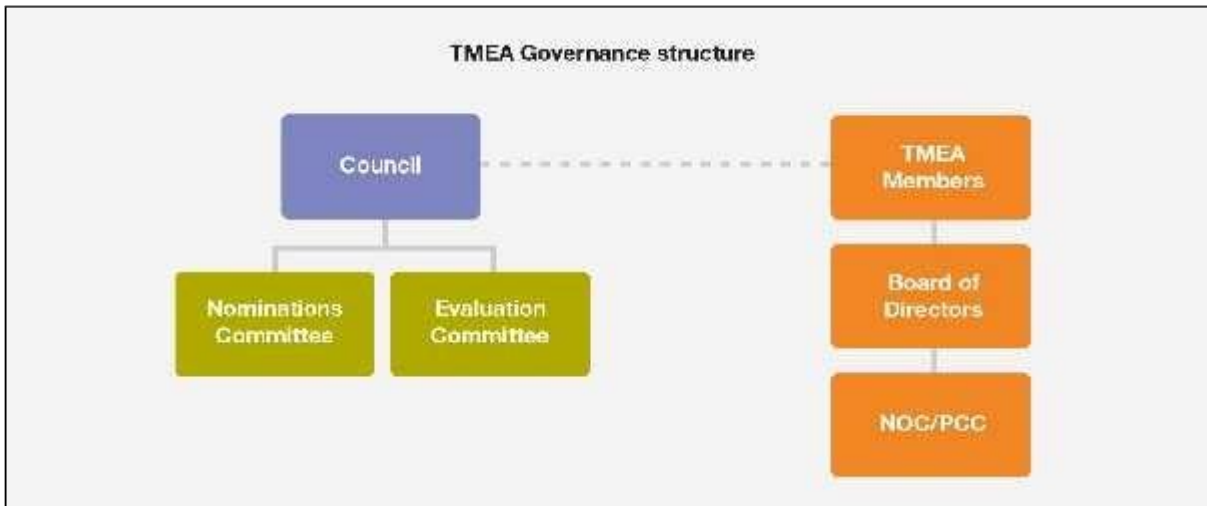
This structure was complemented by changes to TMEA's management structure over time. A matrix management structure was introduced in July 2013, (see Figure 11 below). A Senior Leadership Team (SLT) was established to provide improved leadership to programme management by aligning functions to the strategic objective level and establishing a Strategy and Results Team (START) – see organogram Figure 12. At the senior management level, the introduction of Strategic Objective Leaders (SOLs) for each of the strategic objectives, Senior Director for Country Programmes (SDCP) and a Senior Director TEPP aimed to bring more strategic coherence across the different portfolios and across the region, and provide a drive for quality. This has been complemented more recently by making the arrangements for results-based project cycle management within TMEA more explicit, through the provision of guidelines on the responsibilities for the way programmes and projects are designed and managed. As the guidelines state, the purpose of TMEA's matrix management system is to '*create clear authority and accountability*' for every TMEA project, in terms of its management, its monitoring and the quality of its outcomes.

Figure 6: TMEA matrix management structure

Figure 7: TMEA organogram

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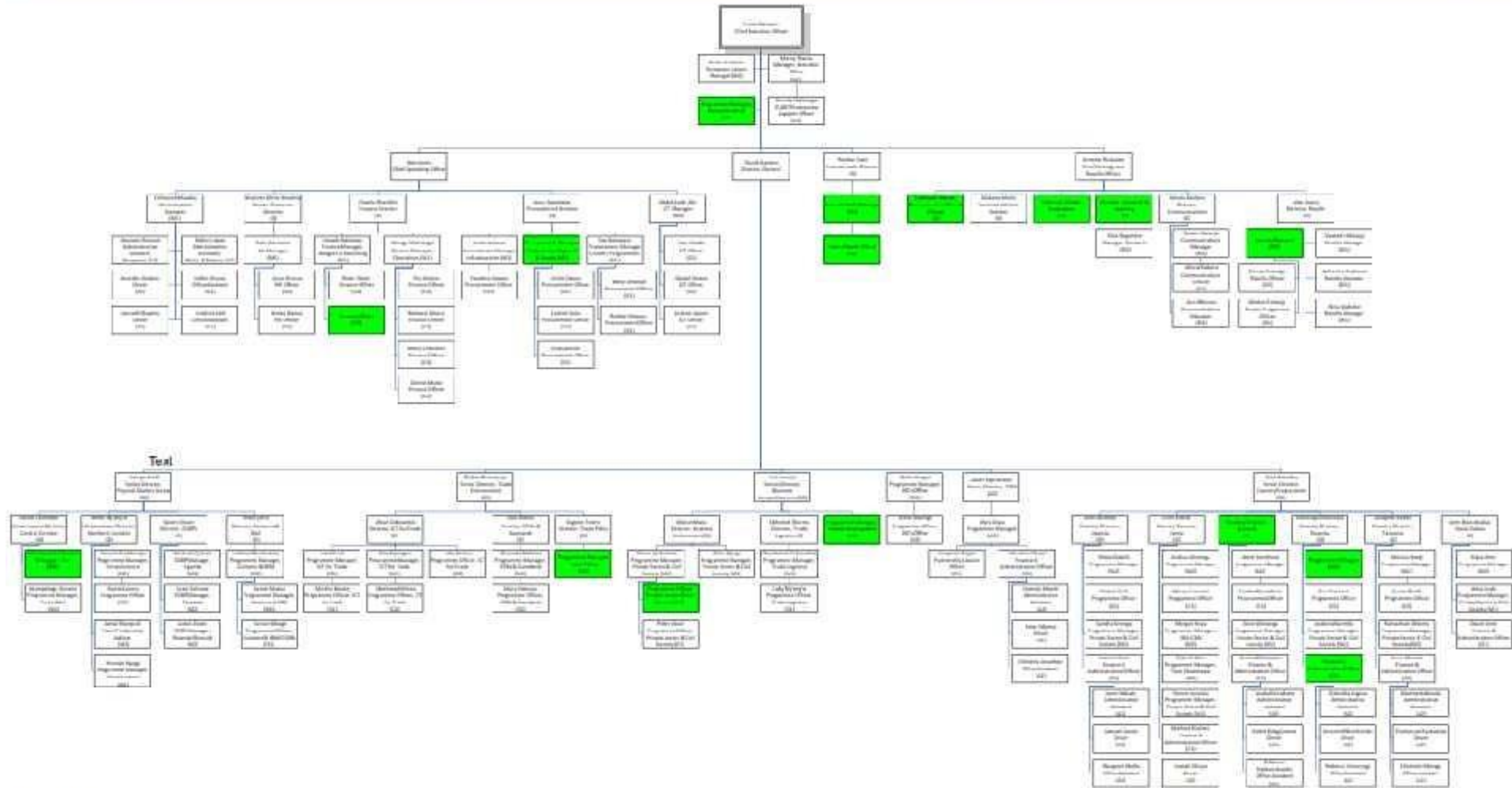
E.1.2 Approach to the organisational effectiveness assessment

As detailed in the introduction, governance and management are to be split and management performance will be evaluated as a separate organisational effectiveness study under WS2. This means the organisational effectiveness assessment of TMEA reflects the TMEA organogram (September 2015) referred to above.

E.1.2.1 Purpose

The purpose of the organisational effectiveness assessment is to determine the appropriateness of TMEA's management structures, its organisational capacity, and its ability to deliver on its mission statement.

An analytical framework based on a set of core evaluation questions will be used to achieve the engagement on knowledge and lesson-sharing following the organisational effectiveness assessment. This is a classic 'mission-based' organisational effectiveness framework. A mixed methods approach to data collection, combining quantitative and qualitative data gathering and analysis techniques, will be used to answer the evaluation questions.

E.1.2.2 Analytical framework

This is a descriptive and functional assessment of TMEA's management. In assessing organisational performance, it will adopt an effectiveness construct, focusing on the critical dimensions of whether it is fit for the purpose required by the investors: i.e. assessing TMEA as a means to the end of effecting trade improvements.

Under this sub-analytical framework our assessment will provide evidence for responding:

DEQ1.7 To what extent does TMEA have the management arrangements, systems, processes, and human resources appropriate for carrying out its mission (i.e. how suitable are these for the purposes of carrying out its activities)?

DEQ1.8 To what extent do TMEA's financial (including procurement), human resource and risk management processes enable it to manage its contractual relationships efficiently and effectively with implementing partners?[76]

DEQ1.10 Are the M&E tools and processes in place appropriate, both regarding results and in regard finances? How could they be strengthened?

The specific issues that will be addressed based on the inception findings are as follows:

The strategic framework

In what ways does TMEA reflect its vision and mandate in its operational management in relation to:

- the country contexts and emerging needs of the EAC;
- the position of TMEA in the regional development community;
- the IPs, including: (i) EAC, (ii) national trade bodies, and (iii) government agencies, standards organisations etc.?

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[76] To be based on TMEA internal institutional review.

- To what extent is there a regular, systematic, and embedded process for formulating and updating a strategic plan for TMEA?
- To what extent does the strategic planning process make explicit a vision, a mission, strengths, weaknesses, opportunities, and threats (SWOT) analysis, the priorities, and a three-year rolling business plan (or equivalent)?
- To what extent and how meaningfully are strategic plans and issues communicated to the Board and Council and how are these approved (or not)?
- How do annual operating plans use the strategic framework as a frame of reference?

How is TMEA accountable?

- Does TMEA provide annual accountability reporting to the governance function that explains: what was undertaken, what was achieved, what was not achieved, why, what was learned, what will be done differently and how much it is going to cost?
- Are annual accountability reports to the governance function independently audited for the reliability and validity of performance-related statements?
- Is there an accountability framework between the executive of TMEA and its Board and Council?
- E.g. who is accountable to whom, for what, when, where and how?
- What is the burden of accountability reporting, i.e. the costs of measurement and reporting activities? What risks of perverse incentives are created by indicators and targets? To what extent is the measurement and reporting approach consistent with good practice in the use of donor funds?

Capacity of TMEA to fulfil its mandate

- Personnel and human resource management (PHRM)
- Is there a strategic PHRM plan?
- Is it consistent with and does it flow from the overall strategic framework?
- How well defined are roles and responsibilities (job organisation and classification)
  - Are job descriptions in place? Are they being implemented? Is there competency-based recruitment, selection and hiring? Are there regular staff appraisals?
- Do staff have career plans?
- Is there ongoing professional development for staff? How is it organised and budgeted for?

Operational management

- To what extent does TMEA have sufficient capacity and skills in: i) management and technical roles; ii) its financial operations; iii) risk management, iv) its measurement and reporting functions (monitoring and evaluation (M&E)); v) IT functions it performs / should perform; vi) its communication strategy?
- How effective are management interactions and relationships with: i) country offices; ii) national East African / trade / revenue ministries and agencies; iii) the EAC; iv) private sector organisations; v) civil society organisations?
- To what extent does TMEA have a good performance measurement and reporting framework, and how is it used as part of management's monitoring of the activities for which they are responsible?

E.1.2.3 Methodology

The findings of the organisational effectiveness assessment will be principally based on the systematic gathering of evidence against the analytical framework. Information will be obtained through structured interviews with interlocutors at TMEA and in the region, including TMEA's senior management, partners and other interested parties – the EAC and Ministries of East African Cooperation (MEAC), private businesses and civil society, TMEA staff in the country offices in Kenya, Uganda and Rwanda, and meetings or virtual remote communication with the EAC in Arusha and

other TMEA country offices. It will examine the functions and effectiveness of TMEA as an SPV organisation (using the questions above), with particular emphasis on examining how lessons learnt have been incorporated into the changes that have been made, both to management arrangements (the matrix management structure) and operational processes. No formal analysis of alternative structures is planned, but in examining performance of TMEA operations the assessment will also consider them in relation to service provider contracts or direct assistance to stakeholders (e.g. support to the EAC) where appropriate, based on evaluative judgement and experiences of the evaluators.

The evaluators will rely heavily on internal management and procedural operational documentation. Interviews, meetings and focus group discussions will provide validation of evidence and will inform learning. The above activities will be complemented by an analysis of data from a questionnaire survey of opinions from the selected sample of IPs that will examine the strengths and weaknesses of the TMEA management and operations from the perspective of the recipients of support.

The assessment will be forward looking, identifying the lessons to be learnt from the way TMEA has evolved organisationally and how any anticipated changes to the operational processes may be adopted in planning for the new strategic cycle.

E.1.3 Knowledge contribution

Under this sub-analytical framework our assessment will provide evidence for responding

DEQ1.9 To what extent do the processes TMEA has in place promote organisational learning and sharing of good practices?

E.1.3.1 For the donors

For the donors (essentially the 'shareholders' of TMEA) the organisational effectiveness assessment will seek to understand the strengths and weaknesses of TMEA as an SPV in effecting trade improvements. It will provide an independent review of the adequacy and effectiveness of the management arrangements for operating TMEA. It will also contribute to understanding the comparative advantages and constraints of the SPV mechanism in relation to compatibility with donor procedures and in meeting donor objectives.

E.1.3.2 For TMEA management

A constructive interrogation of the TMEA management structure, management systems and operations will provide an independent review of the strengths and weaknesses of the organisational arrangements, management oversight, systems and programme operations that can contribute to strengthening the performance of the Senior Management Team (SMT) and providing arguments for further changes to improve organisational effectiveness.

It will offer suggestions on how TMEA's core values – respect, being results driven, innovation, integrity, professionalism, and partnership – can be more strongly embedded and implemented within the organisation, and thus make its vision and mission statement more of a reality.

E.1.3.3 For other stakeholders

By examining TMEA's accountability to its partners, the assessment will provide recommendations on strengthening the partnership roles in relation to design, implementation, and results measurement. This should assist in building ownership of the processes of project formulation, implementation and monitoring, and furthering understanding of the roles and responsibilities of the partners.