

# Evaluation of the International Trade Centre UNCTAD/WTO

## Synthesis Report

**DMI ASSOCIATES**

IN ASSOCIATION WITH

TICON DCA, COPENHAGEN DC & ACE-GLOBAL

**APRIL 2006**

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## Foreword

At its 36th session, in May 2003, the Joint Advisory Group (JAG) of the International Trade Centre (ITC) endorsed a Danish proposal to undertake a joint evaluation of ITC. The JAG also agreed on the governance structure for the evaluation.

The governance structure consisted of a Core Group and a Management Group. The Core Group was composed of about eight Geneva delegates from both donor and beneficiary countries. The Core Group did not have a fixed membership, so country representatives have changed to a certain extent over time. The primary role of the Core Group was to oversee the evaluation by reviewing and endorsing the terms of reference, endorsing the selection of the Evaluation Team and reviewing draft reports. The Management Group, comprising Canada, Denmark and Switzerland, was responsible for the overall supervision and management of the evaluation. Denmark ensured the day-to-day management. Six donors supported the evaluation financially: Canada, Denmark, Finland, Germany, Norway, and United Kingdom.

A consortium selected after international competitive bidding conducted the evaluation: DMI Associates, Ticon Consulting, Ace Global, and Copenhagen Development Consultants. Mr. Murray Smith was the team leader. An independent quality control team was composed of Dr. Horst Breier, former director of evaluation in BMZ and Karstein Haarberg, international trade specialist. Lisbeth Boye, Johan Holmberg, Sven Nilsson and Imelda Yhr later supplemented them.

It should be noted that while draft reports have been commented upon by many stakeholders, and subject to intensive quality control, the sole responsibility for the findings, analyses, conclusions and recommendations rests with the independent evaluation team.

This Synthesis Report is based on numerous thematic and country sub-studies, all of which are available on [www.itcevaluation.org](http://www.itcevaluation.org) and [www.evaluation.dk](http://www.evaluation.dk). The reports and sub-studies are listed on the following page.

Danida's Evaluation Department  
April 2006

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## Acronyms

<i>AIF</i>	Agence Intergouvernementale de la Francophonie	<i>IBRD</i>	International Bank for Reconstruction and Development (World Bank)
<i>AITIC</i>	Agency for International Trade Information and Cooperation	<i>ICT</i>	Information and communications technologies
<i>AMA</i>	Moldovan Purchasing and Supply Association	<i>IDA</i>	International Development Association
<i>AOP</i>	Annual Operations Plan	<i>IF</i>	Integrated Framework for Trade Related Technical Assistance to Least Developed Countries
<i>AsDB</i>	Asian Development Bank	<i>IFC</i>	International Financial Corporation
<i>ATF</i>	Asian Trust Fund	<i>IGOs</i>	Intergovernmental Organisations
<i>BAS</i>	Business Advisory Services	<i>ILO</i>	International Labour Organization
<i>BET</i>	Board of External Trade (Tanzania)	<i>IMDIS</i>	Integrated Monitoring and Documentation Information System
<i>BTF</i>	Bilateral Trust Fund	<i>IMF</i>	International Monetary Fund
<i>CEE/CIS</i>	Central and Eastern Europe/Commonwealth of Independent States	<i>IPSCM</i>	International Purchasing and Supply Chain Management
<i>CEO</i>	Chief Executive Officer	<i>IPSM</i>	International Purchasing and Supply Management
<i>CHF</i>	Swiss francs	<i>ISO</i>	International Organisation for Standardisation
<i>CIBDS</i>	Centre for International Business Development Services (Tanzania)	<i>ITC</i>	International Trade Centre UNCTAD/WTO
<i>CIDA</i>	Canadian International Development Agency	<i>JAG</i>	Joint Advisory Group (for the International Trade Centre UNCTAD/WTO)
<i>CRNM</i>	Caribbean Regional Negotiating Machinery	<i>JITAP</i>	Joint Integrated Technical Assistance Programme for Least Developed and Other African Countries
<i>CTF</i>	Common Trust Fund	<i>LDC</i>	Least Developed Countries according to UN designation
<i>CIS</i>	Commonwealth of Independent States	<i>LENPA</i>	Learning Network on Programme-Based Approaches
<i>DAC</i>	Development Assistance Committee of the OECD	<i>LMIC</i>	Lower Middle Income Countries
<i>DDA</i>	Doha Development Agenda	<i>Logframe</i>	Logical framework analysis or matrix
<i>DDADB</i>	Doha Development Agenda Data Base	<i>MAS</i>	Market Analysis Service
<i>DFID</i>	Department for International Development	<i>MDGs</i>	Millennium Development Goals
<i>DPMD</i>	Division of Product and Market Development	<i>MDS</i>	Market Development Section
<i>DPS</i>	Division of Programme Support	<i>MfDR</i>	Managing for Development Results
<i>DTCC</i>	Division of Technical Cooperation and Coordination	<i>MLS</i>	Modular Learning Service
<i>DTSS</i>	Division of Trade Support Services	<i>MTP</i>	Medium-term Plan
<i>EBRD</i>	European Bank for Reconstruction and Development	<i>MTS</i>	Multilateral Trading System
<i>EC</i>	European Commission	<i>NAFTA</i>	North American Free Trade Area
<i>ECA</i>	United Nations Economic Commission for Africa	<i>NGO</i>	Non-Governmental Organisation
<i>ECOSOC</i>	United Nations Economic & Social Council	<i>OAS</i>	Organisation of American States
<i>EIB</i>	European Investment Bank	<i>OECD</i>	Organisation for Economic Co-operation and Development
<i>EMDS</i>	Enterprise Management Development Section	<i>OED</i>	Office of the Executive Director
<i>EOI</i>	Expression of Interest	<i>OIOS</i>	Office of Internal Oversight Services
<i>EPRP</i>	Export Led Poverty Reduction Programme	<i>OLICS</i>	Other Low Income Countries
<i>ESCAP</i>	United Nations Economic and Social Commission for Asia and the Pacific	<i>ONAC</i>	Office National du Commerce Extérieur (Burkina Faso)
<i>ESCWA</i>	United Nations Economic and Social Commission for Western Africa	<i>PACC</i>	Project Approval and Clearance Committee
<i>EU</i>	European Union	<i>PACkit</i>	Integrated Export Packaging Information Kit for Developing Countries
<i>EUR</i>	Euro	<i>PACT</i>	Programme for building African Capacity for Trade
<i>FAO</i>	Food and Agriculture Organisation of the United Nations	<i>PAS</i>	Performance Appraisal System
<i>G-7</i>	Group of Seven Leading Industrial Countries	<i>PBA</i>	Programme-Based Approach
<i>GATS</i>	General Agreement on Trade in Services	<i>PCM</i>	Project Cycle Management
<i>GATT</i>	General Agreement on Tariffs & Trade	<i>MF</i>	Performance Management Framework (usually based on a logical framework analysis)
<i>GDP</i>	Gross Domestic Product	<i>PN</i>	Product Network Approach
<i>GSP</i>	Generalised System of Preferences	<i>ProCIP</i>	Programme for Competitiveness Improvement of SMEs
<i>GTF</i>	Global Trust Fund	<i>PRSP</i>	Poverty Reduction Strategy Paper
<i>HQ</i>	Headquarters	<i>QA</i>	Quality Assurance
<i>HR</i>	Human Resources	<i>QC</i>	Quality Control
<i>HRM</i>	Human Resources Management	<i>RBM</i>	Results Based Management
		<i>Seco</i>	State Secretariat for Economic Affairs (Switzerland)

<i>SMC</i>	Senior Management Committee
<i>SME</i>	Small or Medium-sized Enterprise
<i>SPS</i>	Sanitary and Phyto-Sanitary Measures
<i>SQAM</i>	Standards Quality Management Accreditation and Metrology
<i>SSTP</i>	South-South Trade Promotion
<i>SWOT</i>	Strengths, Weaknesses, Opportunities, and Threats analysis
<i>TBT</i>	Technical Barriers to Trade
<i>TIS</i>	Trade Information Services
<i>TORs</i>	Terms of Reference
<i>TPO</i>	Trade Promotion Organisation
<i>TRCB</i>	Trade Related Capacity Building
<i>TRIPS</i>	Trade Related Intellectual Property Rights
<i>TRTA</i>	Trade related technical assistance
<i>TSIs</i>	Trade Support Institutions
<i>TSS</i>	Trade in Services Section
<i>UMICs</i>	Upper Middle Income Countries
<i>UN</i>	United Nations
<i>UNCTAD</i>	United Nations Conference on Trade & Development
<i>UNDP</i>	United Nations Development Programme
<i>UNECE</i>	United Nations Economic Commission for Europe
<i>UNEG</i>	United Nations Evaluation Group
<i>UNIDO</i>	United Nations Industrial Development Organization
<i>USAID</i>	United States Agency for International Development
<i>USD</i>	United States Dollar
<i>WCO</i>	World Customs Organization
<i>WHO</i>	World Health Organization
<i>WIPO</i>	World Intellectual Property Organization
<i>WTO</i>	World Trade Organization

## Acknowledgements

The Evaluation of the International Trade Centre UNCTAD/WTO<sup>1</sup> has involved contributions from, and benefited from cooperation with, several hundreds of individuals and many organisations from around the world. Space does not permit a comprehensive set of specific acknowledgements, but some acknowledgements of various types of contributions are appropriate and necessary.

First, it is important to express appreciation for the time and efforts of many individuals from ITC beneficiaries and partner organisations who were interviewed in the country field studies, in the case studies conducted for the product studies, or during various ITC activities and events. Furthermore, many ITC beneficiaries and partners completed e-questionnaires for the Evaluation. In addition, government officials in, or delegates from, beneficiary countries, while not direct beneficiaries of ITC, gave generously of their time and contributed their perspectives on the role and contribution of ITC. These individuals were the most numerous, amounting to several hundred, and provided evidence and practical insights into the activities of ITC and the extent to which results were achieved.

Second, it is also important to acknowledge the time and effort expended by ITC management and staff to work with the Evaluation at various stages of the process from the very beginning to the end. In particular the cooperation received first from Jean-Claude Piers de Raveschoot, and then from Ashish Shah, respectively, as the responsible officers in ITC, has been excellent. The cooperation received from Denis Belisle, Executive Director, and Joseph Smadja, Deputy Executive Director has been commendable, and very many members of ITC management and staff have contributed to the Evaluation through many meetings with members of the Evaluation Team, preparing data and information, and through reviewing draft reports.

Third, many individuals from development partners including donor representatives at the headquarters and field level, other international organisations, multilateral development banks, and non-governmental organisations and think tanks also contributed significantly. Among the donor or other agencies who contributed at either the headquarters or field level were Canada, Denmark, European Commission, France, Germany, the Netherlands, Switzerland, United Kingdom, and the United States. Among international organisations, many individuals from the parent organisations, UNCTAD and WTO, some of whom have long experience of ITC, gave generously of their time. Also among the international development partners who cooperated in the Evaluation were the Caribbean Development Bank, Commonwealth Secretariat, Inter-American Development Bank, International Coffee Organization, European Commission, International Telecommunications Union, the Organization of American States, the Organization for Economic Cooperation and Development, United Nations Development Programme, United Nations Industrial Development Organization, and the World Bank. Many individuals from the development community provided their input and perspectives sometimes on an explicitly confidential basis.

1) *United Nations Conference on Trade and Development (UNCTAD) and the World Trade Organization (WTO).*

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The Evaluation Team also expresses its sincere appreciation to the members of the Management Group and the Quality Control experts, who worked with us through a long and arduous process, in the course of which they challenged us and strengthened the Evaluation.

*Murray Smith*  
Team Leader

Geneva  
November 2005

The Evaluation Team has received many comments on the draft Synthesis Report presented at the informal Joint Advisory Group (JAG) meeting in November 2005. As a result we have clarified some points and drawn further on the supporting background reports in finalising the Synthesis Report.

*Murray Smith*  
Team Leader

Geneva  
February 2006

## Executive Summary

### Part I: Introduction and Context

The Evaluation of the International Trade Centre (ITC)<sup>2</sup> is the first comprehensive independent external evaluation of the relevance, performance and capacity of the organisation. The Evaluation was conducted under the supervision of a Management Group reporting to a Core Group representing donor and beneficiary countries and, in turn, reporting to the Joint Advisory Group (JAG).

### Evaluation Questions

The Terms of Reference set out three groups of key evaluation questions:

- *The comparative advantage of ITC*, with issues related to development relevance, value added, particularly in comparison with other international organisations, such as the World Trade Organization (WTO), United Nations Conference on Trade and Development (UNCTAD) and the United Nations Industrial Development Organisation (UNIDO), responsiveness to a changing environment, and use of potential synergies.
- *The performance of ITC's interventions*, addressing the extent to which objectives have been met, results achieved, bottlenecks and key risks identified, and which activities have been most efficient and effective.
- *The capacity of ITC and Donor Funding Modalities*, including monitoring and evaluation systems, cooperation with other partners, resources and capacity in relation to activities, the extent to which programmes and projects are in line with comparative advantage, funding levels, and whether funding modalities function effectively.

To these were added subsequently the issues of governance structures, donor coordination and human resources.

### Methodology

The Evaluation undertook a large number of field and technical studies and used four interconnected modalities for analysis and evaluation. These different perspectives provide the factual and analytical input for the Synthesis Report.

The four modalities are:

- *An evaluation of ITC performance and comparative advantage at the field level.* 10 country-level field studies were undertaken for this purpose: Burkina Faso, El Salvador, India, Kenya, Kyrgyz Republic, Moldova, St. Lucia, Tanzania, Tunisia, and Vietnam.
- 2) *The International Trade Centre (UNCTAD/WTO) is a joint body of the World Trade Organization (WTO) and the United Nations represented by the United Nations Conference on Trade and Development (UNCTAD).*

- An *evaluation of ITC products and technical competencies*, which examined a wide range of ITC products drawn from all seven ITC technical programmes, and also included Export Led Poverty Reduction and South-South Trade Promotion activities. The study of ITC products included additional field studies and the use of e-questionnaires to contact ITC partners.
- An *organisational evaluation*, with studies on corporate performance, including organisation, governance, financing modalities, budget, monitoring and evaluation, and communications and marketing.
- An *assessment of the global context* for trade and development, the external environment for provision of Trade related technical assistance (TRTA), and ITC's approaches to partnership with Trade Support Institutions (TSIs).

The Evaluation faced some significant constraints. Among these were:

- The lack of a fully articulated intervention logic and a comprehensive results-based frame-work for the organisation at the corporate level;
- Lack of accounting and reporting systems allocating the full costs of deliverables; and
- Lack of effective monitoring and reporting systems on the utilisation of products and results achieved.

In addition to the lack of a comprehensive reporting system for results achieved, particularly at the end-user level, *impact* of interventions is generally difficult to evaluate for Trade related technical assistance. The Terms of Reference for the Evaluation recognised the challenges of assessing impact, and this challenge is compounded by the diffuse and dispersed nature of ITC interventions.

## Evolution of the Organisation

Established initially as part of the Secretariat of the General Agreement on Tariffs and Trade (GATT) in 1964, ITC became a joint body of the GATT and the United Nations in 1968. The regular budget was to be funded half by the GATT and half by the United Nations (UN). ITC was also expected to receive technical assistance funding from the UN system and from contributions by bilateral donors. The mandate of ITC as the focal point for export promotion in the United Nations was confirmed in 1973.

ITC developed rapidly as a provider of technical assistance to developing countries in trade development until 1990. This expansion, however, was followed by a decade of retrenchment as funding from the United Nations Development Programme (UNDP) for technical assistance declined sharply and bilateral trust funds were constrained, coincident initially with a delay in the transition of senior management. As a result, total resources shrank, and reliance on the regular budget increased. Since 2000, ITC has expanded technical assistance as donor funding has increased for TRTA, reflecting the new emphasis on partnership for development in the Millennium Development Goals (MDGs) and the specific commitment to increase TRTA in the Doha Development Agenda (DDA).

## Part II: Relevance, Performance and Capacity

Part II of the Report examines the evaluation questions and presents findings and conclusions.<sup>3</sup>

### Comparative Advantage

There is a clear division of labour between ITC and its parent organisations, UNCTAD and the WTO, in the provision of TRTA, with ITC focused on *trade development* and UNCTAD and WTO focused on *trade policy and regulation*.<sup>4</sup> As an appropriate exception to this general rule, ITC has developed new competencies in specific specialised aspects of *trade policy and regulation* in areas related to business advocacy and business participation in the trading system, which draw on its long experience with networking of TSIs.

Assets of ITC include technical niches of expertise that have continued relevance to the needs of the beneficiaries in the field of *trade development* (TRTA). ITC also has the contacts and networks in the beneficiary countries, the long established partnerships with TSIs and good working arrangements with other TRTA providers to implement successfully its programmes. ITC has developed a role related to global products and networking of TSIs that is complementary with the *trade development* (TRTA) of the bilateral donors who support larger projects in developing and transition economies.

ITC works with UNCTAD and WTO in the Joint Integrated Technical Assistance Programme for Selected Least Developed and Other African Countries (JITAP) in providing TRTA to support participation of African countries in the trading system. In addition, ITC works with the World Bank, International Monetary Fund and UNDP, as well as UNCTAD and WTO, in the Integrated Framework for Trade related technical assistance to Least Developed Countries (IF). ITC provided the secretariat for the original IF, but after a critical review of some of its functions, the IF was “revamped” in 2000. The WTO now provides the secretariat, and the World Bank provides the analytical leadership. This reflects the broader focus of the revised IF on mainstreaming trade into national development plans and poverty reduction strategies as well as assisting in the coordinated delivery of trade related technical assistance. ITC interventions in JITAP and the IF are focused on building trade development capacity, reflecting its comparative advantage.

The beneficiaries and development partners perceive ITC as possessing the capacity, neutrality and impartiality to support their integration into the trading system and their trade development goals. The comparative advantage of ITC rests on its technical expertise in trade development, its experience in networking, and its entrepreneurial and responsive approach. ITC brings to TRTA and to the trade development agenda long experience as well as back-stopping resources for implementation of programmes.

3) Note that the analysis is structured according to the Terms of Reference.

4) The categories of TRTA are adopted from the World Trade Organization (WTO)/Organization for Economic Cooperation and Development (OECD) Doha Development Agenda classification and data base for TRTA.



The Hong Kong Ministerial of the WTO has endorsed the priority for increases in trade related technical assistance, noting the complementary role of ITC in supporting business interaction with negotiators and the more effective participation of SMEs in international trading opportunities.<sup>5</sup>

## Performance of ITC's Interventions

### *Intervention Strategy*

ITC's intervention strategy has three tracks:

- *Track 1*, with “low-intensity” interaction with partners in many countries on a global basis;
- *Track 2*, with multi-agency multi-country programmes; and
- *Track 3*, with regional and country-specific projects.

Over the last five years, Track 1 involved 60 per cent of ITC trust funds for delivery of technical assistance, increasing to 70 per cent in 2004.

Overall, ITC has a strong emphasis on global and generic products, in part as a strategic response to limited resources, and in part due to the need to provide some assistance across a broad range of countries, reflecting the emphasis in the United Nations on utilisation of regular budget resources for the “benefit of all”. Such products, however, have a lower visibility at the country-level than country-specific projects, and their outcomes and impacts are more difficult to assess. In addition to global and generic products supported by the regular budget, the Global Trust Fund, which accounts for a large share of extra-budgetary resources, is also focused on global products and networks.

ITC's strategy depends on TSIs as key intermediaries to transmit knowledge, skills and services to Small and Medium Enterprises (SMEs) and other end-users. Achievement of intended results in turn depends on whether ITC products are utilised by TSI partners, whether the utilisation of the products leads to capacity building of TSIs, the extent and effectiveness of the provision of such services to end-users, and the extent to which the capacity of end-users is enhanced.

The reliance on partner institutions in trade support networks creates challenges in assessing the results achieved at end-user level. The capacity and viability of TSI partners influence the extent to which desired results are achieved, including the longer term sustainability of ITC programmes. ITC, therefore, has a vital stake in the viability of its ITC partners.

Lack of effective field presence creates challenges for ITC's intervention strategy in light of the decentralisation of donor activities, an increasing focus on recipient country leadership for a closely coordinated country-level assistance effort based in the field, and the greater emphasis on achieving measurable results at the country-level.

5) WTO, DOHA Work Programme: Ministerial Declaration, Ministerial Conference, Sixth Session, Hong Kong, 13 - 18 December 2005, WT/MIN(05)/DEC, 22 December 2005.

### *Evaluation of Interventions*

The performance of ITC interventions was evaluated according to five widely used evaluation criteria endorsed by the Development Assistance Committee (DAC) of the Organisation of Economic Co-operation and Development and by the United Nations.

*Relevance* of ITC products is generally regarded as high by ITC partners, and this includes newer products aimed at business participation in the trading system and mainstreaming trade development into overall development strategies. In many cases, ITC partners are able to find at least some of ITC's generic products relevant to their needs. Country-specific projects are viewed as especially relevant by partners, but these are only a limited portion of ITC's portfolio of activities.

*Efficiency* is also viewed favourably by ITC partners, as ITC's products are regarded as acceptable in quality. Since ITC does not measure systematically the fixed costs of developing products, it is not possible to determine whether the products are cost-efficient. Although systematic data on utilisation of products are lacking, it is evident that there is considerable variation in the utilisation of such products. One example of a product that has been adapted from a high cost product in the form of Geneva-based training is the training program on Purchasing and Supply Chain Management, which has shifted from expensive training in Switzerland to a more cost-effective modular course delivered by partner institutions with web-site support. Based on a review of ITC training practices and a simulation analysis of training costs, the Evaluation found that ITC chooses training and seminar locations between Geneva, regional and country-specific venues in a way that is reasonably cost-efficient, based on the origin of the participants and resource persons.

Country-specific projects are regarded by partners as efficient and the project portal does provide data on project budgets, but ITC does not measure back-stopping costs and costs of deliverables are not disaggregated systematically. The absence of cost allocation of deliverables limits the ability to assess individual programmes and projects in the light of relative costs.

*Effectiveness* in achieving development results differs for products and country-specific projects. Some ITC products focused on networking and public private dialogue more clearly achieve intended results. Global Networking such as in Executive Forum or in Business for Development and World Trade Net are effective in achieving results in mainstreaming trade into development and promoting business/government dialogue, and are complementary to the activities of other international organisations and bilateral donors. At the country-level, however, the effectiveness of global and generic products depends to a considerable degree on whether they are being utilised by TSI partners and are being distributed to end-user enterprises.

The effectiveness of country-specific projects often depends on whether the capacity of TSI partners is enhanced and whether a sufficient number of end-user enterprises benefits from the intervention.

*Impact or potential impact* of interventions depends on the capacity of TSIs to absorb products and to translate these into enhanced capacity of the TSIs and into results for end-user enterprises. Partner TSIs generally viewed ITC as contributing to enhancement of their capacity. Less evidence is available at the level of end-users, and ITC is unable to demonstrate that the capacity or competitiveness of end-user enterprises is enhanced in significant numbers.

*Sustainability* depends on whether end-user enterprises have their capacities enhanced or on the capacity and commitment of TSI partners to continue to provide services after funding has ceased, and in many cases this is problematic or difficult to demonstrate.

#### *Evaluation of the Intervention Strategy*

ITC has considerable knowledge of its TSI partners, including extensive experience with and insights into their needs. There is, however, scope for a more systematic and strategic process for assessing the emerging needs of TSIs and end-users.

Responding to client needs is recognised by ITC as an essential element in programming. Needs assessment, however, is not systematically carried out in the product development process. Systematic needs assessment is lacking, which would help ITC to be responsive to emerging needs and to set priorities, as well as reduce the tendency for product proliferation.

Several factors, including the split between regular budget and extra-budgetary resources, policies and practices with the regular budget, and the management processes of ITC, create incentives for product proliferation. Especially for products and activities financed from the regular budget, neither the costs nor the utilisation of products are considered systematically, and individual sections can introduce products without full consideration of overall costs and potential results to be achieved. The fixed costs of product development are not measured systematically and there is a lack of analysis of unit costs, and an absence of systematic tracking of the utilisation of global products makes it impossible to determine if the investment yields a suitable return.

More generally, there is a lack of a systematic process for monitoring results and outcomes achieved with ITC products and through ITC projects, either with TSIs or with end-user enterprises, including results in terms of the targets for MDG 8 as well as other MDGs, in particular poverty reduction and gender equity. Without such reporting, ITC will be unable to demonstrate outcomes and impacts effectively. This will require cooperation from TSIs. The impact of ITC programming on other MDG goals could be strengthened if innovative approaches could be developed to reach the informal sector, including women entrepreneurs.

More broadly, poverty reduction, gender equity and other development objectives require attention in programme and project design and implementation, as well as in monitoring and evaluation. This needs to include working proactively with development partners to ensure these objectives are taken into account in the design, implementation and monitoring of projects or programmes being delivered by ITC's partners.

ITC is making a contribution to the MDG 8 target of making available information and communications (ICT) technologies. There is, however, currently more scope for Internet-based methods of programme delivery in middle income countries and other low income countries than in Least Developed Countries (LDCs), and different approaches are also needed in the LDCs in the immediate future. ITC has been innovative in utilising cyber-collaboration tools, but the 'digital divide' constrains the effectiveness of these tools in relation to the priority target of LDCs. Some ITC products are also more suited to lower middle income and transition economies than to the least developed countries, due to weaknesses in basic trade support infrastructure and in viability of TSIs, as well as digital divide constraints in LDCs.

Country-specific projects are regarded as offering greater scope for tangible results by ITC partners, due to both their greater scale and their customisation to beneficiary needs. Intermittent funding arrangements and discontinuities and delays in launching country-specific projects, however, are often a source of disappointment for partner institutions.

## **Capacity of the Organisation**

### *Governance and Financing Modalities*

In ITC's early years, the parent organisations were more actively involved in the management of ITC and the agency benefited from an active expert governance body. Over time, the governance framework for ITC has become attenuated and fragmented. Although ITC has a formal structure that includes the Joint Advisory Group (JAG), the governance structure is lacking in important respects. It lacks either an expert advisory group or a small enough supervisory body to provide in-depth review or guidance on ITC objectives and programmes and support for management during a period of change. There is also no framework for review of an integrated programme and budget by a supervisory body. There are disparate reporting requirements for the two parent bodies and the donors, which impose significant transaction costs on the agency. Yet a comprehensive framework and process of accountability is lacking.

The Global Trust Fund (GTF) is a useful step towards harmonization of funding, but there are a number of bilateral trust funds involving earmarked funding, which increases transaction costs and reduces programme coherence. There are also challenges with respect to the effective use of trust fund resources that result from delayed and single year commitment authority. Greater use of multi-year funding by donors and mechanisms to eliminate undue lags in the availability of funding for the period for which it is intended would strengthen operational programming and effective use of the funds.

Current oversight arrangements by the UN are not well-suited to ITC's current needs and represent a significant administrative burden, especially when combined with the reporting requirements for different sources of extra-budgetary resources.

### *Corporate Management and Operational Issues*

The reduction in financial resources beginning in 1990 was a principal factor leading to retrenchment on technical assistance at the country-level and an increase in the focus on global products. In recent years, the growth of extra-budgetary resources associated with greater funding for TRTA has been used to support this broad strategy based on global and generic products.

The distinction between regular budget and extra-budgetary financing, and an increasing reliance on extra-budgetary resources, has implications for staffing and human resource management, as well as for overall management, including the delivery of a coherent and focused programme.

Allocation of costs is problematic for ITC. Expenditures under the regular budget are not currently allocated to specific programmes or projects, nor are back-stopping costs, and it is not possible to estimate full costs of particular products. Much remains to be done to

document and analyse such costs. The objective of better accounting of the cost of activities financed by the regular budget is complicated by a UN policy that regular budget activities should not “subsidise” extra-budgetary activities and vice versa. There is accounting and reporting for products and projects financed from extra-budgetary resources in ITC’s project portal information base, but the costing of deliverables is not a feature of this financial information system and the accounts are separated from the regular budget, which present obstacles to effective management and to effective oversight and accountability.

Human Resource Management (HRM) is a challenge in a small specialised agency. Greater emphasis needs to be attached to professional development and development of management skills. These require greater attention, as does the gender dimension in recruitment and promotion. Although morale, at least among professional staff, is relatively good, understanding of and commitment to corporate goals are uneven among the staff.

ITC does not have a formal process for monitoring projects. Such a system will be needed for larger country-specific projects and as part of any Programme-Based Approach (PBA) to donor financing. Indicators of achievement are not used as a basis for a structured monitoring system.

Evaluations of various types have been undertaken by ITC for many years, and these are generally of good quality and have been a consistent part of operational management. More precise written responses of ITC management to evaluations, however, would provide clearer guidance on how lessons learned should be applied in future. Discontinuation of the earlier practice of submitting regular programme evaluations for review by a core supervisory body has also removed an opportunity for discussion of lessons learned and how practices might be adapted to improve effectiveness and results.<sup>6</sup> An external review of evaluation findings is increasingly seen as an important element in the system of checks and balances in other multilateral agencies.

Responsibility for the evaluation function is currently shared with operational responsibilities, raising the question of whether there should be a greater distance between operational and evaluation roles.

ITC is at an early stage in the introduction of results based management, and key constraints need to be addressed. Generally, the accountability framework for ITC is activity- and output-oriented rather than results-oriented. It does not utilise comprehensively a logical framework approach. Further development of logical framework analysis and an integrated programme and budget would facilitate introduction of a Results Based Management (RBM) performance management framework. Some steps have been taken to introduce indicators of achievement, but RBM is not yet implemented in an integrated manner in the management of the institution.

Analysis of ITC’s resources and capacity raises the issue of the scale and focus of ITC activities. The Evaluation’s analysis indicates that an increased emphasis on country-specific interventions could improve effectiveness in terms of identifiable and objectively verifiable outcomes.

6) *Evaluations for programmes funded by the Global Trust Fund, however, are submitted to the GTF Consultative Committee.*

ITC’s current programming is broadly in line with its comparative advantage and acquired competencies, particularly in trade development TRTA. Newer programming areas in trade policy and regulation also draw on ITC’s experience and capacity for networking of TSIs and are appropriate activities for ITC consistent with its comparative advantage.

ITC has a good track record in cooperation with development partners and needs to maintain effective coordination with WTO and UNCTAD in particular. The lack of effective field presence and low visibility with donors at the country-level, however, makes it more difficult for ITC to participate in an effective way in efforts at country-level to coordinate technical assistance in accordance with national development priorities.

### Part III: Building for the Future

Part III draws lessons and makes recommendations for the future. The recommendations are summarised in the boxes following this executive summary.

#### Strengthening the Organisation

Greater harmonization of donor support to reduce transaction costs and improve programme coherence and effectiveness should be undertaken as a priority, consistent with the Paris agenda.<sup>7</sup> Harmonization should include greater use of multi-year funding and mechanisms for reducing adverse effects of late availability of funding authority. Prior steps to facilitate a harmonized approach should also be taken, including movement to a single fiscal year for ITC operations and preparation of an integrated programme and budget document, as a complement to formal programme and budget approval processes.

Extra-budgetary funding modalities have been significantly simplified, but there is considerable room for further reduction in the use of earmarked funding, with a view to reducing transaction costs and increasing programme coherence. The priority that aid donors and beneficiaries have given to harmonization in the provision of aid resources provides a new opportunity to simplify and strengthen extra-budgetary funding for ITC. Related steps that could strengthen operational programming and effective use of funds would be greater use of multi-year funding and mechanisms to eliminate lags in the availability of funding for the period for which it is intended.

Introduction of a single fiscal year for ITC operations and development of an integrated programme and budget would provide a better basis for aid harmonization and strengthened accountability.

Governance and accountability structures should be re-examined, with a view to providing a more effective mechanism for programme review, assessment and policy guidance on an integrated or agency basis. Such a mechanism should replace some of the existing mechanisms, such as the Consultative Committee of the Global Trust Fund and the informal JAG.

7) *The Paris Declaration on Aid Effectiveness, March 2005.*

The Evaluation recommends that consideration should be given by interested governments to establishing a process for review of the governance structure and the design of further steps for greater harmonization of donor assistance and financing modalities.

## Strengthening Operational Performance

Key recommendations are:

- With a major change in management personnel imminent due to retirements, ITC needs to develop a carefully designed *change management* strategy to build common values for the organisation among staff at all levels and to strengthen formal processes for key management functions.<sup>8</sup>
- Purpose and objectives of the Human Resource Management (HRM) function should be reviewed to provide for a more strategic human resource development role, and professional development for staff should be strengthened.
- RBM should be carried forward as a priority, and should include a performance management framework at the corporate level.
- More systematic needs assessment, combined with effective measurement of the costs of products and deliverables, and monitoring of the utilisation of ITC products, should be undertaken to ensure that those products are relevant and cost-effective.
- The evaluation function should be strengthened, separated from operational responsibility, and linked to the implementation of RBM in the clarification of the intervention logic, the articulation of specific objectives, and the identification of indicators.
- Development of indicators for monitoring results should include indicators for use by ITC's country partner TSIs to measure results at the end-user level.
- Development and implementation of more country-specific projects under Track 3 would complement ITC's role in supporting global products and networks under Track 1. This would require adjustment in funding modalities and could best be achieved by increasing the overall scale of ITC activities to allow an adequate minimum level of operations in individual countries, as well as overall economies of scale. Country-specific projects should not be dependent on the availability of specific bilateral trust fund resources but should be a part of an overall integrated programme and budget.

## Supporting Trade and Development

In the global development context, the focus of ITC is on MDG Goal 8, *partnership for development*, and some of the related targets. Other MDGs, however, including *reduction of poverty*, *gender equity* and *environmental sustainability*, need to receive priority as cross-cutting issues. In addition to its principal focus on Goal 8, ITC should institute an "MDG lens" in the development and implementation of all its programmes and projects, so as to better integrate poverty reduction and gender equity.

8) *Change Management has different definitions in fields ranging from information technology to strategic management. In this context, the term refers to a process of ensuring that staff at all levels are informed and involved on a continuing basis during a period of management or other significant change in an organisation, including involvement and a sense of participation in the development and implementation of a strategic re-orientation.*

The "MDG lens" should be paralleled by development of a set of indicators to measure results in terms of trade development and poverty reduction, gender equity and environmental sustainability, with a reporting system that includes ITC's programme delivery partners.

ITC should also explore innovative programmes that can improve the export readiness of enterprises in the informal sector, with benefits for low income groups and women entrepreneurs.

In order to strengthen in-country partnerships:

- Performance standards should be developed for partnering organisations;
- ITC should work with its partners to develop indicators to monitor results, including for poverty reduction and gender equity; and
- ITC should seek to increase support for sustainability of its TSI partners.

In order to strengthen cooperation with development partners, cooperation with UNCTAD and WTO should be a continuing priority, and new partnerships should be built and sustained in order to strengthen the capacity to achieve poverty reduction, improve gender equity and promote environmental sustainability.

For the future, the key set of issues relates to the scale of operations of ITC and how the focus should evolve. The basic choices are whether ITC:

- Should continue at its present scale, with an emphasis on global and generic product;
- Should become a smaller focused organisation emphasising global and generic products relying upon the regular budget; or
- Should be a larger organisation with greater emphasis on country-specific projects.

The Evaluation recommends that:

- The extent to which emphasis on country-specific operations can be strengthened should be reassessed in the context of available resources. Further increases in resources should be targeted at the country-level.
- In the context of unchanged resources, greater emphasis on country-specific operations should include a high degree of country selectivity, combined with pruning of the portfolio of ITC products.

Such a shift in emphasis, however, will be difficult to undertake effectively with limited resources. Increased resources would allow for an increased emphasis on country-specific programmes and projects, and also potentially permit greater economies of scale. The key recommendation of the Evaluation for both ITC management and stakeholders is that:

- *If key management and institutional reforms can be implemented, then the stakeholders of ITC should consider increasing the scale of ITC programming, with a greater focus on country-specific projects. Effective programme development, management and accountability for an increased scale of operation will be dependent on such reforms.*

The recommendations from the Evaluation are presented in summary form in the following pages. They are divided into two levels – *strategic and operational*. They can be better understood in the context of the Synthesis Report as a whole and especially Part III, but the summary is presented as an aid to the reader.

## Strategic Recommendations

### Harmonization and Accountability

1. *The Evaluation recommends to donor governments* that increased harmonization of donor support for ITC be undertaken as a priority, if possible in the form of a Programme-Based Approach (PBA), with the objective of reducing transaction costs and improving overall programme coherence and effectiveness.
2. *The Evaluation also recommends to the governments supporting ITC and concerned with its future direction* that the governance and accountability structures for ITC be reexamined, with a view to providing a smaller and more effective mechanism for overall programme review, assessment and policy guidance as a core element of the governance structure. Such a mechanism should complement and support the existing Joint Advisory Group (JAG) and the parent governance organs.
3. As a first step towards implementation of these recommendations, *the Evaluation recommends that interested governments* should establish a process for initial review of the governance structure of ITC and the design of further steps for greater harmonization, and report on their consideration to the next meeting of the JAG. This catalytic mechanism would best reflect the present realities of inter-governmental support for ITC.
4. The current overload of technical oversight mechanisms appropriate to UN secretariat bodies *should be reviewed by ITC, the JAG and the UN and WTO secretariats* with a view to releasing some of ITC's staff resources for performance-oriented programme management – an objective that ITC and its supporting bodies share as a priority.

### Strengthening Operational Performance

5. *ITC should undertake* a strengthening of key management processes, together with the development of an appropriate change management process, as a priority over the coming 12 months, and report on initial steps to the JAG.
6. *The Evaluation also recommends to ITC:*
  - More systematic needs assessment, combined with management improvements to measure costs and monitor utilisation for ITC products, should be undertaken to ensure that those products are relevant and cost-effective and avoid unnecessary product proliferation.
  - Development and implementation of more country-specific projects should complement ITC's role in supporting global products and networks. This could best be achieved by increasing the overall scale of ITC activities to allow an adequate minimum level of operations in a selected number of individual countries and overall economies of scale.

### Supporting Trade and Development

7. *The Evaluation recommends that ITC institute* the operational tool of an “MDG lens” in the development and implementation of all of its programmes and projects.

8. *The Evaluation also recommends* that the “MDG lens” be paralleled by the development by ITC of a structured set of indicators to measure results, including in terms of trade development, poverty reduction and gender equity, at all levels, and by a reporting and monitoring system that includes ITC's programme delivery partners.
9. *The Evaluation also recommends to ITC and the governments supporting ITC* that:
  - The extent to which the emphasis on country-specific operations can be strengthened should be reassessed in the context of available resources, and further increases in resources, in particular, should be targeted at the country-level.
  - In a context of unchanged resources, greater emphasis on country-specific activities and follow-up should include a high degree of country selectivity, at least in any given short- or medium-term time period.
  - If key management and institutional reforms can be implemented, however, then consideration should be given to increasing the scale of ITC operations, with a greater focus on country-specific projects.

## Operational Recommendations

### Harmonization and Accountability

10. In undertaking steps to increase harmonization of extra-budgetary financing, *donor agencies should consider* greater use of multi-year advance commitment authority and reduction of the adverse effects of late availability of funding for the year or years for which it is to apply.
11. Steps to facilitate a harmonized approach to financing *should be taken by ITC itself* as soon as possible, in particular the movement to a single fiscal year for ITC operations and preparation of an integrated programme and budget covering all of ITC's operations, whether financed from the regular budget or from extra-budgetary resources.
12. In developing a new, smaller and more expert mechanism as part of the governance structure, *governments should consider* this as a replacement for some of the existing mechanisms, such as the informal JAG and the Consultative Committee of the GTF, so as to minimize the administrative costs of governance and accountability.
13. The new arrangement should include designated responsibility for the members of such a mechanism, which should be relatively small, but representative of both donor governments and the various geographical groupings of beneficiary governments on a rotational basis,

### Strengthening Operational Performance

14. A carefully designed change management process should be developed in consultation with staff to provide for an effective transition and to renew and develop a common culture and strategy for the organisation.
15. ITC's initial preparations for, and experience with, RBM should be carried forward as a priority, and should include as the next step the development of an appropriate performance management framework at the corporate level based on logical framework analysis, with a structured set of indicators for monitoring and assessing results.
16. A parallel step in moving forward with RBM should be the use of a logical framework matrix for all major programs under the Global Trust Fund.

17. Development of indicators for monitoring results and achievement of objectives should include indicators for use by ITC's partner agencies and measurement of results at the end-user level in beneficiary countries, including outcomes with respect to poverty reduction, gender equity and environmental sustainability.
18. ITC's evaluation function should be strengthened and made independent from operational functions. Evaluation should be linked to the implementation of RBM.
19. Consideration should be given to re-instituting the earlier practice of a regular series of independent programme or sub-programme evaluations for review by an expert core body of the governance structure.
20. The purpose and objectives of the human resource management function should be reviewed, including its capabilities for a strategic human resource development role.
21. An agreed set of managerial competences should be developed as a basis for strengthening future recruitment, staff development, promotion and career planning.
22. The introduction of RBM should be reinforced by introducing performance indicators in the performance appraisal system including the new management.
23. The roster of consultants should be enhanced by improving the information base.
24. Improved measures of the costs of ITC products and projects should be a priority, and such measures should be monitored and subject to review by one of ITC's supervisory bodies.
25. ITC should establish a strategic marketing and priority identification function whose role would include a systematic needs assessment for the services and products that ITC can best provide, and advice on launching or discontinuing products. This should be a core part of the continuing effort to maintain relevance and focus in ITC operations and strengthen higher level outcomes and impacts.

#### Supporting Trade and Development

26. As part of the use of an "MDG lens", ITC should explore innovative programmes that could improve the export readiness of enterprises from the informal sector, with special benefits for lower income groups and women entrepreneurs.
27. ITC should also work with its TSI partners in the development of an overall ITC performance management framework centred on the identification of intended results and specification of objectively verifiable indicators, together with a system to allow its TSI partners to monitor and report on results.
28. ITC should set performance standards for partnering organisations as a condition of their certification to partner with ITC. Particular proposals to this end are made in the Report.
29. ITC should build on the current activities of the Executive Forum to develop analysis of TPO(Trade Promotion Organisation)/TSI performance indicators.
30. ITC should work with partners in trade support networks to develop indicators to monitor results for poverty reduction, gender equity, and environmental sustainability.
31. ITC should seek to provide increased support for strengthening the sustainability of its TSI partners.
32. Sustaining and building on cooperation between ITC, WTO and UNCTAD should be a continuing priority, particularly in establishing relationships among the new leadership of all three organisations and in maintaining coordination at the operational level.
33. As a small *niche* provider of TRTA, ITC should build and sustain new partnerships in the future, especially to develop new programming related to poverty reduction and gender equity.
34. ITC should find appropriate means to strengthen its field presence at the country-level to better interact with development partners and provide greater continuity in country-level operations. Options should be costed and discussed with ITC's governance bodies and funding partners.

## I. Context for the Evaluation

### 1 Introduction

#### 1.1 Objectives and Scope

*1.01* Independent joint evaluations are being undertaken for various international organisations.<sup>9</sup> A Joint Evaluation of the UNCTAD/WTO International Trade Centre was proposed at the 34th meeting of ITC's Joint Advisory Board in 2001 and supported by various countries and ITC management. The rationale was based on the ongoing effort to learn from experience and to contribute to an enhancement of ITC's services. It was also recognized that countries contributing funds had an obligation to monitor and evaluate organisations receiving those funds and to demonstrate the results of development assistance.

*1.02* The objectives of the Evaluation were to determine ITC's results and its success in fulfilling objectives, and to determine the comparative advantage of the organisation within the international trade and development community, which has changed significantly during the past decade. The Evaluation was further expected to offer recommendations on priority setting and on steps ITC should take to improve its future performance.

#### Box 1: Key Evaluation Questions

- *The comparative advantage of ITC*, with issues related to development relevance, value added, particularly in comparison with other international organisations such as WTO, UNCTAD and UNIDO, responsiveness to a changing environment, and use of potential synergies.
- *The performance of ITC's interventions*, addressing the extent to which objectives have been met, the results achieved, bottlenecks and key risks, and which activities have been most efficient and effective.
- *The capacity of ITC and Donor Funding Modalities*, including monitoring and evaluation systems, cooperation with other partners, resources and capacity in relation to activities, the extent to which programmes and projects are in line with comparative advantage, funding levels, and whether funding modalities function effectively.

*1.03* Three clusters of Key Evaluation Questions were to be taken as a point of departure (Box 1).<sup>10</sup> More specific questions within this framework were to be elaborated, and additional issues that could help to address the Evaluation's objectives were to be included.

9) *The term "Joint Evaluation" refers to an evaluation conducted on behalf of a group of countries (OECD, Glossary of Key Terms in Evaluation and Results Based Management, 2002).*

10) *Terms of Reference, Section 6.*

Three issues subsequently added were *governance structures*, *donor coordination* and *human resources*.<sup>11</sup> These are sub-sets of the evaluation questions relating to capacity and relevance.

### *Structure of the Evaluation Report*

1.04 This first volume of the Report is a *Synthesis*, drawing on the Evaluation as a whole, including the range of information obtained, the views obtained from stakeholders and those concerned with delivery of the programme, and the various types of analysis undertaken. Background studies are presented in five supporting volumes:

- *Volume 2* presents the methodology and project planning;
- *Volume 3* reviews the country-level field studies;
- *Volume 4* reviews the evaluation of ITC products;
- *Volume 5* presents the Evaluation's analysis of issues related to management and financial arrangements; and
- *Volume 6* examines the global context for trade and development and trade related technical assistance.

## 1.2 Conduct of the Evaluation

1.05 The Evaluation has been conducted by an independent team of evaluators and specialists in trade related technical assistance, together with local and regional evaluators, under the overall supervision of a Management Group composed of the sponsoring countries (Canada, Denmark, Finland, Germany, Norway, Switzerland and the United Kingdom), with Denmark as lead agency. A Core Group of representatives of donor and recipient governments has served in an advisory and governance capacity. As an independent evaluation, it has been carried out by entities and persons free of the control of those responsible for the design and implementation of the development intervention.

1.06 The Evaluation's approach has been comprehensive, including an evaluation of ITC performance at the country, product and corporate levels, as well as governance and financing, and an assessment of the external context. It has been based on evaluation principles and criteria common to DAC/OECD members,<sup>12</sup> and has taken into account approaches and standards used in the UN system. Standard approaches to programme evaluation have been supplemented by institutional and management analysis appropriate to the particular circumstances of ITC.

1.07 The Evaluation was organised in four phases. The first was an Inception and Desk Study. The second phase consisted of a number of *Field and Technical Studies*. The field and technical studies were prepared as input documents for the report and were reviewed with ITC management and staff. In January 2005, the Management Group decided to extend the scope of the Final Report to include more extensive treatment of the background studies. The overall analysis of findings was undertaken concurrently during this third phase.<sup>13</sup> The Synthesis Report was then completed, together with a revision of the five volumes of background studies.

11) *Minutes of the meetings of the Management Group and Core Group, April 28 and 29, 2004.*

12) *As set out in Review of the DAC Principles for Evaluation for Development Assistance (OECD, 1998) and Effective Practices in Conducting a Multi-Donor Evaluation (OECD, 2000).*

13) *The data used in the Evaluation are as of the dates of completion of the various studies and analysis and are so indicated, with some updating of particularly relevant information in the Synthesis Report.*

## 1.3 The Synthesis Report

1.08 The Synthesis Report is structured in three parts:

**Part I: Provides the Context for the Evaluation.** *Chapter 1* is an introduction, while *Chapter 2* summarizes the methodology. *Chapter 3* reviews key aspects of ITC's mandate, policy direction, governance and accountability framework, as well as its sources of financial support, as a basis for the analysis in later chapters. *Chapter 4* briefly reviews ITC's programming and management and its organisational and programme structure. *Chapter 5* describes the external environment within which ITC operates.

**Part II: Relevance, Performance and Capacity** presents the Evaluation's overall *analysis, findings and conclusions*. It is structured in terms of the three clusters of Key Evaluation Questions in the Terms of Reference (TORs). *Comparative advantage* is addressed in *Chapter 6*, providing a backdrop for the analysis in subsequent chapters. *Performance of ITC's interventions* is covered in *Chapters 7 and 8*. *Capacity issues, including donor funding*, are addressed in *Chapters 9 and 10*, including the related issues of governance, accountability and financing modalities in Chapter 9, and corporate management and performance in Chapter 10.<sup>14</sup>

**Part III: Building for the Future** presents the Evaluation's recommendations based on the findings and conclusions in Part II. These are forward-looking and intended to provide a basis for strengthening the organisation, its focus, programmes and financing. *Chapter 11* presents recommendations for the harmonization of financial modalities and the strengthening of accountability and policy and programme direction. *Chapter 12* sets out recommendations on strengthening operational effectiveness. *Chapter 13* is addressed to the integration of development goals in ITC operations, strengthening partnerships, and options for the continuing evolution of ITC.

### Box 2: A Snapshot of ITC

Since 1964, the International Trade Centre has helped the business sectors of developing and transition economies to develop exports. Its goal is to help these countries to achieve sustainable human development through exports, with an emphasis on competitiveness, encouragement of partnerships and fostering innovation.

#### Complementarity

ITC is a joint technical cooperation agency of the UN Conference on Trade and Development (UNCTAD) and WTO, concentrating on business aspects of trade development. While UNCTAD and WTO work principally with governments, ITC works mainly with the business community.

#### ITC facts and figures

##### What ITC does

- Mission: Trade development, focusing on export growth.
- Clients: Business sectors of developing and transition economies. ITC estimates some 33 per cent of its programme delivery supports LDCs

14) *"Capacity" of the organisation, as used in the Terms of Reference, refers to both factors internal to ITC and those related to the external environment, in particular the level and nature of available resources and the governance, oversight and accountability structures.*

*Who ITC is*

- Staff: 213 in 2004.
- Consultants: 800 consultancy assignments in 2004 with a majority from developing and transition economies.

*How ITC operates*

- Funding: USD49 million in 2004.
- Sources: UN and WTO finance ITC's regular programme equally. Donor governments and civil society organisations finance specific programmes and projects.

*ITC's goals*

- *Multilateral trading system.* Facilitate the integration of developing and transition economies into the multilateral trading system.
- *Trade development strategies.* Support national efforts to design and implement trade development strategies.
- *Trade support services.* Strengthen key trade support services, both public and private.
- *Sectoral performance.* Improve export performance in sector of critical importance and opportunity.
- *Competitiveness.* Foster international competitiveness within the business community as a whole and among small and medium-sized firms in particular.

*ITC's vision*

- Be a recognized centre of excellence for trade development.
- Help developing countries export more competitively.
- Be pragmatic in its approach and achieve widest impact.
- Foster a supportive, stimulating and intellectually rewarding environment for staff.

*ITC's technical programmes*

- Strategic and operational market research.
- Business advisory services.
- Trade information management.
- Export training capacity development.
- Sector-specific product and market development.
- Trade in services.
- International purchasing and supply chain management.

Source: Adapted from ITC at a Glance (ITC, July 2005, [www.intracen.org](http://www.intracen.org)).

## 2 Approach and Methodology

2.01 The Evaluation used four interconnected modalities. Each of these has included diagnostic tools and differing sources of information. They provide different perspectives and the factual and analytical input for the Synthesis Report.

2.02 The four modalities are:

- An *evaluation of ITC performance and comparative advantage at the field level.* 10 country-level field studies were undertaken for this purpose: *Burkina Faso, El Salvador, India, Kenya, Kyrgyz Republic, Moldova, St. Lucia, Tanzania, Tunisia, and Vietnam.*
- An *evaluation of ITC products and technical competencies,* with studies on *Business Environment, Export Led Poverty Reduction Programme (EPRP), Product and Market Development (DPMD), South-South Trade Promotion (SSTP), and Enterprise Competitiveness.* These cover most of ITC's products. Field missions for individual product case studies were also undertaken in Brazil, China, Latvia, and South Africa.
- An *organisational evaluation,* with studies on *corporate performance, including budget, financing modalities, policy direction and governance; change and results based management, human resources management, and e-readiness, communications and marketing.*
- An *assessment of the global context and the external environment.* This included background studies on *Trade and Development, Review of Trade related technical assistance (TRTA), and The Role of Trade Support Networks.*

### 2.1 Evaluation Framework and Methods

2.03 The Evaluation's starting point was the development of a Reference Framework using a result-based logical framework developed by the Evaluation to provide a benchmark for ITC and TRTA. This was used to identify indicators for each level of the results chain from resources to activities, outputs, objectives and goals. The Reference Framework and the Key Evaluation Questions in the Terms of Reference were used to develop a more detailed Evaluation Matrix.<sup>15</sup>

2.04 As part of the Reference Framework, ITC's areas of technical competence were disaggregated into 15 categories.<sup>16</sup> The MDGs for poverty reduction, gender equity and environmental sustainability, as well as South-South cooperation and digital divide issues, were also included as issues to be considered in the Evaluation.

2.05 The five core evaluation criteria of *relevance, efficiency, effectiveness, impact and sustainability,* as set out in the *DAC Principles for the Evaluation of Development Assistance,* formed a central focus in the methodology, and different evaluation methods were designed in line with these criteria. The same principles of evaluation have been reflected and incorporated into the Norms for Evaluation in the UN System adopted by the United Nations Evaluation Group (UNEG) in April 2005.

2.06 The methodology used a mix of quantitative and qualitative techniques. These included analysis of documentary records and statistical data, structured interviews with stakeholders, e-questionnaires, aggregation from data sheets, review of products in terms of quality and potential utility, focus group discussions, rapid appraisal techniques, sampling, rating, and triangulation. Findings were discussed with ITC management and staff for verification.

15) This was presented in the Inception Report.

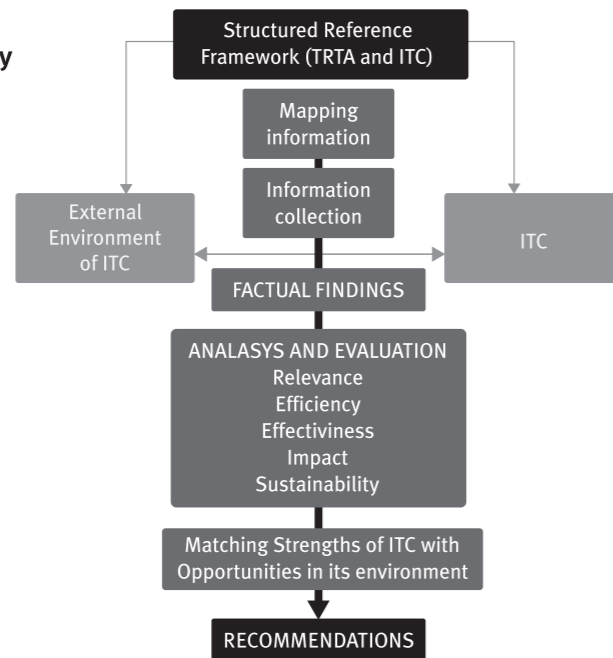
16) Shown in Figure 6.1.



The methodology also included an analysis of *Strengths, Weaknesses, Opportunities and Threats (SWOT)*, institutional analysis, and analysis of corporate processes.

2.07 Statistical analysis was used where possible, particularly in the analysis of programmes and financing modalities. Use of quantitative methods was more limited in other areas, particularly at the country-level, due to the complexity and fragmentation of ITC country portfolios. Detailed data sheets, however, were compiled on the basis of interviews with partner and non-partner TSIs,<sup>17</sup> end-user SMEs, donors, and government policy and regulatory bodies. Aggregation and analysis was then based on these data sheets.

**Figure 2.1:**  
**Evaluation Methodology at a Glance**



2.08 Stakeholder analysis was based on in-country interviews and surveys of beneficiaries, end-users, donors and government policy-makers, as well as interviews with participants in ITC workshops and seminars, e-questionnaires, and interviews with bilateral donors and the staff of several international organisations.

2.09 For the analysis of *comparative advantage*, methodology from comparable studies was drawn on<sup>18</sup> and included an analysis of institutional characteristics, relations with stakeholders, experience, skills and competencies, and use of comparators. Interviews and stakeholder analysis included other international organisations, donors at headquarters, and beneficiaries, government policy bodies and donors at country-level.

2.10 The assessment of *governance and accountability* included analysis of a substantial body of documentary evidence and supervisory and accountability structures and how their character and roles had changed over time, including participants, processes, substantive content, influence and perceived effectiveness. It also included interviews with participants in the governance process and with ITC's parent organisations.

17) The term TSIs is used in this Report to cover both TSIs and TPOs unless otherwise indicated.

18) See para. 6.02, Note 36.

2.11 The Evaluation included meta evaluation, drawing on more than 20 evaluation studies prepared for ITC and other organisations, in order to benchmark results and validate findings and conclusions.

2.12 The Evaluation reviewed other TRTA evaluations in order to validate the methodology. Other evaluations of TRTA have focused on relevance, efficiency and to some degree effectiveness.<sup>19</sup> They have not examined impacts, because the effects of TRTA are indirect and influenced by many factors affecting trade, investment, exchange rates and overall economic growth and development. The current Evaluation, however, undertook a comprehensive set of field and technical studies with the objective of tracing the results chain from activities to outcomes and impacts more fully than in other TRTA evaluations, while recognizing that many factors influence economic impacts.

2.13 Country selection for the field studies was based on a number of criteria. The sample was designed to be representative of countries at different levels of development (LDC, OLIC and LMIC),<sup>20</sup> different regions of the world, and both developing countries and transition economies. Countries were also chosen on the basis of a relatively active ITC programme and a project portfolio covering a range of ITC technical competencies, with completed projects as well as projects under implementation. This process led to the selection of a relatively large sample of 10 countries.<sup>21</sup>

2.14 The initial selection of individual projects to be included in the field studies was based on (a) all country-specific projects in a country; and (b) all regional and global programme activities where there were entries in the project portal for that country, except in two cases where there was a very large number of country-level entries.

2.15 Since many ITC global and regional programme activities are allocated over a large number of beneficiary countries, a further criterion – *presence of identified beneficiaries in the country* – was also used. Some global products such as World Tr@de Net have an identified focal point in-country. The focal point could be contacted and interviewed, with a view to obtaining both information and contacts with end-users.

2.16 The selection of interviewees was done by contacting and interviewing:

- All identified direct beneficiaries, usually TSIs;
- End-users benefiting from ITC activities or projects, to the extent possible;
- Non-partner TSIs;
- Representatives of bilateral and multilateral agencies with TRTA activities; and
- Government policy bodies involved with trade development.

19) M. Agarwal and J. Cutura, *Integrated Framework for Trade Related Technical Assistance* (World Bank Operations Evaluation Department, 2004); A. Weston, C. Blouin and L. De Silva, *Evaluation of DFID Support to Trade Related Capacity Building: Synthesis report* (North-South Institute, February 2005); ADB with IBM & EPU-NTUA, *Evaluation of Trade Related Assistance by the European Commission in Third Countries* (May 2004).

20) *Least Developed Countries (LDCs), Other Low Income Countries (OLICs) and Lower Middle Income Countries (LMICs)*. The UN uses the categories of LDCs, developing countries and economies in transition. The Evaluation has made a further distinction among developing countries for analytical purposes to address particular questions in the Terms of Reference.

21) The range of projects included is shown in Table 7.3

Efforts were made to identify as many beneficiaries as possible through interviews with ITC staff and with TSIs and other in-country sources. All identified TSIs were contacted.

2.17 A set of evaluation tools was developed for the country-level field studies. These included common questionnaires and data sheets to allow comparability and aggregation of results across countries, and training seminars were conducted for evaluators on the use of these tools. Local evaluators conducted many of the interviews.

2.18 The methodology sought to address the problems of evaluating networks and global products to complement the findings from country-level and technical studies. E-questionnaires were used for this purpose. The approach was to target all ITC partners identified by ITC.

2.19 Since the ITC approach to product development and dissemination stresses a Product Network Approach (PNA) of cyber-collaboration with partners in beneficiary countries, the size and vitality of these electronic networks needed to be assessed. The public website, [www.itcevaluation.org](http://www.itcevaluation.org), was used to administer the e-questionnaires. Altogether, 10 different questionnaires were administered in this way. In addition, the database developed for the website was utilised for aggregation and analysis of questionnaires and datasheets compiled in the field studies.

2.20 Sampling was not an issue in the case of the product studies, since all of the main programme areas and product groups of ITC and all of the technical competencies identified in the Reference Framework were included, with the exception of *Trade Finance*. Methodology for the product studies included interviews at ITC headquarters and during the field work, analysis of the results of the field studies, analysis of product development and marketing, and an analysis of publication sales figures and dissemination via the Internet or in printed form.

#### *Management of the Evaluation*

2.21 The Management Group met with the lead consultants or the full evaluation team several times in the course of the Evaluation. There were also meetings with the Core Group at the main stages of the Evaluation. The Evaluation Team met extensively with ITC management and staff, initially to ensure that the methodology, including questionnaires and datasheets, was adapted to ITC activities, and subsequently on the background studies and the Synthesis to validate factual information.

2.22 The Management Group and Core Group met in December 2004 and January 2005 to review the draft background studies and, following the decision to upgrade the background reports and launch a process of peer review and external review by a Quality Control (QC) team, the Management Group met again in June and July 2005 to review progress on the studies and the draft Synthesis Report, as well as meeting in August and September on the Synthesis Report. The Evaluation Team, the Management Group, and the QC team then met with ITC in October 2005 to review a draft of the Synthesis Report. The Draft Synthesis Report was subsequently circulated to delegates to JAG, and the results were presented by the Evaluation Team to informal JAG meeting on November 24, 2005.

## 2.2 Limitations and Constraints

2.23 ITC implements small projects spread over many countries and works through intermediaries, with substantial emphasis on global products and networks. This pattern of intervention does not lend itself easily to evaluation or to establishing evidence trails. This was partly compensated for by the comprehensive nature of the Evaluation, including the large number of country and product studies.

2.24 The extent to which outcomes and impacts as a result of ITC interventions could be identified was limited by a lack of baseline data and the absence of a system for intermediaries to track results at the level of end-users. Some baseline data, however, was obtained from previous evaluations. It was also not possible to identify the full costs of particular products or deliverables because data on total costs were generally not available because of the nature of ITC funding and the separate sources of funding for base operational costs and technical assistance delivery.

2.25 The difficulty of assessing downstream impacts for trade related technical assistance was recognised in the Terms of Reference and impact assessment has generally not been attempted in previous evaluations of TRTA (see para. 2.12). As noted above, however, an effort was made in the Evaluation to trace the results achieved as comprehensively as possible.

2.26 The Terms of Reference were prepared in 2003 and may not fully reflect the development of the international response to the MDGs, with their high priority for broad-based poverty reduction and the inter-relationship of different MDGs. The Evaluation, nevertheless, while concentrating on the Key Evaluation Issues in the Terms of Reference, also considered MDG issues to the extent possible, given limitations in available data. This includes particular attention to ITC's Export Led Poverty Reduction Programme (EPRP) and other activities as instruments for addressing a broader set of MDG goals and targets.

2.27 The field study teams contacted and interviewed all beneficiaries identified by ITC and then identified end-users and other beneficiaries wherever possible. A number of non-partner TSIs were also interviewed as a control group. In particular, 36 of the 37 partner TSIs in the countries visited for the field studies were interviewed. In addition to interviews, a total of 36 TSIs completed detailed questionnaires. The number of respondents, however, was necessarily small because the number of partners and beneficiaries, even in countries where ITC is most active, are relatively few.

2.28 The Evaluation used quantitative information drawn from small respondent samples. This did not present a sampling issue, however, because in most cases the full relevant populations were surveyed. For example, the e-questionnaires for the product studies were sent to all partners identified by ITC. Findings based on structured oral surveys and e-questionnaires were tested by interviews and focus groups.

2.29 Findings and conclusions in the Synthesis Report are drawn from the Evaluation as a whole, with different perspectives from the different studies and analyses. The strength of the Synthesis lies in the comprehensive nature of the Evaluation and the opportunities for triangulation and validation.

### 3 Governance and Financial Resources

#### 3.1 Establishment, Mandate and Governance Framework<sup>22</sup>

3.01 The International Trade Centre was established by the GATT Council in 1964 to provide trade information and trade advisory services for developing countries. The Centre began operations in May 1964 as a small operational unit within the GATT Secretariat. Its establishment resulted from an extended debate on the declining share in world trade of developing countries and how their trading performance might be improved.

3.02 An *Expert Group* of specialists in trade promotion provided guidance on the objectives and activities of the Centre,<sup>23</sup> and then as the *Advisory Group on Trade Information and Trade Promotion Advisory Services*, continued to provide policy guidance and make recommendations on programme development and the expansion of the Centre, including staff and budgetary allocations.

3.03 UNCTAD I concluded that an international trade information and trade promotion centre could render valuable assistance to developing countries. A decision was taken to combine various UN activities into a United Nations Export Promotion Programme, with ITC to play a key role. The result was a recommendation for a joint GATT/UNCTAD International Trade Centre. This was accepted by the governing bodies, and the UN General Assembly approved the establishment of an ITC to be “operated jointly by the United Nations Conference on Trade and Development and the General Agreement on Tariffs and Trade on a continuing basis and in equal partnership” from January 1, 1968.<sup>24</sup> In addition to a regular budget to be financed by GATT and the UN and UN technical assistance funding, ITC was expected to receive contributions from donor governments and agencies in developed countries. This joint venture arrangement from 1968 provides the formal basis for the current operation of ITC, although the practice has evolved over time.

22) Governance was added to the Evaluation in April 2004 and has received substantial attention in the Evaluation. This section describes key aspects of the context for the analysis of the governance issue in Part II. It draws on original documentation on key decisions and individual meetings, including reports of the various bodies, as well as individual interviews and an account of ITC’s first 20 years by Dr. Frederick Glover (*The International Trade Centre UNCTAD/GATT 1964-1984: An historical account of twenty years of service to developing countries*, 1984).

23) The Expert Group consisted of technical specialists from 12 countries, chaired by Sweden.

24) UNGA Resolution 2297 (XXII), 12 Dec. 1967 and “Proposal for the Establishment of a Joint GATT/UNCTAD International Trade Centre”, Annex to L/2890, 6 Nov. 1967. The original statement of purpose is set out in Box 3.

#### Box 3: Original Purpose of the Joint ITC

To assist export promotion in developing countries by:

- Providing trade information;
- Providing trade promotion advisory services;
- Arranging training in export promotion;
- Undertaking studies on specific aspects of trade promotion and marketing;
- Providing substantive support for export promotion projects financed under United Nations technical cooperation programmes.

3.04 Governmental supervision was to be exercised by the Contracting Parties to the GATT and the UNCTAD Trade and Development Board, to which an annual report on ITC’s activities would be submitted. A *Joint Advisory Group* was established along the lines of the existing Advisory Group. Participation, however, was open to any member state of UNCTAD or Contracting Party to the GATT prepared to provide an expert on trade promotion.<sup>25</sup> GATT continued to deal with administrative, financial and personnel matters and GATT regulations applied.

3.05 The first meeting of the Joint Advisory Group (JAG) was held in May 1968, with experts in trade information and trade promotion from countries and intergovernmental organisations. The JAG reviewed the Centre’s work programme, made proposals for activities in the coming year, and supported a substantial increase in staff. Some 18 donor countries indicated their intention to make voluntary contributions, and this provided for a substantial growth in ITC activities.<sup>26</sup> Further meetings were held annually, together with meetings of smaller subsidiary bodies established as the JAG became increasingly larger.

3.06 ITC’s role was strengthened by an UN Economic and Social Council (ECOSOC) Resolution in 1973, which recognized that a better utilisation of scarce resources could only be achieved by avoiding duplication and overlapping, and that the Centre should be “the focal point for technical assistance and cooperation activities in the export promotion field within the United Nations system.”

3.07 Reviews of ITC’s administrative and financial arrangements in 1972 and 1973 resulted in important changes. A number of budgetary and administrative responsibilities were transferred to ITC, followed by a major shift in accountability functions from GATT to the United Nations in December 1974.

25) Report of the Working Party of the GATT on the Joint GATT/UNCTAD International Trade Centre (L/2932, 22 Nov. 1967), paras. 11-12.

26) Voluntary contributions had begun in 1966 and became increasingly significant, reaching a level equivalent to more than 50 per cent of the regular budget by 1970 and exceeding the regular budget by 1974.

The 1974 agreement confirmed the status of ITC as a joint subsidiary organ of the United Nations and GATT, and provided that the Centre would apply the staff and financial regulations of the United Nations, ITC's accounts would be certified by the UN Controller, audited by the UN's external auditors and reported to the General Assembly and the GATT Council, and regular staff members of ITC, although with services restricted to ITC, would have the same rights as staff members of the UN Secretariat. The agreement also provided that "ITC should be accorded a degree of separate identity that would facilitate the carrying out of its work effectively and efficiently".<sup>27</sup>

3.08 These various elements in ITC's first two decades defined the role and mandate of the agency, the basic administrative arrangements and the governance framework. They are an essential basis for understanding and assessing present arrangements.

#### *Policy Direction and Programme Review*

3.09 ITC, as a subsidiary agency of the UN/UNCTAD and WTO, is subject to the governing bodies of both, and is also subject to oversight procedures of the UN. The Executive Director of ITC is appointed by the Director-General of WTO and the Secretary-General of UNCTAD, and was originally intended to be guided in policy matters by the heads of the two parent organisations. That part of the overall ITC programme financed by the regular budget is subject to the detailed programme and budget review procedures of the United Nations, with final programme and budget approval by the governing bodies of the UN and WTO. The programme and budget procedures do not extend to ITC operations financed from extra-budgetary resources.

3.10 The *Joint Advisory Group* is a key element in the governance and accountability structure, and is regarded as the policy making organ of ITC. It is the body to which ITC ostensibly reports for substantive programme review and policy guidance, since review in the various bodies of WTO, UNCTAD and the UN is briefer and more formal, without an opportunity for substantive discussion among officials concerned with ITC and with ITC itself.

3.11 The JAG was originally intended as a body of experts on trade promotion, drawing on the work of its predecessor, the GATT Advisory Group, which had provided substantive guidance on the work of ITC in its initial phase. The formal role of the JAG, however, was (and remains) advisory, as it does not have the power to commit financing to ITC, since the latter function is exercised by the governing bodies for the UN and WTO.

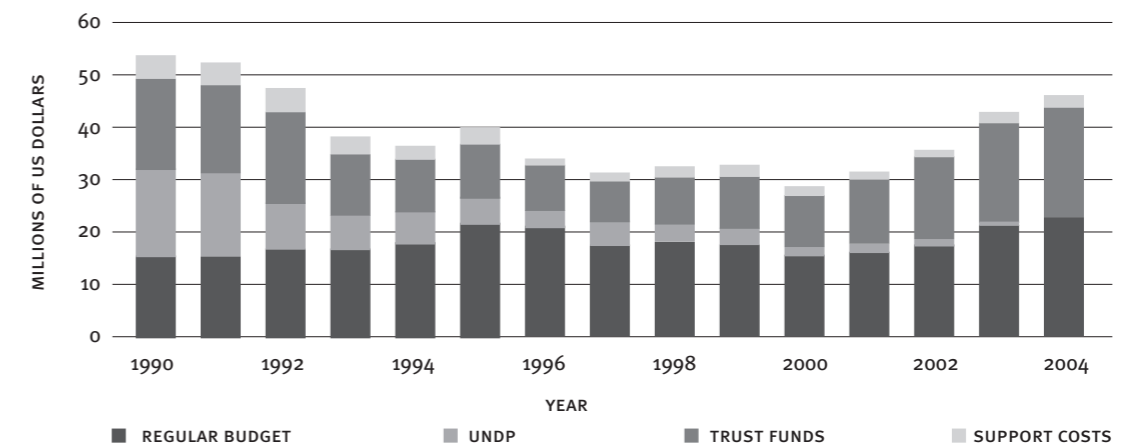
3.12 The JAG meets in April or May each year. A large number of invitations is sent to governments, UN bodies, intergovernmental organisations and others, with close to 100 country delegations attending. The agenda includes statements by the Executive Director as well as WTO and UNCTAD executive heads, a series of statements by representatives, a report on technical cooperation activities, a report of the Consultative Committee of the Global Trust Fund, and announcement of trust fund contributions for the current year. A report on the meeting is approved by delegates and submitted to the governing bodies of WTO and UNCTAD.

27) UN documents A/PV.2325, 20 Dec. 1974, and A/9960, 17 Dec. 1974, pp. 13-14, and A/C.5/52/25, 2 Dec. 1997 on "Administrative Arrangements for the International Trade Centre UNCTAD/WTO", p. 2.

## 3.2 Financial Resources and Changing Sources of Support

3.13 The sources of financial support for ITC's operations include both regular budget and extra-budgetary resources. The regular budget is financed in equal parts by WTO and the UN, while extra-budgetary resources are provided from different sources for particular programmes or projects, with a specified percentage charge for ITC support costs. There have been substantial changes over time in the extent to which ITC operations have been financed by the different sources.

Figure 3.1:  
Total Expenditure from Regular  
and Extra-budgetary Resources, 1990-2004 (USD million)



Source: ITC Annual Reports for 1990 to 2004, Statistical Tables.

3.14 Over the period 1990 to date, total expenditures by ITC have varied from a high of USD56 million in 1990 to a low of USD30 million in 2000 (see Figure 3.1). Financing from the *regular budget* rose to USD23 million in 1995, and then declined to a low of USD17 million in 2000.

3.15 Since 2000, the regular budget has recovered to USD25 million, while overall expenditures have risen more rapidly to USD49 million, reflecting in both cases changes in exchange rates, together with a faster rate of increase in trust fund resources.<sup>28</sup> Despite recent increases, however, overall expenditures have not regained the level of 1990.

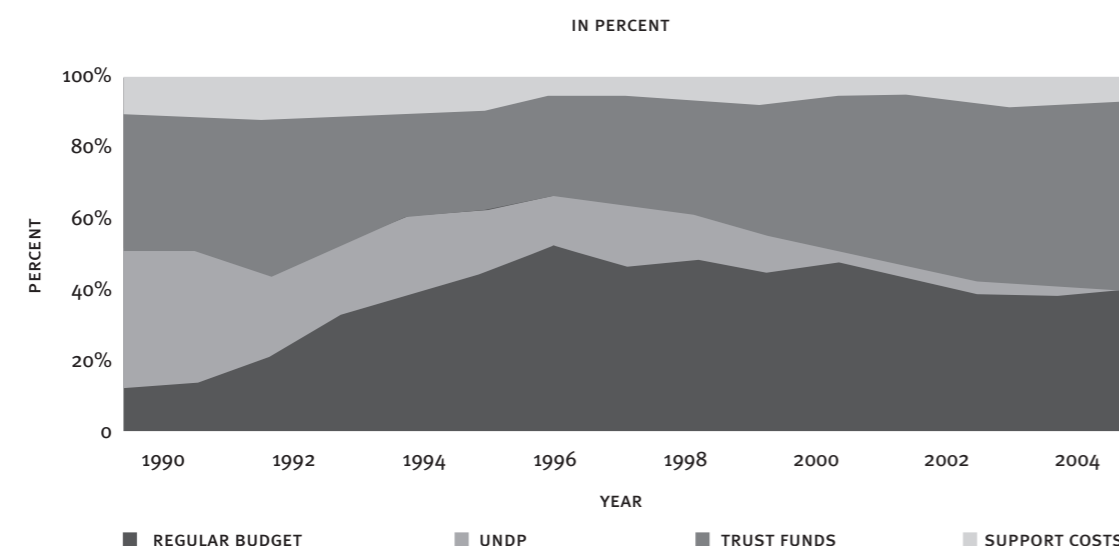
3.16 Funding from *the UN system*, including extra-budgetary funding from UNDP as well as the UN's 50 per cent share of the regular budget, has declined from USD26 million in 1990 to USD13 million in 2004, reflecting the decline in UNDP support from being the major single provider of extra-budgetary funds to a nominal USD500,000.

28) The regular budget is denominated in Swiss Francs CHF, with United States dollar (USD) funding adjusted to meet the approved budget in CHF terms. The nominal increase between 2002 and 2004 was largely a result of exchange rate changes. Similarly, the USD equivalent of trust fund contributions where these were committed in other currencies also increased in terms of USD.

3.17 *Trust fund resources* provided by individual donors have financed a substantial part of ITC operations. In terms of expenditures, trust funds provided USD17.5 million in 1990, declining to USD8.5 million in 1996, and then increasing to USD21 million in 2004.<sup>29</sup>

3.18 In *percentage terms*, trust funds covered<sup>35</sup> per cent of ITC expenditures in 1990, compared to 28.5 per cent from the regular budget. In 2004, trust funds financed 48 per cent of ITC expenditures and the regular budget 51 per cent. The share provided by *the UN system*, including extra-budgetary funding from UNDP, fell from 50 per cent in 1990 to 26 per cent in 2004. *WTO's share*, which relates solely to the regular budget, has risen from 14 per cent to 25 per cent. These changes are reflected in Figure 3.2.

**Figure 3.2:**  
Total Expenditure from Regular and  
Extra-budgetary Resources, 1990-2004



3.19 Overall, the changes have reflected declining UNDP resources and changes in UNDP priorities,<sup>30</sup> constraints on UN budget resources, and reduced bilateral support during an interregnum in ITC leadership and policy direction in the early 1990s, followed by substantial increases in bilateral donor support in more recent years.

#### Extra-budgetary Resources

3.20 Voluntary contributions by individual donors exceeded the level of the regular budget as early as 1974, and UNDP funding provided additional resources beginning in 1970. In 1990, expenditures financed from extra-budgetary sources were USD40 million, including the trust funds and UNDP in roughly equal proportion. By the end of the period, in 2004, expenditures financed by UNDP were no longer significant, while that from the trust funds, which had declined in the 1990s, were on a rising trend. Total extra-budgetary resources were USD22 million. A breakdown of current extra-budgetary resources is shown in Table 3.1.

29) An additional USD2.7 million was contributed towards support costs.

30) Until the late 1990s extra-budgetary resources from UNDP provided a significant share of ITC programme funding.

**Table 3.1: ITC Extra-Budgetary Resources**

Allocations for operational projects (USD '000)	2003	2004
Global Trust Fund	8,767	9,079
Window I	4,835	3,982
Window II	3,932	5,097
Common Trust Fund	1,263	2,480
JITAP I	46	
JITAP II	1,217	2,480
Asia Trust Fund (EU)	-	99
Individual Trust Funds (21)	8,782	8,745
Funds-in-trust	221	371
Revolving funds 836	1,045	
UNDP 800 274		
UNDP – Integrated Framework	626	184
<b>Total</b>	<b>21,295</b>	<b>22,277</b>

Source: Annual Reports 2003, 2004, Statistical Appendix Global Trust Fund

#### Global Trust Fund

3.21 The *Global Trust Fund* was established in 1995 as a new facility to complement ITC's regular budget through relatively flexible funding that would enable the agency to provide additional services and field activities for a larger number of beneficiaries. The GTF finances an agreed programme, although with different funding options and different degrees of earmarking.

3.22 *Window I* of the GTF finances additional core staff in specialized areas, missions by ITC staff for the regular programme of work, programme development, specific programmes for particular countries or regions, meetings of experts, and other activities. *Window II* allows donors to fund particular programmes. Six such programmes are currently being financed by different donors. These are the *World Trade Net*, *South-South Trade Promotion*, *the E-Trade Bridge for SMEs*, *the Export Led Poverty Reduction Programme*, and, most recently, *ServicesNet and Designing Export Strategy*.<sup>31</sup> A *Window III* was also created in 2004 for contributions for the EC-supported Asia Trust Fund.

3.23 A distinctive feature of the GTF is the *Consultative Committee*, which is a formally established programme advisory body. Its mandate is to review proposals for the use of funds, take a position on the orientation of the use of funds under Window I, advise on types and orientation of programmes under Window II, review progress on implementation, and agree on monitoring and evaluation mechanisms. The Committee has 18 members from both donors and beneficiaries, drawn from each country group, as well as a number of country observers. Members are nominated annually by each country grouping.

31) The last two of these programs were added in 2005.

The Committee meets two to three times per year and submits an annual report to the JAG. It functions in a relatively informal and flexible manner, without formally established procedures.

#### *JITAP and the Common Trust Fund*

3.24 The multi-agency *Joint Integrated Technical Assistance Programme (JITAP)* for Selected Least Developed and Other African Countries is financed by a **Common Trust Fund (CTF)**, to which 10 donors are contributing a total of USD14.2 million for JITAP's second phase (2003-2007). The Programme began with a set of needs assessments in 1996-97 and the CTF was set up in 1998. The executing agencies for JITAP are ITC, WTO and UNCTAD, and ITC administers the trust fund and houses the coordinating unit.

3.25 JITAP's objective is to strengthen the capacity of African partner countries to benefit from the new multilateral trading system, including more effective participation in trade negotiations and improved supply capacity and market knowledge of exporting enterprises. Under JITAP II, the Programme has been extended to a total of 16 African partners.

3.26 Country-level coordination is undertaken through national steering committees, while an overall *Steering Group* meets up to three times per year. Members of the Steering Group include the three executing agencies, contributing donors and African partner countries. Others may participate as observers. Among the features of the programme's management is results-oriented reporting, a performance framework, and an emphasis on evaluation, with both a JITAP I mid-term evaluation and a summative evaluation at the end of JITAP I.

#### *Other Trust Funds*

3.27 **Individual trust funds** continue to provide a major share of ITC's extra-budgetary resources, although the Global Trust Fund is now of comparable importance. There are *more than 20 such funds*, most of them with individual donor countries. In some cases, these continue to be earmarked for specific projects or activities, with varying conditions and separate approval and reporting procedures. In other cases, more flexible arrangements are now in place.

3.28 Among these is a recent arrangement with the European Commission for an **Asian Trust Fund (ATF)**, based on the concept of a partnership between the EC and ITC. This permits the Commission to support a programme with a high degree of flexibility. The objective is to assist Asian developing countries in their integration into the world economy by providing trade related technical assistance. The ATF provides Euro (EUR) 5 million for the 3 years 2004-2007, with the EC providing EUR4.5 million and ITC covering the balance. The arrangement may be extended, depending on results. The procedures provide for a high degree of transparency and a rapid 60-day response to requests from governments. There is no formal coordinating mechanism. The special Window III in the GTF was set up to contribute to ITC's share of the costs.

#### *Trust Fund Donors*

3.29 Under present trust fund arrangements, donors are able to contribute extra-budgetary resources in various ways, with Window I of the GTF being closest to a harmonized programme-Based approach (PBA) in support of a programme that is in many ways an extension of that financed by the regular budget, permitting a larger outreach for ITC in a fairly flexible way. The extent to which resources are earmarked for particular purposes, however, and the procedures for funding, approving and reporting on activities, vary greatly among the different arrangements. The Evaluation's analysis of these arrangements is presented in Chapter 9.

## 4 Programmes and Management

### 4.1 Strategic Changes in ITC Programmes

4.01 In ITC's first decade, the focus was on providing trade information from a Geneva base through the *International Forum* magazine and an enquiry reply service. The focus soon shifted to the provision of technical assistance. During the 1970s, and especially after 1973, when ITC was designated as the focal point for export promotion in the UN system, the agency grew quickly into a major technical assistance provider. This growth came to an end in the early 1990s. Several factors explain the decline in funding after 1990, including governance and management problems that left the organisation with a leadership vacuum, first without an Executive Director, and then with both senior posts vacant, followed by a difficult period of reform and consolidation, all of which contributed to the trends noted in para. 3.19.

4.02 The shifts in funding had important implications for ITC programming. A decline in trust fund resources meant that technical assistance activities had to be curtailed, and the greater reliance on a constrained regular budget resulted in a focus on global activities based at headquarters in Geneva, rather than country-based operations.

4.03 Following this protracted period in the early 1990s, a major priority-setting exercise was undertaken in 1994-1995. The outcome was the publication of a strategic document, *ITC at the Crossroads, an Agenda for the Future*, presented to the Joint Advisory Group in November 1994. The new priorities were approved by the JAG in May 1995 in the *Priority Setting Review*.

4.04 This strategic review acknowledged that developing countries were being left behind in terms of their share of, and participation in, world trade. Economic reform programmes were not sufficient. They needed to be based on more effective trade development strategies and reinforced with trade support initiatives. At the same time, the approach to technical assistance had changed substantially, and new providers of TRTA had emerged.

4.05 ITC's technical cooperation programme was seen as comprising six core areas:

- Trade development strategy and design;
- Trade information;
- Export product and market development;
- Development of trade support services;
- Import management; and
- Human resource development.

Within each of these areas, priorities were identified.

4.06 The main elements in revitalising ITC were seen as:

- Becoming more demand-driven and enhancing the orientation towards recipients;
- Strengthening ITC's core services;
- Fully mobilising ITC's human resources, including interdivisional collaboration;
- Restructuring and streamlining ITC operations by modifying the organisational structure and related measures; and
- Improving the mobilisation of financial resources through a Global Trust Fund, a review of donor priorities, and initiatives to reduce the dependence on UNDP.

## 4.2 Corporate Management and Planning

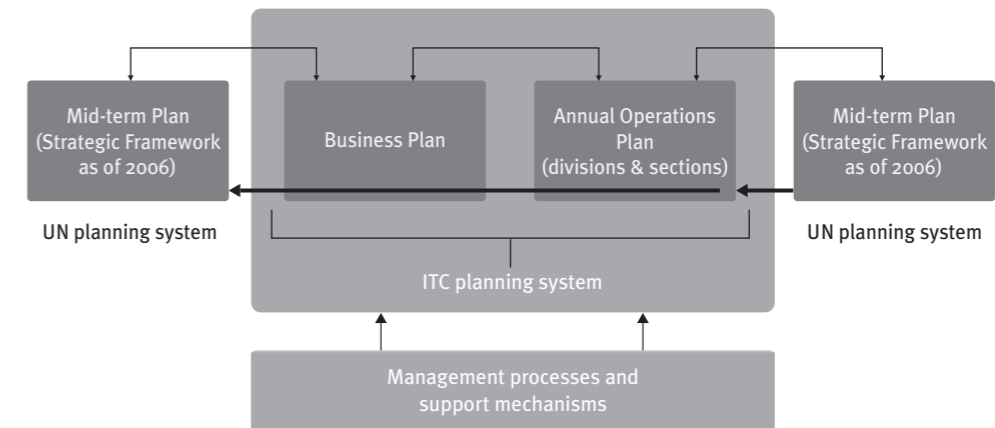
4.07 ITC's corporate goals or objectives are set out in the *ITC Business Plan*, and are shown in Box 2 at the end of Chapter 1. The management processes to address these goals are reviewed briefly below.

4.08 ITC's operations are managed through a number of committees, in particular the *Senior Management Committee (SMC)*, composed of the Executive Director, the Deputy Executive Director, and the directors of each of the four divisions, with the Senior Programme Officer as Secretary. The SMC is the venue where policy is developed, programmes are reviewed and approved, and discussion takes place on activities, internal systems and financing.

4.09 SMC also functions as a *Project Approval and Clearance Committee (PACC)*, which, if necessary, reviews and approves a project. In the normal course of events, the lead division on a project takes the initiative to coordinate activities with other divisions. If no coordination problems arise, then a project does not have to go to PACC.

4.10 ITC has developed a planning and management framework within which it operates, which is illustrated in Figure 4.1.

**Figure 4.1:**  
**Overall Management Framework**



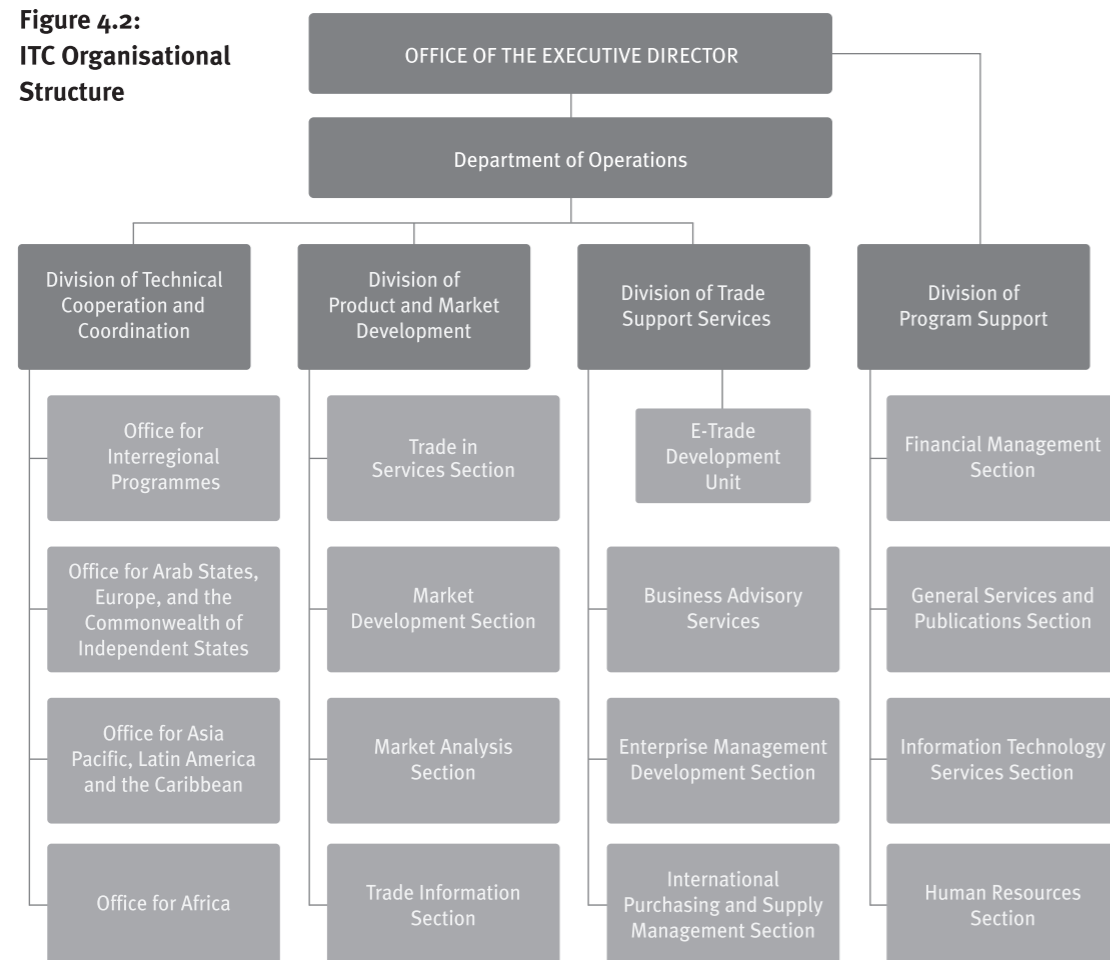
4.11 ITC's main strategic document is a 3-year rolling *Business Plan*, and the main operational document is the *Annual Operations Plan*, both of which have been developed as "bridging" documents between the UN Mid-Term Plan<sup>32</sup> and the Performance Appraisal System. ITC's part of the UN Mid-Term Plan is usually in the order of one page, and for its own operational purposes ITC has expanded this to a more comprehensive document – the *Business Plan*. The *Business Plan* is a medium-term planning document, setting out corporate goals and strategy, programme-level objectives, expected results and accomplishments, and output targets, with particular emphasis on the first year. It leads to the *Annual Operations Plan*, which details what each unit of ITC is to concentrate on. Since this also involves what individual people have to accomplish, the *Annual Operations Plan* ties into the Performance Appraisal System.

## 4.3 Organisational and Programme Structure

4.12 Organisationally, ITC has three operating divisions – *Division of Technical Cooperation Coordination (DTCC)*, *Division of Product and Market Development (DPMD)*, and *Division of Trade Support Services (DTSS)*. There is also one support division – *Division of Programme Support (DPS)*. The organisational structure is headed by the Office of the Executive Director, with day-to-day operations managed by the Deputy Executive Director. This is shown in Figure 4.2.

32) The Mid-Term Plan originally was a 6-year document composed of three 2-year components. This was reduced to a 4-year document of two 2-year bienniums. As of 2006/07 the name will be changed to Strategic Framework.

**Figure 4.2:**  
**ITC Organisational Structure**



4.13 ITC programmes are closely aligned with, but not identical to, the divisional structure. The *seven programme areas* are shown in Box 4.

Box 4: ITC Programme Areas	
Programme 1:	<i>Strategic and Operational Market Research</i>
Programme 2:	<i>Business Advisory Services</i>
Programme 3:	<i>Trade Information Management</i>
Programme 4:	<i>Export Training Capacity Development</i>
Programme 5:	<i>Sector-Specific Product and Market Development</i>
Programme 6:	<i>Trade in Services</i>
Programme 7:	<i>International Purchasing &amp; Supply-Chain Management.</i>

4.14 The programmes for *Strategic and Operational Market Research*, *Trade Information Management*, *Sector-Specific Product and Market Development*, and *Trade in Services* are the responsibility of DPMD. The programmes for *Business Advisory Services*, *Export Training Capacity Development*, and *International Purchasing and Supply-Chain Management* are based in DTSS.

4.15 DPMD and DTSS are responsible for development and implementation for the full range of ITC technical products. DTCC is responsible for coordinating the delivery of products and projects at the country- and regional- level.

*Delivery Channels*

4.16 The *Business Plan 2004-2006* states that ITC will maintain a three-track approach to the delivery of technical assistance.<sup>33</sup>

- *Track 1* enables ITC to achieve *global coverage* through the provision of low-intensity field-level support, based on: (i) a publications and information dissemination programme; (ii) direct collaboration through the product-network approach; and (iii) the provision of targeted inputs under GTF Window II programmes (South-South Trade Promotion, World Trade Net and E-Trade Bridge). *Track 1* support is to be delivered increasingly through cyber collaboration (i.e. via the Internet). ITC's Web Committee will coordinate the continuous upgrading of the ITC website and sub-sites.
- *Track 2* involves the delivery of medium-intensity field-level support under *multi-agency, multi-purpose, multi-country TRTA projects*. The 2004-2006 Business Plan attaches priority to broadening this consortium approach, as experience has confirmed that it not only creates technical synergies and the critical mass needed to address export development issues, but it also creates a foundation for the development of single country, Track 3-type projects.
- *Track 3* provides high-intensity field-level support, normally tailor-made to the requirements of a *specific country*. As Track 3 projects provide greatest scope for achieving impact, ITC attached highest priority to the expansion of this mode of delivery in the 2004-2006 Business Plan.

**Table 4.1: Status of Projects**

	2003	2004
All Projects	259	250
Operational	76	128
Closed operationally	65	44
Closed financially	118	77
Pipeline	-	1

Source: ITC data from Project Portal, July 2, 2005

33) The *Business Plan 2005-2007*, to which reference is made elsewhere in this Synthesis report, became available after much of the Evaluation's analysis was completed. Some of the Evaluation's background studies made use of the *Business Plan 2003-2005* because the objectives were articulated for ITC programmes being evaluated and this was the relevant time frame. There is, however, an underlying continuity and complementarity in all three planning documents.



### The Project Portfolio

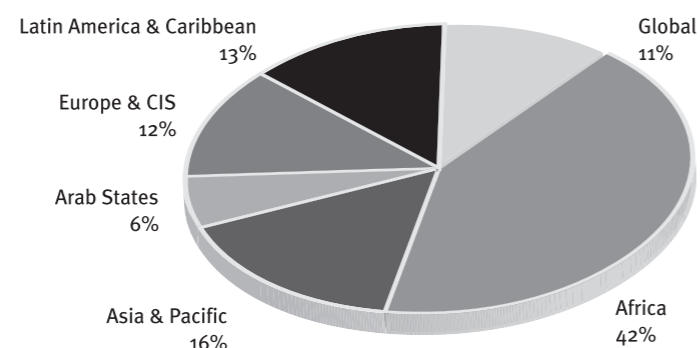
4.17 The ITC project database records those projects that are operational, closed operationally, or closed financially, as shown in Table 4.1. Some 250 projects are shown as active, of which 128 were operational. The Annual Report for 2004 also reports that ITC is delivering products or projects under at least one of the three delivery tracks in 133 countries. This includes countries in different development categories (LDCs, OLICs, LMICs and Upper Middle Income Countries, UMICs) and economies in transition. Approximately one-third of ITC programme expenditures were reported as directed to the LDCs in the same year.

### ITC Programmes by Region and by Category

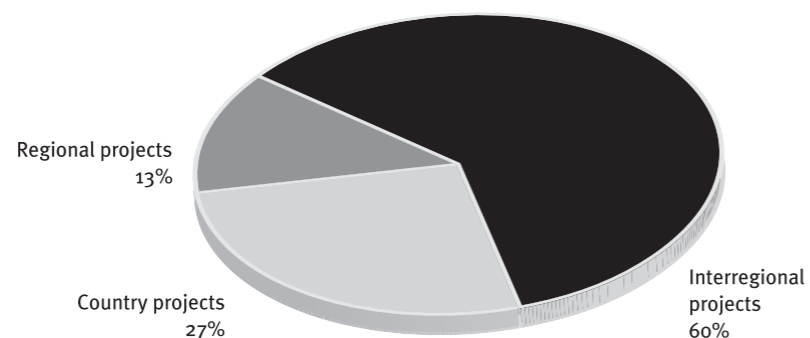
4.18 The distribution of programme expenditures by region and category is shown in Figures 4.3 and 4.4 for the most recent 5-year period, 2000-2004.<sup>34</sup> In Figure 4.3 the allocation of trust fund resources is shown by region, including ITC's attribution of interregional projects to various countries and regions. The largest share of funding, 42 per cent, was allocated to Africa, followed by Asia and the Pacific with 16 per cent, Latin America and the Caribbean with 13 per cent, and Europe and countries from the former Soviet Union at 12 per cent.

4.19 Figure 4.4 shows the distribution in terms of country-specific projects, regional

**Figure 4.3:**  
Allocation of Trust Funds  
by Region 2000-2004



**Figure 4.4:**  
Program Allocations by  
Category 2000-2004



projects and interregional projects, to provide an indication of the nature of ITC programming over the period. Some 60 per cent of expenditures were for interregional projects, 27 per cent for country projects, and 13 per cent for regional projects.

34) Data are drawn from the ITC Annual Report, Statistical Appendix, for 2000 to 2004.

## 5 External Environment

### 5.1 Global Trade and Investment Context

#### The External Context in the 1990s

5.01 The role of ITC evolved during the 1990s in response to developments in the external environment, including those related to the global trading system and broader economic and political developments. Key developments included:

- The fall of the Berlin Wall and the collapse of the Soviet Union, creating new challenges to support the integration of transition economies into the global economic system;
- The completion of the Uruguay Round of multilateral negotiations and the creation of the WTO on January 1, 1995, with a more comprehensive set of multilateral trading rules;
- New regional trading initiatives, including the North American Free Trade Agreement and the enlargement of the European Union, resulting in new competitive pressures for trade and investment;
- The emergence of China, India and other large developing economies as dynamic traders experiencing strong economic growth;
- The expansion of Foreign Direct Investment (FDI) in the global economy and the competition to attract FDI;
- New concerns about environmental, technical, sanitary and phyto-sanitary standards in the markets of developed countries; and
- The development and widespread application of new information and communications technologies.

5.02 Other developments included the large queue of about 30 countries wishing to accede to the WTO, the implications for governance and for the business community in both developing and transition economies of the development of the Multilateral Trading System (the MTS), the links between the trade-enabling policy environment and trade development, and the broader social and development impacts of trade development.

5.03 The developments in the MTS were of most direct relevance to the role of ITC. After the creation of WTO in 1995, ITC's role was adapted to the new configuration of international organisations. There were discussions among WTO, UNCTAD and ITC on their respective roles, and new approaches for cooperation were developed. The Joint Integrated Technical Assistance Programme for African LDCs (JITAP), which involves collaborative identification of activities, was launched as a joint activity of WTO, UNCTAD and ITC. The Integrated Framework for Trade related technical assistance to Least Developed Countries (the IF), which recognizes the shortcomings of a piecemeal approach to trade related development, brought together six core agencies (WTO, World Bank, IMF, UNCTAD, UNDP and ITC). The IF is also intended as a catalyst for bilateral TRTA projects.

*The Current Context*

5.04 The context within which ITC operates today is different from that of 10 years ago in important respects. Particularly relevant for ITC's activities is the debate on the links between trade and development and the expansion of TRTA. There is now a much greater acceptance internationally of the importance of trade enhancement and business sector support as development tools. At the same time, there has been a substantial expansion in TRTA which now runs to several billions of dollars annually, including more strictly defined category 1, *trade policy and regulation*, and category 2, *trade development*, TRTA which amounted to almost USD3 billion per year in 2003. ITC programmes constitute a relatively small share of total TRTA, but a more significant part of the subcategory of *trade development* delivered by multilateral providers.<sup>35</sup>

5.05 In terms of available resources, these changes are reflected in shifts in the sources of ITC funding. In contrast to 10 or 15 years ago, when the total of budgetary and extra-budgetary resources was larger, ITC operations are now much more dependent on bilateral donors, and there has been an increase in the range of donor countries, following many years in which the Nordic countries and the Netherlands comprised ITC's core funding base.

This includes a funding commitment, although on a small scale, from the United States in 2003. The EC has also committed funds to an Asia Trust Fund with ITC, and ITC is involved in EC-funded projects in selected Asian countries. Switzerland, Canada, the United Kingdom and Germany are more prominent donors than in earlier years.

## 5.2 The Global Development Agenda

*The Millennium Development Goals*

5.06 The Millennium Declaration, with its statement of the MDGs – subsequently more fully articulated as a framework for the international development effort – was followed by major international meetings in Doha, Monterrey and Johannesburg in 2001 and 2002, which contributed to a shared understanding of strategies and policies needed to achieve the MDGs. Both the Doha Development Agenda and the Monterrey Declaration included pledges for increases in TRTA to support trade reform and trade development in developing countries.

*Doha Development Agenda*

5.07 The Doha Ministerial Declaration stated that technical cooperation and capacity building are core elements of the development dimension of the multilateral trading system, and instructed the WTO Secretariat, in coordination with other relevant agencies, to support national efforts to mainstream trade into national plans for economic development and poverty reduction. Such technical assistance was to be designed to assist least-developed and other developing countries and low-income countries in transition to adjust to WTO rules and disciplines, implement obligations, and exercise the rights of membership, including drawing on the benefits of an open, rules-based MTS. Ministers

35) Discussed further in Chapter 6.

reaffirmed their support for the work of the International Trade Centre, which they believed should be enhanced. The Declaration calls on donors to coordinate TRTA and to support initiatives to rationalise and enhance JITAP and the Integrated Framework.<sup>36</sup>

*The Monterrey Consensus*

5.08 The International Conference on Financing for Development held in Monterrey provided new impetus for a strengthened partnership between developed and developing countries and the international development agencies. The Monterrey Consensus underscored a shared responsibility for achieving development results. A key part of the partnership was the emphasis on strengthening development effectiveness. A joint statement by the heads of major multilateral development agencies called for better measuring, monitoring and managing for results, moving beyond a narrow focus on processes and outputs in traditional development projects. What is now called *Managing for Development Results (MfDR)* has been the subject of two major international round tables involving many development agencies and various task forces and working groups.

5.09 Action is being taken within the global community in three areas:

- Strengthening country capacity to manage for results, recognizing that developing countries must manage their development processes to achieve desired outcomes.
- Improving the relevance and effectiveness of aid, recognizing that for most development agencies a results-based approach requires a shift in organisational culture to go beyond input delivery and output quality to focus on the achievement of intended outcomes.
- Fostering a global partnership, recognizing that more effective partnerships are needed to support countries in assessing progress on the MDGs and other national goals and in reducing the burden of multiple agency-driven project requirements and monitoring and evaluation systems.

5.10 The third of these areas has given rise to the *harmonization and alignment agenda*, with major commitments entered into by donor countries, multilateral and bilateral development agencies, and partner developing countries in the Rome Declaration in 2003 and the Paris Declaration in 2005 to improve the management and effectiveness of aid in two significant ways:

- By harmonizing donor policies, procedures and practices around strengthened partner country systems; and
- By aligning assistance around partner strategies and priorities, such as those set out in national poverty reduction strategies.<sup>37</sup>

36) World Trade Organization, *Ministerial Declaration, Ministerial Conference, Fourth Session, Doha, 9-14 November, 2001, (WT/MIN(01)/DEC/1)*.

37) *The High Level Forum held in Rome in February 2003 issued the Rome Declaration on Harmonization, and the High-Level Forum held in Paris in February-March 2005, issued the Paris Declaration on Aid Effectiveness. There was broad participation by donors and beneficiary countries, including the United Nations and UN organisations.*

*Trade and Development in the Decade Ahead*

5.11 Trade related technical assistance rests on the underlying presumption that trade can be an engine for economic and social development. This is supported by empirical evidence in recent decades, as large developing countries that have had a rising share of exports in Gross Domestic Product (GDP) have also had a strong sustained growth performance. Although there is a strong relationship between trade expansion and economic growth, and a positive relationship between growth and poverty reduction, complementary policies are sometimes required to ensure that distribution effects are addressed and poverty alleviation is achieved.

5.12 Countries wishing to improve their trade performance, participate effectively in the multilateral trading system, and ensure that trade development will lead to economic growth face at least three challenges:

- The ability to negotiate effectively and to implement multilateral and regional trade agreements.
- The ability to formulate and implement appropriate trade policies, together with supporting complementary measures and institutions. This involves establishing a trade policy process able to assess and weigh the implications of trade reform.
- The ability to address supply-side constraints and ensure a positive response from the private sector to improved market access and domestic policy reform.

5.13 ITC's technical assistance is directed primarily at supply-side constraints. For TRTA to address such constraints, however, raises broader issues of the linkage between international trade and development, since such constraints relate to a range of domestic development concerns.

There are various development assistance initiatives directed at different aspects of supply-side constraints, and ITC interventions are a sub-set of this range of development assistance activities.

5.14 The discussions among the Group of Seven (G-7) Finance Ministers and the preparations for the 2005 Millennium Review Summit have stressed the need for increased aid flows to developing countries in order to achieve the MDGs. At the same time, there was recognition that greater attention needs to be paid to trade development, including trade liberalization, facilitation and international competitiveness, to offset the real exchange rate appreciation and short to medium-term impacts on trade performance that can result from increased aid inflows.<sup>38</sup> There is similarly a recognition that disbursement of aid resources should be linked to the macroeconomic framework and to strategies to increase productivity, and that increasing "aid for trade" on the basis of the Integrated Framework should meet this criterion.<sup>39</sup> However, LDCs have argued that greater resources are required for "Aid for Trade" in recognition of the special challenges they face in integration into the world economy.

38) "Doha Development Agenda and Aid for Trade", prepared by the staffs of the IMF and World Bank, September 19, 2005. p. 11. *The short- and medium-term exchange rate appreciation that can result from increased capital inflows, particularly into small economies, is often referred to as "Dutch Disease"*.

39) *Non-paper from the Geneva Consultation Process, "Aid for Trade", pp. 26-27.*

5.15 The context for trade and development in the decade ahead will be influenced by many factors, including economic and geopolitical developments. At the level of the Millennium Goals, the World Summit in September 2005 reaffirmed the MDGs, the Monterrey Partnership for Development, and the Johannesburg Implementation Plan and committed donor countries to significant increases in technical assistance. The 2005 World Summit pledged increased support for developing countries to participate in the multilateral trading system, especially for the least developed countries, and to build their productive and trade capacities.

5.16 It is recognised that more than a billion people living in absolute poverty are in middle income countries, more than the total population of LDCs of about 670 million. Trade is a potential engine for economic growth and development for all developing countries, but the types of technical assistance appropriate to support trade development in different developing countries is likely to differ, reflecting different development constraints.

5.17 The rationale for developing the trade capacity of developing countries is, in principle, robust under different policy scenarios. Increased resources for TRTA have been associated with the Doha Development Agenda (DDA). Serious challenges remain to be resolved in bringing the DDA negotiations to a close as planned at the end of 1996, due to differences over agricultural subsidies, non-agricultural tariffs, services negotiations, and other issues. Failure in the DDA negotiations could negatively influence the perception of both donors and beneficiaries on the relevance of TRTA. Nonetheless, even if the DDA negotiations are blocked for a period, the key role of developing countries in the negotiations could sustain increased emphasis on TRTA.

5.18 To date the priorities attached to the Millennium Development Goals, combined with the developments in the DDA, have resulted in increases in donor support for TRTA and led to discussion of various modalities for increased "Aid for Trade". At the Hong Kong Ministerial Conference for the WTO in December 2005,<sup>40</sup> the Ministers agreed to strengthen the Integrated Framework (IF) for LDCs by increasing resources, strengthening the IF at the country-level through mainstreaming trade into national development plans and poverty reduction strategies, more effective follow-up to diagnostic trade integration studies, and more effective coordination amongst donors and beneficiaries, and improving the governance and management of the IF.

5.19 The Hong Kong *Ministerial Declaration* noted that donors had increased resources for TRTA and affirmed continued commitment to TRTA. The proposals on "Aid for Trade" were welcomed, and a task force has been constituted to make proposals by the end of 2006. The objective that the "Aid for Trade" task force is intended to address is supply-side capacity and trade related infrastructure, in order that developing countries can benefit from trading opportunities. There are uncertainties in the global context for trade and development, but the overall trend is toward greater support for enhancing the trading capacity of developing countries.

40) *WTO, DOHA Work Programme: Ministerial Declaration, Ministerial Conference, Sixth Session, Hong Kong, December 2005.*

## II. Relevance, Performance and Capacity

### 6 Comparative Advantage and ITC's Role

6.01 A principal objective of the Evaluation was to assess ITC's comparative advantage within the international trade and development community, and the first of the three clusters of Key Evaluation Questions is addressed to this issue.

6.02 Comparative advantage is a concept drawn from economics, and in recent years has been applied to international organisations. It is intended to describe their characteristics and relative advantages (or disadvantages) in relation to comparator agencies and other actors with similar or related roles. An analysis of comparative advantage usually begins with an assessment of the characteristics of the organisation, both inherent and acquired, including its mandate, its particular relationships with stakeholders and clients, its distinguishing operational features, its acquired experience, and its skills and competencies. Comparisons of its work or operational programmes with those of comparator organisations address "niche" characteristics, overlapping or competitive roles, and its ability to cooperate with other agencies and achieve a degree of division of labour or complementarity. Its responsiveness to a changing environment and its relevance to current conditions and the priorities of its stakeholders are further factors in the assessment.<sup>41</sup> Each of these areas is addressed in the analysis below.

6.03 Comparative advantage provides a basis for assessing what an organisation may be able to do best, or how it can best be used, and is not the same as describing its current operations, which may or may not fully reflect its comparative advantage. It can, therefore, provide a framework both for evaluation work on the organisation's current and past operations, and for assessing its future role and potential relevance to perceived priorities and needs. In its broadest sense, comparative advantage as an evaluation issue is addressed to the issue of *relevance*.

6.04 It is important to recognise that an analysis of comparative advantage is not an attempt to determine "absolute" advantage, which is often confused with comparative advantage. It is founded instead on the analytical concept familiar to economists of the scope for and benefits of specialisation or division of labour.<sup>42</sup>

41) *Some of the early evaluative work on comparative advantage of international organisations related to the Commonwealth and its system of relationships and agencies, in which this approach was initially developed (A Comparative Advantage Approach to Commonwealth Programs, prepared as a basis for a reassessment of program priorities in a major management review of Commonwealth programs in 1992, and The Commonwealth: A Review of Assets and Benefits, an independent study prepared for Commonwealth Heads of Government, 1993, as a framework for governments to undertake their own evaluation of Commonwealth programs and agencies). Similar approaches have been used by the multilateral development banks in the analysis prepared for governments in the context of replenishment negotiations (for example, in Reducing Poverty in the Caribbean and Targeting the Millennium Development Goals: Report of Contributors on SDF 6, July 2005).*

42) *See, for example, Ronald Findlay, "Comparative Advantage", in The New Palgrave: A Dictionary of Economics, p.514ff.*

The approach used in the Evaluation is a broad one, but it also includes a focused definition of "perceived relative technical competence in the provision of specific components of TRTA", in order to yield insights in relation to some of the evaluation questions.

6.05 ITC's own statement of its comparative advantage in 1995 provides a benchmark:

*"ITC will devote resources only to areas in which it has comparative advantage. Among those . . . are: its substantive expertise in trade promotion and export development for developing countries; its impartiality and multilateral approach; its access to policy- and decision-makers in developed and developing countries; its thorough understanding, born of long and extensive experience, of the interlinkages between the global, macro- and microeconomic aspects of international trade; its proven ability to formulate and implement trade promotion and export development programmes; and its wide-ranging contacts."*<sup>43</sup>

6.06 The analysis begins with an assessment of the agency's characteristics and experience, including relationships with beneficiaries, and then examines programme areas and technical competencies, its responsiveness to changing circumstances, an analysis of programmes in relation to the comparators, including division of labour and *niche* characteristics, and its relevance to the current external environment. The final section sets out findings and conclusions.

6.07 It should be noted that this Chapter addresses comparative advantage in terms of the issues set out in paragraph 6.02, leaving issues of performance, including performance in relation to ITC's role and competencies, for Chapters 7 and 8. Chapter 10 brings the chapters together in addressing ITC's capacity and programming in relation to comparative advantage. Where the analysis makes comparisons with other, comparator organisations, this is essentially factual, as informed by documentary analysis on programmes and interviews with stakeholders on perceived competencies of ITC relative to those of the comparators. No judgment is made or implied on the performance of other organisations, as this is beyond the scope of the Evaluation.

### 6.1 Characteristics and Experience

6.08 Since 1968, when it became a joint agency of GATT and UNCTAD, the relationship of ITC with its parent bodies has been a part of ITC's identity. This relationship has evolved over time, but remains important in defining ITC's character as an organisation.

6.09 The agency's statement of its mission is:

*"ITC is a technical cooperation organisation whose mission is to support developing and transition economies, and particularly their business sectors, in their efforts to realize their full potential for developing exports and improving import operations with the ultimate goal of achieving sustainable development. ITC deals specifically with the operational aspects of trade promotion and export development."*<sup>44</sup>

43) *ITC, Priority Setting, document approved by the JAG, April 1995.*

44) *ITC mission statement/Mandate, www.intracen.org.*

6.10 The focus of ITC in its first decade was to provide trade information and market research. Relatively quickly, however, ITC developed into a technical assistance agency supporting export promotion organisations. This led to a rapid expansion in the 1970s and 1980s. In the early 1990s, as noted in earlier chapters, ITC faced a number of challenges, including reduced funding and a difficult period of management transition. A contributing factor was a critical World Bank evaluation of the contribution of export promotion agencies to economic development, which challenged the effectiveness of technical assistance for such organisations.<sup>45</sup>

6.11 Several factors, including declining funding, management change, and the challenge to ITC’s relevance, prompted a strategic review in the mid-1990s. One result was the definition of ITC’s perceived comparative advantage in the 1995 *Priority Setting* document.

6.12 Although ITC has a 3-track approach, most of its products are delivered to or through *Trade Promotion Organisations (TPOs)* and other *Trade Support Institutions (TSIs)*.<sup>46</sup> The TSIs are partners in national trade support networks and the principal direct beneficiaries of ITC activities. The focus on these partners is an important factor in ITC’s perceived comparative advantage.

6.13 In this Evaluation, ITC’s areas of technical competence (and related technical assistance outputs) have been disaggregated into 15 categories, with additional areas to address *poverty reduction and cooperation among developing countries*. These are shown in the first column of Figure 6.1.

## 6.2 Programme Areas, Responsiveness and Coordination

### *Programme Areas and Technical Competencies*

6.14 An element in any comparative advantage assessment is a definition of programme areas and competencies or skills. ITC’s current *programme areas* are:

- *Strategic and Operational Market Research*
- *Business Advisory Services*
- *Trade Information Management*
- *Export Training Capacity Development*
- *Sector-Specific Product and Market Development*
- *Trade in Services*
- *International Purchasing and Supply-Chain Management.*

45) Paul Hogan, Donald B Keesing, and Andrew Singer, *The Role of Support Services in Expanding Manufactured Exports from Developing Countries* (Economic Development Institute of the World Bank, 1991).

46) As noted above, the term TSIs includes TPOs as a form of TSI.

6.15 These are closely related to the organisation’s *technical competencies*, as these have been assessed and defined in the Evaluation. Figure 6.1 presents the results of the Evaluation’s analysis, together with a similar analysis for four multilateral comparator agencies and, as a point of reference, bilateral donors and the EC.<sup>47</sup>

**Figure 6.1: Technical Competencies of ITC and Comparators in TRTA**

Programme Area/Competency	ITC	WTO	UNCTAD	World Bank	UNIDO	Bilateral
1. Export strategy	X	-	x	x	X	
2. Multilateral trading system (MTS) business implications	X	x	x	x	-	X
3. Enterprise management and competitiveness	X	-	x	X	X	X
4. Product development by sector	X	-	-	x	X	X
5. Market analysis and strategic market research	X	-	x	X	x	X
6. Public-private partnership and networking business	X	x	x	x	x	-
7. Trade in services (business development)	X	x	x	x	x	X
8. Trade information management	X	-	x	x	x	X
9. E-competence	X	-	x	X	X	X
10. Trade finance	x	-	-	X	-	X
Standards and quality						
11. Management (including TBT and SPS)	x	x	-	X	X	X
12. Supply chain management	X	-	-	X	X	X
13. Export packaging	X	-	-	x	x	x
14. Legal aspects	X	-	-	X	-	X
15. Institutional strengthening of TSIs	X	-	x	x	-	X
<b>Cross-cutting Programmes</b>						
16. Export-Led Poverty Reduction	X	-	-	X	x	X
17. South-South Trade Promotion	X	-	x	-	X	x

X: indicates strong competency  
 x: indicates a more limited competency  
 -: indicates little or no competency

47) The analysis is based on documentary and other evidence of the programme activities and work of the different organisations, including the Evaluation’s analysis of the extensive TRTA Database and on interviews with officers responsible for the different programme areas in the various organisations as well as with beneficiaries during the field studies. This includes a review of project documents of the different donors as well as interviews with most of the major donors both at headquarters and in the field on their activities identified in the TRTA Database.

6.16 The comparison is based on ITC's technical competencies and provides a rating for its capacity in each field. The capacity of the comparators is presented on the same basis. The analysis, however, needs to be viewed in the context of specific niches in the fields of competence. For example, ITC has developed a modest role in standards and quality management, where other organisations have more substantial capacity, but ITC's role is in a particular *niche* of special relevance to TSIs and other partner organisations, specifically to support enterprises to meet standards, technical regulations and sanitary and phyto-sanitary measures in their export markets and to strengthen the capacities of organisations dealing with standardization, quality assurance, accreditation and metrology (SQAM) to provide services to enterprises.

#### *Responsiveness and Coordination*

6.17 While there are important elements of continuity in ITC programming, there are also new areas. In ITC's statement of comparative advantage in 1995, the Multilateral Trading System was not mentioned. The traditional core business of ITC was the provision of technical assistance to support *trade development*. Programming related to business understanding of the MTS and public-private partnerships, and dialogue about the MTS, however, have since become important elements of ITC programming.

6.18 ITC has responded to developments in the MTS, and has developed new forms of technical assistance related to business understanding of the MTS. These include *World Tr@de Net* and the *Business for Development* series of seminars. In addition, activities related to *Standards and Quality Management* have been developed as a bridge between the traditional focus on obstacles to exports from developing countries and the new focus on the policy and governmental dimensions of TRTA. Another initiative is the *ITC Executive Forum on National Export Strategies*,<sup>48</sup> which builds on a traditional ITC strength of networking, but involves public-private dialogue and business advocacy and addresses the mainstreaming of trade development in export and development strategies. World Tr@de Net/Business for Development and Executive Forum are especially relevant to the current trade and development context within which ITC operates.

6.19 The role of ITC has continued to evolve, and since the creation of WTO in 1995 has reflected the new configuration of international agencies and the increased role of developing countries in the MTS. This includes new approaches to strengthen cooperation among WTO, UNCTAD and ITC, notably in their cooperation in the *Joint Integrated Technical Assistance Programme (JITAP) and the Integrated Framework (IF)*.

6.20 JITAP was launched in 1998 as a joint activity of WTO, UNCTAD and ITC. Phase I operated in eight African countries, and an additional eight countries were added for Phase II in 2004. The focus of JITAP is on capacity building for African countries to participate in the multilateral trading system. An evaluation of JITAP in 2002 was broadly positive.<sup>49</sup>

48) *An annual cycle with research, consultation, publication and technical assistance focused on "best practice" in national export strategy design and management.*

49) *Lelananda de Silva and Ann Weston, Report of the Summative Evaluation of the Joint Integrated Technical Assistance Program (JITAP) (ITC on behalf of the Common Trust Fund, 2002).*

6.21 The *Integrated Framework (IF)* represents a similar strengthening of cooperation. ITC initially provided the secretariat and was responsible for needs assessment in the first IF programme. An evaluation undertaken at the end of the first IF, however, was critical of the programme on grounds that it did not sufficiently prioritize technical assistance needs, did not link trade and development, and was not sufficiently related to LDC development strategies.<sup>50</sup> The second IF programme was significantly "revamped", with greater emphasis on mainstreaming trade policy in a country's overall development strategy and enhancing capacity to analyze the external sector and formulate policies. Under the second phase, with its broader orientation in terms of national development and trade policy, WTO is now providing the secretariat function, and the World Bank, with its greater analytical capacity, has taken the lead in the diagnostic trade integration studies. ITC will be implementing several projects related to private sector development under Window 2 of the IF, but ITC activity under JITAP II to date has been modest.

6.22 The result of the launch of JITAP and the Integrated Framework is that ITC has a new delivery track, *Track 2*, as it is termed by ITC. In the JITAP and IF, ITC has formal coordination arrangements with other international organisations, with a joint management structure and work plan. Such arrangements did not exist a decade ago, and the division of labour is reasonably clear among the three Geneva-based organisations in the case of JITAP and the six agencies involved in the Integrated Framework.

6.23 ITC has also made efforts to be responsive to the MDGs. As discussed in Section 6.5, it is Goal 8: *Developing a global partnership*, and some of the particular targets under Goal 8, on which ITC's activities are most closely targeted. Reduction of extreme poverty, however, is the first of the MDGs, which also include gender equality and environmental sustainability, and ITC faces a challenge in mainstreaming these in its work. ITC has, however, innovated with a programme for *Export Led Poverty Reduction* to address poverty in particular groups in society.<sup>51</sup>

### 6.3 ITC and the Comparators

6.24 One indicator of ITC's role is its relative position in various areas compared to other providers of TRTA. The Evaluation has used the *Doha Development Agenda Data Base on Trade Related Capacity Building* to analyze and compare the provision of TRTA by different donors.<sup>52</sup>

6.25 The relative position of ITC in TRTA compared to WTO and UNCTAD has changed significantly. Fifteen years ago, ITC was the dominant provider of technical assistance among the three agencies. Provision of TRTA by UNCTAD and WTO, however, has grown substantially relative to that of ITC, and total TRTA by each of the three agencies is now roughly equal. This is mostly the result of the faster growth of TRTA in policy-related fields aimed at support for governments in participating in the MTS.

50) *Sarath Rajapatirana, Charles Lusthaus and Marie-Helene Adriene, Review Of The Integrated Framework For Technical Assistance For Trade Development Of Least Developed Countries (Operations Evaluation Department, World Bank, 2000).*

51) *The Evaluation's assessment of this program is referred to in Chapters 7 and 8.*

52) *The WTO/OECD database is referred to in this Report as the TRTA Database. The Evaluation conducted extensive analysis of this database, as reported in the study on The Context of Trade Related Technical Assistance.*

**Table 6.1: Trade Related Technical Assistance Category 2: Trade Development, by Agency**

Annual Average 2001-2003

Implementing Agency	Category A- Business support services and institutions		B- Public-private sector networking		C- E-commerce		D- Trade finance		E- Trade promotion strategy and implementation		F- Market analysis and development		Totals	
	USD '000	%	USD '000	%	USD '000	%	USD '000	%	USD '000	%	USD '000	%	USD '000	%
<b>Total USD '000</b>	<b>399 880</b>		<b>27 050</b>		<b>23 220</b>		<b>360 800</b>		<b>412 690</b>		<b>254 320</b>		<b>1 478 000</b>	
Bilateral USD '000	155 170		24 810		20 130		216 170		282 980		168 690		867 940	
<b>Multilateral USD '000</b>	<b>244 710</b>		<b>2 240</b>		<b>3 090</b>		<b>144 630</b>		<b>129 710</b>		<b>85 640</b>		<b>610 030</b>	
Of which: EC	198 160		30		1 500		76 330		108 310		44 700		429 030	
<b>Multilateral excluding EC</b>	<b>46 550</b>	<b>100</b>	<b>2 210</b>	<b>100</b>	<b>1 590</b>	<b>100</b>	<b>68 310</b>	<b>100</b>	<b>21 400</b>	<b>100</b>	<b>40 940</b>	<b>100</b>	<b>181 000</b>	<b>100</b>
AsDB	70	0	-	0	-	0	-	0	210	1	-	0	280	0
EBRD	-	0	-	0	-	0	1,870	3	-	0	-	0	1,870	1
ECA	-	0	40	2	-	0	-	0	-	0	-	0	40	0
EIB	-	0	-	0	-	0	27,430	40	-	0	5,670	14	33,100	19
ESCAP	-	0	-	0	110	7	40	0	-	0	-	0	140	0
ESCWA	-	0	-	0	-	0	-	0	-	0	-	0	-	0
FAO	-	0	-	0	-	0	-	0	1,840	9	6,190	15	8,030	4
IBRD	110	0	-	0	-	0	-	0	-	0	-	0	110	0
IDA	30,660	67	500	22	-	0	38,680	57	12,870	60	25,600	63	108,300	61
ITC	11,760	25	1,450	66	750	47	300	0	2,100	10	2,400	6	18,760	10
OECD	110	0	-	0	-	0	-	0	-	0	80	0	190	0
UNCTAD	1,880	4	-	0	150	10	-	0	640	3	40	0	2,710	1
UNDP	820	2	-	0	50	3	-	0	410	2	170	0	1,440	1
UNECE	-	0	200	10	150	9	-	0	50	0	-	0	400	0
UNIDO	1,150	2	30	1	380	24	-	0	3,290	15	790	2	5,630	3
WTO	-	0	-	0	-	0	-	0	-	0	-	0	-	0

Source: Volume 6, Context for Trade Related Technical Assistance. Totals may not add due to rounding. Percentages are calculated on basis of non-rounded data.

6.26 The role of ITC as compared with the two other Geneva-based organisations is in practice reasonably well defined. A semi-annual meeting of the executive heads and a supporting process of technical coordination in different programme areas have reduced overlap and improved coordination. *The main division of labour among the three organisations is that ITC is focused on the private sector and on capacity building for export development, while UNCTAD and WTO are focused on providing support to governments on negotiation capacities and implementation of the multilateral trading rules.*

6.27 In the case of JITAP, which provides support for African countries in their participation in the multilateral trading system, ITC's role is to provide the coordination and to support capacity building for export development.

6.28 The Evaluation's analysis of TRTA by both international organisations and bilateral donors, as an annual average for the years 2001 to 2003, is shown in Table 6.1. This is focused on the TRTA category of *Trade development*, which is ITC's main area of operations.<sup>53</sup> Total Trade Development TRTA was USD1,478 million annually, of which ITC provided USD18.9 million, or only 1.3 per cent. TRTA from ITC, however, is a much higher share of such assistance if the comparison is limited to multilateral agencies, particularly the key comparators. It is even more significant in specific sub-categories of

53) There are three categories of TRTA. Category 1 is Trade Policy and Regulations (where WTO is active), Category 2 is Trade Development, examined in this section, and Category 3 is Infrastructure.

Trade Development TRTA. If the multilateral institutions providing loans for TRTA, notably European Investment Bank (EIB) and the Investment Development Association (IDA), the soft loan facility of the World Bank, are excluded from the comparison along with the EC as noted earlier, then the share of ITC is about 45 per cent of multilateral *trade development* TRTA.

6.29 Of USD 610 million of trade development TRTA committed annually by international agencies during 2001-2003 (shown as total multilateral in Table 6.1), USD429 million was from the EC, which, therefore, dominates the statistics, but in some respects is more comparable to bilateral assistance than assistance from multilateral institutions.

6.30 As a share of multilateral assistance over the period (excluding the EC), trade development TRTA from ITC represented just over 10 per cent, well above that provided by the Food and Agricultural Organization (FAO) at 4 per cent, UNIDO at 3 per cent, or UNCTAD at 1 per cent. WTO does not provide TRTA in this category. ITC's share is much higher in some categories. For *Public-private sector networking*, ITC provided 66 per cent, for *E-commerce* it was 47 per cent, and for *Business support services and institutions* it was 25 per cent (see Table 6.1).

#### UNCTAD and WTO

6.31 The data on TRTA for WTO, UNCTAD and ITC confirms the general division of labour among the three organisations. As shown in Table 6.2, UNCTAD and WTO specialize in TRTA Category 1: *Trade policy and regulations*, which is aimed at governments and the academic sector and has been growing rapidly in the post-Doha context. ITC specializes in Category 2: *Trade development*, also increasing, but much less rapidly. UNCTAD also has some TRTA in Category 2, but WTO does not.

**Table 6.2: TRTA Categories 1 and 2: ITC, UNCTAD and WTO**

	2001	2002	2003	Annual Average	%
USD '000					
<b>Category 1: Trade Policy and Regulations</b>					
ITC	440	1,150	2,160	1,250	6
UNCTAD	5,540	6,810	23,170	11,840	53
WTO	2,790	11,970	13,590	9,450	42
<b>Total</b>	<b>8,770</b>	<b>19,930</b>	<b>38,920</b>	<b>22,540</b>	<b>100</b>
<b>Category 2: Trade Development</b>					
ITC	16,270	19,620	20,380	18,760	87
UNCTAD	1,488	1,979	4,671	2,713	13
WTO	0	0	0	0	0
<b>Total</b>	<b>17,754</b>	<b>21,593</b>	<b>25,044</b>	<b>21,473</b>	<b>100</b>

Source: TRTA Database. Totals may not add due to rounding.

6.32 The categories of TRTA where there is some degree of overlap between ITC and UNCTAD (see Table 6.1) are categories 2(A) related to *Business support services and institutions* and 2(E) *Trade promotion strategy and implementation*.

6.33 Examination of detailed programme areas for ITC and UNCTAD, however, narrows the apparent overlap. For example, UNCTAD works on issues such as trade facilitation and logistics and trade and environment, where ITC is not as active. ITC and UNCTAD also often work in similar but complementary areas, e.g. UNCTAD collaborates with the World Bank on the Trade Analysis and Information System, which has similarities with some of the analytic tools and databases of ITC. There is coordination among WTO, UNCTAD and ITC on the development and utilisation of these analytical tools, and the focus of the simulation capacities and applications differs to some degree. As another example, ITC focuses on trade promotion, while UNCTAD supports investment promotion, but both agencies have collaborated together with the World Bank on development of an analytical tool for trade and investment promotion agencies.

#### UNIDO

6.34 UNIDO has become a significant provider of TRTA, and is the fifth largest among multilateral agencies in the trade development category. UNIDO provides significant assistance to business support institutions, and in 2001 to 2003 this averaged in excess of USD3 million for trade promotion strategies, significantly more than ITC. In other areas, such as business support services and market analysis, UNIDO's activities are substantially less than ITC's.

6.35 In the past, there was a relatively clear division of labour. ITC focused on trade promotion and export development, while UNIDO focused on industrial development, often with an import-substitution orientation. This has changed, with UNIDO beginning to have a more export-oriented approach to industrial development, and ITC addressing export competitiveness and import sourcing. With its larger budget, UNIDO has a potential overlap with ITC in the area of business support institutions. With total technical assistance delivery of USD95 million in 2003 and USD99 million in 2004, UNIDO delivered about USD4 million per year in *trade policy and regulation* TRTA and an average of USD5.6 million in *trade development* TRTA. Thus, about 10 per cent of UNIDO's technical assistance is in TRTA.

6.36 The TRTA of UNIDO in the field of *trade policy and regulation* is concentrated in standards and quality management. UNIDO has a significant capability related to standards and metrology, and ITC and UNIDO have collaborated on some projects in some regions. In ITC's EPRP project in India, which was the subject of a case study for the Evaluation, there was collaboration with UNIDO. In El Salvador, a country case study, ITC and UNIDO conducted a joint needs assessment on standards, quality and metrology. Such collaboration has been valuable in these instances, and there could be scope to intensify collaboration in the future.

6.37 UNIDO's TRTA for *trade development* tends to have a different focus than the activities of ITC in supporting trade promotion strategies. UNIDO projects are often linked to technology development and clean technologies. Nonetheless, as UNIDO has shifted from an import-substitution orientation to a greater emphasis on export orientation the potential for overlap has increased.



*World Bank*

6.38 The World Bank's TRTA is focused on private sector development projects in particular countries. These are often large and can include a trade promotion or export development dimension in conjunction with support for SME development. The Bank is more active in promoting investment and improvements in the investment climate than in promoting trade, but often the investment promotion activities have a trade related aspect. The Bank's Foreign Investment Advisory Service has activities in many countries, but these are not recorded in the TRTA data for trade development and so are not included in Table 6.1.

*Bilateral Donors and the EC*

6.39 Bilateral donors, especially the United States Agency for International Development (USAID), and the European Commission (EC) are the most important providers of Trade Development TRTA. Both the United States and the EC fund more TRTA for trade development than the multilateral institutions combined. The combined total for bilateral and EC assistance is USD1.3 billion, or 88 per cent of total Trade Development TRTA. Some of the larger projects for trade development exceed total ITC expenditure on technical assistance.

6.40 ITC's principal advantages in comparison with bilateral and EC projects are its global networks of TSIs, its perceived neutrality on policy issues, and its accumulated operational knowledge and experience in core areas. There is also continuity in ITC networks, whereas the service providers for bilateral projects often change over time.

6.41 One test of whether ITC has a comparative advantage in Trade Development TRTA is whether bilateral and EC projects utilise the tools and products of ITC. A significant example is that ITC's Market Analysis Service (MAS) products, notably TradeMap, are purchased by some USAID funded projects. The new facility for Asia negotiated with the EC could lead to similar cases in future.

**6.4 Stakeholder Perspectives**

6.42 An analysis of comparative advantage needs to include the views of stakeholders. Figure 6.2 presents the results of the Evaluation's survey of *Strengths, Weakness, Opportunities and Threats (SWOT)*. The perspectives are those of beneficiaries at the country-level and donors at both field- and headquarters levels.

*Beneficiaries*

6.43 The perspective of beneficiaries at the country-level is an important indicator of perceived comparative advantage. ITC's partners and beneficiaries, principally TSIs, have a positive assessment of ITC's comparative advantages. In the Evaluation's product and country-level studies, ITC partners expressed a positive view of ITC's role and products, and they consider participation in ITC networks, activities and seminars to be useful.

6.44 The perceived impartiality of ITC on negotiating issues in the MTS was viewed as a plus by both private sector and public sector participants in ITC fora such as Business for Development and Executive Forum. While UNCTAD and WTO were recognised as

having valuable perspectives on negotiating issues, ITC was credited with being neutral and impartial.

6.45 The weakness perceived by ITC's TSI partners was that ITC has limited funding for country-specific projects and, while participation in networks and access to global products was useful, ITC was seen as lacking a field presence and being able to provide only limited support for capacity building. TSIs often lack capacity and scale to capitalise on trading opportunities or to leverage ITC products with end-user beneficiaries.

*Donor Perspectives*

6.46 Donors generally shared the positive assessment of ITC products, but donors at the field-level often showed limited awareness of ITC activities. ITC's networks were regarded as a positive factor by donors. ITC was seen as entrepreneurial and responsive in comparison with other international organisations. ITC's perceived neutrality was also regarded as a plus by many donors. ITC was seen as a credible and impartial interlocutor with the business community in developing countries on issues in trade development and broader issues in the multilateral trading system.

6.47 Weaknesses of ITC as perceived by donors included the lack of a field presence, a lack of monitoring of outcomes, impacts and outreach for ITC activities (including in relation to poverty reduction and gender equity), and low visibility, aside from ITC's TSI partners.

6.48 The opportunities identified by donors arose from an increased interest in aid effectiveness that could increase flexibility in making use of multilateral service providers, and the potential for increasing the number of TSI partners to expand ITC's potential outreach.

6.49 Threats identified included decentralisation of programming by donors, potentially leading to a reduced role for ITC at the country-level, given ITC's lack of field presence. The perceived threats also included competing donor priorities and services in TRTA. New, focused players are emerging, such as the Agency for International Trade Information and Co-operation (AITIC), the Advisory Centre for WTO Law, and NGOs such as the International Centre for Trade and Sustainable Development, which may compete for donor resources.

**6.5 Current External Environment**

6.50 A further issue in comparative advantage is relevance in terms of current conditions and stakeholder priorities. This includes the MDGs, the DDA, the Monterrey partnership, and the increased significance of TRTA.

6.51 The Millennium Declaration, signed by all 189 members of the United Nations in September 2000, has led to the development of eight MDGs and associated Targets. It is MDG 8, *Developing a global partnership for development*, and some of the related targets – particularly to *further develop an open, rules-based, non-discriminatory trading system* and to *address the special needs of the least developed countries* – that are most relevant to ITC. As noted above, however, ITC has made efforts to take into account other MDGs, particularly through the initiation of a programme targeted more directly at poverty reduction.

**Figure 6.2: SWOT Analysis – Stakeholder Perspectives**

Strengths	Weaknesses
<ul style="list-style-type: none"> <li>• ITC offers a special range of products and services support TSIs giving support to SMEs.</li> <li>• ITC is well regarded as a specialist implementation organisation in trade/export development and trade information systems.</li> <li>• Extensive multi-country experience in several sectors (best practices drawn).</li> <li>• Flexible/responsive to beneficiaries' needs leading to customised/ tailored interventions.</li> <li>• Highly competent and specialist human resources in several sectors all over the world.</li> <li>• Impartiality and lack of a perceived bias on trade and investment policies is regarded as a major plus especially by donors.</li> </ul>	<ul style="list-style-type: none"> <li>• Activities and programmes especially at the country-level depend on external sources of funding which limit the scale of ITC interventions.</li> <li>• Beneficiaries often lack the scale required to capitalise on market access opportunities identified by ITC.</li> <li>• Considerable Geneva-based delivery (not cost-effective in some aspects).</li> <li>• Inadequate coordination at country-level with donors and other providers of technical assistance operating in same or similar areas/sectors.</li> <li>• Inadequate visibility and awareness of ITC's services portfolio among partnering TSIs, donors and principal stakeholders.</li> <li>• Decentralisation of donor decision-making to the country-level creates greater challenges in awareness of ITC tools and services.</li> <li>• Lack of field presence at the country-level.</li> <li>• Inadequate monitoring and feedback mechanisms to evaluate outreach and impact of activities to final users</li> </ul>
Opportunities	Threats
<ul style="list-style-type: none"> <li>• Increase in demand for TRTA services resulting from Doha Development Agenda.</li> <li>• Increases in TRTA support by donors for trade development could allow ITC to increase country-level programming.</li> <li>• Scope for expanding/diversifying partnerships to increase reach of ITC tools and products for SMEs.</li> <li>• Enhanced effectiveness through country-level coordination with donors implementing related interventions (fewer missed opportunities, more synergies).</li> <li>• Enhanced use of information technology for wide dissemination of products and services, including fee-based services.</li> </ul>	<ul style="list-style-type: none"> <li>• Donor priorities and constraints determine ITC programme delivery.</li> <li>• Increase in competition from bilateral programmes, overlapping with ITC expertise.</li> <li>• Emergence of new specialised small inter-governmental organisations such as Agency for International Trade Information and Cooperation (AITIC) and the Advisory Centre for WTO Law and active NGOs such as the Internal Centre for Trade and Sustainable Development.</li> </ul>

6.52 The goals for TRTA are framed in the context of the DDA and the Monterrey Partnership for Development. The consequence of an increased emphasis on TRTA flowing from the DDA and Monterrey is that overall resources for TRTA have increased. Funding has increased relatively more, however, for Category 1, *Trade policy and regulations*. The growth of technical assistance by WTO and UNCTAD is particularly associated with Category 1. Governments and negotiators are the principal beneficiaries. ITC is focused on Category 2, *Trade development*, and remains a key player in this Category. The trade development category addresses supply-side constraints and assists countries and their SMEs to participate in emerging trading opportunities. ITC has also become involved in the mainstreaming of export strategies, which are an important link between TRTA and the development agenda, including poverty reduction.

## 6.6 Evaluation Questions

6.53 The analysis of comparative advantage leads to several general findings and conclusions. These are grouped below according to the four evaluation questions in the Terms of Reference.

### *Development Relevance*

1. ITC's programmes are responsive and relevant in the context of the Doha Development Agenda and in relation to Goal 8 of the MDGs, particularly in terms of its role in the provision of TRTA related to *trade development*, including assisting enterprises in developing countries to take advantage of emerging trading opportunities.
2. Development partnership is a key element in the MDGs, and includes the further development of an open, rule-based, predictable and equitable trading system. ITC's traditional networking approach focused on TSIs, strengthened by *Executive Forum* and *Business for Development*, is especially relevant in this context.
3. The relationship to other MDGs such as poverty reduction and gender equality is harder to demonstrate, except in the newer, more focused *Export Led Poverty Reduction Programme*, which is an innovative and promising mechanism.<sup>54</sup>

### *Value-added*

4. ITC's value-added is clearest in Trade Development TRTA, where it is a significant actor among multilateral agencies, supported by its technical competencies and specialized programmes, and its accumulated knowledge and experience, despite the entry of other agencies into the TRTA field.
5. This includes a recognisable division of labour in relation to both WTO and UNCTAD, based on comparative advantage, as shown in Figure 6.3, which is presented in terms of the comparative advantage areas perceived by ITC in 1995 and draws on the Evaluation's overall analysis of comparative advantage.

54) EPRP is discussed further in Chapter 7, Box 7 and Chapter 8.

**Figure 6.3: Comparison of Comparative Advantage for ITC with WTO and UNCTAD<sup>55</sup>**

	ITC	WTO	UNCTAD
Expertise in trade promotion and export development	X	-	-
Impartiality and multilateral approach	X	x	x
Access to policy-makers	x	X	X
Understanding of inter-linkages between global, macro & microeconomic aspects of trade	x	X	X
Ability to formulate and implement trade promotion and export development programmes	X	-	-
Wide ranging business community contacts	X	x	x

X: *strong comparative advantage*

x: *more limited comparative advantage*

-: *little or no comparative advantage*

6. The division of labour is somewhat less clear in the case of UNIDO, where there is a degree of overlap in current programme areas. In the case of the World Bank, there is a significant difference in focus.
7. The much larger TRTA programmes of the European Commission and some bilateral donors are active in a range of areas, including some in which ITC concentrates. ITC, however, has the advantages of a global network of intermediary institutions and a continuity of involvement in the countries in which it is most active, as well as its perceived neutrality on policy agendas. ITC has developed a complementary role to the largest providers of TRTA by stressing global products and networks.
8. Stakeholders, both beneficiaries and donors, have a positive view of ITC's value-added, although the lack of a field presence is seen as a constraint. For donors, the lack of an effective means of monitoring outcomes beyond TSIs is a further constraint. There is also a relatively low visibility at country-level, reflecting the nature of some of ITC's products, the small size of its interventions and the lack of a field presence. But the overall assessment is positive.
9. ITC's strengths lie in:
  - Its primary focus on practical trade and sector development issues of direct concern to the business community;
  - Its accumulated experience and technical competencies in core programme areas;
  - Its capacity to formulate and implement trade promotion and export development programmes;
  - A perceived neutrality and impartiality on trade policy issues;
  - A specific mandate to work only in the TRTA area;

55) Figure 6.3 presents the Evaluation's findings in terms of the comparative advantage categories identified by ITC.

- Its convening power in terms of dialogue with the business and trade development communities;
- Its considerable networking capacity; and
- The contribution that specialization and division of labour can make to increasing aid effectiveness and reducing transaction costs in development assistance.

#### *The International Trade Agenda*

10. The evolution of ITC programming has been responsive to changes in the international trade agenda, including the development of new competencies related to business advocacy and policy dialogue on the multilateral trading system and the mainstreaming of trade development and export strategies.
11. Business development activities related to trade in services have been introduced to respond to the inclusion of these issues in WTO in a manner complementary to the policy-oriented activities of WTO and UNCTAD. ITC also has a small focused programme on standards and quality management, which is an area of growing demand for technical assistance.
12. Programmes such as World Trade Net and Business for Development are now major programming areas for ITC, in response to the need for greater involvement of developing countries in the multilateral trading system. These activities are extensions of ITC's capacity for networking with TSIs.

#### *Utilising Synergies*

13. There is a significant degree of coordination and division of labour with ITC's principal TRTA delivery partners, in particular through the JITAP, for which ITC administers the trust fund and provides the coordinating unit, and the Integrated Framework, although the broad-ranging nature of the current phase of the IF has limited ITC's role in terms of programme delivery. The complementarity of ITC with other multilateral providers of TRTA in these programming areas is recognised in the Hong Kong *Ministerial Declaration*.<sup>56</sup>
14. ITC collaborates relatively closely with WTO and UNCTAD, and the coordinating mechanisms are working effectively. It has more limited cooperation arrangements with other international agencies providing TRTA. After some initial difficulties in the early stages of JITAP and the IF, however, these are now working well as important coordination mechanisms.

56) WTO, DOHA Work Programme: Ministerial Declaration, Ministerial Conference, Sixth Session, Hong Kong, December 2005.

**Box 5: Comparative Advantage – Key Conclusions**

- ITC has a strong comparative advantage in trade development TRTA.
- There is a clear division of labour or niche in relation to WTO and UNCTAD, although some potential overlap with changing programming by UNIDO.
- ITC's comparative advantages are based on its technical competencies and accumulated knowledge and experience in core areas of programming.
- ITC programming is directly relevant to the Doha Development Agenda and Goal 8 of MDGs, Development Partnership, although relevance to other MDGs is harder to demonstrate.
- Stakeholders have a positive view of ITC's value added.
- Other providers of TRTA have increased in importance, but ITC's comparative advantages in relation to programmes of other donors include its wide network of intermediary agencies, and its perceived neutrality and impartiality in a global trade environment that is seen as a threat by many developing countries.
- ITC's comparative advantages also include its specific mandate for TRTA, its emphasis on practical trade development for business enterprises and on trade promotion strategies, and its convening power with the business and trade development communities.
- ITC programming has been responsive to the changing international trade agenda.
- There has been increased collaboration with partner agencies, which has increased potential effectiveness of ITC's operations.
- The challenges that ITC faces include a low visibility and critical mass at country level, the potential overlap with UNIDO, and its ability to address MDGs other than MDG 8 more directly.

**7 Intervention Strategy**

7.01 Chapters 7 and 8 are addressed to the second cluster of Key Evaluation Issues, those related to the performance of ITC's interventions. The present chapter assesses ITC's overall intervention strategy, drawing on the in-country field studies, the databases developed for TSIs and end-users, and the Evaluation's study on *The Role of Trade Support Networks*. Findings and conclusions are presented at the end of the chapter.

7.02 It should be noted that the field studies were designed and carried out as an integrated part of the Evaluation and an input to the Evaluation's findings and conclusions. They, therefore, also provide part of the basis for the overall analysis, findings and conclusions on ITC interventions in Chapter 8.

**7.1 Overview of the Strategy**

7.03 ITC's programme delivery consists of three tracks:

*Track 1: Global delivery to meet the collective needs of Small or Medium-sized Enterprises (SMEs) using ITC's product network approach*, developed through headquarters-initiated research,

*Track 2: Multi-agency, multi-purpose trade related projects*, such as JITAP and the IF, and

*Track 3: National and regional projects* tailor-made to the requirements of the country or region.<sup>57</sup>

7.04 The intervention strategy is set out in the *ITC Business Plan*. This is a rolling 3-year plan. Although there are annual adjustments, the *Business Plan* seeks to provide continuity in terms of ITC's five corporate goals,<sup>58</sup> the three delivery tracks, and the seven ITC programmes.<sup>59</sup>

7.05 Although ITC has undertaken innovative steps to deliver information and tools over the Internet, the intermediary agencies, principally TSIs, remain the principal direct recipients of ITC technical assistance. They are ITC's partners for delivery of services to SMEs and training activities.

7.06 An analysis of ITC's project portfolio and the pattern of country interventions was undertaken as part of the field studies. This made clear that, while budgets for global products are prorated across all benefiting countries, actual participation varies significantly among countries and over time. Global products and interregional projects, however, are a major part of ITC's activities, and for many countries constitute most of the entries in the country portfolio. A similar pattern of prorating across countries is used for regional projects.

*Country and Regional Distribution*

7.07 On average, there were three projects for each of 170 countries recorded in ITC's project database over the period 2001-2004.<sup>60</sup> Many programme activities, however, are regional or global in nature, and involve specific countries only to a limited extent. There are also considerable differences between countries, ranging from one project each in 19 countries to 51 projects in Kenya and 52 projects in Tanzania. 42 countries had three or fewer projects. On the other hand, 10 countries in Africa had more than 15 projects each.

7.08 The distribution by region of ITC's country and regional projects is shown in Table 7.1 above. The largest number of both country and regional projects, and the highest expenditures for both, was in Africa, which also had the largest number of beneficiary countries. The second largest number and second highest expenditure level for country projects – although significantly less than for Africa – were in Asia and the Pacific. There were smaller numbers for regional projects in Asia and the Pacific and for both categories in the other three regions.

57) Chapter 4, para. 4.16. See also *ITC Business Plan 2005-2007*.

58) Chapter 1, Box 2: *A Snapshot of ITC*.

59) Chapter 4, Box 4: *ITC Program Areas*.

60) *Not all 170 countries have active projects*.

**Table 7.1: ITC Programme Delivery by Region**

5-year annual average (2000-2004)

	USD '000	No. of Projects	No. of Countries
<b>Africa</b>			
Country projects	2,717	19	14
Regional projects	1,533	9	-
<b>Arab States</b>			
Country projects	298	6	5
Regional projects	13	1	-
<b>Asia and the Pacific</b>			
Country projects	976	10	6
Regional projects	321	3	-
<b>Europe and the CIS</b>			
Country projects	616	7	6
Regional projects	363	1	-
<b>Latin America and the Caribbean</b>			
Country projects	574	2	2
Regional projects	293	2	-

Source: ITC Annual Reports for 2000 to 2004, Statistical Tables.

7.09 Table 7.2 shows the totals for country and regional projects as well as interregional projects over the same period. 60 per cent of project funding was for interregional activities, 27 per cent was for country-specific projects, and 13 per cent was for specifically regional projects. The preponderance of inter-regional projects and the much smaller relative shares of regional and country-specific projects are important factors in understanding ITC's interventions at the country-level. As noted elsewhere in this Report, the emphasis has been, at least in part, a response to the decline in ITC's resources in the 1990s and the policy objective of using limited resources to reach a large number of countries.

**Table 7.2: ITC Programme Delivery by Category**

5-year annual average (2000-2004)

	USD '000	%
Interregional activities	11,326	60
Country projects	5,181	27
Regional projects	2,523	13
<b>Total for 3 categories</b>	<b>19,030</b>	<b>100</b>

Source: ITC Annual Reports.

7.10 Table 7.3 shows the projects included in the country-level field studies, with an indication of which projects were country-specific, regional or interregional, and whether they were part of Track 1, Track 2 or Track 3. The projects included were largely country-specific and regional projects, since many of the interregional projects had limited presence and visibility in-country. They provided a balanced cross-section of project-based experience with different ITC products.<sup>61</sup>

**Table 7.3: Projects Evaluated in Country-level Field Studies**

	Project Type	Track
<b>India</b>		
Wooden Handicrafts	Country specific	3
Organic Spices	Country specific	3
IPSM (International Purchasing and Supply Management)	Regional	3
PACKit	Interregional	1
E-Trade Bridge	Interregional 1	
<b>Vietnam</b>		
Cooperative Programme on Quality Assurance for Spices	Interregional	1
World Tr@de Net & Business for Development	Interregional	1
E-Trade Bridge for SMEs	Interregional	1
Development of IPSM Training and Consultancy	Regional	3
Support for Trade Promotion & Export Development	Country specific	3
Export Led Poverty Reduction Programme	Interregional	1
<b>Kyrgyz Republic</b>		
Trade Promotion and Export Development	Country specific	3
Integrating Central Asian CIS Countries into the Multilateral Trade System (MTS9-Phase 1)	Regional	3
Trade Promotion in Kyrgyzstan – Phase I	Country specific	3
E-Trade Bridge for SMEs	Interregional	1
World Tr@de Net & Business for Development	Interregional	1
<b>Moldova</b>		
Programme de Formation D'acheteurs et D'acheteurs Vacataires	Country specific	3
Developpement de Cooperation entre AMA et l'Universite Technique de Moldova	Country Specific	3
Developpement des Capacites d'une Association D'achats et D'approvisionnement	Interregional	1
Export Development/ Trade Promotion for the Republic of Moldova	Proposed	1
World Trade Net and Business for Development	Interregional	1
<b>St. Lucia</b>		
Executive Forum on National Export Strategies	Interregional	1
Completion of a Tourism Strategy Template	Interregional	1
GATS Training/Service Sector Studies	Interregional	1

61) For a complete list of ITC tools and services, see Chapter 8, Figure 8.1.

	Project Type	Track
<b>Tunisia</b>		
Market Intelligence Follow up to Improve the Market Information System of Selected TPOs	Interregional	1
Capacity Building Among SMEs, TSIs and Governments to Promote Exports of Services from Selected Francophone African Countries	Interregional	1
Mediterranean 2000: Supporting SME's Competitiveness and Access to Trade Finance	Interregional	2
Joint Integrated Technical Assistance Programme JITAP I & JITAP II	Regional	2
<b>Kenya</b>		
JITAP	Regional	2
Organic Product Export Development	Interregional	1
South South Trade Promotion (4 projects)	Interregional	1
Trade Expansion in Cashew Nut	Interregional	1
Market Information Systems	Interregional	1
E-Trade Bridge	Interregional	1
Export Led Poverty Reduction	Country specific	3
Capacity Building for Garment Exporters	Regional	3
<b>Tanzania</b>		
JITAP/IF	Regional	2
Organic Product Development/Spices Quality Assurance	Interregional	1
Trade Data for LDC	Interregional	1
South South Trade Promotion (7 projects)	Interregional	1
Cashew Nut Development	Interregional	1
Trade Capacity Development	Country specific	3
Trade Related Human Resources	Country specific	3
<b>Burkina Faso</b>		
JITAP Regional	Country specific	2
Assistance to ONAC	Country specific	3
Promotion of External Trade	Country specific	3
<b>El Salvador</b>		
Coffee – Review of Market Practices	Interregional	1
ITC/UNIDO Cooperation in Trade Capacity Building in Central America	Interregional	1
Business Development and the WTO Agreements (World Trade Nets)	Interregional	1
Programme for Competitiveness Improvements of SMEs (PROCIP)	Interregional	1
E-Trade Bridge for SME's	Interregional	1
Export Led Poverty Reduction Programme (coffee)	Interregional	1
Export Led Poverty Reduction Programme (tourism)	Interregional	1
HR Development Consultant to Review, Edit Package Training Programme Materials	Interregional	1
Country/Region Specific Act: Latin Pharma Expo 2002	Interregional	1
Country/Region Specific Activities: Building Trade Training Networks in Latin America	Interregional	1

	Project Type	Track
Trade Related Human Resources and Enterprise Development in Central America Phase II	Regional	3
Coffee Guide: Web-site and Promotion	Interregional	1
World Trade Net (Business and the 'Doha Development Agenda')	Interregional	1
Programme Development Activities: Legal Guidance for the Pharmaceutical Industry	Interregional	1
Programme Development Activities: Trade Secrets: Pharmaceutical Industry	Interregional	1
Programme Development During Executive Forum 2003 in Cancun	Interregional	1
Tailor-made Programme and Other Country/Region Specific Activities: Latin Pharma 03 Event	Interregional	1
Capacity Building for Garment Exporters: KEN, MAG, CUB, ELS	Interregional	1

### *Role of Intermediaries*

7.11 For many years ITC has relied upon collaboration with partner networks in delivering its technical assistance. This remains the case, although there has been evolution in the kinds of partners with whom ITC works, and in the modes of collaboration. ITC has promoted global delivery of its products in recent years, with increasing delivery over the Internet, but intermediary agencies remain an important element in the delivery of technical assistance. Much of the e-delivery by, and cyber collaboration with, ITC involves TSI partners.

7.12 ITC has also emphasised the delivery of specifically global products (*Track 1*), and national partners in Trade Support Networks are the recipients of, or are used to deliver many of these. Achieving results depends upon the extent to which support for TSIs builds their capacity and translates into support for SMEs in trade development. The Evaluation's analysis suggests that global delivery over the Internet works effectively to a limited extent for a limited range of products, and the principal delivery channel for many global products remains the TSIs in national trade support networks.

## 7.2 Analysis of the Strategy

7.13 ITC's intervention strategy is influenced by the level, form and sources of available resources, the objective of providing assistance to a wide range of countries, including the LDCs, and by the process of obtaining and managing extra-budgetary resources, including priorities of the funding sources as well as ITC, and, in the case of GTF, guidance from the GTF Consultative Committee.<sup>62</sup> As already noted, the strategy is strongly oriented toward global and interregional products, and country-specific projects are undertaken only where donors have agreed to make funds available for this purpose.

7.14 Both *Track 1* and *Track 2* delivery channels are primarily directed to working with TSI partners in trade support networks. For *Track 3*, involving regional and country-specific projects, the primary direct beneficiaries are TSI partners, and projects generally involve some element of capacity building for TSIs.

62) Discussed further in Chapter 3, para. 3.23 and Chapter 9 para. 9.21.

*Level and Type of Interventions*

7.15 ITC's interventions are heavily focused on global or generic products through inter-regional projects. As discussed above, the proportion of country-specific projects in the past five years has averaged about 27 per cent, with regional projects at 13 per cent (see Table 7.2). The proportion of interregional projects, however, has increased over the period, reaching 70 per cent in 2004, with a corresponding reduction to 30 per cent in the share of regional and country-specific projects.

7.16 An annual delivery of USD21 million in technical assistance to 133 countries in 2004 implies an average expenditure of only USD158,000 per country.<sup>63</sup> A somewhat different figure for total delivery of ITC technical assistance is obtained from aggregating all project activities in Table 6 of the Statistical Appendix of the Annual Report. As is analysed in the separate evaluation study on the *Budgetary and Operational Framework* (see Volume 5), the aggregation of all project activities including activity financed from revolving funds amounts to USD22.6 million, or about USD171,000 per country. There are fixed costs with global products, but the global products can in principle be spread over many countries. The shift to increased emphasis on global products was ITC's strategic response to a decade of retrenchment and declining extra-budgetary resources. In the decade after 1990, available resources declined sharply, and have still not recovered to the level at the beginning of the 1990s, even in nominal terms.<sup>64</sup> The share of extra-budgetary resources from trust funds and UNDP also declined sharply over most of the period.

7.17 The shift in emphasis to global products was partly an economy measure to respond to declining resources, but it was also influenced by the shift in the relative sources of funds. The increased reliance on the regular budget meant that the UN policy priority of providing collective benefits for all beneficiary countries prevailed to a greater extent. In the past, UNDP provided funding for country-specific projects, but now bilateral trust funds are the primary source of funding for country-specific projects. Total trust funds declined during the 1990s, and with the creation and evolution of the Global Trust Fund, a significant share of trust fund resources were also allocated to global products. The allocation of resources under the Global Trust Fund, of course, has been guided by the Consultative Committee, but the effects of the shifts in funding sources have contributed to a reduction in the relative share of country-specific projects in ITC's intervention strategy.

7.18 Global products enable ITC to provide generic services and support to TSIs in many beneficiary countries. Such products have characteristics of public goods, since the marginal cost of distribution is low. There are challenges for evaluating results at the country-level for some of these global products, since their presence and impact in any particular country is limited. The achievement of results depends on how these products are perceived and used by TSI partners at the country-level, whether these products contribute to the capacity of the TSIs, and whether the TSIs can use such products to provide services to end-user SMEs.

63) This is based on total for Trust Funds of USD21.2 million reported in Table 1, Statistical Tables, 2004.

64) See Chapter 3, Figure 3.1.

7.19 As discussed in Chapter 6, ITC has developed a complementary role to the largest providers of TRTA by supporting global products and networking of TSIs. Given its limited, and until recently declining, total resources, this was the market *niche* that ITC has focused on.

*Viability of TPOs and Other TSIs*

7.20 The funding base for TPOs and other TSIs remains a continuing issue in many countries. The World Bank's critique of TPOs in the early 1990s focused on the problems of low pay and poor incentives. Although there has been progress in this area, the challenge remains, especially in low-income and least-developed countries.

7.21 In the Evaluation's study of *The Role of Trade Support Networks*, the source of funds most frequently identified by TSIs was their membership, followed closely by governments and donors. More detailed answers, however, made it evident that in many cases it was governments or donors, or both, that were the most important source of funds.

7.22 The challenge for TSIs in developing countries – represented in the Evaluation's sample by Burkina Faso and Tanzania as LDCs, and Kyrgyz Republic as a low income transition economy – is that the ability to charge fees for services is limited by a low ability to pay and by the effect of aid distortion.

7.23 The availability of aid from various sources, in some cases competitively, means that enterprises often do not fully value technical assistance received. Valuable services to support business development and training are expected to be provided by donors for free or even to be a source of income supplements and expense reimbursement. The consequence is that the economic viability of the TSI may be eroded, since the potential for the TSI to obtain revenue from the provision of such services, or even to cover costs, is greatly reduced. ITC is investing in the capacity of the partner, and the longer term benefits of partnering depend heavily on the sustainability of the TSI. There is, however, a challenge in determining whether individual TSIs are likely to be viable and sustainable partners, since especially in the poorest countries, the future viability of the TSI may be dependent on donor support since private sector capacity and willingness to pay is limited.

*Lack of Field Presence*

7.24 An element of ITC's current intervention strategy, with its emphasis on global or generic products, is an essentially headquarters-based operation, although with considerable interaction with field-level partners and various consultative mechanisms. This was also an aspect of the retrenchment that was necessary following the decline in ITC resources in the 1990s. This approach differs from that of most other donor agencies, which have placed increased emphasis on field-based operations, including frequent and continuing field-level coordination and interaction with recipient governments, executing agencies and stakeholders, as well as among donors supporting similar activities or the same sectors. The Evaluation found, as a result, limited awareness of ITC activities among donor agencies in the field and limited capacity to monitor results of ITC activities at end-user level. The new priority under the Rome and Paris declarations for much stronger coordination in the determination of priorities and the allocation of activities among donors, and better monitoring and measurement of results, has further increased the importance of a field presence for most donor agencies. The absence of an effective field presence for ITC presents challenges in the light of these circumstances, particularly

if increased emphasis is to be placed on country-specific projects and activities. The Evaluation was, however, aware that different approaches could be taken in providing a stronger field presence, and these are referred to later in this Report.

**Box 6: Capacity Building in Tanzania**

ITC collaborated in a large project with UNDP funded by Netherlands and Switzerland for export promotion of ontraditional products, institutional strengthening of the Board of External Trade (BET) and setting up a trade service institution Centre for International Business Development (CIBDS) for training and development of trade related human resources. The project achieved results in the form of market contact programmes and training for 250 SMEs. There was also successful training of trainers, which has resulted in ongoing training programmes benefiting private sector and public sector participants in areas related to export development. The institutional capacities of these institutions have also been strengthened through subsequent ITC projects.

*Assessing Needs*

7.25 ITC’s networking with its partners in national trade support networks and the Executive Forum provide ITC with considerable knowledge of its partners and insights into their needs. A specific objective of the *ITC Business Plan 2003-2005* was to “ensure that ITC’s approach is fully consistent, at the corporate and programme levels, with field-level demand for technical assistance and the spectrum of support available from all organisations involved in trade related technical assistance,”<sup>65</sup> and this has been a guiding objective. The Evaluation, however, did not find a specific capacity for strategic needs assessment or a systematic process for monitoring of emerging and future needs of TSIs and end-user enterprises.

7.26 To obtain insights into the emerging needs for TRTA and the alignment with TRTA provided by ITC, the Evaluation surveyed TSIs and end-users in the 10 countries selected for field studies.<sup>66</sup> Some 48 TSIs were interviewed and completed an initial survey, and a longer questionnaire was completed by 36 TSIs. This included partner as well as non-partner TSIs. Figure 7.1 shows the results. Needs are identified in terms of the ITC technical competencies shown in Figure 6.1.<sup>67</sup>

65) *ITC Business Plan 2003-2005, P.2. The 2003-2005 Business Plan was used as a basis for the Evaluation’s analysis of ITC intervention strategy and the Evaluation’s review of objectives, as it was the latest available when the Evaluation began in early 2004. The 2004-2006 and, most recently, 2005-2007 Business Plans are broadly similar in most respects, with the 2005-2007 Plan developing further a framework for programme-level strategy and results assessment.*

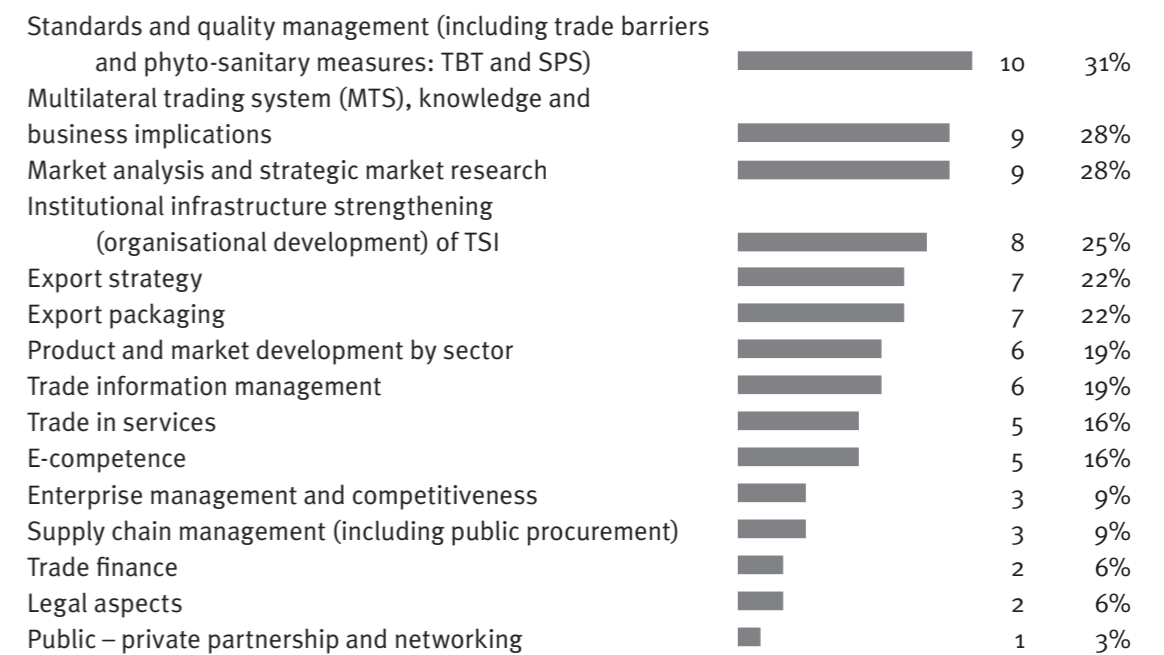
66) *As discussed in Chapter 2, the country sample was selected to be representative on various criteria, including level of development and types and level of ITC interventions, and is, therefore, a robust sample in analytical terms.*

67) *Almost all partnering TSIs (36 out of 37) were interviewed and all of these completed a basic questionnaire. A more detailed questionnaire was completed by 24 out of 36 partner TSIs as well as 12 non-partnering TSIs.*

7.27 The survey indicates that 31 per cent of the TSIs identified *Standards and quality management* as a priority, 28 per cent indicated both *Information about the MTS and Market analysis and strategic research*, and 22 per cent either *Export strategy* or *Export packaging*. *Public-private partnerships and networking* ranked lowest, followed by *Legal aspects* and *Trade finance*. These results are consistent with in-country interviews and the studies undertaken of ITC products, as well as the surveys of other stakeholders.

**Figure 7.1: Future Demand for TRTA Competencies by TSIs**

*What are areas in TRTA competencies where demand will grow in the future?<sup>68</sup>*  
36 respondents (75% of 48)



7.28 In the case of *standards and quality management* – the technical assistance need most frequently identified – there was corroborating support from other sources, including other donors and international development partners, on the growing importance of this technical field in trade development. Concerns in developed countries with respect to food and product safety and security in the movement of products in international trade, and the requirements for traceability of the supply chain and meeting technical requirements, are important issues for developing countries and transition economies in obtaining access to these markets. This reflects, *inter alia*, standards and technical requirements imposed by the EU, United States and Japan, with a resulting need for developing countries and transition economies to comply with such standards and to certify their compliance in order to enter these markets.

68) *Many TSIs identified more than one priority, and the totals, therefore, cannot be added together.*



7.29 It is interesting to note that ITC did do a survey of 43 business associations in LDCs for the High Level Meeting in WTO in 1997. In that survey, there were some parallels in the responses, but one notable difference was that trade finance was rated as a top priority.

7.30 The needs of TSIs will differ according to the level of development and over time. At the present time ITC is lacking a regular and consistent assessment of the needs of TSIs and how they are changing.

7.31 In addition to surveying TSIs, the Evaluation also interviewed *end-user enterprises*. End-users identified several needs, but were often not aware of the services that ITC could provide. Also, in many cases, end-users gave a list of needs, but did not identify priorities until prompted to do so. More than three-quarters of end-users indicated a need for the following services:

- Export market information,
- Designing products for export markets,
- Advice on quality management and standards, and
- Advice on trade fairs and business delegations.

General management training, e-competence training, and information on sources of supply received a much lower rating from the end-users in terms of the services needed.

7.32 TSIs had a clearer view of the kinds of services that ITC can offer than did end-users. The end-users, however, did not generally deal with ITC directly, and perceived ITC as supporting the activities of the TSIs. Nonetheless, TSIs seemed to have a more focused perspective on the types of interventions where needs were likely to increase in the future.

7.33 The results of the survey provide insights into current and emerging needs of TSIs for TRTA and suggest the value of strategic needs assessment as a continuing process.

*Assessing Results*

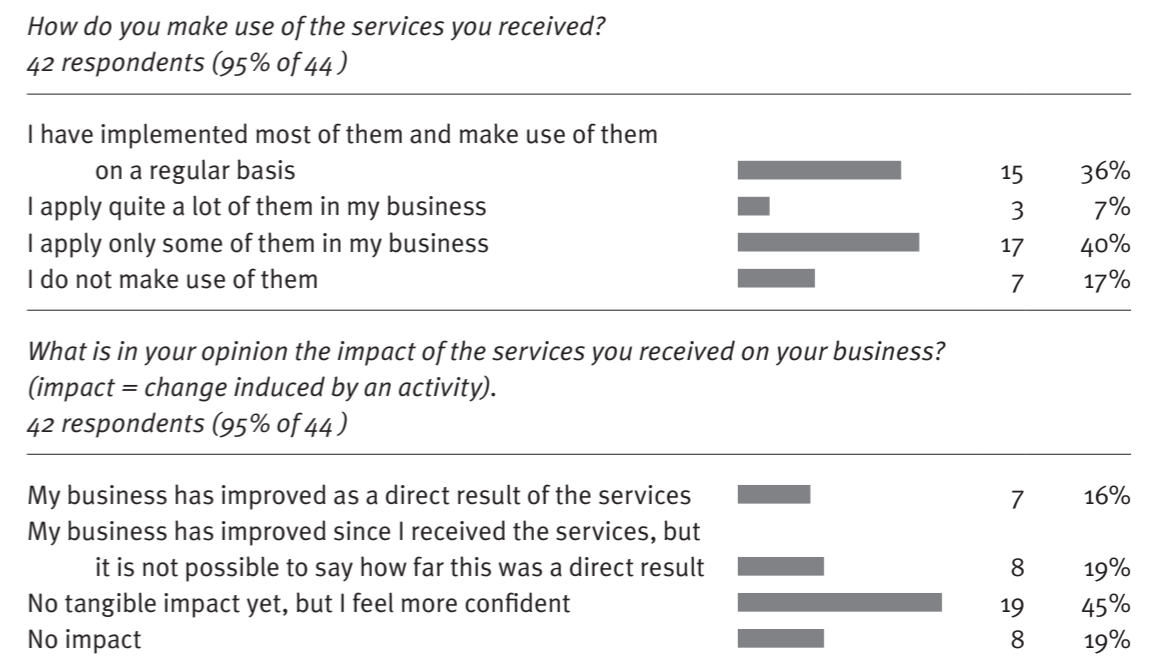
7.34 The MDGs, the Monterrey Consensus and the *Paris Declaration on Aid Effectiveness* all emphasise the need to achieve results from development interventions. ITC's *Business Plan* provides a framework of programme-level strategic objectives and intended key results, as well as expected accomplishments and output targets, together with performance indicators, for the first year of each 3-year plan.<sup>69</sup> The results to be monitored, however, are largely still at the activity or output level, with indicators for higher level outcomes still to be developed. The Evaluation's particular focus was on how to assess the results from ITC support to national intermediary institutions and trade support networks.

69) *The 2003-2005 Business Plan was used as part of the basis for the Evaluation's field and product studies, but the 2005-2007 Business Plan, although consistent with earlier plans, provides a further development in articulating a strategic framework.*

7.35 The Evaluation's study on *The Global Trade and Development Context* addressed some of the issues in measuring results and impacts for TRTA. The challenge for ITC in measuring outcomes and impacts is that the results achieved, beyond activities or outputs, are in the form of enhanced capacities of TSIs and results from support by TSIs to SMEs. Indicators such as an increased number of SMEs entering international commerce can only be collected by the partner organisation. To collect such information, ITC would need to have systematic reporting from partner TSIs. Data collection also needs to reach beyond TSI partners to the ultimate end-users, normally SMEs. Failing systematic collection of data, ITC will be unable to provide evidence of results from its field-level activities.

7.36 In the survey of end-user enterprises conducted during the Evaluation's field visits (Figure 7.2), 43 per cent of respondents reported making fairly extensive use of ITC's services, with a further 40 per cent reporting some, more limited, use of the services. The other 17 per cent did not make any use of the services. On balance, this is a relatively positive result.

**Figure 7.2: Survey of End-User Enterprises: Usefulness and Impacts**



7.37 In the case of impact, 16 per cent of respondents gave a strongly positive assessment for impacts as a direct result of ITC services, and a further 19 per cent reported general business improvement. An additional 45 per cent identified increased confidence, which is also a useful, if less tangible, result. Just fewer than 20 per cent indicated no impact on their businesses. Overall, this is a moderately positive result, although the number of end-users surveyed was small.

7.38 The results of the survey illustrate the challenges inherent in tracing the benefits of ITC support to the end-user enterprises. They build the case for a stronger monitoring and evaluation system.

*MDGs and Cross-Cutting Issues*

**7.39 Poverty Reduction.** The challenge for ITC in documenting and measuring results is greatest with respect to MDGs other than Goal 8, which for ITC are best seen as cross-cutting issues that need to be taken into account in the design and implementation of all ITC programmes. Taken together, the MDGs – including MDG 1, focused on the reduction of income poverty – represent a set of inter-related objectives to reduce both income and non-income poverty and improve human welfare.

**Box 7: Export Led Poverty Reduction**

Export Led Poverty Reduction (EPRP) is an ITC programme that targets a group of low-income producers and seeks to support their entry into export markets. Two initial projects, cutflowers in Yunan province of China and organic pices in India, were prototypes for the EPRP programme. These two projects have been completed and were evaluated. Both projects were very successful in introducing a group of lowincome farmers to export production. The projects have had positive impacts on disadvantaged people and have had a positive gender impact. Prospects for sustainability are good.

Factors that contributed to success included effectiveness of the local partner organisation, collaboration with development partners, ITC competence in the sector, a realistic assessment of market potential and development constraints, and availability of investment funds.

ITC is seeking to replicate the success of the China and India cases in a number of projects targeting low-income groups in Bolivia, Brazil, Cambodia, El Salvador, Ethiopia, Kenya, Mongolia, South Africa and Vietnam. The sectors targeted include agricultural products, community-based tourism, leather products, textiles/clothing and light manufacturing. This is an innovative programme and involves risk. It will be necessary to learn from the success factors in the cut flowers and organic spices projects.

**7.40** ITC has sought to address poverty reduction issues through the (EPRP) (see Box 7). This initiative relies on partnering with TSIs, although it aims at direct impact at the level of end-users. More needs to be done to improve the quality of data collection for monitoring the results of such programmes in the future.

**7.41** ITC also tries to give particular priority to the poorest countries, the LDCs. In 2004, programme expenditures recorded for LDCs were USD7 million, out of a total of USD21 million for all countries. This included USD1.5 million for country-specific projects, USD1 million for regional projects, and USD4.5 million for interregional projects.<sup>70</sup> This represents almost a third of ITC expenditures from extra-budgetary sources.<sup>71</sup>

70) *ITC Annual Report 2004, Add. 2, Statistical Appendix, Table 4.*

71) *ITC does not break down expenditures from the regular budget to individual countries, and regular budget expenditures cannot, therefore, be attributed in the same way.*

**7.42 Gender Equity.** There are two dimensions to gender issues for ITC programming.<sup>72</sup> The first is that enterprises employing women may benefit from ITC activities and the use of ITC tools. The second is that some initiatives may be able to target gender equity directly, such as by supporting the development of enterprises with women entrepreneurs. Measuring the potential gender-related outcomes of ITC interventions involves assessing the effects at the end-user level.

**7.43** ITC has begun to collect information on gender for participants in programmes and activities such as JITAP where ITC provides training directly. ITC and its TSI partners, however, do not currently collect much information on other activities affecting end-users.

**7.44** In the Evaluation's survey of end-users, 43 per cent of respondent enterprises indicated that women accounted for more than 50 per cent of their employees. The evidence from the survey illustrates the possibility of analysing the gender dimension among end-user enterprises.

**7.45** There is a general issue that follows from the intervention strategy of working through TSIs to reach SMEs with export potential. Normally, these are drawn from the formal sector. There is a need to find innovative approaches to reach informal sector enterprises, including women entrepreneurs. These enterprises face greater obstacles in terms of access to capital markets and information, and if these can be overcome there could be significant positive results.

**7.46 Environmental Sustainability.** ITC has only a limited range of programme activities specifically aimed at environmental concerns. For example, ITC conducted a market survey of environmental industries in Germany, collaborated with the Food and Agriculture Organisation (FAO) and the Technical Centre for Agricultural and Rural Co-operation in a market survey for organic fruit and vegetables, and contributed to a Swiss study of organic coffee. Also, ITC has a training programme on environmental procurement as part of the IPSCM training programme, provides information on environmental packaging and environmental standards, and collaborates with UNCTAD on bio-trade and undertakes activities to promote organic products. Environmental sustainability is not, however, likely to be a major issue with ITC interventions, since the linkages between trade and environment are mostly indirect, but the environmental dimensions of sectors such as leather and coffee could be examined more intensively. ITC has recently developed and published a Strategy for Trade and the Environment which emphasises environmental sustainability as a cross-cutting issue and collaboration with development partners.

**7.47 The Digital Divide.** One of the targets under MDG 8 where ITC's activities can contribute most directly is "in cooperation with the private sector, make available the benefits of new technologies, especially information and communications."<sup>73</sup> ITC works with its TSI partners to promote e-readiness and to disseminate analysis through cyber-collaboration.

72) *The issue of gender in terms of ITC staffing is discussed in Chapter 10.*

73) *The other two MDG Targets to which ITC activities are most relevant are "Develop further an open, rule-based, predictable, non-discriminatory trading and financial system" and "Address the special needs of the least developed countries, landlocked countries and small island developing states."*

7.48 As shown in Table 7.4, there is considerable variation in the level of Internet connectivity and usage in countries at different levels of development. In lower middle income economies such as El Salvador and St. Lucia, the level of Internet usage has risen significantly, and the capacity of the SME sector for Internet usage is high. The TSIs in these countries have good levels of e-readiness and are readily able to use Internet-based delivery. In the case of other low income economies, such as India, Kenya, Kyrgyz Republic, Moldova and Vietnam, Internet usage is lower, but it is growing rapidly, and the penetration among formal sector SMEs is reasonable.

**Table 7.4: Internet and PC Usage**

Country	Internet Users per 10,000	PCs per 1000
Burkina Faso	40	2
El Salvador	888	45
India	325	12
Kenya	462	14
Kyrgyz Republic	505	17
Moldova	952	26
St. Lucia	3,666	173
Tanzania	88	7
Tunisia	840	47
Vietnam	711	13

Source: International Telecommunications Union  
[www.itu.int/ITU-D/ict/statistics/](http://www.itu.int/ITU-D/ict/statistics/)

7.49 It is in the LDCs, represented in the 10 countries surveyed by Burkina Faso and Tanzania, where there are the greatest constraints on Internet use. Undoubtedly Internet usage will grow rapidly in the LDCs also, but in the immediate future different approaches will be needed to support the dissemination of ITC products in these countries.

### 7.3 Evaluation Questions

7.50 The findings and conclusions that follow from the above analysis are set out below.

1. Global and inter-regional products are a major part of ITC activities, and for many countries constitute much of ITC's country portfolio. Some 60 per cent of ITC programme delivery over the past five years was in this category, rising to 70 per cent in 2004. The balance is in the form of country-specific and regional projects.
2. The emphasis on global and interregional activities has been ITC's strategic response to a sharp decline in resources after the early 1990s, together with expectations that ITC would provide some products or services for a large number of countries.

3. The pattern of ITC activities has also been influenced by the composition of available resources, with substantially reduced extra-budgetary resources over most of the period since the early 1990s, since country-level programmes are financed from such resources. With more recent increases in bilateral trust funds as the principal source of extra-budgetary resources, it has also been influenced by the donors, either jointly or individually, in consultation with ITC, and, in the case of the Global Trust Fund, by the policy guidance provided by the GTF Consultative Committee.
4. Global products have some of the characteristics of public goods, with low distribution costs, but also lower visibility than larger individual country-specific interventions, and their outcomes and impacts are more difficult to assess.
5. ITC has focused on global products and supporting the networking of TSIs in order to be complementary to the largest providers of trade development TRTA.
6. ITC's overall intervention strategy relies heavily upon TSI partners and partner networks as key intermediaries in delivering ITC technical assistance. This applies also, to a considerable extent, to the delivery of ITC's global products, including those making use of e-delivery.
7. The achievement of results, in turn, depends on whether and how ITC products are utilised by TSI partners, whether the products lead to capacity building for the TSIs, whether the TSIs provide ITC services to end-user enterprises, and the effectiveness of those services at the end-user level.
8. The capacity and viability of TSI partners are important factors influencing the extent to which ITC networks and products achieve the desired results, including the sustainability of many ITC interventions. ITC, therefore, has a strong interest in measures and activities that support the viability of TSIs.
9. ITC's networking with its partners provides considerable knowledge of the partners and insights into their needs, and adapting to those needs has been a continuing objective of ITC. The Evaluation's surveys of TSIs and end-users, however, suggests there is further scope for a more systematic and strategic approach to the assessment of emerging technical assistance needs of both TSIs and end-user enterprises.
10. ITC Business Plans provide an overall strategic framework in terms of corporate goals and programme objectives, and this framework has been strengthened in the 2005-2007 Business Plan. The specification of monitorable results, however, is still largely at the output and initial outcome level, and further development of the monitoring system for higher level outcomes and impacts remains to be put in place.
11. There is a lack of systematic reporting from TSI partners and end-users on outcomes and impacts of results. Such reporting presents challenges, but the Evaluation's survey of end-user enterprises suggests the potential benefits of a stronger monitoring and evaluation system. Systematic monitoring involving both TSIs and end-users is needed to identify and demonstrate outcomes and impacts effectively.

12. In terms of overall development goals, the relationship of ITC activities is strongest in terms of some of the targets of MDG 8. ITC has, however, sought to address the poverty reduction goal more directly through the Export Lead Poverty Reduction programme, and has begun to collect information on gender for participants in programmes where ITC provides training directly, as in JITAP. It has also recently completed a strategy document on trade and the environment.
13. There is, however, still a lack of overall monitoring of poverty reduction, gender equity and environmental effects (which are relevant in some sectors) through TSI partners and end-user enterprises. Without such reporting, ITC will be unable to demonstrate results in terms of the broader international development agenda.
14. The impacts of ITC programming on other MDG goals, in particular direct poverty reduction and gender equity, would be strengthened if innovative approaches could be developed to reach the informal sector, including women entrepreneurs. More broadly, these goals require careful attention in programme and project design and implementation, as well as in monitoring and evaluation.
15. ITC is also making a contribution to the MDG 8 target of making available the benefits of new technologies, in particular ICT, through e-delivery methods. There is currently more scope for such methods of programme delivery in LMICs and other low income countries than in LDCs, and although this may be changing, in the immediate future different approaches will also be needed to support dissemination of ITC products in the LDCs.

#### Box 8: Intervention Strategy – Key Conclusions

- ITC's intervention strategy includes a strong emphasis on global and interregional products, in part as a strategic response to limited ITC resources and the objective of providing some assistance across a broad range of countries. Such products, however, have a lower visibility at country-level than country-specific projects, and their outcomes and impacts are more difficult to assess.
- ITC's strategy depends heavily on TSIs as key intermediaries to transmit knowledge, skills and services to SMEs and other end-users. Achievement of intended results in turn depends on whether ITC products are utilized by TSI partners, whether the products lead to capacity building, and the extent and effectiveness of the provision of such services to end-users.
- The capacity and viability of TSI partners influence the extent to which desired results are achieved, including the longer term sustainability of ITC programmes, ITC, therefore, has a strong interest in the viability of its ITC partners.
- ITC has considerable knowledge of its TSI partners and insights into their needs. There is, however, scope for a more systematic and strategic process for assessing the emerging needs of TSIs and end-users.
- ITC Business Plans provide an overall strategic framework in terms of corporate goals and programme objectives. Specification of monitorable results, however, is still largely at output and initial outcome level. Further development of objectives, intended results and monitorable indicators is needed for higher level outcomes and impacts.

- There is a lack of a systematic process for monitoring results and outcomes through TSIs and end-users, including results in terms of the targets for MDG 8 as well as other MDGs, in particular poverty reduction and gender equity. Without such reporting, ITC will be unable to demonstrate outcomes and impacts effectively. This will require cooperation from TSIs.
- The impact of ITC programming on other MDG goals could be strengthened if innovative approaches could be developed to reach the informal sector, including women entrepreneurs.
- More broadly, poverty reduction, gender equity and other development objectives require attention in programme and project design and implementation, as well as in monitoring and evaluation. This needs to include working proactively with development partners to ensure these objectives are taken into account in the design, implementation and monitoring of projects or programmes being delivered by ITC's partners.
- ITC is making a contribution to the MDG 8 target of making available ICT technologies. There is, however, currently more scope for such methods of programme delivery in LMICs and other low income countries than in LDCs, and different approaches are also needed in the LDCs in the immediate future.

## 8 Performance of Interventions

8.01 All ITC interventions involve the delivery of one or more products. The suite of products incorporates ITC's overall service or intervention portfolio and provides a comprehensive basis for evaluation of ITC interventions. The purpose of delivery of ITC products is to achieve results at the country-level, but ITC's portfolio of global, regional and country-specific projects spread over 133 or more countries means that potential results are also spread over many countries. In addition, projects at the country and regional level currently account for only 30 to 40 per cent of ITC's technical assistance, with the balance in interregional or global activities.<sup>74</sup>

8.02 This means that ITC's products are often not recognized at the country-level as targeted to that country, even though they may be useful contributions to trade development and supportive of the delivery of country-specific products. They are in the nature of "public goods", and their benefits may not be attributed to ITC.

8.03 The Evaluation's analysis of the performance of ITC interventions accordingly draws on all of the different elements of the Evaluation. The country-level field studies<sup>75</sup> were one of these elements, and were designed to complement the individual product studies for each of ITC's programme areas, as well as other parts of the analysis. These include 15 product studies and technical studies drawing on:

<sup>74</sup> See Chapter 7, para. 7.09 and Table 7.2 and para. 7.15.

<sup>75</sup> The field studies were undertaken in 10 countries (see Chapter 2). These were Burkina Faso, El Salvador, India, Kenya, Kyrgyz Republic, Moldova, St. Lucia, Tanzania, Tunisia, and Vietnam. The selection of countries, complemented by product case studies in China, Latvia, Brazil and South Africa, ensured that a full range of ITC products was represented in the sample (see Table 7.3).

- Field-level case studies of particular products or projects, with field visits to Brazil, China, Latvia, and South Africa, to complement the 10 country-level field studies;
- Aggregation of field surveys of TSIs and end-users;
- Use of e-questionnaires sent to all ITC partners in the various product networks;
- Participation in various ITC activities at headquarters and elsewhere;
- Analysis of programme and project documentation, and interviews with ITC staff;
- Review of programme and project evaluation studies conducted for ITC and other agencies;
- Meetings with ITC beneficiaries at ITC conferences and meetings; and
- Analysis of the extensive database compiled by the Evaluation on TRTA and on ITC programmes, projects, partner institutions and end-users.

These various elements were integrated into the overall analysis, of which that part dealing with ITC's intervention strategy has been discussed in Chapter 7.

8.04 The present chapter sets out the second part of the analysis of ITC's interventions. This is presented in terms of the five evaluation criteria of *relevance, efficiency, effectiveness, impact and sustainability*. In addition, some individual case studies are described in the Boxes in Chapter 7 and the current chapter, and perspectives from the country-level field studies are presented in boxes according to the evaluation criteria. The final section of the chapter presents findings and conclusions on the key evaluation questions in the Terms of Reference.

## 8.1 ITC's Interventions

8.05 ITC's products cover a diverse range of outputs, from tools and guides to supporting networks. Their significance in ITC activities can be inferred from staff numbers. The product-focused divisions, DPMD and DTSS, employ 73 staff as compared to 28 staff for the delivery-focused DTCC. In total, about three quarters of operational staff work on product development or content. In addition, two other products, EPRP and SSTP, are provided by DTCC.

8.06 Many of ITC's products are delivered through the global delivery Track 1. This enables ITC to achieve global coverage through the provision of low-intensity field-level support, based on (i) active publication and information dissemination, (ii) direct collaboration through the product-network approach, and (iii) provision of highly targeted inputs under GTF Window II programmes such as South-South Trade Promotion, World Tr@de Net and E-Trade Bridge.

8.07 There are challenges in evaluating global products and networks. The products are headquarters-based and intended for use by TSIs or end-users. They can be guidebooks or tools on CD ROM, or networks such as World Tr@de Net (involving TSIs in 51 countries in the exchange of information on the MTS), with publications being a supporting input to the network. Other networks include ServiceExportNet and TPONet.

8.08 ITC has an array of tools and products to support TSIs and SME development. These are in four principal "product lines" (*Global Programmes, Advisory and Training Services, Information Sources and Tools and Products*) (see Figure 8.1), with 7, 17 and 29 products in the first three. The category *Tools and Products* is divided into four sub-categories: *Guides, Methodologies and Approaches, Training Materials* and *Benchmarking and*

*Assessment Tools*. These contain 11, 9, 16 and 18 products respectively.

**Table 8.1: ITC Products Evaluated**

Market Analysis Service (Trade Map/ Product Map)	World Tr@de Net
Trade Information Services	Business for Development
Market Development Services	Standards and Quality Management
Trade in Services Section	Export Packaging
South-South Trade Promotion	Legal Framework for Foreign Trade
Export Led Poverty Reduction Programme	Chamonix Workshop
ProCip	Web-based Materials
E-Trade Bridge	Executive Forum
	International Purchasing & Supply Management

8.09 ITC's tools, services and compendiums include vastly different types of products. Networks, such as World Tr@de Net, represent very substantial activities, which include many products within the activity, while some of the individual products listed in the Compendium may be a CD ROM intended to be helpful to a TSI or to an enterprise with a particular task.

8.10 With such a large number of products, it was not possible to evaluate all products individually. Evaluations were, however, conducted of all 15 product groups (see Table 8.1). In addition, the Evaluation included two products focused on cross-cutting issues – the *Export Led Poverty Reduction Programme, and South-South Trade Promotion*.

8.11 The products evaluated covered all seven of ITC's programme areas and all 15 technical competencies identified in the Evaluation's TRTA Reference Framework<sup>76</sup> with the exception of *Trade finance*. The 15 competencies are:

1. *Export strategy*
2. *Multilateral trading system (MTS) knowledge and business implications*
3. *Enterprise management and competitiveness*
4. *Product development by sector*
5. *Market analysis and strategic market research*
6. *Public-private partnership and networking*
7. *Trade in services*
8. *Trade information management*
9. *E-competence*
10. *Trade finance*
11. *Standards and quality management (including TBT and SPS)*
12. *Supply chain management*
13. *(including public procurement) Export packaging*
14. *Legal aspects*
15. *Institutional strengthening of TSI*

8.12 The individual products evaluated were the larger and more significant products, and a number of less important and older products were not included. The product studies examined groups of ITC products, and covered all operating divisions.

76) See Chapter 2 and Figure 6.1.



Figure 8.1: ITC Tools and Services<sup>77)</sup>

8.13 The product groups included products of the Division for Product and Market Development (DPMD), products and services of Business Advisory Services (BAS), products of the International Purchasing and Supply Management Section (IPSM), selected SME competitiveness products (ProCIP and E-Trade Bridge) in the Enterprise Management Development Section (EMDS) of the Division of Trade Support Services (DTSS), and projects and activities related to development concerns – the *Export Led Poverty Reduction Programme (EPRP)* and *South-South Trade Promotion (SSTP)*, in DTCC.

8.14 As Figure 8.1 shows, ITC provides a very large number of products or tools and services in eight programme areas. Many of these are clearly useful to TSIs, but their large number raises the issue of potential product proliferation. There is also supporting evidence of a pattern of brand extension and product proliferation from the Evaluation's interviews with ITC beneficiaries and the low level of utilisation of some products.

**Box 9: Export Strategy in St. Lucia**

The Export Strategy tool kit, with its emphasis on establishing networks within and between sectors, is particularly relevant to St. Lucia, a) because the networking principle is particularly effective in a small economy environment, b) because there is a functioning institutional infrastructure in St. Lucia that can implement an export strategy, and c) because St Lucia is at a turning point in terms of export development, with the collapse in its traditional export base (bananas).

The conditions that applied in St Lucia recur in many of the approximately 40 Small Island Development States worldwide, and for that reason render the Export Strategy Tool Kit potentially relevant to many of these countries.

The tool kit was delivered in a highly efficient and cost-effective manner, with a total of 22 sector working groups and partnerships created, and an incremental outlay of only USD25,000 (excluding ITC staff costs).

The partnering TSI was judged to be doing a good job in disseminating the practice guidelines and managing the process.

The level of participation by end-users and the enterprise sector was quite high, and this particular product was rated highly by this group in terms of its relevance to their trade development requirements. The product design (e.g. value chain approach) was also challenging and engaged their commitment.

With few cultural barriers to female business ventures, and the importance of the services sector in the Strategy approach, it also supports gender equity goals.

77) ITC website, "Compendium of ITC Tools and Services" as of December 2004, confirmed September 2005. Two more recent products are not shown.

8.15 There are significant fixed costs in developing many ITC products, which then acquire some of the characteristics of a public good, with low marginal costs of distribution. The extent to which the products yield a return on investment and/or produce development benefits depends on whether they are used by TSIs to support SMEs or are used directly by SMEs. Products that are high cost to develop, with high fixed costs, can yield a significant return only if they are heavily utilised and achieve significant development results. A careful assessment of prospective demand and utilization is needed to justify the initial investment in new products.

## 8.2 Analysis of Intervention Performance

### Relevance

8.16 The comprehensiveness of the suite of ITC products enhances their relevance to ITC's role in working with trade support networks and their varying requirements. The results from the individual country and product studies confirm high actual or potential relevance to the needs of TSIs and end-users. In some instances, the relevance is more potential than actual, with some products in the ITC compendium of tools and services not fully up to date or sufficiently customized, and some not extensively used.<sup>78</sup>

8.17 TSIs select from among the various ITC products those that are suitable for their needs. The creation of specialised networks focused on particular products also leads to a process of selection where TSIs themselves identify those products most relevant to their needs.

8.18 ITC's partners in beneficiary countries, both those interviewed in the field studies and those contacted through e-questionnaires, uniformly gave a positive assessment of the relevance of ITC tools and services. The range of products means that TSIs and other partners could usually find ITC services that met their needs.

#### Box 10: Field Perspectives on Relevance

##### Burkina Faso

Overall objectives of ITC interventions (adding value and diversifying exports) were highly relevant. JITAP programme was relevant, although not in full compliance with national poverty reduction strategy. Due to digital divide, however, delivery of ITC products was constrained.

##### El Salvador

ITC interventions were consistent with Government strategy to foster trade development and were seen as relevant by stakeholders. Scale of intervention, however, was insufficient.

78) *Use of tools is not monitored systematically by ITC or by its TSI partners. Issues range from TSI capacity and awareness to end user absorptive capacity. The extent to which an ITC product is used is also likely to vary over time.*

#### India

Highly appropriate sector/beneficiary selection in projects. Both country-specific projects (empowerment of rural communities and wooden handicrafts) targeted underprivileged sectors and sectors with good export potential (organic spices, handicrafts and artisan products), and focused on poor sections of society as beneficiaries. Less relevance for multi-country projects IPISM and Packit, given India's established ICT, packaging materials sector and higher education system. Despite overall relevance, E-trade Bridge had lower priority for SMEs than supply side constraints.

#### Kenya

Capacity building for garment exporters highly relevant and four projects under SSTP also relevant since Kenya is home to regional offices of several aid procurement agencies. Projects to address WTO requirements (JITAP) relevant to country needs although trade remedial measures and intellectual property rights not addressed. Project design and product selection were not done in consultation with key sector bodies.

#### Kyrgyz

ITC work directly with private sector very relevant. Interviewed companies had no previous understanding of requirements for exporting to western markets. Networking and creation of an association were relevant to target group of SMEs. E-trade Bridge less relevant given current state of digital divide in Kyrgyz, where only largest companies have computer networks.

#### Tanzania

Highly relevant to country needs and challenges. Some projects directly addressed institutional needs of a country in transition. Export Trade Development, Trade Capacity Development, JITAP and IF were most relevant, and were appropriately timed in relation to Tanzania's transition to a market economy. Some multi-country projects, however, such as to some extent some SSTP sectors were not in line with Tanzania's export priorities

#### St. Lucia

Export and strategy templates were highly relevant to efforts to diversify and restructure the economy as well as supportive of female business participation.

#### Moldova

ITC products were regarded as relevant to needs. IPISM/AMA project was seen as relevant to a transition economy. More customisation (products in Russian) of ITC products and training activities were desired. More training in use of ITC tools would increase their use and dissemination.

#### Tunisia

Practically all stakeholders interviewed were of opinion that project objectives were consistent with beneficiary requirements, country needs, global priorities and partnerships. Project formulation and design were seen as highly relevant.

#### Vietnam

All beneficiaries interviewed endorsed ITC projects as relevant, as they addressed a wide number of issues and needs relevant for end-users and were in line with Vietnam's trade development policies. Some stakeholders questioned Vietnam's readiness for e-trade and relevance of E-trade Bridge.

8.19 One challenge on relevance came from partners or beneficiaries who, while generally satisfied with ITC support, wanted a different mix of products in the future.<sup>79</sup> For example, some beneficiaries indicated that standards and export certification issues were more important to them than market information, and wanted greater flexibility in the kind of support provided. Despite the broad relevance of ITC support for TSIs, therefore, there is a continuing need for the systematic assessment of changing needs and an ongoing analysis of whether ITC products and project interventions are addressing specific needs.

8.20 Another issue was that in a given country the selection of interventions was based more on identified fit between available ITC products and the self-determined orientation of TSIs, rather than on an explicit assessment of end-user needs. While the needs of TSIs are recognized, needs assessment at the country-level is not systematically undertaken as a determining criterion for ITC product development.<sup>80</sup>

8.21 A factor influencing the assessment was that country-specific projects, with higher visibility, had a proportionately heavier weight in the field studies, and these projects had been subject to some form of needs assessment, which improved results in terms of relevance. Examples include the EPRP organic spices project in India, the Trade Promotion project in Kyrgyz Republic, the creation of the Purchasing Association in Moldova, and the trade capacity building project in Tanzania.

8.22 Since a logical framework was often not available from the project documents, the full intervention logic was not available to the evaluators. Although project documents did indicate general objectives, this was normally only in the case of country-specific projects. Relevance may, of course, have been improved as a result of adjustments during project implementation or in the ex post adjustment of expectations by the beneficiaries. Relevance at the country-level for global products was also not articulated in programme documents.

8.23 Some of the newer ITC products – such as *World Tr@de Net*, *Business for Development*, *Executive Forum*, *Export Strategy*, *Standards and Quality Management*, *EPRP*, and *Trade in Services* – received positive ratings for relevance. Relevance was also confirmed by other sources than direct beneficiaries. With the exception of EPRP, which is a different kind of initiative, these products and networks build on the ITC comparative advantage of networking with TSI partners at the global- and country-level, while at the same time addressing new needs relevant to public-private partnerships, business advocacy and policy dialogue and the mainstreaming of trade development into economic development strategies.

8.24 At the same time, some of the innovative Internet based products of ITC are more relevant to lower middle income and other low income economies than they are to LDCs, due to the digital divide, although this may be changing as the availability and utilisation of the Internet is growing rapidly in even the poorest countries.

8.25 Brief summaries of some of the findings on relevance from interviews in the field studies are presented in Box 10.

79) This is consistent with the survey results shown in Figure 7.1.

80) See Section 7.2, para. 7.24.

#### Box 11: MLS Training Programme in Moldova

The MLS training programme International Purchasing and Supply Management is delivered in Moldova by the local purchasing association AMA in collaboration with a local University. Several hundred people from SMEs, state enterprises and the public sector have taken the course. Such a programme is relevant to the challenges of a transition economy and the large number of graduates indicates that the project has been effective in achieving its objectives. The programme has achieved a degree of sustainability from the tuition fees paid by the trainees.

#### Efficiency

8.26 The many ITC products evaluated (some of the product groups included many products within the group) were uniformly found to be of acceptable or good quality. The Evaluation found generally good ratings for efficiency, in the sense of being able to combine inputs into satisfactory products. The organisational culture of ITC emphasises the assembly of inputs into activities and “products”, whether those products are publications, guidebooks, training seminars, network meetings or virtual networks. Since the production of products tends to be headquarters-based, although with significant interaction with TSIs and other development partners, the relatively good capacity of ITC to convert inputs into products was not unexpected.

8.27 There were, however, reported issues with respect to implementation and follow-up for some products in some of the country studies. This was the case, for example, with Export Packaging in terms of work on products with partners, where the post of Senior Adviser was vacant for an extended period, with a corresponding loss of momentum. Implementation and follow-up problems were also identified with the training component of Trade Information Services and Trade in Services (implementation of the Tourism Strategy template). Many of the field studies found difficulties with follow-up on ITC projects. In terms of the Evaluation’s overall results, however, ITC was generally regarded as implementing its programmes in a timely and efficient way.

8.28 An important caveat on efficiency stems from lack of information on cost-efficiency. Data linking input costs with activities and outputs have not been compiled in the past or were not available. Management costs and the cost of product development were not broken down to allow calculation of the costs of particular interventions at the country-level. In a few instances, it was possible to draw inferences about costs. One positive case was the *Modular Learning Service (MLS)* of IPSCM, which was adapted from a high cost model of training based in Switzerland to a low cost model of training through partner institutions in developing countries.

8.29 Analysis done by the Evaluation on training costs in different locations and with different assumptions found that the activities undertaken by ITC in deciding whether to hold training in Geneva or in other locations were sound and appropriate. ITC was sensitive to managing costs in deciding on the location of seminars in light of the sources of participants and resource persons. Use of contract staff (e.g. in the development of the Market Analysis Service (MAS) suite of products) was also found to be an efficient mode of operation. Local consultants were used cost-effectively.



**Box 12: Field Perspectives on Efficiency****Burkina Faso**

ITC provided high quality and well-targeted services, but there were shortcomings in follow-up and adaptation of services to local context.

**El Salvador**

ITC interventions had on the whole achieved planned outputs and met high standards of quality. Human Resources and Enterprise Development project had delivered its activities relatively efficiently, and additional needs for adapting training materials were met.

**India**

Inputs were delivered in time and within budget in all projects. In wooden handicrafts delays were observed, and in E-Trade Bridge, handicrafts and garments, TSIs were not involved properly.

**Kenya**

In general, ITC inputs were delivered in time and within budget in all projects. High efficiency recorded in SSTP projects, cashew nut and garments projects. Output under JITAP provided according to timetable, while some activities had not been delivered to target and delays in funds impeded follow-up action. Low efficiency in organic products where inputs were not timed with forthcoming EPRP project.

**Kyrgyz**

Stakeholders viewed ITC operations as efficient. There were indications, however, of ITC being slow to complete all necessary paperwork and ask for timely disbursement of approved funds.

**Moldova**

ITC partners regarded efficiency as high. ITC activities were seen as well organised and products and services were regarded as useful, practical and of good quality. Moldovan participants found regional activities and networks of ITC to be useful and a valuable source of information. Cost-efficiency was rated low because initial IPSM/AMA project had high unit costs.

**St. Lucia**

All TA was delivered in a highly efficient manner. Some debugging problems but these were responded to quickly. Very good cost efficiencies in terms of numbers of participants and outputs. Fixed costs at HQ in Geneva for multi-country projects could not be measured.

**Tanzania**

Timely and complete delivery of inputs in almost all projects, especially in large and complex projects. Cost-efficiency good in some projects.

**Tunisia**

In general, beneficiaries expressed satisfaction with involvement and commitment of ITC staff. They were satisfied with expertise delivered in the field and recommendations provided by ITC staff.

**Vietnam**

In most surveyed projects, outputs were reached according to plan and in an efficient manner. Shortcomings were related to not delivering to targets or not fully involving important stakeholders. Some stakeholders had expected higher degree of interaction with ITC.

8.30 In a few instances (e.g. India), for a few activities (e.g. seminars), the evaluators could use comparison by proxy. In some cases, the projects were focused on a few key activities, so that unit costs, or at least average unit costs, could be inferred from the total budget. In most instances, however, the data for country-specific projects gave only total project budgets, and project documents from the planning stage did not necessarily provide accurate information, since project implementation may have been subsequently altered. For global products spread over many countries, it was also not possible to derive a meaningful cost breakdown.

8.31 ITC was rated satisfactorily for efficiency across-the-board in terms of converting inputs into activities and outputs. Apart from minor delays in project implementation and questions about follow-up, the beneficiaries tended to be satisfied or very satisfied with the quality of project delivery and, especially in LDCs, rated ITC better than other TRTA providers on the quality of project implementation.

8.32 There was, however, significant variation in perceived efficiency on particular projects. Although the efficiency of country-specific projects tended to be regarded as high by TSI partners, the interventions were often sporadic due to dependence on donor funding and changes in donor priorities. A common complaint was that projects could sometimes be delayed for several years awaiting funding or that there was a lack of follow-up after project completion. Concerns were expressed by TSI partners about the uncertain process of obtaining funding for country-specific projects.

8.33 Box 12 summarizes some of the field interviews on efficiency, although it should be noted that these are only one element in the Evaluation's overall findings on efficiency, which are also based on the product studies and other elements of the analysis.

*Effectiveness*

8.34 There was greater variation on the extent to which desired results were achieved. In addition, there was a basic problem that ITC activities tended to be viewed as "products" or "outputs", rather than development interventions. Objectives specified in the *ITC Business Plan* are relatively general, and the indicators of achievement are largely activity- and output-based. The intended results for products were not stated in a precise way, which made it difficult to determine whether these were achieved. If results are defined in a narrow sense, however, it is more likely they can be achieved. For example, in evaluating the Chamonix Workshop for Arbitration Centres, the workshop seemed likely to contribute to achieving the objective of launching a network for greater collaboration among arbitration centres in developing countries. For many of the global products, however, objectives in terms of intended results were not specified at appropriate levels.

8.35 The operational objectives, expected accomplishments, and indicators of achievement for ITC programmes and interventions are set out in the *ITC Business Plan*.<sup>81</sup> The product studies have evaluated ITC effectiveness in achieving these objectives and indicators. As already noted, the indicators tend to be activity- and output-based.

81) *ITC Business Plan 2003-2005 was the document used to identify the specific operational objectives and expected accomplishments for this purpose. Various issues of the Business Plan were also consulted for other purposes.*

8.36 The basic indicator that the Evaluation sought to apply to all ITC products was whether they were being distributed, and if they were distributed, were they used? Products may be of acceptable quality, but if they are not distributed and utilised effectively, then they cannot achieve development objectives.

8.37 Assessing ITC products in terms of publication sales, the distribution and utilisation of the products was extremely limited.<sup>82</sup> The picture improved if data on the distribution of publications to partners was included in the analysis. Distribution of publications and tools and guides to TSI network partners may have been a “loss leader” for ITC in a commercial sense, but the publications and products serve to build ITC networks, strengthen capacity of TSI partners, and sustain the trade support networks in beneficiary countries.

8.38 Internet delivery of ITC products is growing in significance, but only a few products have so far achieved significant success in e-delivery. *World Tr@de Net* is an important networking vehicle for ITC, but it seems to have achieved only modest success so far in e-delivery of information and stimulating dialogue and information exchange among network members. One of the few ITC products with satisfactory e-based delivery are the web-based activities of Juris International, and some of the MDS and IPSM websites were also found promising.

8.39 In translating ITC products into development results, ITC depends on the effectiveness of the TSI intermediaries in converting a good product into higher level intended results. TradeMap and other products/tools of the Market Analysis Section have generated a good user base among TSIs. Overall, the products are well regarded, but the issue was whether the intermediaries were effectively disseminating the information and analysis to the private sector. The survey of TSI partners indicated that dissemination was occurring in 60 to 70 per cent of cases, but it was not possible to identify end-users. The Evaluation’s positive assessment of the MAS was based on a survey of TSI users and the flagship product *TradeMap*. The findings were less strong for the more enterprise-oriented *ProductMap*. There were shortcomings, however, in the transfer of training on the use of these products to SMEs.

8.40 South-South Trade Promotion was an example of an ITC product that depended on intermediaries and had difficulty in converting relatively efficient activities into development results. Although some of the challenges related to the need for more careful screening of the profiles of buyers and sellers, the role of the TSIs was also a factor in the reported weaknesses in support for and follow up on networking activities. There were questions about the capacity and commitment of some of the TSI partners.

8.41 A product for which there was a successful strategy of working with TSI partners were the *MLS training modules* in IPSCM. The partner institutions used the Modular Training Service (MLS) training modules to deliver training in their countries, and were supported by the Asia Net and Learning Net websites. Similarly, the Human Resources and Enterprise Competitiveness Project in El Salvador achieved results in improving the competitiveness of SMEs, which was confirmed by a survey of 15 end-users. In addition, the MLS training programme had several components and led to a diploma. A sustained training programme such as this offers good potential for sustainable capacity building.

82) Revenue from the sale of publications amounted to USD7,000 in 2004.

8.42 Two products rated highly for effectiveness were *Business for Development* and the *Executive Forum*. Both made good use of ITC networks and convening power, and both were rated highly for achieving results. In both cases, the results were in the form of business advocacy and public-private dialogue and partnering. Executive Forum had developed an effective networking e-dialogue process among core participants, which was useful in facilitating exchange of experience and best practice. Direct linkages between policy dialogue and policy results are difficult to establish, but these are successful high profile networking activities that contribute to the mainstreaming of trade into national development policies and are complementary to what major bilateral donors and other international organisations are doing in TRTA.

8.43 Beneficiaries generally reported that their objectives were achieved, at least to an acceptable degree. Again, the weight attached to country-specific projects in the field studies contributed to the result, since these were more likely to be positively perceived by stakeholders. Since in many cases clear objectives had not been specified, the judgement on whether objectives were achieved tended to be a general *ex post* judgment by the beneficiaries.

8.44 Measuring effectiveness has two dimensions for ITC interventions. The first is capacity building for the ITC beneficiaries and TSI partners. The second is that of results achieved in providing services and support to SMEs. Both the field and technical studies indicated that ITC was effective, at least to some degree, in supporting the capacity of the TSIs or, in the case of JITAP in Burkina Faso, Kenya, Tanzania and Tunisia, supporting the capacity of the relevant government agencies, but there was limited evidence on the diffusion of benefits to SMEs.

8.45 Many of the products and activities of ITC were directed to enhancing the capacity of the TSI partner. As beneficiaries, TSIs confirmed that their capacity had been enhanced. Many of the field and technical studies found evidence of capacity building, based on the views expressed by ITC partners in either TSIs or the relevant government ministries in the case of JITAP.

8.46 There were, however, considerable differences in the perception of similar projects in comparable environments, pointing to the key role played by the local partner in translating ITC inputs into successful development interventions.

8.47 Effectiveness of ITC at the level of SMEs could be traced in only a few cases. In most instances, the TSIs did not have adequate records or monitoring systems to link the benefits of utilising ITC products or services with the services and support provided to SMEs. In only a few cases – the EPRP case studies in China and India, the SME training activities in El Salvador and the Kyrgyz Republic, the MLS training in Moldova and the export strategy activities in St Lucia – was it possible for the Evaluation to trace through potential benefits to end-user enterprises.

8.48 Field interview perspectives are provided in Box 13.

**Box 13: Field Perspectives on Effectiveness****Burkina Faso**

Positive results in the cotton initiative at WTO negotiations were attributed to JITAP support for building national negotiation capacity. Other interventions did not achieve potential results because of limited scale or insufficient complementary measures.

**El Salvador**

Largest ITC intervention, training of SME managers and staff, had been successful, and included a significant gender profile. Overall, prospects for achieving objectives of ITC interventions were good, but lack of monitoring was a concern.

**India**

Considerable variance in skills and capacities transferred. In empowerment of rural communities project, capacity had been built in TSI and four NGOs. In IPSM project, the target of 33 trainers was achieved, but only five out of 52 locations had facilities for conducting the course. For wooden handicrafts, projects could not deliver targeted results, as artisans did not have necessary tools, moulds and equipment. Under E-Trade Bridge, only 16 enterprises were covered, as opposed to target of 95, and beneficiaries contacted indicated no awareness of/ interest in e-trade.

**Kenya**

JITAP had effectively improved trade negotiation capacities, although limited to a small number of persons. Some advantages of JITAP were neutralised as customs valuation process was never implemented. Effective transfer of skills in organising buyer/seller events under SSTP, but business results had been limited. Low effectiveness expected in garment project, since value-chain analysis is lacking.

**Kyrgyz**

ITC had transferred knowledge, skills and capacities to implementation partners to deal with their trade/export challenges more effectively. SMEs were supportive, with assertions that without ITC assistance their current success would not have been possible. Companies were knowledgeable about exporting, but only to Russia and CIS, as most food products did not meet EU standards. Highly targeted approach reached only a few companies. In respect of World Trade Net, only very few companies were capable of taking advantage of the Chamber's services.

**Tanzania**

Good transfer of knowledge and capacities to key institutions; good absorption of skills by key institutions BET and CIBDS. Under JITAP, however, capabilities were confined to a few persons and funding did not provide for initial implementation of the strategy. Despite accreditation courses run by CIBDS, its statute prevented it from providing services to a larger client base. In multi-country projects consisting of stand-alone or sporadic activities (networking, awareness, exposure events), there was scant evidence of results, little involvement of apex bodies and poor recall of activities conducted by ITC. Inappropriate selection of products, weak enterprise skills and export readiness (nascent private sector) and supply side constraints led to inadequate results in other cases.

**St. Lucia**

Networking and value chain approaches were very effective. Overall effectiveness was reduced somewhat since not all anticipated outcomes had yet materialised.

**Moldova**

Perception by some stakeholders that ITC products and services were useful but that there needed to be more follow-up. Visibility of ITC products and services was low, and presence in country was limited. Stakeholders regarded effectiveness as limited because, apart from AMA, there was a lack of regular follow-up. AMA projects were main ITC activities and had certainly achieved their objectives. Training activities were very successful with many graduates, and cost-effectiveness was improved because high initial costs were spread over large numbers

**Tunisia**

Overall effectiveness was reduced because ITC activities only partly achieved their planned results.

**Vietnam**

ITC projects had transferred knowledge, skills and capacities for dealing more effectively with trade/export challenges. Interventions, however, had mainly focused on support to intermediaries, with limited effects on end-users.

*Impact*

8.49 Evaluation of impact was the most problematic.<sup>83</sup> The longer term effects of ITC products, in terms of the capacity of TSIs, the export capacity of end-users, and broader economic effects, were elusive and, as might be expected, could not be attributed solely to ITC. The Terms of Reference asked the Evaluation to examine impact to the extent possible. The Evaluation looked carefully for longer term effects from the use of ITC products. Indicators sought were the impacts on partner institutions, not just in terms of internal knowledge and capacity, but in terms of vitality and success in disseminating knowledge within their national context.

8.50 One ITC product judged to have contributed to significant economic impacts was the *EPRP*. Although data were incomplete, both of the prototype case studies, in India and in China, suggested that significant improvements in the export capacity and livelihoods of disadvantaged people had been achieved (Box 6 in Chapter 7).

8.51 For five other ITC products, it was possible to evaluate the outcomes or impact of their activities as satisfactory. *MAS tools* had established a good base of users among TSIs, and there was evidence from the e-survey of partner institutions that utilisation of these tools supported the development of TSIs. Furthermore, many TSI partners indicated that the analysis of market opportunities was being disseminated to enterprises.

83) *Impact refers to the longer term effects produced by the intervention, whether positive or negative, directly or indirectly, and intended or unintended.*

**Box 14: Field Perspectives on Impact****Burkina Faso**

Satisfactory impacts on Government's trade negotiation capacity and ONAC's support to potential exporting companies with information and advice, but no impact identified in terms of diversified and increased exports.

**El Salvador**

Impact of ITC interventions included Government's improved capacity to negotiate and TSIs' improved services to their customers (e.g. in e-trade). Longterm impact on trade, poverty reduction and gender equity was positive.

**India**

Little or no impact in most projects at larger community or sector level. One project, empowerment of rural communities, had generated significant impact in terms of income enhancement and livelihood creation. Assessment of evaluators was that TSIs did not have follow-up mechanisms and there had been discontinuity of engagement with partners. According to major TSI partner, ITC contacted only when something was to be done. Low TSI ownership of projects.

**Kenya**

Most projects demonstrated little impact. In most successful, JITAP, benefits will only manifest themselves with sector-specific interventions to improve competitiveness in target markets. No major impact from SSTP, but project had created conditions for prospective suppliers to form an alliance. Reasons for limited impact included supply side constraints, good practices learned from some projects had not been continued, and relationship of apex TSI with others did not create conditions to promote learning widely.

**Kyrgyz**

ITC appeared to be having a positive impact, especially in areas of information dissemination and networking, and in its assistance in developing the National Export Strategy. Companies had entered new markets, but not EU.

**Moldova**

In case of AMA, ITC training and support had led to a relatively effective and dynamic TSI. Graduates of AMA training were working in many enterprises. Since AMA projects were principal ITC activities, impact was considered positive. Impact of other ITC activities was low.

**St. Lucia**

Early positive impact due to catalytic effects of networking interventions. Ultimate impacts needed to await full implementation, but outlook was promising.

**Tanzania**

Enhanced capacity of national trade promotion bodies to understand and prepare for regional trade opportunities, to play a leading role in export strategy formulation, and to be trusted by the private sector was considered largest major impact from various ITC projects. Impact on enterprises was limited due to financial and supply side constraints.

**Tunisia**

Scale of impact of ITC interventions was limited due to changes brought by ITC activities being mainly related to awareness raising and improving knowledge on information sources.

**Vietnam**

ITC interventions occurred under changing environment conditions and there were external factors that affected eventual impacts for beneficiaries. Absence of visible impacts may not be entirely attributable to ITC performance.

8.52 The *MDS suite of tools* was also judged satisfactory in terms of impacts. MDS had a greater orientation to the enterprise/end-user community than many other product groups. Tangible end-user impacts in terms of increased export sales, more focused sector export strategies, and more professional export marketing approaches, were identified for some of the 12 sector groupings covered under MDS, in particular, spices, leather, artisan products, textiles, and coffee.

8.53 The *Business for Development* activity was a high profile addition to World Trade Net, and taken together there was evidence that these activities had contributed to better understanding of the MTS and to mainstreaming of trade into development policies.

8.55 *Executive Forum* was a relatively new vehicle, but it had achieved a high level of participation from both private and public sectors. The related *Export Strategy* templates, which had been piloted in four countries, have proved to be a useful tool, contributing significantly to policy development and dialogue in the private sector and governments in the formulation and implementation of export strategy.

8.55 Other ITC products judged to have satisfactory impacts were some of the training activities, notably the *MLS programme*. In 2004, MLS trained 1,219 paying participants through partner institutions, and enrolment was growing at about 30 per cent per year. Continued growth in uptake supported the hypothesis that the MLS programme was achieving longer term effects at relatively low cost. This result was confirmed by field studies in India and Moldova. Similarly, some of the enterprise competitiveness training programmes were being offered by TSI partners on an ongoing basis.

8.56 With respect to individual projects, positive evaluations of impact were made in some cases. Projects with positive impacts tended to involve successful TSIs able to scale up and replicate the intervention.

8.57 For many other ITC products and projects, the Evaluation did not find supporting evidence of longer term impacts. Utilisation of these products may have had longer term effects, but a tracking system that could monitor and identify such effects was absent.

8.58 Examples of field interview results on impact are shown in Box 14.

**Box 15: Trade Related Human Resource and Enterprise Development in El Salvador**

This was a regional project involving three countries in Central America. The University of Central America in El Salvador has become the regional hub. The programme was successful in developing a curriculum for training and developing training materials in Spanish. The Evaluation surveyed 15 end-user enterprises and most indicated that the training was useful in their enterprise. The University of Central America is continuing to offer the training on an ongoing basis to SMEs.

*Sustainability*

8.59 Sustainability relates to whether there will be ongoing benefits from a development intervention after it has come to an end. If a particular ITC product is no longer available, what will be the consequences? This question could not be readily answered for individual products. ITC has a longstanding relationship with many TSIs, and their work has benefited from past ITC interventions. Even if one takes the view, however, that ITC support has led to sustainable improvements in TSI capacity that continue after support is reduced, and TSIs use that capacity to support trade development by SMEs, evidence was not readily available, and even if it could be measured in aggregate, the analysis would involve challenges in disaggregation of the effects of individual products.

8.60 Some observations can be made on sustainability where ITC makes significant and distinct contributions to TSIs, or a contribution of specific products to a particular TSI. On this basis, three products showed significant sustainability. The *MAS tools* were an example of the first type, with a network of TSI users in beneficiary countries and relatively good subscription renewal rates. This suggested satisfactory sustainability. The Evaluation's survey confirmed that for TSIs using MAS there was fairly good ownership of the programme by the partners, and that the trade data analysis was a significant activity for some of them.

8.61 *IPSCM* was beginning to achieve a satisfactory degree of sustainability for the MLS training programme because web-based support was relatively low-cost, and the partner training institutions were generating revenues from delivery of the courses. Since *IPSCM* was working with its own network of TSIs through Asia Net and Learning Net, there was no commingling with other ITC products, and less problem of attribution. More importantly, web-based support of the training by partner institutions was a model that could have potential application in other areas.

8.62 The web-based materials of the *Legal Framework* programme had achieved satisfactory sustainability because dissemination and utilisation were established and marginal costs were low, and the Legal Framework had a solid academic partner for the website. The *Juris Net* appeared sustainable because of its low distribution costs.

8.63 Some newer ITC products, notably the *Business Development* activity of World Trade Net and *Executive Forum*, offered the prospect of sustainable longer term effects if significant results are achieved in terms of mainstreaming trade development into national development policies.

8.64 In the case of many individual projects, sustainability was generally found to be low. The cases with significant potential for sustainability involved a relatively dynamic TSI, which was able to convert the time-limited ITC interventions into longer term development activities. Examples were organic spices in India or cut flowers in Yunnan under the EPRP pilot projects. The challenge will be to match the conditions for success in these projects in other contexts. Some of the conditions for success in the China and India cases included substantial commercial potential, significant partnering with other development partners, and adequate commercial infrastructure for exports at the national level.

8.65 The *training activities* of IPSM with the MLS training programme seemed to have likely sustainability, as indicated by the projects in India and Moldova evaluated in the Evaluation's field missions. Similarly, the *Human Resources and Enterprise Competitiveness* project in El Salvador seemed to have achieved a degree of sustainability. These projects were quite distinctive, because they had TSIs partnering with universities or training institutions.

8.66 In some countries, and particularly in LDCs such as Burkina Faso and Tanzania, a pattern of donor dependence tended to undermine sustainability in two respects. First, TSIs and other partners tended to be aid-dependent and to expect that assistance would continue indefinitely. Second, the availability of donor financing and the provision of "sitting fees" and other inducements made it difficult for TSIs to earn revenues from services to enterprises. Thus, the viability of the TSI partner was undermined.

8.67 Box 16 illustrates some of the field interview perspectives on sustainability.

**Box 16: Field Perspectives on Sustainability****Burkina Faso**

Results achieved were instrumental for the country's participation in the multilateral system and could be gradually consolidated, but budget allocations were insufficient to ensure sustainability of the efforts.

**El Salvador**

ITC projects were seen as building blocks for further "home-funded" actions, indicating prospects for sustainability.

**India**

The empowerment of rural communities project was sustainable at current level without further funding, and had already grown in scale after ITC's exit. Most projects, however, were not financially sustainable in absence of external funding, because partnering TSIs did not have resources to carry on ITC-initiated interventions, and it was not within their mandate to seek funds for continuation.

**Kenya**

In eyes of TSI partners, sustainability was heavily dependent on continued external support, since TSIs tend to be donor dependent. The problem was that some TSIs do not have initiative to continue interventions and further disseminate capacities developed with ITC support. At policy level, sustainability of projects depends on government's ability to develop sector policies and strategies to pursue identified opportunities. Most important issue is degree of ownership by, and sustainability of, TSIs.

**Kyrgyz**

Most visible and tangible evidence of sustainability was with the few private companies that had received ITC assistance directly. These were expanding into new markets and new lines of business. Fruit and vegetable producers association had changed its statutes to levy an annual fee of 2 per cent of a company's sales in order to carry on the association's work. Prospects for E-Trade Bridge and World Trade Net were not good.

**Moldova**

There are significant differences in sustainability. For AMA project it is high, since there has been sustained continuation of positive results after the project was completed. For other projects sustainability was low.

**St. Lucia**

Must await project completion, and will revolve around government's implementation and commitment to the strategies.

**Tanzania**

Knowledge and skills absorbed from ITC had been applied in trade and export development activities and were sustainable technically. Low paying capacity of private sector, however, impairs financial sustainability of some successful programmes like Trade Capacity Development. JITAP was dependent on external funding for its sustainable implementation. Level of commitment by TSIs was good, but there were questions about sustainability of TSIs.

**Tunisia**

Overall there was no indication of dissemination of experience and knowledge among end-users, including enterprises and other intermediary organisations.

**Vietnam**

All projects surveyed relied on donor support for further development. In absence of regular follow-up, sustainability was not assured.

**8.3 Evaluation Questions**

8.68 General findings and conclusions from the analysis are grouped below according to the four Key Evaluation Questions on performance of ITC interventions.

*Achievement of Objectives*

8.69 The *ITC Business Plan* is structured around seven programme areas and identifies objectives for these areas that are in turn linked to ITC's five corporate goals.<sup>84</sup> These are the objectives that were used in the Evaluation's analysis of ITC products and interventions. The Business Plan also includes expected accomplishments and indicators of achievement.

1. The objectives for the seven programme areas in the ITC Business Plan are quite general, although the clarity of the objectives and the linkage to the five corporate goals have improved in the most recent *Business Plan 2005-2007*.
2. ITC has introduced some indicators of achievement in the *Business Plan*, but they are mostly activity or output indicators.
3. Annual Reports do not provide information in terms of these indicators. There is reasonable evidence in most cases that ITC products are contributing to their stated objectives, and the indicators on activities and outputs are quite positive, but in the absence of more adequate indicators it is not possible to determine the extent to which intended outcomes are being achieved, or whether there is a contribution to higher level objectives related to the MDGs.
4. ITC does not specify objectives at the country-level. Country-specific projects do specify objectives, but the nature of the project focus and objectives varies according to the programme or donor, and a logical framework analysis is not always included. Most of the project entries for most countries are inter-regional or global projects or regional activities. Although regional projects are classified as Track 3, one of the findings from the field studies was that regional projects often lack scale and visibility at the country-level.

*Achievement of Results***Trade Policy and Strategy**

5. Although trade policy and strategy have not been a major focus of ITC in the past, World Trade Net/Business for Development and the Executive Forum/Export Strategy have been developed recently and have acquired a higher profile. These products are highly relevant to the development objective of mainstreaming trade policies and trade development in beneficiary countries. As discussed in Chapter 6, ITC also has a comparative advantage in these areas relative to WTO and UNCTAD and is complementary to the programming of major bilateral donors providing TRTA.

84) ITC's goals or overall objectives are shown in Box 2 at the end of Chapter 1.

6. The activities of World Trade Net/Business for Development and Executive Forum/Export Strategy are well organised, and have succeeded in reaching key stakeholders in both the private sector and governments. The outputs were considered to be satisfactory.
7. The achievement of longer term results in terms of mainstreaming trade development into economic strategy and promoting business-government dialogue on the trading system is promising, but these are fairly recent programmes and it is too early to judge if the desired outcomes in terms of the government policy process are being achieved. The achievement of results will depend on whether national dialogue processes are stimulated, and whether changes in national policies and priorities result. Successful mainstreaming could result in significant and sustainable longer term benefits.

#### National Infrastructure and Support Services for Trade Promotion

8. ITC's support for national infrastructure and support services for trade promotion is of much longer standing. The majority of ITC products are aimed at capacity building within TSIs and national trade promotion infrastructure, including the suite of MAS tools, the training in Trade Information Management and Services and training, and advisory seminars on Export Strategy.
9. The wide range of ITC products in this area are well regarded by partnering TSIs, who view ITC as a centre of excellence and repository of resources and information on best practices. The relevance of such ITC products is rated highly, supported by the range and choice on offer.
10. ITC has had regular interaction with most partner TSIs. The number of TSI partners was more limited in some cases, but at least some ITC products were regarded as highly relevant. Overall, TSI partners gave a positive assessment of ITC products.
11. In terms of results achieved, TSIs generally considered that ITC products had contributed to strengthening the capacity of their organisations. The absence of baseline data, however, prevented the extent of that contribution from being assessed.
12. Results achieved through services to end-user SMEs could not generally be tracked and measured. The TSIs did not systematically keep track of linkages between the use of ITC products and the services provided to individual enterprises.
13. Although TSIs had a positive assessment of ITC products, they were not generally aware of the extent to which the use of these products or the inputs from regional projects had been translated into results for end-users. This included country-specific projects, for which TSIs would be expected to be more aware of results and end-users, although it was more feasible to identify end-user enterprises benefiting from country-specific projects.
14. A key issue for sustainability is whether the TSIs themselves are sustainable. Investing in the capacity of TSIs has sustainable effects on development only if they are able to deliver services to SMEs effectively. Sustainability of TSIs can vary

substantially according to their nature, the environment, synergies with the public sector, and donor activities in the country.

#### Training Institutions and Sector and Enterprise Level

15. ITC delivers relatively few training programmes separate from the broad range of support delivered to TSIs. The main stand-alone training activities are *E-Trade Bridge* and the *MLS training programme* of IPSM. Both programmes have their own distinctive bodies of training materials, and are particularly relevant to the development of SMEs.
16. The key to achieving results from training activities is to develop a viable business model so that the training institutions have the capacity to scale up to deliver training to larger volumes of trainees and achieve a measure of sustainability. So far, IPSM, with the MLS training supported by the Asia Net and Learning Net websites, is closest to achieving this.
17. ITC has a number of activities related to product development and sector strategies, e.g. in the MDS sector-oriented portfolio. There is demand from beneficiary countries for these services, which are frequently manifest in national or sectoral export and marketing strategies. ITC is skilled at developing and presenting these, and the intended activities and outputs have been achieved. Except for some isolated cases, however, there is a lack of data to track longer term results.
18. There were few countries in the sample with significant training activities apart from the training of TSIs. In those countries with training activities, notably India and Moldova with MLS training, and El Salvador with Enterprise Competitiveness and E-Trade Bridge, the training activities were effective, or there was a likelihood that they would become effective.
19. The challenge with training programmes was to have viable local partners that can scale up to serve local needs and generate a viable business model for increased delivery of the training activities. The MLS had achieved some degree of sustainability with its MLS courses in India and Moldova, but the E-Trade Bridge programme was still consolidating in El Salvador.

#### Bottlenecks and Risks

20. A key bottleneck (or potential bottleneck) for many ITC products is in their dissemination to end-users. The products are provided first to TSI partners, which then have the responsibility for dissemination to SMEs. The e-delivery channel directly to SMEs is being explored and developed, but TSI partners remain the primary delivery mechanism. Selection of and partnering with effective TSIs is, therefore, a risk factor for ITC programmes.
21. The absence of a systematic monitoring system for results and a systematic process for assessing client needs can weaken effective prioritisation and add to the risk of product proliferation.
22. The lack of effective monitoring of results, particularly at end-user level and in terms of contributions to higher level goals, as well as weaknesses in the ability to

demonstrate sustainability of interventions, are also risks for continuing donor support at present or increased levels.

23. Many of the factors for effectiveness for ITC products are stronger in middle income and transition economies due to greater viability of TSIs and the greater possibility of utilising e-delivery mechanisms. The priority for a strong focus on lower income countries, in particular the LDCs, carries an element of risk, which needs to be addressed by careful product and project design and attention to country-level determinants of effectiveness.
24. The level of direct sales of ITC publications is very low, and relative to other international organisations the Internet delivery of ITC products remains limited. E-delivery is a promising avenue that ITC is exploring, but the lack of IT infrastructure and other digital divide issues in the least developed countries are still an obstacle to these methods of delivery in these countries.
25. Issues related to a business-friendly policy and regulatory environment do not necessarily have direct effects on identified needs for ITC services. Countries that have low ratings in World Bank surveys for *Doing Business* often attach significant priority to trade promotion and export development. A less hospitable policy and regulatory environment, however, has indirect effects on ITC interventions because the capacity of TSIs is reduced and fewer enterprises are able to develop export readiness. The policy and regulatory environment, therefore, is a risk factor in terms of potential effectiveness of ITC interventions.

#### *Factors Influencing the Efficiency and Effectiveness of Interventions*

26. ITC products are especially relevant to many lower middle income countries and transition economies where there is some basic trade support infrastructure, where TSIs have a measure of viability and sustainability, and where digital divide issues are less of a constraint.
27. Products such as *Export Led Poverty Reduction* are explicitly targeted at disadvantaged groups in middle income countries and other low income countries. The focus of the intervention is geared to linking disadvantaged groups with the national trade support infrastructure, and this is more feasible in countries with more capacity than LDCs.
28. ITC global products and networking activities such as Executive Forum and World Tr@de Net/Business for Development have evolved a complementary role to other providers of TRTA.
29. Some of the ITC training products such as MLS have developed a business model that provides for some measure of sustainability for TSIs and partner training institutions.
30. ITC is working in many LDCs with country-specific projects, regional programmes and global programmes. There are particular challenges for the delivery of global products to LDCs due to the digital divide and the lack of capacity by both TSIs and SMEs. In contrast, economies such as the Kyrgyz Republic and Moldova, which have similar per capita incomes to LDCs, have fewer difficulties with Internet connectivity.

31. The capacity of LMICs to utilise ITC products is greater than for LDCs and OLICs, due to such factors as:
  - Greater capacity and better viability of TSIs;
  - Better range of export-ready enterprises; and
  - Better overall trade infrastructure, from physical infrastructure to financial services.

#### *General Findings and Conclusions on ITC Interventions*

32. ITC products are generally well regarded by ITC's partners. The Evaluation's interviews and e-questionnaires yielded positive assessments for most products. These were regarded as relevant, and the process of creating specialised networks was seen as effective. ITC products in most cases have achieved the specific objectives and made progress on the expected accomplishments in the *ITC Business Plan*.
33. Country-specific projects were particularly well received in the country-level field studies because they were adapted to local needs, and because the larger project scale offers greater scope for tangible results and impacts for the beneficiaries. Concerns were, however, expressed on intermittent funding and maintaining continuity and follow-up.
34. Global products, though well received by TSI partners, had relatively limited impacts at country-level that could be clearly identified, and the lack of an adequate tracking system at end-user level meant there was a general lack of evidence for impacts. Where results could be confirmed, as for capacity building for TSIs, these were not necessarily at the impact level.
35. ITC has a large number of products and the level of utilisation of some products is low. A systematic process to monitor utilisation of ITC products is also lacking. The Evaluation's conclusion is that there is a general tendency for product proliferation.
36. There are significant fixed costs in developing many ITC products, which then acquire characteristics of a public good, with low marginal costs of distribution. Whether they yield a return on investment and produce development benefits depends on whether they are used by TSIs to support SMEs or are used directly by SMEs. This increases the need for a systematic assessment of client needs and a selective approach to product retention and development.



**Box 17: Performance of Interventions – Key Conclusions****Achieving Objectives**

- Objectives for ITC products are defined largely in general terms and intended results are not clearly defined at the overall country-level. This makes it difficult to assess achievements, particularly of second or higher level intended outcomes.
- The range of ITC products, however, is well regarded by partner TSIs, who view ITC as a centre of excellence and repository of resources and information on best practice.

**Achieving Results**

- Relevance is generally regarded as high by ITC partners, and this includes newer products aimed at mainstreaming trade policies and trade development into overall development strategies.
- *Efficiency* is also viewed favourably by ITC partners.
- *Effectiveness* and *Impact* depend on the capacity of TSIs to absorb products and to translate these into enhanced capacity of the TSIs and results for end-user enterprises. Partner TSIs generally viewed ITC as contributing to enhancement of their capacity. Less evidence is available at the level of end-users.
- Global networking such as in Executive Forum or in Business for Development and World Trade Net is achieving results in mainstreaming trade into development and promoting business government dialogue and is complementary to the activities of other international organisations and bilateral donors.
- *Sustainability* depends on the capacity and commitment of ITC partners to continue to provide services after funding has ceased, and in some cases this is problematic.
- There is a tendency for product proliferation.
- There is a lack of monitoring of results, especially those associated with TSI delivery of services to end-users.

**Bottlenecks and Risks**

- The delivery of products to end-users by TSI partners is a key potential bottleneck.
- Lack of IT infrastructure and digital divide constraints are obstacles to effective delivery of ITC's global products in the LDCs.
- Lack of field presence and visibility, and lack of capacity to demonstrate results at the country level are potential risks for ITC's capacity to attract funding for technical assistance. Factors Influencing Efficiency and Effectiveness
- Some ITC products are more suited to lower middle income and transition economies than to the least developed countries due to weaknesses in basic trade support infrastructure and in viability of TSIs as well as digital divide constraints in LDCs.
- While country-specific projects are regarded as offering greater scope for tangible results, intermittent funding arrangements and lack of continuity place constraints on efficiency and effectiveness.
- The limited scale of many ITC interventions reduces the potential for significant identifiable results.

**9 Governance, Accountability & Financing Modalities**

9.01 Among the key issues the Evaluation was asked to address were those related to the methods by which financial resources are provided to ITC, and whether these are effective and appropriate. Closely related are issues related to governance and accountability, including programme review and policy direction, which were specifically added to the scope of the Evaluation. The Evaluation has accordingly undertaken an in-depth analysis of the governance structure, its role and development, as well as its present functioning. This has paralleled the analysis of the issues of financing modalities and donor coordination. The results make clear that there are substantive issues of efficiency, effectiveness and accountability that should be considered.

9.02 Section 9.1 analyzes the characteristics of ITC's governance and accountability structure and the different ways in which the supervisory mechanisms have been used.<sup>85</sup> It identifies elements of experience that provide insights and precedents for strengthening such arrangements, and explains the origins and weaknesses of current arrangements. The analysis leads directly to the Evaluation's findings and conclusions. Analysis of the record also differs in significant respects from what might be assumed from the current situation. It provides an evidential basis for consideration of the Evaluation's conclusions and recommendations.

9.03 Section 9.2 provides a similar overview for financing modalities, particularly extra-budgetary financing, and programme coordination structures. It is based on the survey of financial resources and the changing pattern of financial support in Chapter 3. The analysis provides the basis for evaluation findings and conclusions, as well as key recommendations in Part III.

**9.1 Evolution of Policy Direction and Accountability**

9.04 The basic features of ITC's governance and accountability structure were designed in the circumstances of 1967/68, when ITC was established as a joint organ of GATT and UNCTAD, with accountability of the executive head of ITC to the executive heads of the two parent organisations, and an overall dual accountability to the programme and budget review mechanisms and governing bodies of GATT and the United Nations. The current procedures are those applicable to a part of the UN Secretariat, as distinct from procedures applicable to other agencies within the broader UN system.

85) *The methodology is similar to that used in other assessments of ongoing governance arrangements, e.g. Review of the Governance Arrangements of the Commonwealth of Learning, commissioned by that organisation's Board of Governors at the request of Commonwealth Heads of Government, March 1994. Source material includes core documentation on ITC's governance experience, including decision documents of senior bodies, both input and output documents for much of the period, and reports or Chairman's notes on earlier reviews of ITC governance, as well as insights provided by interviews with some current participants. It includes an analysis of selected documents such as evaluation studies considered by the supervisory bodies and the substance of their reports.*

9.05 A separate programme advisory mechanism, known as the *Joint Advisory Group*, was provided within the governance structure.<sup>86</sup> This was patterned after the expert advisory group that had been used by GATT to guide the formation of ITC and its initial development. It was originally a relatively small group of officials directly concerned with trade information and trade promotion, which provided substantive guidance in the development of ITC's programme and management, including staffing levels, and a continuing interpretation of its mandate. This is sometimes referred to as the governing body of ITC, although its role remains advisory, with an annual report being submitted to the governing bodies of UNCTAD and WTO.

**Box 18: Terms of Reference of the Joint Advisory Group**

“... to review the activities of the Centre and formulate recommendations on its future work programme to the governing bodies of GATT and UNCTAD.”

9.06 The increasing size of the Joint Advisory Group and gradual weakening of its expert advisory character led to an increasing degree of formality in its functioning. It is now a large intergovernmental body of some 100 delegations from all interested UN and WTO members able to be represented, together with 20 to 30 observer delegations, and a total of rather more than 200 participants, similar to a board of governors,<sup>87</sup> but without responsibility for budget or the capacity to approve a programme.

9.07 The JAG does, however, serve a number of functions, including keeping governments apprised of ITC operations and able to offer views, as well as a mechanism for the extra-budgetary contribution process, and in some cases its endorsement has in practice provided needed decisions.

9.08 The work of the Joint Advisory Group has at different times been supplemented by smaller groups, which have provided a more detailed review and accountability mechanism on programmes, objectives and/or the results of evaluation work, and contributed to the larger body's subsequent review. The most structured of these was the *Technical Committee*, established in 1972 by decision of the governing bodies of UNCTAD and GATT and intended to consist of experts in trade promotion. Its composition was initially of 18, representing three different country groups, with participation to be rotational.

9.09 It is clear from available records that for over a decade this committee played a valuable role and complemented the work of the JAG. By subjecting ITC's activities to a detailed review, the Committee facilitated the JAG's policy deliberations, its consideration of broader themes, and its annual review of extra-budgetary resources.<sup>88</sup>

86) See Chapter 3, Section 3.1.

87) Among international organisations with a 2-level governance structure, the board of governors level includes delegations from all participating countries as well as usually observers from various other agencies.

88) Glover, p. 52. This is supported by the Evaluation's assessment of original documentation of the period.

**Box 19: Terms of Reference of the Technical Committee**

“... to review ... the implementation of the Centre's work programme ...; to examine, in the light of the assistance required by the developing countries ..., proposals for the Centre's work programme and its organisational structure; and to report to the Joint Advisory Group.”

9.10 It proved difficult, however, to reach agreement on membership rotation, and eventually it was decided to experiment with “self-election” by governments. The result was an increase in the Committee's size to 67 countries within two years. This meant that the country composition became close to that of the JAG itself; many of the participants no longer had expert knowledge of trade promotion, and the Committee's size made constructive, detailed discussion of ITC's activities difficult. A review in 1981 recommended that the two separate meetings be replaced by an extended meeting of the JAG.<sup>89</sup>

9.11 After a short period (1983-1986) of extended JAG meetings covering more than a week, the need was again felt for something smaller. Beginning in 1987, a *Technical Meeting* was held each year, three months prior to the JAG meeting, with a specific mandate to consider in detail what were then an annual series of programme evaluations.<sup>90</sup> The meetings were used for substantive discussion on a series of programme and thematic evaluations, as well as on the proposal to set up a Global Trust Fund.<sup>91</sup> Discussions and conclusions of the meetings were reported to the JAG.

9.12 They were, however, overtaken by a review of ITC's supervisory structures to consider whether a more formal mechanism was appropriate. ITC cautioned against adding significantly to the work associated with such structures, and what was agreed was that a short *Informal Meeting of the JAG* would be held each year for a briefing on individual programmes, without special or extensive documentation. Concurrently, the Technical Meetings were discontinued, as was the practice of submitting programme evaluations for discussion by the JAG.<sup>92</sup> The first Informal Meeting was held in 1999, and the most recent in 2004. A review of documentation and interviews with participants suggest the meetings provide a useful opportunity for familiarization with ITC programmes. The meetings do not, however, play an advisory or reporting role in relation to the JAG.

89) Report of the Working Party on Future Arrangements for the Joint Advisory Group and its Technical Committee, 25 Sept. 1981.

90) It has been decided by JAG as early as 1980 that there would be regular independent evaluations of ITC programs and that examination and discussion of these would be a major agenda item for JAG meetings. This provided an opportunity to examine ITC activities in depth, with recommendations on programs and program management.

91) The proposal for setting up a Global Trust Fund and a Consultative Committee was prepared by a Working Group on Funding Reform Relating to Trust Fund Contributions and revised by the 1992 Technical Meeting, which recommended the revised proposal to the JAG.

92) The JAG meeting in 2000 was the last occasion when a program evaluation and a Technical Meeting report on that evaluation were considered by the JAG.

9.13 ITC's governance and accountability structures have evolved, but are still essentially those originally established for a special programme within the secretariats of GATT and the UN. There is, however, no longer an expert advisory group to provide detailed review of activities and performance or discussion of future programming and strategy. The parent bodies are not, in practice, equipped to provide this function, and the several layers of the programme and budgetary approval process of the United Nations<sup>93</sup> and the separate approval process of WTO provide a more distant and formal process that does not reflect the present character of ITC as a distinct agency with a relatively separate identity, which does not in practice function as a unit of either secretariat. The process also does not, from the perspective of donor governments, adequately reflect the current situation where roughly half of ITC's overall operations are financed by contributions from donors, and roughly 25 per cent each through the UN and WTO.

9.14 The dual accountability and approval process of the UN and WTO has been reviewed on different occasions, but in essential terms remains the same. Changes in the WTO budgetary process have reduced the additional work required for submission of the budget in a different format from that used by the UN, but there are still multiple stages and layers in the process.

9.15 The extensive accountability and oversight mechanisms, particularly of the UN, do not necessarily best suit ITC's current needs, and represent a significant burden on the limited administrative resources of ITC. This includes a substantial number of internal audits, a detailed UN reporting system that is largely activity- rather than results-oriented, and a considerable number of evaluation and inspection reports. In addition, the audits are essentially process-based, rather than aligned with results-based budgeting and management.

9.16 The Joint Advisory Group, as a core element in the governance structure, plays a valuable role as a link between governments and the agency, including both governments that contribute extra-budgetary resources covering roughly half of the agency's operations and governments for whom ITC provides assistance. It does not, however, fill the function of a detailed programme review body, and it has no budgetary responsibility.

9.17 It is relevant to note that during the early to mid-1990s when there was an interregnum in the senior leadership at ITC and related weaknesses in policy direction, followed by a period of reappraisal and consolidation, there was no smaller body such as the earlier Technical Committee with a mandate to provide close monitoring of ITC activities, support to ITC management, and policy and programme advice to the larger body of the JAG. It is arguable that a cohesive body of expert officials with particular responsibilities in relation to ITC might have played a useful role during this period and helped to overcome some of the difficulties more quickly.

9.18 The efforts to review the governance framework for ITC in the past were desultory and inconclusive and did not lead to constructive changes. In contrast to the GATT-WTO which was overhauled dramatically with the creation of WTO eleven years ago,

93) *Committee on Program and Coordination, Advisory Committee on Administrative and Budgetary Questions, Second Committee of the UN, Fifth Committee, and the General Assembly, all of which are involved.*

and where there is a current debate about the governance structure,<sup>94</sup> there has been little consideration of the governance framework for ITC.

## 9.2 Financing Modalities and Programme Coordination

9.19 The overall structure and modalities of the financial resources for ITC operations have been reviewed in Chapter 3, as have the advisory and coordination mechanisms for some of the trust funds. The focus in this chapter is on an analysis of ITC's extra-budgetary resources in particular, including funding modalities, donor coordination and programme management mechanisms.<sup>95</sup>

9.20 Taken together, although there has been significant progress in simplifying financing modalities, the structure as a whole is still complex, with varying conditions, procedures and reporting requirements. The result is a significant level of transaction costs similar to those intended to be addressed by the development community's current focus on *harmonization* and *programme-based approaches*. There are also issues related to timing, predictability, programme management and accountability for results that flow from the structure of trust fund financing.

9.21 Current support levels for individual donors are shown in Table 9.1 below as an annual average for the five years 2000-2004. The EC does not appear separately, as the Asian Trust Fund (ATF) had only just begun operations in 2004. Funding takes a number of forms.

9.22 *Window I of the Global Trust Fund* is a broadly flexible financing instrument, although its particular uses are guided by the *Consultative Committee*, which is a type of programme management committee, with donor and beneficiary representation and chaired by the executive head of ITC. It is considered a "best practice" example of trust fund financing,<sup>96</sup> and provides complementary support for ITC's overall operations and allows ITC to undertake programmes that might not otherwise be possible. The Committee is of a reasonable size and has a structured mandate, and it includes some development agency professionals, although only limited trade development expertise, so that its focus is less on the operational design and targeting of programmes than on their relevance and objectives. ITC has shared with the Committee information on its biennial regular budget, so that there is an opportunity to place GTF-supported operations in context, although this falls short of considering an overall integrated programme and budget.

94) *WTO, The Future of the WTO: Addressing institutional challenges in the new millennium, 2004.*

95) *The analysis below is based on the review in Section 3.2 of ITC financial resources and the changes in and characteristics of those resources, as well as an analysis of documentation and statistical data on funding sources, programs financed by different sources, individual bilateral funding and project agreements, reporting on the use of the different financial resources, agendas and meeting documentation of the program-specific management or coordinating bodies, available evaluation material on some of the programs, and individual interviews, as well as data compiled in response to specific enquiries of the Evaluation team.*

96) *A conclusion of an audit of ITC operations by the UN Office of Internal Oversight.*

9.23 *Window II* facilitates contributions by donors whose policies require attribution to identified programmes. It is included within the mandate of the Consultative Committee, which guides the selection of priority programmes.

9.24 In the most recent year, 2004, just over 40 per cent of ITC's extra-budgetary resources were provided through GTF, with just under 18 per cent through Window I. These resources are the most flexible and easily programmed of the trust fund arrangements, and therefore reduce transaction costs, with consequent benefits in terms of operational efficiency and effectiveness.

9.25 GTF currently uses a different fiscal year than ITC's calendar-year regular budget. This was intended to reflect the fact that donor funds are generally pledged at the JAG meeting in April and become available for use only at a still later date. The "slippage" factor, however, is still there, and funds intended for use in a particular fiscal year may become available only late in the fiscal year, in some cases too late for use in that year.<sup>97</sup> The Consultative Committee has noted that this creates serious programming problems for ITC. Taken together with the annual nature of pledges in most cases, it creates difficulties for timely and effective programme operations.

9.26 The **Asia Trust Fund**, as a facility for EC financing, is also considered a best practice modality, in that it is relatively flexible, without cumbersome procedures, and is designed for quick response.<sup>98</sup> It is a "partnership" modality, and requires cost-sharing. ITC's share of up to 10 per cent is covered by donor contributions through GTF, including a special Window III.

9.27 An important **inter-agency mechanism** is the *Common Trust Fund (CTF)*, which finances the *Joint Integrated Technical Assistance Programme (JITAP)* for African countries and has three executing agencies, including ITC, which administers the fund and houses the coordinating unit. JITAP is an important programme, and in 2004 CTF provided 11 per cent of ITC's extra-budgetary resources. The *JITAP Steering Group* is also a type of management or coordinating committee, and operates in a structured way, including emphasis on results-based reporting, a results-oriented performance framework, and use of evaluations.<sup>99</sup>

97) *Payments by some donors are made relatively quickly, in other cases more slowly, and in a few cases have not been available until after the end of the year in question (based on data for December 31, 2004).*

98) *A conclusion of The Evaluation of Trade Related Technical Assistance by the European Commission in Third Countries, prepared by ADE with IBM and EPU-NTUA.*

99) *The other important inter-agency mechanism is the Integrated Framework for Trade Related Technical Assistance to Least Developed Countries (IF), which includes six core agencies (WTO, World Bank, IMF, UNCTAD, UNDP and ITC), 22 least developed countries, and a number of bilateral and multilateral donors who contribute to an IF Trust Fund administered by the UNDP. The governance structure consists of a tripartite IF Steering Committee and an inter-agency Working Group chaired by WTO, supported by an IF Secretariat based in WTO. The mandate of the Integrated Framework is very broad – to mainstream trade into national development plans and Poverty Reduction Strategies (PRSPs) and to assist in the coordinated delivery of trade related technical assistance. As a separate source of funds, the use of IF Trust Fund resources by ITC has so far been relatively modest. The IF process and the work of the Steering Committee, however, as well as the availability of funding, can be expected to have an increasing influence on the programming of all TRTA, and therefore on future programming of ITC as well as other agencies.*

9.28 The **bilateral trust funds** are where the differences are greatest and where the complexity is most apparent. An analysis of current funding arrangements was undertaken as part of the Evaluation and the Evaluation's findings and conclusions on the prospective gains as well as the feasibility of further harmonization are based on this analysis.

**Table 9.1: Major Trust Fund Donors, Funds allocated**

Annual average 2000-2004	
	USD'000
Switzerland	4,954
Netherlands	1,831
Denmark	1,607
Canada	1,359
Germany	1,343
Norway	1,179
Sweden	1,299
France	714
United Kingdom	526
Agence...la Francophonie	446
Finland	364
Italy	335
Others	331

Source: Data provided by ITC Secretariat.

#### *Analysis of Current Bilateral Trust Fund Arrangements*

9.29 The Evaluation's analysis of funding arrangements for different donors was undertaken for the most recent year, 2004, so as to capture recent changes, some of which are highly significant. It includes an analysis of both the composition of current assistance provided by different bilateral donors as reflected in available data and the text of funding agreements at both the trust fund or programme level and the project level. The purpose was to understand the nature of current arrangements, the implications of recent changes, the extent of current transaction costs, the potential gains from greater harmonization, and the feasibility of such harmonization.

9.30 **Denmark** provided almost all of its direct support for ITC in 2004 to GTF, with the largest part to Window I, and to a lesser extent JITAP. **Germany** provided most of its support through GTF, although this was earmarked for particular programmes under Window II. Commitments, however, are now on a multi-year basis, and consultations are done at the level of the Consultative Committee.

9.31 In the case of **Norway**, a new framework agreement in 2003 stresses that activities funded must contribute to the programme of work and medium term strategy approved by ITC's governing bodies and that a programme approach, including coordination with other donors, shall as a rule be applied, and there is an emphasis on common reporting. Funding modalities include support for regular programmes of ITC, activities funded

jointly with other donors, and activities funded only by Norway. In practice, most of Norway's current assistance in 2004 was provided through either Window I or Window II of GTF, or JITAP.

9.32 Other countries that provided most or all of their assistance through GTF or JITAP include Sweden, the United Kingdom, and Finland. *Sweden* provided the largest part of its assistance through GTF Window I and Window II, but also contributed significantly to JITAP. The *United Kingdom* contributed approximately equally to GTF (Window I and Window II) and JITAP. *Finland's* funding was divided equally between GTF Window I and JITAP.

9.33 *Canada's* assistance in 2004 was provided through three mechanisms, GTF Window I, JITAP, and individual trust funds, in some instances for a specifically designated country and activity. The *Netherlands* provided most of its funding on an individual trust fund basis, although support was also provided for Window II of the GTF and through JITAP. A new partnership agreement to govern the Netherlands Trust Fund was, however, reached in late 2004 and early 2005. This is a more flexible, multi-year arrangement for 2005-2008, with funding of EUR1.36 million per year, with an evaluation planned for 2008. The focus is on a target "triangle" of three areas: sub-Saharan Africa, Information and communications technologies (ICT) capacity development, and trade support institutions. Operational objectives, expected results and indicators to be monitored are set out in a log frame matrix. An annual work programme will be prepared jointly, and a joint coordinating group will be responsible for the overall consistency and coherence of activities.

9.34 In the case of *Switzerland*, ITC's largest donor, much of its assistance was on a bilateral trust fund (BTF) basis, although support was also provided through Window II of GTF and, to a lesser extent, Window I. Under the BTF agreement, ITC selects project requests, taking into account the needs of beneficiaries and the priority areas of intervention and overall strategy of Switzerland for TRTA, and prepares individual project documents, including log frames, for Switzerland's consideration and approval. Annual reporting is required for the BTF as a whole.

9.35 Donors that provided all or most of their assistance through individual trust funds include *France, Italy, the Agence Intergouvernementale de la Francophonie, the United States* and, among smaller donors, *Ireland* and *Spain*, with varying conditions and procedures.

9.36 The analysis shows that there has, in some important cases, been significant movement towards greater flexibility and support for a common programme, including in the case of a number of donors substantial support for the relatively flexible GTF. This includes, for example in the case of Norway, an overall framework that could lay the basis for a more general PBA, and in the case of Germany and the Netherlands, more flexible multi-year funding. The analysis also shows, however, that there is still considerable use of earmarking as to programmes or beneficiaries, with differences in objectives, programming methods, approval and consultation procedures, as well as reporting. The analysis provides the basis for understanding the nature of recent changes, the possibilities for further change, and the scope for further improvement.

### *Transaction Costs*

9.37 There are a number of issues associated with a relatively complex structure for extra-budgetary funding, including differences in programme guidance or direction and the burden of complex reporting requirements, necessary as these may be to meet the requirements and needs of individual donors. A number of donors, for example, require statistics on personnel and finance according to non-standardized models and terminology. Requirements for reporting on substantive project activities vary from donor to donor and often require separate formats. Some requests are also made on an *ad hoc* basis and must be given priority. Taking into account some 100 bilaterally funded projects, customized reporting represents in the order of at least 400 work days per year.<sup>100</sup> In addition, there is the substantial amount of time required for programme consultations, negotiations and drafting of documents, i.e. overall programme management. Some donors have moved to simplify the latter, but not all.

### *Programme Management and Governance*

9.38 The donor community's approach to the harmonization and alignment agenda has been heavily focused on increasing aid effectiveness at the country-level, but there have been examples of addressing the same issues at the institutional level, as in the case of an international agency. A recent example is the Caribbean Regional Negotiating Machinery (CRNM), a technical assistance and operational support agency in the trade policy area, where a harmonization exercise was commissioned by several donors.<sup>101</sup>

9.39 The approach developed for the CRNM was based on the policy framework that a number of DAC donors have developed for a PBA. Essential elements include an integrated strategic planning and programming framework and an integrated operational programme and budget covering both regular budget and extra-budgetary resources, and a programme review body covering all aspects of the agency's operations, as well as multi-year commitment of aid funds, a results-based accountability framework, and a common reporting format for donors.

9.40 A similar approach for ITC would strengthen governance and accountability and provide greater coherence and reduced transaction costs in the provision of extra-budgetary resources. ITC's own experience, as set out earlier in this chapter, provides a basis for designing some of the key elements of a PBA approach, including a more effective governance structure.

### *Regular Budget and Non-Budgetary Financing*

9.41 The overall structure of ITC's financial resources, with a regular budget financed by WTO and the UN and extra-budgetary resources provided by individual donors, has been reviewed in Chapter 3. That review also presented the changes in the pattern of

100) Estimate provided by ITC staff at the Evaluation's request.

101) *A Programme-Based Approach to CRNM Financing: Harmonization of Donor Support in a Performance Management Framework, Final Report, January 2005. The Evaluation reviewed this and other approaches to harmonization and programme-based approaches, including the PBA policy frameworks of CIDA, DFID and the EU, as well as the work of the DAC Learning Network on Programme-Based Approaches (LENPA).*

support, with the UN and WTO each currently contributing about 25 per cent of ITC's overall resources, and bilateral donors providing most of the balance. Particularly marked has been the declining share of the UN system as a whole, reflecting the sharp decline in extra-budgetary UNDP funding.<sup>102</sup>

9.42 Constraints on the regular budget appear to reflect in part the constraint on UN resources, rather than those of WTO.<sup>103</sup> The result, given the priority that donors have attached to TRTA, including TRTA provided by ITC, is that donor trust funds, in particular the GTF, are currently financing elements of ITC's operational base that would otherwise be covered by the regular budget. On the other hand, the coordination mechanisms available to donors do not currently provide an opportunity to review an integrated programme and budget or to provide substantive guidance on priorities at the institutional level.

### 9.3 Evaluation Questions

9.43 The Evaluation's general findings and conclusions on issues related to governance and financing modalities are set out below.

#### *Governance and Accountability Structures*

1. There are basic weaknesses in the current governance and accountability structure of ITC, despite a high degree of formal oversight by the parent bodies. This structure was designed for a different set of circumstances, has become attenuated and currently lacks either an expert advisory group or a small enough consultative or management group to provide adequate programme review or policy guidance, or support for ITC management during a period of change or stress such as in the early 1990s.
2. These weaknesses include the absence of effective policy and programme review at the level of ITC's overall operations, and differing priority and accountability arrangements for different programme areas, despite incremental improvements in recent years.
3. Funding relationships have changed significantly, with bilateral donors now providing close to half of ITC's funding, including part of its operational base, and a substantial decline in the share provided by the UN system.
4. Together with the priority that high-level meetings of donors and beneficiaries have placed on increased aid coherence and a structured process of results assessment, this provides a strong case for reassessing the supervisory structures for the agency.
5. ITC's past experience provides substantial evidence both of the benefits that can be expected from a smaller and more expert group with greater responsibility in relation to ITC, and of the factors that led to a gradual weakening of previous arrangements.

102) Section 3.2, para. 3.16.

103) A conclusion drawn from the Evaluation's interviews.

6. That experience also provides a varied set of precedents and lessons that can be drawn on in the development of a mechanism to meet current circumstances. It demonstrates the feasibility of an improved governance mechanism within the framework of formal oversight by the two parent bodies.
7. Such a mechanism would support what will soon be a new ITC management team with a more effective body for dialogue, programme review and results assessment. This need not detract from the important but different role played by the larger board-of-governors type intergovernmental body of the Joint Advisory Group.
8. As a separate issue, the burden of current oversight arrangements by the parent institutions, in particular the UN, is excessive for a small organisation that is not operationally part of the UN Secretariat, and is not well-suited to ITC's current needs.

#### *Financing Modalities, Donor Coordination and Harmonization*

9. Much progress has been made in managing and simplifying a complex set of funding modalities and using them to support a programme with broadly common objectives. There is still, however, an overall lack of coherence, insofar as the differing modalities do not provide an integrated programme and budget that can be effectively reviewed, monitored and assessed by governments.
10. There is also, despite improvements in recent years, significant further scope for reducing the use of earmarked funding other than that provided in support of an agreed programme such as GTF. ITC's operations would be facilitated in terms of reduced transaction costs, with an expected gain in efficiency and effectiveness in programme operations, if the share of extra-budgetary resources provided through GTF, and in particular Window I, could be increased further.
11. The Evaluation's analysis of individual funding arrangements provides evidence both of recent improvements in such arrangements and of the readiness of a number of donors to envisage changes that would strengthen programme coherence and reduce transaction costs.
12. The commitment by both aid donors and recipient governments – expressed in the Rome and Paris Declarations and numerous working groups among agencies – to achieve greater harmonization in donor financing as a means of increasing the effectiveness of development assistance provides a strong case for further improvement in funding modalities.
13. Harmonization of donor-provided extra-budgetary resources and improved governance and accountability are closely related. Progress on harmonization of funding arrangements is likely to require steps to strengthen the governance structure and provide for review and assessment of an integrated programme and budget.
14. Specific issues in the funding modalities and the flow of funds also deserve attention. These include single- vs. multi-year funding commitments and the timing of contributions in relation to the year for which they are intended. Some donors have been able to address these issues, but not yet others. Early availability

of promised funding, including greater use of multi-year commitments, would allow more effective programming and a likely enhancement of results.

15. It would also be desirable to move to a single fiscal year for all of ITC's operations, and to develop an integrated ITC programme and budget covering both budgetary and non-budgetary resources, for purposes of review by contributors and beneficiaries, irrespective of the approval procedures. This would also provide a strong basis for consideration by donors of an overall harmonized approach to extra-budgetary funding.
16. A related issue is the extent to which funding constraints unrelated to ITC and affecting one of ITC's two founding partners, the United Nations, limit the extent to which the regular budget can provide adequately for those activities for which it was originally intended, even if the other partner, WTO, were able to increase its funding, because of the fixed 50:50 sharing ratio between the two regular budget partners. Some of the financing provided by bilateral donors in effect compensates for the constraints on regular budget financing. This underscores the conclusion that there has been a substantive change in funding relationships.

#### Box 20: Governance and Financing – Key Conclusions

- ITC's governance structure currently lacks either an expert advisory body or a small enough supervisory group to provide in-depth review or guidance on ITC objectives and programmes or support for management during a period of change.
- There is no framework for review of an integrated programme and budget by a supervisory body.
- ITC's past experience provides adequate evidence that a smaller governance body can play a valuable role and be consistent with earlier practice, without diluting the role of the larger and more formal JAG.
- Current funding relationships, with the increased importance of bilateral donors, provide a strong case for strengthening operational accountability to governments.
- Extra-budgetary funding modalities have been significantly simplified, but there is considerable room for further reduction in the use of earmarked funding, with a view to reducing transaction costs and increasing programme coherence.
- The priority that aid donors and beneficiaries have recently given to harmonization in the provision of aid resources provides a new opportunity to simplify and strengthen extrabudgetary funding for ITC.
- Introduction of a single fiscal year for ITC operations and development of an integrated programme and budget would be valuable first steps in preparing for greater aid harmonization and strengthened accountability.
- Greater use of multi-year funding by donors and mechanisms to eliminate undue lags in the availability of funding for programming in the period for which it is intended would strengthen operational programming and effective use of the funds.
- Current oversight arrangements by the UN are not well-suited to ITC's current needs and represent a significant administrative burden.

## 10 Corporate Management and Capacity

*10.01* ITC faces some important management challenges in the period ahead. Within the next 12 months, all six members of Senior Management Committee will retire from their current positions. This team has guided ITC through a period of difficult institutional transition in the 1990s, with declining resources and internal personnel challenges, and then through major changes in the external environment and complex demands in funding and resource management. A new period of transition and renewal is ahead, building on achievements of the past decade and addressing new challenges.

*10.02* Dates of retirement for key members of the team are known. Three director posts will be open for replacement during the tenure of the current Executive Director, and two under the incoming Executive Director. The recruitment of a new Executive Director has been conducted by the executive heads of UNCTAD and WTO. There have also been retirements in other senior staff, leading to a generational change in management.

*10.03* The Evaluation has sought to assess current strengths and weaknesses and look ahead to opportunities for further operational strengthening and positioning of the institution within the international trade development community and in terms of the trade and development agenda. The prospective management changes require that institutional memory and existing strengths and capabilities be retained and built on. Organisational transition and renewal, however, provide the opportunity to strengthen management processes and capacity at the same time as responding to a changing environment and expectations of the institution's stakeholders.

*10.04* The presentation of the Evaluation's analysis addresses several issues of operational management, including budgetary and extra-budgetary resources, human resource management and project cycle management. It then discusses separately, because of their importance in relation to the Key Evaluation Questions, monitoring and evaluation, results based management, resources and capacity, and managing development partnerships. In doing so, the analysis draws on findings and conclusions from earlier chapters, including on comparative advantage and operational performance.

### 10.1 Operational Management

#### *Budgeting and Resource Allocation*

*10.05* The dichotomy between the regular budget and extra-budgetary resources is a pervasive factor in the management of ITC. In recent years, extra-budgetary resources have grown more rapidly than the regular budget, and their effective use has required continuing adaptation in the terms and management of such resources. The ratio of extra-budgetary resources to the regular budget remains lower than 15 years ago, but the present upward trend may continue, and such resources are now provided almost entirely by bilateral donors. At the same time, the regular budget is likely to grow more slowly, if at all, due to constraints on the UN budget. The UN budget is influenced by other factors and does not reflect the increased resources being made available for TRTA.

*10.06* Greater reliance on extra-budgetary funding has implications for staffing and human resource management, as well as broader implications for the management of the

organisation. It is likely, for example, that an increasing share of operational base expenditures, including personnel, will need to be financed from extra-budgetary sources. The challenges in planning and delivering a coherent and focused programme with resources provided from different sources on differing conditions and with often differing objectives and management processes may increase unless progress can be made on the harmonization and governance issues examined in the previous chapter.

*10.07* In the 1990s, the sharp contraction in extra-budgetary resources led ITC to retrench its technical assistance programmes at the country-level and focus on global and generic products based on headquarters activities similar to those in its first decade. In recent years, the growth of extra-budgetary resources has supported this broad strategy and there has not been a significant expansion of technical assistance at the country project level. Instead, the share of the project portfolio allocated to global products and interregional projects has increased further. In 2004, some 70 per cent of trust funds was allocated to global products and interregional projects, well above the 5-year year average of 60 per cent. An issue, discussed further below, is whether current or increased resource levels may now provide scope for an increased focus on country-specific projects.<sup>104</sup>

*10.08* As discussed in Chapter 9, the dichotomy between the regular budget and extra-budgetary resources, combined with the variety of sources and conditions of extra-budgetary trust funds, imposes costs on the organisation in terms of negotiating and managing resources, programme development and delivery, financial management, and reporting. It also makes programme coherence and focus on common objectives and monitorable results more difficult.

*10.09* There is a related challenge for ITC, in that expenditures under the regular budget are not allocated to specific products or projects. Thus it is currently not possible to measure systematically the costs of particular products or the back-stopping, delivery and follow-up of projects. The newly revised Annual Operations Plan (AOP2) is intended to make some allocation of these costs, but much remains to be done to document and analyse the costs of developing and providing ITC products.

#### *Human Resource Management*<sup>105</sup>

*10.10* Overall morale and commitment among the employees of ITC, particularly among permanent professional and senior management staff, are good. There are challenges, however, for career development in a small organisation with technical specialisation. Also, there are some indications of staff dissatisfaction among some groups of staff at different levels in the organisation, and some retired staff members have expressed disaffection with current systems and management processes. From the survey of professional staff, it is apparent that the level of understanding of, and commitment to, the objectives of the organisation varies considerably. The staff survey conducted by the Evaluation also found that professional staff believed there were not sufficient opportunities for professional development, and concerns were expressed on the lack of clarity of performance appraisal and criteria for promotion.

<sup>104</sup>) See also Chapter 7, Section 7.2

<sup>105</sup>) A background study on Human Resource Management was conducted for the Evaluation. Results of the study are presented here.

*10.11* ITC applies the UN staff rules, but because ITC contracts are specific to the organisation, the geographic distribution provisions for the whole Secretariat do not apply. Due to its relatively small size with 78 professional posts and specialised technical nature, geographic distribution cannot be applied rigidly. About 40 nationalities, however, are represented among ITC staff members.

*10.12* More problematic is the question of gender balance. None of the current senior management and only three section chiefs are women. About 22 per cent of series 200 professionals are women, and about 33 per cent of series 100 professionals. Recent recruitment of junior staff has reflected better gender balance.

*10.13* Recruitment at the senior level is formally subject to oversight by a Joint Appointments Board that includes the two parent bodies, WTO and UNCTAD. The recruitment of the Executive Director is conducted by the parent bodies jointly. In the case of staffing and human resources, however, the Executive Director has greater delegation of authority than does the Secretary-General of UNCTAD or other organisations in the UN Secretariat. As an example, the Executive Director can place staff on special leave.

*10.14* The Human Resources section is administrative in nature, and is well staffed to perform that role. It is less well organised to perform a strategic role. There is less management information available on employees or consultants than would be necessary to support a strategic approach to HRM. There is little evidence of strategic thinking about HRM within the organisation. The connection between the work and assessment of individuals and the mission of ITC is not always clear. There is also limited attention given to the kind of staff the organisation needs over the longer term, how it should employ them, how to maintain their skills, how the needs of the organisation may change, and how professional development of staff can be fostered.

*10.15* Increased delivery based on extra-budgetary funding will necessitate changes in the composition and contractual basis of staffing, and is likely to lead to increased use of consultants. This has significant implications for HRM.

*10.16* ITC is a technically focused organisation. Staff members are recruited for technical expertise, and this is the basis for promotion, at least initially. While the culture of technical specialisation needs to be maintained, technically oriented organisations frequently lack an emphasis on development of complementary management skills. ITC is no exception, and trained line management capability is lacking.

*10.17* Promotion to managerial positions has frequently emphasized, as in many technically-oriented organisations, technical capability rather than necessarily management competence. Many managers are “hands-on”, still doing the technical job, and closely involved in the work of their subordinates, but without taking responsibility for the work or development of their subordinates. Effective management is concerned with tasking subordinates clearly and with their continuing development. It is not about taking more senior responsibility for the technical aspects of the job. There is, of course, a balance to be struck in smaller organisations, and a mix of “hands-on” technical work and managerial work is to be encouraged for people in supervisory, rather than wholly managerial, work. At present, the balance is too heavily weighted toward technical work.

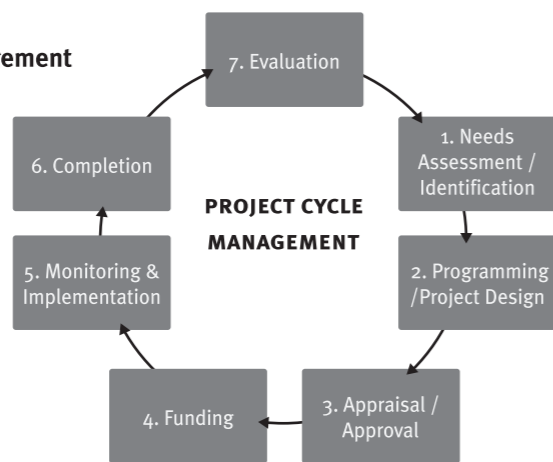


10.18 The level and intensity of professional development in the organisation is low compared to comparable organisations. A report prepared by a consultant in 1999 called for an increased emphasis on professional development, but professional development activity remains limited. Individual officers could benefit from training in project management and technical assistance methods such as needs assessment, project cycle management and results based management.

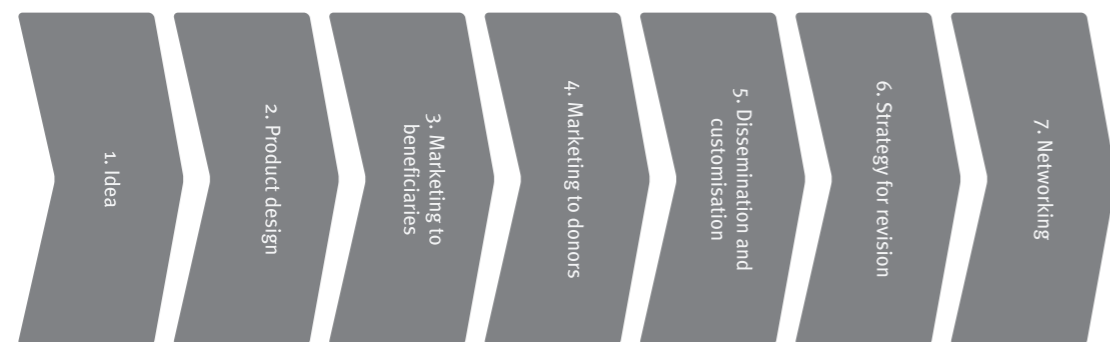
*Product Cycle Management and Product Network Approach*

10.19 ITC has long had a Project Cycle Management (PCM) process in place (Figure 10.1), but the approach varies because of differences in funding sources and differences in application. ITC has applied PCM for the larger country-specific projects, but these are only a limited portion of the project portfolio. ITC has adapted its PCM from the generic UN approach, and is currently reviewing and enhancing this aspect of its operations.

**Figure 10.1:**  
**Generic Project Cycle Management**



**Figure 10.2:**  
**Product Network Approach**



10.20 Aside from PCM, ITC has had separate business processes for the development of products, exemplified by the *Product Network Approach (PNA)* shown in Figure 10.2. Although there are similarities between the PCM and the PNA, there are also differences. The reason is partly related to differences in funding sources. Individual donors provide funding for country-specific projects, and the process of project approval by the

donor conditions the needs assessment and project cycle for that project. The business process for products varies, depending on the scale of the product, on whether more than one section is involved, and on whether the funding is derived from the regular budget, the Global Trust Fund, or bilateral trust funds.

10.21 The Product Network Approach is not the only approach to developing products in ITC, and the approach is considered to be labour-intensive. Thus, some products are developed without going through the PNA process.

*Needs Assessment*

10.22 Needs assessment in ITC has been conducted for country-specific projects by the Division of Technical Cooperation and Coordination (DTCC). There is a basic guide and methodology for such assessment and programme design.<sup>106</sup> This methodology, however, is applied primarily to country-specific projects, and since different donors fund such projects, the requirements of a particular donor for project identification and appraisal often apply.

10.23 Needs assessment is not carried out systematically in the product development process. Methodologies have been developed for needs assessment for products, but the application of these tools varies according to the funding source.

10.24 ITC considers itself customer-focused, and compared with many organisations it is entrepreneurial and customer-oriented. ITC could, however, be more customer-focused, and this could be reflected in the assessment of needs for launching new products. ITC should be responsive to emerging needs of TSI partners. While ITC may be more responsive than many international agencies, it could respond more quickly to some emerging needs, such as in standards and quality management. Programming on issues related to standards and quality management, including sanitary and phyto-sanitary measures and technical barriers to trade, has been one of the most rapidly growing areas for TRTA generally. ITC, however, has been slow to respond to this priority, and its interventions remain limited.

10.25 As indicated in Chapter 8, there is a tendency for proliferation of products or brand extension, some of which may be supply driven from the various sections of ITC, and some of which may be responsive to donor preferences. Even if the development of a product is financed from the regular budget, maintaining and supporting additional products imposes costs on the organisation.

*Management Tools and E-Readiness*

10.26 Intranet and Management Tools. The Evaluation team worked extensively with some of ITC's internal management tools such as the project portal. Although there are issues related to the underlying data and applications, the Evaluation found these tools to be innovative and useful. The UN Office of Internal Oversight Services (OIOS) has also commended the project portal as best practice in the UN.<sup>107</sup> The assessment is confirmed

106) *Needs Assessment and Program Design: A Methodological Approach and Road Map*, ITC, March, 2000.

107) *Office for Internal Oversight Services, Inspection of programme management and administrative practices of the International Trade Centre UNCTAD/WTO*, 11 August 2004, p. 2.

by the Evaluation's survey of professional staff, for many of whom the project portal is a useful and frequently used tool.

10.27 This positive assessment applies also to other management tools on ITC's Intranet. ITC continues to be innovative in developing such tools. A donors' portal, for example, has recently been developed to help to manage relations with, and reporting to, donors.

10.28 One management tool, however, deserves separate comment. The roster of consultants varies considerably in the depth of expertise available in different areas, and the information provided in standard format for curriculum vitae is limited, compared to other agencies. Consultant mobilisation is often on the basis of informal contacts or past work with ITC and the formal roster is not used extensively. If there is increased field delivery of projects in the future, while positions funded by the regular budget remain subject to restraint, the roster of consultants will become a more important management tool, and will need to be upgraded.

10.29 Website and Internet Delivery. ITC places significant emphasis on e-delivery of products and services over the Internet and cyber collaboration with partners. The Evaluation found this to be an important and innovative approach. ITC web delivery, however, has so far had mixed results. The approach to Internet delivery and networking has been open, allowing innovation by different organisational units. Some of these web applications have been quite successful, but more could be done to enhance the visibility of the ITC website. The ITC web presence is small compared to WTO, and is limited compared to some other comparable international agencies. ITC, however, is currently upgrading the website.

#### *Communications and Strategic Marketing*

10.30 ITC does not have a formal "marketing" department with the attendant functions, as understood in the private sector.<sup>108</sup> Governmental and intergovernmental organisations generally have a communications department responsible for activities such as organising seminars and conferences, preparing and distributing press releases and promotional material, and preparing media advertising. ITC, in common with similar organisations, has a communications function (part of the Office of the Executive Director) that performs these tasks and contributes to ITC's wider technical cooperation activities. For example, ITC's technical cooperation objectives are enhanced by the ongoing upgrading of *Forum* magazine to include in-depth research and analysis, concentrate on key themes, and allow it to serve as training material in workshops.

10.31 ITC is different from many international organisations and national aid agencies in that it deals more directly with the private sector. Most international organisations are intergovernmental in character and their clients are primarily governments and government officials. ITC's clients include governments and their representatives, particularly in the case of JITAP, but ITC primarily serves the private sector in the form of trade support institutions (TSIs) and end-user enterprises in beneficiary countries.

108) *The Division of Technical Cooperation and Coordination has been called the sales arm of ITC, but sales are not synonymous with marketing.*

10.32 ITC has proven effective in communication and presentation of itself as an organisation, and individual line divisions propose new product or project ideas. A strength of ITC is that it is entrepreneurial in this way, but there is no strategic marketing function to identify and analyse needs and test-market new products. Identification of new opportunities relies on the networks and informal contacts with TSIs or other development partners to identify opportunities and define the focus of the product or project idea. A strengthened strategic marketing function could have primary responsibility for an ongoing process of needs assessment, with a view to targeting the product portfolio to emerging needs.

## 10.2 Monitoring and Evaluation

### *Monitoring*

10.33 Monitoring systems at ITC rely primarily on self-monitoring and reflect the differences between activities financed by the regular budget and those financed from extra-budgetary sources. For the regular budget, the monitoring tool is the UN's Integrated Monitoring and Documentation Information System (IMDIS). IMDIS is used to monitor outputs under the United Nations biennial budget programme. The Office of Internal Oversight Services' (OIOS) report, however, concluded that ITC directors and section chiefs do not effectively engage in self-monitoring of outputs, nor do they track progress toward expected results. Technical cooperation programmes are tracked through the project portal. Although self-monitoring is considered by OIOS to be somewhat better in this area, the primary focus is on financial delivery rates rather than results achieved.

10.34 ITC does not have formal mechanisms for monitoring projects, and management oversight of projects is relatively informal. In the country and product studies, the Evaluation found a lack of agreed indicators and performance monitoring. Relatively informal monitoring systems have worked reasonably effectively because only a few large field projects are in place, and most activities are headquarters based. Furthermore, the Senior Management Committee (SMC) meets weekly, and is involved in operational oversight. If the project mix of ITC shifts toward more and larger field projects, or if donors adopt a more programme-based approach to financing, there will be a need for a more structured monitoring system. Such a system is also needed, as pointed out elsewhere in this report, to assess results at end-user level and in terms of key MDGs, in particular poverty reduction and gender equity.

10.35 Verifiable indicators of achievement are currently largely lacking. Such indicators need to be developed for results based management and would serve to strengthen monitoring of project and programme implementation more generally.

### *Evaluation*

10.36 ITC has conducted evaluations for many years, and the discussion of independent programme evaluations was for a number of years a regular part of the agenda of the JAG, with a prior discussion in a specialised subsidiary body, which presented a report of that discussion to the JAG. This examination of independent evaluation studies as part of the overall governance and accountability structure, however, has been discontinued.<sup>109</sup>

109) *See paras. 9.12 above.*

10.37 The current Evaluation reviewed many of the evaluations conducted by and for ITC, and found them to be of generally good quality. ITC undertakes either project evaluations on larger projects or programme evaluations. The ITC does not evaluate smaller projects or programmes.

10.38 The Evaluation reviewed several of the “JAG evaluations” and all the programme evaluations and many of the project evaluations conducted since the JAG oversight role was discontinued. The quality of the more recent evaluations is broadly comparable to the evaluations conducted during the period of JAG oversight.

10.39 Evaluations done for ITC have faced challenges similar to this Evaluation. Where the intervention logic is not fully articulated, if no baseline is established, and indicators of achievement are not identified, an evaluation is much more challenging. The evaluations have accordingly not undertaken much quantitative analysis or, because of lack of cost data, analysis of cost-effectiveness, and have not attempted to track end-users.

10.40 Some evaluations have been done for programmes under the Global Trust Fund, and these are presented to the GTF Consultative Committee. The evaluators, however, do not meet with the Consultative Committee, unlike in the case of the earlier evaluations done for the JAG, which were considered in a special JAG sub-group.

10.41 The officer in charge of evaluations is also Secretary to the SMC and involved in operational management, since SMC is operationally focused. In part, this reflects a view that the purpose of evaluation is to provide input to senior management, and in part it reflects the lack of more comprehensive oversight of ITC. Internal evaluations are a normal tool of management, but evaluation is also an essential tool for oversight, accountability and policy direction, and most approaches to the evaluation function in other international organisations and national development agencies emphasise the need for separation of the evaluation function from operational responsibilities.

10.42 There is evidence that ITC has learned lessons from previous evaluations. Several of the evaluations conducted for ITC reviewed earlier evaluation studies and examined whether issues raised in such studies had been addressed. In many cases, they had been addressed. Similarly, the present Evaluation used previous ITC evaluations in order to establish benchmarks and to determine progress. In a number of cases, the Evaluation concluded that progress had been achieved.

10.43 Management’s written responses to evaluations, however, tend to be quite general, and do not always provide clear decisions for future action. More precise responses would provide better guidance for staff in the improvement of delivery and ensure that lessons learned are applied. The current lack of an oversight mechanism to review the evaluations and the management response may contribute to the general nature of such responses.

10.44 The evaluations conducted by Department for International Development (DFID) of multilateral effectiveness, which have been conducted of a number of UN agencies, ask whether the governing body of the organisation reviews evaluations and performance audits. Except for evaluations done for the Consultative Committee of the Global Trust Fund or the Common Trust Fund for JITAP, this is no longer the case with ITC.

### 10.3 Results Based Management

10.5 The financial reporting and accountability framework for ITC is under the auspices of the UN Secretariat. ITC is subject to oversight by the UN Board of Auditors and the Office of Internal Oversight Services. OIOS conducts comprehensive internal audits in accordance with the *Financial Regulations and Rules* of the UN and monitors programme implementation in accordance with the *Regulations and Rules Governing Programme Planning*, the *Programme Aspects of the Budget*, the *Monitoring of Implementation and the Methods of Evaluation*.<sup>110</sup> The UN is committed to implementing results based management, but the accountability framework for ITC is still largely oriented to input and process control, due to the requirements of the UN accountability framework.

10.46 ITC has begun the process of implementing Results Based Management (RBM), and this will be a major task in the period ahead. Successive *ITC Business Plans* have increasingly defined specific objectives, expected accomplishments and indicators of achievement.<sup>111</sup> Training seminars for staff have also begun using the UN Staff College in Turin, and Canada supported a workshop on RBM for JITAP 2 in March 2005.

10.47 One of the few areas where the OIOS report was critical of ITC was with respect to the progress in implementation of RBM.<sup>112</sup> This was based on the lack of an electronic data system to collect data on the achievement of expected results and the failure of operational divisions to apply a logical framework approach to assess contributions by organisational units to achieving corporate goals. Steps taken in implementing RBM lag behind the UN Secretariat according to the OIOS Report. ITC has, however, taken further steps, particularly in the *ITC Business Plan 2005-2007*, to provide a framework for a more effective RBM system, although considerable further development is still required.

10.48 Reference was made above to ineffective use of IMDIS as a monitoring tool. For its part, ITC management are critical of the utility of the IMDIS monitoring tool, regarding it as a burden imposed by the UN accountability framework that is not aligned with ITC’s needs. The Evaluation has also concluded that IMDIS is of limited usefulness for ITC, in that it is an activity and output-oriented monitoring tool, rather than a results or outcome-oriented approach to RBM. A tool such as IMDIS may be appropriate for the UN Secretariat, which is primarily focused on supporting intergovernmental activities, but it does not seek to measure results achieved through the delivery of ITC products or project interventions. ITC does not, however, have an alternative that could measure results achieved with resources from the regular budget, nor is such a tool in place systematically for activities supported by extra-budgetary resources.

10.49 ITC has proposed indicators of achievement in the latest *ITC Business Plan* and in the *Strategic Budget Framework* for the UN. Although these documents mark a further stage in the development of RBM, programme objectives are in most cases fairly general and expected accomplishments and performance indicators are relatively short-term and

110) UN Secretariat, “Organisation of the Office of Internal Oversight Services,” 16 May 2002, ST/SGB/2002/7.

111) *ITC Business Plans 2003-2005, 2004-2006 and 2005-2007*.

112) Letter of 11 August 2004, transmitting Report of the Office of Internal Oversight Services, “Inspection of programme management and administrative practices of the International Trade Centre UNCTAD/WTO (ITC)”, United Nations General Assembly, A/59/50, 30 July 2004.

tend to be activity-based or aimed at first level outcomes. ITC still needs to develop indicators that move further up the results chain. A more structured RBM or performance management framework also still needs to be developed.

*10.50* Developing better indicators and a system for applying them will be a challenge, since often the results will be achieved through partner organisations. ITC, therefore, needs to develop approaches that encourage its TSI partners to participate in the collection of indicators for outputs, outcomes and impacts.

*10.51* Logical framework analysis is currently used for only a few ITC projects or programmes. Some donors have requested such a framework for individual bilateral trust funds or individual projects. These include projects funded by Switzerland, JITAP 2 and the new programme with the Netherlands. Although a useful first step, such a partial and varying approach is limited in effectiveness. Thus, ITC is not using a tool widely used in development and technical assistance and this tool needs to be an integrated part of project design and planning. More general use of a systematic logical framework analysis with identified indicators of achievement at different levels of the results chain would be a valuable building-block for results based management and facilitate the development of an overall performance management framework (PMF).

*10.52* Development of a logical framework-based PMF at the corporate level will require addressing the dichotomy between the accountability and management framework for the regular budget and that for extra-budgetary resources. Such obstacles, however, do not apply to the application of RBM to the Global Trust Fund.

*10.53* Current efforts to implement RBM in ITC are as yet incomplete. Current approaches are also unlikely to be acceptable to donors as a basis for a programme-based approach to harmonization, and are not adequate for demonstrating development results in the context of the MDGs. ITC fully recognises this, and regards the steps to date as preparing for fuller implementation of RBM.

#### 10.4 Resources and Capacity

*10.54* An analysis of the resources and capacity of ITC raises complex issues on the scale and focus of the agency's activities. As noted earlier, annual delivery of USD21 million in technical assistance to 133 countries in 2004 implies an average expenditure of USD 158,000 per country, or USD171,000 per country if the projects including revolving funds are included in the analysis.<sup>113</sup> If the regular budget is included, then USD49 million in total resources imply an expenditure of USD360,000 per country, although this would involve an allocation of all headquarters activities.<sup>114</sup> There is, of course, significant variation in the level of technical assistance provided to individual countries, but the scale of intervention, even in countries where ITC is most active, remains limited. The level of resources does not permit a meaningful country-specific TA programme in many countries.

*113)* See the discussion in paragraph 7.16 above.

*114)* It should be noted that the Report of the UN Advisory Committee on Administrative and Budgetary Questions on the UN programme budget for 1996-1997 (at para. 115) states that there is "a need to ensure that regular budget activities do not subsidize extra-budgetary budget activities and vice versa." The General Assembly subsequently took note of the Report and its recommendations (A/RES/50/216 part II, para. 1).

*10.55* The process of shrinking the organisation from 1990 to 1999 as a result of declining resources had important implications. The orientation of ITC programming shifted to greater emphasis on global programmes. This was, at least in part, ITC's response to diminished resources and, at the time, greater reliance on the regular budget.

*10.56* Since 2000, total resources have risen and the share represented by the regular budget has fallen. Increasing reliance on extra-budgetary resources, as already noted, may well continue, since the growth of the regular budget is limited by constraints on the overall UN budget, while increased funding for TRTA seems likely to be sustained over at least the medium-term. However, shifts in the allocation of donor resources to more untied funding for ITC, in particular contributions to the Global Trust Fund, have been used to support the increasing share of global and generic activities, with the result that the share of country-specific projects has continued to decline during this period of expanding resources.

*10.57* The overall level of resources for ITC has shaped the current strategy and pattern of intervention, which relies heavily on global products and interregional programmes, with limited resources spread over many countries. This reflects the results of a decade of declining resources and the need for consolidation.<sup>115</sup> Overall resources remain about one sixth below the peak of 1990 in nominal terms and about 40 per cent lower in real terms.<sup>116</sup> Further increases in the level of funding would offer the opportunity of reconsidering the current strategy.

*10.58* The development and delivery of global products has fixed costs. The fixed costs, however, can be spread over many beneficiary countries if the product can be distributed at relatively low cost. Whether the global products achieve results in terms of development at the country-level depends on the extent to which they are relevant and are used by TSIs and SMEs.

*10.59* If ITC were to enter a period of zero growth or declining resources, the existing portfolio of products would need to be reviewed and pruned, given the costs of maintaining and delivering a wide range of products, and the possibility of a stronger emphasis on country-specific programmes and projects would be further diminished.

*10.60* On the other hand, an increased emphasis on the delivery of country-specific projects could be expected to require increased resources, unless strict criteria were applied for country selection, since country-specific projects normally require significant resources to be expended in a country, as well as back-stopping at headquarters.

*10.61* There is evidence that, although ITC has adapted its programme to the current level of resources, the level of resources may be inadequate. The evidence on problems of follow-up and continuity suggest an organisation that is stretched. Also, the small scale of interventions and the absence of a significant programme of country-specific projects suggest that the scale of the organisation is less than would be optimal.

*115)* It also reflects, as discussed in Section 7.2, elements of ITC's comparative advantage, in its wide network of TSIs and its ability to complement the country-specific projects of other donors as well as ITC itself.

*116)* The real adjustment is based on the Swiss consumption deflator of 24 per cent from 1990 to 2004. Since the USD and CHF nominal exchange rates for 1990 and 2004 are roughly equivalent, a US based GDP or Consumption deflator would indicate a greater decline in purchasing power.

10.62 The Evaluation's analysis in Chapters 7 and 8 suggests that there could be gains in identifiable impacts through development of country strategies and increased use of country-specific projects, without detracting from the role played by global and inter-regional products. This would assume that an improved monitoring and tracking system were put in place, so that results could be identified and lessons of experience more easily assimilated. The issue is to what extent this could be effectively undertaken with present resources. A related issue is that there could be economies of scale with increased delivery of technical assistance, given the fixed costs of maintaining an organisation and developing global products and networks.

#### *Comparative Advantage and Programme Delivery*

10.63 Overall, ITC programming is broadly in line with the comparative advantage of ITC among multilateral providers of TRTA in the category of *trade development* TRTA.<sup>117</sup> The process of consolidation during the 1990s resulted in a focus on products relevant to, and networking of, TSIs as intermediary agencies, reinforcing the emphasis on activities and competencies where ITC had a comparative advantage, even as other international organisations began to provide TRTA more extensively.

10.64 The new products and networks that have been added in recent years, such as World Tr@de Net and the Executive Forum, extend into new areas for ITC, including the mainstreaming of trade development, but these build on the networking capacity of ITC with TSIs. Apart from these two programming areas and the business aspects of standards and quality management, ITC has not participated in the rapid growth of TRTA in the field of *trade policy and regulation*, because ITC programming has remained focused in traditional areas of its comparative advantage related to trade development. Newer programming areas in specific niches in the field of *trade policy and regulation*, namely World Tr@de Net and Executive Forum, draw on ITC's experience and capacity for networking of TSIs and business dialogue and thus are more appropriate activities for ITC than for UNCTAD or WTO, and more consistent with ITC's comparative advantage.

10.65 The other technical area where ITC has increased its activities modestly is *standards and quality management*. Other agencies are active in this area, including WTO on regulatory aspects related to the TBT (Technical Barriers to Trade) and SPS (Sanitary and Phyto-Sanitary) agreement, and UNIDO on metrology, but ITC has long had a specialised role in supporting TSIs in this field, and it has developed a *niche* to some extent. Another similar area where ITC used to be active involving TSIs, but where ITC has not developed activities despite growth in TRTA in this field, is trade facilitation.

10.66 The relative comparative advantages of specific ITC programming and technical competencies are continually subject to challenge in light of the performance of ITC products and the relative competencies of other providers of TRTA. Some of ITC's products that could be subject to challenge are export packaging and trade finance. These are traditional programming areas for ITC, but other agencies are providing these services, and ITC's comparative advantages should be re-evaluated in due course.

117) See Chapter 6.

10.67 Perhaps the most significant challenge to the comparative advantage of ITC among multilateral providers of TRTA is from the activities of the World Bank, and to a lesser extent UNIDO, with support to Business Development Services. ITC programming still has a clear comparative advantage in trade development, but this distinction is becoming blurred, since the export dimension of private sector development is increasingly recognised.

10.68 Although ITC has a clear comparative advantage in supporting trade and development through working with TSI partners in beneficiary countries, it does not necessarily follow that the large number of ITC products are all equally relevant and cost-effective. The lack of systematic data and reporting on the costs of deliverables, including the allocation of back-stopping and product development costs financed from the regular budget, makes it impossible to measure the cost efficiency of ITC products or deliverables. The lack of cost data, combined with the lack of data on the utilisation of products and the results achieved, makes it difficult to reach conclusive findings on the relevance of the large number of individual ITC products, and the cost-effectiveness of the products is open to question.

## 10.5 Managing Development Partnerships

### *International Organisations and Strategic Partnerships*

10.69 ITC has a diverse range of working relationships with international organisations and other agencies, including NGOs. These partnerships are a part of the context within which ITC operates, and a part of ITC's comparative advantage in cooperating with other agencies and achieving a division of labour or complementarity.<sup>118</sup>

10.70 ITC's operational cooperation with UNCTAD and WTO is comprehensive, and there is a division of labour in the provision of TRTA, reflecting the experience and comparative advantages of the three organisations, with ITC concentrating on *trade development*. Collaboration with UNCTAD and WTO is also structured into joint ventures in JITAP and the IF (with, in the case of the IF, the World Bank, UNDP and IMF as well). These arrangements have advantages such as an integrated work plan and a detailed level of coordination. They also have costs in terms of administrative infrastructure. Part of the process of creating JITAP and the IF has involved not just a joint structure among the multilateral agencies, but cooperation and support among both donors and beneficiaries.

10.71 In addition to the IF and JITAP, ITC is involved in other partnership arrangements, including the *BioTrade Facilitation* programme with UNCTAD, the Programme for *Building African Capacity for Trade (PACT)* in collaboration with Trade Facilitation Office Canada, a renewed partnership with CBI of the Netherlands, and a new programme for the creative industries with UNCTAD and the World Intellectual Property Organisation (WIPO) and UNESCO. A particularly significant new partnership is the Asia Trust Fund with the European Commission.

118) See Chapter 6. The partnership with TSIs in trade support networks is discussed in Chapter 7.

10.72 ITC also has informal strategic alliances with a number of development partners. This includes collaboration with UNIDO and the International Organisation for Standardisation (ISO) on matters related to standards, with the Commonwealth Secretariat on SME development and small island developing states, and with the *Agence Intergouvernementale de la Francophonie (AIF)* on the integration of LDCs into the multi-lateral trading system and promoting intraregional trade in West Africa, as well as the International Labour Organization (ILO) and the regional economic commissions of the UN.

10.73 The Evaluation team has met with many of ITC's development partners.<sup>119</sup> Most have a positive perspective on ITC. ITC is regarded as entrepreneurial and responsive, although lacking in analytical capacity. Overall, ITC is well regarded as a development partner. Some of the partners in informal strategic alliances, however, expressed the view that a more structured relationship could be useful.

#### *Bilateral Donors*

10.74 ITC maintains good relations with bilateral donors, evidenced by the increase in extra-budgetary funding and reflecting the general increase in TRTA. Contacts with bilateral donors tend to be through donor representatives in Geneva or at headquarters, rather than in the field.

10.75 The largest funders of TRTA, the European Commission and the US Government, have not until recently been significant donors to ITC. This has now changed modestly in the case of USAID, with that agency's support for the use of MAS tools in some of its bilateral country trade development projects, and with support from other US government sources for Business for Development. More significantly, the agreement on an EC-funded Asia Trust Fund provides multi-year funding for Asian countries in a flexible way, and ITC is also becoming involved with other EC-supported projects in Asia.

10.76 One of the challenges for ITC is that many donors have decentralised to the country- or regional-level. One of the Evaluation's findings was that awareness of ITC among donors at the field-level was low. The lack of a field presence presents challenges for ITC in maintaining and strengthening relations with donors in the field.

## 10.6 Evaluation Questions

10.77 General findings and conclusions from the Evaluation's analysis of corporate management and capacity are set out below.

119) *Among the international development partners interviewed – often involving multiple representatives of the organisation – were the Commonwealth Secretariat, Organisation of American States, UNCTAD, UNIDO, WIPO, World Bank and WTO, and most major donors of TRTA, including the European Commission and USAID at the headquarters level and at the field level.*

#### *Operational Management*

1. The dichotomy between regular budget and extra-budgetary financing, and an increasing reliance on extra-budgetary resources, has implications for staffing and human resource management, as well as for overall management of ITC, including the delivery of a coherent and focused programme. Differences in the conditions and management of funding from different sources also impose higher transaction costs. These considerations reinforce the case for progress on the harmonization and governance issues discussed in Chapter 9.
2. The reduction in ITC resources beginning in the 1990s was a principal factor leading ITC to retrench on technical assistance at the country-level and increase the focus on global products. In recent years, the growth of extra-budgetary resources has been used to support this broad strategy, and there has been an increase in the relative share of global and interregional products, with a corresponding decline in the share of country-specific and regional projects. The issue now is whether current or increased resource levels may provide scope for a greater emphasis on country-specific programmes and projects, and what the appropriate balance should be at a given level of resources.
3. Expenditures under the regular budget are not currently allocated to specific programmes or products. It is, therefore, not possible to estimate or analyze the full costs of particular programmes, products or projects. Steps are currently being taken in the forthcoming Annual Operational Plan to make some allocations of costs, but much remains to be done to document and analyze the costs of developing and providing ITC products.<sup>120</sup>
4. Human resource management is largely focused on technical skills and is less well-equipped to play a strategic role in professional development, including the development of management skills. This includes skills specific to the management of technical assistance, such as project cycle management and client needs assessment, as well as broader development of managerial competence.
5. Recruitment of women in the organisation has lagged until recently, and human resource management needs to give continuing attention to the gender dimension.
6. Management information available on both employees and consultants is less than would be necessary for a more strategic approach to HRM. In particular, the roster of consultants varies considerably in the depth of expertise available in different areas and would require strengthening to meet increased demands under financing from extra-budgetary resources.
7. ITC recognizes that overall project cycle management requires strengthening and more consistent application. Increased coherence in financing arrangements (discussed in Chapter 9) could help to standardize and strengthen project cycle management.

120) *The issue is complicated by UN budgetary practice and the separation between activities funded by the regular budget and those funded by extra-budgetary resources (see Note 113 above).*

*Needs Assessment*

8. Needs assessment is not currently carried out systematically in the product development process. Methodologies for needs assessment have been developed, but their application varies according to the funding source as well as the organisational unit involved and the scale of the product.
9. ITC needs to be responsive to new needs of its TSI partners and end-users, such as on issues related to standards and quality management and technical barriers to trade. Systematic needs assessment for both TSIs and end-users would help to strengthen the focus on emerging priorities.
10. A stronger strategic marketing function could provide the organisational focus for an ongoing process of needs assessment, with a view to targeting the product portfolio to emerging needs and reducing the tendency for product proliferation.

*Monitoring and Evaluation*

11. Monitoring systems in ITC rely primarily on self-monitoring and reflect the dichotomy between activities financed by the regular budget and those financed from extra-budgetary sources. ITC does not have formal mechanisms for monitoring projects, and there is limited monitoring of activities financed under the regular budget.
12. Absence of a formal monitoring framework is less significant for activities focused on global products and based at headquarters, but a more structured monitoring system will be required if the scale of country-specific projects is increased, or if donor financing is provided under a more general programme-based approach.
13. Verifiable indicators of achievement need to be further developed as an essential basis for a more structured monitoring system for project and programme implementation, and are also a requirement for results based management.
14. Evaluations of various types have been undertaken for many years, and the Evaluation found them to be of generally good quality and a consistent part of operational management. Written responses of ITC management, however, have been relatively general, and more precise responses would provide better guidance for staff in improving delivery and internalizing lessons learned.
15. Discussion of programme evaluations was for a number of years an important part of the agenda of the JAG and a smaller subsidiary body of the JAG, but this practice has been discontinued.<sup>121</sup> There would be benefits in reinstating the former practice in the context of strengthening governance arrangements.
16. Responsibility for management of evaluations is currently with the officer who serves as Secretary to the SMC and who is also heavily involved in operational management. This raises the issue of whether there should be a greater distance between operational and evaluation roles.

<sup>121)</sup> See Chapter 9, para. 9.12.

*Results Based Management*

17. The *ITC Business Plan* has been further developed to provide a framework of strategic and operational objectives, including expected accomplishments and indicators of achievement. Programme-level objectives, however, are in most cases general and expected accomplishments and performance indicators are short-term in nature and largely at the output and initial outcome levels. ITC recognises the need for further development of an overall RBM or performance management framework and has taken steps to prepare for introduction of such a system. This remains, however, a major task for the period ahead.
18. More extensive use of logical framework analysis at the programme-level would provide a stronger basis for an overall RBM-based performance management framework.
19. Different financing and accountability arrangements, and the split between regular budget and extra-budgetary resources, present complications in the introduction of RBM. Development of an integrated programme and budget for purposes of review and accountability would facilitate the introduction of RBM and an overall PMF.<sup>122</sup>

*Resources and Capacity*

20. Analysis of the resources and capacity of ITC raises the issue of scale and focus of the agency's activities. It also raises the issue, as discussed in earlier chapters, of whether effectiveness in terms of monitorable outcomes could be improved by an increased emphasis on country-specific interventions, and whether this would reasonably require an increase in overall resources, assuming other issues highlighted in this Evaluation can be effectively addressed.
21. ITC's current strategy, with its emphasis on global products and interregional projects and use of intermediaries for product delivery, has been a response to the reduced resource levels of the mid to late 1990s. There are also, however, other factors supporting the case for global and interregional products, independent of resource levels, including some of ITC's comparative advantage, as well as cost-efficiencies.
22. Results of the Evaluation nevertheless suggest that there is a strong case for greater emphasis on country strategies and country-tailored interventions, and that if an appropriate monitoring system were put in place, with other supporting measures, this could potentially increase monitorable results and the capacity to learn from and adapt experience on a continuing basis.
23. Reduced or declining resources would require a review and reduction in the existing portfolio of products, and the potential for an increased emphasis on country-specific interventions would be substantially reduced.

<sup>122)</sup> Such an approach is discussed in Chapter 9.

24. Increased resources would offer much greater opportunity for increased attention to country-specific strategies, with increased follow-up and continuity of involvement. Without an increase in resource, a greater emphasis on country-specific programmes would require strict criteria for country selection, with concentration on a limited number of countries, since country-specific projects normally require significant resources, as well as back-stopping at headquarters.
25. There is also evidence that, although ITC has adapted its programme to the current level of resources, the level of resources may be less than optimal even under the current programme strategy. The evidence on problems of follow-up and continuity suggest an organisation that is stretched. This conclusion is supported by the small scale of many interventions and the lack of a significant programme of country-specific projects.
26. A related issue is that there could be economies of scale with increased delivery of technical assistance, given the fixed costs of maintaining an organisation and developing global products and networks.
27. In terms of comparative advantage, ITC's current programming is broadly in line with its comparative advantage and acquired competencies, particularly in *trade development* TRTA and the networking of TSIs. Newer programming areas in specific niche areas of *trade policy and regulation* also draw on ITC's experience and capacity for networking of TSIs and are appropriate activities for ITC consistent with comparative advantage.
28. ITC's comparative advantage, however, is subject to continuing challenge from other providers of TRTA, particularly in specific areas such as export packaging and trade finance.
29. The most significant challenge to ITC's comparative advantage among multilateral providers of TRTA is likely to come from programming of the World Bank, and to a lesser extent UNIDO, focused on business development services.

#### *Managing Development Partnerships*

30. ITC has a diverse range of working relationships with development partners and maintains a good track record in this respect. This includes an effective division of labour with WTO and UNCTAD and joint programming arrangements such as JITAP and the Integrated Framework,<sup>123</sup> as well as other strategic alliances.
31. Operational coordination with UNCTAD and WTO will remain an essential part of ITC's operations. Cooperation with UNCTAD and WTO helps to ensure an effective division of labour consistent with the organisation's comparative advantage.
32. At the country-level, ITC faces a challenge as a result of its lack of field presence, given the decentralization of responsibilities to the field by other donors. This is in part a capacity issue for a small organisation with limited resources, but, as indicated elsewhere in this Report, there are options that can be explored to address this issue.

<sup>123</sup>) See Chapter 6.

#### **Box 21: Corporate Management – Key Conclusions**

- The distinction between regular budget and extra-budgetary financing, and an increasing reliance on extra-budgetary resources, has implications for staffing and human resource management, as well as for overall management of ITC, including the delivery of a coherent and focused programme.
- The reduction in ITC resources beginning in the 1990s was a principal factor leading to retrenchment in technical assistance at the country-level and an increase in the focus on global products. In recent years, the growth of extra-budgetary resources has been used to support this broad strategy.
- Expenditures under the regular budget are not currently allocated to specific programmes or products and it is not possible to estimate full costs of particular products or projects. The issue, however, is complicated by UN budgetary practice and the separation between activities funded by the regular budget and those funded by extra-budgetary resources.
- Human resource management is largely focused on technical skills rather than professional development and development of management skills. These require greater attention, as does the gender dimension.
- Responding to client needs is recognised by ITC as an essential element in programming. Needs assessment, however, is not systematically carried out in the product development process. More systematic needs assessment would help ITC to be responsive to emerging needs and to set priorities, as well as reduce the tendency for product proliferation.
- ITC does not have a formal process for monitoring projects. Such a system will be needed for larger country-specific projects and as part of any programme-based approach to donor financing. Further development of indicators of achievement is needed as a basis for a more structured monitoring system.
- Evaluations of various types have been undertaken by ITC for many years, and these are generally of good quality and have been a consistent part of operational management. More precise written responses of ITC management to evaluations, however, would provide clearer guidance for staff on how lessons learned should be applied.
- The earlier practice of submitting regular programme evaluations for review by a core supervisory body should be reconsidered.
- Responsibility for the evaluation function is currently shared with operational responsibilities, raising the question of whether there should be a greater distance between operational and evaluation roles.
- ITC is at an early stage in the introduction of results based management and key constraints need to be addressed. Further development of logical framework analysis and an integrated programme and budget would facilitate introduction of an RBM-based performance management framework.
- Analysis of ITC's resources and capacity raises the issue of the scale and focus of ITC activities. The Evaluation's analysis indicates that there is a strong case for increased emphasis on country-specific interventions and that this could improve ITC's ability to determine effectiveness and impact in terms of identifiable and monitorable outcomes.
- Such a shift in emphasis, however, would be difficult to undertake effectively with limited resources. Increased resources would allow greater emphasis on country-specific programmes and projects and also potentially permit increased economies of scale.
- ITC's current programming is broadly in line with its comparative advantage and acquired competencies, particularly in trade development TRTA. Newer programming areas in trade policy and regulation TRTA also draw on ITC's experience and capacity for networking of TSIs and are appropriate activities for ITC consistent with comparative advantage.
- ITC has a good track record in cooperation with development partners and needs to maintain effective coordination with WTO and UNCTAD in particular.



## III. Building for the Future

### 11 Harmonization and Accountability

#### 11.1 An Opportunity for Change

11.01 The analysis in Part II presents findings and conclusions that bear on the modalities of the financial resources made available to ITC and the related areas of governance, programme review and policy direction. The overall conclusion is that, while the governance and funding structures of ITC have evolved over time, there has been a weakening of the core governance function but incremental improvements in the increasingly important extra-budgetary funding modalities. Both present significant opportunities for reassessment and major change to reposition the institution for increased effectiveness and efficiency, as well as improved accountability.

11.02 Some of the questions related to governance and accountability have been long-standing, but, as the Evaluation team was told, it has never seemed the right time to address them. On the issues related to financing modalities, progress has been made in a number of cases, but there are longstanding donor practices that in other cases have made further change difficult. There are various factors, however, that now make it particularly relevant and timely to address these issues.

11.03 The commitment of both aid donors and recipients, including bilateral and multi-lateral aid agencies, to improved aid effectiveness and a much stronger targeting on results, as expressed in the Monterrey Consensus, the Rome Declaration and the Paris Declaration, involves a rethinking of many elements of the development partnership, including those related to the financing and policy direction of international agencies. Elements of the consensus include:

- Increasing alignment of aid with the recipient's priorities, systems and procedures;
- Enhancing accountability;
- Eliminating duplication of effort and rationalizing donor activities to make them as cost-effective as possible; and
- Reforming and simplifying donor policies and procedures to encourage collaborative behaviour and alignment with the recipient's priorities and procedures.

11.04 This includes a strong emphasis on harmonization through common arrangements for planning, joint funding, monitoring, evaluating, and reporting to governments, with increased use of programme-based aid modalities. It also includes a high priority for *managing for results*, with results-oriented reporting and assessment frameworks and joint monitoring and reporting requirements, as well as *mutual accountability and transparency* in the use of development resources.<sup>124</sup>

124) *Paris Declaration on Aid Effectiveness: Ownership, Harmonisation, Alignment, Results and Mutual Accountability*, March 2, 2005.

11.05 Elements of this approach have been foreshadowed in some of the current funding modalities for ITC, but the new harmonization, results and accountability agenda provides an opportunity and a challenge to review the funding and accountability arrangements as a whole.

11.06 There are also other factors that have changed and, taken together, provide a set of circumstances in which these issues can be looked at afresh. They include a change in the financing relationships, with individual donors now contributing roughly half of ITC's resources, including a part of general overhead expenses, and the UN and WTO each contributing just over a quarter. The share of the UN system (including UNDP) has fallen sharply from earlier years, and from what appears to have been envisaged in the original agreement in 1968, which assumed contributions to technical assistance funding from the UN system.<sup>125</sup> One of the key constraints on the regular budget appears to be the constraint on the overall UN budget, independent of ITC factors, in comparison with the higher priority that governments have placed on trade development, as witnessed by the WTO budget and TRTA generally.

11.07 Other factors include a more distinct identity for ITC than was the case when present governance arrangements were originally devised, the development of a wider role for TRTA, and the increasingly similar membership of the two parent organisations. There are also more precedents for smaller governance bodies with a rotational arrangement among country groups.

11.08 An additional factor is that ITC faces a major change in personnel at senior levels, and new executive heads have recently assumed office at WTO and UNCTAD. It is an appropriate time to evaluate experience and review options for the road ahead. In addition, the management team that has worked well with the present complexity of funding arrangements has experience and working relationships that a new team may not have, and a simplification of such arrangements, building on experience to date, would facilitate the work of the new team.

#### 11.2 Implementing Harmonization

11.09 The case for increased harmonization of financing modalities lies in the desirability of reducing the transaction costs involved in differing arrangements, including the management time needed to manage complex arrangements and the time spent on procedures and reporting, as well as the desirability of achieving increased alignment on a focused set of priorities, since differing trust fund arrangements add to the range of objectives and programme instruments.

11.10 A second element is the desirability of strengthening the review of priorities and programmes, accountability, and reporting, through the use of joint mechanisms, to which more time and attention can be devoted and for which good monitoring mechanisms can be more cost-effective.

11.11 ITC and its principal donors have useful experience in addressing the harmonization issue, including Window I of the GTF, which also provides a model for a programme advisory and management committee that can be adapted to a wider role.

125) See Chapter 3, para. 3.03.

11.12 There has been considerable attention in the donor community to how aid can be delivered more effectively through simplifying and harmonizing donor procedures, including the DAC *Good Practice* guidelines, which include:

- *Multi-year programming of aid,*
- *Use of common performance indicators,*
- *A common framework for aid cooperation,*
- *Common reporting procedures, with a single periodic report, and*
- *A common monitoring framework, with performance indicators that are simple and prioritized and relate to longer term goals, with multi-donor review and monitoring procedures.*<sup>126</sup>

11.13 Increased attention has also been given to *Programme-Based Approaches (PBAs)* for programmes at the sector, thematic or organisation level. Key features of a PBA include:

- A single comprehensive programme and budget framework, including a medium-term programme or expenditure framework or strategy;
- A formalised system for coordination and harmonization;
- An agreed performance monitoring system; and
- Significant movement towards the adoption of common approaches and procedures.<sup>127</sup>

11.14 In developing a framework for PBAs, considerable emphasis has been placed on *accountability*, particularly in terms of demonstrating performance and results, and on the use of *results based approaches to management*, as greatly facilitating harmonization in terms of monitoring, reporting and evaluation.

11.15 A reassessment of financing and programme review modalities for ITC on the basis of these principles, with the objective of reducing transaction costs and increasing aid effectiveness, would be timely, and could make a significant contribution to ITC's cost-effectiveness. Consideration should be given, in particular, to a *Programme-Based Approach*, for which key elements would be:

- An integrated programme and budget document, with a structured medium-term strategy;
- A results based management framework that reflects the needs of the organisation and is responsive to the requirements of the sources of financing;
- An overall programme review body, with a composition (in terms of numbers and representation of donors and beneficiaries) similar to that of the present Consultative Committee for the GTF.

126) *Harmonising Donor Practices for Effective Aid Delivery: Good Practice Papers, OECD/DAC, 2003.*

127) *CIDA Primer on Programme-Based Approaches, February 2003, p.2. "Programme-Based Approaches: A New Way of Doing Business" by R al Lavergne in CIDA's Development Express, December 2003, p.4. "Guidelines for European Commission Support to Sector Programmes," European Commission, December 2002. "Presentation on DFID's Policy on the Choice of Financial Instruments," R. Teuten, Ottawa Forum on Accountability and Risk-Management under Programme-Based Approaches, June 2002. See also Synthesis Report on Recent Developments and Issues Raised by Development Agencies Concerning Programme-Based Approaches, prepared for the Forum of Alignment Challenges in Programme-Based Approaches..., organised by the Learning Network on Programme-Based Approaches, Berlin, November 2003. para. 3.03.*

11.16 An important first step would be the development of an integrated programme and budget covering all of ITC's operations. The objective would be to provide an overview and opportunity to assess tradeoffs and relationships between different activities. A consolidation of programming and accounts on the same fiscal year basis will also be needed to permit integrated planning and reporting on a common basis.

11.17 Other factors that need to be considered are the extent to which the use of multi-year financing can be increased and the "slippage" factor in terms of the timing of the availability of donor funding for the year in which it is intended to be used.

11.18 The design of a PBA would need to be an iterative approach, with the lead taken by a group of interested donors and the use of a facilitator for the process of consultation, as in the recent case of CRNM. This might be done concurrently with a review of governance structures.

11.19 On the basis of the Evaluation's analysis and findings, *it is recommended to donor agencies and governments that:*

- *Increased harmonization of donor support for ITC should be undertaken as a priority, if possible in the form of a Programme-Based Approach (PBA), with the objective of reducing transaction costs and improving overall programme coherence and effectiveness.*
- *Consideration should be given to greater use of multi-year advance commitment authority and reduction of the adverse effects of late availability of funding authority for the year or years in which the funds are to be committed.*

11.20 It is also recommended to ITC management that:

- *Steps to facilitate a harmonized approach should be taken as soon as possible, in particular the movement to a single fiscal year for all of ITC operations and preparation of an integrated programme and budget document covering all of ITC's operations, whether financed from the regular budget or from extra-budgetary resources.*

### 11.3 Strengthening Governance and Accountability

11.21 A conclusion of this Evaluation is that a priority should be to provide ITC with a *small, rotational, and preferably expert governance body* that could provide more detailed programme review, assess results, and interpret ITC's mandate to ensure continuing relevance and effectiveness. Such a body would provide support for ITC management in its efforts to achieve effectiveness and efficiency in its operations, and strengthen accountability to the ultimate stakeholders, the contributing and beneficiary governments.

11.22 Precedents (or partial precedents) include the original expert Advisory Group for ITC, the Technical Committee that functioned for a number of years, the Consultative Committee of the GTF, and the Working Party on the Medium-Term Plan and Programme Budget of UNCTAD (in terms of composition and mandate). In most of these cases, a membership of no more than 18, with representation from different groups of countries, including donors, has worked well. The body would need to have a formal

statutory basis and mandate. Its chairperson could be the executive head of ITC, similar to the precedent of some other international organisations.<sup>128</sup>

11.23 As discussed in Chapter 9, such a body would be complementary to the role that the present, much larger and more formal, Joint Advisory Group presently plays. The new body should include trade development expertise as well as representation from bilateral aid agencies, which now provide close to half of ITC's financial resources. It should be able to function as an overall management committee and provide a professional dialogue partner for ITC management in development of longer-term strategy and programmes, as well as in programme design and adaptation in the field of trade development. It would also be appropriate for it to review results achievement and major evaluation studies, as did earlier bodies reporting to the JAG.

11.24 Consideration should be given to whether such a body could replace some of the existing mechanisms, such as the Consultative Committee of the GTF. Its role should also be comprehensive, in terms of being able to review an integrated programme and budget for all of ITC's operations as well as medium-term strategy, and should be able to provide authoritative guidance, and if possible decisions on at least some issues, perhaps on a delegated basis.

11.25 There are three options that governments may wish to consider. These are:

- An adaptation of the present structure, with a much smaller expert advisory body reporting to the JAG.
- Revisiting the basic structure and mandate of ITC's present governance structure, with the creation of a new, distinct body similar in concept to a management committee or board of directors, with defined responsibilities as well as delegated responsibilities.
- Revisiting the overall role and relationships of ITC and the overall governance and accountability structure centred on the UN/UNCTAD and WTO, taking into account the special identity of ITC and its experience and maturity as an international agency.

This could include the possibility of a changed relationship with the UN and WTO, a reduction in the substantial transaction costs of the present multi-tier programme and budget approval, oversight and reporting requirements that are part of the current relationship with the UN, and a more freestanding ITC-focused governance structure.

This would be particularly attractive should governments wish to consider some consolidation of the TRTA functions of the three agencies based in Geneva, with a view to increasing efficiency through economies of scale and reduced overhead costs in relation to TRTA delivery.

11.26 Again, as with donor harmonization, an iterative process of consultation will be needed, both to further articulate the options and the process, and to move towards a basis for decision. Such a process might best be initiated by a group of interested governments.

128) Examples include the original Committee of Management of the Commonwealth Fund for Technical Cooperation and the boards of directors of the various multilateral, regional and sub-regional development banks.

11.27 On the basis of the Evaluation's analysis and findings, it is recommended to the governments supporting ITC and concerned with its future direction that:

- *The governance and accountability structures for ITC should be re-examined, with a view to providing a smaller and more effective mechanism for overall programme review, assessment and policy guidance as a core element of the governance structure. Such a mechanism should complement and support the existing Joint Advisory Group and the parent governance organs.*
- *Such a mechanism should be considered as a replacement for some of the existing mechanisms, such as the informal JAG and the Consultative Committee of the GTF, so as to minimize the administrative costs of governance and accountability.*
- *The new arrangement should include designated responsibility for the members of such a mechanism, which should be relatively small, but representative of both donor governments and the various geographical groupings of beneficiary governments on a rotational basis.*
- *Interested governments should establish a process for initial review of the governance structure of ITC and the design of further steps for greater harmonization of donor assistance, and report on their consideration to the next meeting of the Joint Advisory Group. This catalytic mechanism would best reflect the present realities of inter-governmental support for ITC.*

11.28 It is also recommended to ITC, the JAG and the UN and WTO secretariats that

- *The current overload of technical oversight mechanisms appropriate to UN secretariat bodies should be reviewed, with a view to releasing some of ITC's available staff resources for performance-oriented programme management, an objective that ITC and its supporting bodies share as a priority.*

#### Box 22: Governance and Financing – Key Recommendations

##### Implementing Harmonization

- Greater harmonization of donor support to reduce transaction costs and improve programme coherence and effectiveness should be undertaken as a priority.
- Harmonization should include greater use of multi-year funding and mechanisms for reducing adverse effects of late availability of funding authority.
- Steps to facilitate a harmonized approach should be taken, including movement to a single fiscal year for ITC operations and preparation of an integrated programme and budget document.

##### Strengthening Governance and Accountability

- Governance and accountability structures should be re-examined with a view to providing a more effective mechanism for programme review, assessment and policy guidance on an integrated or agency basis.
- Such a mechanism should replace some of the existing mechanisms, such as the Consultative Committee of the GTF and the Informal JAG.
- Consideration should be given by interested governments to establishing a process for review of the governance structure and the design of further steps for greater harmonization of donor assistance and financing modalities.

## 12 Strengthening Operational Performance

### 12.1 Managing Change

12.01 The succession issue for ITC is highly visible and needs to be addressed in a timely manner to ensure a smooth transition. Change will be a major challenge for ITC and for the ITC management team to ensure that management changes throughout the organisation take place with the least disruption to ongoing operations, while at the same time taking advantage of the accumulated experience of ITC and maintaining a strong organisational base.

12.02 The new senior management team will face important challenges, both external and internal to the organisation, including:

- Managing diverse partnerships with development partners;
- Coping with complex financing arrangements and maintaining relations with donors;
- Maintaining momentum in external funding while facing constraints on the growth of the regular budget;
- Maintaining an effective role for the organisation in an increasingly competitive environment and maximizing the benefits of ITC's comparative advantages;
- Sustaining morale and quality of delivery with a shifting mix of human resources; and
- Implementation of Results Based Management.

12.03 Change brings opportunity, but it also brings risks. It is worth noting that ITC experienced a prolonged and dramatic reduction in funding starting in the early 1990s, which only bottomed out a decade later. Of course, the future will not unfold as did the past, but the potential for rapid changes in circumstances needs to be considered. In particular, each of the management challenges outlined above has a risk factor associated with it.

12.04 The introduction of a new management team is an opportunity to renew the organisation and to develop new approaches for future development. Management will need to work with staff to develop the organisation's future orientation and build a continuing spirit of common enterprise and collaboration. Although the management team will face many operational challenges, change management will need to be a priority.

12.05 *The Evaluation recommends that:*

- *ITC should undertake a strengthening of key management processes, together with the development of an appropriate change management process, as a priority over the coming 12 months, and report on initial steps to the Joint Advisory Group.*

12.06 The sections below consider some of the dimensions of this process, including implementing Results Based Management, human resource management, maintaining and improving cost-effectiveness, assessing client needs and setting product priorities, and enhancing the performance of ITC interventions. *The recommendations are addressed to ITC management.*

12.07 *As an initial step in the process, the Evaluation recommends that:*

- *A carefully designed change management process should be developed in consultation with staff; to provide for an effective transition and to renew and develop a common culture and strategy for the organisation.*

### 12.2 Enhancing Human Resources

12.08 As a complement to the change management strategy and as part of a re-orientation from a technical and product-oriented agency to one with increased focus on service to development partners, a more strategic approach to human resource management is needed.

12.09 *It is recommended that:*

- *The purpose and objectives of the human resource management function should be reviewed, including its capabilities for a strategic human resource development role, and its external networking should be strengthened to help it remain abreast of developments in the field.*
- *An agreed set of managerial competences should be developed as a basis for strengthening future recruitment, staff development, promotion and career planning. A substantive management training programme would be valuable for ITC.*
- *The introduction of Results Based Management should be reinforced by introducing performance indicators in the performance appraisal system (PAS). A new Chief Executive Officer (CEO) profile should include RBM assessment indicators.*
- *The roster of consultants should be enhanced by improving the information base and the database expanded.*

### 12.3 Implementing Results Based Management

12.10 A major challenge for ITC will be the full implementation of Results Based Management. This will have far-reaching implications for the organisation affecting internal management processes, the accountability framework, and relationships with beneficiaries and partners.

12.11 Implementing RBM will require clarifying the intervention logic of ITC. This will need to begin with ITC programmes and products, which are the major activity of the organisation. Development of indicators of achievement that go beyond activities and outputs will be a significant challenge. Currently, only a few programmes and projects have a logical framework analysis.

12.12 The evaluation function needs to be strengthened by separating the role of evaluation from the operational functions of SMC. Evaluation could be linked with other functions related to the implementation of RBM, including monitoring of indicators of achievement.

12.13 *It is recommended that:*

- *ITC's initial preparations for, and experience with, Results Based Management should be carried forward as a priority, and should include the development of an appropriate performance management framework at the corporate level based on logical framework analysis, with a structured set of indicators for monitoring and assessing results.*
- *A parallel step in moving forward with RBM should be the use of a logical framework matrix for all major programmes under the Global Trust Fund.*
- *Development of indicators for monitoring results and achievement of objectives should include indicators for use by ITC's partner agencies and measurement of results at the end-user level in beneficiary countries, including outcomes with respect to poverty reduction, gender equity and environmental sustainability.*
- *The evaluation function should be strengthened and made independent from operational functions. Evaluation should be linked to the implementation of RBM.*
- *Consideration should be given to re-instituting the earlier practice of a regular series of independent programme or sub-programme evaluations for review by an expert core body of the governance structure. This could best be done if the Evaluation's recommendation for a relatively small expert group as part of the governance structure is implemented.*

#### 12.4 Improving Cost-Effectiveness

12.14 A recurrent theme in the evaluation of performance at the product- and country-level was the difficulty in measuring the costs of ITC products, deliverables, and back-stopping on products and projects.<sup>129</sup> The previous chapter focused on financing modalities, aid harmonization and governance reform to make better use of resources. While these initiatives should be pursued, immediate progress can be made in measuring the costs of ITC products, including back-stopping. ITC is already introducing such measures into AOP2. These allocation and costing tools will need to be developed and refined.

12.15 *It is recommended that:*

- *Improved measures of the costs of ITC products, deliverables and projects should be a priority, and such cost measures should be monitored and subject to review by one of ITC's supervisory bodies, with a view to promoting maximum cost-effectiveness of ITC technical assistance.*

#### 12.5 Assessing Client Needs and Focusing Products

12.16 No matter how good internal coordination and consultation is, unless one unit or department has responsibility and authority (and the resources) for assessing client needs

129) *This issue is complicated by the recommendation of UN Advisory Committee on Administrative and Budgetary Questions referred to above in Note 101 that regular budget activities should not subsidize extra-budgetary activities and vice versa. The Evaluation, however, believes that it is important to be able estimate the full costs of particular products and projects, even if these are defined as two different sets of activities.*

and marketing organisation-wide, then sooner or later there are likely to be overlaps, inconsistencies and gaps that can serve to give ITC's target audience a flawed picture of the organisation. The result would be either that ITC's target market may have unrealistic expectations of what ITC can do, or that there may be expectations that are too low.

12.17 Needs assessment and marketing programmes can have different objectives, but all of them focus on fulfilling the needs of the target audience better than competitors, resulting in a satisfied, loyal and long-term client base – in ITC's case, beneficiaries, donors and other stakeholders.

12.18 The needs assessment and marketing function should include, but not be limited to, activities such as:

- Monitoring and analysing the macro and micro environment in which ITC operates, including a systematic and continuing assessment of client needs;
- Developing a marketing strategy and programme to achieve ITC's goals;
- Implementing the marketing strategy and programme;
- New product development;
- Elimination of old products;
- Managing ITC's image and brand; and
- Evaluating and controlling (and adapting if necessary) ITC's marketing activities.

12.19 The ongoing monitoring of the need for, and utilisation of, ITC products is linked to the implementation of Results Based Management. It is linked for two reasons. First, more than two-thirds of ITC operational staff are focused on product development and delivery. Achieving and measuring results for ITC products will be an important element of RBM. Second, the information and management systems to implement RBM can provide information and data useful to the strategic marketing function. ITC should strengthen its needs analysis for products even if it did not need to implement RBM, but implementing RBM strengthens the case for a more systematic approach to needs assessment for products.

12.20 *In order to serve client needs as effectively as possible, it is recommended that:*

- *ITC should establish a strategic marketing and priority identification function whose role would include a systematic needs assessment for the services and products that ITC can best provide, advising on launching or discontinuing products, and ensuring that the organisation's marketing strategy, planning and programme development and delivery are developed and carried out in an integrated fashion. This should be a core part of the continuing effort to maintain relevance and focus in ITC operations, as well as strengthen higher level outcomes and impacts.*

#### 12.6 Enhancing Performance of Interventions

12.21 A core set of issues that the Evaluation has addressed relate to the performance of ITC interventions, and what insights the Evaluation can provide on how performance in delivering technical assistance and ITC's various products and services might be further strengthened. This section draws on the analysis of previous sections and chapters to address the performance of ITC interventions. Further discussion of performance in relation to the international trade and development agenda is provided in Chapter 13.

12.22 ITC has focused on global products and networking of TSIs as a strategic response to diminishing resources and shifting funding sources during the 1990s. At the same time, ITC has emphasized global products and support networks in order to define a complementary role to the major bilateral donors of trade development TRTA and maintain its comparative advantage relative to other international organisations, particularly WTO and UNCTAD in this aspect of TRTA.

12.23 ITC products and networks have some of the characteristics of public goods, with fixed costs for product development and lower distribution costs to TSIs and other beneficiaries in developing countries and transition economies. The provision of public goods does not imply that the cost and utilisation of the products should be ignored, but a complex budgetary and accountability framework and attenuated governance structure of ITC have contributed to a situation where costs of particular products in relations to needs and benefits are not measured and have not received the analysis and attention they deserve. A coherent framework for measuring costs, monitoring the utilisation of ITC products and projects by TSI partners and SMEs, and measuring results achieved, are critical to the future management and accountability of ITC, regardless of the constraints imposed by different financing modalities.

12.24 The Evaluation's field studies found that the limited number of country-specific projects are well regarded by beneficiary partners, and increasing the number of such projects would provide opportunities to improve performance, but this finding needs to be set against the larger scale of country-specific projects and the fact that such projects often involve other donors and development partners, which increases the scale effects.

12.25 *The Evaluation's recommendations are:*

- *More systematic needs assessment should be combined with management improvements to measure costs and monitor utilisation for ITC products, and should be undertaken to ensure that those products are relevant, have potential distribution channels, are cost-effective, and avoid unnecessary product proliferation.*
- *Development and implementation of more country-specific projects should complement ITC's role in supporting global products and networks. This could best be achieved by increasing the overall scale of ITC activities to allow an adequate minimum level of operations in a selected number of individual countries, as well as overall economies of scale.*

### Box 23: Strengthening Operational Performance – Key Recommendations

#### Preparing for Change

- ITC needs to develop a carefully designed change management strategy and strengthen formal processes for key management functions.

#### Implementing Results Based Management

- RBM should be carried forward as a priority and should include a performance management framework at the corporate level.
- Development of indicators for monitoring results should include indicators for use by ITC's country partner agencies and should measure results at the end-user level.
- The evaluation function should be strengthened and linked to the implementation of RBM.

#### Enhancing Human Resources

- Purpose and objectives of the HRM function should be reviewed to provide for a more strategic human resource development role.
- Professional development for staff should be strengthened.

#### Enhancing Intervention Performance

- More systematic needs assessment, combined with measurement of the cost and monitoring of the utilisation of ITC products, should be undertaken to ensure that those products are relevant and cost-effective and avoid unnecessary product proliferation.
- Development and implementation of more country-specific projects should complement ITC's role in supporting global products and networks. This would require adjustment in funding modalities and could best be achieved by increasing the overall scale of ITC activities to allow an adequate minimum level of operations in individual countries, as well as overall economies of scale.

## 13 Supporting Trade and Development

### 13.1 Integrating Development Goals

13.01 There is now a broad consensus that trade and development goals should be integrated. ITC has made some efforts to reflect the MDGs in its programming, with some success. In terms of the MDGs, ITC is focused on Goal 8, developing a global partnership for development, and several of the specific targets under Goal 8. ITC, however, has widened its scope in the case of the EPRP, which is focused on integrating development and poverty reduction objectives with trade related initiatives.

13.02 Results of the analysis undertaken by the Evaluation show that EPRP is an initiative that holds considerable potential, and should be scaled up. The conditions for the relative success of the two EPRP prototype projects, however, need to be recognized, and future projects planned to maximize the chances for equal success.

13.03 Gender issues should also receive higher priority. There are two dimensions to gender issues in ITC programming. One is that enterprises employing women may bene-

fit from ITC activities and the use of ITC tools. The other is that initiatives may support the development of enterprises with women entrepreneurs. The targeting of sectors that employ a significant proportion of women should be a priority. More data needs to be collected on the employment characteristics of the enterprises that benefit from ITC products and services.

*13.04* The special problems faced by women entrepreneurs need to receive more attention. This is a challenge, since women entrepreneurs often tend to manage micro-enterprises and may face legal and institutional challenges in terms of enforcement of property rights and access to finance because they lack collateral. The challenges for such women entrepreneurs in becoming exporters are especially great, and the average scale of their enterprises in many developing countries makes them difficult to target with ITC programmes.

*13.05* ITC is seeking to integrate this dimension into its programming in the area of Services, and this is a sector where activity is being consciously aimed at women entrepreneurs. This dimension, however, needs to be developed in other programme areas as well.

*13.06* More broadly, ITC needs to integrate key development goals, in particular poverty reduction, as a basic consideration in all of its operations. The design, implementation, monitoring and evaluation of ITC programmes and projects can be viewed through an “MDG lens” – a concept similar to that of the “poverty prism” used by some aid agencies, under which all programmes and projects are considered in terms of whether and how they can contribute to the intended broader objectives. It would be a tool subject to further operationalisation.

*13.07* Assessing results from the services provided by TSIs to end-users is a further significant challenge, and it is especially difficult to assess these results in terms of cross-cutting goals such as poverty reduction or improvement of the economic position of women. ITC will need to enter into a more comprehensive partnership with its partners in the Trade Support Networks and engage in a systematic effort to trace the effects of the services provided by TSIs on poverty reduction and gender objectives. This will parallel efforts being made in many developing countries to introduce or strengthen Management for Development Results (MfDR).

*13.08* It is recommended that:

- *ITC should institute the operational tool of an “MDG lens” in the development and implementation of all of its programmes and projects.*
- *The “MDG lens” should be paralleled by the development of a structured set of indicators to measure results at all levels, including in terms of trade development, poverty reduction and gender equity, and by a reporting and monitoring system that includes ITC’s programme delivery partners.*
- *As part of the use of an “MDG lens”, ITC should explore innovative programmes that could improve the export readiness of enterprises from the informal sector, with special benefits for low income groups and involving women entrepreneurs.*
- *ITC should also work with its TSI partners in the development of an overall ITC performance management framework centred on the identification of intended results and specification of verifiable indicators, together with a system to allow its TSI partners to monitor and report on results.*

## 13.2 Strengthening In-Country Partnerships

*13.09* In most cases, ITC works with intermediaries in the form of TSIs and other business support organisations. Should ITC continue to rely upon working through such intermediaries? Or should ITC engage in direct delivery of technical assistance? The Evaluation team believes that working effectively with business support organisations is central to the effectiveness of ITC’s business model. The most compelling argument is the need, given ITC’s resource constraints, for a local focal point to sustain and build upon ITC’s resource-limited interventions.

*13.10* If there is one weakness that is common across the range of ITC interventions, it is the lack of sustained follow-up and identifiable impact for these interventions. It is in this critical area that effective collaboration by the national counterpart is essential. ITC does not have the resources to maintain a meaningful presence beyond the formal project time-frame. But partnering with intermediaries can be approached in a more structured fashion, with clear lines of accountability and responsibility.

### *Standards for TPOs/TSIs*

*13.11* TPOs are an important form of TSI, and tend to be enduring organisations, even in countries with limited capacity and infrastructure. Notwithstanding criticisms directed against them, TPOs occupy a recognized *niche* in the trade development structure of many developing countries. A number of TPOs have transformed their operations and serve as a worthwhile component in the export platforms of their respective countries. Some TPOs may still be more of a burden than a support to exporters, and some may seek to monopolise the use of ITC tools and services in order to strengthen their internal position in the country. The appropriate response, however, is not to abandon all TPOs. The approach that the Evaluation recommends is that a method of certification be developed for such institutions.

*13.12* What this entails is the application by ITC of standards that the national TPO must meet, and a readiness, where necessary, to decline project proposals in those countries where these standards are not being met. In other words, the *quid pro quo* for a continuing partnership would be the exercise of greater discretion as to which institutions ITC partners with. A willingness to walk away where necessary would challenge the current *modus operandi*, and perhaps political sensitivities, but would be the right option in certain circumstances.

*13.13* This would require ITC to develop a formal performance standard that it would insist upon for partnering arrangements, and to assign internal resources to coordinate ITC assistance to organisations attempting to reach that standard. What the Evaluation proposes is that ITC re-engage in institution building of a type that it was criticised for in the past. The responsibility for sustained export and trade expansion within developing countries necessarily rests with the relevant agencies within those countries.

*13.14* A certification process would provide greater leverage than simply access to ITC resources, since it would send a signal both to donors and to business leaders in the country and abroad. If it is considered too politically sensitive for ITC as an intergovernmental organisation to create and monitor such standards, then ITC could work with a relevant network, such as Executive Forum or TPO Net, to set up a peer review and accreditation process.

13.15 Working with TPO/TSI partners will remain an important vehicle for ITC interventions. The establishment of standards and a certification process could be a valuable contribution to increasing the effectiveness of such partnerships.

#### *Building the Sustainability of TSIs*

13.16 The ongoing viability of TSIs is an important consideration. The achievement of longer term impacts and sustainability from ITC interventions and the transfer of knowledge and skills depends upon the viability of ITC's partners.

13.17 There is an acknowledged need to support and enhance the viability of TSIs. ITC has the skills and tool set to move forward with such enhancement. For example, the IPSCM MLS training programme, supported through *Asia Net* and *Learning Net*, has developed an effective model for supporting training in partner organisations. The training modules are transferred to the partners, which deliver the training courses and then administer examinations through the website. The diplomas, with international certification, are a strong inducement for trainees to take the course. This allows ITC's partners to earn some revenue from fees and to sustain their capacity building model. This model should be considered for adaptation to other types of TSI partners. There are also other ITC product packages that could be adapted to this end.

#### *Measuring Results and Impact*

13.18 An expectation that a direct and measurable link between ITC interventions and national export performance (increased overall exports) can be demonstrated would be unrealistic, since the influence of TRTA on trade performance is indirect and many factors are involved. This is a case where results in terms of the overarching goal cannot be directly attributed to any particular programme. What should be expected, however, is that a contribution to the goal can be demonstrated. The indicators of achievement should measure both the enhancement of capacity of the TSIs themselves and the enhanced capacity of end-user enterprises.

13.19 For ITC interventions at the project or micro-level, demonstrable business and trade results should be expected. At the national level, institutional improvements in organisations such as the TSIs can be tested. The Evaluation proposes that sustainable improvements in the capacity of partner institutions should be among indicators of achievement and used as a measure of results. The activities of TSIs in providing services to SMEs can also be measured. It will be necessary for the TSIs to collect information on activities and on results at the end-user level. If ITC is to demonstrate that its interventions to assist Trade Support Networks lead to the intended results, then it will be necessary to involve TSI partners in developing indicators with respect to both capacity building in the TSIs and the delivery of services to support SMEs engaged in international trade.

13.20 There are several recommendations to ITC that flow from this analysis:

- *There should be a follow-up to the evaluation that proposes indicators of achievement for the results of ITC interventions.*
- *ITC should set performance standards for partnering organisations as a condition of their certification to partner with ITC. This will impose some cost on the partners, but there would be benefits in terms of visible accreditation, and the*

*articulation of standards would be a guide to better performance by the partner institutions.*

- *ITC should build on the current activities of the Executive Forum to develop and analyze TPO/TSI performance indicators.*
- *ITC should work with its partners in trade support networks to develop indicators to monitor results for poverty reduction, gender equity and environmental sustainability.*
- *ITC should seek to provide increased support for strengthening the sustainability of its TSI partners. Models where ITC products are used in revenue generation activities for TSIs and also provide incentives for utilisation by SMEs are of particular value.*

### 13.3 Building Synergies with International Partners

13.21 ITC works actively with international development partners, including WTO and UNCTAD and other international organisations. ITC already has relatively effective collaboration with its Geneva-based partners, but all three organisations either already or will have new executive heads in place, and it is an appropriate time to review and strengthen coordination mechanisms, both formal and informal.

13.22 In addition to extensive cooperation with its parent organisations, ITC has a number of formal arrangements with other partners and more informal alliances with development partners on a project-by-project basis. In some cases, the more informal arrangements could benefit from a more structured relationship, but this needs to be evaluated on a case-by-case basis, and the needs will evolve and change over time.

13.23 The absence of a direct field presence for ITC, given the decentralisation by many donors of decision-making to the field level, poses challenges in maintaining and developing relations with donors at the country-level and makes it more difficult for ITC to participate effectively in efforts at country-level to coordinate technical assistance in accordance with national development priorities.

13.24 ITC will need to explore relatively low-cost means to strengthen field presence through retention of consultants or part-time staff at the country- or regional-level, or through more structured relationships with strategic TSI partners.

13.25 *It is recommended to ITC that:*

- *Sustaining and building on cooperation between ITC, WTO and UNCTAD should be a continuing priority, particularly in establishing relationships among the new leadership of all three organisations and in maintaining coordination at the operational level.*
- *As a small niche provider of TRTA, ITC should build and sustain new partnerships in the future, especially to develop new programming related to poverty reduction, gender equity and environmental sustainability.*
- *ITC should find appropriate means to strengthen its field presence at the country-level to better interact with development partners and provide greater continuity in country operations. Options should be costed and discussed with ITC's governance bodies and funding partners. The options range from developing arrangements with UN Country Coordinators to using designated representatives contracted locally or regionally to represent ITC.*



### 13.4 How Should ITC Evolve?

13.26 Major changes are occurring in the world as a result of rapid integration of emerging economies into the global economy. The dynamics of globalisation are also leading to changes in approaches to development cooperation. ITC faces challenges, as a result, for two reasons. First, rapid economic and technological change is altering the focus of trade development and creating challenges for the types of technical assistance that are needed by partners in beneficiary countries. Second, the changing development paradigm, including the MDGs, the Doha Development Agenda and the development partnership agenda, is changing the organisational basis and financing modalities for technical assistance.

13.27 Resource constraints dictate that any discussion of future directions for ITC needs to involve choices and setting priorities. While ITC has adapted to diminished total resources in the 1990s and has been challenged to increase delivery in recent years with the increase in extra-budgetary resources, there are questions about whether ITC has adequate resources to fulfil its mission. In a number of the Evaluation's field and technical studies, for example, concerns were expressed that ITC had been weak on follow-up on field activities. This may reflect the limitations of relying on voluntary funding by bilateral donors for technical assistance delivery at country-level, but it is also an indicator of an organisation that is stretched in the availability of resources. There could be improvements in the management of such field activities, but achieving a sustained change in project development and follow-up at the country-level would require several changes including more flexible financing arrangements, a reallocation of resources, and/or changes in the scale of the organisation.

13.28 This central question of resource optimisation raises certain basic questions:

- Should ITC continue as at present, with a principal emphasis on global and generic products and interregional projects, but with some country-tailored and regional projects where donors are prepared to provide specific funding?
- Should ITC instead become a smaller, more focused organisation concentrating increasingly on global products?
- Should it be a larger organisation maintaining a range of global products, but with more emphasis on delivery of technical assistance interventions in particular countries or groups of countries?

13.29 These alternatives are choices for the stakeholders of ITC. The Evaluation recommends that stakeholders and the new management team at ITC need to choose the strategic direction for the organisation. It is important to set priorities for the future. The Evaluation believes that increasing the share of activity devoted to in-country projects is likely to be more effective. Much of the increase in ITC's technical assistance funding in recent years has gone into global products.

13.30 Although global products and the product networks are a source of comparative advantage for ITC, achieving results at the country-level depends upon building the capacity of TSI partners and providing the right mix of products suited to development conditions in the country. A principal factor supporting this conclusion is that many ITC interventions at the country-level currently tend to be too small to have sustained impact, and there is an increased need for more sustained country interventions. Sustained interventions at country-level will also enrich the knowledge and skills set of ITC and help to ensure the continuing relevance of global tools.

13.31 A corollary of increased emphasis on country-focused projects is that either ITC would need to be scaled up to some degree, or there would need to be greater selectivity in the product portfolio and much greater selectivity in countries for intervention. An increased scale of activities with greater priority for country programming would help to achieve better utilisation of ITC products and could improve the return on the investment in the fixed costs of developing these products.

13.32 Decisions on whether to increase the scale of ITC activities will be made incrementally by donors and beneficiary countries. Progress on some of the recommendations in the previous two chapters could be significant factors in determining whether ITC scale will be increased or whether it will be obliged to become a more specialised niche player in the provision of TRTA.

13.33 *It is recommended to ITC and the governments supporting ITC that:*

- *The extent to which the emphasis on country-specific operations can be strengthened should be reassessed in the context of available resources, and further increases in resources, in particular, should be targeted at the country-level.*
- *In a context of unchanged resources, greater emphasis on country-specific activities and follow-up should include a high degree of country selectivity, at least in any given short or medium-term time period.*
- *If key management and institutional reforms can be implemented, however, then consideration should be given to increasing the scale of ITC programming, with a greater focus on country-specific projects.*

**Box 24: Supporting Trade and Development – Key Recommendations****Integrating Development Goals**

- In addition to its principal focus on Goal 8 of the MDGs, ITC should institute an “MDG lens” in the development and implementation of all its programmes and projects so as to better integrate poverty reduction and gender equity.
- The “MDG lens” should be paralleled by development of a set of indicators to measure results in terms of trade development and poverty reduction, gender equity and environmental sustainability, with a reporting system that includes ITC’s programme delivery partners.
- ITC should also explore innovative programmes that can improve the export readiness of enterprises in the informal sector, with benefits for low income groups and women entrepreneurs.

**Strengthening In-country Partnerships**

- Performance standards should be developed for partnering organisations.
- ITC should work with its partners to develop indicators to monitor results, including for poverty reduction and gender equity.
- ITC should seek to increase support for sustainability of its TSI partners.

**Building Synergies with International Partners**

- Cooperation with UNCTAD and WTO should be a continuing priority.
- New partnerships should be built and sustained.
- Options to strengthen ITC’s field presence should be explored.

**How Should ITC Evolve?**

- The extent to which emphasis on country-specific operations can be strengthened should be reassessed in the context of available resources. Further increases in resources should be targeted at the country-level.
- In the context of unchanged resources, greater emphasis on country-specific operations should include a high degree of country selectivity.
- If key management and institutional reforms can be implemented, consideration should be given to increasing the scale of ITC programming, with a greater focus on country-specific projects.

## Annex A – Terms of Reference

### 1. Introduction

In May 2001 – during the 34th session of the annual meeting in the Joint Advisory Group (JAG) of the International Trade Centre (ITC)<sup>130</sup> – Denmark proposed that a joint evaluation of ITC be undertaken. The rationale of the evaluation is an on-going effort to learn from experience and to contribute to an enhancement of ITC’s services. The more precise reasons are four-fold: i) an independent, external evaluation of the ITC has never been carried out; ii) evaluations are increasingly becoming an integral part of modern management; iii) donors have an obligation to monitor and evaluate organisations receiving financial contributions and to demonstrate results of development assistance; and iv) an evaluation can be used for broadening the donor base. The proposal was supported by a fairly large number of countries as well as the ITC management. There was a common agreement that the evaluation should point to the future and focus on ITC’s possibilities for exploring further its comparative advantages within the area of trade related technical assistance. The evaluation should also present recommendations on how ITC could enhance its contribution to the achievement of the international development goals. Further, it was emphasized that the participation of the beneficiary countries would be essential, as the evaluation should focus on lessons with a view to improving the future performance of ITC<sup>131</sup>.

Two of the multi-organisational activities in which ITC participate, Joint Integrated Technical Assistance Programme (JITAP) and Integrated Framework for Trade Related Technical Assistance (IF), have either been evaluated (JITAP 2000/2002) or are on-going (IF). The United Nations Office of Internal Oversight Services is currently conducting a review of programme management and administrative practices of the ITC. The evaluation shall take into consideration results from these evaluations as well as the on-going review both to avoid duplication of efforts and to minimise the strain on the organisation of the ITC.

This document contains the Terms of Reference (TORs) for the Evaluation. It is intended to facilitate the selection of a service provider<sup>132</sup> through open international competitive bidding and to guide the conduct of the Evaluation, in conformity with the rules and regulations of the Danish Ministry of Foreign Affairs. Tenderers will have flexibility in proposing technical approaches and allocation of consultant inputs within the parameters of the TORs.

### 2. Background

1. Many developing countries, especially in Africa south of the Sahara, are increasingly being marginalized in the global economy. There are several reasons for this, such as declining terms of trade for primary products on which many

130) The website of ITC can be found at [www.intracen.org/](http://www.intracen.org/)

131) See [www.intracen.org/docman/JAG\\_3488.pdf](http://www.intracen.org/docman/JAG_3488.pdf)

132) The term “service provider” indicates a private or public entity or firm, whereas the term “consultant” indicates an individual service provider.

countries still depend; an enabling environment in the countries not fostering competitiveness and diversification of the industry; international markets not yet fully liberalised; and lack of qualified manpower. It is recognized that an important element in obtaining sustainable economic growth – as one of the prerequisites for improving living conditions – is the development of the private productive and service sectors and the re-integration of the economies in the developing countries into the global economy. ITC is one of the organisations assisting countries in trying to achieve this.

2. The International Trade Centre UNCTAD/WTO (ITC) is the focal point in the United Nations system for technical cooperation with developing countries in trade promotion. ITC was created in 1964 and since 1968 has been operated jointly by GATT (now the WTO) and the UN through UNCTAD. ITC is directly responsible for implementing UNDP-financed projects in developing countries and economies in transition related to trade promotion with a view to expanding their exports and improving their import operations. ITC gives priority to supporting trade development efforts of the least developed countries.
3. Five long-term corporate goals have been formulated for ITC's activities<sup>133</sup>:
  - *Goal 1:* To facilitate the integration of developing and transition economy enterprises into the multilateral trading system;
  - *Goal 2:* To support national efforts to design and implement trade development strategies;
  - *Goal 3:* To strengthen key trade support services, both public and private;
  - *Goal 4:* To improve sector export performance in sectors of critical importance and opportunity;
  - *Goal 5:* To foster international competitiveness within the business community as a whole and the small and medium-sized enterprise (SME) sector in particular.

ITC receives its core funding from the UN and the WTO. A number of countries support ITC's trust fund, which finances technical cooperation activities. In 2002, ITC's total expenditures amounted to USD 38 million, of which 44 per cent of its technical cooperation expenditures were destined for LDCs.<sup>134</sup>

### 3. Governance and organisation

4. The evaluation will be conducted under the overall supervision of a Management Group composed of a limited number of donor countries (to be defined). The Management Group will appoint its own chair. Denmark will act as the lead agency. In specific terms the Management Group will:

<sup>133</sup>) *International Trade Centre: Annual Report 2002: www.intracen.org/docman/JAG\_3078.pdf*

<sup>134</sup>) *International Trade Centre: Annual Report – Statistical Tables, ITC/AG (XXXVI)/193/Add.2*

- i. In cooperation with ITC brief the service provider at the inception stage, and as often as necessary on the operations, governing bodies and organisational structure of ITC, relevant documents and data sources, and ITC's past and ongoing work programme of independent evaluations.
  - j. Provide written comments to the service provider on all its deliverables in order to facilitate and enhance the compliance of the evaluation with the agreed TORs and methodology. These comments will address any deviation from the requirements of the TORs, in addition to methodological issues and any factual issues or inaccuracies concerning ITC that the Management Group may consider relevant to the Evaluation. However, the Management Group shall not interfere into the Evaluation findings and recommendations.
5. A Core Group, composed of representatives of donor and recipient countries, will serve in an advisory capacity to the Management Group. The Core Group will follow the evaluation and comment on the TORs and all draft documents. In specific terms, the Advisory Core Group will:
    - a. Review and endorse the TORs;
    - b. Endorse the selection of the Evaluation Team, as recommended by the Management Group under the procedures described below;
    - c. Review mid-term progress, draft reports and the draft final synthesis report of the Joint Evaluation; and,
    - d. Liaise on an ongoing basis with a broader Consultation Group also combining participation from donors and beneficiaries of technical cooperation.
  6. The Senior Monitoring and Evaluation Officer at ITC will act as a Resource Person for the Management Group and the Advisory Core Group and serve as the primary contact at ITC. The Senior Monitoring and Evaluation Officer at ITC will facilitate the work of the Service Provider, including assisting the Management Group in its task as described under 4 above, and will ensure that the Management Group and the Service Provider promptly receives all documents and other information required. The Senior Monitoring and Evaluation Officer at ITC will not be responsible, however, for the findings, recommendations or the contents of the Joint Evaluation.
  7. The Management Group will ensure that all interested stakeholders are kept informed through open-ended and informal consultations.
  8. A homepage of the Evaluation will be established at the Internet site of the Danish Ministry of Foreign Affairs.

### 4. Objectives of the Joint Evaluation

9. The first main objective of the Evaluation is to determine ITC's results, and success in fulfilling its objectives (see paragraph 5 above) by measuring output, outcome and impact to the extent possible. The second main objective is to determine the comparative advantage of the organization within the international trade and development community, which has changed significantly, especially during the past decade. The evaluation is further expected to offer recommendations on priority setting and on steps ITC should take to improve its future performance.

## 5. Scope and Focus

10. The evaluation will address three main areas. First, the evaluation will situate and evaluate ITC in the broader institutional landscape taking into consideration institutional relations. In particular it will assess the comparative advantage of ITC vis-a-vis other organisations providing trade related technical assistance, especially WTO and UNCTAD. Second, the evaluation will look at whether ITC meets its objectives in an efficient and effective manner, and identify key risks associated with achieving those objectives. Finally, the evaluation will assess whether ITC has the capacity and the funding to achieve its goals. In relation to the latter the issue of donor funding modalities shall be looked at.
11. Given the time and resources available, the Evaluation is therefore expected to focus on ITC's technical assistance activities in specific countries; on the thematic cross-border programmes and on ITCs cooperation with other international organisations.
12. Finally, it is expected that the Evaluation will take into account the national and global context within which ITC operates, the specific potentials and constraints of recipient countries and the evolving role of ITC's development partners. This is critical to ensuring that the relevance of ITC's operations is assessed in terms of: (i) the trade related constraints in recipient countries; (ii) the priorities endorsed by the international development community (such as the Millennium Development Goals – MDGs); and (iii) the objectives embedded in poverty-reduction strategies of recipient countries.

## 6. Key evaluation questions

13. The following concerns and questions should be taken as the point of departure for the Evaluation:

### *The comparative advantage of ITC*

- a. What is the development relevance of ITC's activities in relation to the overarching objectives defined in the Doha Development Agenda and the Millennium Declaration?
- b. What is the value added of ITC's interventions in relation to the international trade and development community, particularly in comparison with other international organisations, such as WTO, UNCTAD and UNIDO.
- c. To what extent has the development in the international trade agenda and the shift in focus of the WTO and UNCTAD during the past decade influenced the role and comparative advantage of ITC?
- d. To what extent does ITC coordinate and make use of potential synergies with other actors, at headquarters level and in the field? How well do the multi-agency interventions within trade and development work, including ITC's role with regards to IF and JITAP?

### *The performance of ITC's Interventions*

- e. To what extent does ITC interventions meet the objectives that have been set for them? How and to what extent are ITC policies adapted to the achievement of these objectives; and how clear, explicit and measurable are ITC's objectives? What factors inhibit ITC's ability to achieve its goals? Is the ITC Management performing efficiently in achieving the objectives and reaching the goals?
- f. How far has it been possible to achieve concrete results – outputs and outcomes – within the area of trade promotion? And to which degree are benefits sustainable? What has been the outcome, efficiency and relevance of ITC's interventions – at the national, regional and international level – targeted towards (i) trade policies and strategies; (ii) the national infrastructure for trade promotion, import management and export development; (iii) the support services for trade promotion; (iv) the training institutions; and (v) the sector and enterprise level?
- g. Where have bottlenecks and key potential risks occurred, e.g. in the international, regional and national enabling environment or in government policies, strategies and plans as well as national rules and regulations and national institutional capacity; and how have they affected the output and outcome of ITC interventions?
- h. Which type of activities and interventions are most the efficient and effective – horizontal/multilateral efforts or targeted interventions in individual countries? Quality versus quantity? Does the success of an intervention depend on the region and/or the level of development? Is the timeframe for the different interventions appropriate?

### *The capacity of ITC and Donor Funding Modalities*

- i. How do the internal ITC systems for follow-up, monitoring, evaluation and feedback work? Are the ITC results indicators relevant and appropriate for the ITC "results based management"? Are the monitoring systems sufficiently developed to allow management to take appropriate actions timely?
  - j. How is ITC's performance in cooperating with other partners – such as governmental institutions, other donors, sister organisations – at headquarter-level and at country-level?
  - k. Does the ITC Secretariat have an appropriate level of resources and capacity for handling the activities with due quality and efficiency? Are the programmes and projects in line with the ITC's capacity and comparative advantage?
  - l. Is the level of financing appropriate? Does the flow of funds function properly (timing, individual regulations, core funds vs. earmarked funds, etc.)? Is there sufficient predictability in the funding from ITC's point of view (multi-annual vs. annual commitments); and are requests for funding timely seen from the donors' perspective?
14. On each issue the Evaluation shall point to ways by which ITC can enhance the results and impact of its trade and development cooperation, and contribute more to poverty-reduction efforts as well as to the international trade and development community.
  15. The service provider is expected to elaborate more specific questions within the framework outlined above. Within that scope, it is also encouraged to add questions and issues that help address the objectives of the Evaluation. The outputs of the service provider, however, must be fully compliant with the letter and spirit of these TORs.

## 7. Main tasks and methodology

16. The Evaluation is required to relate its findings and recommendations credibly to reliable evidence, in accordance with good development evaluation practice and sound professional methods and criteria. The Evaluation must be independent and external, and recognized as such by the Management Group responsible for the Evaluation, as well as by the international development community and the general public. It should meet the high-quality standards required to be able to contribute inputs to the deliberations of the Joint Advisory Group of the ITC.
17. The service provider must use a variety of evaluation instruments and techniques adapted to ITC's mandate and in conformity with good development evaluation practices and criteria. The Evaluation should attempt to find innovative methodologies and new approaches. As a number of ITC's services are market-driven and targeted towards the business sector, the tenderers are encouraged to explore new and quantitative/economic evaluation methods. Where relevant, qualitative methods should complement the soundness and reliability of findings and results.
18. The Evaluation service provider may also extend the evaluation to other aspects of the workings of ITC that it considers important and for which it has the time and expertise to deal with beyond the above-mentioned primary and secondary foci of the Evaluation. The service provider may recommend appropriate follow-up by ITC if, for any subject outside its focus, a thorough and credible evaluation cannot be performed within the time and resources available to the service provider. In selecting specific countries, the service provider will ensure that the samples used are representative of ITC operations and free from any biases that could undermine the independence, impartiality and credibility of the evaluation. It is expected that the service provider will employ stratified, multi-stage random sampling methods for this purpose.
19. The Evaluation is conceived as a process consisting of a number of stages and tasks. Specifically, the evaluation will consist of three distinct phases (see section IX for specific deliverables in each phase):

### *Phase I:*

This phase will consist of a desk study of existing documentation, which comprises appraisal reports, project documents, review and evaluation reports as well as ITC and international policy papers on trade and development and relevant literature<sup>135</sup>. The review of the documents is to be supported and complemented by interviews with key staff at ITC's Headquarters, at partnership organisations and in member country capitals. The purpose of the desk study and the interviews is to identify key policy issues, developments and changes. An evaluation matrix is to be drawn up as the basis for the subsequent work of the evaluation. The matrix will include a set of indicators for policies and implementation.

<sup>135</sup> See list of documents at the end of the TORs.

Work under Phase I shall also identify appropriate, state-of-the-art methodologies suited for evaluating the subject matter. Special considerations shall be given to the thorough preparation of the country case studies, and shall include aspects such as: (i) elaboration of general criteria for the selection of country cases taking into account the need for a random and representative sample (not necessarily statistically representative); (ii) preparation of country profiles; and, (iii) preparatory tracking studies (recorded outcome and impact on beneficiaries, other impact, etc. based on ITC's own reporting) in order to gain a better insight. The process shall result in the identification of key issues and questions to be studied during the field phase, formulation of hypotheses to be tested and a set of appropriate indicators. In this connection, the standards and benchmarks of the framework of references shall be established and thoroughly discussed with a view to obtaining as much consensus of the criteria to be applied as possible and thereby increasing the credibility of the evaluation.

The Management Group and the Evaluation Team shall prepare a set of standards and benchmarks to be applied in the evaluation. This is especially important in the evaluation of performance in non-quantitative areas, such as capacity building and institutional development.

The result of the work in Phase I shall be a detailed work plan for the remainder of the evaluation, including TORs for country case studies and the final selection of countries.

### *Phase II:*

Phase II will consist of a number of country case studies based on field visits. Country selection shall take into account the need to represent different categories of activities, different levels of activities; the different regions in which ITC operates, and different country categories e.g. LDCs and countries in transition using stratified, random sampling.

The field studies should preferably be designed to allow for cross-country studies to be undertaken taking into consideration that the main focus of the evaluation probably will be thematic issues within trade promotion and less on the actual state of the projects.

The field studies shall to as large extent as possible draw on local consultants and expertise.

### *Phase III:*

The findings collected during the first two phases shall be analysed during the last phase and, as necessary and relevant, supplemented by additional fact finding, consolidated and synthesised into a report. As part of the process of consolidation and synthesising, conclusions are to be drawn based on the actual findings and research results, and the hypotheses are to be tested to determine whether they can be supported or must be rejected. A synthesis workshop of the draft synthesis report is to be organised with a view to furthering a policy debate on the main issues in trade and development. The participants would be representatives from the target groups as well as a peer group of specialists. Finally, recommendations based on the outcome of conclusions and supported hypotheses are to be made.

## 8. Deliverables and milestones

20. The deliverables of the Evaluation process correspond to the main tasks described above. These deliverables will be produced according to the following outline plan:
  - a. *Deliverable 1* is an inception report, required within one month of the award of the contract.
  - b. *Deliverable 2* is the desk review described in Phase I, required within three months of the award of the contract.
  - c. *Deliverable 3* is a Briefing Note to the annual JAG Meeting, 35th Session, planned for April 2004, on preliminary findings and conclusions.
  - d. *Deliverable 4*, based on Phase II, is a report on the evaluation of ITC's interventions in recipient countries, the thematic cross-border programmes and ITC's cooperation with other international organisations. It will be submitted within six months after the award of the contract.
  - e. *Deliverable 5* is the draft final synthesis report, to be submitted no later than nine months after the award of the contract.
  - f. *Deliverable 6* is the final report, required within 11 months of the award of the contract.
21. Each report will be as concise as possible and submitted in English. The language should be reader friendly and direct. It will avoid euphemisms when describing problems and shortcomings, but convey respect for the people evaluated by the Evaluation. The consultants will provide 20 copies of each report to the Chair of the Management Group.
22. The service provider will submit all the above-mentioned deliverables to the Chair of the Management Group, who will share these deliverables with the Management Group, the Advisory Core Group, the Consultation Group and the ITC Secretariat, as appropriate. They will provide comments as follows:
  - a. The Management Group will comment on any aspect of all the deliverables that helps to ensure that the Evaluation Team conducts its work in accordance with the TORs.
  - b. On Deliverables 1-3, ITC management will provide comments that relate exclusively to factual matters.
  - c. ITC management will provide comments on factual matters as well as matters of judgement upon receipt of Deliverable 5 (the draft final synthesis report). Upon receipt of Deliverable 6 (the final report), it will, in addition, provide a management response to the Joint Advisory Group that contains the management reaction to the Evaluation and sets forth its views on the feasibility or otherwise of the Evaluation recommendations. The management response will explain why certain recommendations, if any, are considered non-feasible and how management would propose to implement the recommendations that it finds acceptable. The management response will be attached, as a separate document, to the final Evaluation report.
23. The service provider will decide which of the comments it receives should be incorporated in the final report. The evaluation policy sets forth the general rule, which will also apply to the Evaluation, that:

- a. The final report must incorporate comments that point out factual errors or inaccuracies.
- b. Judgements that differ from those of the Evaluation Team may be incorporated by means of a note in the report.

## 9. Team composition and profile

24. The evaluation team should consist of a team leader, a core team of evaluators and short-term specialists covering the following areas of expertise:
  - Trade promotion and marketing
  - Economic development, especially in LDCs
  - Legal framework
  - Training and transfer of knowledge
  - Organisational and institutional aspects
  - Statistical knowledge (sampling and statistical analysis of results).
25. The team leader and preferably some of the key team members must have extensive experience from conducting evaluations. The team leader shall also have demonstrated experience in conducting complex assignments as well as extensive experience in trade and development.
26. The team leader should be a permanent staff member of the leading partner in a consortium of consultants companies (which could also include individual consultants) or an individual consultant setting up a team under his sole responsibility.
27. Use of local consultants and expertise to conduct the country evaluations is encouraged. The service provider and its team must demonstrate that they can organise in-country research and national resources, including national consultants for the field-based part of the Evaluation. In addition, the service provider will organise national data-collection teams in each of the countries in which the Evaluation will carry out independent validation. These teams may be recruited among individuals or from national service providers such as consulting firms, non-governmental organisations and academic institutions. The tenderers are not expected to identify these teams at the proposal stage, but they will provide lumpsum budget estimates. The service provider will ensure that the national data-collection team members have the experience and skills required for the task assigned to them and have no conflict of interest.

## 10. Tendering procedures

28. The Management Group will manage the process for selecting the external and independent service provider. The Evaluation Team will be recruited as a unit through an open and competitive international bidding process in accordance with the rules and regulations employed by Danida for this purpose. A shortlist of at least three and maximum five qualified candidate service providers will be invited to present a proposal. The Management Group will make the final selection of the service provider to be endorsed by the Core Group.

29. The eligibility to submit a proposal is not restricted to specific countries or regions in the world. Consultants might form consortia with a view to strengthening their technical expertise and experience.
30. The invitation to tender was published in the International Herald Tribune and the Economist.
31. The consultants will be selected on the basis of their technical and financial proposal according to the lead agent's rules for the selection of consultants. It is understood that different aspects of ITC's work (for example, technical cooperation, thematic focus areas, market services and Internet resources) may require different evaluation methodologies. Accordingly, tenderers are free to address methodological issues in a differentiated manner in the technical approach they propose for desk reviews and fieldwork. In the technical proposals, tenderers will propose how best to undertake the above-mentioned tasks within the available time and resources. They will also provide details of the methodology they propose to use. The evaluation process should be as independent, objective and impartial as possible.
32. Award criteria include experience of the consultants and/or the consulting companies in the field of trade and development; experience in conducting evaluations; experience of working with bilateral and/or multilateral donors; methodological experience with emphasis on empirical evaluation work; background and range of professional qualifications of staff; team leader experience of the proposed team leader; and, access to relevant professional expertise in developing countries.
33. The proposed team leader and team members cannot be changed after submittal of the proposal, unless due to force majeure. Change in the proposed core team would lead to disqualification of the service provider. The same rules apply after signing of the contract and would be treated as breach of contract on the part of the service provider.
34. Consultants submitting proposals for this evaluation should provide proof that there is no current working relation by any of the team members with ITC, incompatible with the requirements of full independence for this evaluation or any other relation with would create a conflict of interest. This implies that consultants selected should have no concurrent assignment with ITC, and they should not have been involved in any of earlier external assessments/reviews/evaluations of ITC; or a work history with more than 20 per cent of working days with ITC.
35. The evaluators selected will be fully responsible for the conduct and content of the evaluation and shall follow the Evaluation Guidelines by Danida<sup>136</sup>. The evaluators shall also be fully responsible for the ensuring quality assurance (QA) of the evaluation and shall in the inception phase set up appropriate QA mechanisms to be documented in the inception report. Quality control (QC) is the responsibility of the Management Group.

136) See Danish Ministry of Foreign Affairs: Evaluation Guidelines, 1999, revised 2001 [www.um.dk/danida/evalueringsrapporter/eval-gui/index.asp](http://www.um.dk/danida/evalueringsrapporter/eval-gui/index.asp)

## 11. Timetable

28.04.03-02-05.03	Proposal for a Joint Evaluation at the Joint Advisory Group meeting
26.06.03	First meeting of the Core Group in Geneva
26.06.03-04.07.03	Preparation of draft TORs
03.07.03	First meeting in Tender Evaluation Committee
04.07.03-01.08.03	Comments to the draft TORs by the Core Group
14.07.03	Dispatch of letter inviting expressions of interest (EOI)
10.08.03	Final draft TORs for the presentation to the Core Group
20.08.03	Comments by the Core Group to draft final TORs
15.09.03	Endorsement of Final TORs by the Core Group
11.08.03	Deadline for submission of EOI
11.08.03-23.08.03	Screening of EOI
25.08.03	Second meeting in Tender Evaluation Committee
28.08.03	Decision to reject all EOI and make a second call for EOI
04.09.03-06.09.03	Re-advertising in International Herald Tribune and The Economist
15.09.03	Deadline for endorsement of final TORs
03.10.03	Deadline for new submission of EOI
06.10.03-17.10.03	Screening of new EOI and short-listing
20.10.03	Draft pre-qualification report
22.10.03	Third meeting in Tender Evaluation Committee
27.10.03	Dispatch of requests for proposals to qualified respondents
24.11.03	Deadline for receipt of technical and financial proposals
24.11.03-01.12.03	Ranking of proposals
01.12.03	Draft evaluation report
02.12.03	Fourth meeting in Tender Evaluation Committee
01.12.03-05.12.03	Management Group to study evaluation report on received proposals
05.12.03	Final selection by the Management Group
08.12.03-19.12.03	Award of contract and mobilisation of service provider
30.01.04	Submission of Inception Report
31.03.04	Submission of Desk Study Report
15.04.04	Briefing Note to the annual JAG meeting
30.06.04	Submission of Field Study Report
30.09.04	Submission of draft final Synthesis Report
15.10.04	Presentation of preliminary findings and conclusions at semi-annual JAG meeting
30.11.04	Submission of final Synthesis Report

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