Independent Thematic Evaluation
UNIDO Trade Trust Fund
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Abbreviations and acronyms

ACP  African Caribbean and Pacific
AfDB  African Development Bank
AFT  Aid for Trade
AMC  Approval and Monitoring Committee
BDS  Business Development Services
BNPP  Bank Netherlands Partnership Program
BRIC  Brazil, Russia, India, China
CAN  Comunidad Andina (Andean Community)
CEB  Chief Community Board
CIU  Compliance Infrastructure Unit
COFETIL  Cooperativa Feto Timor - Leste
CRS  Creditor Reporting System
CTG  Cotton, Textiles and Garments
DAC  Development Assistance Committee (OECD)
DC's  Developing Countries
DFID  Department for International Development of the UK
EAC  East African Community
EB  Executive Board
EC  European Commission
ECOWAS  Economic Community of West African States
EIF  Enhanced Integrated Framework
EIF-TF  Enhanced Integrated Framework Trust Fund
EPA  European Partnership Agreements
EU  European Union
EVA  UNIDO Evaluation Group
FAO  Food and Agriculture Organization of the United Nations
FDI  Foreign Direct Investment
FMA  Federal Ministry of Agriculture
GF  Global Forum
GFTA  Global Trade and Financial Architecture
HQ  Head Quarters
IAF  International Accreditation Forum
IMF  International Monetary Fund
ISO  International Organization for Standardization
ITC  International Trade Centre of the United Nations
IU  Industrial Upgrading
LAC  International Laboratory Accreditation Cooperation
LDCs  Least developed countries
LMICs  Lower income countries
MBO  Management by Objectives
MCI  Ministry of Commerce and Industry
MDGs  Millennium Development Goals
MDTF  Multi-donor Trust Fund
MoU Memorandum of Understanding
MTS Multinational trading system
N/A Not applicable
NORAD Norwegian Agency for Development Co-Operation
NTM Non Tariff Measures
NQI National Quality Infrastructure
NQS National Quality System
OC Oversight committee
OD Office of the Director
ODA Official Development Assistance
ODI Overseas development Institute of the UK
OECD Organization for Economic Development Cooperation
PA Preparatory Assistance
PASAPE Accord de Partenariat Economique entre l'UE et l'Afrique Central
PBT Physicalisch – technische Bundesanstalt
PCM Project Cycle Management
ProDoc Project Document
PTC Programme Development and Technical Cooperation Division
PRMN Programme Régional de Mise à Niveau (French for ‘Regional Upgrading Programme)
PSD Private Sector Development
QI Quality Infrastructure
RA Rapid Analysis
RB Regular Budget
RBMT Results based Management
RECP Resource Efficiency and Cleaner Production Programme
RG Resource Guide
RPTC Regular Programme of Technical Cooperation
SA Social Accountability
SAARC South Asian Association for Regional Cooperation Countries
SER Self Evaluation Report
SMTQ Standards, Metrology, Testing and Quality
SPS Sanitary & Phytosanitary Systems
SSA Sub-Saharan Africa
SSS Service Summary Sheet
TA Technical Assistance
TBT Technical Barriers to Trade
TC Technical Cooperation
TCB Trade Capacity Building
TF Trust Fund
TFF Trade Facilitation Facility
ToR Terms of Reference
TRC Technical Review Committee
TRTA Trade related technical assistance
TTF Trade Trust Fund
UCSSIC UNIDO Centre for South–South Industrial Cooperation
<table>
<thead>
<tr>
<th>Acronym</th>
<th>Full Form</th>
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<tbody>
<tr>
<td>UEMOA</td>
<td>West African Economic and Monetary Union</td>
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<td>UK</td>
<td>United Kingdom</td>
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<td>UN</td>
<td>United Nations</td>
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<td>UNCTD</td>
<td>United Nations Conference on Trade and Development</td>
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<td>UNIDO</td>
<td>United Nations Industrial Development Organization</td>
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<td>UNOPS</td>
<td>United Nations Office for Project Services</td>
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<tr>
<td>USD</td>
<td>United States Dollar</td>
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<td>US</td>
<td>United States</td>
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<td>WTO</td>
<td>World Trade Organization</td>
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<td>$</td>
<td>Dollar</td>
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<td>€</td>
<td>Euro</td>
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<tr>
<td>Term</td>
<td>Definition</td>
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<tr>
<td>Baseline</td>
<td>The situation, prior to an intervention, against which progress can be assessed.</td>
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<tr>
<td>Effect</td>
<td>Intended or unintended change due directly or indirectly to an intervention.</td>
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<td>Effectiveness</td>
<td>The extent to which the development objectives of an intervention were or are expected to be achieved.</td>
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<tr>
<td>Efficiency</td>
<td>A measure of how economically inputs (through activities) are converted into outputs.</td>
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<tr>
<td>Impact</td>
<td>Positive and negative, intended and non-intended, directly and indirectly, long term effects produced by a development intervention.</td>
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<tr>
<td>Indicator</td>
<td>Quantitative or qualitative factors that provide a means to measure the changes caused by an intervention.</td>
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<tr>
<td>Intervention</td>
<td>An external action to assist a national effort to achieve specific development goals.</td>
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<td>Lessons learned</td>
<td>Generalizations based on evaluation experiences that abstract from specific to broader circumstances.</td>
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<tr>
<td>Logframe (logical framework approach)</td>
<td>Management tool used to guide the planning, implementation and evaluation of an intervention. System based on MBO (management by objectives) also called RBM (results based management) principles.</td>
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<tr>
<td>Outcomes</td>
<td>The achieved or likely effects of an intervention’s outputs.</td>
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<td>Outputs</td>
<td>The products in terms of physical and human capacities that result from an intervention.</td>
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<td>Relevance</td>
<td>The extent to which the objectives of an intervention are consistent with the requirements of the end-users, government and donor’s policies.</td>
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<tr>
<td>Risks</td>
<td>Factors, normally outside the scope of an intervention, which may affect the achievement of an intervention’s objectives.</td>
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<tr>
<td>Sustainability</td>
<td>The continuation of benefits from an intervention, after the development assistance has been completed.</td>
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<tr>
<td>Target groups</td>
<td>The specific individuals or organizations for whose benefit an intervention is undertaken.</td>
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Executive summary

Purpose and scope of the evaluation

This evaluation is the first UNIDO assessment of a Multi-donor trust fund (MDTF), a project funding modality increasingly used by UNIDO and the donor community. This report reviews the Trade Trust Fund’s (TTF) rationale, the relevance of its initial objectives, its performance and the achievement of results as well as the relevance, effectiveness and efficiency of the trust fund mechanism itself as a vehicle for project implementation, in the context of UNIDO and its trade capacity building agenda. The evaluation was conducted in the period January to December 2013 by Mr. Andrew Lambert, independent evaluation consultant and team leader and Mr. Johannes Dobinger, UNIDO Evaluation Officer.

The Trade Trust Fund

The Trade Trust Fund (TTF) is a UNIDO internal multi-donor trust fund, set up to enable UNIDO to implement in a flexible manner different, mostly small-scale activities that would respond to needs of member countries but would be difficult to fund through usual larger-scale single-donor arrangements. It has been in operation for 10 years, has directly financed over 40 projects and been linked to about 30 other projects, both internally funded by UNIDO and from external sources.

The Trade Trust Fund is a tool for UNIDO to fulfil its TCB objectives. Specifically it aimed at three categories of activities:

1. Preparatory and programme development activities (PA);
2. The technical and economic analysis and advice facility (also referred to as “rapid analysis”);
3. Joint activities with international specialist organisations in the standards, accreditation and metrology areas, specifically to develop approaches that are appropriate for developing countries.

Key trends in Aid for Trade

A review of recent literature on Aid for Trade initiatives suggests that the most productive line of work in TCB lies in highly targeted interventions that strengthen national and international value chains. Aid for Trade works best when:

- It is targeted at reducing the cost of trading, for example through investment in infrastructure, improving trade facilitation and strengthening value chains provided they are “in sync” with a country’s broader trade policy and strategy.
- It addresses the binding constraints to growth such as availability of finance or factors (e.g. infrastructure, skills, and transport costs) that affect returns to an investment.
- There is effective coordination between donors and recipients around the design, implementation and monitoring of the Aid for Trade programmes, as well as coordination among different donors, within donor agencies themselves (e.g. between country offices and headquarters), between different ministries within a recipient country government and between recipient governments and their regional trading partners.
- The selection of instruments and modalities for delivering Aid for Trade are able to address trade-related constraints at the transnational and regional level. Many “Aid for Trade” projects are targeted towards improving trade for individual countries, when in fact greater gains can be made by focusing on ensuring greater integration of trade within regions.

Given this current Aid for Trade context UNIDO’s approach to TCB, including the TTF funded interventions, are generally aligned with international good practice in trade related assistance. It is also in line with the organisation’s technical capabilities. There is a scope to address even more the need of developing countries to build more competitive, compliant and better connected value chains.

**Overview of the Trade Trust Fund project portfolio**

- Over its lifetime (2002 to 2013) approximately $17m has been allocated to TF-related projects from different sources: 25% from the Trade Trust Fund itself, 9% from its regular budget made up mainly of an 8% contribution from UNIDO’s Regular Programme of Technical Cooperation (RPTC) and 1% from its Regular Budget, a massive 42% from the European Commission, 1% from developing countries such as the Syrian Arabic Republic, India and Thailand and a significant 23% from other donors such as Italy, Finland, Norway and Korea.
- Over half of the total funds were allocated to the quality, standards and conformity unit, 14% to clusters and business linkages, 12% to quality compliance infrastructure and 10% to agro industries. The Office of the Director / TCB was next in importance with 7% of the total allocations, while 3% went to competitiveness, upgrading and partnerships and 1% to investment and technology.
- Projects funded exclusively through the TTF originated from the Quality, Standards and Conformity Unit (44%), Compliance Infrastructure Unit (22%), office of the Director / TCB 15% and Competitiveness, Upgrading and Partnership Unit (11%).
- This shows a significantly higher participation of “non-TCB branches” in the TTF as compared to the overall TCB portfolio of UNIDO. While the TCB Branch accounts for 95% of overall TCB funding, its share in the TTF related projects is only 72% (and 81% of the purely TTF funded projects).
suggests that the TTF plays a role in breaking up the “silos” in UNIDO by facilitating other branches’ contributions to the TCB thematic priority.

- “Non-TCB branches” hence make up 18% of the total as against only 5% of overall TCB funding, suggesting that the TTF plays a role in breaking up the “silos” in UNIDO by facilitating other branches’ contributions.
- Donor contributions to the trust fund originate from Austria, Finland, Italy, Spain, Sweden and the UK and total $3.5M. They are concentrated in the periods 2002/2003 to 2007 and again in 2009/2011. Data is lacking on the precise year of each contribution.
- The TTF has funded a very broad range of projects with an explicit link to Trade, and appears not be influenced by donors, despite their entitlement to specify regions or purposes for their funds. The regional distribution of TTF projects occurs as a result of stakeholder demand, as UNIDO staff interacts at a global, national or regional level with stakeholders and new activities are identified.
- The region with most activity is Sub-Saharan Africa, with national level projects accounting for 33% of the total and regional projects for a further 9%, i.e. 42% in all. The eight countries of Central America account for 11%, slightly more than South East Asia with 10%. The remaining 10 regions share just under one third of the total number of projects over the period.
- There was a fairly regular pattern of 5-10 project commencing each year between 2006 and 2010, followed by a surge of new projects in 2011 which was related to a spike in funding the previous year.
- An analysis of the distribution of projects by TTF categories of activities shows that preparatory assistance (PA) absorbs the majority of projects (50 out of 71) and 48% of funding, joint activities with international agencies taking 38% of the funding, and rapid analysis (RA), only 12% of TTF funds.
- In terms of the intended outputs of the projects, project documents are the most significant, with a focus on preparing larger technical assistance or capacity building interventions. Next in overall importance is training and training tools, both of which occur most commonly (but not exclusively) under preparatory assistance and often in conjunction with metrology equipment. Project documents also occur under rapid analysis and joint activities, but resource guides are more common. Outputs related to policy advice and technical assistance are relatively rare.

**Assessment**

A) The performance of the interventions funded by the TTF:

- The TTF is an example of UNIDO using a thematic MDTF to help overcome the fragmented project-by-project funding structure of UNIDO TC. Hence it is highly relevant as a means of achieving more strategic use of a) seed funding and b) Global Forum (GF). However, the potential of the TTF has not been
fully exploited. It has been used as a mere funds mobilization tool instead of a complementary UNIDO-wide TCB promotion tool.

- The project portfolio is very broad and covers almost all aspects of trade related technical assistance (TRTA), both thematically and in terms of the type of assistance provided.
- A common feature of the portfolio is the wide variation in the quality of reporting. In the large portfolio review sample (>30%) documentation was too weak to allow assessment of results or results potential in over half the cases. The results from these projects were also hard to ascertain, and therefore quite likely below expectations.
- The TTF mechanism has funded some excellent projects with strong management, adequate reporting and sustainable improvements in trade capacity that can translate into poverty reduction, local conditions permitting. It has also produced several projects that have been satisfactory in many respects and with only minor deviations from best practice.
- The TTF mechanism in itself does not ensure proper management and its effectiveness would improve, perhaps significantly so, if appropriate project management guidelines were incorporated into the project approval and monitoring systems and systematically applied across all its interventions.
- Nonetheless, it is clear that the TTF has contributed significantly to its first objective – to assist developing countries (DCs) in preparing interventions that promote TCB. Given the limited availability of UNIDO’s own funds for project preparation, the TTF has increased UNIDO’s capacities to respond to the growing needs of member states. Its contributions to the second category- the technical and economic analysis and advice facility – are more limited, although elements of such work run through many of its preparatory assistance projects. This area (rapid advice) could be further strengthened in the future. TTF has also made significant contributions to the third objective - Joint activities with international specialist organizations in the standards, accreditation and metrology areas.
- There is limited evidence that UNIDO used the TTF to strategically to develop the organisation’s TCB portfolio (e.g. through a selection of priority countries or topics for utilizing the TTF funds).

B) The TTF’s performance as a funding mechanism:

- The multi-donor trust fund mechanism can play a role in breaking up the “silos” in UNIDO by facilitating other branches’ contributions to a certain thematic area.
- Since the establishment of the TTF several other internal multi-donor trust funds have been set up in UNIDO. The absence of a common approach to the management and use of these trust funds represent a constraint to their effective and efficient use.
- The TTF is an example of UNIDO using a thematic MDTF to help overcome the fragmented project-by-project funding structure of UNIDO TC. Hence it is highly relevant as a means of achieving more strategic use of a) seed
funding and b) GF. However, the potential of the TTF has not been fully exploited.

- There is a perception at UNIDO HQ managers that the eligibility and accessibility criteria for allocation of TCB-TF resources are not sufficiently transparency, yet the procedures appear to operate effectively. The TTF would benefit from a more proactive management approach, greater visibility and dissemination of eligibility and accessibility criteria and of resource allocation procedures within UNIDO.
- There have been no major changes in the operational procedures of the Fund since its establishment. TTF has functioned for almost 12 years without an operations manual.

**Recommendations**

- The TTF should consider clear objectives, along with indicators of effectiveness and impact. In this context, the preparation of larger scale projects, even if not implemented by UNIDO, should be regarded a success that promotes UNIDO’s expertise in project development and design rather than a failure to mobilize funds for UNIDO.
- The TTF should be used to promote inter-branch cooperation and innovative approaches in TCB. To this end, specific objectives with related indicators should be included in the terms of reference of the TTF.
- Clear criteria for project management should be established and guidelines published.
- Consideration should be given to different fund management systems that can make the TTF more transparent. This could include the challenge fund model whereby project proposals are assessed against explicit and published criteria.
- If successful, in the medium term, consideration should be given to invite third parties to apply for joint implementation of TTF projects.
- Further research on TTF as mechanisms is highly recommended, utilizing evidence provided in this evaluation and, among others, the suggested survey instrument in Annex VI.
- The Resource Guide should be institutionalised, i.e. funded from UNIDO’s Regular Budget or other programmable funds, as this deserves to be a regular (e.g. biennial) activity.
- UNIDO’s improved access to border rejection information should be utilized to enhance the rapid advice facility of the TTF.

In the immediate term, the efficiency and effectiveness of the TTF can be improved through the following specific measures:

- The management and reporting of the TTF should be improved. To this end the technical branches involved should nominate a focal point to the TTF, whose responsibilities would include participation in the funds allocation decisions and the submission of regular reports on the TTF performance.
The TTF should include clear standards for improved project-level documentation and reporting.

Appropriate project management guidelines should be developed and widely disseminated within UNIDO and across the TCB community. These guidelines should be systematically applied by UNIDO staff accessing TTF funds.

Project selection should be based on explicit technical criteria. Such criteria should be elaborated by PTC and submitted to the AMC for consequent approval and application in decision making on allocation of TTF funds.
1. Background

1.1. Introduction

1.1.1. The Trade Trust Fund

The Trade Trust Fund (TTF) is a UNIDO internal multi-donor trust fund, set up to enable the organization to implement, in a flexible manner, different, mostly small-scale activities that would respond to needs of member countries but would be difficult to fund through usual larger-scale bilateral donor arrangements. It has been in operation for 10 years, has directly financed over 40 projects and been linked to about 30 other projects, both internally funded by UNIDO or from external sources.

The Trade Trust Fund is a tool for UNIDO to fulfil its TCB objectives of enhancing the “3Cs” (compete-comply-connect) and in particular the competitiveness and conformity aspects. In this chapter we will look at its aims and objectives as described in its terms of reference, its funding levels, and the composition of its portfolio of projects.

1.1.2. Trade Trust Fund terms of reference

Despite its wide remit, the Trade Trust Fund’s ToR are surprisingly brief and do not go into any detail regarding implementation procedures (see Annex II). They merely outline the areas of intervention and provide a short justification for the Fund, which reflects the trade debate of the period (2002). At that time the multilateral Trade Agenda was preoccupied with Cancun preparations in the framework of the Doha round. Hopes were high that there would be significant progress in improving developing countries’ capacity to participate in the multinational trading system (MTS). However, even if developed countries became more open to developing countries’ (DC) exports on paper, most DCs lacked the technical infrastructure to benefit, since their quality systems and related infrastructure were insufficient to ensure compliance with the major trading blocs’ highly developed quality and Sanitary and Phytosanitary (SPS) systems.

Trade development partners were also aware that building such systems required a major long-term effort by DC governments and private sectors and needed support by international organisations and bilateral donors. UNIDO’s response was to put in place the TTF to help countries make practical preparations for integration into the MTS as trade was expected to become freer. In doing so, UNIDO proposed to rectify what it considered an “excessive focus” of
multi- and bilateral donors on building DC’s negotiating capabilities and trade information systems\(^1\).

UNIDO also wanted to make a positive, tangible contribution to the trade liberalisation agenda. In the course of its regular programs of quality infrastructure development\(^2\) UNIDO had identified a need for funding mechanisms and platforms that could respond quickly to emerging needs in the DCs. UNIDO anticipated that the achievement through Doha of a more equitable MTS would lead to a stream of urgent, but relatively small activities as well as the need to quickly undertake preparatory activities for larger scale interventions. These would require greater flexibility and speed of mobilisation than possible from donor funded-, project-specific trust funds, which are usually used for larger scale interventions and have long lead times, complex procedures and significant demands on administrative and technical staff. The TTF was established to respond to these anticipated needs. Three categories of activity were identified:

1. Preparatory and programme development activities that could scope out larger or longer term interventions that either UNIDO or other agencies, including those of the member countries, could implement;
2. The rapid provision of technical and economic analysis and advice on specific trade issues within UNIDO’s key fields of competency;
3. Joint activities with international specialist organisations in the standards, accreditation and metrology areas, specifically to develop approaches that are more appropriate for developing countries.

It was foreseen that components 1 and 3 would lead to larger programmes for which special purpose contributions could be pursued at the country- and regional level, although the possibility of large-scale TTF funding was not ruled out when available resources allowed\(^3\). As we shall see, this was not generally needed as other donors such as the EU, bilateral aid agencies and some beneficiary countries were ready to provide follow-on funding. Thematically the TTF could cover any topic under TCB, ranging from industrial and export policy, through supply constraint resolution to trade facilitation and quality infrastructure and compliance issues. In practice, it tends to focus more on the latter, often without addressing relevant enterprise development and enabling environment issues, which the international development community is increasingly recognising as the source of major constraints to trade development.

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\(^1\) The slow progress achieved in many ACP countries and RECs in completing the European Partnership Agreements (EPA) fully vindicates this change of priorities in TRTA, to which the creation of the UNIDO TTF bears witness.

\(^2\) Quality infrastructure refers “to all aspects of metrology, standardization, testing, quality management, certification and accreditation that have a bearing on conformity assessment. (…) This includes both public and private institutions and the regulatory framework within which they operate.” Design, Jorge Gonçalves, Jan Peuckert, PTB 2011

\(^3\) In principle, this implied that the TTF had no a priori budget limit or field of intervention within the very broad field of Trade Capacity Building (TCB).
1.2. Background and purpose of the evaluation

The evaluation of the UNIDO Trade Trust Fund (TTF) was undertaken as foreseen by the Work programme of the Evaluation Group for 2012/2013. It was conducted to review the rationale for establishing the TTF, the relevance of its objectives as defined in its TOR as well as its performance and results. It was conducted in the period December 2012 to November 2013 by Mr. Andrew Lambert, independent evaluation consultant and team leader and Mr. Johannes Dobinger, UNIDO Evaluation Officer.

Multi-donor trust funds have been increasingly used by UNIDO. So far, none of them has been evaluated. This evaluation has therefore been included in the UNIDO Evaluation Group (ODG/EVA) Work programme for 2012/2013. The evaluation reviewed the TTF’s rationale, the relevance of its initial objectives, its performance and the achievement of results, to feed into the planning of future trust fund activities. The result of the evaluation was also expected to be of relevance to trade development partners within UNIDO member states and the donor community.

Besides assessing the performance of the activities funded by the TTF, the evaluation reviews the relevance, effectiveness and efficiency of the trust fund mechanism itself as a vehicle for project implementation, in the context of UNIDO and its trade capacity building agenda. As such, the evaluation intends to contribute to a better understanding of this funding mechanism within UNIDO.

1.3. Methodology

The evaluation has two major components:

a) A review of the projects funded by the TTF.

This is done mainly on the basis of the a portfolio review of the main characteristics and results of all projects funded under the TTF plus a number of more detailed case studies that serve to illustrate some of the issues identified. Furthermore a brief survey and a series of interviews with UNIDO staff members have been carried out to complement the desk review.

b) An assessment of the Trust Fund mechanism as employed within the TTF, in terms of its modalities, strategy, procedure of establishment, promotion, communication, procedure of approval of projects, etc.

The assessment of the TTF mechanism is based on interviews with people involved in its design and management as well as representatives of donors contributing to the TTF. Furthermore progress reports of the fund and guiding materials such as the trust fund terms of reference are analysed. The trust fund mechanism is compared to other, similar mechanisms within UNIDO and the UN.
1.4. Evaluation process

The evaluation consisted mainly in the review TTF related documentation and interviews of UNIDO staff. The field visits foreseen in the terms of reference were removed from the evaluation plan after consultations with UNIDO Evaluation Group, as the expected value added of such visits was deemed to be low and not essential for the evaluability of the TTF.

1.5. Limitations of the evaluation

The findings regarding the performance of the TTF project portfolio have been formulated on the basis of available project documents and reports. The availability and quality of reports have been very limited in several cases. This has restricted the degree to which the evaluation can paint a complete picture of the TTF’s performance.

As regards the TF as a funding modality, an in-depth analysis of its organisation and effectiveness has proved to be beyond the scope of this evaluation. Data was to be collected on other agencies’ success rate in obtaining programmable funds through Trust Funds. The review team encountered several difficulties in accomplishing these tasks and had to cancel the related activities. In the first place, even a superficial review of other agencies’ record in resource mobilisation would require a dedicated survey that was not foreseen in the scope of work. Secondly, and most importantly, donors to the TCB-TF were not willing to share their views with the evaluator: a survey to the major donors in June 2013 yielded no responses to emails and phone calls – see Annex VI for the questionnaire.

However, data on the Trust Fund as a financing modality in the UN and elsewhere is analysed and presented in the report. The available evidence was sufficient to draw some conclusions regarding the relevance of the TTF mechanism itself which will, however, need to be validated by further research.
2. International trade context

This section provides an overview of the current Aid for Trade context in which UNIDO’s Trade Capacity Building activities take place.

“Aid for Trade” aims to help developing countries, particularly least-developed countries, develop the trade-related skills and infrastructure that are needed to implement and benefit from WTO agreements and to expand their trade.”

2.1. Aid for Trade

2.1.1. The “birth” of Aid for Trade

Over the last several decades, the share of the least developed countries in global trade has declined markedly. This marginalisation of LDCs in the global economy was a key topic at the 1997 WTO Ministerial Conference in Singapore, leading to the launch of various bilateral and multilateral programmes to address related technical and capacity-related issues. The Integrated Framework, established in October 1997, provided an initial multi-donor approach to the problem, but was insufficient in size and scope to ensure implementation of the programmes it had designed.5

Developing countries continued to voice their concerns at the 2001 Doha Ministerial Conference, especially as many developing countries faced the loss of trade preferences. The declaration following the 2001 conference did not include any increase in WTO technical assistance and there was no mention of aid for trade. Page (2007) argues this was the final appearance of the idea that trade was the most important input into development – i.e. “aid, not trade” was the key theme of that period.

‘Aid for trade’ only entered the broader development lexicon in 2005, as developing countries sought a mechanism to address the losses from trade liberalisation and loss of preferences. The 2005 UN report led by former Mexican president Ernesto Zedillo concluded that:

“A significant increase in ‘aid for trade’ – that is, development assistance dedicated to increasing the recipient country’s capacity for trade – would help to ensure that more countries benefit from trade opportunities, including those that derive from unilateral reforms.”6

4 WTO topics: Aid for Trade, 2006
5 Basnett et al (2012), p. 4
Following the report, donors began to generate their approach to aid for trade. Three pillars were identified by the informal committee tasked to generate donor consensus, namely: i) an enhanced Integrated Framework; ii) the creation of a multilateral fund focused on trade-related needs; iii) a separate financing window to address losses from preference erosion. The World Bank and IMF agreed on the first pillar, but opposed the creation of new funding vehicles.

The Hong Kong Ministerial Conference in September 2005 officially launched the “Aid for Trade (AfT) Initiative” and was followed up with significant pledges from donors. The WTO AfT Task Force was set up following the conference and presented its recommendations to the WTO General Convention in October 2006. The Task Force defined the scope of AfT and called for better coordination on trade-related assistance (especially targeting regional approaches), but fell short of calling for a new agency to take the lead role and restricted the WTO’s role to monitoring the overall and country progress of other agencies.

<table>
<thead>
<tr>
<th>Figure 1 - WTO Aid for Trade Task force – six categories of Aid for Trade</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>1. Aid directed to trade policy and regulations</strong>, which includes training of trade officials, analysis of proposals and positions and their impact on national stakeholders, technical and institutional support to facilitate the implementation of trade agreements and compliance with rules and standards;</td>
</tr>
<tr>
<td><strong>2. Aid directed to trade development</strong>, such as investment and trade promotion, support in different trade sectors and trade finance, market analysis and development;</td>
</tr>
<tr>
<td><strong>3. Aid directed to trade-related infrastructure</strong>, including physical infrastructure to connect domestic and foreign markets;</td>
</tr>
<tr>
<td><strong>4. Aid directed to building productive capacity</strong>, meaning investments in industries and specific sectors so that countries are able to diversify production and exports;</td>
</tr>
<tr>
<td><strong>5. Aid directed to trade-related adjustment</strong>, which comprises complementary measures absorbing some of the costs linked to tariff reductions or declining terms of trade to make developing countries benefit from trade liberalisation;</td>
</tr>
<tr>
<td><strong>6. Aid directed to other trade-related needs.</strong></td>
</tr>
</tbody>
</table>

*Source: WTO (2006)*

### 2.1.2. Key trends in Aid for Trade

- **Period of strong growth.** Aid for Trade disbursements climbed by an average of 12% per year from USD 20.6 billion in 2006 to USD 32.1 billion in 2010. Donors report focusing their AfT strategies more on economic growth, poverty reduction and regional integration.⁷
- **Shift from loans to grants.** Approximately two thirds of aid for trade to LDCs is in grants and one third in loans. Grants tend to target trade policy

⁷ Made up of the Swedish and Rwandan ambassadors to the WTO
⁸ WTO (2012), p. 43
and regulations and building productive capacity, while loans are primarily geared towards economic infrastructure (especially for MICs which receive about 90% of total AfT loans). As well, there is variation in the financial terms of aid amongst donors. The World Bank and Japan provided around 80% of their aid for trade as concessional loans, while all of US aid for trade is in grants as is almost all EU aid for trade.

- **Increased delivery through multilateral funding mechanisms.** Smaller donor countries in particular are channelling more funding to multilateral donors to increase economies of scale and to avoid fragmentation. Aid for trade from multilateral donors increased from 28% of all aid for trade in 2008 to 42% in 2009.

- **Top bilateral donors remain OECD countries.** Bilateral commitments declined by 20% between 2008 and 2009, as more funding was channelled through multilateral mechanisms.\(^9\) The top five donors over the period 2006-10 were Japan (USD 26.3 billion), the US (USD 19.3 billion), Germany (USD 10.9 billion), France (USD 5.2 billion) and the UK (5.1 billion). Bilateral cooperation on aid for trade from non-OECD countries has increased recently, including from BRIC countries, though data is limited.

- **Increasing focus on global and regional initiatives.** The share of AfT commitments for global and regional initiatives has doubled from the 2002-2005 baseline to 18% in 2009.\(^10\)

- **Increased funding and focus on trade policies and regulations.** Aid for trade for this category has increased steadily since 2006. For example, LDCs saw the amount of disbursements for activities in this category triple between 2006 and 2010. Under the sub-category of trade facilitation, aid disbursements to LDCs have grown from just under USD 10 million in 2006 to USD 38 million in 2010.

- **Africa has become the main destination for aid for trade.** Aid for trade to Sub-Saharan Africa grew by 40% from 2008 to 2009 and is now the largest regional recipient of AfT flows. Looking at funding by income group, lower-middle income countries (LMICs) received USD 49.2 billion over this period, while LDCs received USD 35.1 billion. Of LDCs, the largest recipients over the period were Afghanistan, Ethiopia, Tanzania, Uganda and Bangladesh.

- **Improved monitoring and evaluation.** According to the 2011 survey of donors, moderate improvements in monitoring and evaluation have taken place since 2008.\(^11\)

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\(^9\) WTO (2012), p. 53
\(^10\) ODI (2012), p.33
\(^11\) WTO (2012), p. 176
2.1.3. Period of contraction and reorientation

In 2011, overall ODA (excluding debt relief) fell for the first time since 1997, followed by a further fall in 2012. After several years of increasing aid-for-trade flows, the financial crisis and subsequent economic challenges faced by OECD member countries have put pressure on aid budgets. Aid-for-trade commitments declined in 2011, with DAC donors, in particular the G7 countries, providing less support, especially to infrastructure in Africa. Multilateral institutions maintained support at its 2010 level. Support to build productive capacity in sectors such as agriculture, industry and banking increased slightly, suggesting that donors increasingly see private sector development as an important way to leverage aid and promote trade. Although the least developed countries (Laces) suffered a decline in funding, they have not borne the brunt of the overall decline. They experienced the smallest drop of any income group. Support for regional programmes reached its highest ever level.

![Figure 2 - Aid for Trade commitments 2002-2011, OECD](image)

Source: Aid for Trade at a Glance 2013, OECD

Judging on the current trend, it seems likely that aid flows will either decline or stagnate further, even though the G20 has pledged to maintain aid-for-trade resources beyond 2011. On the other hand, according to an OECD/WTO monitoring survey, most providers of South-South trade-related co-operation plan to increase their resources in the future. In addition, collaborative private sector ventures and value chain investments are growing in number and impact and are charting a new way forward for businesses to get involved in trade-related capacity building. In fact the 2013 OECD report believes that value chain strengthening activities constitute a paradigm shift in AfT strategies away from more institutional responses, which would mesh well with UNIDO’s increasing focus on private sector development and value chain related initiatives. The following Figure illustrates this value chain approach, which is on the ascendant.

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12 Aid for Trade at a glance 2013
in development circles worldwide, not least in developing countries, where it has already proven its worth.

**Figure 3 - Private S=sector approaches on the ascendant**

<table>
<thead>
<tr>
<th>Aid for trade remains important...</th>
<th>The emergence of value chains strengthens the rationale for trade-related assistance and is reinvigorating the aid-for-trade debate. Developing countries seek value chain participation to achieve their economic growth, employment and poverty reduction objectives.</th>
</tr>
</thead>
<tbody>
<tr>
<td>...to increase competitiveness, reduce trade costs, and connect to value chains.</td>
<td>Developing countries, including the least developed, are directing public investments (including ODA) to reduce the thickness of their borders, improve competitiveness and create conditions for their firms to connect to value chains. Donors are responding to these new priorities by focusing their support on private sector development and regional programmes to reduce trade costs.</td>
</tr>
<tr>
<td>The role of the private sector is increasing.</td>
<td>The importance of the private sector is increasingly recognised as a stakeholder in the aid-for-trade dialogue, as a partner in the delivery of aid for trade, and, in some cases, as a provider of capacity-building support. Public-private partnerships, however, remain challenging in terms of roles and expectations.</td>
</tr>
</tbody>
</table>

Source: *AID for Trade at a Glance 2013, OECD*

### 2.1.4. Funding of Aid for Trade programmes

The top 10 donors provide 82% of total aid for trade. In the 2011 OECD/WTO donor questionnaire, 16 of 28 bilateral donors and 11 of 16 multilateral donors said their aid for trade had increased since 2008.

**Figure 4 - Total Aid for Trade by category, OECD 2011**

Source: *Aid for Trade and LDCs: Starting to show results OECD/WTO 2011*
2.1.5. Identifying best practices

According to WTO, the essential conditions for successful aid-for-trade programmes are:\textsuperscript{13}

- Ownership at the highest political level built upon the active engagement of all stakeholders;
- Adequate and reliable funding;
- Leveraging partnerships (including with providers of South–South cooperation);
- Combining public and private investment with technical assistance.

Furthermore, complementary policies - especially stable fiscal and monetary policies - and flexible labour market policies, together with good governance, can greatly enhance the chances of success. Our own analysis during the course of this evaluation fully endorses this view.

An influential analysis by the Overseas Development Institute (ODI) team has looked further into this issue\textsuperscript{14} and their findings suggest that Aid for Trade works best when:

- It is targeted at reducing the cost of trading, for example through investment in infrastructure, improving trade facilitation and strengthening value chains provided they are “in sync” with a country’s broader trade policy and strategy.
- It addresses the binding constraints to growth such as availability of finance or factors (e.g. infrastructure, skills, and transport costs) that affect returns to an investment.
- There is effective coordination between donors and recipients around the design, implementation and monitoring of the Aid for Trade programmes, as well as coordination among different donors, within donor agencies themselves (e.g. between country offices and headquarters), between different ministries within a recipient country government and between recipient governments and their regional trading partners.
- The selection of instruments and modalities for delivering Aid for Trade are able to address trade-related constraints at the transnational and regional level. Many Aid for Trade projects are targeted towards improving trade for individual countries, when in fact greater gains can be made by focusing on ensuring greater integration of trade within regions.

\textsuperscript{13} WTO (2012), p. 175

\textsuperscript{14} Increasing the effectiveness of Aid for Trade: the circumstances under which it works best, Yurendra Basnett, Jakob Engel, Jane Kennan, Christian Kingombe, Isabella Massa and Dirk Willem te Velde, working paper 353, ODI August 2012
The authors reviewed a range of sources to identify the most promising areas, and although the conclusions are not unanimous, it is clear that trade facilitation and infrastructure development play an important part in developing trade and should continue to figure in development agencies’ priorities.

Table 1 - Overview of empirical literature on Aid for Trade effectiveness

<table>
<thead>
<tr>
<th>Type of aid flows</th>
<th>Evidence on the effectiveness of different types of Aid for Trade flows is mixed, partly because results are not always comparable as different definitions of specific categories of Aid for Trade are used.</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>However, there is some evidence that highly targeted aid flows (e.g. trade facilitation) are more effective.</td>
</tr>
<tr>
<td></td>
<td>A few studies find that aid to trade-related infrastructure is particularly effective in promoting recipient countries’ exports. Evidence on the effectiveness of aid to trade policy and regulations in improving trade-related performance is more mixed.</td>
</tr>
<tr>
<td></td>
<td>Evidence on the effectiveness of single export promotion instruments is still scarce.</td>
</tr>
<tr>
<td>Recipient’s income level</td>
<td>There is some evidence that certain types of Aid for Trade flows (e.g. aid to infrastructure such as aid flows to transportation) are more effective in LDCs, whereas other aid flows, such as those directed to the business sector, are more effective in higher-income countries.</td>
</tr>
<tr>
<td></td>
<td>Much more evidence is needed in this area with respect to different types of Aid for Trade (especially aid to trade policy and regulations, aid to trade development and trade facilitation) and different recipient sectors of aid.</td>
</tr>
<tr>
<td>Recipient sector of aid</td>
<td>The impact of Aid for Trade is found to vary among sectors. Evidence is still mixed and the different sector classification used in the studies prevents comparability of results.</td>
</tr>
<tr>
<td>Geographical regions of recipient country</td>
<td>There is evidence that the same type of Aid for Trade may have varying effects depending on the geographical regions of recipient countries.</td>
</tr>
<tr>
<td></td>
<td>It appears that SSA is one of the regions that could benefit the most from Aid for Trade.</td>
</tr>
</tbody>
</table>

Source: Basnett et al, 2012

2.2. UNIDO in the Aid for Trade arena

UNIDO’s role in the global Aid For Trade arena is primarily in the field of SMTQ – Standards, Metrology, Testing and Quality. Its main aim is to provide assistance to developing country exporters in accessing global markets by “proving compliance with international standards and technical regulations” through the strengthening of the “necessary institutional infrastructure to govern compliance-related issues, including a metrology body; a standards body; chemical, microbiology and other testing laboratories; inspection services; a certification body for systems certifications; and an accreditation body.”

The specific services it provides to exporting countries for each compliance-related infrastructure are as follows:

Standardization bodies

- Establishment or strengthening of existing standardization bodies by providing training, setting up sub-sectoral technical committees and pilot standards development exercises;
• Promotion of the adoption of standards at national and regional levels, and assistance for a country’s participation in regional and international standards-setting or harmonization forums and networks;
• Assistance for the development of product conformity mark schemes;
• Pilot projects for capacity building related to both product standards and systems standards, such as ISO 9000, ISO 14000, ISO 22000, SA 8000, and traceability.

**Metrology (measurement) laboratories**

The establishment or strengthening of laboratory capacities for industrial and legal metrology capabilities covering measurement and calibration requirements in accordance with the manufacturing and export needs of the country. This support involves assisting in the physical set-up and start-up of laboratories, including upgrading measurement equipment, training technicians, providing assistance in networking, and participating in inter-laboratory comparisons, as well as providing support for accreditation.

**Testing laboratories**

• The establishment, or strengthening to achieve international accreditation, of laboratory capacities for material and product testing, primarily for microbiological and chemical analysis, and secondarily for specialist laboratories for industrial sub-sectors with export potential;
• Assistance in specifying testing and equipment requirements; technical support for the harmonization of testing procedures; training of staff, including assistance in networking and participating in proficiency testing schemes; and providing support for accreditation.

**Accreditation bodies**

• The establishment or strengthening of accreditation bodies for the accreditation of system certifiers, inspection bodies and laboratories, and for the management of proficiency testing schemes;
• Assistance to national accreditation bodies to obtain international recognition from the International Accreditation Forum (IAF) and the International Laboratory Accreditation Cooperation (ILAC) through pre-peer evaluation mechanisms in order to achieve multilateral recognition agreements so that the national accreditation has global acceptance and can facilitate market access.

Hence UNIDO is a provider of technical assistance to DC exporting countries in achieving compliance with importing country standards and with the overall requirements of the MTS.
There is however an important role for value chain development, which is growing in importance in the international development agenda, as the preceding section has shown. Hence quality infrastructure (TCB) is complemented in UNIDO – and has been for some years – with value chain development initiatives. It should be noted, however, that while UNIDO’s TCB still focuses on quality systems, both in terms of physical capability to monitor quality and the normative infrastructure to establish and ensure the necessary standards, UNIDO’s competence and expertise to support the trade capacity of member countries is spread across the Organisation. This is clearly illustrated in the following graphic.

**Figure 5 - UNIDO thematic areas**

![UNIDO Thematic Areas](image)

Different departments and units have developed approaches to enterprise and institutional support that have direct effects on trade capacities. Thus UNIDO’s relevant activities in the TCB field go beyond the department for Trade Capacity Building, which focuses its work on SMTQ and enterprise upgrading. Especially the programmes of the Agri-Business Development Branch, but also the Business, Investment and Technology Service Branch and some services of the Environmental Management Branch and the Energy Branch do have a direct relation to trade capacities. However, according to UNIDO internal financial records, which allows tracking of expenditures in accordance to results codes unrelated to the departments who implement, 94% of the TCB-related cooperation is being implemented by the TCB branch (see table 2a).

A particularity of the UNIDO programme is its market-driven approach, exemplified by the 3Cs concept, whereby the Competitiveness of the supply side is supported, then given objective, international recognition through Conformity to agreed standards and its Connectivity to markets is enhanced through trade facilitation activities (see Figure below).
Given the current Aid for Trade context described in the previous chapter both UNIDO's approach to TCB and its technical capabilities are able to contribute directly to the perceived need of developing countries to build more competitive, compliant and better connected value chains.

**Other providers of technical assistance in standards metrology, testing, quality**

Another major TA provider in this field is the German organisation “Physikalisch-technische Bundesanstalt” (PBT), which specialises in Metrology, although with a focus on German industry. A recent PBT publication examines the impact of SMTQ interventions on exports from DC’s that indicate a willingness to engage with the issues faced by developing country exporters. The study finds that the impacts on low- and middle-income countries of standardization are very mixed. On the one hand, some case studies reveal the potential of standards as a technical barrier to trade, which can exclude developing countries from international markets. On the other hand, there are positive cases illustrating standardization induced technological upgrading and transition to higher-value-added activities of firms in developing countries. Buyer-driven value chains seem to be of particular relevance to the integration of small low and middle-income countries’ exporters to the global economy.

An important player from a DC perspective is the World Bank, which is assisting governments to reduce non-tariff barriers to trade (non Tariff Measures – NTM)
through streamlining of existing measures and through the adoption of better regulatory practices. The Bank has developed an NTM toolkit tailored to the needs of developing countries based on the principles of Regulatory Impact Assessment. The development of a Temporary Trade Barriers Database also helps in identifying these barriers. The Bank provides lending to meet trade standards in agriculture and industry, particularly in Africa, East Asia and Europe-Central Asia. The combined volume of lending for trade standards is currently around US$200 million, and the lending for agri-food standards has grown from less than US$50 million a decade ago to around US$150 million today.  

FAO is also active in SMTQ support to DC’s through the development of policy support tools to guide planning and investment in national food control systems harmonized with Codex standards and WTO requirements; and technical advice for the development and improvement of integrated and modern food control systems. This includes development of technical tools and guides related to various policy, managerial and technical aspects of food control including: risk analysis (core to the SPS agreement); food laboratories, food sampling and inspection, food safety/quality management, traceability, specific quality schemes and consumer awareness and education. Strengthening monitoring and inspection programmes is one of the key challenges many developing countries have to face in order to be able to access international markets. For many countries, the shift to risk-based food inspection may require significant changes to food inspection policy, legislation as well as changes to inspector training programmes; and new education and information programmes targeting the private sector.

ITC is another UN organisation working in this area, principally through advice to policymakers on the diagnosis of a country or region’s quality infrastructure and the formulation of national export strategies, the preparation of a road map for improvement and addresses non-tariff measures in the areas of Technical Barriers to Trade (TBT) and Sanitary & Phytosanitary (SPS) measures. ITC specializes in short-term, fast interventions, addressing urgent needs that have a direct and immediate impact on trade.

As the Figure below illustrates, with the rise in importance of international value and supply chains, it becomes increasingly important to reduce the technical barriers to trade that weak standardisation systems represent.

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15 UNIDO, Resource Guide 2013
16 Aid for Trade at a Glance 2013: Connecting to value chains. OECD, WTO, 2013
2.3. Key UNIDO reports and evaluations on TCB

In order to gain a clearer understanding of UNIDO’s activities and results in the Trade Capacity Building arena, the evaluation reviewed a number of key UNIDO reports and evaluations on trade capacity building. This also helps highlight major themes in this area for the review of the TTF. Annex I provides brief paragraphs of comment on a selection of relevant extracts from these reports:

- Thematic Evaluation Report UNIDO activities in the area of standards, metrology, testing and quality (SMTQ);
- Meeting standards winning markets;
- What do border rejections tell us about trade standards compliance of developing countries? Analysis of EU and US Data 2002-2008 UNIDO working paper;
- Thematic Evaluation related to UNIDO projects of “Industrial Upgrading”
- Independent Evaluation of UNIDO regional programmes for trade capacity building in West Africa;
- Independent evaluation, UNIDO project TF/RAS/03/001, Market access and trade facilitation, support for South Asian LDCs through strengthening institutional and national capacities related to standards, metrology, testing and quality (SMTQ), Vienna 2007. SAARC.

The most relevant observations for the TTF review are summarised as follows:
Quality systems as promoted by UNIDO focus mainly on formal sector and export markets and neglect the numerically far superior informal sector / regional and domestic markets.
The contribution of such efforts to poverty reduction is not always clear since causality is hard to establish.
Sector wide approaches and formal planning of quality system development in DC’s are favoured by certain authors, but experience has shown that top-down approaches can be less effective than custom-made responses to specific issues.
Firm-level interventions lack sustainability and replicability, though they may resolve sector specific constraints for the benefit of other firms within the sector.
Pilot projects are highly valued, as are innovative approaches, and are expected to lead to larger interventions involving other donors.
Donor coordination is often found wanting.
The quality systems promoted by UNIDO are not seen as commercial services but rather as public goods, and therefore normal market analysis does not play a major role in their design, which can lead to the creation of redundant capacity.
Pan regional programmes tend to be less effective than country level programmes.

Taken together with the Basnett conclusions (see chapter 2.1.5), it would appear from these studies that the most productive line of work in TCB and Aid for Trade lies in highly targeted interventions that i) originate from validated requests from DC organisations or UNIDO needs assessments; ii) utilise UNIDO expertise and location-specific resources and tackle key sector constraints. Examples of such interventions are analysed in the portfolio review and include cotton and textile standards in West Africa, fisheries cold chain management in Timor - Leste and a standards body establishment in Haiti.

2.4. Funding of UNIDO TCB activities

In general, UNIDO’s TC activities are earmarked grants provided by bilateral or multilateral donors on the basis of specific project documents and deposited in (single-donor) trust funds created for that specific purpose. As such, they are not programmable and cannot be used by UNIDO in a proactive manner to promote new strategies and programmatic developments. Exceptions to this rule are:

a) UNIDO’s own funds for TC (Regular Programme of Technical Cooperation - RPTC), which represent approximately 5% of UNIDO’s TC budget (amounting to some USD 4 million per year). These funds are usually allocated by decision of the Executive Board (EB) and/or the UNIDO Programme Approval and Monitoring Committee (AMC).
b) Multi-donor trust funds. The TTF was the first of these funds in UNIDO. In the meantime several others have followed. However, the majority share of
these trust funds, in contrast to the TTF, are not mobilizing “fresh money”, but have been filled with “unutilized balances” that UNIDO donors have authorized UNIDO to use instead of claiming them back.

c) Some exceptional cases of programme-based funding, such as the Swiss funding for the Resource Efficiency and Cleaner Production (RECP) programme. However, these funds are to be considered semi-earmarked, as they are guided by a very detailed programme document, whereas the multi donor trust funds usually have very brief terms of reference with very generic criteria, allowing a high degree of flexibility for allocation.

UNIDO distinguishes two global areas of activities: technical cooperation (TC), usually through individual projects and global forum (GF), including convening, advocacy and normative roles such as thematic conferences, expert group meetings, international reference publications, etc.

The funding of TC in the TCB area has been steadily increasing over the past 5 years (see table 2 below). As mentioned above, over 90% of TC activities are implemented by the TCB branch. As will be explained in detail later, the TTF accounts for approximately 5% of the total expenditures in the TCB area, hence it can be regarded a complementary rather than a core funding tool.

<table>
<thead>
<tr>
<th>Calendar year</th>
<th>2013</th>
<th>2012</th>
<th>2011</th>
<th>2010</th>
<th>2009</th>
<th>Overall funding</th>
<th>% of total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Branch (item bucket)</td>
<td>$</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Business, Invest. &amp; Tech Services Branch</td>
<td>142,553</td>
<td>83,114</td>
<td></td>
<td></td>
<td></td>
<td>225,667</td>
<td>0%</td>
</tr>
<tr>
<td>Montreal Protocol Branch</td>
<td>68,808</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>68,808</td>
<td>0%</td>
</tr>
<tr>
<td>Trade Capacity Building Branch (OD)</td>
<td>145,876</td>
<td>217,272</td>
<td>198,114</td>
<td>171,118</td>
<td>137,140</td>
<td>869,523</td>
<td>1%</td>
</tr>
<tr>
<td>Bureau for Regional Programmes</td>
<td>130,419</td>
<td>65,611</td>
<td></td>
<td></td>
<td></td>
<td>196,031</td>
<td>1%</td>
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<td>Business, Invest. &amp; Tech Services Branch</td>
<td>256,379</td>
<td>385,457</td>
<td>32,581</td>
<td>6,257</td>
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<tr>
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<td>65,613</td>
<td></td>
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<td></td>
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<td>65,613</td>
<td>0%</td>
</tr>
<tr>
<td>Trade Capacity Building Branch (CIU)</td>
<td>2,623,708</td>
<td>7,456,500</td>
<td>10,898,984</td>
<td>8,288,748</td>
<td>5,691,190</td>
<td>34,959,131</td>
<td>44%</td>
</tr>
<tr>
<td>Agri-Business Development Branch</td>
<td>20,647</td>
<td>836,696</td>
<td>375,231</td>
<td>336,493</td>
<td></td>
<td>1,569,069</td>
<td>2%</td>
</tr>
</tbody>
</table>
### Calendar Year 2013-2009

<table>
<thead>
<tr>
<th>Calendar year</th>
<th>2013</th>
<th>2012</th>
<th>2011</th>
<th>2010</th>
<th>2009</th>
<th>Overall funding</th>
<th>% of total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bureau for Regional Programmes</td>
<td>43,030</td>
<td>240,906</td>
<td>93,766</td>
<td>10,800</td>
<td></td>
<td>388,503</td>
<td>0%</td>
</tr>
<tr>
<td>Business, Invest. &amp; Tech Services Branch</td>
<td>273,007</td>
<td>476,691</td>
<td>100,083</td>
<td></td>
<td></td>
<td>849,782</td>
<td>1%</td>
</tr>
<tr>
<td>Trade Capacity Building Branch (QSC)</td>
<td>8,586,307</td>
<td>14,135,498</td>
<td>8,101,012</td>
<td>5,340,124</td>
<td>3,545,468</td>
<td>39,708,412</td>
<td>50%</td>
</tr>
<tr>
<td>Overall funding</td>
<td>12,356,352</td>
<td>23,897,749</td>
<td>19,799,775</td>
<td>14,153,542</td>
<td>9,373,799</td>
<td>79,581,218</td>
<td>100%</td>
</tr>
</tbody>
</table>

*Source: UNIDO internal data, as per SAP reporting 1 October 2013*

While TC is usually funded on a project basis by a single donor, GF has more limited resource requirements and if not carried out within a TC project (stand alone GF activities) often utilizes UNIDO own funds or human resources. However, such funding is often difficult to access and planning GF and using it strategically has been difficult\(^{17}\). This is despite the importance of GF for UNIDO’s role as a facilitator and advocate of AfT in the international arena.

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\(^{17}\) Independent Evaluation Report UNIDO Global Forum Activities in SMTQ, UNIDO 2011
3. Assessment

The assessment has two main components:

- A review of TTF projects from the portfolio of 71 projects provided to the evaluator in December 2012, which was conducted in three stages:
  1. A portfolio review, including an overview of the scope, size and funding source of the whole array of TTF-related projects over the 10 year period.
  2. A more detailed review of a sample of one third of all projects to identify key design and performance characteristics of the projects.
  3. A series of case studies of approximately 10% of “core” projects funded exclusively through the TTF (as opposed to “related projects” funded by others), in the course of which UNIDO project managers were asked to complete a brief questionnaire on specific projects.

- A review of the TTF as a funding mechanism, both externally to UNIDO and its modus operandi within the UNIDO institutional setting.

3.1. Overview of the Trade Trust Fund project portfolio

The portfolio of TTF projects for evaluation was made up of 71 projects (the total available at the study inception in December 2012). The breakdown by source of funds (see Table 4, below) revealed that approximately $17m had been allocated to TF-related projects from different sources: 25% from the Trade Trust Fund itself, 9% from its regular budget made mainly of an 8% contribution from UNIDO’s Regular Programme of Technical Cooperation (RPTC), 1% from the regular budget (RB), a massive 42% from the European Commission, 1% from developing countries such as the Syrian Arabic Republic, India and Thailand and a significant 23% from other donors such as Italy, Finland, Norway and Korea\(^\text{18}\).

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\(^{18}\) The figures quoted here do not exactly match the figures in the TTF project list due to our need to correct minor discrepancies with the data sources, possibly due to transcription errors in the originals. E.g. our audit of the portfolio excel table shows a grand total value of TTF-related projects as US$17,505,317.04, not US$17,062,272.43 published in the table. We believe this is due to the fact that the original table contains some inserted absolute values in the “subtotal” rows, instead of automatically calculated values. When the source data is corrected for these errors and summed afresh using the excel sum function, we obtained the figure shown above, US$17,567,770, which is slightly higher than the 1st corrected figure and a full $0.5M higher than the published figure. We believe our figure is the most accurate, but this would need confirming by UNIDO’s finance dept.
Table 3 - Project source of funds (USD)

<table>
<thead>
<tr>
<th></th>
<th>TF</th>
<th>RPTC</th>
<th>RB</th>
<th>EC</th>
<th>Developing countries (a)</th>
<th>Other donors (b)</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Allotments $</td>
<td>4,120,853</td>
<td>1,391,528</td>
<td>221,023</td>
<td>6,981,385</td>
<td>115,971</td>
<td>3,810,723</td>
<td>16,641,483</td>
</tr>
<tr>
<td>% of total</td>
<td>25%</td>
<td>8%</td>
<td>1%</td>
<td>42%</td>
<td>1%</td>
<td>23%</td>
<td>1.00%</td>
</tr>
</tbody>
</table>

(a) Syrian Arabic Republic, India, Thailand, (b) Italy, Finland, Norway, Korea.

Source: UNIDO internal data

With regard to the structure of the entire project portfolio by thematic area / UNIDO operational units and in terms of the amount of allocated funds, it was found that over half of the total funds were allocated to the quality, standards and conformity unit, 14% to clusters and business linkages, 12% to quality compliance infrastructure and 10% to agri - industries. The office of the Director / TCB was next in importance with 7% of the total allocations, while 3% went to competitiveness, upgrading and partnerships and 1% to investment and technology.

With regard to the projects funded exclusively through the TTF, the Quality, Standards and Conformity Unit retains its predominance (44%), while the Compliance Infrastructure Unit increase its share of funding (22%), as do office of the Director / TCB and the Competitiveness, Upgrading and Partnership Unit (15% and 11% respectively).

Table 4 - Structure of project portfolio by thematic area

<table>
<thead>
<tr>
<th>Thematic Area</th>
<th>Allotments $</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Sub-totals</td>
</tr>
<tr>
<td>Compliance Infrastructure Unit</td>
<td>2,171,463</td>
</tr>
<tr>
<td>Quality, Standards and Conformity Unit</td>
<td>9,166,058</td>
</tr>
<tr>
<td>PTC/TCB/OD-Office of the Director</td>
<td>1,246,229</td>
</tr>
<tr>
<td>Clusters and Business Linkages Unit</td>
<td>2,520,488</td>
</tr>
<tr>
<td>Agro-Industries Technology Unit</td>
<td>1,843,016</td>
</tr>
<tr>
<td>Competitiveness, Upgrading and Partnership Unit</td>
<td>513,683</td>
</tr>
<tr>
<td>Investment and Technology Unit</td>
<td>106,833</td>
</tr>
<tr>
<td><strong>Totals</strong></td>
<td><strong>17,567,770</strong></td>
</tr>
</tbody>
</table>

Source: UNIDO internal data

This distribution shows a significantly higher participation of “non-TCB branches” in the TTF as compared to the overall TCB portfolio of UNIDO. While the TCB branch accounts for 95% of overall TCB funding, its share in the TTF is only 72%. This suggests that the TTF plays a role in breaking up the “silos” in UNIDO by facilitating other branches’ contributions.
Annex III shows projects that are fully funded from the TTF, according to the currency of the account. There are 31 euro-denominated projects and 10 dollar-denominated projects. While the € projects span the period from 2005 to 2011, the dollar projects are concentrated in the period 2003-2007, with one exception in 2011. The total value of the euro projects is US$3,437,118.29, while that of the dollar projects is $683,735.16. It can be observed that in contrast to the dollar projects the euro projects tend to generate surpluses and deficits over the budgeted allotment. There are 5 cases of apparent under-spending, highlighted in yellow, and in 2 cases the under-spend exceeds $200,000 and $300,000 respectively. However, since these projects were on-going at the time of the evaluation, it is possible that these remaining balances may still be spent.

Concerning the 41 projects from this wider portfolio that are “core” TTF projects, 80% are funded from the TTF Euro account and 20% from the dollar account, as shown in Table 5 below.

### Table 5 - Projects fully funded from the TTF

<table>
<thead>
<tr>
<th>Source of funds</th>
<th>€ Account</th>
<th>$ Account</th>
<th>Total</th>
<th>%</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>2003</td>
<td>-</td>
<td>73,130</td>
<td>73,130</td>
<td>0%</td>
<td>100%</td>
</tr>
<tr>
<td>2004</td>
<td>-</td>
<td>405,269</td>
<td>405,269</td>
<td>0%</td>
<td>100%</td>
</tr>
<tr>
<td>2005</td>
<td>204,074</td>
<td>50,090</td>
<td>254,164</td>
<td>80%</td>
<td>20%</td>
</tr>
<tr>
<td>2006</td>
<td>508,225</td>
<td>49,736</td>
<td>557,961</td>
<td>91%</td>
<td>9%</td>
</tr>
<tr>
<td>2007</td>
<td>399,226</td>
<td>65,530</td>
<td>464,755</td>
<td>86%</td>
<td>14%</td>
</tr>
<tr>
<td>2008</td>
<td>462,577</td>
<td>-</td>
<td>462,577</td>
<td>100%</td>
<td>0%</td>
</tr>
<tr>
<td>2009</td>
<td>525,166</td>
<td>-</td>
<td>525,166</td>
<td>100%</td>
<td>0%</td>
</tr>
<tr>
<td>2010</td>
<td>141,703</td>
<td>-</td>
<td>141,703</td>
<td>100%</td>
<td>0%</td>
</tr>
<tr>
<td>2011</td>
<td>431,560</td>
<td>39,981</td>
<td>471,541</td>
<td>92%</td>
<td>8%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>2,672,531</td>
<td>683,735</td>
<td>3,356,266</td>
<td>80%</td>
<td>20%</td>
</tr>
</tbody>
</table>

Source: UNIDO internal data

The trust fund’s resources were used to finance inputs provided by UNIDO in the implementation of the projects using typical inputs such as consultants, training,
travel, and to a lesser extent equipment. UNIDO allocates 13 per cent of the cost of the activities to cover its own programme support costs. This is in line with standard UN procedure. Donor contributions to the trust fund are summarised in the table below, which contains the funding information available at the time of the evaluation.

Table 6 - Donor contributions to the Trade Trust Fund, 2002-2011, totals in current USD value (Oct ‘13)

<table>
<thead>
<tr>
<th>Period</th>
<th>Austria</th>
<th>Finland</th>
<th>Italy*</th>
<th>Spain</th>
<th>Sweden</th>
<th>UK</th>
<th>Current USD equivalent of all contributions</th>
</tr>
</thead>
<tbody>
<tr>
<td>2002/2003</td>
<td>€ 200,000</td>
<td>€ 230,000</td>
<td>$ 200000</td>
<td></td>
<td>£ 50,000</td>
<td>$ 851,389</td>
<td></td>
</tr>
<tr>
<td>$ contr.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2002/2003 USD</td>
<td>$ 186,031</td>
<td>$ 240,083</td>
<td>$ 200,000</td>
<td></td>
<td>$ 80,810</td>
<td>$ 706,924</td>
<td></td>
</tr>
<tr>
<td>contr.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2004/2006</td>
<td>€ 200,000</td>
<td></td>
<td>€ 400,000</td>
<td></td>
<td>€ 287,100</td>
<td>$ 1,222,887</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2007</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>€ 421,992</td>
<td>$ 581,725</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2009/2011</td>
<td>€ 650,000</td>
<td>€ 200,000</td>
<td>€ 750,000</td>
<td>€ 758,668</td>
<td>$ 3,251,478</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>*2002-2003 in USD</td>
<td>£1=</td>
<td>€ 1.17</td>
<td>$1=</td>
<td>€ 0.73</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

*2002-2003 in USD

Source: UNIDO internal data

In terms of thematic scope of the TTF, donors are entitled to specify the scope of activities to specific regions or purposes, for instance for technical and economic analysis and advice only (component 2). However, once the contribution has been provided, donors appear not to have influenced the destination of the funds to specific activities. As a consequence, the TTF was able to accommodate a very broad range of projects provided, of course, there was some explicit link to trade. It also seems to indicate that the donors do indeed have a high level of trust in UNIDO’s ability to deploy the funds in an efficient and effective way in support of common TCB aims. In the future, it may no longer be necessary to provide for donor involvement in the TTF decision making process, as it unnecessarily limits UNIDO’s flexibility in using the TTF.

Donors to UNIDO also have the option of contributing to other UNIDO multilateral trust funds that are geographically or thematically oriented, such as the

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19 The table raises several queries, such as the reason for Italy’s euro contribution in 2002/2003 being denominated in dollars, the conversion rate for non-dollar payments (Euros, Italy and UK) and the precise year of each contribution.
Latin American and Caribbean Trust Fund\textsuperscript{20}, the UNIDO Renewable Energy Trust Fund and the Food Security Trust Fund.

The regional distribution of TTF projects occurs as a result of stakeholder demand, as UNIDO staff interacts at a global, national or regional level with stakeholders and new activities are identified. As Table 7 below shows, the region with most activity is Sub-Saharan Africa, with national level projects accounting for 33\% of the total and regional projects for a further 9\%, i.e. 42\% in all. The eight countries of Central America account for 11\%, slightly more than South East Asia with 10\%. The remaining 10 regions in the table share just under one third of the total number of projects over the period.

<table>
<thead>
<tr>
<th>Region</th>
<th>% of projects</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sub-Saharan Africa</td>
<td>33%</td>
</tr>
<tr>
<td>Central America</td>
<td>11%</td>
</tr>
<tr>
<td>SE Asia</td>
<td>10%</td>
</tr>
<tr>
<td>SSA Regional</td>
<td>9%</td>
</tr>
<tr>
<td>Middle East</td>
<td>6%</td>
</tr>
<tr>
<td>South America</td>
<td>6%</td>
</tr>
<tr>
<td>Western Asia</td>
<td>5%</td>
</tr>
<tr>
<td>Gulf</td>
<td>5%</td>
</tr>
<tr>
<td>Caribbean</td>
<td>4%</td>
</tr>
<tr>
<td>East Asia</td>
<td>4%</td>
</tr>
<tr>
<td>Eastern Europe</td>
<td>3%</td>
</tr>
<tr>
<td>Caribbean Regional</td>
<td>2%</td>
</tr>
<tr>
<td>North Africa</td>
<td>2%</td>
</tr>
<tr>
<td>Pacific</td>
<td>2%</td>
</tr>
</tbody>
</table>

\textit{Source: UNIDO internal data}

In terms of funding period, the chart below shows a fairly regular pattern of project commencements until 2011, when a surge in the numbers occurs, coinciding with a spike in funding that took place in 2010 (see Figure 9).

\textsuperscript{20} UNIDO 2012: The UNIDO trust fund for Latin America will provide “support for services in thematic areas of particular interest to Member States from the region…[and] which have generally suffered from limited funding”.
The table below shows the distribution of projects by TTF objective (preparatory assistance (PA); rapid analysis (RA); Joint activities with international organisations. It can be seen that PA absorbs the majority of projects (50 out of 71) and 48% of funding, RA only 11% of projects and 12% of funding, while joint activities take up just 14% of the total project portfolio and 38% of funding, resulting in the highest project cost.

<table>
<thead>
<tr>
<th>Objective</th>
<th>Projects</th>
<th>Funding</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>PA</td>
<td>50</td>
<td>8,175,228.34</td>
<td>48%</td>
</tr>
<tr>
<td>RA</td>
<td>8</td>
<td>1,988,035.02</td>
<td>12%</td>
</tr>
<tr>
<td>Joint</td>
<td>10</td>
<td>6,563,589.20</td>
<td>38%</td>
</tr>
<tr>
<td>Undocumented</td>
<td>3</td>
<td>335,419.87</td>
<td>2%</td>
</tr>
<tr>
<td>Total portfolio</td>
<td>71</td>
<td>17,062,272.43</td>
<td>100%</td>
</tr>
</tbody>
</table>

In terms of intended outputs of the projects, the following table lists the most common outputs referenced in the project documentation. By far the most significant are the project documents, in which the details of larger technical assistance or capacity building interventions are identified and prepared for funding, often by the EU. Project implementation support is also present under preparatory assistance, which may seem contradictory in principle, but occurs only in a transitory or temporary fashion while major resources are brought to bear. Next in overall importance is training and training tools, both of which occur most commonly (but not exclusively) under preparatory assistance and often in conjunction with metrology equipment. Policy advice and technical assistance are relatively rare.
Table 9 - Classification of projects by type of output and TTF objective

<table>
<thead>
<tr>
<th>Type of Output</th>
<th>Objective of Project</th>
<th>Total</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Preparatory Assistance</td>
<td>Rapid Analysis</td>
<td>Joint / International</td>
</tr>
<tr>
<td>Project document</td>
<td>16</td>
<td>2</td>
<td>3</td>
</tr>
<tr>
<td>Training tools and services</td>
<td>18</td>
<td>0</td>
<td>1</td>
</tr>
<tr>
<td>Indeterminate*</td>
<td>6</td>
<td>2</td>
<td>0</td>
</tr>
<tr>
<td>Publications</td>
<td>0</td>
<td>3</td>
<td>5</td>
</tr>
<tr>
<td>Project implementation</td>
<td>6</td>
<td>1</td>
<td>0</td>
</tr>
<tr>
<td>Policy Advice</td>
<td>2</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Technical assistance</td>
<td>1</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Total</td>
<td>49</td>
<td>8</td>
<td>9</td>
</tr>
</tbody>
</table>

*Due to lack of adequate documentation, it was not possible to determine the type of output.

** Absence of all documentation.

Source: UNIDO internal information, compilation by evaluation team.

3.2. Project review

In the second stage review, 24 projects were considered, 15 directly funded from the TTF, 4 from RPTC funds, 2 by developing countries as part of south-south cooperation initiatives and 3 more are funded by developed country donors (EU, Korea). The standard evaluation criteria of Relevance of project design, Effectiveness and Impact and Sustainability were applied. A project review template was used to extract data from the project document library on a sample of 24 out of the 71 projects linked to TTF-funding. The sample selection was made on the following basis:

- The sample should cover the entire life of the TTF, i.e. from 2003 to 2012;
- There should be at least three size categories: large >$300,000, medium $100,000 to $200,000, small <50,000;
- The three areas of intervention of the TTF should be represented – Preparatory assistance, rapid response and global – as should UNIDO’s main operational units;
- A significant portion of Projects should have led to follow-on activities, which can be funded outside the TTF;
- A range of funding sources should be considered, with a major emphasis on TTF-funding;
- A good geographic spread, in order to capture differences in type of economy in which UNIDO operates.
Annex IV contains the review template (questionnaire), which frames a series of questions for each of the standard evaluation criteria.

Table 10 below contains the key data on the selected projects.

<table>
<thead>
<tr>
<th>Project code</th>
<th>Geography</th>
<th>Project title</th>
</tr>
</thead>
<tbody>
<tr>
<td>TE/RAF/05/020</td>
<td>Africa Region</td>
<td>Preparatory assistance for the implementation of the new ISO standard on food safety management systems (ISO 22000) in Kenya, Tanzania, Uganda</td>
</tr>
<tr>
<td>TE/RAF/06/012</td>
<td>Africa Region</td>
<td>Building productive capacities in cotton, textiles and garment value chains and networks in Africa - preparatory assistance</td>
</tr>
<tr>
<td>TE/GLO/06/001</td>
<td>Global</td>
<td>Inter-agency coordination of trade capacity building services</td>
</tr>
<tr>
<td>TE/CMR/06/001</td>
<td>Cameroon</td>
<td>Assistance préparatoire pour le développement d’un programme national de renforcement des capacités commerciales (Trade Capacity building) dans le cadre du programme d’appui et de soutien à l’accord de partenariat économique entre l’UE et l’Afrique centrale (PASAPE)</td>
</tr>
<tr>
<td>TE/INT/07/001</td>
<td>Interregional</td>
<td>Removing supply-side constraints to foster industrial competitiveness at regional level: modernization and upgrading of industries in Africa, Caribbean and Pacific (ACP) countries</td>
</tr>
<tr>
<td>XP/INT/07/002</td>
<td>Interregional</td>
<td>Removing supply-side constraints to foster industrial competitiveness at regional level: modernization and upgrading of industries in Africa, Caribbean and Pacific (ACP) countries</td>
</tr>
<tr>
<td>TE/RA/08/003</td>
<td>Latin America Region</td>
<td>Preparatory assistance for identification/formulation of a quality infrastructure sub-regional programme of quality systems strengthening in Central American countries and Panama</td>
</tr>
<tr>
<td>XP/RA/08/007</td>
<td>Latin America Region</td>
<td>Preparatory assistance for identification/formulation of a quality infrastructure sub-regional programme of quality systems strengthening in Central American countries and Panama</td>
</tr>
<tr>
<td>TE/INT/08/002</td>
<td>Interregional</td>
<td>UNIDO increased participation in the aid for trade &amp; enhanced integrated framework process and pilot project formulation for eight (8) LDCs</td>
</tr>
<tr>
<td>TE/INT/08/A02</td>
<td>Interregional</td>
<td>UNIDO increased participation in the aid for trade &amp; enhanced integrated framework process and pilot project formulation for 8 LDCs</td>
</tr>
<tr>
<td>TE/GLO/09/001</td>
<td>Global</td>
<td>Trade capacity building resource guide 2009</td>
</tr>
<tr>
<td>TE/PAK/09/001</td>
<td>Pakistan</td>
<td>Facilitating Pakistan’s capacity to integrate into global trade</td>
</tr>
<tr>
<td>XP/PAK/07/002</td>
<td>Pakistan</td>
<td>Facilitating Pakistan’s capacity to integrate into global trade</td>
</tr>
</tbody>
</table>
On the basis of a close scrutiny of the available documentation on these 24 projects, detailed questionnaires were successfully completed by the lead evaluator on 14 projects, while three projects lacked the documentation required. A further 7 projects were so closely linked to “core” TTF projects that they almost constituted the same project, so that to complete separate questionnaires for each would have been redundant. These have also been collated into the following summary table, Table 10, which provides evidence of the performance of the TTF projects against the evaluation criteria. When cross-referenced with field data and other sources allowed identifying patterns in performance due to project design and implementation issues and to flag structural and institutional aspects that may be relevant to the review of the TF instrument itself. The questionnaire involved scoring projects against the evaluation criteria, as well as summarising and commenting on the objectives and activities. The results of the scoring are presented in Table 11 below.
| QA6. To what extent did the project meet its expected results? Overall Score High=3 Medium=2, Low=1 | 2.1 |
| QA7. Score the project (3,2,1) on how complete / relevant / reliable the available information is for assessing project performance | 2.1 |
| QA8. Score the extent to which the expected results were/are in line with the purpose and objectives of the TTF? | 2.2 |
| a) Purpose: achieve a considerable increase of actual exports of developing countries. 1,2 or 3 | 2.2 |
| b) Obj 1: Enable developing countries to rapidly establish the essential quality and conformity assessment infrastructure. 1,2 or 3 | 2.4 |
| c) Obj 2: Assist selected productive sectors with high export potential to upgrade product and production quality, comply with applicable standards and regulations so that they can export their products successfully. 1,2 or 3 | 2.5 |
| d) Obj 3: provide technical analysis in cases where export products encounter technical barriers, and provide advice on technical solutions to the problem. 1,2 or 3 | 2.2 |
| QA9. Does the project have a complete logical framework (log frame – see Notes) with Indicators, means of verification and assumptions? Yes=1, no=0 | 0.5 |
| QA10. Did the project specify appropriate output and outcome[1] indicators within realistic timeframes? Yes=1, no=0 | 0.8 |
| QA11. During project formulation to what extent did the project build on or refer to lessons from earlier UNIDO or other donor projects? Yes=1, no=0 | 0.9 |
| QA12. To what extent were national stakeholders, including private sector, involved in project identification and formulation? 1,2 or 3 | 2.9 |
| QA13. To what extent has gender mainstreaming been considered in the projects? 1,2 or 3 | 1.3 |
| QA14. Were projects aligned with Government priorities and with agreed goals for international cooperation in the countries (e.g. UNDAF; MDGs)? 1,2 or 3 | 2.3 |
| QA15. Were synergies exploited in relation to other UNIDO activities in the country or elsewhere | 1.5 |
| Average score as percentage of total possible score: | 66% |

B. Effectiveness

QB1. Review and assess the extent to which the project

a) Led to other main TCB projects 1,2 or 3 | 2.4 |
Table 12 below shows that on average, the sample projects scored 68% out of a potential 100%, indicating an acceptable degree of achievement of project objectives.

Project design scored 66% against the design criteria, effectiveness 79% and impact and sustainability 62%, giving a total average score of 68%. The greater detail (i.e. higher number of questions) under the design section of the assessment compared to the effectiveness and impact and sustainability questions has introduced some bias into the method, since it probes more deeply into actual practice, revealing weaknesses that the other sections were not able to detect.

The scores per TTF objective are shown in the following table, where it can be seen that the highest scores are achieved by Preparatory Assessment Projects, followed by Rapid Assessment and finally by Joint Activities.
Table 12 - Evaluation scores by TTF objective

<table>
<thead>
<tr>
<th>Objective</th>
<th>Score</th>
</tr>
</thead>
<tbody>
<tr>
<td>Preparatory Assistance</td>
<td>77%</td>
</tr>
<tr>
<td>Rapid Assessment</td>
<td>68%</td>
</tr>
<tr>
<td>Joint Activities / International</td>
<td>49%</td>
</tr>
</tbody>
</table>

The highest marks were obtained for the following concepts:
- National stakeholders, including private sector, were involved in project identification and formulation;
- Expected results being in line with the purpose and objectives of the TTF;
- Extent to which long term developmental changes (trade, economic, environmental, social, policy change) have occurred or are likely to occur as a result of the projects’ formulation;
- The extent to which the project built on or referred to lessons from earlier UNIDO or other donor projects;
- The project led to other main TCB interventions.

The weakest points were:
- A general lack of gender mainstreaming;
- Neglecting to exploit synergies in relation to other UNIDO activities;
- The lack of systematic logical frameworks with indicators means of verification and assumptions.

The projects with the highest scores were:
- The three linked Haiti projects, TE/HAI/11/001, EE/HAI/07/001, EE/HAI/07/001 81%, 78% and 85% respectively;
- TE/THA/10/002, Thailand 80%;
- TF/TIM/11/001, East Timor, 77%.

All these projects led to other major programs: in Haiti, a large SMTQ institutional strengthening EU-funded project was funded as a result of the small UNIDO PA project: in Thailand, the EU expanded on the UNIDO work under PA; in East Timor NORAD is developing a larger follow-on project.

The projects with the lowest overall scores were:
- TE/INT/08/002, Enhanced Integrated Framework (EIF), 39%;
- TE/INT/07/001, Interregional, 60%;
- TE/RAF/12/006, Africa Region, 60%;
- TE/CMR/06/001, Cameroon, 61%;
- TE/RLA/08/003, Latin America Region, 61%.
3.4. Case studies: performance and results

In the third stage of the Review, five TF-funded projects were subjected to more detailed analyses, in order to allow for verification of the results of the portfolio review. Initially, it was thought that this might involve visits to the field locations of the respective projects. However, after a realistic assessment of the likelihood of accessing the required data cost-effectively, given the long time period over which the projects were spread, this option was dropped and preference given to a project documentation review complemented with a questionnaire to task managers. The selection of projects emphasised those that were funded in order to “trigger” larger follow-on projects, with the result that half the selected projects were in preparatory assistance (PA).

Four of the projects were country-specific and one had a global scope.

Country-level projects:
- Building productive capacities in cotton, textiles and garment value chains and networks in Africa - preparatory assistance;
- Reconstitue Haiti Grâce Au Commerce: Enhancing external trade as a means of income generation through support to standardization and quality promotion;
- Development of safety and quality infrastructure for fishery sector in Timor-Leste - Preparatory phase;
- Preparatory assistance to develop the programme "Trade Capacity Building Programme for Andean Countries" (Mainly Peru).

Global project:

The results of the case studies are presented below.

1. Building productive capacities in cotton, textiles and garment value chains and networks in Africa - preparatory assistance:

<table>
<thead>
<tr>
<th>Project code</th>
<th>TE/RAF/06/012. Also includes Cote d'Ivoire cotton classification programme TE/IVC/10/005</th>
</tr>
</thead>
<tbody>
<tr>
<td>Project country/region</td>
<td>West &amp; Central Africa Region</td>
</tr>
<tr>
<td></td>
<td>Cote d'Ivoire</td>
</tr>
<tr>
<td>Start date</td>
<td>06/26/2006</td>
</tr>
<tr>
<td></td>
<td>Cd'I: 3/12/2010</td>
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<tr>
<td>Completion date</td>
<td>06/30/2009</td>
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<tr>
<td></td>
<td>Cd'I: 3.12.2012</td>
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<tr>
<td>Budget</td>
<td>144,145.65</td>
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<tr>
<td></td>
<td>21,693.00</td>
</tr>
<tr>
<td>Funding source</td>
<td>Trust Fund Trade, € a/c</td>
</tr>
</tbody>
</table>
The purpose of the program was to prepare the detailed planning of a joint WTO-UNIDO €21 million CTG value chain upgrading program covering West and Central Africa, which is a follow-on activity to the Cotton Initiative that had wide support from International Organisations since 2005. The objective was to support the development of the Cotton, Textiles and Garments (CTG) value chain components in order to enhance the sector’s contribution to GDP, employment and exports in targeted states, thereby contributing to poverty reduction. Key activities were to update and finalise the CTG development project document (including for Guinea-Bissau and Niger), incorporate international trade aspects in the project design and prepare a study tour to India. The primary target beneficiaries were the cotton value chain actors in the West African States of Benin, Burkina Faso, Côte D’Ivoire, Guinea-Bissau, Mali, Niger, Nigeria, Senegal and Togo; Cameroon and Chad.

The project’s expected result was a comprehensive action plan to develop strategies and policies for the CTG value chain that would upgrade and support supply-side capacities, enhance capacities of support institutions, improve production quality of CTG and promote intra-regional and export trade for West and Central African CTG products / Prepare the detailed planning of a joint WTO-UNIDO €21M CTG value chain upgrading program covering West and Central Africa, which is a follow-on activity to the Cotton Initiative that had wide support from International Organisations since 2005.

A complete logical framework was developed, with Indicators, means of verification and assumptions and appropriate output and outcome indicators within realistic timeframes.

The extent to which the project met its expected results was hard to ascertain from the available documentation as no project completion document is available on the main activity (comprehensive action plan), only on the Cote d’Ivoire cotton classification support programme, which is not specifically mentioned in the SSS. However, information received from the task manager indicates that the project successfully built on lessons from an earlier WTO initiative and that it closely involved national stakeholders in project formulation - private sector operators across and along the chains, as well as government and regional bodies - but makes no mention of gender aspects. The government of Cote d’Ivoire had been
closely consulted since the preceding WTO project and its government was the direct beneficiary of the cotton classification sub-project, which could be considered a direct outcome from the CTG upgrading program. Hence, the project was fully aligned with Government priorities and with agreed goals for international cooperation in the countries concerned. The project built in synergies with other UNIDO activities in the region: country representatives and HQ were closely involved.

In terms of its effectiveness, the project’s success in developing another TCB project, i.e. the Côte d’Ivoire cotton classification project, is highly positive, although the main follow-on activity, the regional CTG program, did not apparently materialise; a role for WTO and UNCTAD was to be expected but these are not recorded.

Overall, the projects TE/RAF/06/012 & TE/10/005 have been successful in that i) they prepared the ground for the revival of the cotton industry in Côte d’Ivoire supported by the Delegation of the European Commission through the modernization of a cotton classing centre in Bouake, Côte d’Ivoire ii) Appropriate strategies for developing the cotton value chain in West and Central Africa have been formulated based on a comparative study on India, Turkey and Egypt and subsequently disseminated in the region.

Regarding the sustainability of its results, knowledge management and transfer activities were included in the preparation and implementation of the Cotton Centre project in Cote d’Ivoire. For example: (1) Modern equipment installed; (2) Training of trainers programmes organized; (3) Quality standards and procedures developed; (4) Legal and economic studies were conducted that help to ensure long-term sustainability.

In terms of trade capacity building of host countries, the main results were: (1) Price discount to cotton fibres were avoided; (2) Quality data available for continuous improvement of cotton fibres; (3) International trade capacity was enhanced.

**Summary**

**Overall Assessment:** The project’s principal objective of developing a large follow-on regional project in cotton textiles and garments did not materialise, but a useful tool in strengthening cotton and textile quality was developed in Cote d’Ivoire.

**Relevance:** The project’s purpose and method of implementation were appropriate to stakeholders’ needs in that a) it built on the experiences of a successful UNIDO precursor project in the same field; b) stakeholders were closely involved in follow-on project formulation. However, since the main project was apparently not implemented, the design may have been overambitious.
Effectiveness: The ability to develop alternative activities in cotton classification in Cote d'Ivoire to replace the larger CTG project was a positive outcome and demonstrates effective management in the face of unexpected changes.

Efficiency: The project utilised all its available resources and incurred a small cost over-run. Ownership of equipment was transferred to a government sanctioned producer organisation of Cote d'Ivoire.

Impact: The impact originally envisaged was not achieved but the training activities and the smaller follow-on project are likely to have positive outcomes for its beneficiaries.

Sustainability: The enhanced capacity for quality management in the CTG sector has substantial potential for contributing to sustainable development in the sector, which the ownership of the Cotton Centre will likely enhance.

**Scoring from case study review:** 82%.

**Major achievements**
- Modernization of a cotton classing centre in Bouake, Côte d'Ivoire;
- Appropriate strategies for developing the cotton value chain in West and Central Africa adapting best practices from other regions.

**Success Factors**
- External: Strong buy-in from Cd'I and regional governments;
- Internal: provision of equipment, training, sector and locally adapted quality systems leading to improved export capacity, active role of regional UNIDO offices.

**Weaknesses**
- Weak documentation, reliance on personal feedback from task manager.

**Recommendations**
- Need to improve project documentation through closer reporting, monitoring and recording.
2. Reconstruire Haïti grâce au commerce: Enhancing external trade as a means of income generation through support to standardization and quality promotion.

<table>
<thead>
<tr>
<th>Project code</th>
<th>TE/HAI/11/001</th>
</tr>
</thead>
<tbody>
<tr>
<td>Project country/region</td>
<td>Haiti</td>
</tr>
<tr>
<td>Start date</td>
<td>05/02/2011</td>
</tr>
<tr>
<td>Completion date</td>
<td>12/31/2011</td>
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<tr>
<td>Budget</td>
<td>37149.63</td>
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<tr>
<td>Funding source</td>
<td>Trust Fund Trade, € a/c</td>
</tr>
<tr>
<td>TCB component:</td>
<td>PA</td>
</tr>
<tr>
<td>Sector</td>
<td>Quality and compliance infrastructure</td>
</tr>
<tr>
<td>Unit</td>
<td>Compliance Infrastructure Unit</td>
</tr>
<tr>
<td>Key docs</td>
<td>SSS, project document, compliance report</td>
</tr>
<tr>
<td>Relevance to TTF</td>
<td>PA / Joint activities project with EU for QSMT institutional strengthening</td>
</tr>
</tbody>
</table>

The purpose of the project was to finalise a project document for EU funding that would lead to improved integration in regional/international exchanges and greater sustainable economic growth. The project’s objectives were to strengthen institutional capacity for commercial policy at the Ministry of Commerce and Industry (MCI); strengthen competitiveness, strengthen infrastructure/developing program of support private sector and to Secure EU funding for a major TCB project within the Ministry of Trade and Industry. Its key activities were to strengthen institutional capacities at the MCI and national competitiveness, prepare the project proposal, validate this with stakeholders and obtain EU approval for funding + national campaign on standards and quality. The primary target beneficiaries were the MCI, Ministries and semi-public organisation, private productive sector and specifically the Haitian Bureau of standards at the MCI.

The expected results were:
- Capacity at MCI strengthened and legitimized;
- Device for follow-up/implementation made;
- Strategies concerning negotiations formulated/adopted;
- Dialogue private/public strengthened;
- Haitian office of standardization operational/capable of assisting government;
- Mobilisation of EU funding for the major TCB programme.

Available Documentation and the Task manager’s report suggest that the project met its expected results, even though information for assessing project performance was not complete. In terms of its alignment with the purpose and objectives of the TTF the Project did not directly achieve a measurable increase of Haiti’s actual exports, although it did enable the country to establish some of
the essential quality and conformity assessment infrastructure. However, it can be said that the project assisted the selected productive sectors with high export potential to upgrade product and production quality, comply with applicable standards and regulations so that they could export their products successfully. Some technical analysis of barriers to export was performed and advice provided on technical solutions.

A complete logical framework was developed, with Indicators, means of verification and assumptions and appropriate output and outcome indicators within realistic timeframes.

The project built on and benefited from an earlier UNIDO activity, as it was a follow on project to a €400,000 UNIDO project, which also meshes with EU support to AfT for Haiti. National stakeholders, including members of the private sector, were closely involved in project identification and formulation; joint workshops were held by EU and UNIDO in which the Private Sector took part and voiced their needs for a Bureau of Standards. Also, gender mainstreaming was explicitly considered in the project design. According to the task manager, the projects were fully aligned with Government priorities and with agreed goals for international cooperation in the countries and synergies in relation to other UNIDO activities in the country were fully exploited.

In terms of its effectiveness, the project led to another main TCB project since the EU project was approved and is currently being implemented with UNIDO providing specialist technical and economic analysis and advice.

The PA/Joint project conducted effective joint activities with international technical organizations through joint programming with sister agencies of UN CEB Trade Productive Capacity Cluster. The major contributing factor to the effectiveness of the project was the availability of money and flexibility of the facility. In terms of its impact and sustainability, the project helped bring about the EU funded project to the tune of EUR 1 million (ex. Setting up of a National Quality Policy which anticipates major policy change and long term development) which can be expected to facilitate long term developmental changes in the areas of trade, economic, environmental, social and policy change). Knowledge management and transfer have been effected through the project coordination unit that is fully embedded in the leading Ministry (MCI), with a full time technical advisor.

In terms of long-term improvements to trade capacity, the successor EU project has just started, but given its size and the support it provides for competitiveness, it contributes to the UNIDO project’s Initial objectives and expected outcomes with regard to trade negotiations and other complementary aspect of TCB.
Summary
Overall Assessment: The project conducted the necessary diagnostics, needs assessments and stakeholder consultations that enabled the design of a relevant TCB project housed at the Ministry of Trade and involving the private sector; this project was fully funded by the EU and UNIDO has a role in the implementation.

Relevance: High
Effectiveness: High
Efficiency: No significant deviation from planning and budget
Impact: Good
Sustainability: Good

Scoring from case study review: 82%

Major achievements
- The project led to another EU-funded main TCB project.

Success Factors
- External: n/a
- Internal: the availability of money and flexibility of the facility; a coordination unit fully embedded in the leading Ministry (MCI), with a full time technical advisor.

Weaknesses
- Sustainability only possible through another donor’s actions, which lie outside UNIDO’s manageable interest;
- Incomplete information for assessing project performance.

Recommendations
- Foresee on-going involvement by UNIDO in the implementation of the main project.

<table>
<thead>
<tr>
<th>Project code</th>
<th>TF/TIM/11/001</th>
</tr>
</thead>
<tbody>
<tr>
<td>Project country/region</td>
<td>East Timor</td>
</tr>
<tr>
<td>Start date</td>
<td>01/12/2011</td>
</tr>
<tr>
<td>Completion date</td>
<td>06/30/2011</td>
</tr>
<tr>
<td>Budget</td>
<td>39,980.51</td>
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<tr>
<td>Funding source</td>
<td>Trust Fund Trade, € a/c</td>
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<tr>
<td>TCB component:</td>
<td>PA</td>
</tr>
<tr>
<td>Sector</td>
<td>Quality and compliance infrastructure</td>
</tr>
<tr>
<td>Unit</td>
<td>Quality, Standards and Conformity Unit</td>
</tr>
<tr>
<td>Key docs</td>
<td>ProDoc, Self Eval Report</td>
</tr>
<tr>
<td>Relevance to TTF Evaluation</td>
<td>Highly focused PA, with elements of RA and VC development</td>
</tr>
</tbody>
</table>

The purpose of the project / program was to strengthen the operational capacity of seafood cooperatives and their ability to comply with food safety and quality standards. Its objectives were to: map the seafood market chain; Strengthening and capacity building cooperatives value chain; Prioritising assistance re hygienic design of facilities and equipment and the use of cleaner, environmentally friendly technologies; Development of a seafood safety programme. Its key activities were to provide women's fish processing cooperatives with technical advice and capacity building regarding hygiene, equipment procurement, operational procedures and post harvest best practices; train fishermen in food safety; map 15 fishermen's cooperatives' value chains and prepare an up-scaling project; provide technical advice to COFETIL by FMF and FMA best layout/hygienic design; Fisherman/landing sites training to improve handling storage fish; Working group assesses response and involvement capacity for project. The primary target beneficiaries were fishers' cooperatives Liquica and Atauro Island and COFETIL.

The projects expected results and outputs were that COFETIL processing plant became operational; that Fish supplier capacity was strengthened, the Seafood market chain was mapped and an up-scaling project was drafted. According to the project completion report it fully met its expected results, which seems likely since Project documentation is complete, relevant and apparently reliable. They also indicate that the expected results were fully in line with the purpose and objectives of the TTF. However, it was not possible to establish from our enquiries to what extent the project achieved its purpose of considerably increasing actual exports of the target country or enabled it to rapidly establish the essential quality and conformity assessment infrastructure. There are some indications that selected productive sectors with high export potential were able to upgrade product and production quality and comply with applicable standards.
and regulations, which is a basic export requirement. This is likely to have been due to the provision of technical analysis and solutions to specific quality issues.

The project has a complete logical framework with appropriate output and outcome indicators within realistic timeframes. According to the Task Manager, the project design built on TCB lessons learnt from previous interventions and all stakeholders were fully involved, in particular women direct beneficiaries. The Project was anchored on government priorities. Since South-South cooperation is a pillar of this project, it was able to exploit synergies in relation to other UNIDO activities.

In terms of its effectiveness in developing new TCB projects a new project in the same field is currently under discussion with NORAD. The involvement of the India-based South-South Centre (UCSSIC) is evidence of effective joint activities with international technical organizations. A major factor that contributed to the effectiveness of the project was the strong counterpart commitment. In terms of its impact and sustainability, Timor - Leste’s long-term development was fostered through improved fish exports and a stronger quality culture. Effective knowledge management and transfer were ensured by the use of neighbouring country experts with local language capability. The project is deemed by its Task Manager to have led to sustainable results in terms of trade capacity through heightened interest in more South-South cooperation projects, which proved successful in trade capacity building.

Summary

Overall Assessment: The project developed a proposal for a larger follow-on project that would replicate the results achieved, hence it is a PA project, but it also addressed key trade constraints and as such is in effect a hybrid of Rapid Analysis and TA.

Relevance: High: The project responded to stakeholder training and equipment needs and contributed positive solutions to trade constraints.

Effectiveness: High: The project seems to have hit its targets in all three areas.

Efficiency: No significant deviations from planning and budget.

Impact: High

Scoring from Case study review: 98%

Major achievements

• Improved fish exports and a stronger quality culture;
• Likelihood of 2nd phase support.

Success Factors

• External: Conducive policy environment aligned with project design;
• South-South Cooperation;
- Internal: Strong design drawing on UNIDO TCB experience and close stakeholder involvement and local skills mobilization.

**Weaknesses**

- Insufficient monitoring of impacts on exports.

**Recommendations**

- Quantify impact on exports; disseminate the project’s methods to enhance replication.

4. Preparatory assistance to develop the programme "trade capacity building programme for Andean countries".

<table>
<thead>
<tr>
<th>Project code</th>
<th>TE/RLA/05/005</th>
</tr>
</thead>
<tbody>
<tr>
<td>Project country/region</td>
<td>Latin America Region</td>
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<tr>
<td>Start date</td>
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<td>Budget</td>
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<td>Funding source</td>
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<td>TCB component:</td>
<td>PA</td>
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<tr>
<td>Sector</td>
<td>Quality and compliance infrastructure</td>
</tr>
<tr>
<td>Unit</td>
<td>Compliance Infrastructure Unit</td>
</tr>
<tr>
<td>Key docs</td>
<td>Telephone interview with TM</td>
</tr>
<tr>
<td>Relevance to TTF Evaluation</td>
<td>Regional project to strengthen institutional capacity in QI</td>
</tr>
</tbody>
</table>

The purpose of the project was to support the Andean Community in designing a quality compliance infrastructure program for follow-up funding from the EU. The project objective was to obtain the funding from the EU for a joint program through initial support to seminars and training on QI. The primary target beneficiaries were Andean Community officers. The project’s expected results were to obtain the joint funding (UNIDO-EU-CAN) and for joint implementation to commence but the project did not meet its expected results.

Available project documentation and information is very incomplete, hence it is insufficient for a thorough evaluation. It also lacks a logical framework. There was no reference to gender mainstreaming in the available documentation.

The expected results were relatively well aligned with the purpose of the TTF of increasing actual exports from the CAN region and more closely aligned with the objectives of i) rapidly establishing the essential quality and conformity assessment infrastructure, ii) assisting selected productive sectors with high export potential to upgrade product and production quality and comply with applicable standards and regulations so that they can export their products successfully and iii) provide technical analysis in cases where export products
encounter technical barriers, and provide advice on technical solutions to the problem.

During project identification UNIDO staff drew on institutional experience and involved national stakeholders, mainly public sector, in the required sector diagnostics, although their involvement in the detailed formulation was less extensive. The project was closely aligned with Government priorities and agreed goals for international cooperation in the Andean countries. The project led to another main TCB project that was funded directly by the European Commission, although with minimal consultation with UNIDO. In terms of its original premise, that the UNIDO design would be executed by UNIDO and the local stakeholders with EU support, the project did not meet its objectives. However, the EU funded a similar project with the same stakeholders but without UNIDO involvement and this represents an effective contribution to sustainability. Another long term developmental change that might have occurred is related to knowledge management and transfer as a result of the several seminars and training events took place.

Summary
Overall Assessment: Project was beset by coordination problems with local institutional stakeholders and the prospective funding agency for a follow-on project (the EU), which went ahead without UNIDO involvement, utilising UNIDO ground work to intervene in the field identified by UNIDO. Hence the project was a partial success, although the method of implementation adopted by the EU (more hands-off than provided for by the UNIDO design) led to low performance.

Relevance: Initially good, but weaker in implementation due to deviations from the original design.

Effectiveness: Weak
Efficiency: Weak
Impact: Fair
Sustainability: Fair

Scoring from Case study review: 56%

Major achievements
- No direct results, but follow-on project took place independently of UNIDO and this project.

Success Factors
- External: n/a
- Internal: n/a

Weaknesses
- Lack of coordination / communication between UNIDO, EU and beneficiary.
**Recommendations**

- Funding should be contingent on formal commitment of all stakeholders and an early exit clause included in the agreements in case of loss of support.


<table>
<thead>
<tr>
<th>Project code</th>
<th>TE/GLO/06/001 and TE/GLO/09/001 and TE/GLO/11/016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Project country/region</td>
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<tr>
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<tr>
<td>Sector</td>
<td>Quality and compliance infrastructure</td>
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<td>Unit</td>
<td>Quality, Standards and Conformity Unit</td>
</tr>
<tr>
<td>Key docs</td>
<td>SSS</td>
</tr>
<tr>
<td>Relevance to TTF</td>
<td>Joint Activities</td>
</tr>
</tbody>
</table>

The purpose of the project was to increase visibility and transparency on the provision of trade related technical assistance (TRTA)/Trade Capacity Building from multi-lateral and bi-lateral development partners. The initial guide was the result of a consultative process with all major UN agencies that provide trade-related technical assistance. While initially the objective was to map donors’ TRTA services, subsequent editions, included an additional focus on OECD countries were established in close cooperation with OECD DAC.

The initial version was developed in 2008 (published in 2009) and covered 24 multi-lateral agencies; this was expanded in 2010 to 30 multi-lateral agencies and 24 OECD DAC members, with a strong Aid for Trade focus. The present version (2013) covered 31 multi-lateral agencies and 36 OECD countries (DAC and non DAC), as well as a number of G20 countries; there was an additional category on south-south cooperation. The 2013 edition contains a web based, searchable tool. The publication received over 100,000 hits in a few weeks after web publishing.

In terms of effectiveness, a positive indicator is the increase in the number of agencies and services between 2008 and 2013. The 2013 edition is the most complete in terms of main multi-lateral and bi-lateral development partners. There has been strong and increasing interest among all participating agencies to see their services portrayed. The success of earlier editions - very positive feedback from target audiences, request for reprints initial 1,000 then 2,000 - led to subsequent editions. This is a demand-led intervention.
In terms of impact, it has enabled trade-related technical assistance to become better-coordinated and more transparent to developing countries on the available sources of TRTA, for agencies to know more about the offers of other providers and to identify gaps through review of the analytical summaries contained in the Resource Guide (RG). This has been enhanced through the transparency of the intervention which is reinforced by wide distribution to developing countries, donor countries, and through UNIDO field offices, etc. at key policy, strategic event such as UNIDO governance bodies meetings, OECD meetings, WTO Aid for Trade Global reviews, etc..

Available project documentation and information consists mainly of the Resource Guide itself. There is no specific reference to gender mainstreaming in the Guide. It is evident that the expected results were fully aligned with the TTF purpose under the Joint activities with international organisations.

**Summary**

**Overall Assessment:** The project has grown in size and influence over the years, and is a valuable contribution to understanding of TRTA by both donors and users.

**Relevance:** Having been initially designed by donors and users it is closely aligned with the needs of both parties; data contributions to populate guide also come from both sources.

**Effectiveness:** Demand for the Guide has grown exponentially since the 2009 print version

**Efficiency:** The total cost to the TTF of the 3 editions is over half a million dollars; however, the funds appear to have been adequately managed and no cost over-runs or under spending have occurred

**Impact:** N/a.

**Sustainability:** N/a.

**Scoring from case study review:** 81%

**Major achievements** Clearly positioned UNIDO as a key portal to TRTA support programs and trends.

**Success Factors**
- External Strong demand for such a product from stakeholders.
- Internal Flexibility and continuity of funding.

**Weaknesses**
- Inability measure impact on trade. Data on TRTA lacks a gender dimension.
Recommendations

- Add a section on relevant evaluations of effectiveness, impact and sustainability of TRTA interventions, even if only bibliographical.
- Address the gender dimension, even if superficially where data is poor.
- Institutionalise the RG using programmable funds, as this deserves to be a regular (e.g. biennial) activity.

3.5. Summary of the project review findings

The key findings of the review of 71 TTF-related projects are set out below.

3.5.1. Overview of the Trade Trust Fund project portfolio

- Approximately $17m have been allocated to TF-related projects from different sources: 25% from the Trade Trust Fund itself, 9% from its regular budget made mainly of an 8% contribution from UNIDO’s Regular Programme of Technical Cooperation (RPTC) and 1% from its regular budget, a massive 42% from the European Commission, 1% from developing countries such as the Syrian Arabic Republic, India and Thailand and a significant 23% from other donors such as Italy, Finland, Norway and Korea.
- Over half the total funds were allocated to the quality, standards and conformity unit, 14% to clusters and business linkages, 12% to quality compliance infrastructure and 10% to agro industries. The office of the Director / TCB was next in importance with 7% of the total allocations, while 3% went to competitiveness, upgrading and partnerships and 1% to investment and technology.
- Projects funded exclusively through the TTF originated predominantly from the Quality, Standards and Conformity Unit (44%), Compliance Infrastructure Unit (22%), office of the Director / TCB 15% and Competitiveness, Upgrading and Partnership Unit (11%).
- “Non-TCB branches” hence make up 18% of the total as against only 5% of overall TCB funding, suggesting that the TTF plays a role in breaking up the “silos” in UNIDO by facilitating other branches’ contributions.
- Donor contributions to the trust fund originate from Austria, Finland, Italy, Spain, Sweden and the UK and total $3.5 M. They are concentrated in the periods 2002/2003 to 2007 and again in 2009/2011. Data is lacking on the precise year of each contribution.
- The TTF has funded a very broad range of projects with an explicit link to trade, and allocations appear not be influenced by donors, despite their entitlement to specify regions or purposes for their funds. The regional distribution of TTF projects occurs as a result of stakeholder demand, as UNIDO staff interacts at a global, national or regional level with stakeholders and new activities are identified.
- The region with most activity is Sub-Saharan Africa, with national level projects accounting for 33% of the total and regional projects for a further
9%, i.e. 42% in all. The eight countries of Central America account for 11%, slightly more than SE Asia with 10%. The remaining 10 regions in the table share just under one third of the total number of projects over the period.

- There was a fairly regular pattern of 5-10 project commencements each year between 2006 and 2010, followed by a surge in 2011 that after a spike in funding the previous year.
- An analysis of the distribution of projects by TTF objective shows that preparatory assistance (PA) absorbs the majority of projects (50 out of 71) and 48% of funding, Joint activities with international agencies taking 38% of funding, and rapid analysis (RA), only 12% of project funds.
- In terms of intended outputs from the projects, project documents are the most significant, focusing on preparing larger technical assistance or capacity building interventions. Next in overall importance is training and training tools, both of which occur most commonly (but not exclusively) under preparatory assistance and often in conjunction with metrology equipment.

### 3.5.2. Project review findings

**The key findings of the project review are as follows:**

- Of the 24 projects considered, 15 were directly funded from the TTF, 4 from RPTC funds, 2 by developing countries as part of south-south cooperation initiatives and 3 more are funded by developed country donors (EU, Korea).
- The review involved scoring projects against the evaluation criteria, as well as summarising and commenting on the objectives and activities. The sample projects scored 68% out of a potential 100%, indicating an acceptable degree of fulfilment of project objectives. Project design scored 66% against the design criteria, effectiveness 79% and impact and sustainability 62%, giving a total average score of 68%.
- The highest scores are achieved by Preparatory Assessment Projects (77%), followed by Rapid Assessment (68%) and finally by Joint Activities (49%), the latter low score being mainly due to singular weakness in the availability of project documentation.
- The highest marks were obtained for the following concepts:
  - National stakeholders, including private sector, were involved in project identification and formulation;
  - Expected results being in line with the purpose and objectives of the TTF;
  - Extent to which long term developmental changes (trade, economic, environmental, social, policy change) have occurred or are likely to occur as a result of the projects’ formulation;
  - The extent to which the project built on or referred to lessons from earlier UNIDO or other donor projects;
  - The project led to other main TCB interventions.
- The weakest points were:
  - A general lack of gender mainstreaming;
  - Neglecting to exploit synergies in relation to other UNIDO activities;
The lack of systematic logical frameworks with indicators means of verification and assumptions.

- The projects with the highest scores (Haiti, Thailand and East Timor) all led to other major programs funded by other donors. Several of the projects with the lowest overall scores were international or inter-regional in nature.

### 3.5.3. Case studies: performance and results

In the third stage of the Review, five TF-funded projects were subjected to more detailed analysis, which produced the following findings:

#### Overall Assessment

Of the four preparatory assistance projects reviewed, one led directly to a major EU-funded project that incorporated UNIDO designs and involved UNIDO in its implementation. Another PA project contributed to an EU decision to support a related project while a third PA project provided TA and training in QSMT and has led to a NORAD follow-on project. A fourth PA project did not achieve full funding for a planned follow-on project but succeeded in creating a component of the planned intervention from TTF funds. The single Joint Activity project reviewed was highly successful in disseminating information on TRTA among donors and beneficiaries.

#### Relevance

All five projects were closely aligned with stakeholder needs, although two deviated from the original design due to unforeseen elements of the regional context.

#### Effectiveness

Three of the four PA projects achieved their targets, while the Joint Activities appears to have exceeded expectations.

#### Efficiency

Detailed information of efficiency is lacking, but the available indicators (disbursements and timeliness) are all positive.

#### Impact

Two of the PA projects achieved their intended outcome, while two others only partially met their original objectives.

#### Sustainability

Three of the PA projects produced significant lasting benefits, which took the form of increased capacity and skills, or long-term follow-on projects. The other PA project conducted some training and indirectly led to a long-term project. The sustainability of the Joint Activity project cannot be determined at this stage.
Scoring from Case study review: 80%

Major achievements
PA led to major follow-on projects and helped build capacity in trade-related areas. Joint activities led to greater understanding of TRTA and positioned UNIDO as a key portal to TRTA support programs and trends.

Success Factors
External success factors are related to buy-in or strong demand from beneficiaries and stakeholders for TTF-funded activities. Internal factors include provision of equipment, training, sector and locally adapted quality systems the availability of money and flexibility of the facility; a coordination unit fully embedded in the leading Ministry (MCI). A full time technical advisor led to improved export capacity. Further factors being the active role of regional UNIDO offices, strong design drawing on UNIDO TCB experience and close stakeholder involvement and local skills mobilization as well as flexibility and continuity of funding.

Weaknesses
- Incomplete information for assessing project performance;
- Insufficient monitoring of impacts on exports, uneven attention to gender issues; Sustainability only possible through another donor’s actions, which lie outside UNIDO’s manageable interest.

Recommendations
- Need to improve project documentation through closer reporting, monitoring and recording;
- Need to foresee on-going involvement by UNIDO in the implementation of follow-on projects to ensure alignment with original design / stakeholder priorities;
- Quantify impact of projects on exports;
- Disseminate lessons learned and good practice;
- Institutionalise the Resource Guide using UNIDO’s own programmable funds, as this deserves to be a regular activity.

3.6. Overall Conclusions

The project portfolio is very broad and covers almost all aspects of TRTA, both thematically and in terms of the type of assistance provided. In the large portfolio review sample (>30%) documentation was weak in over half of the cases. The results from these projects were also hard to ascertain, and likely below expectations.

The TTF mechanism has funded some excellent projects with strong management, adequate reporting and sustainable improvements in trade capacity that can translate into poverty reduction, local conditions permitting. It
has also produced several projects that have been satisfactory in many respects with only minor deviations from best practice.

A common feature of the portfolio is the wide variation in the quality of reporting. However, where reporting is good, results are also good, and vice versa. For instance, a project with the Andean community that failed to achieve its explicit purpose lacked almost all documentation (even though at a later stage some of its activities were taken up by others). The project that scored almost full points possessed a complete paper trail.

It would appear that the TTF mechanism in itself does not ensure proper management, and that its effectiveness would improve, perhaps significantly so, if appropriate project management guidelines were incorporated into the project approval and monitoring systems and systematically applied across all its interventions.

Nonetheless, it is clear that the TTF has contributed significantly to its first objective – to assist DCs in preparing interventions that promote TCB. Given the limited availability of UNIDO’s own funds for project preparation, the TTF has increased UNIDO’s capacities to respond to the growing needs of member states in this field. Its contributions to the second objective - the technical and economic analysis and advice facility – are more limited, although elements of such work run through many of its preparatory assistance projects. TTF has also made significant contributions to the third objective - Joint activities with international specialist organizations in the standards, accreditation and metrology areas.

There is limited evidence that UNIDO used the TTF to strategically develop the organisation’s TCB portfolio (e.g. through a selection of priority countries or topics for utilizing the TTF funds).

3.7. Trust Fund management

3.7.1. Trust Funds as an Aid Delivery Mechanism

Trust funds are a widely utilised mechanism of the global aid architecture, most significantly by the World Bank and the UN – leveraging off the infrastructure of these institutions – to fill perceived funding, systems and capacity gaps. Trust funds currently account for 11% of ODA and have proved increasingly popular as public constituencies seek increased financial accountability, and improved aid coordination. They range from huge global initiatives to more localised development programs and projects and technical assistance.

For instance, the World Bank uses internal TFs to support operational work and help deliver support for the expansion of the World Bank’s trade program (announced in November 2007 at the Aid for Trade Global Review), its Regional Departments to help mainstream trade into country strategies and as a vehicle to
deliver increased for aid for trade. In addition the Bank contributes to several Multi-donor trust funds (MDTFs) which include: the Multi-donor Trust Fund for Trade and Development (MDTF-TD), the Trade Facilitation Facility (TFF), the Enhanced Integrated Framework Trust Fund (EIF), the Bank Netherlands Partnership Program (BNPP), the Global Trade and Financial Architecture (GFTA), and various DFID Trust Funds.\textsuperscript{21}

In its 2010 review of Trust Fund mechanisms within the UN system\textsuperscript{22} a World Bank study finds an increasing use of Trust Funds as a funding mechanism: “There has been an overall increase in funding for trust funds within the United Nations system over the past three biennium’s. The high number of trust funds using different mechanisms and funding modalities has led to fragmentation of the funding architecture.”

The report concludes that the United Nations system organizations should:

- Strengthen the integrated management of the regular and extra budgetary resources;
- Enhance their efforts to invite donors to increase the portion and volume of resources to thematic trust funds and other types of pooled funds.

In this way ensure these extra-budgetary resources can be more closely aligned with the strategic and programmatic priorities of the organizations, and trust fund management can be rendered more efficient.

In 2011 the Bank published an evaluation of Trust Funds as a development aid funding mechanism, many findings of which are relevant to UNIDO and its TTF. The Figure below highlights the most pertinent observations of the study from a TTF perspective.

\textsuperscript{22}Policies and procedures for the administration of trust funds in the United Nations System Organizations, JIU/REP/2010/7
Within UNIDO roughly 50% of the organizations overall resources (regular budget and external funding) are channelled through trust funds as every donor-funded project is based on a trust fund agreement that refers to the project document as the object of the agreement. Unlike the TCB-TF, the majority of these TF's are not multi-donor and hence operate in much closer coordination with a) the donor and b) the beneficiaries and stakeholders whose purposes they were set up to serve.

Multi donor Trust Funds (MDTFs) such as the TCB TF are a special modality for channelling donor contributions through a pooled mechanism for thematic or country-specific programmes of strategic importance. The objective of MDTFs is to provide more flexible, predictable and coordinated funding to support development activities, the implementation of the Millennium Development Goals (MDGs), as well as harmonized activities of United Nations organizations in
humanitarian and post-conflict or transition situations. This modality is also expected to facilitate programmatic coordination, and reduce the administrative and transaction costs of trust fund management. Such MDTFs often have steering committees in which beneficiary countries actively participate but this does not apply in the case of UNIDO due to the small size of the trust funds and its internal nature.

An interesting case of an MDTF is the Enhanced Integrated Framework (EIF), which has contributions from 23 bilateral and multilateral donors. Total funding currently available stands at approximately US$100 million with total pledges of US$182 million to be disbursed over a five-year period. The United Nations Office for Project Services (UNOPS) acts as the EIF Trust Fund Manager in support of the programme and pro-actively manages the activities it funds, in conjunction with the EIF Secretariat. The Trust Fund Manager has signed Contribution Arrangements with all donors to the Trust Fund and has concluded Partnership Agreements with: ITC, UNCTAD, UNIDO and UNDP, exchanged letters with WTO and is in the process of finalising arrangements with the World Bank. Insofar as the EIF-TF implements some of its interventions through other agencies and actors (some of which are also its donors) the EIF is less of an internal TF than UNIDO’s TTF. It is also a much larger funding pool that requires a more sophisticated administration. Nonetheless, the EIF Trust Fund has some features that are relevant to the TTF and which may prove useful as models for UNIDO’s own trade capacity building Trust Fund:

- Established protocols with donors;
- Donor pledges at fund-raising events;
- Dedicated management team and procedures manual;
- Regional offices.

Other relevant examples are The Nordic trust fund of the World Bank and the African Development Bank’s Aid for Trade Trust Fund. The latter is more similar to the TTF as it is an internal mechanism of the AfDB aiming at “to enhance the Bank Group’s capacity to strengthen African countries’ and private sector’s ability to integrate into the regional and global trading systems”. The estimated budget for the period 2011 to 2015 is USD 20 million. It was set up in 2010, has a governance and administrative structure that could also prove of interest to the TTF. It is composed of a coordinator, a technical review committee, and an oversight committee.

23 http://www.enhancedif.org/en/about/trust-fund
• Coordinator: The Aid for Trade trust fund has a dedicated coordinator.
• Technical Review Committee (TRC): The Bank’s other sector organization units and country offices ensure expert review of cooperation proposals and monitoring of implementation.
• Oversight committee (OC): composed of representatives of the Bank and contributors to the Aft Trust fund.
• Proposals for funding are reviewed by the different governance structures in accordance with the thresholds of the Bank. The Bank reports to participating donors on a regular basis in line with existing procedures and holds annual donor meetings to review progress and performance.

3.7.2. Structural and Operational Aspects of the TTF

Within the given limitations of the structural assessment of the TTF (see chapter 1.3) and based on the research conducted during the project reviews and all interviews at UNIDO it is possible to provide initial responses to the questions provided in the evaluation terms of reference regarding the internal organisation and relevance of the TTF and its effectiveness as experienced in the course of its implementation.

Do the framework conditions at the time of the TTF establishment, at a global level, within UNIDO (policies, strategies, programs) still apply, and if not, does the current structure constrain its effectiveness under current conditions?

• While the TTF was established under the Doha agenda and at a period when great faith was still placed on systemic multilateral trade issues, mainly regarding market access and freedom of trade, the composition of UNIDO TCB-TF projects is predominantly sector and country specific and therefore tends to deal with concrete constraints to trade. This corresponds well with internationally identified needs and priorities of DCs in the global trade context.
• Since the establishment of the TTF several other internal multi-donor trust funds have been set up in UNIDO. The absence of a common approach to the management and use of these trust funds represent a constraint to their effective and efficient use.

Are the organization of the TTF services to UNIDO programme managers/countries and the associated eligibility and accessibility criteria appropriate to their needs?

• There are two possible approaches to the use and management of thematic, internal multi-donor trust funds. First, the TF can be seen as a thematically focused addition to the pool of programmable funds in UNIDO. In this context the TF is managed together with the other programmable funds and no applications are made directly to the TF. This can be interpreted as a passive form of TF management as project managers are not invited or encouraged
to apply for funds of the TF. Second, the TF can be seen as separate instrument with dedicated management. This form of TF management allows for a more proactive use of TF funds, targeting the use of funds according to the specific priorities within the thematic area and stimulating competition among potential applicants. However, it also increases the transaction cost and might lessen the “breaking the silos” effect of the TF. So far the TF has been managed as described in the first, “passive” approach.

- In the course of the evaluation some HQ managers voiced their dissatisfaction with the limited access to the TTF funds due to a lack of transparency in the eligibility and accessibility criteria for projects to benefit from allocation of TCB-TF resources. Hence, the application of the first, “passive” approach has been questioned. When this issue was raised with Fund managers, the project approval cycle, from identification through to funding allocation, was cited as a participative, appropriate and entirely objective process. Indeed, the TTF is officially managed by the AMC, which is an inter branch administrative committee, and hence able in principle to consider the views of all Units. However, the lack of a thematic (technical) sub-committee or referral process may have led to the more financial management approach that exists at present. There appears to be room for a more “proactive” process being incorporated into the funds allocation system. At all events, there is a diversity of views on the subject of funds allocation that indicates a need for greater visibility and dissemination of eligibility and accessibility criteria and a review of the TTF resource allocation procedures.

- A problem that is linked to the application of the “passive” TF management approach is reporting. While the users of the TF funds are different technical units and project managers, the responsibility for reporting to donors has so far been vested in the Funds Mobilisation Unit. Given the limited human resources of that unit and taking into account that it does not have technical capacities, the reporting back to donors on results of TF utilization has been insufficient in terms of frequency, content and results orientation.

What changes have there been in the systems and procedures at inception and as are currently applied?

- There appear to have been no major changes in the operational procedures of the Fund since its establishment almost 12 years ago. There are no guidelines for the management and use of multi-donor trust funds in UNIDO. This is considered an oversight that needs addressing in order to improve the standard of reporting and monitoring.

**The Fund's overall utility and effectiveness**

- Judging by its results to date, as observed from the portfolio review and case studies, the utility of the Fund to UNIDO managers has been high. Its effectiveness for beneficiaries has been more varied and is also poorly
reported, partly due to the small size of the funds allocated per project and the focus on developing large follow-on projects through preparatory assistance. Due to the predominance of PA projects, effectiveness is largely measured in terms of the ability to secure funding of follow-on projects. Impact and sustainability are therefore hard to establish. In the case of RA projects, the evidence is insufficient to reach valid conclusions, while in Joint Activities only the Resource Guide manager has produced feedback on its activities, and in that single case effectiveness has been good.

- Given the success of the TTF in mobilising project funds there continues to be considerable interest among managers in using the TTF to develop their programs, and also to improve its efficiency and effectiveness where possible. In the absence of the TTF, existing funds mobilisation systems would have been less effective in securing the required funding, which would have reduced UNIDO’s overall TCB output. To further exploit this good potential of the TTF, a future role for a more transparent and more proactively managed TTF is desirable.

3.7.3. The Need for Further Research

Given the difficulties encountered in collecting the required data for a complete review of the TCB-TF instrument, it behoves UNIDO to conduct a dedicated assessment of the instrument as a separate exercise, ideally comparing the results of this review with results in the application of other UNIDO multi-donor trust funds. Key questions that should be answered in this review include:

- Were all relevant stakeholders, including all affected UNIDO organisational units, involved in the design of the TF?
- Were lessons from other trust funds been taken into consideration during the formulation or its subsequent modifications?
- Are the TF TOR clearly formulated, including criteria for eligibility?
- Are the objectives of the TF aligned to UNIDO’s mandate and programmatic objectives?
- Is the TF relevant to donors and their priorities?
- Were there clarity, awareness and understanding of eligibility and selection criteria in UNIDO?
- Is the trust fund modality, in principle, a relevant tool to achieve the objectives set out in the TF TOR? How does it compare to other UNIDO modalities and what are the strengths and weaknesses?
- Is the TF guided by a general UNIDO strategy for the use of trust funds?
- Have the available funds been utilized within a reasonable timeframe?
- Was the TF implemented according to the TF TOR?
- Were the management and coordination of the TF efficient?
4. Conclusions

4.1. Assessment of the TTF against the DAC evaluation criteria

Relevance
- The changes in the AfT environment have not affected the relevance of the TTF as a means to mobilize resources to assist DCs in upgrading their trade capacities.
- The ownership of the TTF was rather low, both from donor and from UNIDO side. This was related to the passive form of TF management.
- The three lines of activity set out in the TOR are relevant in principle.
- While the TTF as an UNIDO internal instrument is relevant to promote certain structural goals (e.g. inter-branch cooperation and synergies), it has not established such goals.
- The preparatory assistance line is very relevant to UNIDO, donors and to DCs as they have limited capacity in project formulation. However, as not all UNIDO TCB donors can participate in the TTF (in particular the EU), there is an apparent effect of cross-subsidizing the preparatory assistance for projects not funded by the TTF donors.
- Rapid Advice is also highly relevant in the current AfT context. The fact that it has not been used frequently seems to be related to the passive TF management approach.
- The relevance of TTF funded projects was generally high.
- The TTF is relevant to mobilizing branches other than TCB to provide services to produce TCB results.

Effectiveness
- 1st objective (assist DCs in preparing interventions that promote TCB) many projects, significant contribution. TTF has complemented UNIDO’s own funds for project preparation and increased its capacity to respond to the growing needs of members states.
- 2nd objective: provide technical and economic analysis and advice facility – very few projects. This area (rapid advice) could be further strengthened in the future.
- 3rd Objective: joint activities with international organisations to develop DC-focused SMTQ – few projects.
- The TTF, through its projects, has contributed to a broader UNIDO TCB portfolio and to the international presence and visibility of UNIDO, both in SMTQ infrastructure development and supply-side trade strengthening.
- The TOR and the management of the TTF have not been sufficiently results oriented. Objectives are not clearly defined and the main guidance
is at the activity/output level. This is illustrated by the question whether a PA is considered a positive result even if no UNIDO project follows.

Efficiency & management
- The passive way in which the TTF has been managed has contributed to its relatively small size and stagnation in contributions from donors.
- The passive form of TTF management did not fully exploit the potential to mobilize innovation and inter-branch cooperation.
- However, the passive form of TTF management kept the cost of management very low.
- Once approved, projects were implemented without significant delays.

Impact and sustainability
- The TTF funded interventions have made contributions to possible future TCB impact, in particular through skills development and improved knowledge and capacity for coordination of TCB activities. However, this review could not ascertain the scope and scale of that impact as no fully fledged project evaluations were carried out.
- Projects have shown a good degree of sustainability in cases where follow-up funding materialised.
- The TTF as a mechanism has not demonstrated its inherent sustainability through promotion of ownership by donors or UNIDO operational Units.

4.2. Overall Conclusions

A) The performance of the interventions funded by the TTF:
1. In the current Aid for Trade (AfT) context UNIDO’s approach to TCB and its technical capabilities are found to be in harmony with current best practice, as it seeks to contribute directly to the perceived need of developing countries to build more competitive, compliant and better connected value chains.
2. Within the AfT global context, UNIDO’s main strengths are:
   - Its emphasis on custom-made responses to specific TCB issues, avoidance of firm-level interventions that lack sustainability; and replicability
   - and its preference for innovative pilot projects that are likely to lead to larger interventions involving other donors.
3. Some areas for improvement have been identified through a review of UNIDO TCB literature:
   - Quality Systems as promoted by UNIDO focus mainly on formal sector and export markets and neglect the numerically far superior informal sector / regional and domestic markets.
   - The quality systems promoted by UNIDO are not seen as commercial services but rather as public goods, and therefore normal market
analysis does not play a major role in their design, which can lead to the creation of redundant capacity.

- The contribution of such efforts to poverty reduction is not clear, since causality is hard to establish.

4. The most productive line of work in TCB and Aid for Trade lies in highly targeted interventions that utilise UNIDO expertise and location-specific resources and tackle key sector constraints, applying the 3Cs approach to developing more sustainable and competitive trade-oriented value chains in developing countries.

5. The Trade Trust Fund has proved useful in pursuing this objective, although its organization and operational systems were not made sufficiently explicit at its founding in 2002, when the Multilateral Trade Agenda still had high hopes of a breakthrough within the Doha round.

6. The portfolio review of 20 TTF projects (30% of all TTF projects) found that project documentation was weak in over half the cases. Project results were hard to ascertain.

7. In scoring the performance of the sample, the highest marks were obtained for: involvement of national stakeholders, including private sector, in project identification and formulation; alignment of expected results with the purpose and objectives of the TTF; long term developmental changes occurring as a result of the projects' formulation; the extent to which projects built on lessons from earlier UNIDO or other donor projects.

8. Projects reviewed were weakest in terms of gender mainstreaming, neglect of synergies in relation to other UNIDO activities and a lack of systematic logical frameworks with indicators means of verification and assumptions.

9. Case studies of five projects endorsed the findings of the portfolio review and conclude that the TTF has funded many good projects with adequate management and reporting and sustainable improvements in trade capacity that can translate into poverty reduction on a basis of gender equity.

B) The performance of the TTF as a funding mechanism:

1. The multi-donor trust fund mechanism can play a role in breaking up the "silos" in UNIDO by facilitating other branches’ contributions to a certain thematic area.

2. Since the establishment of the TTF several other internal multi-donor trust funds have been set up in UNIDO. The absence of a common approach to the management and use of these trust funds represent a constraint to their effective and efficient use.

3. The TTF is an example of UNIDO using a thematic MDTF to help overcome the fragmented project-by-project funding structure of UNIDO TC. Hence it is highly relevant as a means of achieving more strategic use of a) seed funding and b) GF. However, the potential of the TTF has not been fully exploited.
4. There is a perception at UNIDO HQ managers that the eligibility and accessibility criteria for allocation of TCB-TF resources are not sufficiently transparency, yet the procedures appear to operate effectively. The TTF would benefit from a more proactive management approach, greater visibility and dissemination of eligibility and accessibility criteria and of resource allocation procedures within UNIDO.

5. There have been no major changes in the operational procedures of the Fund since its establishment. TTF has functioned for almost 12 years without an operations manual.
5. Recommendations

- The TTF should consider clear objectives, along with indicators of effectiveness and impact. In this context, the preparation of larger scale projects, even if not implemented by UNIDO, should be regarded a success that promotes UNIDO’s expertise in project development and design rather than a failure to mobilize funds for UNIDO.
- The TTF should be used to promote inter-branch cooperation and innovative approaches in TCB. To this end, specific objectives with related indicators should be included in the terms of reference of the TTF.
- Clear criteria for project management should be established and guidelines published.
- Consideration should be given to different fund management systems that can make the TTF more transparent. This could include the challenge fund model whereby project proposals are assessed against explicit and published criteria.
- If successful, in the medium term, consideration should be given to invite third parties to apply for joint implementation of TTF projects.
- Further research on TTF as mechanisms is highly recommended, utilizing evidence provided in this evaluation and, among others, the suggested survey instrument in Annex VI.
- The Resource Guide should be institutionalized, i.e. funded from UNIDO’s Regular Budget or other programmable funds, as this deserves to be a regular (e.g. biennial) activity.
- UNIDO’s improved access to border rejection information should be utilized to enhance the rapid advice facility of the TTF.

In the immediate term, the efficiency and effectiveness of the TTF can be improved through the following specific measures:

- The management and reporting of the TTF should be improved. To this end the technical branches involved should nominate a focal point to the TTF, whose responsibilities would include participation in the funds allocation decisions and the submission of regular reports on the TTF performance.
- The TTF should include clear standards for improved project-level documentation and reporting.
- Appropriate project management guidelines should be developed and widely disseminated within UNIDO and across the TCB community. These guidelines should be systematically applied by UNIDO staff accessing TTF funds.
- Project selection should be based on explicit technical criteria. Such criteria should be elaborated by PTC and submitted to the AMC for consequent approval and application in decision making on allocation of TTF funds.
## Annex I: Key UNIDO reports commented

Thematic evaluation report UNIDO activities in the area of standards, metrology, testing and quality (SMTQ).

<table>
<thead>
<tr>
<th>Text of report</th>
<th>TTF review commentary</th>
</tr>
</thead>
<tbody>
<tr>
<td>The relationship between trade and developmental impact, particularly for the poor and vulnerable, the so-called trade-poverty nexus, is not clear-cut.</td>
<td>Hence, it is unlikely that TTF projects can claim direct poverty reduction impact.</td>
</tr>
<tr>
<td>UNIDO staff complained that project identification and development time (funds) is so limited that it is not possible to conduct proper stakeholder analysis or to develop elaborate project proposals with inception phases.</td>
<td>The smaller TTF projects will be even more constrained in this respect, diminishing their PCM capability.</td>
</tr>
<tr>
<td>In the Maldives, investment in weights and measures infrastructure on the islands is not being supported until the national metrology testing laboratory is fully functional (e.g. accredited for the appropriate scopes). This is technically correct, but it could be questioned from a developmental stand-point because any normative metrology at the level of the individual consumer would substantially reduce the risk of unfair trading practices and therefore increase welfare.</td>
<td>Lack of enforcement of standardised weights and measures (normative metrology) affects the whole value chain from producers through traders, service providers, processors and consumers. The development potential of reform of this sector is likely to be high.</td>
</tr>
<tr>
<td>The evaluation confirmed the relationship between the relative development of an economy and its ability to successfully respond to quality related demands.</td>
<td>Hence, projects in more developed countries will have a higher pay-off than those in less developed countries. Should UNIDO prioritise the more developed markets among DCs?</td>
</tr>
<tr>
<td>The evidence suggests that approaches to strengthening NQSs needs seem to require a long-term planning and commitment, beyond the limited time-frame of a single project phase.</td>
<td>Should TTF focus on building the pipeline for follow-on large-scale projects?</td>
</tr>
<tr>
<td>Some small projects work well when ownership is high. Small projects get fewer supervision visits, are unlikely to have a full time Chief Technical Advisor and tend towards having weaker governance structures.</td>
<td>Another argument for avoiding small direct interventions, but focus more on preparatory work in conjunction with other donors / funding partners, including host country organizations.</td>
</tr>
<tr>
<td>There are negative impacts of piecemeal project assistance.</td>
<td>Idem</td>
</tr>
<tr>
<td>The development, use and regular update of the logical framework is the key to transparent adjustment and risk management.</td>
<td>Given the small size of TTF interventions can it generate &quot;good projects&quot; without a proper, current LogFrame?</td>
</tr>
</tbody>
</table>
Annex I: Key UNIDO reports commented

<table>
<thead>
<tr>
<th>Text of report</th>
<th>TTF review commentary</th>
</tr>
</thead>
<tbody>
<tr>
<td>Self-evaluation reports (SERs), assessing relevance, effectiveness, efficiency and sustainability were not available under any of the projects under evaluation. During the period when most of the projects under evaluation were designed, the project planning culture in UNIDO has been focusing on „implementation figures”, activities and not outcomes or impact.</td>
<td>The same applies to TTF. Isn't this a sign of weak PCM within UNIDO, which can be addressed through Results Based Management?</td>
</tr>
<tr>
<td>Conflict between domestic and international quality infrastructure particularly with respect to food safety - a risk that, by focussing on export food sectors and ignoring domestic food safety SMTQ projects (Standards, Metrology, Testing and Quality) might promote a dualistic domestic food safety structure: one that complies with the high standards required by developed economies such as the EU, and another that accepts food safety risks in return for cheap food on the local market.</td>
<td>Practically all TTF projects focus on access to developed country markets, and ignore the regional and domestic markets that account for the vast majority of DC economic activities. Development potential in these often informal markets, which lack standardised weights and measures and grading systems, is greater than in global market export sectors.</td>
</tr>
<tr>
<td>NQI should reach beyond lead-industries and sectors. The challenge is that UNIDO has to balance the objective of developing NQI that meets the needs of all business scales with the approach needed to get things started, which may include beginning with focus sectors and larger scale companies.</td>
<td>There is no evidence in the TTF that UNIDO has so far attempted to rise to that challenge.</td>
</tr>
</tbody>
</table>

Meeting Standards Winning Markets.

<table>
<thead>
<tr>
<th>Text of Report</th>
<th>TTF Review Commentary</th>
</tr>
</thead>
<tbody>
<tr>
<td>“Border rejections provide a good broad indicator of key trade standards compliance challenges”.</td>
<td>Should UNIDO target its formal-sector support interventions toward countries with high rates &amp; high values of rejection in global markets?</td>
</tr>
<tr>
<td>“Systemic tools for standards compliance capacity benchmarking are needed”.</td>
<td>Benchmarking and baselines tend to be lacking in TTF projects. There is a case for greater emphasis on such tools as part of enhanced PCM capability.</td>
</tr>
</tbody>
</table>


<table>
<thead>
<tr>
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<th>TTF Review Commentary</th>
</tr>
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<tbody>
<tr>
<td>While EU rejections have been dominated by products that contravene restrictions on levels of mycotoxins, in the US non-compliance with labelling and company/process registration requirements has been the prevalent cause of rejections.</td>
<td>The US approach might lead to longer term sustainability / accountability of NQI’s, and their closer links to the domestic markets.</td>
</tr>
</tbody>
</table>
Need to relate rejections to the status of compliance capacity of exporting countries – could lead to compliance performance to be benchmarked across developing countries, thus providing the basis for informed policy decision-making on capacity-building investment at both supply-side and quality infrastructure levels.

Relevance to TTF projects.

Thematic Evaluation related to UNIDO projects of “Industrial Upgrading” Draft Report.

<table>
<thead>
<tr>
<th>Text of report</th>
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<tbody>
<tr>
<td>EU Delegation responsible for an IU programme in Central Africa has challenged the “blue print” approach of the classical IU projects and insisted that thorough and in-depth adaptations to the specific conditions of each participating country must be made.</td>
<td>Admirable! TTF also seems to have avoided cookie-cutter responses.</td>
</tr>
<tr>
<td>In the absence of an agreed analytical assessment framework and decision making tools to configure and design IU interventions for specific national and sector contexts, the different IU service modules are often used in a supply driven manner.</td>
<td>Serious market studies of the service provider sector for quality services are noticeably lacking in TTF project documents, which may contribute to over-investment in NQI. There is a need for a more systemic optimisation of scarce resources.</td>
</tr>
<tr>
<td>IU projects of UNIDO often focus on export capacity building without taking advantage of opportunities in local and regional markets.</td>
<td>Due to the predominance of informality, these markets are often discriminated against, despite their significant growth potential.</td>
</tr>
<tr>
<td>Analysis of existing BDS providers and markets and the embedding of UNIDO projects in these structures are often not sufficiently included in UNIDO IU interventions.</td>
<td>Tendency to overlook the demand side is found in SMTQ supported by TTF i.e. it is vital to establish what is the ”market” for quality services.</td>
</tr>
<tr>
<td>Donor coordination with national programmes and other donors’ interventions is often lacking.</td>
<td>TTF projects tend to work closely with EU; Could the TTF regional projects that are linked to EU programs be examples of good practice? UEMOA didn’t go very well….</td>
</tr>
<tr>
<td>UNIDO should design its so-called “pilot” interventions more rigorously. They must be given the means to experiment with different methods, compare and evaluate their relative strengths and weaknesses before scaling up.</td>
<td>Is this the role for TTF? How to tap into the TTF experience to facilitate lesson-learning?</td>
</tr>
<tr>
<td>6. UNIDO should adopt a more market-based approach for strengthening business development services (BDS).</td>
<td>Otherwise UNIDO runs the risk of creating redundant systems or crowding out the private sector.</td>
</tr>
</tbody>
</table>
Annex I: Key UNIDO reports commented

Independent Evaluation of UNIDO Regional Programmes for Trade Capacity Building in West Africa.

<table>
<thead>
<tr>
<th>Text of report</th>
<th>TTF review commentary</th>
</tr>
</thead>
<tbody>
<tr>
<td>SMTQ projects can make critical contributions to competitiveness, provided they adopt a systemic and holistic approach.</td>
<td>Noble sentiments, but without an accompanying PSD / Industrial strategy that specifically addresses informal sector issues these will be neither holistic nor systemic.</td>
</tr>
<tr>
<td>Upgrading enterprises in isolation will not lead to the intended results, as enterprises interact along value chains (or “channels”) and within clusters and are embedded in a meso and macro environment.</td>
<td>Check for TTF experience with one-off or enterprise solutions. It seems not to be precedent there.</td>
</tr>
<tr>
<td>The lack of innovative features is regrettable for a “pilot” programme.</td>
<td>TTF also does not set a premium on innovative approaches. Tends to be rather mainstream and conventional, despite opportunities in the informal and private sectors.</td>
</tr>
<tr>
<td>The PRMN design did not include an appropriate mechanism for results monitoring that would have allowed for continuous learning and extraction of lessons for the “scaling-up” phase approaches. The scoping studies set the scene for the programmes and provided some rather general information but they were not really used for a better targeting of the programme.</td>
<td>i.e. Prep assistance may not have much influence on larger successor projects unless provision is made for RBM?</td>
</tr>
<tr>
<td>In Guinea - Bissau but also in Togo, Benin and Niger is characterized by the co-existence of islands of “modern” FDI in an environment determined by small and micro-enterprises, most of them still at the stage of informality.</td>
<td>This is the situation in most DCs. Does UNIDO have a policy on how to target its resources most cost-effectively or does it operate on a more opportunistic basis? What is the evidence from the TTF?</td>
</tr>
<tr>
<td>- The organizational, managerial and marketing aspects of laboratory upgrading were somehow neglected during implementation, such as business plans, assessing organizational statutes (in case of public laboratories), and focusing on the system loop between enterprise support and lab upgrading.</td>
<td>Again, inability to perceive service provision as a commercial activity.</td>
</tr>
<tr>
<td>However, none of the programmes made an attempt to monitor and assess whether the rather considerable investments might have led to any tangible impact.</td>
<td>Too much focus on exports to global markets, overlooking the domestic market, regional trade and imports (the latter a major source of health risks).</td>
</tr>
</tbody>
</table>

Independent evaluation, UNIDO PROJECT TF/RAS/03/001, Market access and trade facilitation, support for South Asian LDCs through strengthening institutional and national capacities related to standards, metrology, testing and quality (SMTQ), Vienna 2007. SAARC.
<table>
<thead>
<tr>
<th>Text of report</th>
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</tr>
</thead>
<tbody>
<tr>
<td>For development of metrology and test laboratories, use broader integrated components comprising planning, procurement, training, management system development, accreditation, and marketing. Mobilise other donors to fund investments in hardware. Bangladesh Quality Support Programme is a good example.</td>
<td>This more systematic approach might be expensive but is likely to provide better results. PA of such projects could be a good use of TTF. Look at the Thailand projects from that perspective.</td>
</tr>
<tr>
<td>Regional programs for the SAARC region have little merit due to major differences in size, industry structure, development stage and national sensitivity, but they do give some cost-efficiency. This project in reality is four different national projects.</td>
<td>Contrast this finding with the UEMOA experience.</td>
</tr>
<tr>
<td>Donor coordination and combined financing is highly effective. UNIDO should continue to use its professional competence to convince and instill confidence to other donors in supporting these highly technical programmes.</td>
<td>TTF seed money for new larger, multi donor projects would seem to be a way forward.</td>
</tr>
<tr>
<td>Do not restrict projects to the competence of the Trade Capacity Building Branch. Also address wider needs requiring cooperation with other UNIDO branches in order to satisfy national needs.</td>
<td>The broad remit of the TTF is one of its major assets.</td>
</tr>
</tbody>
</table>
Annex II: Terms of Reference Trade Trust Fund

Trust Fund

Enabling Developing countries to Participate in International Trade
Strengthening the supply capacity

Introduction

For developing countries in general, and LDCs in particular, globalization poses several major challenges. In order to participate in, and benefit from globalization they have to obtain improved market access for their products. While major progress has been made with liberalization of trade, as tariffs and quotas for certain imports from developing countries have been reduced or eliminated by some major importers, it is clear that more remains to be done as restrictive import barriers tariffs still remain in place for important products. The next round of trade negotiations is expected to proceed with opening markets. However, even as markets continue to open, this is not resulting in rapid increases in exports from developing countries. There are two main reasons for this.

Firstly the process of international trade liberalization is leading to a rapid increase in the application of standards and technical regulations by importing markets. At the same time developing countries do not have the ability to ensure and prove that their exportable products comply with these standards and regulations. They also do not have the capacity to analyze problems when their exporters run into technical barriers, and to identify technical solutions.

Secondly, many developing countries simply do not have the productive and financial capacities that could rapidly respond to the opportunities through lower trade barriers even in sectors where they hold a strong competitive advantage.

The problem

In order to fully participate in international trade, countries need the necessary physical and institutional infrastructure and capacity to satisfy the technical requirements of the global trading system. This includes an institutional body to define standards; a recognized system to test and certify products; an accreditation system to ensure that testing and certification activities are checked and accepted internationally, and a metrology system to ensure that all tests and measurements are correct. Further, to inform actual and potential exporters of requirements and help them meet these, technical support and information services need to be available. These capacities are also required to enable the
country to analyze problems encountered by exporters in relation to standards and technical regulations and identify solutions.

As part of the capacity building in developing countries it is also important to ensure they can join, and participate actively in the international organizations working in standards, accreditation, metrology etc. Currently such organizations are active but mainly work as clubs of developed country specialists. It is important that membership of these organizations is expanded to ensure a balanced presentation of interests, and that where needed; procedures are adapted to facilitate an active participation by developing country representatives.

For developing countries in general, and LDCs in particular, the requirements described above pose a very important obstacle and burden. This was recognized during the Uruguay round trade negotiations. In fact Article 12.7 of the TBT agreement specifically states: “Members shall…. provide technical assistance to developing country Members to ensure that the preparation and application of technical regulations, standards and conformity assessment procedures do not create unnecessary obstacles to the expansion and diversification of exports from developing country Members”. A special reference to the Least Developed Countries even strengthens this point. Similarly, Article 9 of the SPS agreement states that “Members agree to facilitate the provision of technical assistance to other members, especially developing country Members, either bilaterally or through the appropriate international organizations. Such assistance may be, inter alia, in the areas of processing technologies, research and infrastructure, including in the establishment of national regulatory bodies, and may take the form of advice, credits, donations and grants, including for the purpose of seeking technical expertise, training and equipment to allow such countries to adjust to, and comply with, sanitary or phyto-sanitary measures necessary to achieve the appropriate level of sanitary or phyto-sanitary protection in their export market. However in spite of this commitment so far only limited assistance has been provided, especially in terms of the technical infrastructure required.

This fact became a serious concern and cause for friction in the run up to the Doha Ministerial meeting last November where it could have derailed the launch of a new multilateral round. The final Ministerial Declaration in paragraph 41 reiterates the importance of technical assistance: “reaffirms …the important role of sustainably financed technical assistance and capacity-building programmes”.

While it is increasingly recognized that trade related capacity building is a high priority, unfortunately the focus is mainly on the negotiating capabilities and trade information aspects, and insufficiently on the technical infrastructure support. We fear that without a massive parallel initiative to help developing countries to build up their capacities in conformity assessment and related areas, the impact of reducing traditional barriers to trade will be disappointingly limited.
The UNIDO initiative

The UNIDO initiative/ approach can be summarized as follows:

1. In close consultation with the member countries and regional organizations, identify country by country, or for regional groups of countries cooperating on these issues, what is required as a minimum, what could be shared and which elements are already available; develop appropriate programmes.

2. Implement programmes to rapidly establish the essential capacities and infrastructure requirements in the countries. This should be done, wherever viable, at the sub-regional level with countries closely cooperating and pooling their capacities. Such an approach would enable major economies of scale, reducing overall financial requirements, and facilitating regional integration. Final details of programmes are developed in consultation with interested donors, after which the programme is implemented.

3. Design and implement complementary programmes at the country level to develop productive capacities in sectors with high export potential. This includes assistance with promoting investment, upgrading production capacity and products and promoting exports. This would ensure early impact on actual trade flows as well as productive use of services being established.

4. Provide on request of member states a technical analysis of problems related to standards and technical regulations encountered by exporters, as well as advice to overcome these problems.

5. Strengthening the involvement of developing countries in the international organizations active in the technical areas of standards, metrology, accreditations etc.

A more detailed description of the UNIDO strategy is available separately.

The Trust Fund

A Trust Fund will be established by UNIDO aiming specifically at three categories of activities:

i. Preparatory and programme development activities (component 1 above);
ii. The technical and economic analysis and advice facility (component 4);
iii. Joint activities with international specialist organisations in the standards, accreditation and metrology areas, specifically to develop approaches that are more appropriate for developing countries (component 5).

This trust fund is established to cover these three activities because in all three areas a stream of partially urgent, but relatively small activities are expected. Seeking special purpose contributions for each such case is certainly not cost-
effective. For the larger programmes under components 2 and 3, special purpose contributions will be pursued at the country- and regional level. When resources allow, and where no other source can be mobilized, required co-funding of larger projects may be provided by the trust fund.

Donors are invited to make contributions to this trust fund. These contributions can, if so desired, be limited to specific regions or purposes, for instance for technical and economic analysis and advice only.

**Financial aspects**

UNIDO shall establish a trust fund under its financial regulations and rules for the receipt and administration of the aforesaid funds, including interest accruing. The trust fund and the activities financed there-from shall be administered by UNIDO in accordance with its applicable regulations, rules and administrative instructions or directives.

All financial accounts and statements shall be expressed in United States dollars and/Euro. There shall be no accounting or reporting in other currencies. For the purpose of recording receipts and/or payments, all transactions shall be converted into United States dollars or Euro at the official United Nations accounting rate of exchange applicable on the date of receipt and/or payment.

The trust fund shall be utilized by UNIDO for the purpose of meeting the actual costs of the activities described above, and to finance the programme support services provided by UNIDO in the implementation of the project. Programme support costs are set at 13 percent of the cost of the activities.

The trust fund shall be subject exclusively to the internal- and external auditing procedures laid down in the financial regulations, rules and administrative instructions and directives of UNIDO.

For further information, please contact:
Adrie de Groot
Director, Donor Relations and Quality Assurance
Tel: +43-1-26026 5356,
e-mail: a.degroot@unido.org
### Annex III: List of TTF-funded projects

**TTF Projects funded from the Euro account**

<table>
<thead>
<tr>
<th>Project No.</th>
<th>Project No.(T)</th>
<th>Donor</th>
<th>Issued date</th>
<th>Project status(T)</th>
<th>Allotments $ (a)</th>
<th>Disbursements $ (e)</th>
<th>Total Exp $</th>
<th>Expenditure less allotments: underspend (+), overspend (-)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>TE/RLA/05/005</td>
<td>PREPARATORY ASSISTANCE TO DEVELOP THE PROGRAMME &quot;TRADE CAPACITY BUILDING PROGRAMME FOR ANDEAN COUNTRIES&quot;</td>
<td>Trust Fund Trade, €a/c</td>
<td>2005</td>
<td>completed all stages</td>
<td>58,263.41</td>
<td>58,445.13</td>
<td>58,445.13</td>
</tr>
<tr>
<td>2</td>
<td>TE/RAF/05/020</td>
<td>PREPARATORY ASSISTANCE FOR THE IMPLEMENTATION OF THE NEW ISO STANDARD ON FOOD SAFETY MANAGEMENT SYSTEMS (ISO 22000) IN KENYA, TANZANIA, UGANDA</td>
<td>Trust Fund Trade, €a/c</td>
<td>2005</td>
<td>operationally completed</td>
<td>145,546.29</td>
<td>145,629.01</td>
<td>145,629.01</td>
</tr>
<tr>
<td>3</td>
<td>TE/RAF/06/012</td>
<td>BUILDING PRODUCTIVE CAPACITIES IN COTTON, TEXTILES AND GARMENT VALUE CHAINS AND NETWORKS IN AFRICA - PREPARATORY ASSISTANCE</td>
<td>Trust Fund Trade, €a/c</td>
<td>2006</td>
<td>completed all stages</td>
<td>139,460.40</td>
<td>144,145.65</td>
<td>144,145.65</td>
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<tr>
<td>4</td>
<td>TE/GLO/06/001</td>
<td>INTER-AGENCY COORDINATION OF TRADE CAPACITY BUILDING SERVICES</td>
<td>Trust Fund Trade, €a/c</td>
<td>2006</td>
<td>ongoing project</td>
<td>219,562.27</td>
<td>221,239.01</td>
<td>221,733.08</td>
</tr>
<tr>
<td>5</td>
<td>TE/RAB/06/003</td>
<td>STRENGTHENING THE CAPACITY OF STANDARDIZATION ORGANIZATION FOR GCC (GSO) FOR THE HARMONIZATION OF STANDARDS IN THE GCC COUNTRIES - PREPARATORY ASSISTANCE</td>
<td>Trust Fund Trade, €a/c</td>
<td>2006</td>
<td>ongoing project</td>
<td>75,495.48</td>
<td>76,245.52</td>
<td>76,245.52</td>
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<td>6</td>
<td>TE/CMR/06/001</td>
<td>ASSISTANCE PREPARATOIRE POUR LE DEVELOPPEMENT D'UN PROGRAMME NATIONAL DE RENFORCEMENT DES CAPACITES COMMERCIALES (TRADE CAPACITY BUILDING) DANS LE CADRE DU PROGRAMME D'APPUI ET DE SOUTIEN A L'ACCORD DE PARTENARIAT ECONOMIQUE ENTRE L'UE ET L'AFRIQUE</td>
<td>Trust Fund Trade, €a/c</td>
<td>2006</td>
<td>completed all stages</td>
<td>58,326.29</td>
<td>58,480.68</td>
<td>58,480.68</td>
</tr>
</tbody>
</table>
### Annex III: List of TTF-funded projects

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<tr>
<td>7</td>
<td>TE/VC/06/003</td>
<td>ASSISTANCE PREPARATOIRE POUR LE DEVELOPPEMENT D’UN PROJET DE MSE A NIVEAU ET D’AMELIORATION DE LA QUALITE EN COTE D’IVOIRE</td>
<td>Trust Fund</td>
<td>2006</td>
<td>completed all stages</td>
<td>7,599.85</td>
<td>7,619.66</td>
<td>7,619.66</td>
<td>-19.81</td>
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<tr>
<td>8</td>
<td>TE/INT/07/001</td>
<td>REMOVING SUPPLY-SIDE CONSTRAINTS TO FOSTER INDUSTRIAL COMPETITIVENESS AT REGIONAL LEVEL: MODERNIZATION AND UPGRADING OF INDUSTRIES IN AFRICA, CARIBBEAN AND PACIFIC (ACP) COUNTRIES</td>
<td>Trust Fund</td>
<td>2007</td>
<td>completed all stages</td>
<td>393,171.03</td>
<td>399,225.79</td>
<td>399,225.79</td>
<td>-6,054.76</td>
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<tr>
<td>10</td>
<td>TE/AZE/08/001</td>
<td>TRADE CAPACITY BUILDING FOR AZERBAIJAN TO REAP THE BENEFITS OF ACCESSION TO THE WTO - PREPARATORY ASSISTANCE</td>
<td>Trust Fund</td>
<td>2008</td>
<td>on-going project</td>
<td>11,722.51</td>
<td>10,906.14</td>
<td>10,906.14</td>
<td>816.37</td>
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<td>11</td>
<td>TE/RLA/08/003</td>
<td>PREPARATORY ASSISTANCE FOR IDENTIFICATION/ FORMULATION OF A QUALITY INFRASTRUCTURE SUBREGIONAL PROGRAMME OF QUALITY SYSTEMS STRENGTHENING IN CENTRAL AMERICAN COUNTRIES AND PANAMA</td>
<td>Trust Fund</td>
<td>2008</td>
<td>completed all stages</td>
<td>91,384.21</td>
<td>89,062.12</td>
<td>89,062.12</td>
<td>2,322.09</td>
</tr>
<tr>
<td>13</td>
<td>TE/INT/08/002</td>
<td>UNIDO INCREASED PARTICIPATION IN THE AID FOR TRADE &amp; ENHANCED INTEGRATED FRAMEWORK PROCESS AND PILOT PROJECT FORMULATION FOR EIGHT (8) LDCS</td>
<td>Trust Fund</td>
<td>2008</td>
<td>ongoing project</td>
<td>314,785.71</td>
<td>287,326.27</td>
<td>313,701.24</td>
<td>1,084.47</td>
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<td>14</td>
<td>TE/INT/08/A02</td>
<td>UNIDO INCREASED PARTICIPATION IN THE AID FOR TRADE &amp; ENHANCED INTEGRATED FRAMEWORK PROCESS AND PILOT PROJECT FORMULATION FOR 8 LDCS</td>
<td>Trust Fund</td>
<td>2008</td>
<td>completed all stages</td>
<td>48,949.83</td>
<td>48,907.33</td>
<td>48,907.33</td>
<td>42.50</td>
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<td>17</td>
<td>TE/GLO/09/001</td>
<td>TRADE CAPACITY BUILDING RESOURCE GUIDE 2009</td>
<td>Trust Fund</td>
<td>2009</td>
<td>on-going project</td>
<td>248,175.08</td>
<td>251,110.82</td>
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<td>Project No.</td>
<td>Project No.(T)</td>
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<tr>
<td>19 TE/PAK/09/001</td>
<td>FACILITATING PAKISTAN'S CAPACITY TO INTEGRATE INTO GLOBAL TRADE</td>
<td>Trust Fund Trade, €/c</td>
<td>2009</td>
<td>ongoing project</td>
<td>128,975.44</td>
<td>128,924.90</td>
<td>128,924.90</td>
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<td>22 TE/LIR/09/003</td>
<td>STANDARDS AND CONFORMITY ASSESSMENT INFRASTRUCTURE</td>
<td>Trust Fund Trade, €/c</td>
<td>2009</td>
<td>ongoing project</td>
<td>145,128.59</td>
<td>137,893.43</td>
<td>145,128.57</td>
<td>0.02</td>
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<td>25 TE/NAM/10/001</td>
<td>MARKET ACCESS AND TRADE FACILITATION SUPPORT FOR NAMIBIA, THROUGH STRENGTHENING INSTITUTIONAL AND NATIONAL CAPACITIES RELATED TO STANDARDS, METROLOGY, TESTING AND QUALITY (SMTQ) - PREPARATORY ASSISTANCE</td>
<td>Trust Fund Trade, €/c</td>
<td>2010</td>
<td>operationally completed</td>
<td>35,620.94</td>
<td>34,158.82</td>
<td>35,510.99</td>
<td>109.95</td>
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<tr>
<td>26 TE/THA/10/002</td>
<td>TRADE CAPACITY BUILDING IN THAILAND THROUGH STRENGTHENING THE CAPACITIES OF TESTING LABORATORIES FOR FOOD AND AGRICULTURAL PRODUCTS</td>
<td>Trust Fund Trade, €/c</td>
<td>2010</td>
<td>completed all stages</td>
<td>9,180.68</td>
<td>9,180.68</td>
<td>9,180.68</td>
<td>-</td>
<td></td>
</tr>
<tr>
<td>29 TE/BHU/10/002</td>
<td>ENHANCED INTEGRATED FRAMEWORK : CONFORMITY ASSESSMENT CAPACITY-BUILDING IN BHUTAN - PREPARATORY ASSISTANCE</td>
<td>Trust Fund Trade, €/c</td>
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<td>30 TE/IVC/10/005</td>
<td>PROJET DE RESTRUCTURATION DU DISPOSITIF DE CLASSEMENT DE LA FIBRE DE COTON EN COTE D'IVOIRE</td>
<td>Trust Fund Trade, €/c</td>
<td>2010</td>
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<td>30,124.05</td>
<td>9,114.95</td>
<td>28,755.00</td>
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<td>33 TE/MON/10/001</td>
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<td>2010</td>
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<td>24,691.85</td>
<td>15,772.14</td>
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<tr>
<td>18 TE/GLO/11/016</td>
<td>TRADE CAPACITY BUILDING RESOURCE GUIDE (WEB-BASED INTERACTIVE TOOL)</td>
<td>Trust Fund Trade, €/c</td>
<td>2011</td>
<td>ongoing project</td>
<td>104,471.77</td>
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<tr>
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<td>ongoing project</td>
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### Annex III: List of TTF-funded projects

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<tr>
<th>Project No.</th>
<th>Project No. (T)</th>
<th>Donor</th>
<th>Issued date</th>
<th>Project status</th>
<th>Allotments $ (a)</th>
<th>Disbursements $ (e)</th>
<th>Total Exp $</th>
<th>Expenditure less allotments: underspend (+), overspend (-)</th>
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</thead>
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<tr>
<td>42 TE/BD/11/001</td>
<td>TRADE CAPACITY BUILDING FOR BURUNDI: IMPROVING BURUNDI’S SPS COMPLIANCE FOR TRADE - PREPARATORY ASSISTANCE</td>
<td>Trust Fund</td>
<td>2011</td>
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<td>4,721.09</td>
<td>4,352.29</td>
<td>4,678.29</td>
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<td>44 TE/SWA/11/001</td>
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<td>2011</td>
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<td>2,209.11</td>
<td>1,903.40</td>
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<td>46 TE/HAI/11/001</td>
<td>RECONSTRUIRE HAITI GRÂCE AU COMMERCE: ENHANCING EXTERNAL TRADE AS A MEANS OF INCOME GENERATION THROUGH SUPPORT TO STANDARDIZATION AND QUALITY PROMOTION - PREPARATORY ASSISTANCE</td>
<td>Trust Fund</td>
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<td>50 TE/RAF/11/016</td>
<td>STRENGTHENING STANDARDS AND CONFORMITY ASSESSMENT INFRASTRUCTURE OF CEMAC FOR REGIONAL TRADE INTEGRATION - PREPARATORY ASSISTANCE</td>
<td>Trust Fund</td>
<td>2011</td>
<td>ongoing project</td>
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<td>52 TE/GLO/11/031</td>
<td>STRATEGIC COOPERATION BETWEEN UNIDO AND EUROPEAN COMMISSION DIRECTORATE GENERAL FOR CONSUMER HEALTH AND CONSUMERS (DG SANCO) - DEVELOPMENT AND PILOT APPLICATIONS OF A FOOD SAFETY ALERT RAPID RESPONSE FACILITY (FSA-RRF)</td>
<td>Trust Fund</td>
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<td>Issued date</td>
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<td>Expenditure less allotments: underspend (+), overspend (-)</td>
</tr>
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<td>REPORT</td>
<td>Trade, €/c</td>
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<td>TE/MOZ/12/001 PRIVATE SECTOR AND QUALITY PROMOTION PROGRAMME FOR MOZAMBIQUE - PREPARATORY ASSISTANCE</td>
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<td>59</td>
<td>TE/RAF/12/006 UNIDO COOPERATION ON TECHNICAL PROGRAMME IMPLEMENTATION OF THE ENHANCED INTEGRATED FRAMEWORK (EIF)</td>
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<td>ongoing project</td>
<td>347,313.24</td>
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<td>Project No.</td>
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<td>Expenditure less allotments Under-spend (+), overspend (-)</td>
</tr>
<tr>
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<td>-------------------------------------------------</td>
</tr>
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<td>TF/GLO/04/001</td>
<td>IMPLEMENTATION OF THE UNIDO-WTO MOU: TECHNICAL COOPERATION PROGRAMME RESPONDING TO THE DOHA DEVELOPMENT AGENDA - PREPARATORY ASSISTANCE</td>
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<td>-0.01</td>
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<td>PREPARATORY ASSISTANCE MISSION FOR HARMONIZATION OF STANDARDS AND CONFORMITY IN SOUTH ASIAN ASSOCIATION FOR REGIONAL COOPERATION (SAARC) COUNTRIES</td>
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<td>TF/GLO/07/001</td>
<td>COOPERATION WITH TECHNICAL INTERNATIONAL ORGANIZATIONS ACTIVE IN THE AREAS OF METROLOGY, ACCREDITATION AND STANDARDIZATION</td>
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<td>Project No.</td>
<td>Project No.(T)</td>
<td>Donor</td>
<td>Issued date</td>
<td>Project status(T)</td>
<td>Allotments $ (a)</td>
<td>Disbursements $ (e)</td>
<td>Total Exp $</td>
<td>Expenditure less allotments Under-spend (+), overspend (-)</td>
</tr>
<tr>
<td>------------</td>
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<td>-----------------------------------------------------------</td>
</tr>
<tr>
<td></td>
<td>(MAS) IN THE FRAMEWORK OF THE TRADE CAPACITY BUILDING PROGRAMME</td>
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<td></td>
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<tr>
<td>70</td>
<td>TF/TIM/11001</td>
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<td>DEVELOPMENT OF SAFETY AND QUALITY INFRASTRUCTURE FOR FISHERY SECTOR IN TIMOR-LESTE - PREPARATORY PHASE</td>
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<td></td>
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<td></td>
</tr>
<tr>
<td></td>
<td>Subtotal</td>
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<td>683,735.16</td>
<td>682,681.21</td>
<td>683,735.09</td>
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</table>
## Annex IV: Portfolio review questionnaire

<table>
<thead>
<tr>
<th>A. Project design and relevance</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. What was the purpose or overall objective of the project / program?</td>
</tr>
<tr>
<td>2. What were the project’s objectives?</td>
</tr>
<tr>
<td>3. What were the project’s key activities?</td>
</tr>
<tr>
<td>4. Who are the primary target beneficiaries?</td>
</tr>
<tr>
<td>5. What were the project’s expected results / outputs?</td>
</tr>
<tr>
<td>6. To what extent did the project meet its expected results? Score each expected result High Medium or Low and give your reasons for each score.</td>
</tr>
<tr>
<td>7. Score the project (H/M/L) on how complete / relevant / reliable the available information is for assessing project performance.</td>
</tr>
<tr>
<td>8. To what extent were the expected results in line with the purpose and objectives of the TTF?</td>
</tr>
</tbody>
</table>

- a) Purpose: achieve a considerable increase of actual exports of developing countries.
- b) Obj. 1: Enable developing countries to rapidly establish the essential quality and conformity assessment infrastructure.
- c) Obj. 2: Assist selected productive sectors with high export potential to upgrade product and production quality, comply with applicable standards and regulations so that they can export their products successfully.
- d) Obj. 3: provide technical analysis in cases where export products encounter technical barriers, and provide advice on technical solutions to the problem.

9. Does the project have a complete logical framework (log frame – see Notes) with indicators, means of verification and assumptions?

10. Did the project specify appropriate output and outcome\(^{26}\) indicators within realistic timeframes?

11. During project formulation to what extent did the project build on or refer to lessons from earlier UNIDO or other donor projects?

12. To what extent were national stakeholders, including private sector, involved in project identification and formulation?

13. To what extent has gender mainstreaming been considered in the projects?

14. Were projects aligned with Government priorities and with agreed goals for international cooperation in the countries (e.g. UNDAF; MDGs)?

15. Were synergies exploited in relation to other UNIDO activities in the country or elsewhere?

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\(^{26}\) Outputs are project results such as “fully equipped materials testing laboratory”, outcomes are more like specific project goals or objectives, e.g. “country has improved its capacity to ensure compliance of export products with international regulations”
### B. Effectiveness

1. Review and assess the extent to which the project
   a) Led to other main TCB projects.
   b) Provided effective technical and economic analysis and advice.
   c) Conducted effective joint activities with international technical organizations.

2. Describe the major factors that contributed to the effectiveness or ineffectiveness of the project.

### C. Impact and sustainability

Describe the extent to which long term developmental changes (trade, economic, environmental, social, policy change) have occurred or are likely to occur as a result of the projects.

Describe the extent to which knowledge management and transfer have been carried out.

Describe the extent to which the project led to sustainable results in terms of trade capacity of host countries.
Annex V: Terms of reference of the Trade Trust Fund evaluation

I. Introduction and background

UNIDO established the Trade Trust Fund (TTF) in 2002 to support the initiative “Enabling Developing countries to Participate in International Trade” [See Figure below for further details]. The three main types of activities that could be financed from the TTF are:

- Preparatory and programme development activities likely to lead to larger projects in the area identified in the UNIDO TCB strategy;
- The technical and economic analysis and advice facility, under which UNIDO could, at the request of an exporter and/or the government of an exporting country, provide a technical analysis of products and production processes in cases where exports actually encounter a technical barrier. Based on this analysis, advice and if needed further assistance could be provided to find and implement a technical solution to the problem;
- Joint activities with international technical organizations specialized in standards setting, accreditation and metrology areas, specifically to develop approaches that are more appropriate for developing countries.

The TTF was established to cover these three activities because in all three areas a number of partially urgent, but relatively small activities were expected. It aimed at funding only small-size activities. For the larger programmes under the above-mentioned components, special purpose contributions were planned to be pursued at the country- and regional level.

Donors were invited to make contributions to this trust fund. These contributions could be, if so desired, limited to specific regions or purposes, for instance for technical and economic analysis and advice only. The Terms of reference of the TTF are included in Annex II.

Enabling developing countries to participate in international trade strengthening the supply capacity

A UNIDO Strategy for capacity building

Trade and hence trade capacity play a crucial role in international development. Barriers to trade such as tariffs and quotas for certain imports from developing countries have been liberalized, reduced and/or eliminated by their corresponding major importers. However, the expected outcome – an increase in exports from developing countries – could not be achieved to the extent expected, main reasons for this being:

- a limited supply response from LDCs due to a lack of productive capacity;
- countries’ inability to comply with international standards and requirements.

During the International Conference on Financing for Development in Monterrey, Mexico, in March 2002, UNIDO launched its strategy "Enabling Developing countries to Participate in International Trade" with an overall objective to achieve a considerable increase of actual exports of developing countries. It encompassed a coordinated and integrated approach to build up the capacities and exports, together with a trouble shooting and advisory service:

1. Enable developing countries to rapidly establish the essential quality and conformity assessment infrastructure.
2. Assist selected productive sectors with high export potential to upgrade product and production quality, comply with applicable standards and regulations so that they can export their products successfully.
3. At the request of developing countries provide technical analysis in cases where export products encounter technical barriers, and provide advice on technical solutions to the problem. As countries build up their own capacities, the demand for these services can be expected to decrease. However during the coming years the demand for this technical analysis and advice is expected to be considerable and increasing.

The UNIDO contribution consists of four components:

1: Formulate required assistance programme
2: Establish or strengthen the quality and conformity assessment capacities
3: Sector-focused productive capacity development, upgrading and quality improvement programmes
4: Technical analysis and advice related to actual “technical barriers to trade” encountered by developing country exporters.

II. Implementation status

Within two years after establishment of the TTF, 5 projects had been approved for funding from the TF for a total value of USD 502,907. These included 4 preparatory assistance activities for analyzing the requirements and developing documentation for TCB programmes for Armenia, Mauritania, Nepal and Tanzania. The fifth project was to be carried out together with the WTO (under the MoU signed with the WTO in Cancun in 2003), to provide help to developing countries to achieve a considerable enhancement of their exports by - eliminating supply-side restrictions, building up systems and establishing compliance with market technical and regulatory requirements, and integrating into multilateral trading system. UNIDO would cover the first two components and WTO the last one, covering nine countries – Armenia, Bolivia, Cambodia, Cuba, Egypt, Ghana, Jordan, Kenya and Mauritania. The activities in Armenia and Mauritania are complementary to the preparatory assistance projects [Implementation Report, Aug. 04].

During the next three years, additional preparatory assistance projects were approved along the same line as mentioned above – to analyse the requirements and develop documentation for trade capacity building (TCB) programmes. Another larger project (TE/INT/07/001 - EUR300,000) was approved in 2007; its aim was to formulate technical assistance programmes with the seven regional economic commissions in TCB and upgrading of key export companies, which were then to be funded by the European Commission. A further project (TF/GLO/07/007) was approved to strengthen the cooperation with international specialist organizations in the standards, accreditation and metrology areas. Project TE/GLO/06/001 provides support to UNIDO work in leading an inter-agency task force to strengthen the coherence between UN organizations working in the field of economic development, focused on the subject of TCB. Project TE/RAF/06/012 supported the formulation of a programme to support the building of productive capacities in cotton, textiles and garment value chains in Africa [Implementation Report, Sept. 07]. Related to the above-mentioned preparatory projects, various other projects received funding; these are as follows [Implementation Report, Sept. 07]:

Tanzania - USD2 million from Switzerland;
Ghana - USD2.7 million from Switzerland;
Mozambique - USD2.2 million from Switzerland;
Libya - USD1 million from UNDP;
Cambodia, Kenya, Egypt, Mauritania: being implemented under national or regional programmes;
SAARC - EUR1 million from the EU;

EAC, including Kenya, Tanzania and Uganda – USD2.26 million from Norway

According to the Implementation Report 2011, further to the above, in 2008, project TE/INT/08/002 was approved to strengthen close cooperation with the
WTO. Country papers, outlining their requirements for technical assistance, were prepared for 8 countries – Benin, Cambodia, Lao People’s Democratic Republic, Lesotho, Mozambique, Senegal and Yemen. Moreover, a further preparatory assistance project for the development of a TCB programme for the Central American Countries was funded by the Trade TF [Implementation Report, Oct. 08].

In the period between 2008 and 2011, further 11 projects were approved. From this, 3 preparatory assistance projects were aimed at analyzing country level requirements and developing related support projects for Bhutan (TE/BHU/10/002), Namibia (TE/NAM/10/001) and Timor - Leste (TF/TIM/11001). Project TE/PAK/09/001 in Pakistan was prepared to finalize a large scale project proposal for funding by the European Commission as well as to ensure continuity between the two phases of the activity, pending completion of EU approval processes.

Project TE/IVC/10/005 was to provide bridging funds following an EU funded project to improve the classification of cotton and pending government decisions on the organizational set-up which was on hold due to the political situation in the country. Similarly, project TE/SYR/11/001 was to bridge the gap between a first phase project “Industrial Modernization and upgrading programme” of € 2 million funded by Italy, and the second phase with a planned budget of € 3.3 million anticipated for mid 2011.

Co-funding was a further usage of the TTF. Project TE/THA/10/002 provided co-funding for a project funded by the EU special programme in Thailand and project TE/MON/10/001 provided co-funding for a project in Mongolia, which was funded by the Republic of South Korea.

Project TE/LIR/09/003 in Liberia provided support to the Ministry of Trade and Industry for the establishment of micro-biological and chemical product testing laboratories for testing of main imported and exported products against consumer safety provisions. These activities aimed at preparing in Liberia the essential basis for the participation of the country in a very large scale regional programme for the ECOWAS region that is expected to be funded by the European Union under its EPA initiative.

Project TE/GLO/09/001 has funded the second edition of the “Trade Capacity-Building Resource Guide”. [Implementation Report, March 2011] According to the Implementation Report, March 2011, the above-mentioned activities resulted in the funding of the following projects:

Pakistan – EUR8.3 million
SAARC – USD2.5 million from NORAD
EAC (Kenya, Tanzania and Uganda, and now added Rwanda and Burundi) – around USD 2 million.
Annex V: Terms of reference of the Trade Trust Fund evaluation

III. Budget information

The TTF was established in 2002. During the first two years after establishment, 4 countries – Austria, Finland, Italy and United Kingdom – contributed to the TTF. Sweden’s contribution was effected in 2007 and Spain contributed in the time period 2009/11. The following table presents the contributions received since the establishment of the TTF:

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<th>Year</th>
<th>Austria (€)</th>
<th>Finland (€)</th>
<th>Italy ($200,000)</th>
<th>Spain ($)</th>
<th>Sweden (£50,000)</th>
<th>United Kingdom ($)</th>
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<td></td>
<td>400,000</td>
<td></td>
<td>287,100</td>
<td></td>
<td>887,100</td>
</tr>
<tr>
<td>2007</td>
<td></td>
<td></td>
<td></td>
<td>421,992</td>
<td></td>
<td></td>
<td>421,992</td>
</tr>
<tr>
<td>2009/2011</td>
<td>650,000</td>
<td>200,000</td>
<td>750,000</td>
<td>758,668</td>
<td></td>
<td></td>
<td>2,385,668</td>
</tr>
</tbody>
</table>


Since its establishment, a total number of 41 projects (TE and TF) have been approved (including those in 2012) from the Trust Fund. A detailed tentative list of projects is included in Annex A. The list also includes 30 other non-TTF funded projects, which are related to the TTF-funded projects, bringing the total number of projects to 71 and the corresponding total allotment to USD17.062 million. However, the list of related non-TTF funded projects is not complete and will be amended during the evaluation.

<table>
<thead>
<tr>
<th>No. of Projects</th>
<th>Allotments $</th>
<th>Total Expenditure $</th>
</tr>
</thead>
<tbody>
<tr>
<td>Trust Fund Trade, € a/c (TE)</td>
<td>31</td>
<td>3,437,118.29</td>
</tr>
<tr>
<td>Trust Fund Trade (TF)</td>
<td>10</td>
<td>683,735.16</td>
</tr>
<tr>
<td>Related Projects</td>
<td>30*</td>
<td>12,941,418.98</td>
</tr>
<tr>
<td>Total</td>
<td>71</td>
<td>17,062,272.43</td>
</tr>
</tbody>
</table>

* indicative numbers only, to be verified by the evaluation
Source: UNIDO Database, 2 May 2012.

IV. Rationale and purpose of the evaluation

This evaluation is being undertaken as foreseen by the Work programme of the Evaluation Group for 2012/2013. It is being conducted to review the rationale for establishing the TTF, the relevance of its objectives as defined in its TOR as well as its performance and results.
Annex V: Terms of reference of the Trade Trust Fund evaluation

The key users of this evaluation will be UNIDO management at Headquarters, the TCB branch, other UNIDO branches operating trust funds, current and potential donors to the TTF and UNIDO member states and donors. For these stakeholders, the evaluation should contribute key inputs about the rationale and achievement so far and for the planning of future trust fund activities.

Based on findings, the evaluation will formulate recommendations and draw lessons from the experience gained with the TTF for wider application within UNIDO, in particular regarding the use of TF as a funding modality.

V. Scope and focus of the evaluation

The time period to be covered by the evaluation is the period since the establishment of the Trade Trust Fund in 2002 until April 2012. The evaluation would consider two aspects of the TTF, namely, the TTF itself and its related aspects – modalities review - (inter alia, its strategy, procedure of establishment, promotion, communication, procedure of approval of projects under the TTF, etc.); and the projects – project review - which have been funded by the TTF. To avoid duplication, the evaluation would consider the findings of the following thematic evaluations:

- UNIDO activities in the area of Standards, Metrology, Testing and Quality (SMTQ), 2010;
- UNIDO initiatives related to competitiveness and enterprise upgrading, 2012;
- UNIDO Trade Capacity Building Programmes in West Africa, 2012, ongoing;

Further, the findings of TCB project evaluations would also be taken into consideration wherever relevant. The exact scope of the evaluation will be defined in the inception report.

The evaluation will use DAC evaluation criteria (relevance, efficiency, effectiveness, impact and sustainability) as applicable, and will go beyond a mere documentation of results by identifying factors that have facilitated or impeded their achievement.

VI. Evaluation issues and key evaluation questions

The evaluation would take into account two aspects of the TTF, namely, the TTF as a funding modality, and the projects that have been funded by the TTF. The following questions should guide the assessment the above-mentioned aspects.

A. The Trade Trust Fund

The following questions relate to the TTF – its establishment, its formulation, related UNIDO-internal and external factors and conditions, its utility and effectiveness. They would guide the ET to review and assess:
(i) **The establishment and relevance of the TTF**
- Were all relevant stakeholders, including all affected UNIDO organisational units, involved in the design of the TTF?
- Have lessons from other trust funds been taken into consideration during the formulation?
- Are the TTF TOR clearly formulated, including criteria for eligibility?
- Are the objectives of the TTF aligned to UNIDO’s mandate and programmatic objectives?
- Is the TTF relevant to donors and their priorities?
- Is the trust fund modality, in principle, a relevant tool to achieve the objectives set out in the TTF TOR? How does it compare to other UNIDO modalities and what are the strengths and weaknesses?
- Is the TTF guided by a general UNIDO strategy for the use of trust funds?

(ii) **The implementation of the TTF**
- Was there clarity, awareness and understanding of eligibility and selection criteria in UNIDO?
- Have the available funds been utilized within a reasonable timeframe?
- Was the TTF implemented according to the TTF TOR?
- Were the management and coordination of the TTF efficient?
- The management and coordination processes.

(iii) **Results of the TTF**
- Has the TTF achieved its objectives?
- For which of the three TTF objectives was the TTF most/least effective?
- Has the TTF strengthened UNIDO’s capacity to provide TCB assistance to member states?
- From a strategic point of view, what type of countries did the TF-funded projects work with and was the portfolio relevant to address the most-pressing TCB issues in the host country and/or globally?

**B. TTF-funded projects**

The following guiding questions relate to TTF-funded projects. They will guide the ET to review and assess the following:

(i) **Project design and relevance**
- Were the projects in line with the purpose and objectives of the TTF?
- Were projects formulated based on the logical framework approach and included appropriate output and outcome indicators within a realistic timeframe?
- Were lessons from earlier UNIDO projects taken on board in the formulation process?
- Were national stakeholders, including private sector, involved in project identification and formulation?
Annex V: Terms of reference of the Trade Trust Fund evaluation

- Has gender mainstreaming has been considered in the projects?
- Were projects aligned with Government priorities and with agreed goals for international cooperation in the countries (e.g. UNDAF; MDGs)?
- Were synergies exploited in relation to other UNIDO activities in the country or elsewhere?

(ii) Effectiveness
Review and assessment of:

a) Did the project achieve their objectives, in particular:
   - did the TF-funded projects lead to other main TCB projects?
   - has the technical and economic analysis and advice facility been realized and was it effective?
   - have joint activities with international technical organizations been realized and were they effective?

b) Which factors have contributed to the effectiveness or ineffectiveness of projects?

(iii) Impact and sustainability
The extent to which:

a) Long term developmental changes (trade, economic, environmental, social, policy change) have occurred or are likely to occur as a result of the projects?

b) Has knowledge management and transfer been carried out?

c) Did the TTF projects lead to sustainable results in terms of trade capacity of host countries?

VII. Evaluation approach and methodology

In terms of data collection the evaluation team will use different methods ranging from desk review (an indicative reading list is given in Annex D) to individual interviews of donors, national stakeholders and UNIDO project managers, literature research, surveys, statistical analysis, and direct observations (field visits).

The evaluation will include a portfolio analysis of UNIDO’s Trade TF project portfolio along a list of criteria (type of projects, substance areas covered, regional focus, etc.).

A survey will focus on the TTF itself (inter alia, its construction, clarity, selection criteria, involvement of staff and stakeholders).

The evaluation would carry out a review of past performance, wherein an analysis of performance of selected UNIDO TTF; the depth of analysis will differ from fully fledged evaluations of selected projects to light document reviews. Previous evaluations (country, thematic and project evaluations) in the TCB area would be consulted/taken into consideration.
The evaluation team will carry out a desk review of available information on Trust Funds (guiding documents, evaluations, etc.). The desk review will include a relevant sample of external trust funds (i.e. those of other agencies) as well as other UNIDO trust funds and will provide an analysis of trends and developments of TFs with a view to detecting future demands and requirements of UNIDO TTF (future outlook).

Based on the information collected through interviews and desk review the lead evaluation consultant will analyse the intervention logic (or “theory of change (TOC)”) of typical UNIDO TTF/TCB (related and/or follow-up) interventions. These theories will map out how inputs and activities should have logically led to outputs, outcomes and impacts. This will enable the evaluation to determine in how far the design of TTF and its activities are adequate, whether they are consistent with the TTF ToR and with UNIDO’s thematic priorities and/or whether they contain critical strengths and/or weaknesses that need to be addressed.

The theories of change will be validated through discussions with UNIDO staff members, through the survey and through review of secondary information (literature). Moreover, the possibility of funding through the TTF will be looked at as compared with other possible financing modalities.

The evaluation team will ensure that the findings are evidence based. This implies that perceptions, hypotheses and assertions obtained in interviews will be validated through cross checks and triangulation of sources.

While maintaining independence, the evaluation will be carried out based on a participatory approach, which seeks the views and assessments of all stakeholders. These include government counterparts, involved private sector representatives, other UN organizations, multilateral organizations, bilateral donors, beneficiaries as well as UNIDO regular and project staff. The concrete mix of methods will be described in the inception report.

**Sampling of projects**

Only projects which have directly been funded by the TTF will be considered in the evaluation. In order to assess the linkage between TTF funding and main projects, the ET will use available evaluation reports. In-depth assessments will be done for three selected countries. The selection of countries will be done in the inception phase, aiming not at geographical coverage, but rather at selecting such cases that can provide insights into the effectiveness of the TTF with regard to the three main objectives.

Deviations from and concretizations of this proposed methodology need to be explained and justified in the inception report.
VIII. Timing

The evaluation is scheduled to take place between July and November 2012. A field mission for the evaluation is envisaged for September/October 2012.

<table>
<thead>
<tr>
<th>Activity</th>
<th>Estimated date</th>
</tr>
</thead>
<tbody>
<tr>
<td>Collection of documentation at HQ</td>
<td>October/November 2012</td>
</tr>
<tr>
<td>Desk Review by members of evaluation team</td>
<td>November 2012</td>
</tr>
<tr>
<td>Initial interviews at HQ to assess scope</td>
<td>December 2012</td>
</tr>
<tr>
<td>Inception report</td>
<td>December 2012</td>
</tr>
<tr>
<td>Mission to project sites and presentation of preliminary findings to the government</td>
<td>January/February 2013</td>
</tr>
<tr>
<td>Presentation of preliminary findings at HQ</td>
<td>February 2013</td>
</tr>
<tr>
<td>Drafting of report</td>
<td>February/March 2012</td>
</tr>
<tr>
<td>Collection and incorporation of comments</td>
<td>March 2013</td>
</tr>
<tr>
<td>Issuance of final report</td>
<td>March/April 2013</td>
</tr>
</tbody>
</table>

IX. Evaluation team

The evaluation team will include:

1. One senior international evaluation consultant who will act as team leader with responsibility for the evaluation report and who will cover assessments of the evaluation issues outlined in the TOR;
2. One evaluation consultant to carry out research, data and portfolio analysis and to coordinate with the evaluation team the conducting of the evaluation according to the ToR;
3. National/regional evaluation consultants will be recruited as and if required to support field missions.

The members of the evaluation team will be contracted by UNIDO. The tasks of the team leader are specified in the job description attached to this TOR in annex B. All members of the evaluation team must not have been involved in the design and/or implementation, supervision and coordination of any intervention to be assessed by the evaluation and/or have benefited from the programmes/projects under evaluation.

One member of UNIDO’s Evaluation Group (ODG/EVA) will manage the evaluation and will act as a focal point for the evaluation consultants. Additionally, the UNIDO Field Offices in the countries of project sites to be visited and the respective project teams in the countries of intervention will support the evaluation team and will help to coordinate the evaluation mission.
X. **Evaluation process and reporting**

The evaluation team will use a participatory approach and involve various stakeholders in the evaluation process. The detailed evaluation plan, including selection of field visits and details of the methodologies to be applied will be presented by the team leader in the inception report, following the review of documents and interviews at UNIDO HQ.

The evaluation team will present its preliminary findings to the UNIDO managers involved in the TCB trust fund as well as other branches operating trust fund(s) and other stakeholders at UNIDO Headquarters. A draft evaluation report will be circulated for comments. The reporting language will be English. The draft outline of the evaluation report is contained in annexes.

Review of the draft report: The draft report will be shared with UNIDO management and project managers for initial review and consultation. They may provide feedback on any error of fact and may highlight the significance of such errors in conclusions. The evaluators will take comments into consideration when preparing the final version of the evaluation report.

XI. **Deliverables**

- Inception report
- Presentation of preliminary findings to counterparts and HQ staff
- Draft report
- Final report

XII. **Quality assurance**

All UNIDO evaluations are subject to quality assessments by the UNIDO Evaluation Group. Quality control is exercised in different ways throughout the evaluation process (briefing of consultants on ODG/EVA methodology and process, review of inception report and evaluation report). The quality of the evaluation report will be assessed and rated against the criteria set forth in the UNEG guidance on evaluation report quality available at: [http://www.unido.org/fileadmin/user_media/About_UNIDO/Evaluation/UNEG_G_2010_2_Quality_Checklist_for_Evaluation_Reports%5B1%5D.pdf](http://www.unido.org/fileadmin/user_media/About_UNIDO/Evaluation/UNEG_G_2010_2_Quality_Checklist_for_Evaluation_Reports%5B1%5D.pdf)
Annex VI: Questionnaire: Donor assessment of the TTF mechanism

Part 1: Overview
1. What involvement did your organization have in the design of the TTF?
2. Do you consider the TTF terms of reference (TOR) are clearly formulated, including criteria for eligibility?
3. Were there clarity, awareness and understanding of eligibility and selection criteria in UNIDO?
4. Is the trust fund modality, in principle, a relevant tool to achieve the objectives set out in the TTF TOR?
5. How does TTF compare to other TF modalities being use by the donor organization and what are its relative strengths and weaknesses?
6. Were the management and coordination of the TTF efficient?

Part 2: Relevance and effectiveness
7. What were donors’ expectations of the TTF when they made their initial contribution?
8. To what extent did TTF meet the donor’s overall expectations? On a scale of 1 to 5 where 5 is “best” (or “perfect”).
9. In which thematic areas / geographies was TTF most effective? Reasons.
10. In which areas was TTF least successful? Reasons.
11. Did the performance of TTF vary significantly over the review period (2002-2012)? Yes/No & reasons.
12. Have the available funds been utilized within a reasonable timeframe? Yes/No & reasons.
13. What are the main differences in the framework conditions and donor priorities today compared to 2002?
14. What in your view were the key success / failure factors for TTF-funded activities?
15. What if anything should change with TTF’s
   i. Content – e.g. thematic areas, types of support, regions / country categories?
   ii. Implementation modalities?
   iii. Reporting and M&E?
16. Does the donor intend to make new contributions to the TTF?
17. If so, what would be the main purpose behind such contributions, and under what conditions?
18. If not, what are the main reasons for ceasing / having ceased contributions?
19. If the above issues were addressed satisfactorily, would the donor be prepared to schedule new contributions?
20. Does the Trust Fund mechanism, as used under TTF, meet with the donor’s current implementation needs and procedures?
21. If the donor has experience with other Trust Funds from which TTF could learn, please specify.
22. Please cite any examples / experiences of other agencies being allocated programmable funds through TFs by your organization and compare their experience with that of TTF.