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# Independent Thematic Evaluation ITPO Network



UNITED NATIONS  
INDUSTRIAL DEVELOPMENT ORGANIZATION

UNIDO EVALUATION GROUP

# Independent Thematic Evaluation ITPO Network



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## Abbreviations

<b>AAITPC</b>	Asia-Africa Investment and Technology Centre
<b>ANME</b>	Agence Nationale pour la Maîtrise de l'Énergie
<b>ANPE</b>	National Agency of Environment Protection Tunisia
<b>ANPME</b>	Agence Nationale pour la Promotion de la Petite et Moyenne Entreprise
<b>API</b>	Agence Promotion de l'Industrie
<b>ANPME</b>	Agence Nationale pour la Promotion de la Petite et Moyenne Entreprise
<b>AfDB</b>	African Development Bank
<b>EIB</b>	European Investment Bank
<b>B2B</b>	Business to Business
<b>CSR</b>	Corporate Social Responsibility
<b>CDM</b>	Clean Development Mechanism
<b>COMFAR</b>	Computer Model for Feasibility Analysis and Reporting
<b>ECB</b>	Energy and Cleaner Production Branch
<b>EDIP</b>	Enterprise Development and Investment Promotion
<b>EU</b>	European Union
<b>FDI</b>	Foreign Direct Investment
<b>GS</b>	General service staff
<b>GTZ</b>	Die Deutsche Gesellschaft für Technische Zusammenarbeit
<b>GAFI Egypt</b>	General Authority for Investment and Free Zones
<b>HQ</b>	Headquarters
<b>ITPO</b>	Investment and Technology Promotion Office
<b>IPT</b>	Industrial Promotion and Technology Branch
<b>IP</b>	Integrated Programme
<b>IPS</b>	Investment Promotion Service
<b>IIPP</b>	Industrial Investment Project Profile
<b>LDC</b>	Least Developed Countries
<b>M&amp;E</b>	Monitoring and evaluation
<b>NPO</b>	National program officer
<b>NGO</b>	Non governmental organization
<b>NCPC</b>	National Cleaner Production Centre
<b>ODA</b>	Official Development Assistance
<b>PTC</b>	Programme Development and the Technical Cooperation Division
<b>PME</b>	Petites et Moyennes Entreprises
<b>R&amp;D</b>	Research and Development
<b>RBM</b>	Results Based Management
<b>SME</b>	Small and Medium Enterprise
<b>SPX</b>	Subcontracting & Partnership Exchange Programme
<b>SRI</b>	Socially responsible investment
<b>TNC</b>	Transnational corporation
<b>TC</b>	Technical Cooperation
<b>TPU</b>	Technology Promotion Unit
<b>UNIDO</b>	United Nations Industrial Development Organization

## Glossary of main evaluation terms

<i>Conclusions</i>	Conclusions point out the factors of success and failure of the evaluated intervention, with special attention paid to the intended and unintended results and impacts, and more generally to any other strength or weakness. A conclusion draws on data collection and analyses undertaken, through a transparent chain of arguments.
<i>Effectiveness</i>	The extent to which the development intervention's objectives were achieved, or are expected to be achieved, taking into account their relative importance.
<i>Efficiency</i>	A measure of how economically resources/inputs (funds, expertise, time, etc.) are converted to results.
<i>Impacts</i>	Positive and negative, primary and secondary long-term effects produced by a development intervention, directly or indirectly, intended or unintended.
<i>Indicator</i>	Quantitative or qualitative factor or variable that provides a simple and reliable means to measure achievement, to reflect the changes connected to an intervention, or to help assess the performance of a development actor.
<i>Institutional development impact</i>	The extent to which an intervention improves or weakens the ability of a country or region to make more efficient, equitable, and sustainable use of its human, financial, and natural resources, for example through: (a) better definition, stability, transparency, enforceability and predictability of institutional arrangements and/or (b) better alignment of the mission and capacity of an organization with its mandate, which derives from these institutional arrangements. Such impacts can include intended and unintended effects of an action.
<i>Lessons learned</i>	Generalizations based on evaluation experiences with projects, programs, or policies that abstract from the specific circumstances to broader situations. Frequently, lessons highlight strengths or weaknesses in preparation, design, and implementation that affect performance, outcome, and impact.
<i>Logframe</i>	Management tool used to improve the design of interventions, most often at the project level. It involves identifying strategic elements (inputs, outputs, outcomes, impact) and their causal relationships, indicators, and the assumptions or risks that may influence success and

	failure. It thus facilitates planning, execution and evaluation of a development intervention. Related term: results based management.
<i>Outcome</i>	The likely or achieved short-term and medium-term effects of an intervention's outputs. Related terms: result, outputs, impacts, effect.
<i>Outputs</i>	The products, capital goods and services which result from a development intervention; may also include changes resulting from the intervention which are relevant to the achievement of outcomes.
<i>Recommendations</i>	Proposals aimed at enhancing the effectiveness, quality, or efficiency of a development intervention; at redesigning the objectives; and/or at the reallocation of resources. Recommendations should be linked to conclusions.
<i>Relevance</i>	<p>The extent to which the objectives of a development intervention are consistent with beneficiaries' requirements, country needs, global priorities and partners' and donors' policies.</p> <p>Note: Retrospectively, the question of relevance often becomes a question as to whether the objectives of an intervention or its design are still appropriate given changed circumstances.</p>
<i>Results</i>	The output, outcome or impact (intended or unintended, positive and/or negative) of a development intervention. Related terms: outcome, effect, impacts.
<i>Sustainability</i>	The continuation of benefits from a development intervention after major development assistance has been completed. The probability of continued long term benefits. The resilience to risk of the net benefit flows over time.



## **Executive summary**

### **Introduction and background**

There are presently 13 UNIDO Investment and Technology Promotion Offices (ITPOs) of various sizes and scope of activities and with budgets ranging from euro 0,1 million to 2,0 million. The Network has also encompassed four IPUs. This thematic evaluation, carried out in 2008 and 2009, had been requested by UNIDO management and figured in the 2008/2009 Work Programme of the UNIDO Evaluation Group. It encompasses findings of recent independent evaluations of ITPOs in Rome, Paris, Marseille, Tokyo, Athens, Bahrain, Beijing and Shanghai, information and feed-back collected through an internet Survey with all Investment and Technology Promotion Offices (ITPOs) and Investment Promotion Units (IPUs), review of relevant documents and interviews with UNIDO Headquarters staff.

The purpose of the thematic evaluation of the ITPO/IPU Network was to aggregate the findings and identify lessons learned from past evaluations of ITPOs and IPUs as well as to assess the continuous relevance and mandate of the ITPO mechanism. The evaluation was carried out in line with the ToR for the evaluation, which is provided as Annex A and implemented as a forward-looking assessment of; the relevance of the ITPO/IPU Network, efficiency in implementation, outputs produced, objectives achieved and possible impact. As the ITPOs and IPUs (though operated as offices) are projects and not institutions to be sustained once the projects are completed/terminated, the assessment of sustainability is confined to capacity building activities, carried out by some of them.

Below follow the main findings, recommendations and lessons learned coming out of the thematic evaluation. It should be pointed out that many findings of this report are based on the Internet Survey implemented in 2008 and evaluations carried out over the last few years. There have since been several initiatives to address identified shortcomings and the ITPO Coordination Unit should get due credit for already having acted on some of the recommendations coming out of the evaluation processes. Particularly the 2009 regional coordination meetings, in Shanghai and Rome, the organization of systematic consultations with UNIDO Branches, the organization of a Clean Technology Forum in collaboration between ITPO Bahrain and the Cleaner Production Unit, the introduction of Staff Performance Appraisal Reports and a comprehensive Management Information System merit particular mentioning.

## **Relevance**

The thematic evaluation indicates that the Investment Promotion Network is relevant to UNIDO but that the relevance could be enhanced with a closer alignment to UNIDO's Programmes and thematic priorities and that bias towards host country priorities should be avoided, if not compatible with UNIDO priorities. There is also a need to, increasingly, respond to changing developing country priorities and cater to their evolving investment and technology needs. As an example, several ITPOs do not target Sub-Saharan Africa and those countries are probably the ones most in need of ITPO services. Similarly, a certain incompatibility has been observed between ITPO host country companies pursuing pure sales of equipment or export objectives and developing country partners being more interested in long-lasting investment-oriented partnerships. Evaluations, likewise, document an inherent discrepancy between the development mandate of UNIDO and the maximum return objective of individual enterprises and conclude that the role of ITPOs as neutral intermediaries or brokers mandated to focus on development objectives could be more pronounced. Moreover, many stakeholders would like to see an increased focus on capacity building in the target countries to assist them in shaping the on-going Foreign Direct Investment with the purpose to augment its value added, looking beyond the sole criterion of increased investment volumes.

There is a high degree of relevance for the host country partners/donor Governments which, through UNIDO, access a wide network of potential partners and the ITPOs contribute to the achievement of internationalization and development objectives. At the same time, evaluation reports convey that ITPOs/IPUs often perform functions similar to national organizations promoting outbound and inbound investments, which somewhat reduces their relevance and, in particular, if the unique features of the Network (emphasis on the development dimension including the focus on Africa and LDCs, alignment with UNIDO programmes) are not sufficiently adhered to.

## **Efficiency**

The Network and individual Offices benefit from the support provided by the ITPO Coordination Unit although, in the past and due to staff shortages, the coordination was more administrative than substantial. Many ITPOs, equally, face challenges due to budgetary and staffing constraints.

Generally, investment projects concluded, as a percentage of projects promoted, varies between 0 to 10 per cent, which highlights the need for criteria for selection of projects to be promoted. Most projects originated from Investment Promotion Agencies (IPAs), UNIDO managed Investment Promotion Units (IPUs) and ITPO

Delegates whereas the UNIDO larger network has not been prominently used and relatively few of the projects promoted originated from within the UNIDO system. It is equally noticeable that many ITPOs engage in sectors/areas such as agro-industry, renewable energy, energy efficiency, cleaner production and CSR but that there is little cooperation with UNIDO's technical branches. In fact, ITPOs have, for the most part, not been tapping UNIDO resources and UNIDO technical branches have not been tapping the resources of the ITPOs and even though their projects/programmes often incorporate elements of technology upgrading. There are, however, isolated examples of fruitful collaboration between UNIDO's technical branches and ITPOs and it is obvious that, in these cases, important synergies have been created and primarily in the energy field.

ITPOs have been found to have the capacity to be efficient instruments in project management and implementation, in promoting UNIDO's Global Forum Mandate and in sourcing technology for beneficiaries of larger UNIDO Programmes, although the potential in the latter respect remains, to a large extent, untapped. The Network can also function as an important instrument for involving the private sector, in host countries, in development and in particular industrial development and to complement Official Development Assistance in terms of types of interventions implemented and geographical coverage. However, for some countries, the activities promoted by ITPOs have been found to overlap with those of national agencies, with a consequential reduction in efficiency.

The Delegates Programme is implemented by only a few ITPOs but has been found to be of strategic importance not only for the relevance of ITPOs but it has also been an efficient tool in capacity development of partner organizations and for increasing the demand-orientation of promoted investment. Moreover, the combination of Expert Group Meetings, technology exhibitions and investment promotion forums have generated concrete results, both in terms of investment and technology promotion, in the dissemination of knowledge, in fostering the debate on investment and technology issues and in increasing the visibility of UNIDO.

## **Effectiveness**

The rationale behind the ITPO network is that the injection of finance and technology will promote modernization and industrialization, which are necessary ingredients of a holistic development strategy. There are indications of ITPOs contributing to UNIDO's corporate objective of poverty reduction through productive growth and adding value by achieving specific investment and technology-oriented results. The value of the outbound investment promoted, for an individual Office, varies from a few hundred euros to hundreds of millions. One Office has been particularly successful in promoting domestic investment through enterprise development programmes. It is, however, difficult to assess the

contribution of ITPOs in investment and technology promotion to industrial development or economic growth and the effects thereof, due to an absence of reliable and comparable data and information.

Many valid outputs have been produced by the Network; seminars, promotional events, technology fairs and investment guides, and it is expected that – apart from initiating promotion of individual projects – they also contributed to awareness raising, networking and institutional capacity building in the host countries. However, many ITPOs have, so far, failed to mobilize the huge experience and competencies of various branches at UNIDO HQ in areas of Cleaner Production, renewable energy, Montreal Protocol and the application of the CDM Mechanism and to link up with other networks such as the AfriPANET; this has moderated overall effectiveness.

There is some evidence of IPU and ITPOs having contributed to the strengthening of partner organizations in developing countries, but in most cases this has not been done in a comprehensive manner nor in coordination with other UNIDO programmes.

## **Conclusions**

The UNIDO ITPO/IPU network has contributed to industrial development and economic growth in developing countries but the full potential of the Network has not yet been tapped. There is a need to further integrate the Network with UNIDO's entire technical cooperation programme, for enhanced synergies and impact. Investment and technology are often integral parts of UNIDO programmes supporting productive enhancements, cleaner production, energy efficiency and trade capacity building and more use could be made of the ITPO Network in implementing these programmes. This needs to be pursued by both UNIDO technical branches and the ITPOs themselves.

Industrial investments are, beyond any doubt, being promoted and generated but it is difficult to assess reliably their scope and impact because of inadequate information about results. In addition, many ITPOs and IPU have contributed to capacity building of southern partners but this has, generally, not been a major area of activity. Thus, the ITPO Network needs to focus on better documenting its usefulness by providing information about concrete results in terms of investment and technology promotion and contribution to sustainable industrial development and to augment its focus on capacity building in the target countries.

## Recommendations

### **1. The ITPOs should be development oriented, aligned to the needs and priorities of target countries and contribute to the strengthening of capacities of partner institutions**

- More attention should be given to the demand side of investment promotion and the technology needs of partner countries
- ITPOs should give increasing attention to the development impact and other qualitative aspects of investments
  - The potential development impact should be a decisive selection criteria for projects to be promoted
  - the promotion of environment friendly and energy efficient investments and technology should be expanded
  - ITPOs should continue to promote CSR, advocate the UN Principles of Responsible Investments (UN PRI 2006) and have full access to related tools and materials developed by UNIDO and the UN
- The ITPOs should increase its focus on technology promotion, as a complement to investment promotion and technical assistance. In this context;
  - A recipient based transfer of technology strategy should be developed, however aligned to UNIDO's core areas of assistance
  - ITPOs should expand the sourcing of investment and technologies to other than the host country, if this is deemed necessary, in order to propose optimum solutions
  - ITPOs should look into the possibility of organizing technology promotion forums in specific areas such as green industry or responsible investment
- ITPO should contribute to the strengthening of capacities of partner institutions
  - The Network should become more attuned to the capacity building needs of developing countries and provide technical assistance to institutions, including IPAs and private associations.
  - The ITPOs should identify their role in capacity development of selected target country national institutions and actors, and link up with national and regional efforts and partners
  - ITPOs should work closely with IPAs and promote the establishment of UNIDO ITPO focal points within IPAs
  - The ITPO webpage should be linked up with IPAs and present requests for investments and technologies, in addition to supply side offers

- The Delegates Programme should be expanded– with a focus on Delegates not only from UNIDO supported IPAs but from all IPAs and also from other – preferably UNIDO-related - institutions, such as NCPCs and projects such as large TCB projects

## **2. The alignment to UNIDO priority themes needs to be reinforced**

- ITPOs should first and foremost promote industrial investment and technology
- The ITPO mandate should be aligned to UNIDO's thematic priorities and focus on “promoting productive activities, trade capacity building, environmental sustainability and energy provision and efficiency, through investment and technology promotion”. In this context
- The ITPO Network should increase its focus on Africa and be linked to other UNIDO investment-focused interventions in Africa, such as the support to AfriPANET
- The Global Forum function of ITPO's should be enhanced and a specific strategy developed for this
- Preference should be given, whenever possible, to recruiting staff with UNIDO experience. Alternatively, newly recruited ITPO staff should be invited (at the cost of the ITPO) to participate in induction programmes, organized at Headquarters
- A staff rotation policy (within the ITPO network, with headquarters and other UNIDO centres like NCPCs) should be put in place. In particular, an ITPO “desk”, within the Coordination Unit, should be filled on a rotation basis by ITPO staff members.

## **3. The ITPO Network should form an integral part of UNIDO**

- ITPOs should give priority to intervene in areas that are related to UNIDO's Technical Cooperation activities and complement and create synergies to these. In particular, there should be collaboration with larger regional programmes and projects as well as with projects promoting private sector development, clusters and export consortia
  - All UNIDO's technical branches should have a strategy for collaborating with ITPOs and should provide the ITPO Unit with information on technology and investment needs, identified by technical assistance programmes and projects
  - ITPOs should have defined roles in PSD, TCB and CP programmes and projects, which often have equipment audits as

integral parts as well as advisory activities in relation to new equipments

- NCPCs should inform the ITPO Coordination Unit when an audit has identified a need for a substantial investment or new technology.
- ITPOs specializing in clean or energy efficient technologies should be invited to participate in larger scale technology needs assessments, carried out by NCPCs
- In cooperation with ITPOs, UNIDO HQ should organize exhibitions/forums for specific technology areas and sectors such as agri-industry, renewable energy, energy efficient technology, clean industry, water management, etc.
- For all branch specific strategies such as the PSD strategy, it should be compulsory to provide information on how the ITPO Network will be mobilized to contribute to the achievement of objectives and the implementation of the strategy
- ITPO staff should continuously benefit from knowledge generated and tools developed within UNIDO and in particular in areas such as, clean technology, energy efficient technology, water technology, cluster development, private sector development and CSR
- There should be a (UNIDO) coherent approach to PSD and investment and technology promotion, taking stock of UNIDO's tools, approaches and promoting best practices
- The ITPOs should be encouraged to move into areas of technical specialization and relevant Branches of UNIDO should take an active role in promoting their services and involve ITPOs in their activities
- The internet presence of ITPOs should be streamlined and linkages developed with relevant UNIDO web pages.
- ITPO technology promotion events, should whenever possible, be done jointly with the substantive UNIDO Branches and have a thematic focus
- The ITPOs should receive information about all Integrated Programmes, Country programmes, One UN Plans and large scale TC projects implemented by UNIDO and ITPO managers should proactively liaise with project managers on equipment and technology components
- ITPOs should be informed of partnerships developed between UNIDO and financial institutions and of credit lines with linkages to UNIDO programmes
- Staff from UNIDO Branches visiting the host countries should contact the ITPOs/IPUs to share information and review possibilities of cooperation
- The ITPO Network should work more closely with the 38 existing Subcontracting and Partnership Exchange (SPX) Centres and with

the UNIDO International Technology Centres and South/South Centres.

- Investment and technology promotion and ITPO involvement should also be an integral part of a UNIDO strategy for increased food security.
- The Delegates Programme should be prepared and implemented in coordination with UNIDO programmes and projects in the target countries. In this context, when selecting countries to benefit from the Delegate Programme, those with UNIDO programmes or projects with potential synergies with the ITPO interventions should be given preference.

#### **4. There is a need for a clear vision and expanded mandate of the ITPO Network**

- In order for the Network to be an integral part of UNIDO the mandate of ITPOs needs to highlight UNIDO objectives and policies;
  - The ITPO mandate should be expanded to function as industrial partnership offices and incorporate global forum functions, including the dissemination of best practices for investment and technology transfer and promotion as well as industrial and private sector development
- *In view of the perceived relevance of the ITPO network, UNIDO should look into the expansion of the Network to new countries*
- ITPOs should increase their contact base and need to expand host country and partner country networks and liaise with non-traditional but relevant partners and provide assistance in the filling of investment or technology gaps. This should include buyers and subcontracting platforms and associations
- In addition to project-based activities, there should also be a global ITPO programme, implementing international forums, training programmes for ITPO staff and the developing and monitoring of networking tools
  - ITPO host Governments should be requested to also contribute to global level activities and to the efficiency of the Network, as a whole

#### **5. There should be stronger direction, guidance and monitoring by the ITPO Coordination Unit and improved management by ITPOs**

- The Coordination Unit should be strengthened in order to give a more substantive programme support and to expand its management function
- Increased emphasis should be given to promote learning and exchange of information about best practices in investment and technology promotion, as well as on successful ways to promote UNIDO's Global Forum function. In this context, in the near future



- an inventory should be made of UNIDO instruments that can be of relevance to ITPOs and on the need to develop new promotional tools; UNIDO promotional materials should also be made available to the Network by the Public Advocacy and Communication Unit
  - there should be organized exchange of experience on best practices for technology promotion, including criteria for selection of technologies to be promoted
  - experience from innovative approaches (such as the cluster programme in ITPO Beijing) should be shared
- The ITPO Operations Manual should be revised and this should encompass the clarification of administrative procedures and development of control frameworks. In particular the following present weaknesses should be attended to:
  - It should be clearly defined what an “IP” project is, as well as its purpose, budget limitation, the authority of ITPOs to receive funding for and implement projects and of reporting requirements
  - Procedures for entering collaborative agreements should be clearly specified
  - Criteria should be developed for selection of projects to be appraised, promoted and for proceeding into further steps, including the criteria of transparency, cost-effectiveness, developmental impact, environment and energy efficiency, and social responsibility. Objectivity and choice should be promoted,
- There should be more structured reporting on results and impact (concerns both the Network as a whole and individual ITPOs), using developed indicators and including results in terms of capacity building. In this context
  - RBM-based planning, monitoring and reporting mechanisms should be developed as well as tools and indicators to measure the effectiveness of ITPOs, including criteria for labeling a project as concluded or implemented and categories of capacity building results
  - Future project documents should follow results based management principles, incorporate targets and indicators and a plan for how monitoring and evaluation will be performed
  - A participatory planning and strategic workshop for the Network should be organized, with the purpose to formulate generic objectives, at outcome and impact levels, that are in line with UNIDO’s thematic priorities and objectives
  - In their Annual Reports, the ITPOs should provide information on how they collaborate with other UNIDO programmes and

contribute to the achievement of UNIDO strategic objectives and programme and project level outcomes

- Long-lasting vacancies of the Head posts (such as recently in Shanghai) should be avoided. Recruitment should be transparent, competitive and competence-based, other factors such as writing and speaking capability of the host country language, the knowledge of host country potential partners including government sectors, semi-governmental sectors and private sectors, investment promotion management, technology promotion management and other relevant experience to implement the function of ITPO should be considered.

**6. Criteria/benchmarks for ITPOs should be established and ITPOs should be periodically assessed against these benchmarks. The ITPO network should be limited to the ones fulfilling quantitative targets in terms of budget and staffing and qualitative targets in terms of alignment to UNIDO's strategic priorities and achieving intended results**

## **Lessons learned**

Below follows a recapitulation of pertinent lessons learned, excerpted from ITPO evaluations;

- In order to be truly relevant, ITPOs need to keep their key development mandate in mind and continuously assess to what extent activities initiated are the most efficient and effective, in order to achieve its outcomes and objectives and envisaged developmental results.
- UNIDO should watch possible interference of certain wider policy agendas with the technical purpose of the ITPOs. UNIDO is interested in representational offices 'waving the UNIDO flag'. Host countries sometimes perceive ITPOs as a means for promoting their own industry. There is a danger of a 'split identity' of ITPOs (national and UNIDO) and UNIDO should strengthen the role of the Offices as integrated parts of UNIDO.
- An ITPO can pro-actively respond to identified constraints in the institutional set-up or in the business environment and develop innovative services to tackle the constraints. *There is no "one model fits all"*. The creation of a sound domestic base for the attraction of foreign direct investment can be a valid approach for an ITPO.
- The line between investment promotion and entrepreneurship or private sector development can be thin and there is a need for a UNIDO coherent approach and increased co-operation between different branches.

- UNIDO policy guidelines on ITPOs need to allow for a certain level of flexibility in their application, or expansion. For example, the principle of priority to be given to small and medium enterprises should not exclude the possibility of partnering with big companies, if such a partnership can result in economic, social or environmental benefits for the target countries and ITPO services are considered as useful by these companies.
- The Delegate Programme is a major asset of the ITPO network. It has been found to generate needs-oriented investment projects and to contribute to capacity building of partner organizations in the South.
- Some of the recommendations from the evaluations are not new. This applies in particular to the repeated recommendation for closer cooperation between the ITPO and the UNIDO Headquarters. It seems that a more profound and systemic change would be required, particularly in the way activities, such as the Delegate Programme, are being planned and programmed, and that such systemic changes would have to be introduced by Headquarters.



# 1

## Introduction and context

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This report presents findings, recommendations and lessons learned from a series of ITPO evaluations and mainly from recent evaluations of ITPOs in Rome, Paris, Marseille, Tokyo, Athens, Bahrain, Beijing and Shanghai. In addition, results from an Internet survey soliciting information and views from all UNIDO managed ITPOs and IPU are included. This information was complemented with a review of available, recent Annual Reports of the ITPOs and with interviews with managers at UNIDO Headquarters.

The purpose of the thematic evaluation of the ITPO/IPU Network was to aggregate the findings and identify lessons learned from past evaluations of ITPOs and IPU as well as to assess the continuous relevance and mandate of the ITPO/IPU mechanism. The evaluation was carried out in line with the ToR for the evaluation, which is provided as Annex A. The evaluation had been requested by UNIDO management and figured in the 2008/2009 Work Programme of the UNIDO Evaluation Group.

13 ITPOs currently operate under the mandate defined by the General Conference in 2003, stipulating that ITPOs should contribute to industrial development and economic growth in developing countries, through promoting industrial investment and technology from the ITPO host countries.

Four IPUs, operating in the Mediterranean-Arab Region (Egypt, Jordan, Morocco and Tunisia) were up to 2008/09 part of the UNIDO ITPO network and of the UNIDO Arab-Mediterranean network formed by the ITPOs in Bahrain, France, Greece, and Italy. A major role of the IPUs was to enhance the capacity of national institutions in attracting foreign direct investment and support the development of the private sector. The IPUs provided both technical and financial assistance to national partners, implemented in close cooperation with national Investment Promotion Agencies (IPAs) and/or agencies dealing with local SME development in the host countries.

ITPOs also abide to the *UNIDO ITPO Guidelines for the functioning of the Investment and Promotion Offices* and according to these, the rationale behind investment and technology promotion and thus the UNIDO ITPO Network is that economic growth, required for the eradication of poverty and the achievement of other associated Millennium Development Goals, depends on capital accumulation (investment) and technical change. This assumption is clearly spelled out in the document *Operationalizing UNIDO's Corporate Strategy – Services and priorities for the Medium-Term 2004-2007*, which states that "Growth can be realized through investment and gains in productivity".

For UNIDO, the targeted investment is what can be referred to as business investment, defined to include all the activities that entrepreneurs undertake,

such as; the creation and expansion of productive capacity, the employment of new technology, adapting and improving existing technologies, designing and producing new products, maintaining and improving quality, marketing and the like. The UNIDO Corporate Strategy stressed that the “promotion of business investment for industrialization and simultaneously encouraging accumulation of knowledge, technology upgrading and technical change should be the central tenet of the development policy”.<sup>1</sup>

Furthermore, in 2004, UNIDO adopted an *ITPO Network Strategy*, with the **vision** to: improve efficiency, through networking, cooperation and synergies, to facilitate more effective investment flows and technology transfers to developing countries, particularly in Africa and to countries with economies in transition and thereby contributing to technological progress and productivity enhancement. The ITPO Network would be utilized to promote Foreign Direct Investment (FDI) through the promotion of business and market alliances between enterprises in the developing countries and those in advanced industrial economies. The Strategy endeavoured to align the operations of the ITPO Network more closely with the central theme of productivity enhancement, enunciated in the Corporate Strategy.

The 2004 ITPO Network Strategy encompasses three main elements:

1. Establishment of a UNIDO-wide single searchable database, including investment, technology and other partnership opportunities, embracing the full participation of ITPOs, National Cleaner Production Centres (NCPCs), the Subcontracting and Partnership Exchanges (SPX), the International Technology Centres as well as the UNIDO Field Offices.
2. In addition to the regular promotion of projects and opportunities, ITPOs are encouraged to develop special targeted initiatives focusing on selected subjects or sub-sectors, expected to be attractive to potential industry partners in their host countries. Such targeted work would normally involve close collaboration with special branches or programmes of UNIDO.
3. Expansion of the Network, both by increasing the number of ITPOs and IPU, funded by donors, as well as by the inclusion of independent organizations with similar objectives.

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<sup>1</sup> Developing Industry: productivity enhancement for social advance. UNIDO's Corporate Strategy. UNIDO, Vienna 2003. (page 13)

# 2

## **Evaluation scope and methodology**

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The thematic evaluation was carried out during 2008 and 2009, by OSL/EVA staff, supported by external evaluation consultants. Members of the evaluation team had not been directly involved in the design and/or implementation of the ITPO/IPU programme or individual projects. The exercise was implemented in accordance with the Terms of Reference (ToR) developed for the thematic evaluation, which can be found in Annex A. The evaluation exercise encompassed the following major steps:

1. Systematic review and analysis of recent evaluation reports to extract and categorize key findings, conclusions, recommendations and lessons learned. The process bore in mind the limits of the representativeness of the evaluation reports (mainly evaluations of larger ITPOs) and was complemented with recent Integrated Programme (IP) and Country Strategy Framework (CSF) evaluations, comprising ITPO or IPU projects;
2. Document review of ITPO/IPU project documents, annual reports and Work Programmes available at UNIDO Headquarters and relevant UNIDO policy and strategy documents.
3. Data collection of general information about ITPOs/IPUs (budgets, number of staff, etc) using internal UNIDO databases.
4. Development of a questionnaire and implementation of an Internet based survey of all ITPOs and IPUs. Analysis of the results of the Internet survey. This analysis covered the following issues: the main features of the portfolios of ITPOs and IPUs (sectors, type of projects and geographical areas covered), the level of success in achieving project completion, current project generating mechanisms, extent of involvement in innovative type of projects, needs for future assistance, potential for in-house collaboration and cooperation with external institutions and financial and institutional sustainability of capacity building efforts. The Internet Survey is referred to as Survey in the following text. Feedback on the results of the Survey was collected at the annual ITPO meeting, held in September 2008. The ITPO Tokyo did complement, at its own initiative, the information provided, at a later stage.
5. Interviews with relevant UNIDO managers, using an interview guideline, in order to facilitate information collection and analysis. The interview guideline is provided as Annex B and the list of people consulted as Annex C.
6. Synthesis of results from the steps above and drafting of a thematic evaluation report. This step included an analysis, at the programme level,

of the relevance, effectiveness, efficiency, sustainability and impact of the ITPO/IPU network.

7. Validation of draft report and development of Final Thematic Evaluation Report. The draft report was circulated within UNIDO, including the ITPO/IPU Network for feedback and comments. The consultation also sought agreement on the findings and recommendations. Comments were taking into consideration in preparing the final version of the report.

The following evaluation reports served as inputs to the evaluation:

Evaluation of ITPO- Seoul, 2000  
Evaluation of ITPO – Slovakia, 2002  
Evaluation of CSF China, covering ITPOs in Beijing and Shanghai, 2005  
Evaluations of ITPO-Athens, 2005 and 2008  
Evaluation of ITPO-Italy, 2007  
Evaluation of ITPO-France (Paris), 2007  
Evaluation of ITPO-Marseilles, 2007  
Evaluation of ITPO- Japan, 2007  
Evaluation of ITPO- Bahrain, 2008  
Internal Consolidated Evaluation Report of IPU, 2008  
Evaluation of ITPO Beijing, 2009  
Evaluation of ITPO Shanghai, 2009

The Thematic Evaluation Report was, according to the ToR, to draw on the findings, conclusions, recommendations and lessons learned of the ITPO/ IPU evaluation reports, the document review, the Internet survey and the interviews at UNIDO Headquarters. It was to be a coherent and strategically oriented product, encompassing key information about the features and results of the ITPO-IPU Network and to incorporate forward-looking analyses. In addition, the report would draw conclusions and provide recommendations that are actionable, policy-oriented and forward looking.

## **Reliability of the findings**

The main findings of the thematic evaluations are based on interviews at Headquarters, independent evaluation reports and the Survey. There are no major discrepancies in the information stemming out of these major sources, which argues for reliability. The survey questionnaire was sent to 13 ITPOs and 4 IPU. Responses were received from all the 4 IPU but only from 8 ITPOs. These ITPOs were Paris, Athens, UK, Korea, Beijing, Tokyo, Italy and Marseille thus providing a representative sample of both large and small ITPOs, as well as of ITPOs based in developed versus in developing countries and in countries with economies in transition. In fact, all the large-scale ITPOs, with the exception of Bahrain, responded to the Survey and there was no reason to question the validity of the findings coming out of the Survey.

The responses of the Survey were compared with other sources of information (project documents, progress reports, annual reports and evaluation reports) in



order to verify the information provided and overcome the bias that would come from one single source of information. However, for many ITPOs, it was difficult to access up-to date progress reports. The information provided by the Offices through the Survey can, nevertheless, be considered as reliable due to the type of questions asked, the forward-looking nature of the Survey and the fact that many responses matched with findings of evaluation reports. The complete Survey analysis (69 pages) is available, on request, from UNIDO's Evaluation Group, while highlights are provided in this thematic report.

It should be pointed out, that no comprehensive survey, under the auspices of the thematic evaluation, was done of institutional partners, such as Investment Promotion Agencies (IPAs) and client companies. Such surveys had however been undertaken under the recent evaluations of the ITPOs in Marseille, Paris, Italy and Tokyo and the results of these surveys were incorporated into the thematic evaluation report.

Many findings of this report are based on the 2008 Survey and evaluations carried out during the last few years. There have since been several initiatives to address identified shortcomings and the Coordination Unit should get due credit for already having acted on some of the recommendations coming out of the evaluation processes. Particularly the 2009 regional coordination meetings, in Shanghai and Rome, the organization of systematic consultations with UNIDO Branches, the organization of a the Clean Technology Forum in collaboration between ITPO Bahrain and the Cleaner Production Unit, and the introduction of Staff Performance Appraisal Reports and a comprehensive Management Information System merit particular mentioning.

# 3

## The history of the investment promotion network

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### Investment promotion in UNIDO

Investment and technology promotion has been an integral part of UNIDO services from the very beginning but its concept has been continuously changing. At the General Conference in Yaoundé (1993), “international cooperation in industrial investment and technology” became one of the five development objectives of the Organization. At the time, Investment Promotion Service (IPS) Offices were promoted as instruments to support the achievement of this objective. The other instruments were investment forums, technology transfer meetings (TECHMARTs), training workshops on investment project formulation and appraisal and on transfer of technology as well as institution building projects to strengthen Investment Promotion Agencies (IPAs) and investment-oriented policy bodies in developing countries. Various software packages (PROPSPIN, COMFAR, DIPP) were developed to support these services and other methodological tools were made available in hard copies (Manual for the Preparation of Feasibility Studies, plant profiles published in several volumes on “How to Start Manufacturing Industries”, Model Forms of Transfer of Technology Contracts, etc.).

In order to distinguish the IPS offices from national investment promotion agencies and in order to avoid duplication and create value added, UNIDO aimed at going beyond sole matchmaking and at providing advice and assistance to the negotiating partners, making use of the professional competence of the organization and of the above mentioned software tools. The other distinguishing feature was the “UNIDO quality stamp” approach applied to the promoted projects: the standard format of the Industrial Investment Project Profile (IIPP) required very detailed project information in order to allow for a preliminary financial assessment. External experts were often needed and used to produce such profiles (particularly for the investment forums).

The 1997 UNIDO Business Plan reoriented UNIDO’s activities from supporting individual companies to institutional capacity building and policy advice. Moreover, the integration of investment and technology promotion resulted in the renaming of IPSs to ITPOs. Special emphasis was laid on supporting the Least Developed Countries (LDCs) and particularly those in Africa. As a result, the preparation of project-specific feasibility studies was discontinued and, from the software tools, only COMFAR survived, more or less as an isolated reminder of the once extensive toolbox, but with many active users and a continuous high demand. New tools were developed such as BEST, FIT and PHAROS, but these were

primarily suited for economic analyses of existing companies, though, in principle, applicable also in the cases of extensions. However, in real terms, their use in investment promotion has been minimal, if any.

## **The ITPO network**

The first Investment Promotion Service (IPS) was established in Brussels in 1975 and the first ITPOs appeared in the early 1980s. Since that time, as UNIDO and member countries' priorities evolved, some ITPOs were closed (for example in Switzerland, Germany and Poland) and several new ones opened, to arrive at the current scope of the Network, of 13 active ITPOs (and 1 IPU). The 13 presently active ITPOs are the ones in; Athens, Beijing, Bahrain, Italy, Marseille, Mexico, Moscow, Paris, Seoul, Shanghai, Tokyo, UK, and Walloon. There are thus, 4 in Asia, 1 in the Middle East region, 1 in Latin America and 7 in Europe. The remaining IPU is located in Egypt.

The first IPUs were established in 1998 to support the Italian ITPO in its endeavour to promote investments in, primarily, the Mediterranean countries. The rationale was that a qualified partner, at the demand side in a developing country, should complement the activities of the ITPO and increase its usefulness. IPUs were to be integrated with local Investment Promotion Agencies and be linked to a UNIDO Field Office. In addition to investment promotion, the role of the IPUs was to facilitate a credit line made available by the Italian Cooperation in order to facilitate the purchase of Italian capital goods and technology, by companies in the IPU host countries.

Until recently, the IPU network included four Investment Promotion Units (IPUs), all located in the North African region; Egypt, Jordan, Morocco and Tunisia and there were previously an IPU in Uganda and one in India. The IPUs have all been funded through contributions of the Government of Italy to the IDF. The Italian Government stopped the funding of the IPU's in 2009. It was expected that some of the staff of the IPUs as well as some of their activities would be taken over by IPAs but this has not materialized.

The ITPOs operate on the basis of an Agreement between UNIDO and the host Government and the financing has, since the start, been in the form of voluntary "project-based funding" of the host country Governments. Normally, the projects run for a three-year period, which are repeatedly renewed. The host Government contributions have been channelled to the Industrial Development Fund (IDF) or through Trust Fund (TF) agreements. In most cases, the ITPO staff members have been recruited by UNIDO and the majority has been nationals of the host Governments.

Due to different host country characteristics and policies, the ITPOs differ in terms of geographical and programmatic priorities, budget size and number of staff. In terms of annual budgets, the ITPO budgets range from below euro 100 000 (Moscow, and Marseille) to around euro 2 million (Bahrain). The smallest ITPO has a 0,5 staff member and the largest, Italy, has at times had a dozen members of staff. It should be noted that some ITPOs manage to mobilize extra-budgetary resources and that their staffing – through short-term consultants -

may significantly exceed the levels provided through the core project. The total annual budget is about US\$ 10 million.

## The ITPO mandate

During the 1980s and 90s, the ITPOs were entrusted with the task to identify and mobilize investors in the developed countries for project opportunities formulated for and presented at investment forums organized in the developing world and, later on, in countries with transition economies. As a rule, interested investors, mobilized by the ITPOs, participated in these forums and were accompanied by ITPO staff. It was therefore natural that the first ITPOs were mandated with outward investment only and, in principle, were established only in the developed world. This has, however, changed with transition economy countries becoming active partners on the investment and technology arena. Besides, the role of ITPOs somewhat changed with the abolishment of the UNIDO promoted Investment Forums and ITPOs had to find intervention modalities and, in addition to the delegate programme that also generates new projects for promotion, increasingly turned to a more “supply driven approach” with host country companies being the main source of investment projects promoted.

The most recent policy document on ITPOs is the “**Guidelines for the Functioning of the Investment and Technology Promotion Offices**”, approved by Decision 18 of the 2003 General Conference. According to these Guidelines, the objective of ITPOs is “...to contribute to the industrial development and economic growth of developing countries and countries with economies in transition...”. Two aspects of the Guidelines are worth noticing: 1) they do not specify any geographical or developmental priority in the enumeration of activities and 2) they list primarily information dissemination, matchmaking and capacity building, as services to be provided by the ITPOs. Downstream advisory services are confined to assisting “both parties in their negotiations and in completing pre-investment activities up to the stage at which the parties can conclude a written agreement to implement the project”.<sup>2</sup>

The 2003 Guidelines were followed up by the elaboration of the **ITPO Network Strategy** (April 2004) calling for a reinforcement of the regular investment and technology promotion aspects of the Network, aligning the operations of the ITPO network more closely with the central theme of productivity enhancement and strengthening the integration of the Network in UNIDO’s overall activities. The Strategy, as mentioned earlier, encompassed three key elements: 1) a UNIDO-wide single searchable database (UNIDO Exchange), promoting investment, technology and other partnership opportunities and embracing ITPOs, the Subcontracting and Partnership Exchanges (SPXs), National Cleaner Production Centres (NCPCs), International Technology Centres and UNIDO Field Offices 2) the ITPOs were to develop special targeted initiatives, attractive to the industry in the host countries (such targeted initiatives would involve close cooperation with

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<sup>2</sup> The formulation “to conclude a written agreement” allows different interpretations; on the other hand the activity assumes a partnership as if it did not acknowledge the option of 100% foreign ownership.

specific branches or programmes of UNIDO) and 3) the expansion of the Network by including independent organizations with similar objectives.

The operationalization of the Strategy included the establishment of an electronic platform; the UNIDO Exchange, which, however, never functioned to the scope and level envisaged or contributed to increasing the productivity and effectiveness of the Network. In short, it never became an active and attractive single database of business opportunities and is presently dormant. Positive steps were, likewise, taken to integrate ITPOs in the work of UNIDO and its Service Modules but cooperation with many, often relevant, branches is still at a low level. Neither, has there been a real expansion of the Network, in terms of new ITPOs and IPU or the inclusion of other independent organizations. The Joint ITPO/IPU Coordination Meeting, held in Vienna in 2008, attempted to address the issue of integration and put the focus on repositioning ITPO services within the UNIDO “Development assistance chain to maximize development spill-over and impact”.

Neither the ITPO Guidelines nor the Network Strategy mention activities other than those related to investment and technology promotion. Yet, ITPOs have sometimes been expected to fulfil a wider mandate of representing UNIDO in the country or promoting a wider range of UNIDO activities. For this reason and in order to implement the Strategy in terms of expanding the Network through strengthened linkages to other UNIDO networks, including UNIDO Field Offices, during a couple of years, the management of the ITPO Network was subsumed under the Programme Coordination and Field Operations Division. In 2006, it was transferred back to the Programme Development and Technical Cooperation Division (PTC) and became, again, a part of the Investment and Technology Promotion Branch. Today ITPO activities often go beyond the original mandate and encompass global forum functions and activities in entrepreneurship and cluster development, trade capacity building and agro business development.

# 4

## ITPO management and funding

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### ITPO management

The management of the ITPO Network is the responsibility of an ITPO Coordination Unit (ICU). This unit has normally been staffed with one professional (the ITPO Coordinator) and two general service staff members. However, for almost two years, the position of the ITPO Coordinator was vacant and it was only in March 2008 that a new ITPO Coordinator was appointed and started discharging his coordinating functions. The Director-General's Bulletin – UNIDO Secretariat Structure, of 29 February 2008 (UNIDO/DGB/(0).95/Add.4) provides the following terms of reference for the ITPO Coordination Unit: "The Unit ensures the efficient functioning and expansion of the Investment and Technology Promotion Office (ITPO) network, and the coordination of its activities with UNIDO programmes, projects and field operations."

### Functions

#### ITPO Coordination

- Administer and supervise ITPOs.
- Design and monitor annual work programmes for all ITPOs.
- Act as focal point for liaison between ITPOs and other UNIDO units.
- Provide guidance to ITPOs to ensure their efficient interaction with UNIDO programmes and between themselves, as well as coherence and complementarity of their activities.
- Take actions as appropriate for the expansion of the ITPO network's geographic coverage."

In line of the above functions, the number of ITPOs in the Network and affiliated personnel, the staff resources of the Coordination Unit are inadequate and this has made and still makes it difficult to ensure efficient management and monitoring.

In August 2008, there was a decision to reassign the COMFAR Group, within PTC/ITP, to the ITPO Coordination Unit. It was expected that this change would further strengthen the ITPO/IPU network function, by reinforcing the role of the ICU in liaising between the ITPO network and UNIDO branches, increasing the promotion of the COMFAR tool, ensuring the quality of investment projects promoted through the Network and enhancing the investment project portfolio of the ITPO network. Given the short time distance to the decision on the

organizational change it was beyond the scope of this thematic evaluation to assess if the expected effects have actually materialized.

While the ITPO Network Strategy and the organizational position of the ICU have been subject to many changes, the operational tools and guidelines (such as the IPS Manual, issued in 1996) have only been subject to ad hoc and partial amendments. For instance, a simpler Company Project Profile has replaced the Industrial Investment Project Profile (IIPP). According to many stakeholders, not only do the operational tools require profound updating (including the need to adopt RBM principles in the design, monitoring and reporting systems) but also the concept of investment and in particular technology promotion and the related mandate and concept of ITPOs and of the ITPO network require a comprehensive review. Many evaluations have also pointed out that the Manual is outdated. Some positive steps have been taken and presently, the ITPO Manual is under revision. Furthermore, a Management Information System is being developed, Compacts and Staff Performance Appraisal Reports are being introduced and steps have been taken to improve the quality of project documents and annual work programmes.

The reporting procedures as defined in the IPS Manual call for four-monthly reports and an annual report but are not actually adhered to. The Manual equally establishes the indicators to be used; number of projects (promoted, under negotiation, concluded, under implementation, and operational) and the amount of investment generated. Later on, “jobs created” has been added as an indicator for projects concluded and under implementation (but not for operational projects). The indicators are translated into outputs of the work programme that headquarters staff finalize and present each year to the respective donor. There have been concerns, expressed by ITPOs, about the adequacy of these indicators to reflect the activities and functions that ITPOs actually conduct. Moreover, a close examination of project documents and work programmes and of the responses of the Survey confirms a non-familiarity with Results Based Management (RBM) and impact concepts.

### **ITPO staffing and funding**

Altogether, the entities of the ITPO/IPU Network employ about 50 professionals and 22 General Service staff. The Head of an ITPO, in most cases, has an international “L” contract and is seconded by other L staff, National Programme Officers, National Experts and General Service staff. Some Offices, for instance Italy, Beijing and Tokyo, have made use of short-term consultants, in some cases funded outside of the core budget. Judging from the Survey, it is very rare that ITPOs have staff with previous UNIDO experience and the need for staff to receive UNIDO-specific training has been pointed out by many evaluations.

The following table shows the diverse picture of ITPO staffing and that, while ITPO Italy employs six international experts, the ITPOs in Walloon and the UK only “share” one short term international consultant and the ITPOs in China and Moscow have no staff with an international L-contract.

Table 1: Number of staff of ITPO in 2008

	Ath	Bah	Beij	Ita	Mars	Mex	Mosc	Par	Seo	Shan	Tok	UK	Wall
International Expert/L	1	1		6	1	1		3	1		3		
Short term international consultant												0.5	0.5
National Professional Officer	5	3	2			1	1			2	2		
National Expert			1				1		1				
Administration/G	1	2		3	1			2		2			
<b>Total fixed staff</b>	<b>7</b>	<b>6</b>	<b>3</b>	<b>9</b>	<b>2</b>	<b>2</b>	<b>2</b>	<b>5</b>	<b>2</b>	<b>4</b>	<b>5</b>	<b>0.5</b>	<b>0.5</b>

Source: Internal Statistics from ITPO Coordination Unit

For many ITPOs, the national counterpart agency is the Ministry of Economy or the Ministry of Foreign Cooperation, while the Moscow Office has the Ministry of Education and Science as its counterpart, the ITPO UK has the North West Development Agency and the Shanghai Investment Promotion Centre represents a novelty with a Municipality as counterpart. The ITPOs often live a rather independent life and only a few ITPOs mention support from the National Counterpart Agency, in areas other than funding. When support is indicated, it is in the form of information, coordination and networking. There is also consultation on annual programme priorities

The Offices are far from being homogenous, the number of staff varies from 0,5 to 9 and, the budgetary resources from euro 0,1 to 2,0 million. Most of the ITPOs are funded by the host Government, through Trust Fund arrangements. Two exceptions are the ITPOs of Walloon and Seoul, financed through the Industrial Development Fund (IDF). The funding arrangements and objectives are formalized in project documents and projects run for two to three year periods, with annual allocations, in accordance with annual Work Programmes. According to the Survey and evaluation reports, financial contributions are, in the large majority of the cases, received in a timely manner.

The total expenditures of all ITPOs, IPUs and other projects managed by the ICU amounted in 2008 to USD 8, 753 million and the total annual expenditures of the ITPOs amount to approximately USD 6 mil. (USD 6,01 in 2007, USD 6,1 in 2008). The table below informs of great variations in 2007 expenditures, for the different ITPOs. While expenditures for the ITPO Italy and ITPO Tokyo are above USD one million per year, expenditures for ITPOs like Walloon, UK and many others are significantly lower. Since expenditures for personnel – including international experts, national experts and national consultants and administrative staff – make up more than 70 per cent of costs, variations in budgets can to a large extent be explained by the number of staff.

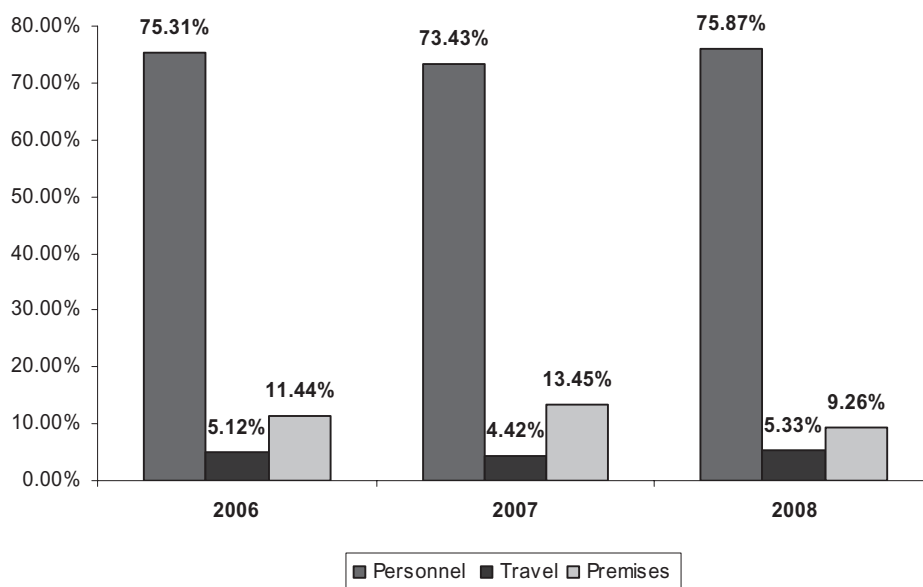


Table 2: Expenditures in \$US in 2007 (highest expenditure for each budget line highlighted)

2007	Ath	Bah	Beij	Ita	Mars	Mex	Mosc	Par	Seo	Shan	Tok	UK	Wall
Int. Experts	265,668	203,401	0	472,607	130,981	107,750	0	435,094	0	0	582,084	59,449	34,313
NPO	236,204	136,913	83,533	0	0	43,165	115,787	0	49,204	78,507	197,718	0	0
Administration	44,273	61,989	0	189,543	49,196	14,505	-1,216	136,938	0	22,773	144,543	0	0
Travel	42,325	38,731	13,068	55,657	9,330	15,398	1,664	8,943	15,758	860	58,902	5,062	0
Other Pers. Costs	0	16,258	0	0	0	5,699	764	0	0	0	0	0	0
Nat. Consultants	0	35,927	33,949	202,392	0	45,426	56,503	0	20,037	0	35,093	40,691	0
Ind. fellowship	0	0	0	8,396	0	0	0	0	1,895	0	21,558	0	0
Other Pro. Costs	0	9,359	0	0	0	756	0	0	0	0	0	5,223	0
Premises	49,294	65,249	0	232,139	2,556	0	0	173,011	0	28,807	251,748	0	0
Equipment	8,701	37,207	0	68,818	6,487	6,685	0	25,578	58,215	185	30,695	0	0
Sundries	12,416	54,921	0	64,599	13,086	29,398	1,636	19,253	8,912	5,285	52,205	6,166	108
Hospitality	1,745	5,627	0	923	5,115	0	0	0	2,748	727	1,236	0	0
Exp. Recoveries	0	0	0	0	0	0	0	-1,297	-184	0	-23,551	0	0
<b>TOTAL</b>	<b>660,626</b>	<b>665,582</b>	<b>130,550</b>	<b>1,295,074</b>	<b>216,751</b>	<b>268,782</b>	<b>175,138</b>	<b>797,520</b>	<b>156,585</b>	<b>137,144</b>	<b>1,352,231</b>	<b>116,591</b>	<b>34,421</b>

Source: UNIDO Aggresso

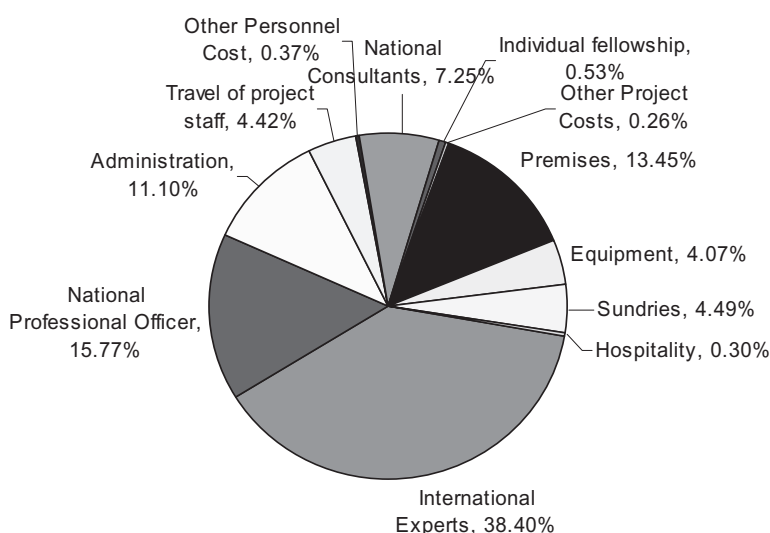
As to the main type of expenditures in 2007, personnel costs accounted for 73.4 per cent of total expenditures (US\$ 6.01 million). The second and third largest items were premises and travel of staff, which made up 13.5 percent and 4.4 per cent respectively



**Figure 1: Three main types of expenditures in 2007**

Source: UNIDO Agresso

The chart below illustrates, in more detail, the breakdown of average expenditures of ITPOs in 2007. Again, human resources make up the bulk of expenditures, followed by premises and travel expenses. Equipment/local procurement accounts for more than 4 percent while expenditure for hospitality is negligible.



**Figure 2: Average expenditures per ITPO as percentage of total in 2007**

Source: UNIDO Agresso

In addition to the inputs and activities funded by the core budgets, several ITPOs (Bahrain, Marseille, Paris, Rome) implement so called Investment Promotion projects through which ITPOs receive additional funds from other sources than the donor government and often from the EU. The implementation figure, for 2008, for these projects amounted to US\$848,242. Other ITPOs have managed to mobilize additional funds for specific activities from the donor Government and ITPO Tokyo is one example. These projects allowing additional activities have often been considered to strengthen the Offices, enabling them to offer better and more comprehensive services. There is, however, little guidance on the specificities of these “local” Investment Promotion projects. There is only a financial instruction dating back to 1997, which regulates these projects on the basis of which the responsibility for them is delegated to the ITPO Heads and, therefore, only 5 per cent programme support cost is charged.

ITPO Beijing managed to mobilize local experts to work on activities initiated and coordinated by the ITPO either on a voluntary basis, on a cost-recovery basis or with remuneration and costs covered by the beneficiaries themselves. Because of cumbersome and lengthy procedures for ITPOs to have their own new/additional projects approved by UNIDO, ITPO Beijing opted to arrange such projects as autonomous activities. Under such arrangements the activities could be carried out in a flexible way and respond to changing requirements and expectations of clients. The disadvantage of this implementation modality, which implies avoiding standard procedures for project approval and implementation, was the blurred formal relation between the UNIDO ITPO and the local experts, causing also some concern about the use of UNIDO logo by local experts when not on contract with the ITPO.

Currently a new manual for ITPOs is being prepared and it will include a separate chapter on these so called Investment Promotion projects, describing in detail the new development, approval, implementing and monitoring processes and the planned involvement of Headquarters in each step. Suggestions have, moreover, been made to link up the Investment Promotion projects to trade capacity building programmes and south-south cooperation initiatives.

# 4

## Relevance

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Here we will discuss to what extent the objectives, and actual interventions, of the ITPOs, IPU's and the Network have been and are consistent with developing country requirements, needs and priorities and UNIDO and donor policies. The discussion will keep in mind evolving priorities and new policy agendas, thus assessing the continuous relevance of the Network.

### ITPO objectives and services

According to the Director-General's Bulletin – UNIDO Secretariat Structure, of 29 February 2008 (UNIDO/DGB/(0).95/Add.4) ITPOs should provide the following functions;

- Disseminate the latest information on legal and economic conditions, investment financing and opportunities for industrial cooperation.
- Identify and promote specific investment opportunities.
- Provide expert advice at all stages of the business cycle.
- Facilitate business contacts between project sponsors and potential foreign investors.

The above functions are what can be considered as core ITPO functions and expected to mobilize additional financial, technology and management resources for developing and transition countries as factors of their industrialization and economic development. There is thus a quantitative issue: Are ITPOs relevant in their promotion of *additional* investment flows? The chapter on Effectiveness further below discusses that the Network indeed manages to mobilize additional investment and technology resources for the benefit of the developing and transition countries, though with different degrees of success. The answer therefore seems to be affirmative; the ITPO Programme appears relevant as a development programme mobilizing the private sector as a development agent and, thus, complementing Official Development Assistance and bringing in new development agents and funding. Hence, the ITPO network is by many stakeholders regarded as an asset to UNIDO due to the additional resources that are being generated for investment and technology transfer as well as the "representational" presences and agents, made available to promote various UNIDO agendas. It also provides benefits to ITPO host countries, being able to access UNIDO resources and competences and take advantage of the larger UNIDO network. Above all, contacts with Government and industry sector representatives are facilitated and offer opportunities for the promotion of the national industry and businesses.

At the same time, it must be recorded that the interest of developed countries in hosting an ITPO has been fading and a number of countries (Germany, Switzerland, Austria, etc.) have closed down their Offices.

However, for UNIDO as a developmental organization, the investment and technology promotion needs to have additional dimensions to be fully relevant. In addition to the issue of the quantity of FDI, we have the issue of quality: What kinds of investments are being promoted? Do they contribute to economic growth, employment generation, poverty reduction, sustainable development, to the promotion of appropriate technology and are they in line with the Corporate Social Responsibility (CSR) Agenda?

The underlying rationale of ITPOs and IPUs seems to be that the Network creates added value by a) promoting more development oriented investment and to regions that are not a natural “first choice” for industrial investors and where there is a need for an additional “push” and b) the Network creates synergies by linking up with UNIDO’s programmes and with partner country strategies. Besides, in order to distinguish themselves from governmental or commercially operated investment promotion agencies a common viewpoint is that the UNIDO operations also need to strengthen or develop local institutional capacities to be capable of carrying out the promotional work themselves and with good understanding of the development needs of their countries.

The following text discusses the above mentioned qualitative dimensions of ITPO/IPU relevance and the related findings emerging from UNIDO’s evaluations.

### **Developmental dimension of investment and technology promoted by the Network:**

*Insufficient emphasis is placed on the developmental mission of ITPOs, vs. promoting outbound investment*

In the past, foreign investors have sometimes been accused of fostering a “race to the bottom” as concerns environmental and labour standards and the promoters of foreign investments have been criticized for ignoring the contributions in terms of development impact. UNIDO’s *Africa Foreign Investor Survey* (2005) highlighted the importance of careful strategy building and priority setting for attracting new and enhancing existing investment. It also clearly indicated that Foreign Direct Investment (FDI) differs in terms of local spill-over, wages and employment, use of local inputs, skills-intensity, research and development, and export and global connectedness. The above survey (2005) also revealed a tendency of more sophisticated IPAs to shift the focus from quantity to quality FDI.

The investment and technology promoted by ITPOs/IPUs in many cases complies with development objectives and policy priorities of UNIDO. For example, many Offices (and this seems to be an upward trend) have been actively promoting investments in the field of **green industry**. There are many worthwhile initiatives, such as the establishment of green industries demonstration projects in China (ITPO Beijing), elimination of POPs (Bahrain), the development of bio-fuel energy businesses in Tanzania and Uganda (ITPO Seoul), the promotion of renewable energy projects (ITPO Athens) and the

promotion of agro based, bio-fuel and water technology projects (ITPO Tokyo). This is clearly in line with UNIDO increasing emphasis on this area. There are also indications that the Network pays increased attention to “the development of responsible investment” and the promotion of Corporate Social Responsibility (CSR). This was also “picked up” at the 2008 ITPO/IPU Coordination meeting, discussing UN Principles of Responsible Investment and informing about UNIDO’s REAP programme.

At the same time, however, ITPO evaluations and the ITPO/IPU Survey in 2008 show that, so far, investment and technology offers originate in the ITPO host country and that available technology or eager investors form the basis for the technology and investment being promoted in partner countries. As such, some of the projects promoted can be defined as supply- rather than demand-driven and, probably of less relevance to developing countries than if the opposite had been the case. To some extent this feature is built in the ITPO mandate. According to the Guidelines for the functioning of ITPOs and issued by the UNIDO General Conference in 2003, the objective of ITPOs “... *is to contribute to the industrial development and economic growth of developing countries and countries with economies in transition by identifying and mobilizing the technical, financial, managerial and other resources required for the implementation of specific industrial investment and technology projects in these countries with local partners of these projects...*”. However, the Guidelines also outline the Mandate in Industrialized countries; “*Offices shall devote themselves exclusively to promoting industrial investment and technology from their host country....*” and in developing countries and countries with economies in transition “*may also promote industrial investment and technology from abroad to the host countries*”.

Evidence from many ITPO evaluations suggests, however, that the dual mission of contributing to industrial development and growth in developing countries and promoting industrial investment and technology from host countries, can be conflicting and problematic in terms of promoting the most relevant or suitable investment and technology and some of the evaluations conclude that the Mandate of ITPOs should be revisited in order to strengthen the relevance and expand on the choice and origins of promoted technology.

We can take the ITPO Tokyo Project Document as an example of the above, where it is stated that the Work Programmes should take into account priorities of the donor Government and main directions on its policies of international cooperation but at the same time, the need to respect policy objectives of UNIDO is acknowledged. Sometimes the host country and UNIDO agendas coincide and there are visible developmental effects but indications are that these effects would be greater if all ITPOs were more aligned to UNIDO’s objectives and to the needs and priorities of developing countries. However, finding the edge where the relevance of ITPOs would be equally strong for host countries, UNIDO and target countries is sometimes a challenge. For example, the Evaluation of ITPO Italy (2007) finds that the ITPO is in line with three national policy priorities; 1) internationalization of SMEs, 2) promotion of outbound investment to contribute to industrial development and economic growth of developing countries and 3) promoting industrial development and technology from Italy to developing countries and countries with economies in transition. Out of these policy priorities there the first two can be considered as priorities shared by UNIDO and many

third world countries while the third one can be regarded as Italian-specific, though still in line with the ITPO Mandate. However, the on-line survey carried out under the scope of the evaluation of ITPO Italy revealed that participating Italian companies were primarily interested in sales of equipment while companies from developing countries were more interested in long-term partnerships.

While it is recognized that a trade-relationship can be an entry-point for a longer-term investment-related operation and that sales of equipment can be regarded as one element of technology transfer, it is important that UNIDO offices are acting as neutral technology brokers and that the international identity of the Network is maintained.

Indeed, the relevance of the ITPOs as instruments for multilateral development aid (as stipulated by the ITPO mandate) has been found to be reduced by interfering policy agendas, due to a too tight integration into host country policies and programmes, as concluded by a number of evaluation reports, and in particular those of ITPOs in France and Italy (2007). The evaluation reports of these Offices note that host countries perceive ITPOs as a means for promoting their own industry, thus creating a danger of a 'split identity' of the ITPO and an incompatibility with the development purpose. The Evaluation of ITPO – Italy (2007) concluded that the involvement of the ITPO-Italy in implementing bi-lateral credit lines (facilitating the purchasing of production equipment of Italian origin by companies in developing countries) enhanced the relevance of the Office for the donor but resulted in a confusion, for the beneficiaries and institutional counterparts, about the functions of the ITPO as an UNIDO office.

Similarly, the Evaluation of ITPO- Athens stressed the relevance of the ITPO Athens to the Greek Government and business community, but concluded that there is a certain incompatibility between Greek sector competences and comparative advantages (mainly trading, construction and tourism) with some of the promoted projects linked to these sectors and UNIDO's core mandate and service modules.

Similar findings apply to IPU. Evaluations of Integrated Programmes in IPU host countries found that the IPU, to a rather large degree, promoted Italian interest and this reduced the relevance of an IPU, for the host country. At the same time, it is obvious that the IPU scouted investment opportunities benefiting local SMEs and contributed to a more needs driven approach of ITPOs (initially, ITPO Italy and, increasingly, other ITPOs, after IPU were placed under UNIDO HQ management). However, the initial function of assisting with implementing the bilateral Italian credit lines did not completely withered away, and IPU have been quite engaged in the administration of these credits. This has raised questions about the suitability of such engagement, for de facto UNIDO projects. The Evaluation of IP Morocco (2004), for example, compares the Italian credit line for the purchasing of equipment in Italy with supplier credits for subsidized exports of capital goods in Italy.

Another, rather general, finding is that, in some cases, the ITPOs carried out activities not targeting developing or transition countries. For example, the evaluation of ITPO Tokyo questions the relevance of promoting COMFAR in

Japan. ITPO Beijing participated in activities supporting promotional efforts by entities from developed countries (Italy, United Kingdom) in China.

Particularly in the case of ITPOs based in the developing or transition countries there is a risk of overlap between the ITPO and national investment promotion agencies. If necessary care is not taken, ITPO activities might lead to market distortions, since similar to their own services are sometimes provided, by local consultancy companies, against a fee. The problem arises also to some extent for all other ITPOs in countries where there are national institutions or organizations with a similar mandate. While the provision of information on investments and technology and the strengthening of skills to facilitate investment and technology promotion can be regarded as fully in line with UNIDO's Corporate Strategy, they are equally mandates of many existing national agencies.

What can be done to increase the relevance of ITPO interventions and ensure alignment with recipient country needs and priorities? The ITPOs and IPUs themselves, when asked through the Survey, provided the following answers:

- reorientation of the ITPOs to increasingly serve the needs of the developing countries, through capacity building and direct assistance to companies, Governments and institutions
- enhanced cooperation with local business institutions and associations;
- provision of sufficient resources to allow ITPOs to fulfil their mission
- strengthening of the ITPO-IPU network to benefit from synergies
- better planning, in terms of setting clear and measurable goals and ways of achieving these.
- closer links with UNIDO HQ and UNIDO country programmes
- introducing staff mobility;
- strengthening the visibility and UNIDO identity

Clearly, an increased focus on the promotion of responsible investment and greater attention to the measuring of developmental effects would increase the relevance of the Network. Many stakeholders also call for an increased emphasis on the Global Forum function of UNIDO and the sharing of best practices in investment policy and strategy development, the creation of an enabling environment and private sector development as well as in relation to the promotion of efficient investment promotion instruments and services.

The main identified success factor was "*Active collaboration with national investment promotion agencies as well as with other relevant partners in the South*". ITPO Paris seems to have been particularly successful in this respect as 44 per cent of concluded projects originated from developing countries and there is active collaboration with partner institutions in these countries. The evaluation of ITPO -Marseille, on the other hand, conveys the need for a closer cooperation with the ANIMA network of Mediterranean IPAs, whose headquarter is also located in Marseille. The need for a closer collaboration with National Investment



Promotion Agencies in Southern countries is, equally, pointed out in many other evaluations.

The Delegate Programme has also been found to increase the needs- or demand-orientation of the ITPOs. The vast majority of the Delegates, according to recent evaluations, arrived with project ideas which were promoted and some of them successfully.

The ITPOs also need to develop unique services as their engagement in non-traditional types of investment activities and initiatives significantly increases their relevance. There are a number of positive examples: ITPO Beijing distinguishes itself by capacity building activities and for paving the way for new programmes related to investment and technology promotion, including support to provincial/municipal investment promotion agencies in the development of industrial clusters as platforms for promoting investment. ITPO Bahrain is distinguished by its EDIP programme, simultaneously promoting inward, domestic and outward investments; the second category (domestic investment) was felt to have increased the relevance of the ITPO due to the specificity of the Bahraini environment and the need to create a conducive environment and an entrepreneurial base for both inward and outward investments.

While there is ample information about activities to promote investment, **technology transfer** seems to be more of a difficult area, with an absence of promotional instruments and the very limited information in ITPO reports seems to indicate that this is not a priority area. As found out in the evaluation of the ITPO Tokyo, the Japanese government encourages and the private sector is interested in transferring technology abroad not only as embedded technology in investment. The ITPO made, for instance, considerable efforts in demonstrating some environment-friendly technologies in developing countries but it proved difficult to replicate the technology on commercial principles. This signals that results in transfer of technology other than embedded in investment have not strengthened the relevance of the Network.

## **Geographical orientation**

According to recent UNCTAD statistics, Foreign Direct Investment (FDI) in manufacturing is on a continuous downward trend while FDI in the primary sector and especially in mining has been growing during the last 25 years and is largely responsible for the recent growth in global FDI. We also, still, have a situation with Sub-Saharan Africa receiving less than *one* percent of total FDI.

Formally, targeting Africa is among the objectives of most ITPOs. For example, the evaluation of ITPO Tokyo (2007) mentions that, for the Government of Japan, the ITPO is in particular relevant because of its focus on Africa and the evaluation of ITPO Paris stresses that the interventions of the ITPO complements official development assistance (ODA) and promotes industrial cooperation in countries normally not targeted by the ODA. The evaluation of ITPO Athens points out that there is a certain incompatibility between the focus on the Mediterranean region and the priority development agenda and suggests that a greater focus on Sub-Saharan Africa, in addition to increased focus on the manufacturing sector

would increase the relevance to developing countries and to UNIDO. Similarly other ITPOs (Bahrain, Beijing, etc) recognize that Africa deserves special attention and actual efforts are undertaken in this direction. However in terms of results, the investment generated by ITPOs that is targeting Africa is estimated at only 5 to 10 per cent and out of ITPO staff missions, only one per cent had Africa as a destination. There is, therefore significant room for larger orientation of Network activities towards Africa and, thus, further augmenting the relevance of the Network.

## **Capacity building**

The Paris Declaration of Aid Effectiveness highlighted the need for partner country ownership, the alignment of aid flows to national priorities, the strengthening of national capacity and avoidance of parallel implementation units. The Network has applied several instruments to strengthen national capacities:

### **The Delegate Programme**

Out of the 8 ITPOs responding to the Survey, only the ITPOs in Beijing and Athens did not currently host a Delegate Programme. The largest number of delegates had been hosted in Tokyo and Paris - 19 each during the last three years. Most of the Delegates came from investment or trade promotion agencies in the home countries. In addition to promoting projects or project ideas stemming from their home countries, the Delegates benefit from the programme by upgrading their professional skills and knowledge and establishing new contacts with companies and institutions in the ITPO host countries. After their return home these upgraded capabilities strengthen the capacities of the home agencies. Evaluations of the ITPOs with larger Delegate Programmes (such a Tokyo) confirm their capacity building effects and, therefore, their contribution to the relevance of the Network.

### **IPUs**

*IPUs have been found to suffer from weak links with national (host country) policies and institutions*

Through the Survey, 10 out of 11, respondents expressed strong support in favour of enlarging the IPU network, as a factor significantly contributing to the effectiveness and relevance of ITPOs. According to the Survey, IPUs are perceived to be potentially excellent sources of projects for promotion; they are in touch with the local authorities and business communities and supply valuable information about real needs. According to a number of Offices, the IPUs were, in the past, very useful and efficient sources of project ideas.

Indeed, IPUs can be of high relevance to their host countries in that they can contribute to enhanced capacities of national Investment Promotion Agencies. This confirms the idea that ITPO support might be more relevant if interventions would give increasing attention to strengthening IPAs and other intermediary

organizations so that they would become increasingly able to attract the investment that their countries really need. ITPO France is a good example of an ITPO that has understood the need for capacity building of intermediary organizations and of combining micro-level investment promotion activities with activities at the meso-level.

However, the IPU's have, according to many evaluations, suffered from weak links to host country institutions and strategies. The Evaluation of UNIDO's Integrated Programme in Jordan (2005) concluded that the Enterprise Development and Investment Programme (EDIP), while having been among the most successful, was poorly matched with the mandate of the partner of the IPU Jordan; the Jordan Investment Board (JIB). The Evaluation of the CSF Egypt (2006) concluded that the IPU Egypt did not receive much policy guidance and substantive support from the Egyptian Ministry of Investment or from GAFI, the office responsible for foreign investment promotion and free zones in the Ministry. Recent information from GAFI management points, however, to a constructive and fruitful collaboration with the IPU.

Thus, IPU's have sometimes been regarded as a parallel (to IPAs) implementation unit and even though it should be acknowledged that IPU's have been found to increase the relevance of the investment promoted by the Network, the decision to cease with this instrument seems valid but needs to be replaced by efficient liaison mechanisms between ITPOs and IPAs.

### **Other capacity building activities by ITPOs and IPUs**

ITPOs and IPUs have increasingly been involved in capacity building activities and thus responding to the Strategy put in place for the Network, four years ago. However, the extent of these efforts (in addition to the Delegate Programme) varies largely from Office to Office: being major initiatives in ITPOs of Bahrain (EDIP), Italy and France to more focusing on lectures and site visits for ITPO Japan, and mostly on training courses in ITPO Korea. ITPO Beijing provides training, advice and tools to local governments and their promotional agencies. Moreover, ITPO Italy has been implementing capacity building programmes in Serbia and in Italy.

The scope and results of capacity building activities, as presented under Effectiveness signal that they do contribute to the relevance of the Network but their scope can be further increased to make capacity building a distinct and unique feature of the Network.

### **Integration with UNIDO programmes**

As mentioned above, the availability of professional backing by UNIDO Headquarters and possibility of cooperation and synergy with other UNIDO networks are essential features of the ITPOs/IPUs Network, distinguishing it from other investment and technology promotion agencies/networks and making it relevant for UNIDO and the benefiting countries. However, the evaluation reports and the Survey signal that this potential has not been satisfactorily tapped.

As to “in-house” or UNIDO cooperation, the Survey revealed that the most extensive cooperation (naturally) took place with the UNIDO Investment Technology Promotion Branch, while there was little collaboration with the Trade Capacity Building, PSD, Environmental Management, and Energy and Climate Change Branches as well as with the SPX network. At the same time, the Offices state that they engage in projects in areas of cleaner production, energy efficiency, cluster development and CSR – however, it seems, at times, without taking into consideration UNIDO’s experiences or best practices. In fact, the Survey analyses indicate that ITPOs rarely solicit the expertise of UNIDO’s technical branches.

Some ITPOs have extended cooperation with, non-investment focused, UNIDO Headquarters based programmes and have facilitated cooperation between UNIDO Headquarters and the host Governments, in areas such as the elimination of POPs (Bahrain), and the promotion of biofuels and water technologies (Tokyo, Bahrain). The ITPO- Athens has, on the other hand, been promoting green and clean industry and energy efficient technologies and has developed particularly interesting projects in these areas but cooperation with technical branches in the Headquarters were marginal in the past. Similarly, the cluster programme of the ITPO Beijing was designed and carried out without involvement of the relevant branch of UNIDO. There are, in fact, many UNIDO programmes and services which might be of relevance to the ITPOs but where the interaction, so far, has been limited. To this category belong Cleaner Production, the Transfer of Environmentally Sound Technologies (EST), Private Sector Development, Trade Capacity Building and CSR. These are all areas actively promoted by UNIDO.

Moreover, cooperation of ITPOs/IPUs with field projects managed by UNIDO is rare. It is only in the case of ITPO Tokyo that Delegates were linked to UNIDO initiatives and projects: delegates from Mozambique were financed 100 per cent by the UNIDO AAITPC project, the visit of Delegates from Ecuador was implemented through an initiative of UNIDO HQs and the visits of Delegates from Indonesia were implemented as a follow-up of the UNIDO project and fully financed by a UNIDO project in cooperation with UNIDO Jakarta. In addition, the India (Orissa) project, managed and executed by the UNIDO HQs, cooperated with the ITPO Tokyo in organizing and funding a Delegate Programme and business mission to Japan. This type of coordination between UNIDO field projects and ITPO activities is highly desirable not only for the sake of synergy, but also for the sake of relevance, justified by the synergy.

There has been some cooperation among the ITPOs themselves. According to the Survey reinforcing the Network in terms of members (new IPUs/ITPOs) and in terms of quality (services and activities, networking capabilities, etc.) would increase the relevance and strengthen the position of UNIDO as a key player in investment promotion and technology transfer.

**Box 1. Bias towards host country policies: an extreme case**

*The evaluation of ITPO -Italy found that the ITPO serves Italian companies better than clients from abroad. It observed that the far-reaching integration into national priorities was manifested by the relocation of the office to the capital and the implementation of the 'Special Programme for Africa' that aimed at a variety of national policy objectives, partly beyond the ITPO mandate, such as improving the access of Italian firms to EU funding and to Italian trust funds at various international financial institutions as well as training journalists from Iraq and Jordan. This biased the relevance of the ITPO further towards national policy priorities.*

**Source:** Evaluation of ITPO -Italy, 2007

The issue of the ITPO Network relevance is thus a highly pertinent one. With one of the instruments (IPUs) that has been found to contribute to a high degree of relevance being phased out, it will be important to increase the demand and needs orientation of the ITPOs through other means. There is also an identified continuous need to address market failures in terms of insufficient information about the demand and supply of investment and technology. The absence of neutral investment and technology brokers and insufficient productive investment flows towards Africa, argues for the relevance of ITPOs. However, in order to increase the perceived relevance of the Network, the development orientation of the ITPO programme needs to be reinforced, its focus on Africa and LDCs duly considered, the capacity building activities extended and integration with UNIDO programmes strengthened.

# 5

## Efficiency

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Efficiency is defined as a measure of how economically resources (inputs) are converted into outputs and outcomes. The ITPOs and IPU were asked what measures should be taken to make the Offices more efficient. The bullet points below summarize the answers received through the Survey:

- A (difficult) equilibrium must be reached between the necessary autonomy and flexibility of the ITPOs (which must remain non bureaucratic) and alignment with UNIDO Procedures and programmes
- Increase cross training programmes and introduce staff exchanges
- Introduce training of field staff at UNIDO HQ.
- Diversify the set of skills required.
- Better utilization of the Delegate Programme
- Improve the M&E system
- Increased use of ICT tools for better network management

The major challenges reported by the majority of the ITPOs and IPU, through the Survey, were budget constraints and staff constraints arising from this. This was followed by challenges in the identification of promising projects. Many ITPOs were of the opinion that efficiency of operations was reduced by spending too much time on projects with small chances of promotion and conclusion.

It is not easy to assess the overall efficiency or cost-effectiveness of the ITPO Network nor of individual ITPOs as it is not possible to construct a quantitative indicator encompassing all factors of the input-output conversion: while the inputs can be expressed and summed up in quantitative terms (as expenditures), the outputs (resources mobilized, capacity building, etc.) are too diverse to be summed up using one denominator. Thus, the analysis of efficiency can be only approximate and needs to proceed along two lines:

- analysis of efficiency of selected ITPO/IPU activities
- analysis of factors contributing to overall reduction of costs and/or upgrading the quantity and quality of results.

### 5.1 Efficiency of selected ITPO/IPU activities

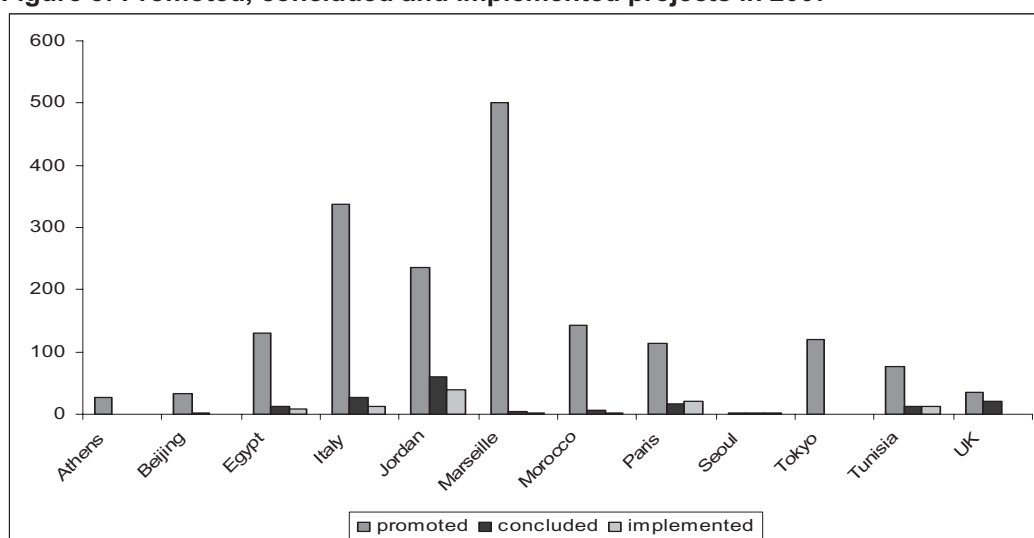
There is very little information about inputs actually used to generate specific outputs or outcomes. Besides, for various reasons there are no benchmarks or targets established for producing various outputs. Yet, the evaluation reports try to analyse dimensions of efficiency of some activities.

## Efficiency in terms of number of projects promoted

One way to assess efficiency is to look at the ITPO overall project cost in relation to the number of investment projects promoted or the investment volume generated.

Figure 3 below presents an overview, of the information obtained, through the Survey, on the number of projects promoted, concluded and implemented in 2007.

**Figure 3: Promoted, concluded and implemented projects in 2007**



Source: ITPO Survey (2008)

The information provided above is also presented in the table below.

**Table 3: Number of promoted, concluded and implemented projects in 2007**

type	Ath	Beij	Egy	Ita	Jord	Mars	Mor	Par	Seo	Tok	Tun	UK
<b>promoted</b>	27	33	131	338	235	500	142	114	3	119	76	35
<b>concluded</b>	0	3	13	27	59	5	6	16	3	0	13	21
<b>implemented</b>	0	n/a	9	13	39	3	3	21	3	0	13	0

Source: ITPO survey (2008)

The number of projects promoted, in 2007, by ITPOs and IPUs ranged from 3 to 500, with ITPO Marseille at the top of the list. It has to be kept in mind, however, that figures are not always comparable as the ways projects are promoted can vary from being very intensive to just providing very basic information on a

### **Box 2: The Delegate Programme of ITPO-Paris**

*25 years of execution of the Delegate Programme by the ITPO Paris have generated sustainable information and communication channels. 90% of the relationships established during the programme last after the training sessions and about 90% of the projects have been identified through delegates.*

*2/3 of the delegates who stayed at the ITPO Paris affirm that they efficiently transferred the acquired know-how to institutions in their original countries.*

Source: Evaluation of ITPO-Paris, 2007

webpage. Besides, the ITPOs differ also in terms of how they allocate the working time between investment promotion and other activities, such as capacity building. For example, the evaluation of ITPO-Paris notes that the support to the formulation, analysis and execution of economic partnership projects is the main activity and represents over 50% of the working time of the staff. In ITPO Tokyo a significant share of the working time is spent on the Delegate Programme having a strong capacity building dimension.

More useful indicators of efficiency would be projects concluded (defined as agreement signed between two parties) or implemented compared to the total mass of projects promoted. For Italy and Paris we find a success rate of about 10 per cent between projects promoted and concluded. For ITPO Tokyo the evaluation report covering a 3-year period assessed the rate at 6%. This success rate was significantly lower for Marseille, which could be an indication of a rather “extensive” promotion. For most Offices, we find that there are relatively small numbers of projects concluded and implemented.

There was an attempt, under the scope of this thematic evaluation, to go one step further and assess the ratio between projects concluded to projects implemented but this was not possible due to inconclusive information, as many ITPOs stop the monitoring of projects at the conclusion stage. According to the information provided by the Survey, the IPU Egypt promoted 131 projects per year, while 13 were concluded and 9 implemented. The IPU Morocco promoted 142 projects in 2007 out of which 6 were concluded and 3 implemented. While IPU Tunisia promoted 76 projects, 13 were concluded, it is not known how many were implemented but the value of implemented projects were about 2,8 million euros. The IPU Jordan promoted 235 projects in 2007, 59 were concluded and 39 implemented, with a value of 15,7 million. Thus, the Offices reported between 0 and 21 implemented projects, on a yearly basis, with the exception of Jordan, reporting between 30 and 92 projects implemented annually, during the last few years, a figure that, however, could not be validated by an evaluation

The information retrieved from evaluations and from the Survey also indicates that Offices/Units use different strategies; some promote large numbers of projects while others are more selective and promote relatively few projects but in an intensive manner. One opinion is that ITPOs should be more selective when identifying projects and promote only those, which have a high likelihood of success, since this would enhance efficiency and not spread the resources too thinly. The evaluation of ITPO Italy, advocates for a different selection criterion: choosing projects with a potential for high development impact even if they might not have the highest likelihood of succeeding and thus are more risky. The above difference of approaches reflects the tension between development impact and efficiency and, clearly, the development effect needs to be the supreme principle/criterion for the Network.

Asked, through the Survey, about the criteria used from taking a project from one step to another in the investment promotion chain (identification-formulation-appraisal-promotion-conclusion- implementation), it became apparent that very few Offices apply a criterion, in a strict sense and when a criterion exists, it is usually at the identification stage. Another observation is that “priorities of (foreign) partners” were not a criterion for selecting projects, with the notable exception of



ITPOs Italy and Paris. ITPO Paris, moreover, uses the criterion of “the project is likely to generate interest in Europe” when selecting projects for promotion and this includes interest of institutional development partners, in addition to the criterion of development orientation and expected impact.

ITPOs confirm that a great deal of effort has to be mobilized in order to promote each individual investment project and that there is often little reward. A way to rationalize this work and improve efficiency has been to concentrate on specific technology areas or sectors or with existing clusters of enterprises. This argues for ITPOs moving towards increased specialization.

The ratio cost/benefit of investment promotion is thus normally very high, but there is no indication of what is acceptable and there has been no attempt to identify best practices. Thus the need for benchmarks seems obvious. This last point has been made by a number of evaluation teams. For example, according to the 2007 evaluation, the ITPO Paris had promoted around 200 projects per year out of 500 identified projects. This promotion phase, which usually takes between 7 to 14 months, consists of providing support, during the negotiations between the partners, in order to reach agreements. It resulted, on an average, in 35 concluded projects per year. The second phase, which usually lasts between 8 and 22 months, consists of supporting the effective execution of the partnership project, until the launch of the production. This phase resulted in about 20 operational projects per year. To be able to judge whether this is efficient, comparisons of similar outputs from other ITPOs, and other, similar international assistance projects might be useful. However, the evaluations also warn against false expectations and the risk of benchmarks, if established as a firm management (planning and evaluation) tool and becoming a straight jacket that can lead to sub-optimal solutions. The ITPOs are too diverse in terms of geographical, sectoral and other orientations and working environment to allow for unified or generally applicable benchmarks. For example in the case of ITPO Tokyo, the language barrier (requiring greater inputs of ITPO staff in tutoring the Delegates) and geographical distance from Africa alone make the promotional activities of ITPO Tokyo more costly.

What is equally important as improving efficiency of individual activities is improving efficiency of the whole mix of activities. Many interviewees would like to see the efficiency of the Network enhanced and it is often argued that this could be done by reducing the focus on targeting individual businesses to targeting institutions and networks involved in investment or technology promotion and getting away from active promotion of individual projects. This is happening in some ITPOs, such as Bahrain with the EDIP programme is actively involving the Development Bank or ITPO Beijing operating mainly through authorities and promotional agencies at provincial or city levels. To the categories mentioned above also belong international supplier networks and large subcontracting companies but so far there has been limited collaboration with these kinds of entities.

## 5.2 Efficiency of different instruments used in investment promotion

The ITPOs/IPUs were asked, in the Survey, to identify the tools used at different pre-investment stages. COMFAR is being used by many but not all offices, others mentioned the preparation of feasibility studies, direct contacts with companies in their data bases, business to business (B2B) meetings and match-making events, promotional material, investment forums and exhibitions, the Mediterranean Exchange web site, IPAs, National Cleaner Production Centres, partner institutions in host countries, Industrial Associations and Chambers and the ITPO Italy and a few others indicated using the network of IPUs.

Some Offices foster domestic investment promotion through entrepreneurial development programmes. ITPO Shanghai belongs to this category, using a UNIDO training programme to foster youth entrepreneurship and another example is ITPO Bahrain, using the EDIP programme. It is obvious that EDIP projects have been efficient instruments in generating investment projects while IPUs have been a main source for ITPO Italy and Delegates have been the main source of project ideas for ITPOs of Tokyo and Paris.

The following text deals with findings of the evaluation reports regarding efficiency of some of the instruments used in investment promotion

### **The Delegate Programme**

*Reinforcing the training component of the Delegates Programmes as well as more emphasis on capacity building of local investment promotion agencies is expected to lead to better results*

The Delegate Programme is by many considered as the most efficient instrument for investment promotion but the evaluations show that it has been severely underutilized and sometimes not properly used. The Delegate Programme has been a significant component of ITPOs only in Paris and Tokyo. Some ITPOs have not implemented the Delegate Programme at all (Beijing, UK), or not to the level envisaged (Athens, Bahrain, Rome). In fact, the total numbers of Delegates have declined dramatically in recent years

Recent evaluations of the ITPOs in Paris and in Tokyo indicate that these Offices have made particularly good use of the Delegate instrument and that it has generated needs-oriented investment projects and contributed to capacity building of partner organizations in the South. In particular the Delegates have been found to be efficient when it comes to screening projects and identifying suitable project promoters.

In the case of ITPO France, the financing of a Delegate has included travel funds and co-financing of the travel of investment partners, from both the host and the recipient countries. In these cases, partners/enterprises had been identified and screened, before the departure of the Delegate to France, as well as their needs for technology, know-how, access to markets, technology, joint venture, etc. A sector approach was often followed (agro industry, textile and wood processing)

and there was a focus on SMEs. Project promotion took place through direct contacts, using the ITPO network, advertising and the use of the Internet (ITPO website), organization of information meetings, exhibitions and forums. Some innovative modalities were used such as; the implication of a financial institution during the project identification phase, a targeted search for each project through UNIDO's data base and partner institutions and cooperation with other programmes, such as the French Industrial Partnership Programme.

The evaluation of ITPO Paris (2007) notes that the supervision of Delegates and other activities at the meso level, represent 20 percent of the working time of the ITPO team. The evaluation team argued that this shows that inter-enterprise partnership activities take priority over institutional cooperation activities, even though the latter could have definite multiplier effects.

The evaluation of ITPO Tokyo (2007) informs of the Delegate Programme having resulted in 22 delegates and 103 active projects during the evaluation period of 3 years . Delegates spent on an average 16 days in the ITPO, thus a relatively short duration but justified by a limited budget and language barrier. The purpose was to establish contacts with Japanese companies and disseminate country information in Japan. The project follow-up is mainly the responsibility of the Delegate. Delegates claimed to have upgraded their skills in presenting investment opportunities, finding suitable partners, preparing visits of potential investors and in project selection. The Delegates mainly originated from countries with UNIDO programmes and, in addition, with an ITP component.

Overcoming the language barrier of the Delegates through extensive support by the ITPO staff (accompanying the Delegates almost to all meetings with potential partners) implies a heavy workload for the office; 3 out of 5 professional staff claimed to spend 25-45 % of their working time on the Delegate Programme.

Unlike in ITPO Tokyo, where most of the promoted and concluded projects originated from the Delegate Programme, according to the Evaluation of ITPO Paris the rate of completed partnership projects was shown to be lower in cases where the opportunity had been identified in developing countries. This observation emphasizes the need to: reinforce the training component of the Delegates Programmes, as well as capacity building of local investment promotion agencies, in order to ensure better efficiency and effectiveness by focusing on those partnership requests that match supply side interest and availability.

The Delegate Programme has, nevertheless, been efficient in increasing the demand orientation of ITPOs, through linking up with IPAs and with enterprises in the Delegates' countries and serving as a channel for requests for partnerships. The experience shows that the Delegate Programme is an effective and efficient modality when the delegates are well prepared and receive adequate coaching and supervision from the ITPO staff.

## **Online investment promotion schemes**

As mentioned elsewhere, UNIDO Exchange, the planned principal platform of the Network for online investment and technology promotion, has never become fully operational and is currently dormant. Currently, there is no such thing as a common ITPO platform. Some ITPOs (for example Beijing) were developing matching systems in their home countries but these efforts turned out to be wasted. Most ITPOs have an individual website, however, usually not linked to the UNIDO Exchange. Often the websites are in the language of the host country (Rome and Athens), thus mainly promoting outbound investments and of limited use to promoters in the targeted countries.

The ITPO Beijing assisted some local agencies including one private company in designing and operating Online Investment Promotion Service Systems, which have been successful in promoting inward investment, primarily by Chinese investors from overseas. The ITPO Shanghai has established two on-line networks for investment promotion and technology transfer, one managed by the Government and the other by the Shanghai Foreign Investment Development Board. Other ITPOs make limited use of the “web”. The use of the world wide web as a tool for investment promotion and as a cheap “display window” can definitely be increased.

## **Investment Forums**

Earlier evaluations, carried out in the 1980s and 1990s, point to the fact that the Investment Forums did not have the envisaged effects or been an efficient tool in the generation of investments. Reasons identified were a certain incompatibility between the ITPO host country partner, who often had been more interested in finding an export market than in actually investing, the local partner being sceptical of public or development institutions or of ceasing control and hesitant to “join in” and the absence of a national counterpart, which would do the follow-up on the recipient country side. Another finding was that SMEs in a need of technology or wanting to expand were, above all, looking for finance, not investors. The ITPO Paris has been trying to find ways to bridge this financing gap and has, for instance, promoted the establishment of a risk capital fund in Niger.

ITPO Beijing supported a modified version of an investment forum organized by the EU in the context of the EU Asia Invest programme in the Shanxi Region. It supported the Municipal Government in writing and winning a proposal for an EU grant amounting to 300 000 € for business matchmaking between SMEs from the Shanxi region and several EU countries. ITPO Beijing supported the implementation by technical assistance, development of an online matchmaking platform, seminars for the participating Chinese and European companies and support to local programme management in reporting to stakeholders. Altogether 128 Chinese and 56 European companies attended the meeting; over 30 contracts or letters of intent were signed with a value of RMB 650 mil. (over USD 100 million). As often in these situations, in the detailed negotiations that followed only some cooperation projects survived. A follow-up in April 2009 found that only 5 projects continued negotiations or were being implemented (total investment

USD 4 million) and the efficiency of this instrument even in the modified format remains questionable.

### **Types of business partnerships**

Direct investments, followed by joint ventures are the predominant form of engagement for the vast majority of projects facilitated by ITPOs/IPUs. Franchising has, to a limited extent, been promoted by two Offices and technology transfer was only signalled by Italy. Technology upgrading occupies a central stage of many Offices and the same is the case for trade facilitation. Only four out of 12 Offices/Units indicated that they were involved with the shaping of existing investment.

In some cases the forms of investment change over time. Before China became a WTO member, most foreign businesses were established as joint ventures. Therefore, project matchmaking was a key part of investment promotion. Since 2002, the solely foreign-owned enterprises replaced joint ventures as the most popular form of FDI in China. In view of parallel changes in the institutional framework ITPO Beijing adopted a new strategy of supporting provincial/municipal investment promotion agencies in the development of industrial clusters as platforms for promoting investment irrespective of its form but tailor-made to the development needs of the province.

To sum up, there are many instruments that can be used in generating different types of projects for promotion but it is difficult to make any statement as to the efficiency of these tools. In fact, answers provided in the Survey, findings in evaluation reports and information collected during interviews point in different directions and are non-conclusive. What is obvious, however, is that today the Network is more efficient in generating projects for investment promotion than in generating actual investments or transfer of technology.

## **5.3 Factors contributing to overall reduction of costs and/or upgrading the quantity and/or quality of results**

### **Structure of expenditures**

In all ITPOs/IPUs the largest items in the budget and of expenditures are the personnel costs. Even when excluding project travel (BL 15) the share of personnel costs exceeds 70% and in some cases (such as ITPO Athens) 80% of total expenditures. The second largest cost item is usually the office rent and expenditures associated with the premises. Such a structure of expenditures indicates that opportunities for cost reduction (for the sake of increasing efficiency) are limited.

To a very large extent, the ITPOs are staffed with nationals of the host country although some posts, and this is usually the case for the Head of the Office, are international "L" posts, however normally filled also with nationals. A few evaluation reports have pointed out that the host country nationality of staff weakens the UN/UNIDO identity and exposes staff to problems of double loyalty.

It is also an exception from the UNIDO, however, unwritten rule of not having nationals managing projects in their own countries. Furthermore, most ITPO staff members have no previous UNIDO experience and thus a limited knowledge of UNIDO programmes and strategic priorities. Moreover, the recruitment procedures are not in line with practices presently in place at Headquarters with competitive and competence-based assessments. On the other hand, staffing ITPOs with nationals reduces to some extent the personnel costs; besides, their knowledge of the local environment contributes to efficiency.

There are, however, large differences in personnel costs among the ITPOs depending on the posts classification (international or national). Posts classified as international are associated with higher costs, even if occupied by nationals. Evaluation reports point to the fact that ITPOs are efficiently managed, staffed with highly competent people and implementing a large number and variety of interventions. This fact does not seem to be affected by the differences in the level of post classification. However, for various reasons, including the competition on the labour market and interest in keeping highly qualified staff, the possibilities of reclassification of posts in the ITPOs/IPUs with the purpose to replace international posts by national posts seem limited.

### **ITPO Status and Management**

A large number of evaluations indicate that the unclear administrative status of ITPOs, as a hybrid between being a project and an office/institution affects the efficiency of the ITPOs. The large degree of autonomy of ITPOs, which was initially intended to enhance efficiency by avoiding bureaucracy, has often turned out to be counterproductive and resulted in isolated efforts and overstretching the ITPO mandate.

Many evaluations have conveyed that the guidance to ITPOs with regard to administrative rules and regulations is insufficient and lack due diligence. This was to a certain degree remedied, in May 2008, with training, organized in Vienna, for ITPO administrative staff. A related finding is that the Operational Manual for IPSs, from 1996, has been outdated and not responding to evolving management demands. Other weak areas that have been highlighted in evaluation reports are tendering procedures and the administration of the "local IPs". Evaluations have also pointed out that ITPOs operate autonomously from UNIDO Headquarters in the sense that funds mobilization activities are conducted independently and co-operations with various partners are entered and interventions initiated without UNIDO HQ being informed or providing the necessary approvals or delegation of authority. Reporting has often been identified as a weak area and found to be non-standardized, sometimes superficial, not results-oriented and not in line with the ITPO Work Programmes. The large degree of autonomy and lack of stringent rules have often been found to expose UNIDO to considerable risk.

The repeated shifts of the affiliation of the ITPO Coordination Unit have not facilitated matters nor has the fact that the unit was without professional staff for a relatively long period, of more than a year. In 2008, major steps were taken to increase the leadership function of ITPO Coordinating Unit, with the appointment

of its new head. The present Chief of the ITPO Unit has long UNIDO experience and in-depth knowledge of the Organization and is supported with very qualified support staff, still one professional is expected to efficiently and effectively manage a large Network of Offices.

It should, in this respect, be acknowledged that the management of ITPOs and the planning of activities face many additional challenges. Most importantly, host Governments are often not in a position to make a financial pledge to UNIDO for more than one year at a time and the two or three year Project Document represents only a framework, without clear objectives or quantitative indicators. These are, later on, specified in annual work plans.

However, even as a framework, the project document requires certain improvements and to be better aligned to RBM principles.

Moreover, Development Objectives need to be aligned to the ITPO objective as defined in Decision 18 GC 2003, impact indicators should be developed and encompass variables such as; value of new investment, value of export earnings, number of jobs created, pollution generated/eliminated, etc.

Furthermore, the immediate objectives need to be adjusted in order to reflect the fact that three major categories of outcomes are expected: successful mobilization of resources for investment; successful promotion of technology; and strengthening of institutional or policy frameworks in developing countries. Hence, the immediate objectives need indicators in terms of projects concluded (contracts signed), technologies transferred, or institutional strengthening (IPAs strengthened, policy adopted). Some key indicators such as the number of Delegates hosted and investment projects promoted, could be quantified also in the project document for the whole planning period, under the assumption of consolidated funding at current levels. Moreover, project documents should explicitly mention thematic priorities and how the Office is expected to contribute and possibly areas of specialization. The planning documents for local "investment projects have also been judged to be weak and not "properly describing objectives, outcomes, outputs, activities, nor indicators.

**Box 3 ITPO Italy and IPU-Egypt and UNIDO HQ:  
Example of fruitful cooperation- Egyptian Traceability  
Center for Agro-Industrial Products for the European  
Market (ETrace)" Project**

*The IPU Egypt , the ITPO Italy and UNIDO HQ engaged in a successful cooperation with the Italian Government through a highly innovative project that is funded under the Italy/Egypt debt swap facility. The project has been fully operational since July 2004 with the establishment of the "Egyptian Traceability Center for Agro-Industrial Products for the European Market (ETrace)". Project counterparts are the Ministry of Industry and Trade and the Horticulture Exporters Association with a high degree of ownership. Conceptually the E-Trace project is highly relevant since it helps overcome a Technical Barrier to Trade in an important sector of Egyptian Exports. The project has established the technical basis for adopting new norms and standards and provided institutional exposure to technical personnel in two target export markets (UK and Italy). E-Trace is a good example that it is indeed possible to mobilize synergies between the competences available at UNIDO HQ (in this case the Trade Capacity Building branch) and the ITPO/IPU network.*

**Source:** Evaluation of ITPO –Italy, 2007

Moreover, a common publication policy of the ITPO network is not in place. Each ITPO prepares publications for its individual needs. Moreover, publications are not subject to UNIDO publication rules and procedures, which exposes UNIDO to considerable risk. Many ITPOs were found to produce investor guides, often duplicating each other as well as outputs of other organizations/institutions.

### **Networking with UNIDO and its networks**

Networking with UNIDO and its networks can increase efficiency by achieving synergies. The potential for closer integration both with HQs and within UNIDO Integrated Programmes in the field has been stressed by evaluations, the Survey and in interviews. The Evaluation of the Integrated Programme Jordan, 2005, specifically addresses this point in detail. The evaluators convey a state of separateness of the IPU from the IP, evoked by a number of Government, donor and UN partners

As already touched upon, the level of ITPO integration with UNIDO programmes and projects has been weak. Some ITPOs seem to work in splendid isolation with very little collaboration with other ITPOs, IPs, SPXs or technology centres and even when the programmes/centres are localized in the same country. There is also, as mentioned above, limited cooperation with UNIDO's technical branches, for instance the Cleaner Production (CP) unit or the environmental management or PSD branches. ITPOs often venture into technical areas, such as CP, cluster development or CSR on their own and without utilizing in-house expertise or tools. For instance, ITPOs with ongoing activities on cluster development have been found never to have been in touch with cluster experts at HQ.

Some UNIDO Headquarters staff see possible areas of conflict in collaborating with ITPOs because of their own standard of brand neutrality and the focus on the provision of technology specifications and needs while ITPOs are perceived as, at least partly, promoting specific brands or technology. There are, however, examples of constructive collaboration, for instance between the water management unit and the ITPO Bahrain, in the joint organization of a water technology event, or between ITPO Tokyo and the bio-fuel activities of the Headquarters or the arsenic removal project in Bangladesh . At the same time, the ITPO Bahrain while actively supporting efforts in phasing out ozone-depleting substances, combating climate change, promoting industrial energy efficiency and the promotion of renewable sources of energy had in the past limited collaboration with UNIDO's Cleaner Production and EST programmes and projects.

Generally, the ITPO evaluations show that the networking potential of ITPOs, with other UNIDO Programmes, is underutilized, due to limited UNIDO knowledge of ITPOs and limited coordination resources for the ITPO network. The potential for ITPOs and IPUs to work as a close network and benefit from potential synergies is also hampered by the lack of efficient networking tools. Another, equally important factor, is that UNIDO technical managers seldom solicit collaboration with ITPOs. As mentioned above, the ITPO Strategy, launched in 2004, and among other things, aiming at enhancing network synergies has not been



implemented. Evaluations of ITPOs in Italy, France and Korea all cite the weakness of ITPOs in working as a network and the lack of synergies between the ITPOs. The cases of France and China can be seen as an illustrations: even two ITPOs working in the same country, have failed to collaborate efficiently. Neither do the Chinese ITPOs coordinate with all the China-based SPXs and rarely with any of the UNIDO International Technology Centres in China.

In general, the Subcontracting and Partnership Exchanges (SPXs) which are centres set up, by UNIDO, to match domestic suppliers with international buyers and found in over 60 developing countries are not solicited by the ITPOs.

Increased specialization of ITPOs might open up for more inter-ITPO networking since the ITPOs would be able to channel request in areas where they do not have a mandate or clear competence to other ITPOs. This would probably add to the value added of the ITPO network, increase its efficiency and reduce competition with national investment promotion agencies. In the past we have seen ITPO Tokyo profiling itself in CDM, ITPO Bahrain in water technology, ITPO UK in outsourcing and ITPO Athens in renewable energies.

Networking with UNIDO can help also in augmenting the technology promotion, which is averred more difficult than investment promotion. It should be noted that UNIDO branches and programmes, for instance in areas of cluster development, agri-business development and trade capacity building are, equally, involved in technology promotion but indications are that there is, so far, little cooperation with ITPOs in this field. Many UNIDO staff members are, likewise, of the opinion that investment and technology promotion is often needed in highly specialized technological areas and that a higher level of competence and specialization is needed in order to provide advice on investment or technology.

In fact, the lack of integration with the UNIDO HQ programmes seems to be one of the main factors weakening the Network. Many evaluations cite the weak central management structure at HQ, as the main reason for the lack of integration and call for better support and stronger guidance from HQ as the first and foremost condition to bring out strengths and overcome weaknesses of the ITPO network. In particular, more conceptual work and integration is needed in regards to such cross-cutting issues as technology transfer, innovation, clusters, subcontracts, green industry, responsible investment, energy efficiency, etc. Considerable efforts have been launched in recent months in this direction.

### **Partnering with national organizations and agencies**

ITPOs do more than investment promotion and can increase their efficiency through adopting an integrated approach to information provision, investment promotion and coaching to investment promotion agencies and other stakeholders in partner countries. Many ITPOs cooperate extensively with organizations and agencies in their host countries. ITPO Beijing organizes most of its activities in cooperation with other local agencies, be it seminars, workshops, conferences, training, etc. The active network of partners and personal contacts in the institutional framework, both at the government level, in the private sector and with NGOs is a distinct feature of ITPO Beijing, contributing to efficiency and

outreach. Similarly ITPO Tokyo also organizes most of the presentations, seminars and business missions in cooperation with other investment promotion agencies, embassies of recipient countries in Japan and/or industries as do many other ITPOs. Such cooperation reduces costs of activities, avoids duplications and contributes to trust-building.

Partnering with organizations in the target countries is less intense. Highly desirable is cooperation with IPAs, and some ITPOs such as ITPO Paris or Tokyo have experienced such contacts on bilateral basis. However, it is surprising that ITPOs are not yet actively interacting with **AfriPANET**, with presently 38 Sub-Saharan IPAs as members, thus a relevant network for ITPOs. ITPOs were invited to the last AfriPANET meeting (2008 in Durban) but due to the short notice the only ITPO to actually participate was ITPO Tokyo. The two networks have, however, met in the past, the last time during the 2007 General Conference, but the encounter did not lead to any concrete collaboration and AfriPANET has not been living up to the expectations in terms of being active in the identification of investment opportunities, for promotion by the ITPO Network. In respect to the AfriPANET Conference in South Africa, in October 2008, the ITPO Network and ICU did not receive any formal invitation. ITPO Paris has, however, actively liaised with AfriPANET.

# 6

## Effectiveness

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In this chapter we will discuss, in more detail, to what extent the objectives of the Network and of individual ITPOs have been achieved. In line with their mandate, the majority of the ITPOs dedicate their efforts and resources to *promote the transfer of investment and technology to developing countries and contribute to industrial development and economic growth*. Although not explicitly stated, the mandate can be seen divided into an outcome objective *transfer of investment and technology to developing countries*, which is also expressed as “*to mobilize resources from the host country to developing countries*” and an impact-oriented or development objective; *contribution to industrial development and economic growth*. However, due to weak project assessment, monitoring and reporting systems, the actual contribution of ITPOs to the outcome and developmental objectives are poorly documented and not always known. This is a conclusion reached by almost all evaluations.

### ITPO objectives and indicators

*The weak M&E systems in place cause difficulties in assessing the effectiveness of ITPOs and IPUs*

Virtually all the evaluations stress the difficulty of assessing the effectiveness of ITPOs, due to the weak monitoring and evaluation systems (M&E) systems in place and the absence of well-formulated objectives and performance indicators, for individual ITPOs. The evaluation teams, for instance, experienced difficulties in tracing results, in terms of concluded or implemented (investment) projects and their (actual or potential) impact in terms of industrial development and economic growth. So far, no standard or harmonized mechanism has been developed by which the actual investment and development effects are systematically assessed, during ITPO project implementation or on an ex-post basis. What has been found to be missing is a project- and results-oriented system to monitor the entire process of investment promotion from, the achievement of outputs, to results in terms of project conclusion and implementation as well as a model/system with indicators and targets to measure capacity building effects on industrial development or economic growth.

It is thus difficult to make assessments on effectiveness in terms of achievement in the generation of investment projects or actual investment and in relation to technology transfer and capacity building. It is obvious, as described in the previous chapter, that many concluded investment projects did not reach an operational stage but as there are no specific targets for projects to be

implemented, it is not possible to assess the goal-attainment of ITPOs in this respect.

As regards the more or less standard immediate objective of ITPO project documents, “*to mobilize resources from the host country to developing countries*”, beyond any doubt, resources are mobilized but as no target is set there can be no assessment of whether or not the resource mobilization has been at a satisfactory level in terms of quantity or quality. There are, however, various targets established in the annual Work Programmes, often related to outputs; promotional events, studies, investment guides, training but there is a definite need to go one step further in order to assess and report on results at outcome levels. There have, however, been some laudable attempts to measure the effectiveness of ITPOs using more measurable criteria, such as investment projects concluded and investment generated.,

At the same time, when indicators are being used, they usually differ across ITPOs, which reduces comparability and possibilities for aggregation and this makes a case for the development of harmonized indicators. In addition, sometimes the used indicators are of questionable validity. For instance, the use of “The rate of concluded partnerships” brings out some issues, considering the difficulties, often expressed by the ITPOs, in obtaining information from investment project promoters on the actual results of contacts established by the ITPOs; the valid debate on whether or not ITPOs should go after easier projects, with more chances to be completed or rather devote themselves to more difficult and perhaps less likely “to be- completed” projects but with a potentially higher development impact and, not the least, the issue of how completed or concluded is and should be defined: today often meaning a mere signing of a Memorandum of Understanding between two business partners.

It has been documented, by UNIDO evaluations and by many reports related to projects executed by other agencies, that once partners are connected - which often takes considerable time and efforts- they usually do not solicit any more assistance from the ITPO or the investment broker. Despite this inherent difficulty, there is consensus within the Network of the importance to follow-up and to generate credible information about completed and implemented projects, in order to capture results and impact, assess their compliance with the against stated objectives and thus ultimately prove the relevance, effectiveness and usefulness of the Network.

The evaluation of ITPO-Italy discussed the fact that the established UNIDO methodology treats investment projects largely as *financial* operations, which is inadequate for UNIDO as an *industrial development* organization and argues that the job creation effect is the only quantifiable indicator for ITPO operations that has, at least theoretically, the capacity to prove the developmental impact of the ITPO activities. However, also this indicator carries some methodological weaknesses. In the case of the ITPO Italy, recorded intentions to create jobs seemed to be about six times as high as the actual achievements. In addition, huge fluctuations of this indicator over the years seem to indicate that the collected figures are subject to important uncertainties and should be used with care. As mentioned above, the presumed positive impact on job creation of FDI in general and investment promotion in particular is a cornerstone to demonstrate

relevance and effectiveness of the ITPO network as a whole and of every single ITPO. The job creation indicator is inherently difficult to develop, but there should be continuous efforts to make the indicator better defined.

Thus, presently, while ITPOs generally monitor and report, often in Annual Reports, on results in terms of investment projects concluded and there is information provided about the value of these projects, it is difficult to access information about the next level results; do concluded projects get implemented and do they generate actual investment or transfer technology and what are the effects in terms of sector or industrial development, employment generation or economic growth? These aspects are, generally, not monitored or reported on by any of the ITPOs and not always called for, in view of the relatively modest level of the investment generated.

Furthermore, what are the results of the capacity building in the host and target countries, what kind of organizations and which components were upgraded (management, organization, skills and qualification of personnel, working practices, operational tools, policies, information systems, databases, etc.) and what are the actual or envisaged effects.

ITPOs are found to report on collaboration with central and regional institutions, IPAs, industrial associations, Union of Chambers of Commerce and on collaboration with universities and research institutes but rarely on the results and effects of these activities or interventions and this concerns both resource mobilization (for investment and technology transfer) and capacity building .

## **Results conveyed by the Survey**

### **Investment promotion**

The information below, provided by the ITPOs/IPUs through the Survey, shows the investment volume of projects implemented in 2005, 2006 and 2007. It is obvious that many ITPOs should be given due credit for generating substantial investment amounts.

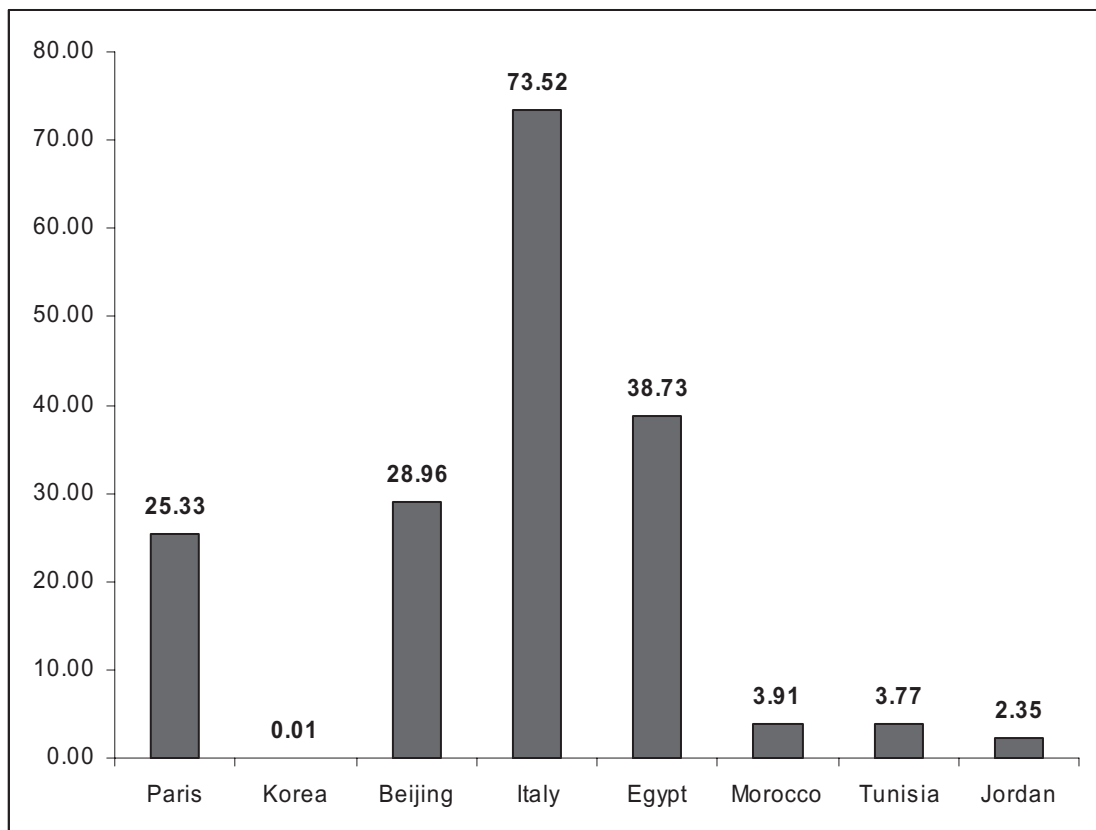
**Table 4: Total Investment Value (euro million)**

	Paris	Korea	Beijing	Italy	Egypt	Morocco	Tokyo	Tunisia	Jordan	TOTAL
Total Investment value-projects implemented	13.13	0.01	32.49	28		5.391		1.83	7.038	87.889
2006	13.15	0.01	12.64	191	72.37	3.117	1.238	6.687	10.922	309.896
2007	49.7	0.01	41.75	1.56	5.08	3.209		2.795	23.094	127.204
<b>TOTAL</b>	<b>75.98</b>	<b>0.03</b>	<b>86.88</b>	<b>220.566</b>	<b>77.45</b>	<b>11.717</b>	<b>1.238</b>	<b>11.312</b>	<b>41.054</b>	<b>524.989</b>
2005	4.9			25.92					4.469	35.289
Total Investment value-projects in operation	13.99		not involved in this stage of project operation.	46.07					7.744	67.804
2006									6.468	
2007	2.9			5.73			1.238			15.098
<b>TOTAL</b>	<b>21.79</b>	<b>n/a</b>	<b>n/a</b>	<b>77.72</b>	<b>n/a</b>	<b>n/a</b>	<b>1.238</b>	<b>n/a</b>	<b>18.681</b>	<b>118.191</b>

Source: ITPO Survey 2008

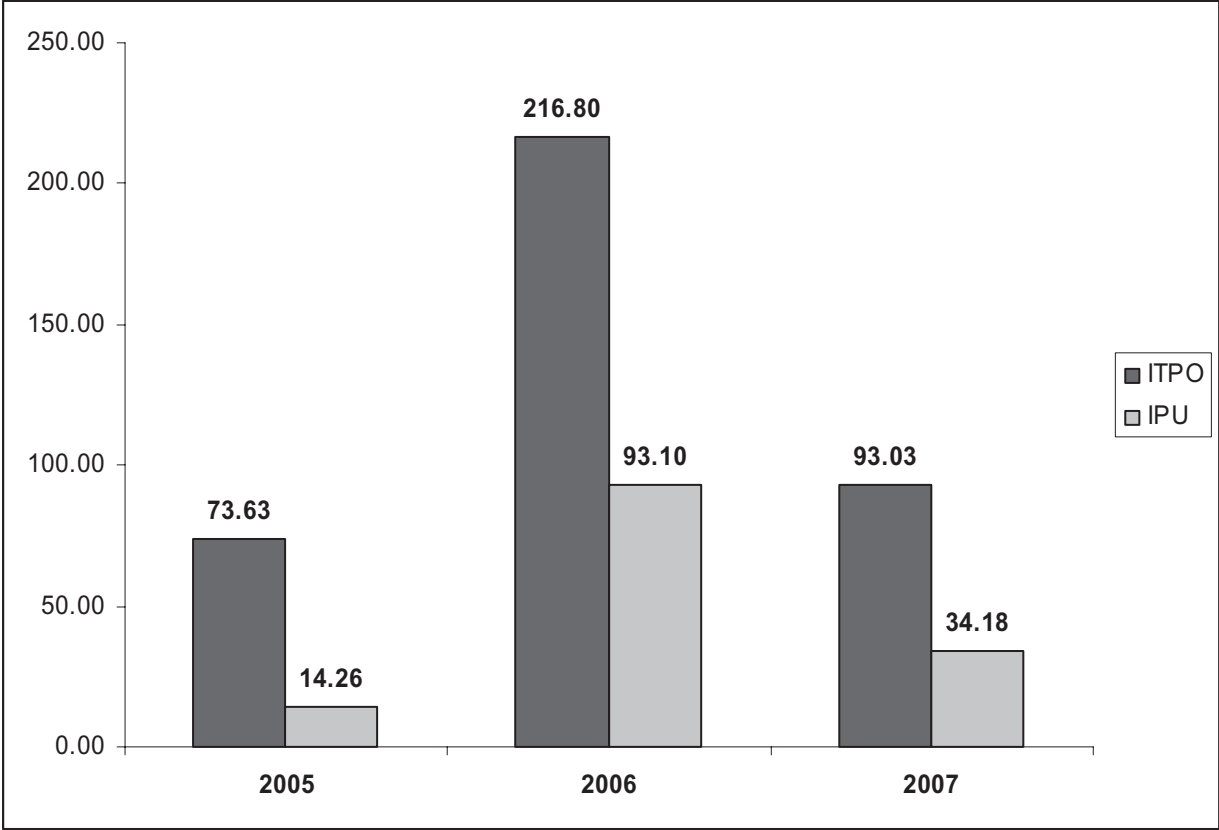
According to the Survey, between 2005 and 2007, the above listed ITPOs and IPU, together, promoted projects with a total investment value of euro 524.99 million. As shown in Figure 5, the average investment volume per year was euro 31.95 million for ITPOs and 12.19 million for IPU. Out of this population, ITPO Italy promoted the highest level of investment during the three- year period, on an average euro 74 million per year.

**Figure 4: Average investment volume per year of implemented projects for individual ITPOs and IPU, million EUR**



Source: ITPO Survey (2008)

**Figure 5: Average annual investment volumes of implemented projects, promoted by ITPOs and IPUs in 2005, 2006 and 2007, million EUR**



Source: ITPO Survey (2008)

The ITPOs/IPUs figures provided through the Survey, give a multi-faceted picture. While the Egypt IPU claimed to have facilitated euro 73 million investments in 2006, some small ITPOs did not generate more than a few thousand euros per year.

The reliability of this information is uncertain as we know that companies do not always disclose contract information or engage ITPOs in the final phases of negotiation and, in other cases, figures are based on concluded projects (the signing of an agreement between two parties) but not on implemented investment. In fact, though requested, ITPOs have so far not been in a position to report on ultimate results and impact in a systematic and credible manner.

**The most successful investment projects**

ITPOs and IPUs were also asked to provide information on their most successful projects. The analysis of the responses led to several conclusions (or lack thereof), namely:

- the sources of origination differ and one source does not prevail
- Four out of 11 the projects were in the agri-business sector (or included an agri-business component).



- ITPO Paris mentioned the development of a capital development structure – Sinergi.
- The ITPO UK had promoted an aerospace investment in Mexico
- ITPO Tokyo set up two small banana paper production units in Jamaica in 2004 and in Uganda in 2006.
- China Beijing co-organized, with a province, a matchmaking programme with EU enterprises
- IPU Egypt organized the MENA/OECD Business Forum
- ITPO Italy developed capacities of the Serbian Agency for Development of SMEs and Entrepreneurship and promoted Serbian export to Italy
- IPU Jordan assisted a tile producer to source new technology and upgrade the production
- IPU Morocco promoted partnerships between French and Moroccan SMEs and this resulted in many subcontracting agreements

It was noted that none of the responses to the question, asking to describe the results of the project, included an attempt to elaborate on effects or developmental impact – or what actually happened as a result of the above listed successes, often formulated as activities.

### **ITPO/IPU views on Effectiveness**

Finally, ITPOs and IPUs were asked, through the Survey, what measures should be taken to make the Offices more effective. The points below summarize the answers received:

- Better coordination/ cooperation between UNIDO Offices
- Increased coordination and cooperation with local institutions, including IPAs
- Conducting an assessment of the different tools and networks promoted by HQ (IIPP, CPP, COMFAR, SPX, Exchange and MedExchange, REAP, Export consortia, etc.).
- Including the ITPOs/IPUs in the preparation phase of HQ projects.
- Better coordination and management
- Better information about UNIDO's Programmes
- Better use by HQ , of the ITPOs

### **Results conveyed by ITPO evaluations**

#### **Results in terms of foreign investment**

There is some interesting result and impact oriented information in the evaluation reports. The **ITPO Beijing** generated in the period 2005-2007 over 1000 jobs and USD 12 million worth of investment abroad, primarily in Africa, and over 1000 jobs and USD 60 million in China. **ITPO Paris** - supported, between 2000 and

2006, 125 inter-enterprise partnership projects, which leveraged a total investment value of €60 Million (75% in Latin America, 15% in Asia but only 12% in Africa). For the **ITPO Italy** the number of projects under promotion increased, between 2002 and 2006, from 193 to 316 but the ratio of operational versus promoted projects came down from 14% in 2003 to 3% in 2006. This negative trend was caused by a decrease of operational projects (9 from 27) and the increase of projects promoted. Taking an optimistic view, the increase of promoted projects may lead to an increased number of negotiated and ultimately of operational projects in the coming years.

For **ITPO Tokyo**, the 2007 evaluation showed that for a 3 year period, 247 projects were promoted and 15 reached a stage of conclusion (6 per cent), generating 90 new jobs and a USD 3,6 million volume of investment. The volume of implemented projects and investment had gone down with promotion moving away from Central Europe to Africa. Apart from resource mobilization, there are other significant outputs and outcomes reported on, in terms of capacity building of Delegates' "home" organizations and improving the level of information exchange and knowledge of Japanese companies about countries and regions outside their traditional sphere of interest. In addition, awareness raising activities carried out for African embassies contributed to improving the capacities of their staff to deal with the trade, investment and technology promotion functions.

### **Results in terms of domestic investment**

According to the Evaluation of ITPO Bahrain, the ITPO Bahrain has been successful in promoting foreign as well as domestic investments. In order to address existing constraints to domestic investment promotion, the ITPO Bahrain embarked on the Enterprise Development and Investment Promotion (EDIP) Programme and this has proven to be a very worthwhile initiative. Through the EDIP Programme, the Bahrain Office has been successful in addressing a key constraint to investment promotion, namely the small entrepreneurial base of the country. The EDIP Programme has promoted a large number of successful Bahraini entrepreneurs. This has, in its turn, impacted on the generation of employment and the creation of new and the development of existing enterprises. The volume of investments generated by projects promoted or assisted by the ITPO Bahrain has ranged between USD 100 and 325 million, annually, between 2005 and 2007. The ITPO Bahrain estimates that a total number of around 10 000 jobs have been created through these investments.

The EDIP Programme has also been introduced in other parts of the world. The IPU's in Tunisia and Jordan have successfully implemented it but have not reported on the actual effects.

### **Results in terms of technology transfer**

While attempts have been made to report on and measure effectiveness in terms of investment promoted there is almost no information as to what extent ITPOs have been successful in relation to **technology transfer other than embedded**

**in investment.** Generally technology promotion or transfer has not been a focus area for the ITPOs.

The reason behind UNIDO giving attention to technology transfer is that technology is closely linked to industrial development and that developing countries need to have access to and information about existing technologies in order to be able to access the, for them, right technology and optimize industrial investments. In order to make informed choices, however, there is a need for comparable information about different technology options. This does not totally correspond to the ways ITPOs operate as they are primarily promoting technologies from their own country and thus from a limited number of suppliers. As such the neutral broker function of UNIDO is compromised and this might be one reason behind the limited achievements in this area. Another reason might be the professional profile of the ITPO staff who are usually experts in business administration, trade, investment but only in exceptional cases in specific production technologies or in management of technology transfers. There are, however, examples of ITPOs (Bahrain) capable of providing information on technology and have been actively networking with sources of technology information in different countries and within UNIDO

**ITPO Tokyo** also initiated some worthwhile activities in this area in order to support the dissemination and transfer of Japanese technologies with an environmental and social dimension. This has taken place through awareness raising activities and support to the establishment of demonstration plants for the production of banana paper and banana fibres, for the textile industry, but no replication has been recorded. In November 2006, the first banana paper production unit was set up within the campus of Makerere University in Uganda and under the financial sponsorship of the Japanese Government's "Grass Rot Fund," which was initiated by ITPO Tokyo. In October 2008, banana textile seminars and workshops took place in Rwanda and Uganda in compliance with requests from each presidential office. The ITPO Tokyo has equally promoted the concept of Ecology Diversity Synergy (EDS) houses and has actively promoted mini hydro in Africa. Partnering and networking with sources of technology and of technology information, including the UNIDO International Technology Centres might be one avenue for dissemination/promotion of appropriate technologies.

### **Results in terms of capacity building**

*Efforts to strengthen capacities of local institutions have so far produced mixed results.*

As concerns institutional capacity-building, ITPO's have usually approached this through the Delegate Programme and trained and coached the Delegates, in various areas of investment promotion, during their stay at the ITPO. The Evaluation of ITPO Paris notes that, beyond the professional training sessions in France, the ITPO does not provide any significant technical assistance to IPAs in target countries. However, this type of support is in high demand and the weakness of investment promotion agencies in developing countries is considered to hamper industrial development. Similarly, a number of ITPO

evaluation reports recommend that activities targeting capacity building of local IPAs should be increased.

Many Investment Promotion Agencies (IPAs) have only existed for a short period of time and are in the need of capacity development in order to efficiently and effectively carry out functions of investment promotion and achieve targets in terms of FDI inflows and quality. UNIDO has through various projects directly assisted IPAs and ITPOs have contributed to the strengthening of IPAs through the Delegate Programme but many stakeholders find that ITPOs and “Investment Promotion” projects designed and implemented as parts of the UNIDO Integrated Programmes could be used for a more comprehensive support and that there is a need for more collaboration with AfriPANET.

As concerns the Delegate Programme, there are many anecdotal evidences of it actually leading to strengthened capacities. For example, the evaluation of ITPO Tokyo notes that the Delegates, who participated in a survey, claimed to have upgraded their skills and in particular in presenting investment opportunities to potential foreign partners, approaching and finding suitable project partners, preparing visits of investors to home countries, selecting projects to be promoted and preparing missions abroad for entrepreneurs from their home countries.

Other evaluations point to the fact that ITPOs did not fully grasp the opportunities for capacity building. There is also evidence of the total number of Delegates having declined dramatically in recent years and targets in ITPO work programmes having been constantly missed. Furthermore, for the ITPO Italy, the ITPO management has changed the hosting policy to very short stays of one to three months. This short-term policy, according to the evaluation team, was not making optimal use of the Delegate Programme. This is, however, not a generally shared view: the evaluation of ITPO Tokyo appreciated the ITPO Delegate Programme in spite of its short duration which is called for not only by the language barrier but, as confirmed by a survey of the Delegates, it suits them better because longer absence from the home agency would be a constraint for selecting the key staff of IPAs and similar agencies as Delegates.

ITPOs can also be involved in capacity building in their host countries. As an example, the ITPO Italy has transferred investment promotion competence to the Ministry of the Environment and to some regional investment promotion agencies in Italy. It, moreover, effectuated capacity building activities at the Serbian SME Agency but without involving UNIDO headquarters and according to the ITPO Italy evaluation report, with limited results.

In China, where most of the investment promotion is delegated to the local (provincial or municipal) level the ITPO Beijing has been extensively advising several local governments and their agencies on investment and technology promotion, on economic and high-tech zones, carried out analyses of the investment environment in cities and serving the municipal governments in upgrading/adjusting local regulations and/or policies and investment plans. The advisory services and training upgraded the competences of staff and helped in introducing better working procedures and formats. The capacity building included dissemination and training in the use of UNIDO tools, such as the format

of project profiles and COMFAR. ITPO Beijing also strengthened private agencies/companies engaged in both outward and inward investment promotion.

IPUs have also had capacity building as part of their mandate and this has come natural with their proximity to national institutions, but often done without thorough capacity needs assessments and capacity building objectives. The evaluation of the Integrated Programme of Morocco (2004) called for much greater attention to aspects of "capacity-building" of the host institution, in order to ensure sustainability.

### **Results of Investment Promotion Projects**

For many ITPOs, the so-called local "Investment Promotion projects" have offered a valuable complement to the core ITPO budget and enabled development-oriented interventions, often targeting a specific country or a limited number of countries. The ITPO Paris has, as an example, been implementing an industrial partnership project targeting French and Cameroon enterprises. Project components included a Delegate Programme, a sector study, a study on the financial institutions, subsidized missions of prospective partners, project identification and promotion, visits of delegations to and from the respective countries, facilitation of negotiations between interested companies and coaching. Out of a portfolio of 63 (56 from Cameroon) mainly industrial promoted projects, 12 reached the stage of conclusion and 5 projects are today operational in Cameroon having mobilized a total investment of € 700,000.

### **The use of innovative approaches**

There have been some innovated approaches propagated by the ITPOs, the ITPO Italy promoted a 'public-private partnership' cooperation between one of the largest Italian manufacturers of furniture and the IPU in Egypt, demonstrating how an ITPO can liaise and strengthen an industrial sector.

The ITPO Paris played the role of coordinator of a 2006 Mali Forum and assisted with the selection of Mali projects to be promoted in Europe. The Forum resulted in 13 projects aiming at industrial partnerships being actively promoted but it was doubtful that all demanded a foreign partner as some rather needed finance and others were too small to justify an international partnership. For this reason, the ITPO Paris promoted the creation of a risk capital modality in Niger with the rationale that investment promotion can be seen as a triangular relationship between promoter, investor and financial institution/investment fund. The same initiative is presently being undertaken in Mali.

The monitoring of the 13 projects coming out of the Mali Forum averred difficult as there were never a Malian counterpart/contact person assigned. It was also signalled by the ITPO Paris that the projects rather needed domestic coaching than international partners or "Northern solutions". A general constraint with Investment Forums has been found to be that a large number of "investors" come with purely commercial, as opposed to investment-oriented, projects.

The ITPO Beijing has pioneered a number of new ITP-related approaches and schemes, usually through conferences, fairs and other forums, or through pilot projects or training (such the first on-line Investment Promotion Fair in 1999; the first China International Mergers and Acquisitions (M&A) Conference in 2003, etc.) More recently, ITPO Beijing has been working with its Chinese government counterparts or their affiliates to support venture capital instruments and mechanisms, CDM and intellectual property rights. ITPO Beijing started supporting provincial/municipal investment promotion agencies in the development of industrial clusters as a platform for promoting investment and liaising with private equity and venture capital funds; once more experience is accumulated it will deserve to be shared within the Network.

### **The need for strategic coherence**

The supply-orientation of many ITPOs was evoked earlier but a gradual adjustment to priorities of host countries and to capacity building activities can be observed. However, it is noteworthy that some European respondents of the Survey put outward investment and “to assist host-country companies” as key objectives.

The importance of having a common well-designed strategy for higher effectiveness is often highlighted in the evaluation reports of ITPOs and IPUs. This should encompass the representative or normative functions assumed by many ITPOs (Bahrain, Paris, Italy Japan). Offices have, moreover, performed various public relations functions but without a well-defined purpose. The ITPO Paris was at its creation, in 1980, designated as UNIDO Service in France, according to the Convention between the two parties. There is thus a dual mandate of this Office but the two mandates were never well defined.

# 7

## Sustainability

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ITPOs and IPU are/were projects (as opposed to units or institutions) thus not established with the purpose of sustainability but rather to deliver certain investment and technology related services, within a specific period. In the past, several ITPOs closed down once the project funding came to an end and this is, presently, to be the case for the IPU. Thus the issue of sustainability relates not only to the ITPOs/IPUs themselves but, in a longer perspective, to what extent capacity building activities may enable partner institutions to undertake investment and technology promotion activities independently.

### **Delegate Programme**

Capacity building through the Delegate Programme consists in upgrading knowledge and professional skills of the Delegates. Sustainability of such capacity building benefits depends among others on the return of the Delegates to jobs in which the upgraded knowledge and skills can be useful. This aspect was a subject of the evaluation of the ITPO Tokyo and the feedback from the Delegates was rather satisfactory (19 out of 23 Delegates were still engaged in organizations from which they were recruited). However, there was a case when a trained Delegate was transferred to another job and a recommendation was made for agreements between the ITPO and the home organization to include a commitment of the home organization to support the Delegate after return, in executing his/her professional work.

### **Cooperation of ITPOs/IPUs with partners in developing and transition countries**

For more sustainability of the services promoted or of the use of knowledge imparted, many stakeholders mention the need for closer linkages to national agencies with similar mandates and of capacity building initiatives, targeting these institutions. Presently, the contribution of ITPOs to institution or capacity building in their home countries seems to be a by-product of cooperation with partner organizations in carrying out investment promotion seminars, workshops, trade fairs, symposia etc. Only in some cases are such activities conceived primarily as capacity building (such as EDIP in Bahrain, training of partners and conferences in Beijing). In the case of strengthened institutions in China the sustainability of the upgraded capabilities is affected by rapid changes of the institutional framework. In the case of EDIP a core national management unit

was needed to sustain the EDIP programme and not make it dependent on the continuation of the ITPO project.

Concerning the IPU, they were in most cases missing strategies for integrating themselves and the services they provide into IPAs of their host countries.

### **Sustainability of the investment and technology promotion system**

The ITPOs exist due to certain market imperfections, which are hindering the demand and supply side of investment and technology to converge, and that has caused actors such as ITPOs to step in and assume the brokerage function. The main sustainability issue is not for ITPOs to continue their operations but the long-term availability of information about investment and technology opportunities and the presence of investment and technology brokers. ITPOs can be regarded as platforms brokering information and one way to promote sustainability of the whole system would be to integrate into larger platforms and to link up with other business-oriented platforms in order to enable, in the short and long term, potential partners to link up (directly) with each other. Thus for services to be sustainable, ITPO clients at both demand and supply sides, would continue to liaise and do business, with or without the assistance of ITPOs. So far the Network has been lacking a long term strategy for service provision.



# 8

## Conclusions

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UNIDO has a unique and comprehensive investment and technology promotion network and many ITPO interventions leverage investment but also entrepreneurship development, trade capacity building, cluster development, promotion of CSR and cleaner production and foster the implementation of the Montreal Protocol. The Network is an important asset to UNIDO. Many ITPOs are well positioned in the host countries, with access to the private sector and actively networking with government and other organizations. At the same time, there is limited integration with UNIDO technical branches and geographical and sectoral networks such as AfriPANet (a network of IPAs from 15 sub-Saharan countries) and therefore many opportunities for synergies are lost.

A number of evaluations cite the lack of a clear institutional positioning of ITPOs, and in particular, their quasi-project-quasi-office status. Moreover, evaluations cite the lack of standard hosting agreements and formalized modes of cooperation as well as unclear inter-relationships, high expectations and weak accountability and reporting procedures.

ITPOs do not carry and display a strong UNIDO identity. This manifests in their biases towards host country policies and instances of non-compliance in adhering to UNIDO standards and procedures. Most of the ITPOs are funded by the host government (through Trust Fund arrangements or contributions to the Industrial Development Fund) and are staffed by nationals, which contributes to a weak UNIDO identity.

UNIDO's mandate in investment and particularly in technology promotion needs clarification as well as the mandate of the ITPOs and of the Network and there is a need to pay greater attention to capacity building needs of developing countries. Many stakeholders call for more innovative approaches for investment promotion and for expanding the network of partners. In addition, there is a need for an enhanced results orientation of the Network and to "Deliver as One UNIDO". Generally, for more synergies and alignment to UNIDO's thematic priorities, there is a need for more internal UNIDO partnerships, including other UNIDO networks, programmes and projects.

The IPS manual, from 1996, is outdated but under revision. Procedures for speedy and simplified administration of projects/activities funded by extra-budgetary resources is currently the most pressing issue.

ITPOs need to review the investment promotion system and develop tools and criteria for the identification of projects to be promoted and for accompanying investment projects to conclusion and implementation stages. In general there is a need for more attention to the qualitative aspects of investments promoted.

## Strengths

- The ITPO Network creates value added through its private sector focus and ability to directly collaborate with private companies and to mobilize private resources for development.
- The Network brings resources for and know-how in investment and technology promotion to UNIDO. It also complements technical assistance or advisory activities with a technology- and investment-oriented service.
- Through UNIDO, the investment promoters in partner countries get the services of an honest, independent and often reputed broker. The UNIDO affiliation increases the credibility of the Network but also the responsibility of UNIDO to ensure quality.
- When hosted in the developing countries, the ITPOs/IPUs with well established local networks can pioneer new approaches to investment and technology promotion and contribute to capacity development of national partners
- UNIDO is, through the ITPOs, able to expand its global network and outreach both in geographical and technical areas.

## Weaknesses

- The Network is more focused on initial stages on project promotion and there is little information about developmental effects or of the Network contributing to UNIDO's strategic objectives.
- The ITPOs are not be always perceived as neutral brokers as they primarily promote investment and technology from the host countries.
- The fact that ITPOs are mainly managed by nationals further weakens the UN identity and limited UNIDO experience of ITPO staff makes it difficult to tap into UNIDO resources.
- Insufficient management and coaching of the ITPOs by the HQs and limited interest of the UNIDO technical branches have equally been found to contribute to a sub-optimal use of resources.
- In view of the development mandate of UNIDO, a greater focus on capacity building of partners in developing countries and on promoting responsible investment, for increased relevance, effectiveness and sustainability, could have been expected.

## The way forward

The need for reform comes out clearly from the Survey and the evaluation reports, with the caveat that the traditional mandate of promotion of industrial investment and technology transfer and industrial partnerships is maintained but also somewhat expanded. The need to strengthen the ITPO network was highlighted in all Survey responses, in addition to closer links (but not more control) to HQ. In

addition, the need to create and use common platforms was stressed in several responses, in particular to:

- Share information from fact finding missions;
- Joint investment project promotion;
- Joint promotion of cooperation between research institutions from advanced and developing countries.
- Joint informative events in order to increase the awareness and share information with relevant business communities.

ITPOs and IPU were also asked what measures should be taken in order to increase the UNIDO identity, and in particular to align their activities to the UNIDO mandate. They were, in addition, asked what support was needed from the Coordinating Unit and what actions were needed from HQ to improve the operations of ITPOs and IPU. The bullets points below summarize the answers received, which are very much aligned to evaluation findings:

#### Alignment with UNIDO

- A stronger involvement of the ITPOs in the implementation of technical assistance programmes;
- improve the coordination between headquarters and ITPOs, so that information on HQs activities and priorities are diffused and used;
- significantly higher levels of cooperation and coordination with other ITPOs and IPU's in the network and UNIDO HQ;
- involvement of ITPOs/IPUs in the Implementation of UNIDO's Integrated Programme in recipient countries;
- a mechanism to involve the ITPOs/IPUs during the preparation phase of the projects initiated at UNIDO HQ in order to define, at an early stage, the possible role of the ITPOs/IPUs and the need for investment or new technology;
- staff mobility

#### Support needed from the Coordination Unit

- promotion of ITPO capabilities and services within UNIDO.
- strengthening synergies between ITPOs, UNIDO HQ and its networks (NCPCs, AfriPANET ...) should be a priority.
- more regular visits by the ICU staff and other UNIDO HQ staff and affiliates, coordinated by the ICU.

#### Actions needed from UNIDO HQ

- Integration of ITPOs and IPU in UNIDO's wider information exchange mechanisms;
- Provision of full information to ITPOs and IPU about UNIDO projects, tools and services;
- Encouraging UNIDO branches to utilize the ITPO/IPU network to its full advantage

Undoubtedly, the Network has a potential to, increasingly, contribute to the implementation of UNIDO's technical cooperation programmes and, in particular, to the upcoming larger African Regional upgrading programmes, with large investment components, estimated at US\$ 1,6 billion and a very large number (around 8 000) of beneficiary companies. Other opportunities exist within South-South cooperation initiatives, PSD programmes, the Latin American Leather Programme, Rural Energy programmes in Africa, MENA region traceability projects and there are many others.

# 9

## Recommendations and lessons learned

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### 9.1 Recommendations

#### 9.1.1. The ITPOs should be development oriented, aligned to the needs and priorities of target countries and contribute to the strengthening of capacities of partner institutions

- More attention should be given to the demand side of investment promotion and the technology needs of partner countries
- ITPOs should give increasing attention to the development impact and other qualitative aspects of investments
  - The potential development impact should be a decisive selection criteria for projects to be promoted
  - the promotion of environment friendly and energy efficient investments and technology should be expanded
  - ITPOs should continue to promote CSR, advocate the UN Principles of Responsible Investments (UN PRI 2006) and have full access to related tools and materials developed by UNIDO and the UN
- The ITPOs should increase its focus on technology promotion, as a complement to investment promotion and technical assistance. In this context;
  - A recipient based transfer of technology strategy should be developed, however aligned to UNIDO's core areas of assistance
  - ITPOs should expand the sourcing of investment and technologies to other than the host country, if this is deemed necessary, in order to propose optimum solutions
  - ITPOs should look into the possibility of organizing technology promotion forums in specific areas such as green industry or responsible investment
- ITPO should contribute to the strengthening of capacities of partner institutions
  - The Network should become more attuned to the capacity building needs of developing countries and provide technical assistance to institutions, including IPAs and private associations.
  - The ITPOs should identify their role in capacity development of selected target country national institutions and actors, and link up with national and regional efforts and partners
  - ITPOs should work closely with IPAs and promote the establishment of UNIDO ITPO focal points within IPAs

- The ITPO webpage should be linked up with IPAs and present requests for investments and technologies, in addition to supply side offers
- The Delegates Programme should be expanded– with a focus on Delegates not only from UNIDO supported IPAs but from all IPAs and also from other – preferably UNIDO-related - institutions, such as NCPCs and projects such as large TCB projects

### **9.1.2. The alignment to UNIDO priority themes needs to be reinforced**

- ITPOs should first and foremost promote industrial investment and technology
- The ITPO mandate should be aligned to UNIDO's thematic priorities and focus on “promoting productive activities, trade capacity building, environmental sustainability and energy provision and efficiency, through investment and technology promotion”. In this context
- The ITPO Network should increase its focus on Africa and be linked to other UNIDO investment-focused interventions in Africa, such as the support to AfriPANET
- The Global Forum function of ITPO's should be enhanced and a specific strategy developed for this
- Preference should be given, whenever possible, to recruiting staff with UNIDO experience. Alternatively, newly recruited ITPO staff should be invited (at the cost of the ITPO) to participate in induction programmes, organized at Headquarters
- A staff rotation policy (within the ITPO network, with headquarters and other UNIDO centres such as NCPCs) should be put in place. In particular, an ITPO “desk”, within the Coordination Unit, should be filled on a rotation basis by ITPO staff members.

### **9.1.3. The ITPO Network should form an integral part of UNIDO**

- ITPOs should give priority to intervene in areas that are related to UNIDO's Technical Cooperation activities and complement and create synergies to these. In particular, there should be collaboration with larger regional programmes and projects as well as with projects promoting private sector development, clusters and export consortia
  - All UNIDO's technical branches should have a strategy for collaborating with ITPOs and should provide the ITPO Unit with information on technology and investment needs, identified by technical assistance programmes and projects
  - ITPOs should have defined roles in PSD, TCB and CP programmes and projects, which often have equipment audits as

integral parts as well as advisory activities in relation to new equipments

- NCPCs should inform the ITPO Coordination Unit when an audit has identified a need for a substantial investment or new technology.
- ITPOs specializing in clean or energy efficient technologies should be invited to participate in larger scale technology needs assessments, carried out by NCPCs
- In cooperation with ITPOs, UNIDO HQ should organize exhibitions/forums for specific technology areas and sectors such as agri-industry, renewable energy, energy efficient technology, clean industry, water management, etc.
- For all branch specific strategies such as the PSD strategy, it should be compulsory to provide information on how the ITPO Network will be mobilized to contribute to the achievement of objectives and the implementation of the strategy
- ITPO staff should continuously benefit from knowledge generated and tools developed within UNIDO and in particular in areas such as, clean technology, energy efficient technology, water technology, cluster development, private sector development and CSR
- There should be a (UNIDO) coherent approach to PSD and investment and technology promotion, taking stock of UNIDO's tools, approaches and promoting best practices
- The ITPOs should be encouraged to move into areas of technical specialization and relevant Branches of UNIDO should take an active role in promoting their services and involve ITPOs in their activities
- The internet presence of ITPOs should be streamlined and improved and linkages developed with relevant UNIDO web pages.
- ITPO technology promotion events, should whenever possible, be done jointly with the substantive UNIDO Branches and have a thematic focus
- The ITPOs should receive information about all Integrated Programmes, Country programmes, One UN Plans and large scale TC projects implemented by UNIDO and ITPO managers should proactively liaise with project managers on equipment and technology components
- ITPOs should be informed of partnerships developed between UNIDO and financial institutions and of credit lines with linkages to UNIDO programmes
- Staff from UNIDO Branches visiting the host countries should contact the ITPOs/IPUs to share information and review possibilities of cooperation
- The ITPO Network should work more closely with the 38 existing Subcontracting and Partnership Exchange (SPX) Centres and with the UNIDO International Technology Centres and South/South Centres .

- Investment and technology promotion and ITPO involvement should also be an integral part of a UNIDO strategy for increased food security.
- The Delegates Programme should be prepared and implemented in coordination with UNIDO programmes and projects in the target countries. In this context, when selecting countries to benefit from the Delegate Programme, those with UNIDO programmes or projects with potential synergies with the ITPO interventions should be given preference.

#### **9.1.4 There is a need for a clear vision and expanded mandate of the ITPO Network**

- In order for the Network to be an integral part of UNIDO the mandate of ITPOs needs to highlight UNIDO objectives and policies;
  - The ITPO mandate should be expanded to function as industrial partnership offices and incorporate global forum functions, including the dissemination of best practices for investment and technology transfer and promotion as well as industrial and private sector development
- *In view of the perceived relevance of the ITPO network, UNIDO should look into the expansion of the Network to new countries.*
- ITPOs should increase their contact base and need to expand host country and partner country networks and liaise with non-traditional but relevant partners and provide assistance in the filling of investment or technology gaps. This should include buyers and subcontracting platforms and associations.
- In addition to project-based activities, there should also be a global ITPO programme, implementing international forums, training programmes for ITPO staff and the developing and monitoring of networking tools
  - ITPO host Governments should be requested to also contribute to global level activities and to the efficiency of the Network, as a whole

#### **9.1.5 There should be stronger direction, guidance and monitoring by the ITPO Coordination Unit and improved management by ITPOs**

- The Coordination Unit should be strengthened in order to give a more substantive programme support and to expand its management function.
- Increased emphasis should be given to promote learning and exchange of information about best practices in investment and technology promotion, as well as on successful ways to promote UNIDO's Global Forum function. In this context, in the near future
  - an inventory should be made of UNIDO instruments that can be of relevance to ITPOs and on the need to develop new



- promotional tools; UNIDO promotional materials should also be made available to the Network by the Public Advocacy and Communication Unit
- there should be organized exchange of experience on best practices for technology promotion, including criteria for selection of technologies to be promoted
  - experience from innovative approaches (such as the cluster programme in ITPO Beijing) should be shared
- The ITPO Operations Manual should be revised and this should encompass the clarification of administrative procedures and development of control frameworks. In particular the following present weaknesses should be attended to:
    - It should be clearly defined what an “IP” project is, as well as its purpose, budget limitation, the authority of ITPOs to receive funding for and implement projects and of reporting requirements
    - Procedures for entering collaborative agreements should be clearly specified
    - Criteria should be developed for selection of projects to be appraised, promoted and for proceeding into further steps, including the criteria of transparency, cost-effectiveness, developmental impact, environment and energy efficiency, and social responsibility. Objectivity and choice should be promoted,
  - There should be more structured reporting on results and impact (concerns both the Network as a whole and individual ITPOs), using developed indicators and including results in terms of capacity building. In this context
    - RBM-based planning, monitoring and reporting mechanisms should be developed as well as tools and indicators to measure the effectiveness of ITPOs, including criteria for labeling a project as concluded or implemented and categories of capacity building results
    - Future project documents should follow results-based management principles, incorporate targets and indicators and a plan for how monitoring and evaluation will be performed
    - Project documents should be updated every three to four years
    - A participatory planning and strategic workshop for the Network should be organized, with the purpose to formulate generic objectives, at outcome and impact levels, that are in line with UNIDO’s thematic priorities and objectives
    - In their Annual Reports, the ITPOs should provide information on how they collaborate with other UNIDO programmes and contribute to the achievement of UNIDO strategic objectives and programme and project level outcomes
  - Long-lasting vacancies of the Head posts (such as recently in Shanghai) should be avoided. Recruitment should be transparent, competitive and competence-based, other factors such as writing and speaking capability of the host country language, the knowledge of host country

potential partners including government sectors, semi-governmental sectors and private sectors, investment promotion management, technology promotion management and other relevant experience to implement the function of ITPO should be considered.

**9.1.6 *Criteria benchmarks for ITPOs should be established and ITPOs should be periodically assessed against these benchmarks. The ITPO network should be limited to the ones fulfilling quantitative targets in terms of budget and staffing and qualitative targets in terms of alignment to UNIDO's strategic priorities and achieving intended results***

## **9.2 Lessons learned**

Below follows a recapitulation of pertinent lessons learned, excerpted from ITPO evaluations;

- In order to be truly relevant, ITPOs need to keep their key development mandate in mind and continuously assess to what extent activities initiated are the most efficient and effective, in order to achieve its outcomes and objectives and envisaged developmental results.
- UNIDO should watch possible interference of certain wider policy agendas with the technical purpose of the ITPOs. UNIDO is interested in representational offices 'waving the UNIDO flag' and being aligned to UNIDO agendas. Host countries sometimes perceive ITPOs as a means for promoting their own industry. There is a danger of a 'split identity' of ITPOs (national and UNIDO) and UNIDO should strengthen the role of the Offices as integrated parts of UNIDO.
- An ITPO can pro-actively respond to identified constraints in the institutional set-up or in the business environment and develop innovative services to tackle the constraints. *There is no "one model fits all"*. The creation of a sound domestic base for the attraction of foreign direct investment can be a valid approach for an ITPO.
- The line between investment promotion and entrepreneurship or private sector development can be thin and there is a need for a UNIDO coherent approach and increased co-operation between different branches and between the PSD Branch and UNIDO.
- UNIDO policy guidelines on ITPOs need to allow for a certain level of flexibility in their application, or expansion. For example, the principle of priority to be given to small and medium enterprises should not exclude the possibility of partnering with big companies, if such a partnership can result in economic, social or environmental benefits for the target countries and ITPO services are considered as useful by these companies.

- The Delegate Programme is a major asset of the ITPO network. It has been found to generate needs-oriented investment projects and to contribute to capacity building of partner organizations in the South.
- Some of the recommendations from the evaluations are not new. This applies in particular to the repeated recommendation for closer cooperation between the ITPO and the UNIDO Headquarters. It seems that a more profound and systemic change would be required, particularly in the way activities, such as the Delegate Programme, are being planned and programmed, and that such systemic changes would have to be led by Headquarters.



### UNITED NATIONS INDUSTRIAL DEVELOPMENT ORGANIZATION

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## Meta/Thematic Evaluation of the ITPO/IPU Network

### I. BACKGROUND

The OSL/EVA Work Programme 2008/2009 encompasses a meta-evaluation of the Investment and Technology Promotion Offices (ITPO) – Investment Promotion Units (IPU) Network. This would include two evaluations of ITPOs carried out in 2008 (i.e., ITPOs in Greece and Bahrain) and evaluations of ITPOs carried out in the previous biennium, including evaluations of ITPOs in Italy, Japan and France.

13 ITPOs currently operate under the mandate defined by the General Conference in 2003, stipulating that ITPOs should contribute to the industrial development and economic growth of developing countries through promoting industrial investment from the ITPO host countries. A new ITPO strategy was formulated in 2004 in order to enhance network synergies.

4 IPUs, operating in the Mediterranean-Arab Region (Egypt, Jordan, Morocco and Tunisia) are currently part of the UNIDO Investment and Technology Promotion Offices (ITPO) network and of the UNIDO Arab-Mediterranean network formed by the ITPOs in Bahrain, France, Greece, and Italy. The primary role of the IPUs is to enhance the capacity of local institutions in attracting foreign direct investment and support the development of the local private sector. They provide both technical and financial assistance, implemented in close cooperation with National Investment Promotion Agencies and/or agencies dealing with local SME development in the host countries.

### II. PURPOSE AND EVALUATION ISSUES

The purpose of the meta/thematic (desk) evaluation of the ITPO-IPU Network is to aggregate the findings and identify lessons learned from the ITPO and IPU evaluations in the past, as well as assess the continuous relevance and mandate of the ITPO-IPU mechanism. Furthermore, the evaluation should cover the following issues:

- What are the dominant features, characterizing the operations of all ITPOs and IPUs?
- The relevance of the ITPO Network;
- How effective and efficient are the project generation and promotion mechanisms in delivering projects and development benefits?
- Can the projects demonstrate development impact, e.g. contribution to the MDGs or development of the SME sectors in developing countries?
- How actively involved are ITPOs and IPUs in other than outward (respectively-inward) investment promotion projects, e.g. innovative type of initiatives, including those targeting cleaner production, energy efficiency, CSR, and alike?
- How actively are ITPOs and IPUs involved in capacity building efforts of national organizations in target or host countries?

- Do ITPOs and IPUs function in an effective network with UNIDO HQ, UNIDO Field Offices and national investment promotion or development agencies?
- What are the distinct roles of ITPOs and IPUs as parts of the same network?
- What are dominant features in terms of relevance, efficiency, effectiveness, and impact of ITPOs and IPUs, based on the independent evaluations already carried out and self-assessments of ITPOs and IPUs?
- Is the current reporting system of the ITPOs and IPUs vis-a vis the UNIDO HQ efficient and effective? Do they have a proper project monitoring system in place?
- What do the ITPOs and IPUs see as the main success factors and challenges in achieving results and impact?
- What do the ITPOs and IPUs see as major focus areas in the future?
- What assistance do ITPOs and IPUs need in order to increase their performance?
- What are the main strengths and weaknesses of ITPOs and IPUs?
- Is there a need for rethinking the functionality of ITPOs / IPUs?
- What are the opportunities for ITPOs and IPUs, which, if captured, could increase their contribution to achieving UNIDO's strategic objectives?

### **III. EVALUATION METHOD AND REPORTING**

In order to carry out this forward looking strategic assessment of performance, capacities and future potential of ITPOs and IPUs, the evaluation exercise will encompass the following steps:

#### **1. Data gathering and analysis**

- a) Systematic review and analysis of evaluation reports to extract and categorize key findings, conclusions, recommendations and lessons learned. This process will bear in mind the limits of the representativeness of the evaluation reports (mainly evaluations of larger ITPOs);
- b) Document review (ITPO/IPU project documents and annual ITPO/IPU reports and Work Programs available at UNIDO Headquarters) and elaboration of a set of criteria for the review;
- c) Data collection at headquarters on the main background information about ITPOs/IPUs (budgets, number of staff, etc);
- d) Developing a questionnaire and implementation of an Internet based survey of all ITPOs and IPUs
- e) Analysis of the results of the Internet survey. This portfolio analysis will cover the following issues:
  - The main features of the portfolios of ITPOs and IPUs (sectors, type of projects and geographic areas covered); the level of success in achieving project completion; current project generating mechanisms; extent of involvement in innovative type of projects;
  - Needs for future assistance;
  - Potential for in-house collaboration and cooperation with external institutions
  - Financial and institutional sustainability of the capacity building efforts;
  - Other criteria to be established during the evaluation process.

#### **2. Interviews with relevant UNIDO managers.**

Relevant PTC, OSL, PCF, and PCM managers will be interviewed at UNIDO HQ.

An interview guideline will be developed and used in these interviews.

#### **3. Synthesis of results from the steps above**

This step will include an analysis, at the programme level of the relevance, effectiveness, efficiency, sustainability and impact of the ITPO – IPU programme.

#### **4. Final report**

A Meta/Thematic Evaluation Report of the ITPO and IPU network will be developed.

The Meta/Thematic Evaluation Report will draw on the findings, conclusions, recommendations and lessons learned of the ITPO- IPU evaluation reports, the document review, the Internet survey and the interviews at UNIDO Headquarters. The Meta/Thematic Evaluation Report should be a coherent and strategically oriented product encompassing key information about the features and results of the ITPO-IPU Network and incorporate a forward-looking analysis. In addition, the report will draw conclusions and provide recommendations that are actionable, policy-oriented and forward looking

#### **IV. EVALUATION TEAM**

The evaluation requires in-depth and inter-disciplinary knowledge and experience in evaluation of investment-related and development-oriented projects.

The main skills required for the evaluation are:

- Systematic document review and analysis
- High level synthesis skills
- Structuring and drafting skills to make information accessible and meaningful to UNIDO management

The evaluation should be carried out by a UNIDO OSL/EVA staff member and an external consultant with the required qualifications and experience. Members of the evaluation team must not have been directly involved in the design and/or implementation of ITPO/IPU programme/projects.

The UNIDO Evaluation Group will manage the evaluation and be responsible for the quality control of the evaluation process and of the report.

#### **V. TIMING**

The evaluation shall take place in July and August 2008 with the following deliverables and meetings at UNIDO Headquarters:

28 July	kick-off meeting at UNIDO HQ
30 July	Presentation and agreement on research design (survey questionnaire etc)
30 July –15 August	undertaking survey and interviews
30 August	Delivery of draft report
15 October	Delivery of final report

#### **VI. REPORTING**

The reporting language will be English. The draft report will be circulated within UNIDO for feedback and comments on the content of the draft report. The consultation also seeks agreement on the findings and recommendations. The evaluators will take the comments into consideration in preparing the final version of the report.

Feedback on the draft synthesis report will also be collected at the annual ITPO meeting, in September 2008.

## Annex B. Interview Guideline

- What are, in your view, the main objectives and functions of ITPOs? IPU's?
- Do you think they should be specialized in terms of sectors, thematic priorities or geographical coverage?
- Which are the main tools used by the ITPO/IPUs for; project identification, appraisal, promotion, implementation and monitoring?
- Which tool has proven to be most effective in leading to 'projects implemented'?
- In your opinion, from where do the projects promoted originate (IPAs, Delegates, Investment Forums, UNIDO projects, NCPCs, SPX, private investors in host country, investors in partner countries?).
- In your views, which type of cooperation is most often being promoted? New investments? Shaping existing investments? Technology upgrading ? Trade facilitation? Export promotion? Other. Please specify?
- Which type of engagement? Direct investment? Joint venture? Franchising ? Other?
- Which are the principal countries that have been targeted, so far, with outward investment?
- Your view on the relevance and usefulness of the Delegate's Program?
- Have the Delegates usually been linked to a UNIDO Program or other UNIDO-led initiative?
- Is there a system in place to monitor and measure the impact of implemented projects (in investment and technology promotion)? Example of impact? Employment, economic, export or industry sector growth?
- Involvement or cooperation of your office with the ITPO programme
- Should ITPOs only promote investments and technology transfer from the host country?
- Relevance and usefulness of IP projects? What should be their future use?

- To what extent should the ITPOs/IPUs promote/facilitate other UNIDO programmes or concepts such as CSR?
- Do you they/should they contribute to capacity development of national investment promotion agencies in developing countries?
- How useful are IPUs as sources and mechanisms for project generation? Do you think that the IPU network should be expanded into Africa, Asia and Latin America?
- What do you think can be done to increase the relevance, efficiency and effectiveness of the ITPO/IPU Network?
- What do you think can be done to further align ITPOs/IPUs with UNIDO strategic priorities?
- What should be the role and what kind of support should be rendered by the ITPO Coordinating Unit?
- What kind of support should be rendered to the ITPO/IPU Network by the other UNIDO HQ branches?



## Annex C. List of people consulted

Name	Function	
<b>UNIDO Headquarter</b>		
<b>Austria</b>		
Mr. Wilfried Luetkenhorst	Chief of Cabinet	OSL/OCC
Ms. Dan Liang	Director	PTC/ITP
Mr. Adrie de Groot	Director	PCF/RQA/OD
Ms. Fabienne Lambert	Director	IOS
Mr. Heinz Leuenberger	Director	PTC/EMB/OD
Mr. Peter Loewe	Senior Evaluation Officer	OSL/EVA
Mr. Patrick Kormawa	Advisor to the DG	PTC/IFI
Mr. Yuri Akhvlediani	Unit Chief	PTC/ITP/ICU
Mr. Igor Volodin	Unit Chief	PTC/EMB/WMU
Mr. Mithat Kulur	Unit Chief	PTC/ITP/IPU

## Annex D: Financial Figures for 2008 (Allotments)

2008 (Allotments)	Ath	Bah	Beij	Ita	Mars	Mex	Mos	Par	Seo	Shan	Tok	UK	Wall
Int. Experts	204,135	237,838	0	937,147	117,164	182,628	0	554,530	0	0	781,599	160,180	158,936
NPO	371,236	149,189	135,620	0	0	161,785	97,189	0	84,180	138,005	420,532	0	0
Administration	67,431	79,358	0	245,228	63,599	18,495	0	160,604	0	32,699	58,038	0	0
Travel	54,511	24,816	26,796	132,748	15,020	40,642	0	18,206	25,434	31,353	12,868	22,665	43,097
Other Pers. Costs	0	5,122	0	17,630	0	9,960	0	0	0	9,061	0	10,879	0
Nat. Consultants	10,723	22,629	51,930	239,540	0	61,686	7,800	0	30,812	0	12,000	77,245	0
Ind. fellowship	5,022	0	0	102,261	0	17,317	0	0	32,507	24,500	18,302	0	0
Other Proj. Costs	2,253	5,641	0	58,944	0	1,683	0	0	8,409	28,500	0	-65	0
Premises	58,056	86,907	0	289,303	5,892	0	0	203,947	0	22,301	112,340	0	0
Equipment	14,899	19,405	2,000	97,154	5,554	35,488	0	31,099	-6,777	6,739	22,302	0	20,667
Sundries	23,214	31,223	0	141,006	26,195	66,631	500	31,079	24,035	15,370	19,995	8,121	16,923
Hospitality	4,880	6,309	0	17,828	1,464	5,829	0	740	1,021	2,757	0	0	3,571
Exp. Recoveries	0	0	0	0	0	0	0	0	0	0	0	0	0
<b>TOTAL</b>	<b>816,360</b>	<b>668,437</b>	<b>216,346</b>	<b>2,278,789</b>	<b>234,888</b>	<b>602,144</b>	<b>105,489</b>	<b>1,000,205</b>	<b>199,621</b>	<b>311,285</b>	<b>1,457,976</b>	<b>279,525</b>	<b>243,194</b>

**Source: UNIDO Agresso**





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