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# Independent Evaluation People's Republic of CHINA

## Shanghai International Informatization Technology Promotion Centre (SITPC)

Enhancing IT Cooperation and Partnerships  
in the Asia-Pacific Region



UNITED NATIONS  
INDUSTRIAL DEVELOPMENT ORGANIZATION

UNIDO EVALUATION GROUP

Independent Evaluation  
**People's Republic of  
CHINA**

**The Shanghai International Informatization  
Technology Promotion Centre  
(SITPC)**

Enhancing IT Cooperation and Partnerships  
in the Asia-Pacific Region

UNIDO Projects:  
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## Acronyms and abbreviations

<b>CICETE</b>	China International Center for Economic and Technical Exchanges
<b>CNY</b>	Chinese Yuan Renminbi
<b>EDI</b>	Electronic Data Interchange
<b>EVA</b>	UNIDO Evaluation Group
<b>GDP</b>	Gross Domestic Product
<b>ICT</b>	Information and Communications Technology
<b>IT</b>	Information Technology
<b>ITPO</b>	Investment and Technology Promotion Office
<b>ITU</b>	International Telecommunications Union
<b>RCOCI</b>	Regional Cooperation Office for City Informatization, (Shanghai)
<b>SARS</b>	Severe acute respiratory syndrome
<b>SIECC</b>	Shanghai Internet Economy Consulting Center
<b>SITPC</b>	Shanghai International Informatization Technology Promotion Centre
<b>SMEIC</b>	Shanghai Municipal Economic and Informatization Commission
<b>UNDESA</b>	United Nations Department for Social and Economic Affairs
<b>UNDP</b>	United Nations development Programme
<b>UNGAID</b>	United Nations Global Alliance for Information Development
<b>UNICT</b>	United Nations Information and Communication Technologies Task Force
<b>UNIDO</b>	United Nations Industrial Development Organization
<b>UNITAR</b>	United Nations Institute for Training and Research
<b>UNU</b>	United Nations University

# Executive Summary

## Introduction and Background

**The Shanghai International Informatization Technology Promotion Centre (SITPC)** was established in October 2001 with the support of UNIDO, the Shanghai Municipal People's Government, the China International Center for Economic and Technical Exchanges (CICETE), the Informatization Office of Shanghai Municipal People's Government, and the Regional Cooperation Office for City Informatization (RCOCI). Under a Trust Fund agreement, a UNIDO project was approved with funding of US\$1,450, 000 with project duration of 3 years.

The project's mission was the promotion of IT cooperation and technology partnerships among cities in the Asia-Pacific region, by contributing to the upgrading of knowledge and experience of the policy- and decision-makers of the participating cities in IT development strategy, by substantive activities to promote regional cooperation in IT and business partnerships, and by training of personnel in advanced areas of IT such as IT development planning, policy-making, and technology selection.

The project became operational in 2002, however the funding of US\$1,450,000 did not materialize – only US\$152,169 was mobilized, thus severely curtailing the project's planned activities.

Shanghai as the venue of the SITPC project represents a highly significant aspect of the project's operations. With the spectacular global development of the IT industry, Shanghai seized the initiative and established the city as a centre of excellence and regional leader of this sector. The high-profile presence today of the IT sector can be seen as a consequence of the city's collective foresight in actively encouraging and supporting this sector – the UNIDO-SITPC project presents a tangible example thereof.

The operations of SITPC are inextricably interlinked with several counterpart organizations – for staffing, logistical facilities, and for organizational support; SITPC is not a 'stand-alone' centre, nor could the project have been implemented without the essential input and support of counterparts and partners.

A second phase of the project was approved early in 2009 with a budget of the equivalent of US\$400,000, with a duration of three years, for which no implementation has yet taken place.

## Relevance

The SITPC is in line with the Municipality of Shanghai's active promotion and development of high-technology industries, and the city's infrastructure and its aim of attracting foreign companies' to do business, and to establish headquarters functions in Shanghai to best meet the needs of the wider Chinese market.

SITPC is a member of the "informal" UNIDO Technology Promotion Centre Network, However, the application and thus the relevance of benefits arising from SITPC's membership of this UNIDO Network has, to date, been limited.

## Efficiency

The non-materialization of a large proportion of the project's funding, the extended period of the project, and the fact that the counterpart organizations continued with the implementation of the activities irrespective of the funding for the project, make it difficult, if not impossible, to judge the efficiency of the project from UNIDO's perspective. The essential *in-kind* contributions have not been substantiated or reported upon by SITPC, and estimates or actual costs are not available.

To make the project's efficiency more difficult to judge was the fact that one of the distinguishing features of the activities of SITPC is its dependence upon its counterpart/partner organizations and its continuous utilization of the services of other partner organizations. No estimated or actual costs for these services were available to the evaluation team, thus making a 'value for money' measure impossible.

Nevertheless, in spite of the outputs having been severely restricted due to the non-availability of 90% of the funding, a number of relevant activities have been efficiently undertaken, often with government inputs, reaching a range of targeted beneficiaries.

The management and overall coordination in the SITPC office has been efficient due to the availability of qualified staff and the synergy with SIECC, SMEIC and RCOCI, emphasizing SITPC's essential interlinkage with these organizations. The exact administrative status of SITPC is blurred due to the fact that staff have responsibilities to these other organizations, and clear lines of authority and responsibility are not determinable. The absence of a formal reporting system to UNIDO and UNIDO's lack of capacity to provide technical management has resulted in the absence of quality control by UNIDO.

A process of self-evaluation has not been undertaken, and regular monitoring has not been carried out by UNIDO.



## Effectiveness

In attempting to evaluate the effectiveness of SITPC, two critical factors need to be noted:

- The essential inter-connectivity and synergy between SITPC and its counterparts, and the inability to distinguish between the contributions of the counterparts and partners, and those of SITPC – and it is not possible to isolate a cost or origin for the individual outputs as expenditure records were not available.
- The approved project funding of US\$1,145,000 did not materialize, and only US\$152,169 were provided. The non-materialization of 90% of the approved funds significantly restricted the outputs which could be expected of the UNIDO project. Notwithstanding the absence of 90% of the approved funding, the counterpart organizations continued with some of the activities; however, without providing information on these activities to UNIDO.

A qualified Director and competent staff were available to SITPC as a result of its synergy with the counterpart organizations, facilitating the implementation of activities.

The project document states that UNIDO, *“being a multi-cultural cooperation intermediary and broker, will organize IT technical fora, organize joint research and development geared to the needs of low-income countries, as well as mobilize financial resources from public and private institutions and development institutions in developing training programmes to upgrade human resources in the developing countries. UNIDO can also assist in organizing and mobilizing IT technology and investment promotion activities.”* UNIDO failed to deliver these interventions – it appears that no attempt was made to fulfill progress these obligations due to the absence of 90% of the funding. However, the inputs were highly ambitious and perhaps unrealistic, casting doubt whether UNIDO had the technical expertise and capacity to deliver, had the full funding materialized.

Rather than a detailed examination of the project’s approved outputs, most of which were not delivered under the UNIDO project because of the unavailability of funds, the evaluation attempted to assess some 18 activities which were stated to have been implemented under the aegis of the UNIDO project, and have been attributed thereto by SITPC, irrespective of the source of funding.

The evaluation concludes that the focus of the UNIDO project was maintained by its activities, and that the project has been effective in respect of those activities carried out, to the extent that can be assessed/

The project failed to mobilize additional resources of US\$800,000 to support the activities related to IT development in low-income countries.

## **Sustainability**

The SITPC has been very strongly supported by the Municipality of Shanghai, which initiated the project. The Municipality's continual commitment resulted in the approval of a Phase II.

The evaluation team noted the strong presence, contribution and influence of the Municipality, as a result of which the presence of UNIDO is diminished, especially given the clear permanent presence of the Municipality in contrast to UNIDO's intermittent presence. Given the ready availability of qualified, experienced staff, and given the long-term commitment of the Municipality, it is likely that the project would survive without UNIDO.

## **Impact**

The Evaluation team was unable to isolate the impact of SITPC activities, since all are conducted with the cooperation and input of its counterpart organizations, and frequently in cooperation with other organizations of the Municipality or the UN. Nevertheless, it is judged that the impact of such activities, in general, is of a longer-term, ongoing nature, enhanced by the continuous technological progress in developments in the IT industry, and especially in a centre of excellence such as Shanghai.

The long-term impact is expected to be further enhanced during Expo 2010, during the course of which SITPC is planning two events, namely an exhibition entitled "Information City Development" in cooperation with the International Telecommunications Union (ITU), and the "Global Informatization Forum", in cooperation with the United Nations Department of Economic and Social Affairs (UNDESA).

## **Strengths and Weaknesses**

The perceived strengths and weaknesses of SITPC are:

### **Strengths:**

- Has an excellent, solid foundation due to the support of the Shanghai Municipal Government;

- Has ongoing access to the Municipality's numerous IT organizations, which act as reliable, qualified counterparts;
- Has access to the services of numerous UN organizations represented in Shanghai and elsewhere in China;
- Shanghai provides an outstanding location, as an acknowledged centre of excellence in the IT sector;
- Has ongoing access to a pool of available, qualified staff;
- Has minimal administrative costs due to the provision of services and utilities by counterpart organizations;
- Has a readily available reservoir of suitable candidates/participants for its activities.

**Weaknesses:**

- Funding amounted to only 10% of approved budget;
- UNIDO has limited technical capacity and is not in a position to provide any quality control function;
- No accountability to UNIDO;
- Limited role of UNIDO in the selection of staff or implementation of activities;
- No system of regular reporting to UNIDO;
- No monitoring by UNIDO of results;
- No mechanism or measure in place to ensure that the technologies promoted are the best available;
- UNIDO is exposed to some risk as the activities are implemented without UNIDO oversight and management, but under the UNIDO flag;
- The visibility of UNIDO is minimal;

- No synergy with, or attempt to explore cooperation with, ITPO Shanghai or with the UNIDO Field Office in China, or with UNIDO Headquarters-based programmes.

## Conclusions, recommendations and lessons learned

### Conclusions

- SITPC could not operate as a 'stand alone' centre – it is dependent on its counterparts for staff resources, intellectual input and logistical support, and there is neither the wish nor the intention of the Municipality or of UNIDO to change this *status quo*.
- The project's approved functions were too ambitious, and the proposed mobilization of US\$800,000 from unspecified donors, representing 55% of the total approved funding, was unrealistic;
- The project has contributed to international cooperation in the IT sector in the Asia-Pacific region, but on a reduced scale to that foreseen, due to the non-availability of funds.
- IT cooperation and partnerships among cities has been promoted by way of 'hands on' workshops, training programmes, seminars and fora.
- Because of its synergy with its counterpart (SIECC) and other organizations with which it is essentially linked, namely SMIEC and RCOCI, the SITPC compliments these organizations which are involved in IT cooperation and partnerships
- The project document states that UNIDO will "*stimulate and guide the local development of IT infrastructure through advice and consultation service, policy study and formulation*". UNIDO has not been in a position to provide such project management or technological backstopping;
- There is no screening by UNIDO of the technologies promoted by SITPC, which exposes UNIDO to some risk;
- SITPC has lacked systematic reporting to UNIDO and there has been no attempt to introduce such a system;
- The value added of UNIDO has been limited; however, the UNIDO logo and name provide SITPC with its own highly-valued UN identity, endorsing its credibility;

- Given the non-availability of 90% of the approved funding, the project undertook a series of activities, very largely funded by its counterparts, which were in line with the project's mandate;
- The project's activities have been in line with UNIDO's Medium term programme framework, 2008-2011, which endorses the activities as permitting the SITPC to continue to enhance its capacity to promote and transfer new technologies, to foster international cooperation in the IT sector, and to help developing countries formulate strategy in this sector;
- The Municipality of Shanghai is fully committed to the sustainability of SITPC;
- On balance, the SITPC has provided high-level services to the Asia-Pacific region - for example by promoting the enhanced role municipal E-governance, the development of training methodologies for E-government, and the enhancement of the application of IT - in line with its mandate and to the benefit of the participating developing countries; however, this would most probably also have been the case had there been no UNIDO project;
- The approved Phase II of the project with a three-year duration, has ambitious, broad objectives that may be unrealistic.

### **Recommendations for UNIDO**

- UNIDO should re-review the inputs in the Project Document for Phase II of the project to determine which are achievable – the approved inputs appear to be too broad and ambitious, given the funding, the staff resources, and the project's three-year duration;
- UNIDO should take immediate steps to begin implementation of Phase II of the project, which is already well behind schedule;
- UNIDO should clearly define its project management role;
- UNIDO should establish a system of structured, regular reporting of the project's activities,
- UNIDO should make clear its own role and functions– presently, SITPC consults a relatively large number of other UN organizations about its activities without reference to UNIDO;
- UNIDO should ensure that SITPC establishes a meaningful relationship with the UNIDO Field Office in China;

- UNIDO should ascertain areas of possible common interest between SITPC and ITPO Shanghai, and to take steps to ensure UNIDO's maximum visibility at Expo 2010;.
- A further short evaluation two years after Phase II of the project becomes operational would be desirable; this could provide an appropriate vehicle through which to consider an exit strategy.

### **Recommendations for SITPC**

- SITPC should review, together with UNIDO, the approved inputs in the project document for Phase II;
- SITPC should carefully review and coordinate the inputs in respect of Expo 2010 with UNIDO, and with ITPO Shanghai, to ensure that the benefits from this unique opportunity are optimized.

### **Lessons learned**

SITPC is a sophisticated activity in a dynamic sector, for which UNIDO is not in a position to provide substantial technical backstopping. The result is that the project has progressed without substantive value added by UNIDO, which should develop a long-term strategy for SITPC.

The project document states that UNIDO, *“being a multi-cultural cooperation intermediary and broker, will organize IT technical fora, organize joint research and development geared to the needs of low-income countries, as well as mobilize financial resources from public and private institutions and development institutions in developing training programmes to upgrade human resources in the developing countries. UNIDO can also assist in organizing and mobilizing IT technology and investment promotion activities.”* With hindsight, the inclusion of such expansive, unrealistic, ‘high-flying’ statements in project documents should be avoided – it seems unlikely that UNIDO could have properly fulfilled this wide-ranging requirement even if the project's full funding had been forthcoming.

Likewise for UNIDO to approve a project document which states that the project will *“stimulate and guide the local development of IT infrastructure through advice and consultation service, policy study and formulation”*, when there is no UNIDO capacity to provide these inputs, exposes UNIDO to likely failure and scrutiny. The risk would be heightened in the Shanghai environment, a recognized center of excellence in the IT sector.

Projects with no donor commitments or potential sources of funding identified, run the predictable risk of failing to mobilize funding and to fail to achieve their objectives.

# 1

## Introduction

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**The Shanghai International IT Promotion Center (SITPC)** was established in October 2001 with the support of UNIDO, the Shanghai Municipal People's Government, the China International Center for Economic and Technical Exchanges (CICETE), the Informatization Office of Shanghai Municipal People's Government, and the Regional Cooperation Office for City Informatization (RCOCI). A Trust Fund Agreement between UNIDO, the Government of the People's Republic of China, and the City Government of Shanghai, and signed in October 2001, and attached hereto as *Annex C*, provided for the UNIDO project entitled "*Enhancing IT Cooperation and Partnerships in the Asia/Pacific Region*". The estimated starting date was June 2001 and the duration 3 years.

The total budget as approved in the Project Document was US\$ 1,450,000, including support costs, of which:

US\$450,000 under Trust Fund Agreement

US\$200,000 from XP/UNIDO (pending approval by UNIDO)

US\$800,000 to be mobilized

The Project Host Institute was the **Shanghai Informatization Office, Shanghai Municipal Government**, and the Government Cooperating Agency was the **China International Center for Economic and Technical Exchanges, Ministry of Foreign Trade and Economic Cooperation (CICETE)**.

The project's mission, as stated in the Project Document, attached hereto as *Annex D*, is the promotion of IT cooperation and technology partnerships among cities in the Asia-Pacific region, by contributing to the upgrading of knowledge and experience of the policy- and decision-makers of the participating cities in IT development strategy, by substantive activities to promote regional cooperation in IT and business partnerships, and by training of personnel in advanced areas of IT such as IT development planning, policy-making, and technology selection.

The project became operational in June 2002 and was declared operationally complete only in February 2009 – however, the project's activities expired in 2005. The funding as approved in the Project Document did not materialize: delays were caused by the advent of the SARS epidemic and by difficulties in converting the local currency into convertible currency to cover the project support costs. Implementation commenced using the funds received amounting to CNY 400,000 (US\$ equivalent 48,390) and US\$4,980 (the programme support costs on the local currency contribution.) Further, the US\$800,000 "to be mobilized" was not forthcoming.

In November 2008, an extension of the project's activities was approved by the three parties, within the framework of the original Trust Fund Agreement, and based upon a new Project Document, attached as *Annex E*. The new project had a budget of US\$400,000.

### **The independent evaluation**

In March 2008, the UNIDO Executive Board mandated the UNIDO Evaluation Group (OSL/EVA), as part of its 2008/2009 Work Programme, to undertake a Thematic Evaluation of UNIDO's International Technology Centres, and the SITPC was selected by OSL/EVA as one of the centres to be covered by field missions.

The purpose of this independent evaluation was to enable the Chinese Government, the Shanghai Municipal Government, and UNIDO to have up-dated information with regard to:

- the relevance of UNIDO and of the activities and programmes promoted;
- the efficiency of implementation: quantity, quality, cost and utilization of resources;
- timeliness of SITPC inputs and activities, and SITPC management and coordination, in China and from UNIDO Headquarters;
- the outputs produced and objectives achieved, as compared to those planned;
- the impact and sustainability of results and benefits.

As this is the first evaluation of the SITPC, the evaluation also focused on the basic issues concerning the organizational arrangements and the staff and administrative procedures, in addition to the results achieved by the SITPC. The evaluation also took the Shanghai environment into consideration, which is considered to be a highly relevant factor in the project's context in terms of the city's rapidly developing economy, and its suitability as a venue for the project. The *Terms of Reference* of the evaluation are attached to this Report as *Annex A*.

The evaluation team was comprised Mr. Andrew Ingram (Team Leader), international consultant, Mr. Hidekazu Tanaka, Principal consultant of Mitsubishi UFJ Research & Consulting, and Ms. Sherry Ye, national consultant. The evaluation was carried out in May/June 2009, with field work in Shanghai taking place from 18 to 20 May 2009. The members of the evaluation team were fully independent from policy, operations and management functions of UNIDO and from the management and operations of SITPC.

Due to the independent nature of the evaluation, the views and opinions expressed in this report do not necessarily reflect those of SITPC, of the Chinese authorities, or those of UNIDO.



# 2

## Methodology

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The evaluation was conducted in compliance with UNIDO evaluation policy and the UNIDO Technical Cooperation Guidelines and attempted to determine, as systematically and objectively as possible, the relevance, efficiency, effectiveness, impact and sustainability of the SITPC project. The evaluation assessed the achievements of the project against its objectives and outputs set out in the project document, including re-examination of the relevance of the objectives and of the design. The evaluation also attempted to identify factors that have facilitated or impeded the achievements of the objectives.

The evaluation was carried out as a free-standing project evaluation, through interviews, analyses of various sources of information, including reviews of the Project Document and reports, various documents provided by SITPC relating to SITPC's activities, and interviews with UNIDO Headquarters staff, with SITPC staff and with representatives of some of SITPC's clients and organizations with which SITPC has professional connections, including the national counterparts. The list of persons met and interviewed during the visits in Shanghai is attached as *Annex B*.

The evaluation also feeds into a thematic evaluation of international technology centres presently being undertaken by the UNIDO Evaluation Group.

While maintaining independence, the evaluation was carried out based on a participatory approach, which sought the views and assessments of all parties. Preliminary findings were presented at UNIDO Headquarters on the 29<sup>th</sup> of June 2009. Major stakeholders were given the possibility to validate and comment on the findings and conclusions of the draft evaluation report.

# 3

## Shanghai background and establishment of SITPC

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### 3.1 Shanghai – an introduction

#### History

Shanghai as the venue of the SITPC project represents a highly important aspect of the project's operations. Thus some background to the city and its development as a place to establish and do business is described here to provide some understanding of the project's conception and context.

Originally a fishing and textile town, Shanghai has developed into a major world-class city open to foreign trade, largely due to its strategic location and port facilities, and is now a highly important center of commerce between east and west, having become a multinational hub of finance and business by early 20<sup>th</sup> century. In 2005, Shanghai became the world's largest cargo port.

As early as the 17<sup>th</sup> century, Shanghai started to become an important seaport in the Yangtze Delta region, as a result of two important central government decisions. The first was the lifting of prohibition of ocean going vessels in 1684, and the second signal decision was the relocation to Shanghai of the customs authorities for Jiangsu Province with the exclusive control of the collection of customs levied upon foreign trade from 1732. By the end of the 18<sup>th</sup> century, Shanghai had become the major trading port for the entire lower Yangtze River region.



In mid-19<sup>th</sup> century, as Western countries started to establish international settlements in Shanghai, the city began to function as a major trading port and gateway to inland China for foreign

traders. With the establishment of these foreign settlements, Shanghai emerged as a cosmopolitan city, and its administrative status was raised to that of a municipality in 1927, as one of China's three major cities, after Beijing and Tianjin. After a major change in political direction in 1949, many foreign companies relocated their operations from Shanghai to Hong Kong. However, during the 1950s and 1960s, Shanghai's economy continued to expand and Shanghai continued to be firmly established as an industrial center, especially in the fields of textile and light industries, maintaining a high economic growth rate. Following economic liberalization in the southern provinces in mid-1980's, Shanghai introduced economic reforms, and extensive development commenced in 1991, as a result of which many foreign companies returned to Shanghai.

This background reflects Shanghai as a historically amenable city for foreign trade and business operations; this long-established trend has accelerated in the last two decades, with the result that Shanghai is now established as a major global centre of commerce and industry, to favorably compare with other major centres in the Asian region.

A parallel spectacular global development of the IT industry enabled Shanghai to seize the initiative and to establish the city as a major regional leader of this industry, hand-in-hand with the city's fast-track levels of industrial development.

### **3.2 Location and population**

Located in the centre of China's Pacific coast at the mouth of the Yangtze River, Shanghai is strategically situated at almost the mid-point between Beijing in the North and Hong Kong in the South. The city also occupies a strategic central coastal position, and owing to its advantageous geographic location and easy accesses to a vast hinterland, Shanghai has become a huge sea and river port.

Shanghai is the largest city in China in terms of population, one of the largest metropolitan areas in the world; in 2007, the resident population had reached 18.5 million. Of critical importance is the fact that Shanghai is administered as a municipality of the People's Republic of China with province-level status. The city is an emerging tourist destination renowned for historical landmarks, its modern and ever-expanding skyline, and a reputation as a cosmopolitan centre of culture and design. Today, Shanghai is the largest center of commerce and finance in mainland China, and is regarded as a showpiece of the world's fastest-growing economy.

The city has an extensive, highly effective and continually-expanding public transport network, and two major, modern international airports.

Shanghai is today a highly desirable business destination with an established global reputation as a forward-looking, highly progressive, functional and efficient business venue.

### 3.3 Economy

Shanghai is accelerating its economic restructuring and transformation. The economy has shifted during the last two decades from labor intensive industries such as textiles to a comprehensive and diverse economy that focuses on electronics, ship building, steel, automobiles, chemicals, aviation, and IT. The city's economy has consistently maintained double-digit growth since 1992; the regional GDP per capita in Shanghai exceeded US\$ 8,500 in 2007, while that of the whole China is reported as US\$ 2,010 in 2006.

While Shanghai rivals Hong Kong as the economic centre of the Greater China region, Shanghai has the advantage of stronger links with the Chinese interior market and the central government, and a stronger base in manufacturing and technology, an increasing role in finance, and as a major destination for the corporate headquarters of enterprises, the demand for a highly educated and modernized workforce is significantly boosted. In 2007, Shanghai was host to almost 30,000 foreign enterprises.

The concomitant development and expansion of the IT industry can be seen as a consequence of the city's collective foresight in actively encouraging and supporting this sector – the subject project of this UNIDO Evaluation is a tangible example thereof.

The forthcoming Shanghai *Expo 2010*, 1 May – 31 October 2010, is already bringing additional momentum to the city, and the huge *Expo 2010* site, an impressive international “city within a city”, is intended to symbolize modern China and its achievements, in which IT will play a highly significant role.

### 3.4 Development of the IT industry and the establishment of SITPC

At an early stage in the current period of rapid development, the Shanghai Municipal Government recognized the importance of the IT industry, and set a strategy for promoting the overall development of the IT industry as a key priority. This proactive approach assisted the IT industry in Shanghai to achieve rapid growth, and included the promotion and development of e-Government, resulting in an enhanced economic and social development of the city. The Municipal Government took steps to create an environment in which the manufacture of IT products could take place and the IT service sector could develop. It also acknowledged that the fostering of international cooperation in this sector could be beneficial to all parties involved.

Accordingly, the Shanghai Municipal Government proposed to UNIDO to formulate and implement a project entitled “*Enhancing IT Cooperation and Partnerships in the Asia-Pacific Region*”, and the UNIDO-Shanghai International IT Promotion Center (SITPC) was established in 2001 under a trust fund agreement between UNIDO, the People's Republic of China, and the Shanghai Municipal People's Government.

SITPC's objectives were:

- Assist low income countries in bridging the digital divide and formulating IT development strategy, by enhancing technological capacity, performance and quality of support services of selected municipal governments;
- Foster cooperation at an enterprise and institutional level through the organization of IT promotion events;
- Provide and organize regional and national IT training programmes;
- Develop databases and provide information regarding IT technology providers and training opportunities available through the internet;
- Mobilize resources and technology to support the activities which contribute to IT development in low income countries in the Asia-Pacific region;
- Promote IT cooperation among developing countries in the region through sharing of experience, consulting services, and joint research and development.

# 4

## The SITPC

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### 4.1 The project

The project, entitled “*Enhancing IT Partnerships in the Asia-Pacific Region*” is aimed at promoting IT cooperation and technology partnerships among cities in the Asia-Pacific region, by providing institutional support to the establishment of the Shanghai International IT Promotion Centre (SITPC) At the same time, the project is to address issues faced by the principal IT institutions in the participating cities in the region by way of the following substantive activities:

- conducting a series of studies on the IT Infrastructure and development needs for the selected cities in the Asia-Pacific region;
- organizing and sponsoring IT technology and business promotion events;
- organizing IT training programmes to meet the needs of the IT researchers and engineers, with special emphasis on low-income countries in the region.

The approved budget was US\$1,450,000, of which:

- US\$ 450,000 under Trust Fund from the Municipality of Shanghai;
- US\$ 200,000 from UNIDO Regular Budget;
- US\$ 800,000 to be mobilized from potential donors.

In the development and implementation of the project, UNIDO was, as stated in the Project Document, expected to “*operate as a catalyst, promoter and source of technical expertise. Through project activities, UNIDO will stimulate and guide the local development of IT infrastructure through advice and consultation service, policy study and formulation. Being a multi-cultural cooperation intermediary and broker, UNIDO will organize IT technical fora, organize joint research and development geared to the needs of low-income countries, as well as mobilize financial resources from public and private institutions and development institutions in developing training programmes to upgrade human resources in the developing countries. UNIDO can also assist in organizing and mobilizing IT technology and investment promotion activities.*”

The Project Document further states that the project will pioneer UNIDO’s role in combating the digital divide – with the technical and administrative support of UNIDO, the SITPC “*can function as a useful platform for promoting regional cooperation and assist less developed countries, particularly LDC’s and small island countries, to benefit from the IT revolution.*”

The four planned Outputs, as stated in the Project Document, were:

1. *“Establishment of an operational SITPC with competent staff.*
2. *Reports providing an overview of present information and telecommunication status, management practice and policies, IT infrastructure, IT educational, development and training capacity, IT development requirements with particular relevance for the selected cities as well as recommendations for forming IT development strategy.*
3. *Various papers on selected technical subjects which will be widely distributed to IT institutions in the member cities in the region. In addition, IT researchers and engineers will upgrade their awareness on the latest advancement and application of new IT technologies as well as the need for possible and practical solutions that will shape the capacities of less-developed countries in bridging the digital divide.*

*Extra resources will be mobilized from donor communities to support and co-sponsor the technical workshops or IT promotional events; the subjects of technical areas will be decided later in consultation with donor institutions and the interest from the participating cities – tentatively the areas are recommended as follows:*

*IT in industrial application; IT management in enterprises; CAD, CAM and CAE promotion and application; training for Chief Information Officer (CIO) and Knowledge Chief Officer (KCO); IT interconnectivity and inter-operability; Security and reliability of online communication; cyber-law and regulation; e-Commerce and intellectual property protection, etc.*

4. *Advance training programme for senior government policy-makers, development planners and IT researchers and engineers related to IT technology and infrastructure, policy formulation, security, technology development and management, etc.*

*Specific areas of training will be adjusted in the light of the priority requirement from member cities. Tentatively it may cover: IT communication and network, computer and software, and digital visual electronic products, e-commerce including service system; security management, personal credibility, online payment, trading platform; application of CAD, CAM, and CAE, etc; key information application systems such as municipal administration, employment, training, education, population, technology monitoring, public health.”*

The full financing for the project did not materialize – the actual funding amounted to only 10.5% of the approved budget. Problems arose in converting Chinese currency into US dollars, and due to the interruptions caused by financing arrangements and then by the advent of the SARS epidemic, disruption of the project’s activities resulted and major budgeted financial inputs were not provided. Of the US\$200,000 budgeted from the Regular Programme of UNIDO, expenditure of only \$98,798 was incurred.

The US\$800,000 noted in the Project Document to be “mobilized from potential donors” did not materialize, the evaluation team could not ascertain if any approaches had been made to potential donors in respect of this amount, at 55% the largest single source of funding in the approved budget of US\$1,450,000.

## 4.2 Counterpart organization

SITPC’s counterpart organization is the **Shanghai Internet Economy Consulting Center (SIECC)**, an organization of the Shanghai Municipal Government established in 2000 to promote the application of ICT in the government and private sectors, and to provide value-added services such as consultations, research and training for government and the private sector in the field of city informatization. SIECC has a staff of around 50 professional IT experts, and provides various services to SITPC.

SIECC issues the contracts to SITPC staff and makes salary payments for staff not holding UNIDO appointments.

## 4.3 Location and staffing of SITPC

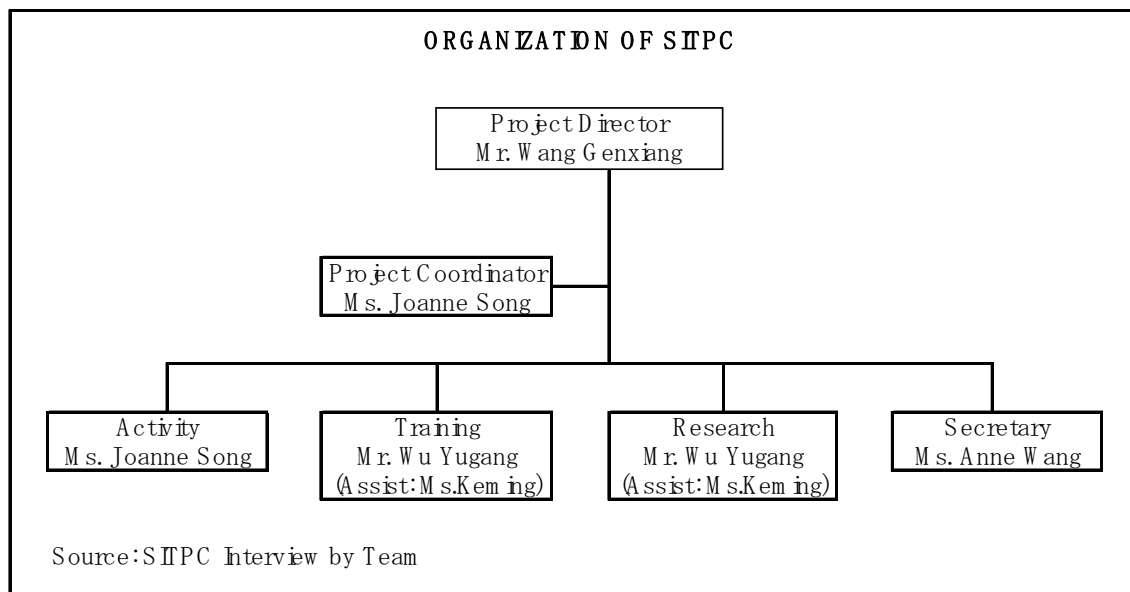
The offices of SITPC are temporarily located in the premises occupied by the *Division of Foreign Economy* of the *Shanghai Municipal Economic and Informatization Commission (SMEIC)* in a central, business-friendly location. At the time of the evaluation, new offices were in the final stages of reconstruction and refurbishment in another superior location, a modern, high-rise building which also houses SIECC, the counterpart organization. SITPC’s operations are very closely and irreversibly linked with those of both SMEIC and SIECC, and the duties of SITPC staff are divided between SITPC, SMEIC and SIECC.

At the time of the evaluation, there were five staff undertaking duties for SITPC; as implementation of the second phase of the Project has not begun, there were no persons holding UNIDO contracts although the staff stated that they were working for SITPC. Salaries were being met by the counterpart organization, with no arrangements in place for salaries to be retroactively charged to the project, to the extent that the evaluation team could determine.

The staff in place were:

Project Director:	Mr. Wang Genxiang
Project Coordinator:	Ms. Joanne Song
Programme Manager:	Professor. Wu Yugang
Programme Assistant:	Ms. Ku Ming
Secretary:	Ms. Ann Wang





#### 4.4 IT organizations with essential synergy with SITPC

SITPC is significantly supported by three organizations of the Municipality of Shanghai; their support is essential to SITPC's activities:

- **SIECC (Shanghai Internet Economy Consulting Center)**, SITPC's counterpart organization described in paragraph 3.5, is headquartered in the building into which SITPC will shortly relocate to its own newly-constructed, dedicated offices.
- **SMEIC (Shanghai Municipal Economic and Informatization Commission)**, located in the building in which SITPC is temporarily occupying offices, is responsible for, *inter alia*, informatization development – strategy, plans and policies, interactive development of informatization and industrialization ICT infrastructure, e-Government, e-commerce.
- **RCOCI (Regional Cooperation Office for City Informatization)**, is the standing body for the Forum on City Informatization in the Asia-Pacific region, which was established in Shanghai with the support of several UN organizations. RCOCI is responsible for sponsoring and coordinating conferences, training programmes and public information activities on city informatization, and has established a platform for consultations and exchanges among municipal governments in the Asia-Pacific region, thereby promoting the sharing of information in the development and modernization of government and public administration.

SITPC's work is supported by, and essentially interlinked with, the work of these three organizations on a continuous basis – staff resources are shared as well as

offices/training and conference facilities: programmes and activities are inter-related and mutually supported. It can be stated that SITPC could not reasonably function as a stand-alone activity, i.e. without the support and synergy it has with SMEIC, SIECC and RCOCI, because of the inter-linkage of staff, the shared office space and utilities, and the sharing of substantive and technical knowledge.

## 4.5 Budget, funds received, and expenditure

**Table 1:** Budget, funds received and expenditure by source of funds

<b>Project number</b>	<b>Budget US\$</b>	<b>Funds received</b>	<b>Total expenditure US\$</b>	<b>% Total budget implemented</b>
TF/RAS/02/001	964,000	4,980	4,840	0.5%
TN/RAS/02/001	286,000	48,391	48,398	16.9%
XP/RAS/01/022	100,000	24,520	24,520	24.5%
XP/RAS/02/022	100,000	74,278	74,278	74.3%
<b>Total</b>	<b>1,450,000</b>	<b>152,169</b>	<b>152,036</b>	<b>10.5%</b>

**Table 2:** Expenditure by category/activity

<b>Expenditure category</b>	<b>Amount US\$ equivalent</b>
Mission travel	9,295
Vocational training – contracted to RCOCI, 2001	19,500
Training workshop on City Informatization and e-Government conducted by RCOCI, 2002	24,195
Workshop – City Informatization Construction and Assessment Indicators, 2002	50,000
Workshop – Promoting IT Application & City Informatization Assessment, 2003	20,000
Equipment	24,078
Sundry minor items	128
Project support costs	4,840
<b>Total expenditure</b>	<b>152,036</b>

As most of SITPC's activities are undertaken jointly with SIECC, SMEIC and RCOCI and with substantive inputs from these organizations, it is not possible to provide any assessment of the actual resource requirements of SITPC. A transparent budgeting and expenditure system for SITPC is not in place.

To be noted is that 75% of the expenditure reflected in the table above relates to training and workshops, primarily on city informatization.

At the time of the evaluation mission, a second phase of the project had been approved by the government and by UNIDO, but implementation by UNIDO had not begun at the end of October 2009, although the funds had been received by UNIDO in 2008 and early 2009.

## 4.6 Project activities

Whilst the funding as approved in the original Project Document was only partially provided to the extent of 10.5%, as a result of SITPC's essential, interlinked relationship and synergy with SMEIC, SIECC and RCOCI, some of the activities were implemented through the involvement of SITPC staff members, whose duties are organizationally and essentially interlinked with those of SMEIC, SIECC and RCOCI.

There were 18 outputs for the project, reported as "International and Regional Cooperation", and consisting of 9 interventions implemented in cooperation with international partners and 9 interventions with domestic partnerships, as reflected in Tables 1 and 2 hereunder

**Table 3:** Number of sub-projects of SITPC by year

Year	International	Domestic	Total
2001	1	3	4
2002	1	1	2
2003	2	0	2
2004	1	0	1
2005	1	2	3
2006/07	3	1	4
2008	0	2	2
<b>Total</b>	<b>9</b>	<b>9</b>	<b>18</b>

**Table 4: SITPC activities 2001-2008**

Year	Name of Program	Domestic or International	Partners
2001	Seminar on Cooperation and Exchange of Sino-India IT Companies	International	Shanghai Information Office, Related IT Industrial Institutions, Indian Consulate of Shanghai
	Tumen River Area Development Programme	Domestic	Shanghai Chang Jiang Computer Co., Ltd
	International Training Workshop on WEB New Technology	Domestic	Shanghai Distance Education Group
	International Training Session on Software Development and Management	Domestic	UNU/IST, East China Normal University/ Software Engineering Institution
2002	Thematic Seminar on Enhancing TCDC Cooperation for the Software Promotion in Developing Countries	International	Ministry of Foreign Trade and Economy, Ministry of Science and Technology, Chinese International Center for Economic and Technology Exchange, UNDP-TCDC
	Municipalities Panel for Communication and Sustainable Development	Domestic	UNEP, Vivaldi Environment, Shanghai Environment Protection Bureau
2003	Philippines Mayor Delegation Study Visit of Shanghai	International	UNDP-UMP (Urban Management Program), League of Cities of Philippines (LCP)
	Asia Pacific Regional Forum of Cities and Local Governments in Information Society	International	UNEP, C.TYNET
2004	Workshop on Internet Management	International	UNEP Task Force
2005	Exchange Workshop on Development of E-governance Resource	International	Infocomm Development Authority of Singapore
	Workshop on Science and Education in E-times	Domestic	Chinese Academy of Science
	Workshop on Logistic Informatization in Yangtze River Delta	Domestic	Shanghai Information Commission, Shanghai Information Investment NC., Shanghai Eastpass NC
2006-2007	City Informatization Index Assessment	International	Shanghai Internet Economy Consulting Center
	E-government Training Programme	International	UNEP
	Forum on World Expo Informatization	Domestic	Bureau of Shanghai World Expo Coordination
	EU-China Information Society Project in Shanghai	International	EU-China Information Society Project
2008	International Workshop on Open Data and Knowledge Environments for Innovative Research and Development	Domestic	Chinese Academy of Science, Chinese Association for Science and Technology, Internet Society of China
	Conference on Top 50 City for Informatization in China	Domestic	China Computer User Association

Source: SITPC Project Report

While the above activities are considered by SITPC staff to have been implemented by SITPC, it was not possible to determine, during the Evaluation mission, to which extent any of the activities had been implemented through the UNIDO project and which had been financed by SMEIC and/or SIECC and RCOI. The activities were implemented, irrespective of the availability of the UNIDO project funds. No cost breakdowns of the above-noted activities were available. There was no priority or special emphasis noted to low-income countries in the region.

The tables indicate that SITPC activities were well-balanced geographically for the Asian region as well as for the Chinese domestic region. This has two major benefits:

- the exchange of IT-related activities and information at city-level in Asia Pacific region;
- the easing of the digital divide among cities in China, including those areas with limited access to IT technology.

Both of these benefits are in line with the outputs for the project.

In China, the dissemination of IT information and the acquisition of IT knowledge can be achieved solely by communication and instruction in Chinese, and thus can only be carried out by Chinese experts. In this respect, Shanghai provides

the location and source of expertise for both international communications, as well as for domestic outreach.

## **4.7 Reporting**

SITPC has not introduced a formal system of reporting on a regular basis – Progress or Annual Reports are not available. Information between UNIDO and SITPC has tended to be disseminated on an ‘as required’ basis. Due to the essential inter-connectivity between SITPC, SIECC and SMEIC, the flow of information at a local level is considered to be satisfactory, if not formalized.

## **4.8 SITPC clients**

SITPC’s clients include IT-related institutions including information and telecommunications authorities, IT researchers, traditional manufacturing companies working in the IT sector, and IT service providers in Shanghai and other cities. No clients outside of China were referred to the Evaluation team.

The Evaluation team conducted visits to the following two clients of SITPC, and also to SIECC, the SITPC’s counterpart organization:

### **Easipass**

Shanghai E & P International, Inc., known as Easipass, is a major portal site that provides an extensive, sophisticated platform for port and logistic information and services and an Electronic Data Interchange (EDI) data exchange platform, offering logistic information services, logistic operational services and information exchanges to port administrative departments and corporate clients. Easipass was created in 2001 from the integration of 3 major websites - the Shanghai Economic and Trade Network, Shanghai EDI Center, and Port EDI Center - with the support of the mayor of Shanghai, the Shanghai Foreign Economic Relations and Trade Commission and the Shanghai Information Office, reflecting support at the highest Municipality level. Easipass provides a platform where companies can enquire about port logistical operational data, achieve clear document transfers and tracking, and acquire all-around logistical information and technological services. Easipass currently has a corporate client base of 20,000 and a staff of 600.

The Assistant to the President of International Relations, Mr. Bob Xu, highlighted the cooperation and the extensive level of data exchange with, in particular, Hong Kong, Singapore and Taiwan. As an indicator of its scale of operations, in 2008 Easipass processed transactions with a value of 100 billion RMB (around US \$14.6 billion) and 13 million containers shipped through the port of Shanghai – of 58 categories of business in the port, 41 (71%) have been electronically applied.

The role of SITPC has been to conduct, together with SMEIC, several training courses for Easipass, including a workshop on logistical informatization in the

Yangtze River Delta, and it has arranged for two delegations from Africa to make substantive visits to Easipass. Mr Xu stated that the contribution of SITPC has been positive and that “further cooperation was planned”.

### **China Telecom Shanghai Info-Space**

The Info-Space, opened in 2007, is the exhibition showpiece of China Telecom Shanghai, consisting of a immense cube and sphere over five floors and 3,000 square meters, and with ten exhibition zones reflecting Shanghai’s progress in the area of high-tech info-lifestyle, and demonstrating China Telecom Shanghai’s active participation in municipal informatization.

SITPC has cooperated with China Telecom by implementing training courses in which China Telecom displayed its state-of-the-art technology to SITPC participants, both national and international. Further, according to SITPC’s Project Coordinator, China Telecom plays an active role in ‘best practice in developing solutions in city informatization’, and in increasing the public awareness of ICT.

### **Shanghai Internet Economy Consulting Center (SIECC)**

The SIECC (Shanghai Internet Economy Consulting Center), SITPC’s counterpart, is a Shanghai Municipal Government-funded research and consulting institution established in 2000, focusing on the IT industry and city informatization – a non-profit organization with a staff of 50. SIECC promotes the application of ICT in the government and private sectors, providing value-added consultations, research and training for government and the private sector. Some 90% of SIECC’s clients are Shanghai’s municipal government departments; the remaining 10% are private enterprises. The inter-activity between SITPC and SIECC is not readily measurable, nor is it possible to estimate the costs of the services that one organization provides to the other.

Ms. Gu Chen, SIECC’s Research Department Senior Consultant, explained that SIECC undertakes research for SITPC because of SITPC’s very limited staff resources – there is a general understanding and agreement between the parties regarding these activities, carried out on a sub-contracting type of arrangement, but that no funds are exchanged. SIECC has carried out two major projects with SITPC, the “50 Cities Index” project, and the “City Civilization” project.

# 5

## Findings

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### 5.1 Relevance

The IT sector plays an essential role in the present economy and future development of China, and Shanghai is, as noted in this report, an ideal location as a major regional leader of this industry, enhanced by the city's fast-track levels of industrial development. Thus SITPC fits well into this overall situation.

#### Relevance to Shanghai Municipality

The SITPC is in line with the Municipality of Shanghai's active promotion and development of high-technology industries, and with the city's infrastructure and its aim of attracting foreign companies to do business with, and to establish headquarters functions in, Shanghai to meet the needs of the wider Chinese market.

The SITPC project covers two types of functions – first, to assist domestic partners to enhance their IT applications such as the promotion of an e-government system, and second, to assist cities in other countries in the Asia-Pacific region to develop their IT applications by providing opportunities for the exchange of information, with the input of international experts. For the Municipality of Shanghai, a concrete link with UNIDO and its extensive international network is seen to be a benefit which facilitates the establishment of relevant contacts. The Municipality of Shanghai appears fully committed to playing a constructive role in these activities, which also enhance Shanghai's reputation as an advanced city with a leading role for IT applications in the entire Asia-Pacific<sup>1</sup> region.

SITPC is a member of the informal UNIDO Technology Promotion Centre Network, and its mandate to assist narrowing impact of digital divide among developing countries, as well as regions within the developing countries, is in line with the current interest of Shanghai Municipality. However, the application of benefits arising from SITPC's membership this UNIDO Network has, to date, been limited.

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## Relevance to UNIDO

As part of the *Medium-term Programme Framework*, UNIDO has, in the context of its technology promotion activities, extended the SITPC for three years from 2008 to 2011. This will “*permit SITPC to continue to enhance its capacity to promote and transfer new technologies, to foster international cooperation in the IT sector, and to help developing countries formulate strategy in these sectors*”.

However, city informatization does not appear to fit directly with UNIDO’s thematic priorities of poverty reduction through productive activities, trade and capacity building, and energy and environment. Whilst UNIDO does not have an informatization programme as such, SITPC’s activities may be relevant by building up the technical infrastructure required by cities to participate in international trade, and Phase II of the project, for which implementation is yet to commence, will provide the opportunity for UNIDO to extend this relevance.

## Relevance to developing countries

SITPC conducted 18 activities between 2001 and 2008, of which 9 were international within the Asia-Pacific region. (The operational life of the project extended only until 2005, but SITPC considers that the activities extended until 2008, further emphasizing the blurred distinction between UNIDO’s view of the project and its activities and the view of SITPC.)

The 9 international activities consisted of a regional forum and a series of seminars, training programmes and workshops, which focused on software development, enhancing the understanding of IT technologies and products, city informatization and e-governance, and are considered relevant to the participants. Six of the nine international activities had a regional focus, and one benefited India, and two others benefited the Philippines.

## 5.2 Efficiency

An efficiency evaluation is to assess the efficiency in converting inputs to outputs; the non-materialization of a large proportion of the project’s funding, the extended duration of the project, and the fact that the counterpart organizations continued with the implementation of the activities irrespective of funding available for the project, make it difficult, if not impossible, to judge the efficiency of the project from UNIDO’s perspective. The *in-kind* contributions have not been substantiated or reported upon at all, and estimates or actual costs are not available.

To make the project’s efficiency more difficult to assess was the fact that one of the distinguishing features of the activities of SITPC is its dependence upon its counterpart/partner organizations, and its continuous utilization of the services of other partner organizations including the United Nations Institute for Training and Research (UNITAR), other UN organizations as well as the Chinese Academy of Science and other domestic institutions. No estimated or actual costs for these services were available to the evaluation team, thus making a ‘value for money’ measure impossible.



There was no attempt by UNIDO or SITPC to determine whether coordination was feasible with other UNIDO projects or activities; however, SITPC's essential synergy with its counterpart, SIECC, and with SMEIC and RCOCI has provided linkages to a wider field than SITPC could have achieved on its own.

It is thus difficult to provide a realistic opinion on the efficiency of the project. Nevertheless the efficiency issue may be less critical, if the stated achievements of the project as noted in the following paragraphs under **Effectiveness** are considered to be satisfactory, in spite of the outputs having been severely restricted due to the non-availability of 90% of the funding.

A qualified Director and competent staff were available to SITPC as a result of its synergy with the counterpart organization, facilitating the commencement of activities. However, a limited capacity by the staff to communicate fluently in English was noted.

The management and overall coordination in the SITPC office has been efficient due to the availability of qualified staff and the synergy with SIECC, SMEIC and RCOCI, emphasizing SITPC's essential inter-linkage with these organizations. The exact administrative status of SITPC is blurred due to the fact that staff have responsibilities to these other organizations, and clear lines of authority and responsibility are not determinable. The absence of a formal reporting system to UNIDO and UNIDO's lack of capacity to provide technical management has resulted in the absence of quality control by UNIDO.

A process of self-evaluation has not been undertaken, and regular monitoring by UNIDO has not been carried out.

### **5.3 Effectiveness**

Effectiveness is defined as the achievement of objectives and the extent to which the outcomes and outputs have been delivered. In attempting to evaluate the effectiveness of SITPC, it is necessary to again stress two critical factors:

- the essential inter-connectivity and synergy between SITPC, SIECC and SMEIC, and the inability to distinguish between the contributions of each of these organizations, and also between the outputs of SITPC and other organizations whose services are used by SITPC. It also not possible to isolate a cost for the individual outputs – expenditure records were not available.
- equally importantly, the project document approved four multi-faceted outputs, which were based on the approved budget of US\$1,450,000 – the actual funds made available amounted to only 10.5% of the budget, namely US\$152,169. Clearly, the non-materialization of 90% of the approved funds significantly restricted the outputs which could be expected of the UNIDO project, thus making a meaningful evaluation difficult to carry out. Notwithstanding the absence of 90% of the approved

funding, the counterpart organizations continued to produce some of the outputs by way of a series of workshops, seminars and other training activities.

The design of the project is considered to have been ambitious in view of the funds available and the planning unrealistic; even if the full funding for the project had materialized, the evaluation team considers it highly unlikely that the project's objectives could have been achieved, especially within the timelines, given UNIDO's limited capacity to add technical value or to manage a project in this sector.

The project document states that UNIDO, *"being a multi-cultural cooperation intermediary and broker, will organize IT technical fora, organize joint research and development geared to the needs of low-income countries, as well as mobilize financial resources from public and private institutions and development institutions in developing training programmes to upgrade human resources in the developing countries. UNIDO can also assist in organizing and mobilizing IT technology and investment promotion activities."* UNIDO failed to deliver these activities. However, the outputs were highly ambitious and perhaps unrealistic, and the evaluation team questions whether UNIDO had the technical expertise and capacity to deliver, even if the full funding had materialized.

In place of a detailed examination of each of the four foreseen outputs and their results, most of which were not achieved under the UNIDO project because the unavailability of funds, the evaluation will assess the activities which were stated to have been implemented under the aegis of the UNIDO project, and have been attributed thereto by SITPC, irrespective of the source of funding.

As noted earlier in this report, SITPC implemented 18 activities during the period 2001-2008, of which 9 were international and 9 were domestic, and were largely of a training nature – training seminars, workshops, study tours, as reflected in Table 5.

**Table 5: Main sub-projects of SITPC**

No.	Name of Program	Main sub-projects carried out by SITPC
<b>Domestic</b>		
1	Tumen River area: organizing local companies to donate IT hardware in support of SITPC	Focus on regional development and training programmes
2	Training course on WEB development	Promotion of participating cities and e-information exchange
3	Municipal panel for communications and sustainable development – focus on best	Demonstration of ICT for urban development
4	Training course on software development and management	Enhancement of knowledge of advanced technologies and E-management concepts
5	Workshop on science and education in ‘e-times’ - jointly with Chinese Academy of Science	Enhancement of application and promotion of IT
6	Workshop on logistic informatization in Yangtze Delta	Promotion of E-Port and enhancement of customs clearance procedures
7	Forum on World Expo Information	Enhancement of e-technology for Expo 2010
8	Evaluation conference for ‘ Top 50 cities Informatization in China’	Comprehensive evaluation of the level of city informatization in China
9	Workshop on open data and knowledge environments for innovative research and development	Enhancement of science data resource and knowledge-sharing at international level.
<b>International</b>		
10	Seminar on cooperation and exchange between Sino-Indian IT companies	Establishment of bridges between China and India
11	Seminar on TCDC cooperation for software promotion	Promotion of technology cooperation among regional developing countries
12	Study tour of Philippines mayors on IT urban management	Promotion of exchange and cooperation between Shanghai and Philippines cities
13	Asia-Pacific Regional Forum of Cities and Local Governments in Information Society	Enhancement of role of local authorities in information society
14	Workshop on Internet Management in Asia-Pacific region	Promotion of internet management and coordination in Asia
15	Exchange workshop on development of E-governance resource sharing	Promotion of IT application of local E-governance
16	City Informatization index assessment (3 sessions)	Enhance the influence of city Index, to make it standard for the measurement of city informatization
17	E-government training programmes (4 sessions)	Development of training methodologies
18	EU-China information society project	Promotion of legal framework of local E-governance, IT in intelligent cities, implementation of strategies.

Source: The “**SITPC Project Report**”, prepared by SITPC in May 2009 and presented to the evaluation team, covered the period 2001 - 2008, and provided details of the project’s activities. The evaluation team noted that while UNIDO considers that the project’s activities ceased in 2005, SITPC considers that the activities extended until 2008, again underlining the blurred lines of understanding and communication between UNIDO and SITPC staff on this issue. However, the project was not declared financially complete until 2009.

In addition to the activities noted in the table above, the SITPC Project Report noted that the following activities were also undertaken:

- organizing the Shanghai Public Health Bureau and its counterparts in Hong Kong and Singapore to establish over 100 service sites to upload and download specialized medical procedures;

- in cooperation with the Shanghai Library and the national/city libraries in Korea, Vietnam, Malaysia, Singapore, Macau and Hong Kong, upgrading digital library facilities in the respective locations;
- using E-Learning techniques under the support of the Shanghai Education Commission, developing a series of unified distance learning programmes and examinations;
- in cooperation with the Shanghai Travel Commission, building 22 travel information service sites and setting up digital travel information sites in most Shanghai hotels;
- conducting a series of training courses on City Informatization and E-Government to enhance the awareness of government officials of ICT.

In evaluating the effectiveness of SITPC, the evaluation team was unable to judge the results of the activities conducted; however, each of the activities carried out aligns with the projects “expected achievements” as noted in the project document, namely:

- the upgrading of knowledge and experience of the policy- and decision-makers of the cities participating in the project in respect of IT development strategy and management;
- the promotion of regional cooperation in technology and business partnerships;
- the training of personnel in advanced IT areas – IT policy-making, IT development planning, selection of appropriate technology, IT regulations, best IT management practices.

The evaluation team was, however, able to conclude that SITPC has indeed contributed to the promotion of IT cooperation and technology partnerships among cities in the Asia-Pacific region, by way of its conducted activities, and that the project’s focus was maintained by way of these conducted activities, and that the project has been effective in respect of those activities carried out, to the extent that can be assessed.

The team also concluded that the capacity of SITPC has been strengthened as its staff gained more experience in the seven years of SITPC’s operations – but this would have resulted even if UNIDO had not been involved.

## **5.4 Sustainability**

The SITPC has always been very strongly supported by the Municipality of Shanghai, which initiated the project. The Municipality’s ongoing commitment has resulted in the approval of Phase II of the project for the ensuing three years.

The evaluation team noted the strong presence, contribution and influence of the Municipality, as a result of which the presence of UNIDO is diminished, especially given the clear permanent presence of the Municipality in contrast to UNIDO's intermittent presence. The SITPC "staff" are at the same time staff members of counterpart organizations, regardless of whether they hold UNIDO appointments or not; as a result, staff do not have to be sought and recruited as there is a continuing pool of qualified, experienced persons, further ensuring the sustainability of the project. It is thus considered that the project would survive without UNIDO, given the ongoing and long-term commitment of the Municipality together with the experienced, trained staff available.

## **5.5 Impact**

The Evaluation team was unable to isolate the impact of SITPC activities alone, since almost all the Shanghai activities are co-organized with the cooperation of SIECC, SMIEC, RCOCI and frequently in cooperation with other UN organizations and organizations of the Municipality. Nevertheless, it is judged that the impact of such activities, in general, is of a longer-term, ongoing nature, enhanced by the continuous technological progress in developments in the IT industry, and especially in a "centre of excellence" such as Shanghai.

The long-term impact is expected to be further enhanced during Expo 2010, during the course of which SITPC is planning two potentially high-impact events, namely an exhibition entitled "Information City Development" in cooperation with the International Telecommunications Union (ITU), and the "Global Informatization Forum", in cooperation with the United Nations Department of Economic and Social Affairs (UNDESA).

## **Strengths and Weaknesses**

The perceived strengths and weaknesses of SITPC are:

### **5.6 Strengths:**

- Has an excellent, solid foundation because of the assured support of the Shanghai Municipal Government;
- Has ongoing access to the Municipality's numerous IT organizations, which act as reliable, qualified counterparts and partners;
- Has access to the services of numerous UN organizations represented in Shanghai and elsewhere in China;
- Shanghai provides an outstanding location, as an acknowledged centre of excellence in the IT sector;
- Has ongoing access to a pool of readily available, qualified staff;
- Has minimal administrative costs due to the provision of services and utilities by counterpart organizations;

- Has a readily available reservoir of suitable candidates/participants for its activities.

### **5.7 Weaknesses:**

- Funding amounted to only 10% of approved budget;
- UNIDO has limited technical capacity and is not in a position to provide any quality control function;
- No accountability to UNIDO;
- Limited role of UNIDO in the selection of staff or implementation of activities;
- No system of regular reporting to UNIDO;
- No monitoring by UNIDO of results;
- No mechanism or measure in place to ensure that the technologies promoted are the best available;
- UNIDO is exposed to some risk as the activities are implemented without UNIDO oversight and management, but under the UNIDO flag;
- The visibility of UNIDO is minimal;
- No synergy with, or attempt to explore cooperation with, ITPO Shanghai;
- No meaningful contact or liaison with the UNIDO Field Office in China or with UNIDO Headquarters-based programmes.

# 6

## Conclusions, recommendations, and lessons learned

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### 6.1 Conclusions

- SITPC could not operate as a ‘stand alone’ centre under UNIDO’s auspices – its operations are inextricably linked with its counterparts, upon which it is entirely dependent for staff resources, intellectual input and logistical support, and there is neither the wish nor the intention of the Municipality or of UNIDO to change this *status quo*.
- The project is in line with the priorities of the Chinese Government and the Shanghai Municipal Government, and the objectives of the project and the SITPC concept remain valid; the SITPC’s mandate is relevant to the participating countries;
- The project’s approved functions were too ambitious and wide-ranging, and the proposed mobilization of US\$800,000 from unspecified donors, representing 55% of the total approved funding, was unrealistic;
- The project has contributed to international cooperation in the IT sector in the Asia-Pacific region, but on a reduced scale to that foreseen, due to the non-availability of funds.
- IT cooperation and partnerships among cities has been promoted by way of a series of ‘hands-on’ workshops, training programmes, study tours and fora.
- Because of its synergy with its counterpart (SIECC) and other organizations with which it is essentially linked, namely SMIEC and RCOCI, the SITPC compliments these organizations which are involved in IT cooperation and partnerships.
- The project document states that UNIDO will “*stimulate and guide the local development of IT infrastructure through advice and consultation service, policy study and formulation*”. UNIDO has not been in a position to provide such project management or technological backstopping to SITPC;

- There is no screening by UNIDO of the technologies promoted by SITPC, which exposes UNIDO to some risk; this situation cannot be expected to change.
- SITPC has lacked systematic reporting to UNIDO and there has been no attempt to introduce such a system;
- The value added of UNIDO has been limited; the UNIDO identity is limited -however, the UNIDO logo and name provide SITPC with its own highly-valued UN identity, endorsing its credibility;
- Given the non-availability of 90% of the approved funding, the project undertook a series of activities, very largely funded by its counterparts, and in line with the project's mandate;
- The project's activities have been in line with UNIDO's Medium term programme framework, 2008-2011, which endorses the activities as permitting the SITPC to continue to enhance its capacity to promote and transfer new technologies, to foster international cooperation in the IT sector, and to help developing countries formulate strategy in this sector. However, the section chosen does not fit with UNIDO's sectoral priorities, nor are municipalities the priority partners of UNIDO.
- The Municipality of Shanghai is fully committed to the sustainability of SITPC, evidenced by the approved Phase II and the already-received funding.
- On balance, the SITPC has provided high-level services to the Asia-Pacific region, in line with its mandate and to the real benefit of the developing countries which have participated in its activities; however, this would likely also have been the case had there been no UNIDO project;
- The approved Phase II of the project with a three-year duration, and for which UNIDO implementation has yet to commence notwithstanding that the funds have been received, has ambitious, broad objectives that may be unrealistic.

## **6.2 Recommendations**

### **Recommendations for UNIDO**

- UNIDO should re-review the inputs in the Project Document for Phase II of the project to determine, together with SITPC, those which are achievable – the present inputs appear to be too broad and ambitious in the light of the available funds, the staff resources, and the three-year duration of the project;
- UNIDO should take immediate steps to begin implementation of Phase II of the project, which is already well behind schedule;



- UNIDO should clearly define its project management role;
- UNIDO should establish a system of structured, regular reporting of the project's activities, requiring reports at least on an annual basis, and initially on a half-yearly basis for the first year;
- UNIDO should decide upon and make clear its own role and functions to SITPC activities – presently, SITPC consults a relatively large number of other UN organizations about its activities without reference to UNIDO;
- UNIDO should ensure that SITPC establishes a meaningful relationship with the UNIDO Field Office in China;
- UNIDO should ascertain areas of possible common interest between SITPC and ITPO Shanghai, and should take steps to ensure UNIDO's maximum visibility at Expo 2010 by way of a co-ordinated, joint approach by UNIDO together with the two Shanghai-based offices/activities.
- A further short evaluation two years after the second phase becomes operational would be desirable, especially if a third phase is being considered. If the SITPC activity does not fit with the One UNIDO concept, an evaluation could provide an appropriate vehicle through which to consider an exit strategy.

### Recommendations for SITPC

- SITPC should review, together with UNIDO, the approved inputs in the project document, which, as noted, appear to be too wide-ranging and ambitious, to determine which are realistic and achievable;
- SITPC should carefully review and coordinate the inputs in respect of Expo 2010 with UNIDO, and, as decided by UNIDO, with ITPO Shanghai, to ensure that this unique opportunity is optimized for the benefit of UNIDO, SITPC, and for ITPO Shanghai.

### 6.3 Lessons learned

SITPC is a highly sophisticated activity in a dynamic sector for which UNIDO is not in a position to provide substantial technical backstopping, with the result that the project has progressed without substantive value added by UNIDO.

The project document states, as noted under **Effectiveness**, that UNIDO, “*being a multi-cultural cooperation intermediary and broker, will organize IT technical fora, organize joint research and development geared to the needs of low-income countries, as well as mobilize financial resources from public and private institutions and development institutions in developing training programmes to upgrade human resources in the developing countries. UNIDO can also assist in organizing and mobilizing IT technology and investment promotion activities.*”

With hindsight, the inclusion of such expansive, unrealistic, ‘high-flying’ statements in project documents should be avoided – it seems unlikely that UNIDO could have properly fulfilled this wide-ranging requirement even if the project’s full funding had been forthcoming.

Likewise for UNIDO to approve a project document which states that the project will “*stimulate and guide the local development of IT infrastructure through advice and consultation service, policy study and formulation*”, when UNIDO has no capacity to provide these inputs, exposes UNIDO to likely failure and scrutiny. The risk may be heightened in the Shanghai environment, a recognized center of excellence in the IT sector.

Projects with no donor commitments or potential sources of funding run the predictable risk of failing to mobilize funding and thus failing to achieve their objectives.



16 March 2009

UNITED NATIONS INDUSTRIAL DEVELOPMENT ORGANIZATION

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## **Terms of Reference**

### **Independent Evaluation of the UNIDO Projects**

#### **TF/TN/RAS/02/001 and TF/TN/RAS/08/002 “Enhancing IT Cooperation and Partnerships in the Asia-Pacific Region – The UNIDO-Shanghai International IT Promotion Centre (SITPC)”**

### **I. BACKGROUND**

In March 2008, the UNIDO Executive Board mandated the UNIDO Evaluation Group (OSL/EVA) to, as part of its 2008/2009 Work Programme, undertake a thematic evaluation of International Technology Centres. The UNIDO-Shanghai International IT Promotion Centre (SITPC) was selected to be one of the centres covered by field missions. This independent evaluation of SITPC will be undertaken as a free-standing project evaluation and, at the same time, serve as an input into the thematic evaluation.

The main objective of the UNIDO-Shanghai International IT Promotion Centre (SITPC) is to promote IT cooperation and technology partnerships among cities in the Asia-Pacific region. The projects TF/TN/RAS/02/001 and TF/TN/RAS/08/002 aim at strengthening the UNIDO-Shanghai International IT Promotion Centre (SITPC) through institutional capacity building programmes in e-Government and the development of new tools and methodologies. The centre has been in operation for 5 years and from part of the UNIDO International Technology Centre Network.

So far, under the first project, substantial progress has been made in; the development of an Index Assessment of City Informatization levels, the creation of a City Informatization Assessment System in selected countries in the Asia-Pacific region, the conduct of surveys on the IT configuration and creation of a regional city informatization model, the preparation of a Regional Comparative Research Report on City Informatization. The new phase project, approved in November 2008, will continue to address issues faced by the principal IT institutions in the participating cities/countries and carry out a series of studies on the IT application in sectors such as public management and industry, promote the enhancement of a positive function of IT in the society development process and the role of IT in innovation and acceleration of transfer of technology from innovative and knowledge-based development.

## II. BUDGET INFORMATION

Project No.	Total Allotment US\$	Total Expenditure US\$	% Total Implemented
TF/RAS/02/001	48,390.00	48,399.01	100%
TN/CPR/06/005	400,000.00		

Source and date of information: Agresso as of 16 March 2009

## III. PURPOSE

The purpose of the independent evaluation is to enable the Government of China, the Shanghai Municipal Informatization Commission, the Shanghai Municipal Government, national/municipal governments from participating countries and UNIDO to have up-to-date information with regards to the following:

- (a) the relevance of the SITPC and of the activities and programmes promoted
- (b) the efficiency of implementation: quantity, quality, cost and utilization of resources, timeliness of UNIDO/SITPC inputs and activities, and SITPC management and coordination, in Shanghai, Beijing and from HQ
- (c) the outputs produced and objectiveness achieved, as compared to those planned
- (d) the impact and sustainability of results and benefits

It is envisaged that the evaluation will focus on the activities carried out and the results achieved by the SITPC. The evaluation will also seek to draw lessons of wider application for the replication of the experience gained by this International Technology Centre for UNIDO's technology centre network and programme.

## IV. METHODOLOGY

The evaluation is to be conducted in compliance with UNIDO evaluation policy and the Technical Cooperation Guidelines and attempt to determine, as systematically and objectively as possible, the relevance, efficiency, effectiveness impact and sustainability of the project. The evaluation will assess the achievements of the project against its objectives and outputs established in the project document, including re-examination of the relevance of the objectives and of the design. It will also try to identify factors that have facilitated or impeded the achievement of the objectives.

The evaluation will be carried out through analyses of various sources of information including desk analysis, survey data, interviews with various stakeholders such as national counterparts and SITPC and UNIDO staff members and participating companies and through the cross-validation of data.

The thorough analysis of relevant information includes a review of UNIDO policies and strategies, activities carried out, management mechanisms applied (in particular planning, monitoring and self assessment) and project specific framework conditions (in particular policy environment, counterpart capacities, related initiatives of the Government, the Shanghai Municipality and the private sector).

While maintaining independence, the evaluation will be carried out based on a participatory approach, which seeks the views and assessments of all parties. It will address the following specific issues:

### **Ownership and relevance**

The extent to which:

- (i) The project is in line with the priorities and policies of the Chinese Government the Shanghai Municipal Informatization Commission, the Shanghai Municipal Government, national/municipal governments from participating countries and the institutional context
- (ii) The private sector is using the SITPC and finds its services to be in line with its needs.
- (iii) The objectives of the project and the SITPC concept are still valid
- (iv) There is a UNIDO identity of the SITPC and there are linkages to UNIDO HQ and to UNIDO thematic priorities
- (v) The SITPC mandate is relevant to the participating countries

### **Efficiency of implementation**

The extent to which:

- (i) UNIDO and counterpart inputs have been provided as planned and were adequate to meet requirements.
- (ii) The quality of UNIDO inputs and services was as planned and timely
- (iii) The SITPC can be regarded as an instrument for development cooperation
- (iv) The least costly resources and processes were used in order to achieve the objectives
- (v) There was coordination with other projects and possible synergy effects
- (vi) There is cooperation with the ITPO Shanghai

### **Effectiveness**

The extent to which:

- (i) The outputs and objectives were achieved or are likely to be achieved
- (ii) International cooperation in the IT sector and public/private partnerships have been enhanced in the Asia-Pacific region.

- (iii) IT cooperation and technology partnerships among cities is being promoted
- (iv) The SITPC complements efforts of other national institutions/organizations, public as well as private, involved in IT cooperation and partnerships

### **Impact and sustainability**

- (i) Identification of actual or potential long term developmental changes or benefits (economic, environmental, social and developmental) that have occurred or are likely to occur as a result of the project
- (ii) Actual and potential benefits in terms of achieving development goals
- (iii) The prospects for institutional sustainability of the SITPC

### **Project coordination and management**

The extent to which:

- (i) The national management and overall field coordination mechanisms of the project have been efficient and effective.
- (ii) The administrative status of the SITPC is conducive to its role and function
- (iii) The UNIDO HQ and field-based management, coordination, quality control and technical inputs have been efficient and effective.
- (iv) Monitoring and self-evaluation were carried out effectively, based on indicators for outputs and objectives and there was monitoring of promoted investment projects
- (v) Synergy benefits can be found in relation to other UNIDO International Technology Centers, South/South cooperation Centres, ITPOs, UNIDO tools and platforms as well as with interventions of UNIDO's technical branches.

### **The future**

- (i) Assessment on the future role of the SITPC
- (ii) To what extent can the SITPC contribute to achieving UNIDO's strategic objectives and be part of "delivering as One UNIDO"
- (iii) Identification of lessons learned, benchmarks and good practices, to guide the development of all international technology centres

## **V. EVALUATION TEAM**

The evaluation team will be composed of the following:

- Two independent international evaluation consultants
- One national evaluation consultant

The UNIDO Evaluation Group will be responsible for the quality control of the evaluation process and of the report. It will provide inputs regarding findings, lessons learned and recommendations from other UNIDO evaluations and especially evaluations of ITPOs. The consultants will be contracted by UNIDO. The tasks of the team members are specified in the job descriptions attached to these Terms of References.

The members of the evaluation team should not have been directly involved in the design and/or implementation of the projects. The SITPC in Shanghai as well as the UNIDO Regional Office in Beijing and the Investment and Technology Promotion Branch at UNIDO Headquarters will provide support to the evaluation team.

## **VI. TIMING**

The evaluation is scheduled to take place in the period April to June 2009. The field mission for the evaluation is planned for 11 to 20 May 2009.

The final report will be prepared within six weeks of completion of the field mission and will be submitted to the Government of China, the Shanghai Municipal Informatization Commission, the Shanghai Municipal Government, the UNIDO Regional Office in China, the SITPC Shanghai and UNIDO HQ.

## **VII. REPORTING**

The evaluation team will present its preliminary findings to, the SITPC staff and at UNIDO Headquarters. A draft evaluation report will be circulated for comments. The reporting language will be English.

**Review of the Draft Report:** The draft report will be shared with the Government, the Shanghai Municipal Informatization Commission, the Shanghai Municipal Government, the Project Manager and other UNIDO staff members and the SITPC Shanghai staff for comments and in order to enable feedback on any factual errors. This consultation also seeks agreement on the findings and recommendations. The evaluators will take comments into consideration when preparing the final version of the report.

**Quality Assessment of the Evaluation Report:** All UNIDO evaluations are subject to quality assessments by UNIDO Evaluation Group. These apply evaluation quality assessment criteria and are used as a tool for providing structured feedback. The quality of the evaluation report will be assessed and rated against the criteria set forth in the Checklist on evaluation report quality (Annex 1).

Annex 1 to Terms of reference

Report quality criteria	UNIDO Evaluation Group Assessment notes	Rating
A. Did the report present an assessment of relevant outcomes and achievement of project objectives?		
B. Were the report consistent and the evidence complete and convincing?		
C. Did the report present a sound assessment of sustainability of outcomes or did it explain why this is not (yet) possible?		
D. Did the evidence presented support the lessons and recommendations?		
E. Did the report include the actual project costs (total and per activity)?		
F. Quality of the lessons: Were lessons readily applicable in other contexts? Did they suggest prescriptive action?		
G. Quality of the recommendations: Did recommendations specify the actions necessary to correct existing conditions or improve operations ('who?' 'what?' 'where?' 'when?'). Can they be implemented?		
H. Was the report well written? (Clear language and correct grammar)		
I. Were all evaluation aspects specified in the TOR adequately addressed?		
J. Was the report delivered in a timely manner?		

**Checklist on evaluation report quality**

Rating system for quality of evaluation reports

A number rating 1-6 is used for each criterion: Highly Satisfactory = 6, Satisfactory = 5, Moderately Satisfactory = 4, Moderately Unsatisfactory = 3, Unsatisfactory = 2, Highly Unsatisfactory = 1, and unable to assess = 0.



## **Annex B**

### **List of persons met**

#### **Shanghai, 18 – 20 May 2009**

**Professor Wang Genxiang**, Director, SITPC, and Deputy Director, SIECC, and The Regional Cooperation Office for City Informatization

**Ms. Joanne Song**, Programme Manager, SITPC, and Programme Manager, The Regional Cooperation Office for City Informatization

**Professor Wu Yugang**, Director, the Regional Cooperation Office for City Informatization

**Mr. Zhang Li**, Deputy Division Chief, Shanghai Municipal Economic and Informatization Commission, Division of Foreign Economy

**Ms Gu Chen**, Research Department Senior Consultant, Shanghai Internet Economy Consulting Center

**Mr. Bob Xu**, Assistant to the President in International Relations, Shanghai E & P International, Inc (Easipass)

**Ms. Ke Min**, Training Assistant, SITPC/SMEIC

**Ms. Anne Wang**, Secretary/Interpreter, SITPC

#### **Vienna**

#### **MR dddd from Chinese mission**

#### **UNIDO Headquarters**

**Ms Margareta de Goys**, Director, Evaluation Group, Bureau for Organizational Strategy and Learning

**Mr. Vladimir Kozharnovich**, Senior Industrial Development Officer, Investment Technology and Promotion Branch, Programme Development and Technical Cooperation Division

**Mr. Vitaly Pleskach**, Associate Finance Officer, Financial Services Branch, Programme Support and General Management Division

**Ms Gillian Spina**, Funds Mobilization Assistant, Resource Mobilization and Quality Assurance Branch, Programme Coordination and Field Operations Division

**Annex C**  
**Trust Fund Agreement**



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