Impact and Outcome Evaluation of

The Netherlands Trust Fund Programme - Phase II (NTF II)

Uganda and Bangladesh Projects

The Independent Evaluation Unit/SPPG

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Abbreviations and Acronyms

B2B	Business-to-business
BASIS	Bangladesh Association of Software & Information Services
CAFÉ	Centre for Agribusiness and Farmer Enhancement
CBI	Centre for the Promotion of Imports from Developing Countries
CTAP	Certified Trade Advisors Programme
DANIDA	Danish International Development Assistance
DCCI	Dhaka Chamber of Commerce and Industry
DMD	Division of Market Development, ITC
EU	European Union
FA	Farmer association
FGD	Focus group discussion
HH	Household
ICT	Information and communication technology
IT	Information technology
ITC	International Trade Centre, UN/WTO
ITES	IT-enabled services
M&E	Monitoring and evaluation
NES	National Export Strategy
NPC	National Project Coordinator
NTF II	Netherlands Trust Fund Phase II
NUCAFE	National Union of Coffee Agribusinesses and Farm Enterprises
PMT	Project Management Team
PRIME	Pioneering Real-time Impact Monitoring and Evaluation
QA	Quality Advisor
SG	Steering Group
SME	Small and medium enterprises
SPPG	Strategic Planning, Performance and Governance Section, OED, ITC
TOT	Training of trainers
TISI	Trade and investment support institution
UCDA	Uganda Coffee Development Authority
UEPB	Uganda Export Promotion Board
UNDP	United Nations Development Programme
UQCTPA	Uganda Quality Coffee Traders and Processors Association
USAID	United States Agency for International Development

Executive Summary

1. The 2016 Outcome and Impact Evaluation of the Netherlands Trust Fund Programme – Phase II (2009-2013, NTF II) was requested by the ITC Management and the funding partner, the Netherlands' Centre for the Promotion of Imports from Developing Countries (CBI). The evaluation was designed to ascertain the impact and long-term results of NTF II projects in Bangladesh and Uganda, three years after their completion, and provide learning and recommendations for future operations.

2. The NTF II **Bangladesh project** targeted the country's fast growing IT and IT enabled-services sector (IT/ITES). With more than 400 companies in the sector and a wide pool of trained IT engineers, the Bangladeshi IT/ITES sector possessed great potential for export. However, there were multiple challenges faced by these companies, many of which are small, in exporting to EU and other foreign markets. One critical challenge was that many of these companies had no marketing or business experiences in serving international clients. Another major challenge was that the Bangladeshi trade and investment institutions (TISIs) in the sector were not prepared to provide business-to-business (B2B) matchmaking services. The objective of the project was to improve the exporter's competitiveness in IT/ITES enterprises by establishing sustainable business relationships between Bangladeshi IT/ITES exporters and European Union (EU) companies.

3. The intervention logic (results chain) was that, through a series of customized B2B matchmaking and client relationship building events supported by the project, the selected IT/ITES enterprises would be able to obtain initial business orders from EU clients. In the process of delivering those business orders, the IT/ITES companies would improve their business and international marketing capacities. Also supported with other project services, such as building Bangladeshi's outsourcing brand, the project partner TISI would be able to sustain and upgrade B2B matchmaking services, and the project companies would gradually secure larger orders and new clients in other foreign markets; these project companies would also serve as role models in the sector (i.e. the spillover effect).

4. The **Uganda project** aimed at better connecting small coffee producers to the international coffee value chain. The key challenge addressed by the project was to bring coffee production to a critical level in both quantity and quality, so that farmers could increase the volume and price of exported coffee. The existing supply chain in Uganda was characterized by several layers of players, rendering marginal returns to coffee farmers; this in turn affected the quality and export of Ugandan coffee. The objective of the project was to create sustainable exporter competitiveness in the coffee sector, through enhanced effectiveness of umbrella institutions and farmer organizations in accessing the EU market and by addressing value chain constraints, in particular those related to exports.

5. The intervention logic around was articulated surrounding the collective marketing model promoted by the National Union of Coffee Agribusinesses and Farm Enterprises (NUCAFE), a coordination body of coffee farmer associations. The main result chain was that the project provided support to NUCAFE with a focus on business capacity and an enhanced service portfolio to coffee farmers, so that the farmers — as coffee producers and exporters — could sell in bulk through NUCAFE to the European markets. Another result chain was in policy advocacy, as the project supported the Uganda Export Promotion Board (UEPB) and the Uganda Coffee Development Authority (UCDA) in developing and implementing a national coffee export strategy, which would secure government commitment in supporting coffee producers and exporters in the long term.

6. **Evaluation approach**. Due to the difference in the sectors of intervention in the two countries (i.e. IT/IT-enabled services in Bangladesh, coffee in Uganda), the evaluation is composed of two sub-evaluations: one on the outcomes in Bangladesh in the IT/ITES sector, and the other on impact in Uganda in the coffee sector.

7. After consultations with ITC and CBI, a rapid impact assessment was deployed in Uganda to generate reliable information on impact related to coffee producers, enterprises, government policy and national exports. In the case of the Bangladesh project, the NTF III has been conducting a Pioneering Real-time Impact Monitoring and Evaluation Programme (PRIME) to monitor real-time impact on the same sector in 2015-2017. To avoid duplicating effort to assess impact, this evaluation focused on assessing the expected outcomes in line with the project design. Based on the rapid impact assessment and outcome analysis, the evaluation concluded that the NTF II Bangladesh and Uganda projects have achieved significant results in terms of supporting sustainable export for small and medium enterprises (SME) in the IT/ITES sector in Bangladesh, and for smallholder coffee producers and exporters in Uganda.

8. **Impact of Uganda project.** The sustainable impact generated by NTF II on the coffee sector in Uganda is significant. At the coffee-producer level, increased coffee yields, price and household income are visible today three years after project closure, confirming sustained livelihoods. The impact survey sampled 398 coffee households and found that each beneficiary farming household has earned an average of USD 1,808 per year from coffee sales in the period 2011-2015, compared to an average of USD 683 by non-beneficiary farmers. The better income for beneficiaries is attributed to upgrading farming practices, enhancing coffee quality, collective marketing through NUCAFE and higher prices. Beneficiary farmers received relatively higher prices for coffee sales, both for processed and unprocessed coffee, compared to non-beneficiary farmers. Based on the impact survey findings, the average premium to farmers was USD 397 per ton in 2015.

9. It should be noted that this achievement in coffee-generated incomes was happening in a challenging coffee growing scenario. In recent years, many Ugandan farmers lost coffee plants to the coffee wilt disease. There have been national replanting programmes financed by the government. Whereas coffee plants take three years to be productive, without an increase in productivity and price, household incomes would have been dropping in this scenario.

10. Another major impact is the increased exports. Coffee exports by NUCAFE, all supplied by coffee famers associations, have increased by 204 percent, from 190 tons in 2010 to 577 tons in 2015; in market value, from USD 0.30 million to USD 1.28 million. The EU remains the main export destination of NUCAFE, and exports to EU have increased from 77 tons to 349 tons. This achievement was made in the context that global coffee exports increased about eight percent from 2011 to 2015.[1] The increase in export volume is largely attributed to improved coffee quality (particularly related to training in 4C certification) and enhanced export marketing (including outbound missions and participation in international coffee fora).

11. NUCAFE's collective marketing and farmer ownership model is innovative and effective in benefiting smallholder farmers. NUCAFE transfers price premiums directly to farmers, which is actually one of the critical success factors in increasing coffee producers' household income. Another factor is the improved quality of coffee beans. Working with NUCAFE, more farmers are aware of coffee farming techniques and quality requirements, and the coffee hub set up by NUCAFE actually works as a first step quality assurance. This has enabled farmers to sell quality coffee beans in bulk.

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[1] International Coffee Organization, Global exports of all forms of coffee (104,435 thousand 60 kg bags in 2011, increased to 112,722 in 2015), http://www.ico.org/new_historical.asp

12. In terms of advocating for policy change, under NTF II, initially a National Coffee Export Strategy was developed and launched by the Uganda Export Promotion Board (UEPB) / Ministry of Trade. However the export strategy was not embedded at the senior level of the relevant sector institutions, such as UCDA under the Ministry of Agriculture Animal Industry and Fisheries. The turnaround happened three years after NTF II completion. In 2016 the government endorsed a National Coffee Policy and National Coffee Development Strategy, which were prepared based on the policy paper delivered by NTF II and advocated by UCDA and NUFCAFE. The new strategy is now being earmarked with a concrete budget and supported with a strong political commitment.

13. Gender equality consideration was addressed in implementation by NUCAFE, although the initial NTF II project design did not have a specific component on gender. NUCAFE has made consistent efforts to ensure the participation of women beneficiaries in project activities. A gender equity manager has been recruited and monitoring and evaluation (M&E) has gender disaggregated data. Accordingly, all training and capacity building interventions included gender sensitization. NUCAFE in partnership with UCDA have radio programmes educating farmers on the importance of gender equality and women's empowerment among other coffee-related issues. Field visits confirmed that women's participation in decision making on coffee production has improved and participation in farmer association activities has reduced gender-based violence in coffee farmer households.

14. The **outcomes observed resulting from the Bangladesh** project are transformative: at the beginning of the project, doing business with the EU and other foreign clients was a daunting challenge for the small enterprises; three years after NTF II completion, multiple beneficiary companies recounted that the marketing techniques learned from NTF II (B2B events and training) allowed them to do marketing in other foreign markets, such as Australia, Korea, Saudi Arabia and the United States. They attributed today's marketing capacity to their participation in NTF II.

15. NTF II had built a good base for the IT/ITES outsourcing companies to do marketing abroad. This is a result that was not observed upon the completion of the project. Back in 2013, the perception was that those B2B events brought in business information leads; however, it was very difficult to transform them into real business due to various challenges.

16. The Bangladesh project selected the IT/ITES sector for intervention, by considering the importance of improvement in technology-based non-agricultural exports and its contribution to sustained growth and poverty reduction. To address this need, the project effectively expanded ITC's expertise and strength in an emerging sector with great potential to drive economic growth in developing countries.

17. There is also evidence in job creation. According to the survey, across 10 beneficiary companies the number of employees increased from 605 in 2010 to 862 in 2013, and 59 permanent jobs and 44 temporary jobs were created directly by the project. The sector's contribution towards overall employment creation was not significantly high when compared to traditional sectors; however it did create high quality jobs with satisfactory compensation.

18. As confirmed by all partners, Bangladesh Association of Software & Information Services' (BASIS) capacity has improved significantly in the past years, especially in arranging B2B events and matchmaking. Although IT export is not yet making a significant part in the country's export portfolio, BASIS and IT outsourcing companies are aspiring to become a bigger share in national exports.

19. In terms of synergy with CBI and other projects, during the NTF II period, the Bangladesh project manager and country coordination played an active in role in collaborating with CBI in various co-sponsored activities and sharing information with Danish International Development Assistance (DANIDA). The complementary services of CBI and NTF II in supporting marketing and coaching are exemplary in these cases.

20. Regarding the programme governance structure, the 2013 evaluation of NTF II, which focused on assessing its operational model including the management structure, commended the value of the governance structure and considered that the Quality Advisor's (QA) work was useful to support the governance structure and inform strategic decision making; it recommended to continue Steering Group (SG) oversight while giving responsibility and demanding accountability to project managers.

21. The NTF II did give special attention to women-led IT companies during the selection process and a few were selected as beneficiary companies; greater female participation in IT/ITES business is also being witnessed. Cultural boundaries are often mentioned as a substantial challenge for women's participation in the IT industry.

22. The NTF II Bangladesh project is considered as highly innovative. In the context of Bangladesh, the B2B concept was very innovative for encouraging IT/ITES sector exports. The bottom-up approach in helping the small IT/ITES companies to connect directly with foreign buyers was an effective way to realize their export potential. It is often seen that development agencies try to intervene primarily at the policy level in developing countries expecting a trickle-down effect. NTF II ensured that the project directly served the end beneficiaries and their capacity to export. While undertaking assignments supported by the project, the beneficiary companies were heavily engaged in providing innovative solutions to their foreign clients, many of whom were first-time clients. This project's value of innovation was thereby seen at all levels and found commendable.

Recommendations

Part I. Recommendations generated from the Uganda project

23. Based on analysis and findings of NTF II Uganda Project, one strategic recommendation is for a partnership between CBI, ITC and the government in implementing the national coffee policy and strategy in 2016-2020. The evaluation also provides a set of technical recommendations which could be relevant to similar operations of CBI and ITC in the coffee sector either in Uganda or other countries.

i. **Strategic recommendation: Propose a strategic partnership with the government to support the implementation of the national coffee policy and strategy 2016-2020**

   Responsible units for implementation: ITC's Sustainable and Inclusive Value Chains Section (SICS)/Division of Enterprises and Institutions (DEI) (responsible for the NTF Programme at ITC) and Office for Africa (OA)/Division of Country Programmes (DCP), and the counterpart at CBI

24. **Partnership with the government**: Facing the great demand for international marketing support in the coffee sector, the NTF programme, based on the strengths of CBI and ITC, is well positioned to offer continued and upgraded technical support, which should be implemented under a strategic partnership with the government. This strategic partnership should focus on matching the demands of government and the comparative advantage of CBI and ITC, so that the project efforts will be well integrated in the implementation of the national development plan 2016-2020.

25. **Scaling up collective marketing of coffee producers:** The collective marketing approach led by NUCAFE was effective in increasing incomes of small producers, and it should be scaled up in other regions. In the process of connecting Uganda with international coffee value chains, ITC's continuous support is important for NUCAFE and small producers to secure a decent share in the value chain. In this regard, the future project should continue focusing on addressing the demands of smallholder farmers, as experienced in NTF II, so that improvements in household income could be prioritized and well monitored by the project, in line with ITC's development goals and the Uganda national development plan.

Technical recommendations for similar operations in the coffee sector in Uganda or in other countries

ii.   Assess and enhance in-country coordination to ensure the commitment of partners in coffee export

26.   To enhance the commitment of in-country partners, the future stakeholder analysis, during the project appraisal and design stage, should consider the strategic fit of each key implementation partner in a sector-wide export strategy. Accordingly, the in-country coordination arrangement should be reviewed during the implementation process, to ensure the coordination among key implementation partners is effective.

Responsible units for implementation: SICS/DEI and DCP all Sections

iii.   Expand partnership with the private sector TISIs in the coffee value chain

27.   As experienced by NTF II, in value chain development, private sector TISIs (like NUCAFE) have the strengths of close connections with small producers and strong business acumen in marketing, be it a national or local player in the sector. In promoting coffee export, the private sector TISIs often need external support in the areas of connecting to international value chains, policy advocacy, improving quality standards and securing price premiums. Therefore, it is critical in project design to emphasize a strong partnership with motivated private sector TISIs.

Responsible units for implementation: SICS/DEI and Project Design Taskforce/DCP

iv.   Replicating and scaling up collective marketing in coffee export with other partners

28.   There is significant space for promoting collective marketing among smallholder growers, which will necessitate a concrete replicating and scaling up plan through cooperation with government and private sector partners that work with smallholder producers in collective marketing. In this perspective, it is important to include a replicating and scaling up plan and related activities in the future project design, so that the benefits and approach demonstrated by the project could be adopted by others.

Responsible units for implementation: SICS/DEI and Project Design Taskforce/DCP

Part II. Recommendations generated from the NTF II Bangladesh project

29.   Based on the analysis and findings of the NTF II Bangladesh project, the evaluation provides recommendations which could be relevant to future operations in the IT/ITES sector in Bangladesh or another country

Responsible units for implementation: DEI all sections and Project Design Taskforce/DCP

v.   In a dynamic IT/ITES marketing environment, continue the decentralized decision-making approach where project managers have the responsibility to make necessary adjustments based on emerging trends, and set-up corrective and supporting measures for beneficiary companies to ensure effective participation. These participation and accountability measures will ensure the relevance of ongoing activities and encourage improvement in the performance of beneficiary companies.

vi.   Coordinate with other development partners active in the IT/ITES industry and establish focal points to ensure improved collaboration

30.   To ensure collaboration with major donors and partners and to avoid duplication of efforts, future projects should coordinate closely with and complement a number of other ongoing donor-funded activities in the sector. Also, while undertaking the project appraisal and consequently when

preparing the annual work plan, project management should identify the areas of collaboration and partnership.

vii. Recognize the diversity among the beneficiary companies and provide customized solutions to a cluster of companies

31. In clustering the clients, trade support institutions (TSI) should be encouraged to undertake regular assessment to ensure that the project solutions are aligned and well integrated with the national strategy, such as the Digital Bangladesh initiative.

viii. Design project components or events specifically for women entrepreneurs and institutionalize a platform in which they are able to discuss challenges faced in the IT/ITES sector and to collectively voice their opinions

32. As seen in the improved gender mainstreaming in NTF III design, future projects should consider providing recognitions to women who have shown exemplary performance in the IT/ITES sector and showcase their achievements at national and international levels.

Findings and conclusions	Analysis of the conclusions (role of partners, project, context, etc.)	Recommendations (from the Executive Summary)
Recommendations generated from the NTF II Uganda project - Based on analysis and findings of the NTF II Uganda project, one strategic recommendation is for a partnership between CBI, ITC and the government in implementing the national coffee policy and strategy for 2016-2020. - The evaluation also provides a set of technical recommendations which could be relevant to similar operations of CBI and ITC in the coffee sector either in Uganda or other countries.		
One strategic recommendation provided to CBI and ITC on a strategic partnership with the government *Responsible units for implementation of Recommendation i: ITC's Sustainable and Inclusive Value Chains Section (SICS)/Division of Enterprises and Institutions (DEI) (responsible for the NTF Programme at ITC) and Office for Africa (OA)/Division of Country Programmes (DCP), and the counterpart at CBI*		
The impact generated by NTF II in the coffee sector in Uganda is impressive. Notably, the collective marketing promoted by NUCAFE enabled smallholder coffee farmers to earn an annual income of USD 1,808 per household from coffee growing, about USD 1,125 more than non-project farmers; and exports to EU increased by 355 percent from 2010 to 2015. The impact is also reflected in national policy advocacy. There is indication that the 2013 coffee export strategy informed the development of the 2016 national coffee policy and strategy, which has critical	The services provided by NTF II in improving the quality, volume and price of coffee beans were realized and amplified by NUCAFE and UCDA among coffee producers and exporters. The better income for beneficiaries is mainly attributed to upgrading farming practices, enhancing coffee quality, collective marketing and the higher prices. NTF II facilitated the capacity building and business expansion of NUCAFE, and it transferred price premiums directly to farmers, which was actually one of the critical success factors in	i. **Propose a strategic partnership with the government to support the implementation of the national coffee policy and strategy 2016-2020.** - **Partnership with the Government:** Facing the great demand for international marketing support in the coffee sector, the NTF programme, based on the strengths of CBI and ITC, is well positioned to offer continued and upgraded technical support,

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Findings and conclusions	Analysis of the conclusions (role of partners, project, context, etc.)	Recommendations (from the Executive Summary)
elements on a coffee export strategy. (Para. 58, 74-76, 125, 127)

The collective marketing approach led by NUCAFE was effective in promoting coffee export and generating income for smallholder farmers. However, NUCAFE covers only about one percent of the coffee growers in the country.

In 2016, the government renewed a commitment to transform the coffee sector, which is a part of the national development plan. In line with the government plan, coffee production in Uganda will increase dramatically: from the current 3.5 million bags to 20 million bags over the next five years (2016-20). The government has committed to increase funding to the sector from UGX 37b in 2015/16 to UGX 77b in 2016/17, and this will be sustained in the medium term.

Facing the upcoming production surge, the government, exporters and coffee producers are in great need of support for international marketing and branding, work areas where ITC has a comparative advantage among international organizations. (para. 132-134) | increasing coffee producers' income. Beneficiary farmers received relatively higher prices for coffee sales, both for processed and unprocessed coffee, compared to the non-beneficiary farmers. (para. 60-62)

The coffee trade holds great potential for poverty reduction in Uganda. According to the UNDP 2014 national poverty report, poverty is still a persistent challenge: as of 2014, about 63 percent of Ugandans were either poor (20 percent living below the national poverty line of USD 1 per day) or vulnerable to poverty (43 percent barely passed the poverty line). Among the poorest people are eight million smallholder farmers scattered throughout the country. The results of NTF II in supporting the coffee sector have been significant among smallholder farmers; coffee is becoming a major income source for rural households. Typically, farmers grow mixed crops, and often there is visible contrast between the commercial farming of coffee (for income generation) and the rain-fed farming of other crops (for food consumption). A continued coffee project will make a difference to poverty. (para. 31. 134) | which should be implemented under a strategic partnership with the government. This strategic partnership should focus on matching the demands of government and the comparative advantage of CBI and ITC, so that the project efforts will be well integrated in the implementation of the national development plan 2016-2020.

- **Scaling up collective marketing of coffee producers.** The collective marketing approach led by NUCAFE was effective in increasing incomes of small producers, and it should be scaled up in other regions. In the process of connecting Uganda with international coffee value chains ITC's continuous support is important for NUCAFE and small producers to secure a decent share in the value chain. In this regard, the future project should continue focusing on addressing the demands of smallholder farmers, as experienced in NTF II, so that improvements in household income could be prioritized and well |

Findings and conclusions	Analysis of the conclusions (role of partners, project, context, etc.)	Recommendations (from the Executive Summary)
		monitored by the project, in line with ITC's development goals and the Uganda national development plan.
Technical recommendations for similar operations in the coffee sector in Uganda or in other countries		
Responsible units for implementation of Recommendation ii: SICS/DEI and DCP all Sections		
The project coordination with UEPB was suboptimal. The coffee export strategy prepared by NTF II was launched in 2013; however it was not implemented due to the conflicting mandates between UCDA (under the Ministry of Agriculture Animal Industry and Fisheries) and UEPB (under the Ministry of Trade). Following the completion of the NTF II, UCDA and NUCAFE have been advocating for a farmer-oriented government policy for the coffee sector, which resulted in the 2016 coffee strategy and policy, adopted by the government. (para. 44, 62)	For coffee sector export, the project indicated UEPB as a partner institution for policy development and capacity building. UEPB as a general trade support organization had limited engagement in the coffee sector, beyond facilitation of the export strategy design; and UEPB considered the project interventions in the coffee sector to be limited to a small part of its mandate. The conflicting mandates of UEPB and UCDA constrained the feasibility to review and implement the coffee sector export strategy. (para. 36, 37)	ii. **Assess and enhance in-country coordination to ensure the commitment of partners in coffee export** - To enhance the commitment of in-country partners, the future stakeholder analysis, during the project appraisal and design stage, should consider the strategic fit of each key implementation partner in a sector-wide export strategy. Accordingly, the in-country coordination arrangement should be reviewed during the implementation process, to ensure the coordination among key implementation partners is effective.
Responsible units for implementation of Recommendations iii and iv: SICS/DEI and Project Design Taskforce/DCP		
The NTF II project benefited from the growing capacity and strong motivation of NUCAFE in organizing coffee production and marketing. The services and dynamics brought to the project by NUCAFE reflected the strengths and interests of a private sector TISI who had close connections with small	The success of the project was largely anchored in the successful growth of NUCAFE's business. It is well noted that NUCAFE transferred price premiums directly to farmers, which is actually one of the critical success factors. NUCAFE's business and marketing capacity improved	iii. **Expand partnership with the private sector TISIs in the coffee value chain** - As experienced by NTF II, in value chain development, private sector TISIs (like NUCAFE) have the strengths of close connections with small producers and strong

Findings and conclusions	Analysis of the conclusions (role of partners, project, context, etc.)	Recommendations (from the Executive Summary)
producers. Besides, the cooperation between NUCAFE and its member farmer associations had been effective in improving quality and expanding sales. Also, UNCAFE had been active in policy advocacy on behalf of coffee producers. (para. 62, 63)	over the years; it acquired a transport facility that reduced transport charges for processing and grading, and it secured new buyers, such as Café Riva-Italy, Caffè Bene-Korea, Africa agro produce-South Africa, etc. Before working with NUCAFE, farmers were selling through middlemen; now they could sell in bulk through NUCAFE directly to foreign buyers with a premium price. (para. 63, 130)	business acumen in marketing, be it a national or local player in the sector. In promoting coffee export, the private sector TISIs often need external support in the areas of connecting to international value chains, policy advocacy, improving quality standards and securing price premiums. Therefore, it is critical in project design to emphasize a strong partnership with motivated private sector TISIs.
As experienced by the NTF II Uganda project, the collective marketing model managed by a private sector TISI (NUCAFE) was effective in upgrading coffee production, increasing export and generating income for smallholder farmers**.** With better quality and production, project farmers were able to access higher prices, even without selling through NUCAFE. (para 48, 74-76)	The evaluation found that NTF II training indeed enhanced the appreciation by farmers of the collective marketing approach. The training and support under NTF II improved farmer's awareness of coffee quality and export requirements. This enabled small producers to export in bulk through NUCAFE to buyers from Europe like Café Riva from Italy and other countries. This partly explains the higher income earned from coffee compared to non-beneficiary farmers. (para 48. 49)	iv. **Replicating and scaling up collective marketing in coffee export with other partners** - There is significant space for promoting collective marketing among smallholder growers, which will necessitate a concrete replicating and scaling up plan through cooperation with government and private sector partners that work with smallholder producers in collective marketing. From this perspective, it is important to include a replicating and scaling up plan and related activities in future project design, so that the benefits and approach demonstrated

Findings and conclusions	Analysis of the conclusions (role of partners, project, context, etc.)	Recommendations (from the Executive Summary)
		by the project could be adopted by others.

Recommendations generated from the NTF II Bangladesh project

Based on the analysis and findings of the NTF II Bangladesh project, the evaluation provides recommendations which could be relevant to future operations in the IT/ITES sector in Bangladesh or another country

Responsible units for implementation of Recommendations v, vi, vii and viii: DEI all Sections and Project Design Taskforce/DCP

Findings and conclusions	Analysis of the conclusions (role of partners, project, context, etc.)	Recommendations (from the Executive Summary)
Necessary adjustments were made by the project management in a timely manner to ensure the ongoing project activities were relevant to the emerging situations both in the supply and demand sides. The project benefited from its flexibility in operational decisions due to the responsibility given to the Project Coordination Group to decide on operational adjustments throughout project duration, with the approval of the Programme Management and with regular reporting to the project's Steering Group. (para. 83, 95)	The flexibility brought about by decentralized decision making allowed the project to adapt to the changing market environment. The IT/ITES industry has a very dynamic business environment where the demand patterns change fast. At the time of appraisal, the UK was considered as a key export destination market, but after organizing a few events it seemed that there was not much traction for the beneficiary companies. As a result, the project manager made the decision to change focus from a UK market to a German market. Another operational change was that among the 40 enterprises initially selected by NTF II, eight companies were removed and replaced, due to lack of active participation, with newly selected companies who met the selection criteria. By undertaking this action, the project succeeded in creating a stimulating effect among beneficiary companies. (para. 24, 83)	v. **In a dynamic IT/ITES marketing environment, continue the decentralized decision-making approach where project managers have the responsibility to make necessary adjustments based on emerging trends, and set up corrective and supporting measures for beneficiary companies to ensure effective participation.** - These participation and accountability measures will ensure the relevance of ongoing activities and encourage improvement in the performance of beneficiary companies.

Findings and conclusions	Analysis of the conclusions (role of partners, project, context, etc.)	Recommendations (from the Executive Summary)
During NTF II implementation, there were no other sector development projects under implementation. Hence, there were very limited opportunities to develop further partnerships beyond CBI and DANIDA. NTF III has enhanced collaboration with other agencies. (para. 98.)	Synergy building with other major development partners working in the sector was expected by CBI and ITC, as expressed in the NTF programme document. During the NTF II period, the Bangladesh project manager and country coordination played an active in role in collaborating with CBI and sharing information with DANIDA. Synergy building was significantly emphasized by NTF III, largely because the context had changed. A large World Bank lending project had been put in place to support the development of the ITC industry, followed by an Asian Development Bank-funded project aimed at building the capacity of the industry. Coordinating with the new donors had become a priority. (para. 98, 121)	**vi.** **Coordinate with other development partners active in the IT/ITES industry and establish focal points to ensure improved collaboration** - To ensure collaboration with major donors and partners and to avoid duplication of efforts, future projects should coordinate closely with and complement a number of other ongoing donor-funded activities in the sector. Also, while undertaking the project appraisal and consequently when preparing the annual work plan, project management should identify the areas of collaboration and partnership.

Findings and conclusions	Analysis of the conclusions (role of partners, project, context, etc.)	Recommendations (from the Executive Summary)
The IT/ITES sector is comprised of mainly small and diversified companies that currently seem to lack focus and scale to take up large long-term projects. The client survey showed that the IT/ITES sector in Bangladesh is becoming more diversified and there is a need of clustering among beneficiary companies for more customized solutions. (para. 79, 80)	In Bangladesh, the majority of companies are offering similar services and the average firm size ranges between 10-30 employees. As the companies grow, there is an emerging need for customized support; clustering of small companies based on their value propositions and business interests could be a solution to improving the customization of project services. (para 79, 80)	vii. **Recognize the diversity among the beneficiary companies and provide customized solutions to a cluster of companies** - In clustering the clients, TSIs should be encouraged to undertake regular assessment to ensure that the project solutions are aligned and well integrated with the national strategy, such as the Digital Bangladesh initiative.
NTF II did give special attention to women-led IT companies. According to the evaluation survey, beneficiary companies reported some positive contribution by the project. The total number of female employees in the sample beneficiary companies increased from 61 to 159, and about 40 new female employees were hired as a direct result of NTF II. This not only contributed in increasing the role of women in the IT/ITES sector, but also gave visibility to successful women in the industry, who could in turn become role models. Cultural boundaries are often mentioned as a substantial challenge for women's participation in the IT industry. (para 111-112)	During the selection of beneficiary companies, particular attention was given to companies with female leadership and companies that adopted a female-sensitive and family-acceptance work environment for its employees. Under NTF III, the women's empowerment component is further strengthened. The Women's Forum was established by BASIS in 2015 with the objective of boosting the role of women and expanding their reach to IT-related fields, as well as to younger women currently working towards IT-related degrees. (para. 111, 113)	viii. **Design project components or events specifically for women entrepreneurs and institutionalize a platform in which they are able to discuss challenges faced in the IT/ITES sector and to collectively voice their opinions** - As seen in the improved gender mainstreaming in NTF III design, future projects should consider providing recognition to women who have shown exemplary performance in the IT/ITES sector and showcase their achievements at national and international levels.

I.   Background to the evaluation

1. This is the second evaluation for the Netherlands Trust Fund Programme – Phase II (NTF II), which was implemented by the Division of Market Development, ITC (DMD) from April 2009 to March 2013. Upon the completion of the programme, an evaluation was conducted in 2013 with a focus on assessing accountability and governance/management; this defined evaluation scope was requested by programme management and the donor, the Netherlands' Centre for the Promotion of Imports from Developing Countries (CBI). It was anticipated that another evaluation to "focus on impact issues" would follow.

2. The second evaluation, with a focus on outcome and impact, was conducted in 2016. In line with the evaluation terms of reference, it assessed mainly the outcomes and, where feasible, the impact of the programme. The associated synergies with the work of CBI were considered as well. This evaluation did not include an assessment of accountability and management, which had been addressed by the previous evaluation. The evaluation findings and recommendations will be informing the ongoing implementation of NTF III (2014-2017) and consideration of a next programme phase.

3. The **evaluation objectives and scope** took full consideration of the requests and expectations of CBI, ITC management and DMD. Through the Steering Group telephone conference held in September 2015, CBI stressed the importance of the evaluation covering results related to all three levels of producers, enterprises and TISIs. As agreed with CBI and ITC, the purposes of the evaluation were to:

   (i) Assess the outcomes and, if feasible, impact of the NTF II;
   (ii) Generate recommendations for the ongoing implementation of NTF III (2014-2017) and consideration for the next phase; and
   (iii) Share insights on the associated synergies with the work of CBI.

4. The evaluation mainly covered operations in Bangladesh and Uganda.[2] The programme's Steering Group selected Uganda and Bangladesh from five project countries for in-depth evaluation, based on the broad scope of interventions in these two countries and the fact that the work has continued under NTF III, thereby maintaining the sector focus and building upon the results achieved. The evaluation endorsed the SG's selection in defining the evaluation scope, mainly based on considerations of potential value for learning and utility in future operations.

5. Due to the difference in intervention sectors in different countries, the evaluation is actually composed of two sub-evaluations: one for intervention in Bangladesh in the IT/ITES sector and the other for intervention in Uganda in the coffee sector. In Bangladesh, the evaluation aimed at assessing the outcomes related to the individual IT/ITES enterprises and on the trade support institutions. In Uganda, the evaluation was designed to ascertain the impact on individual coffee producers, the cluster of producers worked with, and capacity building of TSIs (NUCAFE and UCDA).[3]

6. **Evaluation methodology.** In line with ITC's Evaluation Policy 2015 and the current practice of UN entities on independent evaluations, the evaluation applied the evaluation criteria of:

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[2] In the other three project countries, South Africa, Kenya and Senegal, the project team would produce a project closure report for each.

[3] Programme management considered that given UCDA is the main TSI in the sector, the role of UEPB, the more general trade promotion organization (TPO), was always limited in NTF II.

relevance, effectiveness, efficiency, impact, women's empowerment and gender equality, sustainability, innovation and other considerations. A six-point rating system is applied for each evaluation criterion to indicate the level of performance. A detailed description of the rating system and evaluation criteria is seen in Annex V.

7. In terms of assessing project results up to 2016, the evaluation approach varied for the two projects. In the case of the Bangladesh project, NTF III has been conducting a Pioneering Real-time Impact Monitoring and Evaluation Programme (PRIME) to monitor real-time impact on the same sector in 2015-2017; to avoid duplication in evaluation scope, this evaluation defined the results analysis for assessing the expected outcomes of the project in line with the project design. In the case of the Uganda project, which is not covered by PRIME, a rapid impact assessment was deployed to ascertain the long-term results on coffee producers, exports, TSIs and government policies.

8. An evaluation matrix was developed for each project and key questions in relation to each evaluation criterion were prepared, as seen in inception reports. To address the essential questions, the following methods were used for data collection and analysis:

   (i)   Document review of the programme and project documents, national statistics, government development strategy and policy, related communications, events feedback, mission briefs, ITC policy and strategy documents, etc.
   (ii)   Interviews with stakeholders, project clients, TSIs, government agencies, others
   (iii)   Review of macro data related to the coffee sector in Uganda and IT/ITES export in Bangladesh
   (iv)   Client survey — an impact survey in Uganda among 398 coffee farmers, and a beneficiary survey in Bangladesh among 10 selected enterprises
   (v)   Statistical analysis of survey results and aggregation
   (vi)   Triangulation of data from different sources
   (vii)   Case studies to illustrate a results chain or impact pathway
   (viii) Other methods

9. **Impact design**: In the Uganda evaluation, to determine the long-term impact on producers and the coffee export sector, a mixed evaluation design was deployed that entailed adopting a before-and-after comparison design, a with-and-without comparison design and one-shot study design. This rapid impact design allowed the evaluation to compare today's results with the baseline and to compare results for beneficiaries with that of non-beneficiaries. The detailed designs are described in Annex II: Impact assessment design and sampling methods.

10. **Sampling methods:** In Uganda, the fieldwork to collect data was conducted from randomly selected beneficiary coffee farmer households in all the coffee growing regions, including Central, South Western, West Nile and Eastern Uganda. A two–stage stratified sampling method was used in sampling coffee farmers and farmers associations. First, farmers associations in all four coffee growing regions were targeted and three associations per region were sampled. For the second stage, 33/34 individual coffee farmers (farmer association members) from each selected farmer association were randomly chosen. A total sample of 398 coffee farmer respondents participated in the evaluation. The details of the sampling techniques and process are seen in Annex II.

11. In Bangladesh, a total of 10 beneficiary companies were sampled. They were selected to bring about a representative sample of the 40 companies that participated under NTF II. The sample was created by taking into consideration business type (sub-sector), size and participation in events. Particular attention was given to companies that had female members in the management and/or a significant number of female employees.

12. The **evaluation process** started in February 2016 with the preparation of the evaluation terms of reference and recruitment of consultants.4 Field visits and surveys in the two countries were conducted between April and June 2016, followed by data analysis and report drafting in July and August. The initial draft report was delivered in September for comment and review; related learning, communication, and follow-up actions will ensue.

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4 The evaluation team included two experienced evaluation consultants: Alex Nakajjo, based in Uganda, and Khondoker Haider, based in Bangladesh.

II.   Background to the NTF II Programme and projects in Bangladesh and Uganda

NTF II Programme design

13. The NTF partnership between ITC and CBI, driven by the synergies between the two organizations, was initiated in 2005. The partnership was built on a common mission to contribute to trade-led development by strengthening the competitiveness of firms in developing countries and promoting their participation in international trade. NTF I funded by the Netherlands Ministry of Foreign Affairs through the CBI was implemented over the period 2005-2008. NTF II (2009-2013) was a successor programme implemented in five partner countries: Bangladesh, Kenya, Senegal, South Africa and Uganda. Based on lessons learnt from the first phase, NTF II focused on three thematic issues:

   (i)   Selecting priority sectors with the aim to improve the weak links along the value chain.
   (ii) Enhancing the capacity of selected support organizations to provide more effective services and to implement rigorous monitoring mechanisms to help them measure the impact of their work.
   (iii) Limiting the number of beneficiary countries to ensure significant and in-depth intervention for each selected sector/organization.

14. The overall objective of the NTF II programme was "the creation of sustainable exporter competitiveness in selected potential export sectors and selected CBI partner countries". It was expected that the programme would enhance support institutions' ability in sector development so that they could acquire the sustainable capacity to work on export development across the complete value chain of the sectors identified as being internationally competitive.

15. **Programme governance structure.** [5] Referring to the 2013 evaluation of NTF II , which focused on assessing the operational model including the management structure, the programme was managed by two governance structures: the Steering Group was the main decision-making body in relation to operations, supported by a Quality Advisor ; and the Executive Committee, ITC and CBI's highest executives, provided strategic direction and guidance. The 2013 evaluation commended the value of the governance structure and recommended to continue SG oversight while giving responsibility to and demanding accountability from project managers.[6]

16. CBI, taking lessons from NTF I, became more involved during the NTF II design phase. Its representatives participated in preliminary missions and were informed of the details of design processes to guarantee the programme's coherence; this led to adoption of the three-phase approach, namely identification, feasibility and formulation. Once implementation started, CBI took an oversight role and ITC took the lead on implementation.

17. The main way CBI and ITC cooperated was through the SG. Progress reports, annual work plans and quality advisor reports informed the members of the SG. Judging by the meeting minutes provided, the SG maintained a very flexible management approach, with regular meetings every six months and ad hoc meetings and discussions when needed. They reviewed and approved the annual work plans and annual consolidated progress reports, and requested and reviewed additional documents and position papers to facilitate decision making on adjustments and changes.

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[5] The assessment of programme management and governance was one of the focus areas addressed by the 2013 evaluation of NTF II. To avoid repetition, the 2016 outcome and impact evaluation refers to the 2013 evaluation findings on management and governance.

[6] The SG was composed of the Deputy Managing Director of CBI and Director Division of Market Development. Additional people that regularly attended the SG meeting were the CBI Special Advisor, ITC Chief, Sector Competitiveness and NTF II Programme Manager, who presented programme progress and any issue to be reviewed and resolved by the SG.

18. The 2013 evaluation considered that the QA's work was useful to support the governance structure and inform strategic decision making, although the QA reports came in somewhat late in the implementation process (partly due to the fact that the implementation span itself was limited).

NTF II Bangladesh project

19. **Rationale for intervention**. The Bangladesh project targeted the country's fast growing IT/ITES sector. With more than 400 IT/ITES companies actively working in a large range of sub-sectors and a wide pool of trained engineers, the Bangladeshi IT/ITES sector was cost competitive and possessed great potential for export. However, there were multiple challenges faced by Bangladeshi IT/ITES companies — many of which were small companies — in exporting to EU and other foreign markets

20. The challenges were multifaceted. Limited size and lack of an international track record made it difficult for most companies, either already engaging in export or possessing this potential, to attract and serve larger international clients; while cultural barriers and lack of familiarity with foreign markets was another obstacle for these companies approaching their foreign counterparts.

21. For TSIs, Bangladeshi IT associations were not prepared to provide a results-oriented business-to-business matchmaking service to its members, and the absence of a quality controlled and well promoted platform showcasing Bangladeshi companies restricted opportunities for market entry. Also, the Bangladeshi IT/ITES sector suffered from poor international visibility and lacked the branding necessary for an emerging global offshoring destination. In general, all these challenges had undermined the competitiveness of Bangladesh's IT/ITES industry.

22. The **objective** of the project was to improve the exporter's competitiveness of Bangladesh's IT/ITES enterprises by establishing sustainable business relationships between Bangladeshi IT exporters and EU companies. The project sought to attain three outcomes, namely:

    (i) Build commercial relationships between Bangladeshi companies (suppliers) and European clients. This was to be realized through commissioning market research, marketing the Bangladeshi IT/ITES offering in selected countries (PR, marketing, organizing local events), and organizing matchmaking between Bangladesh and EU companies.

    (ii) Develop TSIs' capacity to provide B2B linkages by designing and marketing business linkage as a core part of the TSI mandate.

    (iii) Improve the image of Bangladesh as a destination for IT/ITES outsourcing. This was to be realized through developing and implementing an IT/ITES outsourcing brand.

23. The intervention logic (results chain) was that — through a series of customized B2B matchmaking and client relationship building events supported by the project — the selected IT/ITES enterprises would be able to obtain initial business orders from EU clients. In the process of delivering those business orders, the IT/ITES companies would improve their business and international marketing capacities. Also supported with other project services, such as building Bangladeshi's outsourcing brand, the project partner TISI would be able to sustain and upgrade B2B matchmaking services, and the project companies would gradually secure larger orders and new clients in other foreign markets; these project companies would also serve as role models in the sector (i.e. the spillover effect).

24. The major assumption in project design was that business contacts would lead to business transactions, and successful business transactions were likely to lead to sustainable business relationships. In addition, the B2B linkage service provided by TSIs could facilitate viable business

contacts, increasing the likelihood of transferring business contacts to business transactions, while better branding and marketing the Bangladeshi IT/ITES sector.

25. **Implementation**: After a careful selection[7], 40 companies were included in the project as beneficiaries, and the project facilitated building business contacts between them and EU buyers through matchmaking events and small B2B sessions. The enterprises were also coached by experts on export marketing, which improved their knowledge of foreign markets.

26. The partner TSIs, Bangladesh Association of Software & Information Services (BASIS) and Dhaka Chamber of Commerce and Industry (DCCI), were supported to establish and sustain their capability to provide demand-driven matchmaking and B2B linkage services. Efforts were also made to create a strategic framework for branding, jointly with BASIS and DCCI. Promotion was done in targeted markets, and the attention of media and consultancies specialized in IT outsourcing were sought.

27. In the end, the project reported that 192 new business contacts were established, the capacity of TSIs to provide B2B linkage service to its members was built and sustained, the Online Directory was launched by DCCI and BASIS, and the international visibility of Bangladesh IT/ITES sector had been increased by various promotion efforts.

28. **Changes in implementation**: During implementation, the approach evolved in two ways. First, the project replaced eight beneficiary companies, which were not actively participating, with newly selected companies. Second, as a result of limited business linkages in the UK, Germany was included into the targeted export market.

NTF II Uganda project
29. The **objective** of the Uganda project was to create sustainable exporter competitiveness in the coffee sector in Uganda, through enhanced effectiveness of umbrella institutions and farmer organizations in accessing the EU market and by addressing value chain constraints, in particular those related to exports. The project sought to attain three outcomes:

   1) Outcome 1: Umbrella institutions are enhanced in their capacity to undertake M&E, to lead the mid-term update and review the National Export Strategy (coffee sector), and to manage the implementation of the NES Plan of Action;

   2) Outcome 2: NUCAFE and UEPB are enhanced in their capacity to ensure the competitive development and export promotion of coffee production. This focused on building institutional capacity and internal systems to strengthen institutional development strategies and operational capacities, and on developing an enhanced service portfolio of NUCAFE;[8]

   3) Outcome 3: Enhanced business capabilities of farmer associations (FA) to assist producers and exporters to take advantage of opportunities in the European market. The project was designed to support improvement in knowledge and skills in coffee marketing, implementation of traceability and certification schemes, and development of market linkages for coffee exports. The project was also designed to improve access to finance for coffee sector value chain actors.

30. **Rationale of intervention.** The intervention logic looked at the collective marketing model promoted by the NUCAFE, a coordination body of coffee farmer associations. The main result chain was that the project provided support to NUCAFE with a focus on business capacity and an enhanced service portfolio to coffee farmers, so that the farmers— as coffee producers and

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[7] The project team worked with BASIS in identifying and selecting participants.
[8] Evaluation note: The project document, log frame and results-based management (RBM) framework all specify NUCAFE and UEPB in outcome 2, although most capacity building activities targeted NUCAFE and UCDA.

exporters — could sell in bulk through NUCAFE to the European markets. Another result chain was in policy advocacy, as the project supported the UEPB and UCDA in developing and implementing a national coffee export strategy, which would secure government commitment in supporting coffee producers and exporters in the long term.

31. The key challenge addressed by the project was to bring coffee production to a critical level in both quantity and quality, so that farmers could participate more actively in the supply chain and increase their volume of exported coffee. The coffee supply chain was characterized by several players, rendering small returns to the farmers with limited incentives to adhere to quality requirements. These in turn affected the export of Ugandan coffee.

32. To boost coffee exports, the project addressed shortcomings at production, post-harvest and marketing stages. The project also supported access to inputs and credit by coffee producers through training of FAs and their members on how to approach banks and on how to improve the management of farms as a business.

33. The project emphasized knowledge dissemination and capacity building for NUCAFE, its member FAs, UCDA and UEPB, on international marketing and compliance with recognized certification/verification schemes and monitoring and evaluation tools. Accordingly, the project facilitated business linkages and transactions through matchmaking between Ugandan producers/exporters and foreign importers.

34. The project also intended to build the capacity of TSIs that would in turn improve the policy environment and build the capacity of farmer organizations. The trained farmer organizations would then lead efforts to build the capacity of the individual coffee farmers to increase the quantity and quality of coffee production. See Annex II for a results chain of the project.

III.   Evaluation analysis and findings: Uganda project

Relevance

Relevance to ITC's development goals

35. The project interventions aimed at connecting smallholder coffee farmers to the value chain by supporting them to produce quality coffee and market collectively through TSIs with international buyers. In line with ITC's comparative advantage in supporting TSIs and SMEs, the project design centred on building the capacity of TSIs and coffee farmers associations in improving coffee quality and connecting with European and other international buyers. The project effectively contributed to enhancing the capacity of TSIs in terms of supporting the export process, expanding markets and enhancing competitiveness through enrollment in the 4C certification scheme and traceability. The project contributed to increased coffee exports from Uganda and improved the income of smallholder farmers in project areas. The project design is well aligned to ITC's goal of "improved international competitiveness of SMEs in developing countries and transition economies for inclusive and sustainable development", which is also in line with the UN MDG 1(pre 2015): Eradicate extreme hunger and poverty. [9]

Relevance to Uganda development strategy and the needs of beneficiaries

36. Support under the project contributed to achieving key government development goals. The first National Development Plan (NDP I) 2010-2014 and the current NDP II 2015-2019 prioritize an increase in exports with an emphasis on coffee, the leading commodity export for the country and contributing to the livelihood of about 1.7 million households. The National Export Strategy (2008-2012) and newly released National Export Development Strategy 2016-2020 also prioritized coffee exports.

37. The relevance to the needs of coffee farmers is evident. As acknowledged by coffee farmers and their associations, the project addressed some of the outstanding business needs of coffee farmers. These included, among others, knowledge on agronomic practices, knowledge on coffee quality including post-harvest handling, access to primary process equipment and access to markets with better prices.

38. NUCAFE trained farmers associations in quality management, agricultural practices, post-harvest handling, gender equity, coffee capping/flavour testing, coffee establishment, record keeping, primary processing of coffee and 4C. Through this training, production and sales of coffee increased, and more income was obtained.

Rating for relevance: 5 Satisfactory[10]

Effectiveness

Objective 1: Umbrella institutions are enhanced in their capacity to undertake M&E, to lead the mid-term update and review the NES (coffee sector), and to manage the implementation of the NES Plan of Action.

39. The achievement of this objective is mainly related to the M&E capacity building of NUCAFE and UCDA, given that their mandates are entirely focused on the coffee sector. M&E capacity for UCDA and NUCAFE has been enhanced significantly. M&E units have been established within

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[9] Evaluation note: The relevance is valid in today's operations in relation to the UN's SDG 1: End poverty in all its forms everywhere.

[10] In line with ITC's Evaluation Policy and Guidelines, ITC applies a 6-point rating system in evaluations: 6 Highly satisfactory; 5 Satisfactory; 4 Moderately satisfactory; 3 Moderately unsatisfactory; 2 Unsatisfactory; and 1 Highly unsatisfactory.

both agencies with full-time staff, work plans and budgets. The M&E capacity of NUCAFE is demonstrated in its constant use of M&E information for management decision making and for advocating policy change, together with UCDA. At UCDA, a dedicated M&E unit was created in May 2015, out of management's appreciation of the M&E function gained from NTF II training sessions. Weekly and quarterly briefs are prepared and presented during top management meetings.

40. Whereas the expected Outcome II indicated UEPB as a partner institution for capacity building, as a general trade support organization, it had limited engagement beyond facilitation of the export strategy design and coordinating the Certified Trade Advisors Programme (CTAP) training. The evaluation found no indication that UEPB was prioritizing M&E capacity building, beyond its staff attending M&E training. UEPB considered the project interventions to be limited to a small part of its mandate. [11]

41. In terms of the expected update and review of the National Export Strategy for the coffee sector, UCDA and NUCAFE led the development of the coffee export strategy, while UEPB played an advisory role, ensuring that the coffee export strategy is aligned to the national export strategy. The NES was launched by the Ministry of Trade in 2013. Implementation of the coffee export strategy was mandated to UCDA, and UEPB's role was monitoring or following up on the implementation of the strategy. However, NES was not formally implemented, partly because of conflicting mandates between UCDA and UEPB. It should be noted that the elements of the draft NES were later incorporated into the national coffee strategy championed by UCDA; the NES process also prepared NUCAFE and UCDA to engage in policy advocacy.

Objective 2: NUCAFE and UEPB are enhanced in their capacity to ensure the competitive development and export promotion of coffee production

42. There is indication of improved institutional capacity of NUCAFE. NTF II supported NUCAFE in conducting an institutional audit, preparing a business plan, developing competencies and skills of field staff in business advisory services, and reviewing and improving the portfolio of services offered by NUCAFE. The recent organizational and business development of NUCAFE has shown its enhanced capacity in providing services in production, quality processing, and export to farmers associations and smallholder farmers.

43. The profile, visibility and position of NUCAFE, in collaboration with UCDA and UEPB, have improved significantly in the coffee sector. This has resulted in incorporation of NUCAFE aspirations into the national coffee policy and coffee sector export strategy, and more opportunities for coffee farmers and competitiveness along the supply chain.

44. With the support of NTF II, UCDA has developed an agribusiness manual that has empowered its staff through five modules: (i) farming as a business, (ii) input and output markets, (iii) export dynamics, (iv) export procedures, and (v) governance of farmer organizations. Most of the trained staff in NUCAFE and UCDA still work with them.

45. UEPB's engagement under the NTF II project was mainly with supporting review of the coffee export strategy and CTAP training, including selection of participants and actual facilitation of the training programme. A total of 30 participants attended the training and about 70 percent of the trainees were certified. UEPB was able to apply the skills acquired under CTAP and business management systems training programmes in other sectors. However, most people trained at UEPB have since left the organization.[12]

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[11] Project management note: UEPB was not a sector organization, so there was no reason "to expect" high engagement beyond facilitation of the process of strategy design and formulation.
[12] Project management note: UEPB is not a working partner in NTF III.

Objective 3: Enhanced business capabilities of FAs to assist producers and exporters to take advantage of opportunities in the European market

46. The NTF II project provided capacity building in coffee marketing and export improvement and access to finance for FAs. Close to all expected outputs were achieved, and the impact has started to emerge with 4C certified farmer associations starting to export. According to the project document, eight importers are procuring coffee from NUCAFE, of which two are EU based, benefiting 80 FAs that are exporting through NUCAFE. A list of project outputs is seen in the table below.

Table 1: Outputs towards enhancing business capacities of farmers associations

Outputs	Level of achievement
Coffee marketing and exports improved and supported	
Improving knowledge and skills in coffee marketing	A total of 390 training of trainers (TOT) s have been conducted in the areas of coffee quality and grading for export
Supporting the implementation of traceability and certification schemes	36 FAs are 4C certified , four FAs certified for sustainable farming (UTZ) and nine FAs certified for fair trade
Supporting the development of market linkages and exports	Eight importers are procuring coffee from NUCAFE, of which two are EU based, benefiting 80 FAs that are exporting through NUCAFE
Access to finance improved for coffee sector value chain	
Enhancing the financial management competencies of NUCAFE counsellors and FAs	100 FAs have approved business plans by end of 2015
Developing financial management self-checkers for NUCAFE and FAs	18 financial counsellors were trained and have coached many FAs

Rating for effectiveness: 4 Moderately satisfactory

Efficiency

47. NTF II resources were generally adequate. The budgeting and preparation of work plans was transparent and involved all stakeholders at the planning stage, which enhanced ownership of the proposed activities and efficiency in the allocation of resources to the various activities. The project was implemented through TSIs with existing structures and under co-funding arrangements that minimized the costs for most of the project activities.

48. Project coordination with UEPB was suboptimal, as explained in the section on effectiveness; UEPB's role was marginalized due to conflicting mandates between UEPB and UCDA. There were no other major issues flagged regarding the implementation costs in country. The cooperation between UCDA and NUCAFE has been effective in promoting coffee production and export. Capacity building training followed the TOT approach. Training was first held with TSIs and other national stakeholders, who took charge of training representatives of the FAs, who in turn spread the training to members of the farmer associations. This enabled access by many farmers at a minimum cost. Equally, for training, when possible, the project managers and advisors used already existing materials to lower the cost (e.g. coffee exporters guide), and the TSIs would adapt the material at the national level. However, it should be acknowledged that some of the major improvements, such as the national coffee policy and UCDA's M&E function,

only happened 2-3 years after the completion of NTF II, and could not be credited exclusively to this programme.

49. The projected benefited from different technical units at ITC, and promoted a mix between ITC technical staff, international consultants and national consultants. This approach optimized the use of resources since the use of national experts for capacity building of the clients reduced the cost of implementation without any compromising on outputs.

Rating for efficiency: 4 Moderately satisfactory

Impact: Incomes of smallholder coffee farmers

50. Based on the impact survey, the beneficiary coffee farmers earned an average of USD 1,808 per year from coffee over the period 2011-2015, compared to an average USD 683 per year by non-beneficiary farmers. [13] That is, beneficiary farmers are earning an average of USD 1,125 per year more than their non-beneficiary counterparts. Based on field interviews, the increased earnings from coffee were contributing to improved wellbeing, as more households have been able to send children to school and construct permanent houses with solar electricity.

51. It should be noted that this achievement in coffee-generated incomes was happening in a challenging coffee growing scenario. In recent years, many Ugandan coffee farmers lost plants to the coffee wilt disease. There have been national replanting programmes financed by the government. Whereas coffee plants take three years to be productive, without an increase in productivity and price, household incomes would have dropped over this period.

Table 2: Changes in household income from coffee sales, 2011-2015, Uganda shillings

Beneficiary status	2011	2012	2013	2014	2015	Average 2011-2015
NTF II beneficiary	6,616,628	5,091,122	5,114,437	6,842,042	6,618,883	6,056,622
NTF II non-beneficiary	2,337,465	1,617,919	2,579,174	2,413,630	2,498,386	2,289,315

52. **Price increase for coffee sales:** The better income for beneficiaries could be attributed, approximately, to the higher price for beneficiary coffee producers and collective marketing (through NUCAFE). With better quality and production, project farmers have been able to sell in higher prices, even without selling through NUCAFE. On average, beneficiaries sold about 60 percent through NUCAFE in the past five years, and 40 percent to middlemen, primary processors and exporters. The increase in coffee price for farmers was visible. Beneficiary farmers received relatively higher prices, both for processed and unprocessed coffee, compared to the non-beneficiary farmers. Based on the impact survey findings, the average premium to farmers was USD 397 per ton in 2015. Considering the total sales in the last four years (2012-2015), the value of this premium delivered to beneficiary farmers is estimated at USD 0.78 million.

Table 3: Coffee prices per ton, for processed coffee, by farmers, Uganda shillings

	Beneficiary status	2011	2012	2013	2014	2015
Average price, processed coffee	NTF II beneficiary	4,404,091	4,062,860	3,908,856	4,901,880	4,445,722
	NTF II non-beneficiary	1,467,225	958,520	1,244,503	1,210,587	1,715,042

53. **Collective marketing:** The findings indicate that NTF II training has indeed enhanced the appreciation by farmers of collective marketing through NUCAFE, which has enabled them to sell to premium buyers. The training and support under NTF II improved farmer's awareness of coffee quality and export requirements. This has enabled small producers to export in bulk

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[13] Calculated based on an income of 6,056,622 Uganda shillings for a beneficiary and 2, 289,315 Uganda shillings for a non-beneficiary; current prevailing exchange rate of 1$=3,350 Uganda shillings.

through NUCAFE to buyers from Europe like Café Riva from Italy and other countries. Accordingly, both the volume delivered to the market has increased and the share sold through the farmer associations continues to increase. This partly explains the higher income earned from coffee compared to non-beneficiary farmers.

54. **Premium price transferred to farmers:** NUCAFE has actually engaged in coffee value addition. The interviewed farmer associations asserted that NUCAFE services have improved over the years. NUCAFE acquired a transport facility that has reduced transport charges for the farmers delivering their coffee for processing and grading for export.

55. The new buyers pay higher prices for premium coffee (USD 1.7-2 per kg), with the premium going directly to the farmers, since the producers sign sales contracts directly with the exporters. NUCAFE charges only linkage fees totaling approximately three percent, of which one percent is a mandatory CESS that is paid to the government for all exports, and two percent covers handling charges including grading and salaries for the association's staff at the hub.

56. It should be noted that NUCAFE is still a small operator in the Uganda coffee export market. In 2015, NUCAFE's exports were only 0.14 percent of total exports by Uganda. The major change made by NTF II has been in the capacity of TSIs, especially NUCAFE, UCDA and coffee farmer associations in supplying quality coffee.

57. **Awareness about coffee quality standards:** Key informant interviews confirmed that there has been a tremendous improvement in coffee quality across the country over the last five years.[14] The findings suggest that beneficiary farmers have adopted and are practicing more quality-oriented practices, leading to better quality coffee compared with non-beneficiaries. The field survey showed that 90 percent of NTF II beneficiaries compared to 75 percent of non-beneficiaries were undertaking at least four of the seven actions that improve coffee quality. The difference was found to be statistically significant ($X = 17.249, P = 0.000, \alpha = 5 \ percent$).

> **Case Study: An exporter, with Uganda Quality Coffee Traders and Processors Association (UQCTPA)**
>
> Four years ago, the factory was receiving poor quality coffee with a moisture content of 20, whereas the highest is now about 16. The poor quality was a result of poor post-harvest handling and middlemen. Farmers were not even harvesting green beans; they were drying in the sun on the ground, but could not dry well enough before delivery to market. The post-harvest handling led to the deterioration of coffee quality. Middlemen/traders were also destroying the quality by adulteration through mixing beans with foreign materials like stones, husks, etc.
>
> With sensitization by the various stakeholders and enforcement efforts by UCDA, the quality of coffee has generally improved. UCDA has done a great job. UCDA inspects coffee that comes into the factory and issues a certificate (form 5). In the case of poor quality, the factory hands over the coffee and the client to UCDA for further investigation. This has shifted the responsibility of ensuring quality to the traders/middlemen, who have also transferred this to the farmers. This has increased awareness and adoption of measures that ensure quality. Most middlemen and farmers now appreciate and make a difference between the poor and good quality coffee, and the coffee directly from the farmers can now get 85 percent - 90 percent export quality compared to 60 percent - 70 percent previously.

58. **Coffee production and productivity increased.** Sampled coffee farmers reported increased coffee production as a result of training and sensitization activities by NUCAFE and UCDA. The average coffee production (quantity harvested annually) increased from 469 kg in

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[14] These were 90.1% among NTF II beneficiaries and 80.3% among non-beneficiaries and the difference was found to be statistically significant (X = 7.112, P = 0.008,a =5%).

2011 to 790 kg in 2015, equivalent to a 68 percent increase. In 2015, average annual coffee production among NUCAFE beneficiaries was reported to be more than twice that for the non-beneficiary households, as seen in the figure below. The evaluation also revealed that coffee productivity (i.e. yield per acre) has increased over the years. The yield among beneficiary farmers has increased from 293 kg per acre in 2011 to 365 kg per acre in 2015. The productivity among beneficiary farmers was consistently higher than that of non-beneficiary farmers over the period, as reflected in Table 4.

Figure 1. Annual average coffee production (kgs) per household

	2011	2012	2013	2014	2015
NTF II Beneficiary HHs	586	621	683	762	948
NTF II non-beneficiary HHs	214	351	374	506	433
Total Average coffee production per HHs	469	536	585	684	790
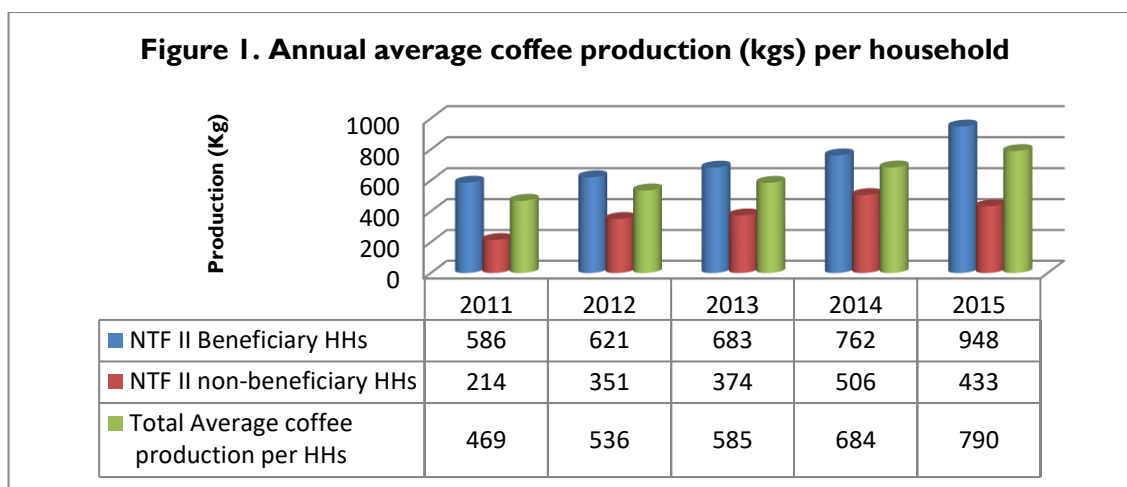
59. The increased coffee yield is mainly attributed to improved coffee farming skills. NUCAFE trained master trainers on Good Agricultural Practices (GAP) who then trained lead farmers and the executive committee members of their respective associations. NUCAFE also provided farmers with pruning equipment to help coffee get enough light, which has increased the productivity per plant. Following NUCAFE training under NTF II, many farmers have adopted the recommended agricultural practices including mulching, terracing, water harvesting, using composite manure and intercropping with other shade plants. Embedded in the national coffee development programme led by UCDA, the increased productivity is also attributed to better varieties of coffee seedlings (Coronal coffee) which are disease resistant.

Table 4: Coffee yields of beneficiary and non-beneficiary farmers, 2011-2015, kg per acre,

	2011	2012	2013	2014	2015
NUCAFE beneficiary	293	311	310	318	365
NUCAFE non-beneficiary	134	206	208	253	206

Impact: Exports by NUCAFE to EU and other markets

60. Coffee exports by NUCAFE, all supplied by coffee farmer associations, have increased by 204 percent, from 190 tons in 2010 to 577 tons in 2015. In terms of market value, the increase is more impressive: from USD 0.31 million in 2010 to USD 1.27 million in 2015, equivalent to a 243 percent increase. The increase in export volume is largely attributed to the improved coffee quality (particularly related to training in 4C certification) and enhanced export marketing (including outbound missions and participation in international coffee fora).

61. The EU remains the main export destination of NUCAFE, and exports to EU have increased by 355 percent in this period. As shown in Figure 2, exports to the EU have recorded a consistent increase over the years, from 77 tons in 2010 to 349 tons in 2015.

62. The number of international buyers has also increased from two in 2010 to eight in 2015. Of these buyers, two are EU-based buyers who continue to buy more than half of the coffee exported by NUCAFE. There are also buyers from Korea and South Africa. [15]

Figure 2: Coffee Exports by NUCAFE in metric tons 2010-2015

Trend in Coffee Exports by NUCAFE

Volume of exports (MT)

	2010	2011	2012	2013	2014	2015
■ Total Coffee exports	190	293.2	158.8	258	263.8	577
■ Europe	76.8	115.2	115.2	211.2	230.4	349.4
■ African Countries	113.2	158.8	43.6	46.8	33.4	170
■ Asia	0	19.2	0	0	0	57.6
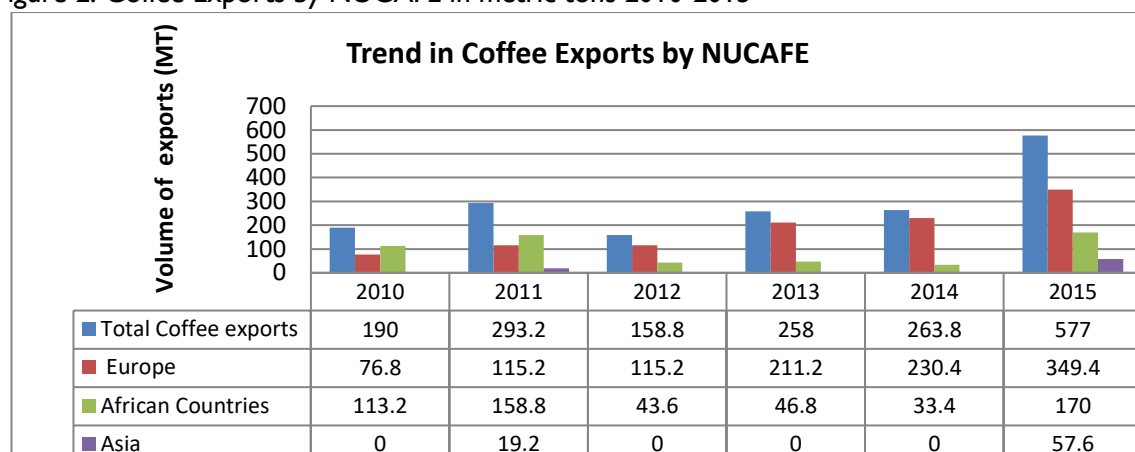
Impact: Enhanced institutional capacity

63. **Business and financial capacity of NUCAFE.** NUCAFE has adequate and functioning management systems, including capacity to develop and implement strategic and business plans. Following the end of the strategic and business plan developed under NTF II, follow-up strategic plans have been developed and are being implemented, and NUCAFE has been able to establish new partnerships with development partners, including Agribusiness Initiatives. It has also increased the services extended to its members. The membership of NUCAFE has increased from 125 farmer associations in 2010 to 181 FAs in 2015. Its revenue has increased from 703 million UGX to 1,673 million UGX in the same period (138 percent). Its externally generated funds have increased as well; in 2014 and 2015, NUCAFE accessed 840 million and 2,428 million UGX in grants respectively. However, it also revealed the high level of financial dependence on donor funding, in that about 46 percent of NUCAFE income in the past three years (2013-15) comes from grants.

Table 5: Financial resources of NUCAFE 2010-2015, Uganda shillings, million

NUCAFE Income (million UGX)	2010	2011	2012	2013	2014	2015
Self-generated revenue, from operations, membership fees, charges	703.0	171.7	848.7	1,688.4	1,593.0	1,673.0
Grants/funds received from donors	87.3	532.1	819.8	956.2	839.5	2,428.3

64. For self-generated revenues, NUCAFE has embarked on the first investment phase of the Centre for Agribusiness and Farmer Enhancement (CAFÉ), which is a fully owned factory by NUCAFE, to provide coffee processing services to members and generate income. The CAFÉ factory includes a coffee roasting plant and a modern coffee sorting and grading facility. The roasting plant actually produces two brands of coffee, Omukago Pearl of Uganda and Nucafe, and the revenues generated from these two brands will enhance the financial sustainability of NUCAFE as well.

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[15] New buyers of NUCAFE include: Café Riva-Italy, Caffè Bene-Korea,, Africa agro produce-South Africa, Luis Brefas, Jinso Limited, etc.

> **Case study: NUCAFE's new brands for marketing**
>
> The roasting plant produces two brands of coffee, Omukago Pearl of Uganda and Nucafe. With the CAFÉ factory, coffee farmers will have the option of roasting their own coffee and selling it on the market to the final consumer, or sorting and grading for the export of coffee beans. These will further integrate the farmer into higher nodes of the coffee value chain. NUCAFE intends also to construct a centre where farmers can be trained in the various aspects of coffee farming and quality management. The CAFÉ[16] centre was conceptualized under NTF II, and has benefited from investments by Agribusiness Initiative Trust among other partners.

Impact: Influence on government policy

65. The coffee export strategy prepared by NTF II was launched in 2013; however it was not implemented due to the conflicting mandates between UCDA and UEPB. Following the completion of NTF II, UCDA and NUCAFE have been advocating for a farmer-oriented government policy for the coffee sector, which resulted in the 2016 Coffee Strategy and Policy, adopted by the government. There is indication that the 2013 coffee export strategy informed the development of the 2016 National Coffee Policy and Strategy, which has critical elements on coffee export strategy.

66. The national coffee policy and coffee strategy have set fairly ambitious targets for the development of the coffee sub-sector and there is more political commitment than ever before. The political leadership has committed substantial funding with a target of increasing coffee production from 3.5 million bags in 2016 to 20 million bags by 2020. This target is to be realized by distributing 300 million certified coffee seedlings annually for the period 2016-2020 and enhancing access to coffee extension services.

67. Having benefited from NTF II support, NUCAFE is credited with raising awareness about the importance of the coffee value chain and enhancing the benefits to coffee farmers. NUCAFE was one of the key advocates for coffee quality improvement and continues to work with UCDA and the Uganda coffee federation in monitoring coffee quality across the country.

Rating for impact: 5 Satisfactory

Gender equality and women's empowerment

68. Gender consideration has been integrated in project design and implementation, although NUCAFE noted that the initial NTF II project design did not have a specific component/focus on gender. There were however consistent efforts to ensure participation of women beneficiaries in project activities. Building on gender programming from previous support to NUCAFE, gender equality and women's empowerment has been mainstreamed in all NUCAFE programmes as opposed to implementing stand alone gender projects, emphasizing gender equality at work and in the household. Accordingly, all training and capacity building interventions included gender sensitization.

69. NUCAFE in partnership with UCDA have had radio programmes educating farmers on the importance of gender equality and women empowerment in the coffee sector, among other

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[16] http://www.observer.ug/business/38-business/44168-nkandu-wins-top-accolade-for-his-coffee-business-plan

coffee-related issues. A gender equity manager has been recruited and the M&E has gender-disaggregated data.

70. Almost all coffee farmers surveyed by the evaluation confirmed that they have attended training or sensitization on gender equality and empowerment practices in coffee farming. The main providers of training were UCDA, NUCAFE, National Agriculture Advisory Services (NAADS), farmer associations and exporters.

71. Field visits confirmed that gender awareness has been created and many coffee farmers have adopted gender-sensitive practices in their coffee enterprises. Interviewers largely confirmed that women's participation in decision making on coffee production has improved and participation in farmer association activities has reduced gender-based violence in coffee farmer households.

Rating for gender equality: 4 Moderately satisfactory

Environmental considerations

72. Similar to the gender equality situation, the initial NTF II project design did not provide a specific component on environment-friendly practices. However, NUCAFE made deliberate efforts to integrate environment conservation issues in training and other activities under NTF II. NUCAFE has implemented a specific programme on smart climate agriculture with financing from other partners, including aBi Trust & Finance, Agriterra and the USAID-funded Feed the Future's Uganda Agriculture Enabling Environment for Agriculture Activity.

73. The leaders and members of the farmer associations also reported receiving training on environmentally-friendly farming practices. Accordingly, many coffee farmers have adopted environmental conservation practices in their coffee enterprises, such as terracing, mulching, making manure and water harvesting.

Rating: Not applicable

Sustainability

74. NTF II promoted a strong partnership between the private sector (NUCAFE) and government agencies (UCDA & UEPB). The partnership has enhanced collaboration and strengthened the trust between the private sector and public agencies. NUCAFE and UCDA continue to work together on key issues affecting the coffee sector as they value each other's role in coffee advocacy. Also NUCAFE's financial management capacity is getting more solid and trustworthy for other donors and sponsors; although the needs remain still high, strengthened institutional capacity has enabled NUCAFE to access funding from development partners, including USAID, World Bank, AGRA and the African Union through the East African Farmers Federation.

75. NUCAFE and UCDA have continued most activities initiated under NTF II, including training for farmers in agronomic practices, quality and grading, 4C and export marketing, as most of the staff trained under NTF II are still working with NUCAFE and UCDA, and most of the trained financial councillors and trade advisors continue to support farmer associations. However, the capacity built under UEPB was eroded with the mass turnover in staff.

76. NUCAFE has completed the first investment phase of the CAFÉ with its own coffee roasting facility and a modern coffee drying, sorting and grading facility. These are creating more opportunities for integration in higher nodes of the coffee value chain and are highly likely to propel the continued application of improved agronomic and quality management practices.

77. The project approach of supporting capacity building of farmer associations focused on creating lead farmers through TOT. Using lead farmers, also referred to as animators, was a sustainable

approach. They continue to train and support farmers on coffee farming and quality management practices.

78. Some of the supported farmers associations have been able to access credit to finance and effectively repay credit. The number of farmer associations accessing credit and the value of credit received continues to increase.

79. However, there are still very strong needs experienced by NUCAFE, the farmers and the government, including the need to improve and scale up coffee production techniques and marketing skills, so that the majority of the smallholder producers and exporters in the country can benefit from better connections to value chains.

Rating for sustainability: 4 Moderately satisfactory

IV. Evaluation analysis and findings: Bangladesh project

Relevance

Relevance to ITC's development goal

80. The Bangladesh project aimed to build commercial relationships between Bangladeshi IT/ITES companies and European clients, develop TSIs' capacity to provide business-to-business linkages and improve the image of Bangladesh as a destination for IT and ITES outsourcing. The design of the project was well aligned with ITC's corporate development goals and ITC's strengths in supporting TSIs and SMEs.

81. In project appraisal, the project selected the IT/ITES sector for intervention in Bangladesh by considering the importance of improvements in technology-based, non-agricultural export and its contribution towards sustained growth and poverty reduction.

Relevance to Bangladesh's development strategy and the needs of beneficiaries

82. The project was well integrated with the ongoing efforts led by the Government of Bangladesh to develop the IT/ITES sector. The project was designed to directly address some of the IT/ITES export sector challenges, such as: (i) lack of concrete and coordinated actions to exploit the sector's export potential; (ii) inability of IT/ITES associations to provide a results-oriented B2B matchmaking service to members; and (iii) insufficient and sporadic branding efforts that resulted in a low visibility for Bangladesh on the global IT outsourcing marketplace.

83. During the design and implementation stage, the project was strongly aligned with Bangladesh's National ICT[17] Policy 2009; more specifically, the project contributed towards Objective 6, which focused on "strengthening exports", by targeting one of its strategic themes (i.e. to develop strong marketing, promotion and branding for Bangladeshi ICT products and services in global markets). The project was also relevant and timely in the attainment of 'Vision 2021 – Digital Bangladesh', a national programme that aims to use modern technology to improve every aspect of life by 2021. However, the client survey revealed that the IT/ITES sector is comprised of mainly small companies and it is becoming more diversified, and there is a need of clustering

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[17] Information and communication technology

among   beneficiary   companies   for   more   customized   solutions.

> **Box. An emerging export engine in Bangladesh**
>
> The IT/ITES sector of Bangladesh has grown considerably in recent years and the industry has been contributing significantly to national income and also creating high quality employment for a sizable portion of young IT graduates in the country. According to BASIS, the total number of registered IT/ITES service providers has increased from 800 in 2010 to more than 1,500 in 2014, and the overall IT market size has significantly increased from USD 300 million in 2009-2010 to USD 800 million in 2013-2014.
>
> It is estimated that in the last five years the average yearly growth rate of the industry has been over 40 percent. The growth has been driven by both increasing exports in recent years as well as the growing IT automation demand in domestic markets. Local demand has been led by large automation projects by telecom, the banking sector and the export-oriented garments/textile industry. The export market has grown significantly over the years. Export revenue has increased from USD 35.36 million in 2009-10 to USD 101.63 million in 2012-13. In terms of export destinations, North America still dominates, while in Europe, countries such as the UK, Denmark and Netherlands have emerged as major destinations during last few years.

84. Due to limited size and lack of an international track record, most Bangladeshi IT/ITES companies faced difficulties in attracting and serving larger international clients. In addition, cultural barriers and lack of familiarity with foreign markets made it challenging for local companies to approach their foreign counterparts. The limited capacity of TSIs and absence of a quality-controlled and well-promoted platform showcasing Bangladeshi companies restricted collaborative opportunities. Hence, there was a need to build the capacity of TSIs, such as Bangladesh Association of Software & Information Services and Dhaka Chamber of Commerce and Industry, to identify, target and enter markets for outsourcing services. More specifically, BASIS required support to strengthen its capacity to help companies develop marketing materials and market-entry plans, which were provided under the project.

The synergy between NTF II and CBI programmes

85. The NTF II and CBI actively explored cooperation in supporting coaching and marketing, and several joint events co-financed by CBI's Export Coaching Programme (ECP) took place from August 2011 to March 2012. In the period 2008-2014, ECP had been supporting export coaching in several developing countries including Bangladesh. With the support of CBI management, the NTF II Bangladesh team established regular coordination with the ECP team.

86. Within the NTF II framework, CBI, ITC, DCCI and BASIS partnered in conducting a two-day Foreign Trade Representation Workshop on Promoting Bangladesh Companies in the IT/ITES Sector, in Rotterdam in September 2011. About 10 Bangladeshi diplomatic counsellors and trade attachés, stationed in Western Europe, were trained on promoting the Bangladeshi IT/ITES industry in their duty stations. This training facilitated the diplomats in better understanding the key elements of marketing and promoting IT/ ITES companies.

87. Following the awareness building for diplomats, in December 2011 the ECP team organized an one-week EXPRO training in Rotterdam on IT outsourcing for 24 Bangladeshi participants, mainly NTF II beneficiary companies. The beneficiary IT/ITES entrepreneurs were introduced to the EU trade structures and business practices in the IT outsourcing industry, and the training prepared them in using marketing and promotional tools and developing export marketing plans.

88. Also CBI co-sponsored the participation of beneficiary companies in some matchmaking events in Europe. In August 2011, CBI co-sponsored a joint CBI-NTF II business matchmaking event in Amsterdam, and in March 2012 about 13 NTF II companies took part in the CEBIT trade fair in Hannover, with a booth at the CBI stand. The complementary services of CBI and NTF II in supporting marketing and coaching are exemplary in these cases.

Rating for relevance: 5 Satisfactory

Effectiveness

89. The effectiveness of the project in terms of achieving outcomes is considered satisfactory. NTF II has built a good base for the IT outsourcing companies to do marketing abroad. At the beginning of the project, doing business with EU and other foreign clients was considered as a bold move; today it is becoming a common marketing practice.

90. **Outcome I: Building commercial relationships between local ICT companies and foreign clients**: This outcome has been well achieved — mainly realized after the completion of NTF II through the continued efforts of NTF III. Through a rigorous selection process, the project identified 40 Bangladeshi IT/ITES companies that were exporting, or have the potential to do so, as beneficiaries of the project's activities. These companies were then invited to multiple business linkage and matchmaking events. The selected companies also benefited from expert coaching on export marketing and their company profiles were included in a catalog and an online directory. It should be noted that the project made necessary adjustments in identifying motivated beneficiary companies to ensure project effectiveness. Due to a lack of active participation, eight companies were removed and replaced with newly selected companies who met the selection criteria. By undertaking this action, the project succeeded in creating a stimulating effect among the beneficiary companies.

91. More specifically, between January 2011 and June 2013, the project organized 12 specialized business matchmaking events across different countries, including Denmark (2), Netherlands (3), United Kingdom (3), Germany (1) and Bangladesh (3). The events were attended by 34 Bangladeshi companies and more than 150 European companies from the target markets, and resulted in 797 pre-scheduled B2B meetings. The project's initial target was to support 30 new business contacts and ensure 70 percent participation of beneficiary companies at the matchmaking events. It went over the target as it led to the creation of 192 business contacts and on average 75 percent of the beneficiary companies participated in the organized events.

92. To demonstrate how the initial contacts led to new business for project beneficiary companies, a good example is the case of the company Brain Station 23, which is a Bangladeshi software development company providing customized web applications and mobile software development services. It was established in 2006 by a university graduate with only four people — two programmers and two quality assurance professionals. Over the years, the company has experienced significant growth and today has delivered customized solutions for clients in a wide range of sectors, including finance & banking, telecommunications, real estate, the software industry, e-Commerce, and the retail sales industry

93. Brain Station 23 was selected for the NTF II Bangladesh project and had the opportunity to participate in numerous activities under the project. In November 2011 during a matchmaking event in Denmark, Brain Station-23 met with representatives of nSales, who were looking for partners that could help to create products in a more economical way without comprising on quality. nSales, a Danish company founded in 2005, specializes in software development, focused

on handheld devices and tablets. They develop both standard applications and frameworks targeted at service technicians and sales representatives.

94. After the first meeting, nSales became very interested in Brain Station 23 because of its presence in technologies, such as ASP.net MVC 3 and MVVM JS, and its experience with Telerik and iPad development. Brain Station 23 and nSales engaged in a one-month trial run that turned out to be very successful. As a result, the two companies engaged in a more long-term relationship and undertook multiple collaborative projects.

95. NTF II also facilitated the participation of European delegations in SOFTEXPO trade fairs held in Dhaka during the project period. The SOFTEXPO is Bangladesh's biggest showcase for software products, ITES and ICT system solutions; it is attended by business organizations ranging from large conglomerates to SMEs, government departments & agencies, non-profit & development organizations as well as individual buyers. More specifically, the project ensured participation of European companies in the fairs organized in 2011, 2012 and 2013 — eight European companies participated in SOFTEXPO 2011, 12 European companies in SOFTEXPO 2012 and 13 European companies in SOFTEXPO 2013. Initially, the participating European companies were mixed in terms of their area of business, but over the years the invitations were more selective and the delegation become more relevant to the beneficiary companies.

96. **Outcome II: Building TSI capacity to provide B2B linkages:** This outcome is largely achieved, especially in the case of BASIS. The project provided training in a number of areas including: designing the business linkage service as a viable support service for SMEs; training TSI staff to manage the business linkage service effectively; coaching TSIs to undertake demand side analysis as a strong basis for the new service offering; and building strong links between the Bangladeshi TSIs and partner TSIs in selected European markets. Guidelines were prepared on the deployment of the B2B matchmaking service and its integration within the service portfolio of BASIS and DCCI. The guidelines described the management process, staff responsibilities and duties for the following three B2B matchmaking services:
    - Offering a matchmaking service to a single buyer in Bangladesh;
    - Handling an incoming delegation and organizing B2B meetings for its participants in Bangladesh;
    - Managing an outbound mission and organizing B2B meetings for its participants abroad.

97. After endorsing guidelines on the deployment of the B2B matchmaking service and its integration within their service portfolio, BASIS and DCCI assigned additional human resources and more importantly, launched a new B2B service and also an online directory. For instance, BASIS launched the service in October 2012 and organized multiple B2B meetings for beneficiary companies during the SOFTEXPOs in 2012 and 2013. It is to be noted that the services were provided under the active coaching of the ITC matchmaking expert. DCCI officially launched in April 2013 the Online Directory for its 14,000 members, which integrates the business-to-business service as part of the DCCI services portfolio. This followed the deployment of an export-oriented online member directory on the BASIS website with the support of the project. In addition, 16 non-NTF II companies took part in B2B meetings during the SOFTEXPOs; these meetings were organized by BASIS using a predefined fee that the non-NTF II companies had to pay.

98. **Outcome 3: Improving the image of Bangladesh as a destination for IT and ITES outsourcing**: There are good initial results regarding this outcome, and the project has established good examples and operational models for the national partners to scale up. However, it is beyond this project's capacity to establish the image of Bangladesh as a destination

for outsourcing. The majority of branding support went into defining a strategic framework for the branding of the IT/ITES industry jointly with BASIS and DCCI, as well as seeking the attention of media and consultancies specialized in IT outsourcing. The project's branding strategy was designed in collaboration with DCCI and BASIS during the project design phase, based on the existing Bangladesh NEXT brand. In May 2012, a strategic roadmap was designed in the framework of a private-public dialogue.

99. Then in December 2012, the "Positioning Bangladesh" conference was jointly organized by DCCI and BASIS with the support of NTF II Bangladesh. The Prime Minister inaugurated the conference and several key ministers actively participated and contributed to the debate. Many local business leaders, in particular from the IT industry, attended the conference, which provided an opportunity for foreign media and industry consultants to discover Bangladesh's IT industry. Journalists were also invited to other events organized under the project both in Bangladesh and abroad. As a result, several articles dedicated to Bangladesh's IT and ITES industry were published. These articles all highlighted the great potential the country had in IT/ITES exports and they all contributed to building a more positive image for the country's IT/ITES sector.

100. Based on the project's logical framework (See Annex VII), the project was able to reach almost all the set targets related to Outcomes I and II, and in most cases overachieved the target by a significant portion; the progress towards achieving Outcome III become more significant under NTF III. Generally, it can be concluded that most activities did lead to the expected outcomes.

Rating for effectiveness: 5 Satisfactory

Efficiency

101. The efficiency of the project in terms of project management is considered as satisfactory. The project was directly managed by the Project Management Team (PMT), which was composed of a Geneva-based Project Manager and National Project Coordinator (NPC). They were mainly responsible for overseeing the day-to-day activities, management and tracking of budget and resources, administrative oversight, including monitoring and compliance, and managing the relationship with BASIS and DCCI. The PMT worked in close collaboration with BASIS and DCCI through designated focal points from the respective organizations. Direct links between the Project Manager, TSIs and NPC facilitated effective communication, which ensured timely decision making.

102. A Project Coordination Group was created and this group consisted of the following members: two focal points, the Presidents of BASIS and DCCI, NPC and the Project Manager. Occasionally, the Board and Secretariat members of both TSIs, and the NTF II Programme Manager participated in the PCG meetings. Due to conflicting schedules, the meetings were sometimes delayed; however, this issue was mitigated through the use of video conferencing. Nevertheless, it is to be noted that the project benefited from its flexibility due to the responsibility given to the PCG to decide on operational adjustments throughout project duration, with the approval of the Programme Management and with regular reporting to the project's Steering Group. In addition, international and national consultants were regularly used for assessing export markets and various capacity building activities within the project. The use of national experts for the capacity building of clients often reduces the cost of project implementation. In this particular project, there was proportionally less use of national

consultants. This was mainly due to the project's focus on assessing foreign markets and linking beneficiary companies with clients in European countries.

103.　　　The 2013 NTF II evaluation confirmed the validity of a TSI-centred value chain based approach to create exporter competitiveness in selected sectors and declared it to be efficient. In the case of Bangladesh, it was observed that the DCCI was less engaged in implementation and this was mainly due to its limited involvement in the IT/ITES industry. Nonetheless, DCCI — the largest and most active chamber in the country with a strong and influential leadership — was able to give the project greater visibility and also complemented various efforts made by BASIS through their lobbying power.

104.　　　In terms of monitoring and evaluation, an RBM framework was defined at the programme and project levels after the project went into implementation; as well, a baseline analysis was conducted in the country. In addition, monitoring and evaluation training was undertaken to inform members of partner TSIs about approaches to monitoring changes at the impact level. The quality of monitoring data and information collected improved once the 2011 RBM framework was developed; the 2011 and 2012 progress reports thoroughly used the RBM framework but did not report on all indicators. An evaluation was also done right after project completion to assess accountability and governance/management.18

105.　　　With the strong support of partner TSIs and guidance from experienced national and international consultants, the management of this project can generally be regarded as efficient. Furthermore, the TSI-centred value chain based approach to create exporter competitiveness was instrumental to the project. The overall cost for the project was USD 2.33 million, slightly above the initial budget of USD 2.17 million (i.e. 7.3 percent). At the time of NTF II, there were no other sector development projects under implementation. Hence, there were no opportunities to develop further partnerships beyond CBI and DANIDA. NTF III has enhanced collaboration in this respect, largely because the context had changed. A large World Bank lending project had been put in place to support the development of the ITC industry, followed by an Asian Development Bank-funded project aimed at building the capacity of the industry. Coordinating with the new donors had become a priority under NTF III.

Rating for effectiveness: 5 Satisfactory

Impact

106.　　　Three years after NTF II completion, multiple beneficiary companies recounted that the marketing techniques learned from NTF II (B2B events and training) allowed them to do marketing in other foreign markets, such as the US, Australia, Saudi Arabia, and Korea, and they attributed today's marketing capacity to their participation in NTF II. This is a result which was not observed upon the completion of the project. Back in 2013, the perception was that those B2B events brought in business information leads; however, it was very difficult to transform them into real businesses due to various challenges.

107.　　　**IT/ITES business development:** The NTF II through its activities supporting IT/ITES export has contributed to the expansion of the IT/ITES sector in Bangladesh. According to the survey, the total revenue of eight participating companies has increased from USD 4.26 million in 2010 to US 13.22 million in 2015, whereas export revenue has increased from USD 3.1 million to USD 8.46 million in the same period. The Netherlands is their top IT export destination, followed by the US, Denmark and the UK. Also, six out of 10 participating companies reported

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18 CBI comments: Not all indicators have been measured, only the relevant ones at that time.

that the NTF II project had "medium" to "very high" influence on their respective company's growth strategy.

Case study on Nascenia

How the commercial relationship allowed two companies to grow together in a sustainable manner

Nascenia is a Bangladeshi custom software development company that offers cloud based web and mobile solutions to companies in Europe and North America. The company was established in July 2010 by three young IT experts. Nascenia was selected as one of the 40 beneficiary companies under the NTF II Bangladesh project and became an active participant in several activities under the project. It attended 10 B2B matchmaking events, four SOFTEXPOs, four CEBIT expos, and eight workshops/training events. Their participation in those events helped them in making 100 new contacts, and from among these new contacts they managed to secure 2 successful business deals.

Prior to NTF II, Nascenia was visible to its potential clients via search engines on the internet, references and occasionally matchmaking events. The project helped Nascenia to also explore the European market — whenever the company attended NTF events in Europe it took that opportunity to meet with existing clients in other parts of the Europe and some of those interactions brought new business opportunities.

During a matchmaking event hosted in Dhaka at the beginning of March 2012, Nascenia came across a Copenhagen-based company, Better Collective — a web-oriented publishing company that specializes in developing, designing, copywriting and marketing strategies. Following the event, Nascenia was invited to work on a small project supporting the core business of Better Collective. Subsequently, Nascenia got the opportunity to work on its core projects. Moreover, the two companies also engaged in resources to build a web application in which Ruby on Rails was used as a technology. During this period, Better Collective grew as a company and Nascenia grew with it.

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108.   The findings are consistent with those provided by another survey, which was undertaken by ITC in June 2013. That survey showed that 24 beneficiary companies engaged in new businesses and 50 percent of those companies reported an increase in exports in 2012 directly related to NTF II Bangladesh B2B activities. The average increment in export was about 25 percent. Furthermore, the survey highlighted that the majority of the beneficiary companies are of the opinion that the project influenced them through the following: (i) Strengthen company links with foreign buyers; (ii) Enhance company skills in making the best of meetings with buyers; and (iii) Increase company knowledge of buyers' demands and expectations.[19]

109.   The increase in export was also supported by recent positive changes within the country, such as a larger internet user base, better connectivity, as well as introduction of new payment methods (online payment through credit card and mobile payments). A good number of companies are focusing on or diversifying different web-based services that include specialized portals, listing services, e-Commerce, e-Learning, and payment intermediary services. It must be noted that the export value is still meager compared to other outsourcing countries in the region.

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[19] 90 percent of the 25 survey answers, June 2013.

110.   The creation of the strategic framework for branding the IT industry, jointly with BASIS and DCCI, as well as getting the attention of media and consultancies specialized in IT outsourcing, contributed to building a better brand for the country. In 2014, AT Kearney — a leading management consultancy firm — for the first time included Bangladesh in its Top 50 Global Services Location Index, which is an index based on metrics with three categories: financial attractiveness, people skills and availability, and business environment. It ranked Bangladesh as the 26th best destination for IT outsourcing globally. In 2015, the country moved ahead from the previous year's ranking and became 24th for successes in IT Outsourcing, Back Office or Offshoring, Business Processing Outsourcing, Voice Service, etc.

111.   Since 2010, Gartner, a global technology research and advisory company, has placed Bangladesh on its list of "Top 30 countries for offshore services". Moreover, Bangladesh has achieved some prestigious recognition, including ITU Awards and the South-South Award. However, the survey showed that the beneficiary companies had mixed reviews about branding efforts and suggested that maybe the branding of the industry should be tackled at a more strategic level with more involvement from the government.

112.   **Employment generation**: NTF II has contributed to the expansion of the work force within the IT/ITES sector in Bangladesh. According to the survey, across 10 beneficiary companies the total number of employees has increased from 605 in 2010 to 862 in 2013, and they reported that 59 permanent jobs and 44 temporary jobs were created directly by the project. The sector's contribution towards overall employment creation has not been significantly high when compared to other traditional sectors; however it did create high quality employment with satisfactory compensation for IT professionals.

113.   **Capacity building**: As confirmed by all partners, BASIS's capacity has improved significantly in the past years, especially in arranging B2B events and matchmaking. Although IT is not yet a significant part of the country's export portfolio, BASIS and IT outsourcing companies are aspiring to becoming a bigger share in national export. Despite various challenges, improvements have been made in terms of IT infrastructure in Dhaka: the price of internet has dropped, and some commercial office spaces, such as the IDB Building and BDBL Bhaban, have been dedicated for IT-related business. Looking at this trend, BASIS could take a more prominent role in influencing IT policy and promoting export.

114.   As mentioned earlier, both BASIS and DCCI launched supporting services for their member companies. The survey also indicated that the services of BASIS improved significantly over the NTF II period and beyond. For instance, four out of the 10 surveyed companies sought direct services from BASIS and DCCI. The majority of the 10 companies acknowledged that these TSIs had satisfactory capacity and that their capacity had improved over time. The ratings were much lower when it came to DCCI's services but that may be due to its lack of involvement and familiarity with IT/ITES.

Figure 3: Trade supporting services provided by BASIS & DCCI
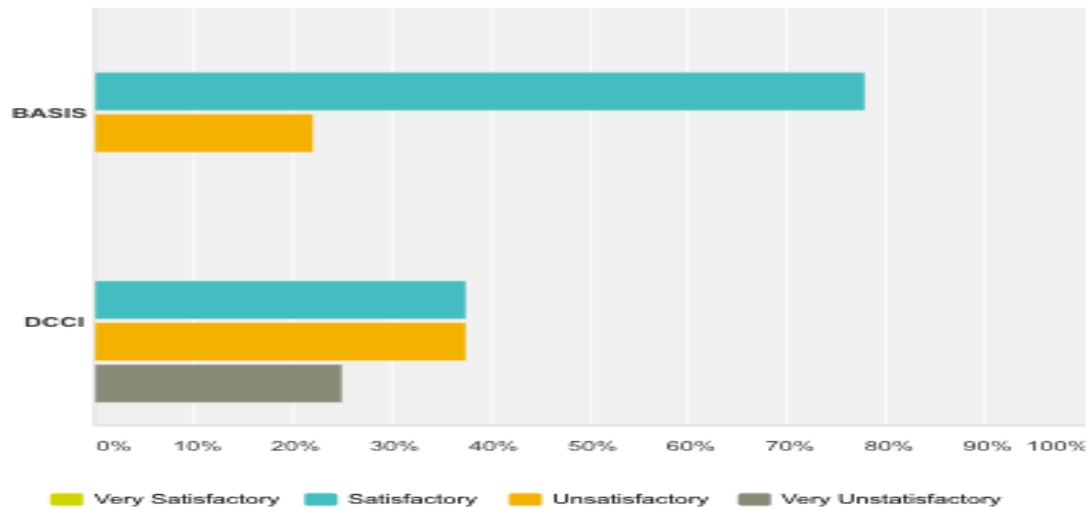
Rating for impact: 5 satisfactory

Gender equality and women's empowerment

115.   Historically, there has been limited participation of women in the IT workforce — only 13 percent of the IT workforce is female and only one percent of IT/ITES companies are led by women. It is to be noted that in Bangladesh there are certain social barriers — including stereotypes and gender bias — which are still today hampering women's progress in the IT sector. From the beginning of NTF II, the project made significant effort to encourage the participation of women. For instance, during the selection of the beneficiary companies, particular attention was given to companies with female leadership and companies that adopted a female-sensitive and family-acceptance work environment for its employees.

116.   According to the survey, beneficiary companies reported some positive contribution by the project. First, the total number of female employees in the sample beneficiary companies increased from 61 to 159, and about 40 new female employees were hired as a result outcome of NTF II. This not only contributed to increasing the role of women in the IT/ITES sector, but also gave visibility to successful women in the industry, who could in turn become role models. A case study is provided to highlight one women-led NTF II beneficiary company that has succeeded and motivated other female professionals along the way.

> **Case Study: A women-led IT company in Dhaka**
> UY Systems was the one of the few beneficiary companies led by a woman. It was established in 2003 and currently mainly provides comprehensive solutions in iPhone/iPad apps development, Android apps, mobile optimized websites, web designing, web development and e-Commerce web development, image editing, graphics design services and software development. It successfully exports to a wide range of countries including Denmark, the Netherlands, the UK, Norway, Saudi Arabia, Malaysia and Ireland.
>
> The company faced significant challenges in finding its position in the country's competitive ICT industry. Initially, the company attempted to access the domestic market; however, potential clients were very hesitant to engage in business with a women led company. As a result, the company changed its focus to international clients and was able to get positive responses from foreign buyers. NTF II helped UY Systems to make contacts with a wide range of European clients and also it helped in showcasing the success of UY Systems in

both local and international platforms, which further motivated and inspired women IT graduates across the country.

The CEO of the company also undertook a wide variety of initiatives herself to promote women entrepreneurship in IT sector. She worked with the Asia Foundation's Bangladesh training programme to motivate young women to become entrepreneurs and also mentored young entrepreneurs and freelancers, and pioneered an online healthcare portal that over 130 Bangladeshi businesswomen used to promote and sell their services. Her active work has been recognized at both local and international levels. More specifically, she was the first woman to be elected as Board Director in BASIS and she also served as Vice President of Bangladesh Women in Technology. More recently, due to her corporate success and mentorship work, she was invited to Nairobi to receive the International Centre for Trade and Sustainable Development's prestigious Women Exporter of the Year Award.

Unfortunately, women entrepreneurs across Bangladesh regularly face social barriers that hinder their business achievements.

117.   There were also some ad hoc attempts to support women within the IT/ITES industry. For instance, a conference on "ICTs as a Career Path for Women: Opportunities and Challenges" was organized in Bangladesh during the e-Asia conference in December 2011 and two role models from Bangladesh were added to the highly visible "Girls in ICT" database managed by the International Telecommunications Union in Geneva. Under NTF III, the women's empowerment component is further strengthened. The Women's Forum was established by BASIS in 2015 with the objective of boosting the role of women and expanding their reach to IT-related fields, as well as to younger women currently working towards IT-related degrees.

Rating for gender equality: 5 Satisfactory

Environmental considerations

118.   The IT/ITES sector, in general, has comparatively fewer environmental footprints. Therefore, the need for an environmental impact assessment did not arise during appraisal and an initial environmental examination was not carried out. During project implementation, no issues related to environmental impact were reported.

Rating: Not applicable

Sustainability and exit strategy

119.   The project was designed with the aim that the beneficiary companies would be able to maintain and expand their commercial network in Europe, and the responsibility of beneficiary companies would increase for selecting and paying service providers for advice and training, market analyses and participation in trade fairs and missions. It is to be noted that the sustainable impact on the sector as a whole will only be guaranteed if a critical mass of exporting companies are able to engage in sustainable business with European clients.

120.   The financial capacity of TSIs will also be a deciding factor as to whether they will be able to provide quality services to the members. In the case of BASIS, it is observed that its income has increased from USD 0.18 million in 2011 to USD 0.47 million in 2015. A significant increase

has been noticed in its revenue from members' subscriptions and fees, which has increased from USD 31,178 in 2011 to USD 133,396 in 2015 due to its growing membership base.

121.   In terms of sustainability, the project's direct interventions did lead to new business contacts, and in cases where business was conducted the companies succeeded in securing subsequent business opportunities. However, upon completion of the project the TSIs found it challenging to maintain B2B services to the same frequency and standard. The TSIs have managed to launch two services — B2B matchmaking services and an online database — and have allocated resources for the provision of such services, but there is a concern among the beneficiaries as to whether the TSIs have the financial and operational capacity to continue these services. However, it is to be noted that the sustainability of TSI services also relies on the amount of trust the members will have in the delivery of those services by the TSIs.

122.   The activities in regards to the branding of Bangladesh as the next ICT export destination have been limited to articles and inclusion of the country in various global ICT indexes. Nevertheless, the political commitment of the government under the flagship vision of Digital Bangladesh is expected to give a sustainable boost to branding efforts.

123.   Moreover, the government undertook several noteworthy initiatives that are likely to help in sustaining the global image of Bangladesh's IT/ITES sector:
- Exemption from income tax until 2015 for all software and ICT service companies, including those under foreign ownership;
- Establishment of a government-sponsored long-term equity fund and short-term working capital financing for ICT companies;
- Construction of a special hi-technology and software technology park to facilitate the development of infrastructure needed by companies that outsource activities to them.

124.   According to the project document, the exit strategy was that after the completion of ITC interventions the beneficiary companies would continue to maintain and grow commercial networks with the help of TSIs, who were expected to increase their portfolio of supporting services. As a kind of practical exit arrangement, NTF II activities were actually largely continued by NTF III. On one hand, this shows that according to ITC these activities were perceived to be effective and thus there was a need for them to be replicated and scaled up. On the other hand, it shows that the activities under NTF II were too new to generate sustainable impact.

Rating for sustainability and exit strategy: 5 Satisfactory

Innovation

125.   The NTF II Bangladesh project design is considered to be highly innovative. In the context of Bangladesh, the B2B concept was very innovative for the IT/ITES export sector. The challenges for the local companies were not just in finding export clients but also in understanding their needs and building long-term relationships. The various B2B events organized in different export destinations allowed a group of Bangladesh IT/ITES companies, for the first time, to get closer to potential foreign clients, enabling them to relate more with their clients and their needs. The model effect of these B2B events, created by NTF II and continued by NTF III, is well spread across the sector, and today there are numerous Bangladeshi IT/ITES companies securing business from EU and non-EU markets, such as Australia, Korea, Saudi Arabia, the US, etc.

126.   The in-country coordination arrangement was very innovative as well. The operational function relied on an efficient core network combining two executing agencies, one of which

was a technical TSI (BASIS) and the other one a political TSI (DCCI). The role of the BASIS was to assist the project in tapping into the IT/ITES sector and to provide technical know-how in designing the various components of the project. On the other hand, the DCCI acted as an intermediary between BASIS and various local business networks, and also contributed to encouraging investors in pooling resources towards the growing IT/ITES sector. This operational arrangement of dual TSIs enabled a more cohesive approach for IT/ITES sector development.

127.   The bottom-up approach in helping the micro and small IT/ITES companies to connect directly with foreign buyers was an innovative way to realize their export potential. It is often seen that development agencies try to intervene primarily at the policy level in developing countries expecting a trickle-down effect. However, due to various challenges related to governance, the policy interventions do not immediately boost trade and project outcomes get delayed or remain unfulfilled. NTF II ensured that project activities directly served the end beneficiaries and their capacity to export.   Furthermore, the project's components were scheduled to be in sync with the ongoing efforts led by the government in developing the IT/ITES sector, which synergized efforts and contributed to the project's outcomes.

128.   While undertaking the assignments supported by the project, the beneficiary companies were heavily engaged in providing innovative solutions to their foreign clients, many of whom were first-time clients. To summarize, this project's contribution towards innovation was seen at all levels and is therefore commendable.

Rating for innovation: **6** Highly satisfactory

V. Conclusions and Recommendations

Conclusions

129. The NTF II Bangladesh and Uganda projects have attained significant progress and results in terms of supporting sustainable export for SMEs in the IT/ITES sector and in the coffee sector, respectively. The outcomes observed in the Bangladesh project are transformative. At the beginning of NTF II implementation, exporting IT/ITES services was a daunting challenge for the small enterprises; six years later, it has become common practice to do international marketing, and the enterprises are securing clients in EU markets and other countries such as the US, Australia, Saudi Arabia and South Korea. The contribution of NTF II (and NTF III) is well recognized by partners in Bangladesh. The impact generated by NTF II on the coffee sector in Uganda is impressive as well. The collective marketing promoted by NUCAFE has enabled smallholder coffee farmers to earn annual income of USD 1,808 per household from coffee growing, about USD 1,125 more than non-project farmers; and exports to EU have increased by 355 percent from 2010 to 2015. The impact is also reflected in national policy advocacy, as evidenced in the recently released National Coffee Policy and Coffee Strategy 2016-2020.

Uganda project

130. In terms of advocating for policy change, under NTF II, initially a National Coffee Export Strategy was developed and launched by UEPB/Ministry of Trade. However, the export strategy was not embedded at the senior level of the relevant sector institutions, such as UCDA under the Ministry of Agriculture Animal Industry and Fisheries. The turnaround happened three years after NTF II's completion; in 2016 the government endorsed a National Coffee Policy and National Coffee Development Strategy, which were prepared based on the policy paper delivered by NTF II and advocated by UCDA and NUFCAFE. The new strategy is now being earmarked with a concrete budget and supported with strong political commitment.

131. **Impact generated by the project**. At the coffee-producer level, increased coffee yields, prices, and household incomes are visible today. It should be noted that this achievement in coffee-generated income was happening in a challenging coffee growing scenario. In recent years, coffee wilt has caused many Ugandan farmers to lose coffee plants to the disease. There have been national replanting programmes financed by the government. However, whereas coffee plants take three years to be productive, without an increase in productivity and price, household incomes would have continued dropping. The impact survey across 398 coffee households showed that each coffee farming household earn an average of USD 1,808 per year from coffee sales in the period 2011-2015, compared to an average of USD 683 by non-beneficiary farmers. The better income for beneficiaries could be attributed, approximately, to improved farming practices, quality enhancing and collective marketing through NUCAFE.

132. Another significant impact is the increased exports to the EU and other markets. Coffee exports by NUCAFE, all supplied by coffee famer associations, have increased by 204 percent, from 190 tons in 2010 to 577 tons in 2015. In terms of market value, the increase is more impressive: from USD 0.30 million in 2010 to USD 1.28 million in 2015, which is equivalent to a 243 percent increase. This increase in export volume is largely attributed to the improved quality of coffee beans (particularly related to training in 4C certification) and enhanced export marketing (including outbound missions and participation in international coffee fora).

133. NUCAFE's collective marketing and farmer ownership model is innovative and effective in benefiting smallholder farmers. One critical factor behind the increased income for households is the quality of coffee beans. Working with NUCAFE, more farmers are aware of coffee farming

techniques and quality requirements, and the coffee hub set up by NUCAFE actually works as a first step quality assurance. This has enabled farmers to sell quality coffee beans in bulk.

134. It is well noted that NUCAFE transfers price premiums directly to farmers, which is actually one of the critical success factors. NUCAFE's capacity has improved over the years; it acquired a transport facility that reduced transport charges for processing and grading and it has secured new buyers, such as Café Riva-Italy, Caffè Bene-Korea, Africa agro produce-South Africa, etc. Before working with NUCAFE, farmers were selling through middlemen; now they sell in bulk through NUCAFE directly to foreign buyers at a premium price.

135. **Relevance**. In terms of project design, the project responded appropriately to competitiveness challenges faced by smallholder coffee farmers. The TSIs chosen — UCDA and NUCAFE — were suited to deliver the project outputs in coordination with other key players in the public and private sectors. The project contributed to the attainment of the government's development strategy objectives in the coffee sector, as well as the development goals of ITC.

136. The relevance of continued support to coffee exports is still high in the next five years. In 2016, the government renewed a commitment to transform the coffee sector, which is a part of the National Development Plan. In line with the government plan, coffee production in Uganda will increase dramatically from the current 3.5 million bags to 20 million bags over the next five years (2016-20). Facing the upcoming production surge, the government, exporters and coffee producers are in great need of strategic support for international marketing and branding, areas where ITC has a comparative advantage among international organizations. In this regard, the NTF programme, based on experience from implementing two phases, is well positioned to offer continued and upgraded technical support in international marketing, which should be implemented under a strategic partnership with the government.

137. Coffee has been the leading single largest export commodity, earning Uganda over USD 402 million. The government has committed to increase funding to the sector from UGX 37 billion in 2015/16 to UGX 77 billion in 2016/17, and this will be sustained in the medium term. For example, 300 million coffee seedlings will be distributed annually and the number of government extension workers is projected to increase.

138. Coffee trade also holds great potential for poverty reduction. According to the UNDP 2014 national poverty report, poverty is still a persistent challenge: as of 2014, about 63 percent of Ugandans were either poor (20 percent living below the national poverty line of USD 1 per day) or vulnerable to poverty (43 percent barely past the poverty line). Among the poorest people are eight million smallholder farmers scattered throughout the country. The results of NTF II in supporting the coffee sector have been significant among smallholder farmers; coffee is becoming a major income source for rural households supported by NTF II/NUCAFE. Typically farmers grow mixed crops, and often there is visible contrast between the commercial farming of coffee (for income generation) and the rain-fed farming of other crops (for food consumption). A continued coffee project will make a difference to poverty.

139. **Effectiveness**. The NTF II project was largely effective in achieving project outcomes. NUCAFE and UCDA made significant progress in supporting coffee export promotion and coffee production. In terms of the expected update and review of NES for the coffee sector, UCDA and NUCAFE led the development of the coffee export strategy, while UEPB played an advisory role, especially ensuring that the coffee strategy was aligned to the national export strategy. In the end the strategy was launched but not implemented, partly because of conflicting mandates between UCDA and UEPB.

140. There is indication of improved institutional and M&E capacity in UCDA and NUCAFE; in the case of M&E it was significantly enhanced. The profile, visibility and position of NUCAFE in

the coffee sub-sector improved through its collaboration with UCDA and UEPB. This has resulted in incorporation of NUCAFE aspirations into the national coffee policy and coffee sector export strategy, and more opportunities for coffee farmers along the supply chain.

141.	In terms of enhanced business capabilities of farmers associations to assist producers and exporters to take advantage of opportunities in the European market, NTF II provided capacity building in coffee marketing and export improvement, and access to finance. Close to all expected outputs were achieved, and the impact has started to emerge with 4C certified farmer associations starting to export and accessing credits. According to the project document, eight importers are procuring coffee from NUCAFE — two of which are EU based — thereby benefiting 80 FAs that are exporting through NUCAFE.

142.	Gender equality considerations were integrated in implementation, although NUCAFE noted that the initial NTF II project design did not have a specific component/focus on gender. There were consistent efforts to ensure participation of women beneficiaries in project activities. Building on gender programming from previous support to NUCAFE, gender equality and women's empowerment has been mainstreamed in all NUCAFE programmes, emphasizing gender equality at work and in the household.

Bangladesh project

143.	NTF II built a good base for the IT outsourcing companies to do marketing abroad. At the beginning of the project, doing business with the EU and other foreign clients was considered as a bold move; three years after NTF II completion, multiple beneficiary companies recounted that the marketing techniques learned from NTF II (B2B events and training) allowed them to do marketing in other foreign markets, such as the US, Australia, Saudi Arabia and Korea. They also attributed current marketing capacity to their participation in NTF II. This is a result that was not observed at the completion of the project. Back to 2013, the perception was that those B2B events brought in business information leads; however, it was very difficult to transform them into real business ventures due to various challenges.

144.	As confirmed by all partners, BASIS's capacity has improved significantly in the past few years, especially in arranging B2B events and matchmaking. Although IT export is not yet making a significant contribution to the country's export portfolio, BASIS and IT outsourcing companies are aspiring to a bigger share in national exports. Despite various challenges, improvements have been made in terms of IT infrastructure in Dhaka: the price of internet has dropped, and some commercial office spaces, such the IDB Building and BDBL Bhaban, have been dedicated for IT-related business. Looking at this trend, BASIS could take a more prominent role in influencing IT policy and promoting exports. During the NTF II period, the Bangladesh project manager and country coordination played an active in role in collaborating with CBI and sharing information with DANIDA. The complementary services of CBI and NTF II in supporting marketing and coaching are exemplary in these cases. However, at that time there were no other sector development projects under implementation. Hence, there were no opportunities to develop further partnerships beyond CBI and DANIDA. Synergy building was significantly emphasized by NTF III and coordinating with the new donors has become a priority.

145.	**Relevance**. The project was in line with the ITC's mandate and designed to directly address some of the core issues facing IT/ITES export in Bangladesh. The innovative approach of connecting IT/ITES startups to foreign buyers from key export destinations was much needed for the sector's development. The project was in sync with ongoing efforts led by the government to develop the IT/ITES sector and strongly aligned with the strategic priorities of ITC.

146.	In project appraisal, the project selected the IT/ITES sector for intervention in Bangladesh, by considering the importance of improvement in technology-based non-agricultural exports and

its contribution to sustained growth and poverty reduction. It should be noted that the project made necessary adjustments in identifying motivated beneficiary companies to ensure the project effectiveness. Due to a lack of active participation, eight companies were removed and replaced with newly selected companies who met the selection criteria. By undertaking this action, the project succeeded in creating a stimulating effect among beneficiary companies.

147.   **Effectiveness**. The evaluation concluded that the project has shown exemplary performance in reaching the target set for outputs in the results framework. In terms of Outcome I: Building commercial relationships between local ICT companies and foreign clients, the project led to 192 new contacts whereas the target was to create only 30 new business contacts. Although some beneficiary companies faced difficulties in sustaining the business connections, in recent years there have been more and more deals secured and, consequently, this has contributed towards building the country's IT/ITES export sector. Regarding Outcome II on building TSI capacity to provide B2B linkages, BASIS's capacity has improved significantly in the past years, especially in arranging B2B events and matchmaking.

148.   **Gender equality and women's empowerment**. The NTF II gave special attention to women-led IT companies during the selection process and a few of them were selected as beneficiary companies; and a greater number of female participation is also being witnessed. Historically, there has been limited participation of women in the IT workforce — 13 percent of the IT workforce is women and only one percent of IT/ITES companies are led by women. Cultural boundaries are often mentioned as a substantial challenge for women's participation in the IT industry. During the selection of beneficiary companies, particular attention was given to companies with female leadership and companies that adopted a female-sensitive and family-acceptance work environment for its employees. According to the survey conducted by the evaluation, the beneficiary companies reported a positive contribution from the project. The total number of female employees in the sample beneficiary companies increased from 61 to 159, and about 40 new female employees were hired as a direct result of the project.

149.   **Innovation**. The NTF II Bangladesh project design is considered as highly innovative. In the context of Bangladesh, the B2B concept was very innovative for the IT/ITES sector export. The bottom-up approach in helping the micro and small IT/ITES companies to connect directly with foreign buyers was an innovative way to realize their export potential. It is often seen that development agencies try to intervene primarily at the policy level of developing countries expecting a trickle-down effect. NTF II ensured that project services directly served the end beneficiaries and their capacity to export. While undertaking the assignments supported by the project, the beneficiary companies were heavily engaged in providing innovative solutions to their foreign clients, many of whom were first-time clients. To summarize, this project's contribution towards innovation was seen at all levels and is therefore commendable.

Recommendations

Part I: Recommendations generated from the Uganda project

151.   Based on analysis and findings of the NTF II Uganda project, one strategic recommendation is for a partnership between CBI, ITC and the government in implementing the national coffee plicy and strategy for 2016-2020. The evaluation also provides a set of technical recommendations which could be relevant to similar operations of CBI and ITC in the coffee sector either in Uganda or other countries.

i.   Strategic recommendation: Propose a strategic partnership with the government to support the implementation of the national coffee policy and strategy 2016-2020

Responsible persons/units for implementation: ITC's Sector Competitiveness Section/DMD (responsible for the NTF Programme at ITC) and Office for Africa/DCP, and the counterpart at CBI.

152.   **Partnership with the government**: Facing the great demand for international marketing support in the coffee sector, the NTF programme, based on the strengths of CBI and ITC, is well positioned to offer continued and upgraded technical support, which should be implemented under a strategic partnership with the government. This strategic partnership should focus on matching the demands of government and the comparative advantage of CBI and ITC, so that the project efforts will be well integrated in the implementation of the national development plan 2016-2020.

153.   **Scaling up collective marketing of coffee producers**: The collective marketing approach led by NUCAFE was effective in increasing incomes of small producers, and it should be scaled up in other regions. In the process of connecting Uganda with international coffee value chains ITC's continuous support is important for NUCAFE and small producers to secure a decent share in the value chain. In this regard, the future project should continue focusing on addressing the demands of smallholder farmers, as experienced in NTF II, so that improvements in household income could be prioritized and well monitored by the project, in line with ITC's development goals and the Uganda national development plan.

Technical recommendations for similar operations in the coffee sector in Uganda or in other countries

Responsible persons/units for implementation: Sector Competitiveness Section/DMD

ii.   Assess and enhance in-country coordination to ensure the commitment of partners in coffee export

154.   To enhance the commitment of in-country partners, the future stakeholder analysis, during the project appraisal and design stage, should consider the strategic fit of each key implementation partner in a sector-wide export strategy. Accordingly, the in-country coordination arrangement should be reviewed during the implementation process, to ensure the coordination among key implementation partners is effective.

iii. Expand partnership with the private sector TISIs in the coffee value chain

155.   As experienced by NTF II, in value chain development, private sector TISIs (like NUCAFE) have the strengths of close connections with small producers and strong business acumen in marketing, be it a national or local player in the sector. In promoting coffee export, the private sector TISIs often need external support in the areas of connecting to international value chains, policy advocacy, improving quality standards and securing price premiums. Therefore, it is critical in project design to emphasize a strong partnership with motivated private sector TISIs.

iv.   Replicating and scaling up collective marketing in coffee export with other partners

156.   There is significant space for promoting collective marketing among smallholder growers, which will necessitate a concrete replicating and scaling up plan through cooperation with government and private sector partners that work with smallholder producers in collective marketing. From this perspective, it is important to include a replicating and scaling up plan and related activities in future project design, so that the benefits and approach demonstrated by the project could be adopted by others.

Part II. Recommendations generated from the NTF II Bangladesh project

157.   Based on the analysis and findings of the NTF II Bangladesh project, the evaluation provides recommendations which could be relevant to future operations in the IT/ITES sector in Bangladesh or another country

Responsible persons/units for implementation: Trade Support Institution Strengthening Section/DBIS (on IT/ITES sector) and Sector Competitiveness Section/DMD (responsible for the NTF Programme)

v.   In a dynamic IT/ITES marketing environment, continue the decentralized decision-making approach where project managers have the responsibility to make necessary adjustments based on emerging trends, and set up corrective and supporting measures for beneficiary companies to ensure effective participation. These participation and accountability measures will ensure the relevance of ongoing activities and encourage improvement in the performance of beneficiary companies

vi.   Coordinate with other development partners active in the IT/ITES industry and establish focal points to ensure improved collaboration

158.   To ensure collaboration with major donors and partners, and to avoid duplication of efforts, future projects should coordinate closely with and complement a number of other ongoing donor-funded activities in the sector. Also, while undertaking the project appraisal and consequently when preparing the annual work plan, project management should identify the areas of collaboration and partnership.

vii.   Recognize the diversity among the beneficiary companies and provide customized solutions to a cluster of companies

159.   In clustering the clients, TSIs should be encouraged to undertake regular assessment to ensure that the project solutions are aligned and well integrated with the national strategy, such as the Digital Bangladesh initiative.

viii. Design project components or events specifically for women entrepreneurs and institutionalize a platform in which they are able to discuss challenges faced in the IT/ITES sector and to collectively voice their opinions.

160.   As seen in the improved gender mainstreaming in NTF III design, future projects should consider providing recognition to women who have shown exemplary performance in the IT/ITES sector and showcase their achievements at national and international levels.

Annexes

Annex 1: List of documents reviewed

i).   ITC Evaluation policy and guidelines 2015
ii).   NTF II Uganda Project documents including all partnerships and grant agreements/MoUs
iii).   NTFII project progress report including the consolidated progress report 2009-2013
iv).   Evaluation Report of the NTF II Programme -2012
v).   Evaluation Report Netherlands Trust Fund Phase I - CBI 2009
vi).   Uganda NTF II RBM framework PDCB20511
vii).   Log frame work NTF II Uganda PDCB20510
viii). ToR Evaluation of NTF II - final - 22 Jan 2016
ix).   Uganda-baseline Report- 13 sept 2011-final
x).   NUCAFE Service Portfolio Review report
xi).   NUCAFE business plan - Zero Draft
xii).   DRAFT NUCAFE Capacity Building Plan
xiii). NUCAFE Institutional assessment report
xiv).   Project Document of NTF II Bangladesh
xv).   Project Documents of NTF III Project
xvi).   Report on PRIME-ITC Impact Evaluation of NTF III
xvii). Correspondences and Memos related to NTF II
xviii). Content on ITC's NTF II website
xix).   Annual Reports of BASIS

Annex II: Impact assessment design and sampling methods, Uganda project (unedited)

    i.   **Impact assessment design**

1. In the Uganda evaluation, to ascertain long term impact, a mixed evaluation design was adopted, which entailed adopting a before-and-after comparison design, a with-and-without comparison design, and one-shot study design. These designs are described Annex III.

2. The before-and-after project design involved determining the magnitude and direction of benefits (impacts/effects on) to beneficiary TSIs and coffee farmer households. The performance indicators as defined in the project log frame were used to measure the magnitude and direction of benefits by comparing the status of the indicator at the start of the programme (baseline or immediately thereafter depending on data availability) and the status of the indicator during the evaluation. Evidence was sought to confirm attribution of the reported changes to the NTF II project interventions.

3. The with-and-without evaluation design involved comparison of beneficiary and non-beneficiary coffee farmer associations and individual coffee farmer households (HH) along the key indicators identified in the project log frame. Non-beneficiary coffee farmer associations and individual coffee farmer households were either members of NUCAFE who were not direct beneficiaries of NTF II or any other farmer association within the areas of NUCAFE operations.

4. The one-shot evaluation design was applied to the assessment of issues which do not require comparison with the situation before the project inception. These issues include; sustainability, ownership, relevance and some elements of efficiency and effectiveness. The reference point was sound management practices and programming standards. Participatory impact assessment activities were used to guide this approach and identified pockets of success for follow-up and documentation.

    ii.   **Sampling Techniques and Process**

1.1 Sample size:

5. The NTF II interventions targeted 71 out of the 141 member farmer associations of NUCAFE. Assuming an average of 520 members per association, the number of beneficiary coffee farmers should be about 36,920(N). With a +/-5 percent margin of error, the sample size (n) is around 398 farmers, calculated by the formula below,

$$n = \frac{N}{1 + N \times e^2} \ ,$$

Where n=sample size,

N=total number of target household beneficiaries for the program area (36,920)

e = the margin of error=5 percent,

These farmers are uniformly selected from 12 selected farmer associations. Accordingly, 33 farmers are sampled each farm association.

1.2 Sample methods:

6. A two–stage stratified sampling method was used in Uganda. As the NUCAFE and the project implementation was structured around farmer associations which were located in four different coffee growing regions of Uganda--Central, South Western, Eastern and West Nile regions, these 12 associations were evenly drawn from the four regions to assure the representativeness of the sampled farmers.

7. At the first stage, 12 farmer associations were selected, with 2 beneficiary farmer associations and one non-beneficiary farmer association each region. Two beneficiary farmer associations in each region were selected by simple random sampling, while the only non-beneficiary farmer association of each region was identified and selected purposively to participate in the evaluation.

8. At the second stage, 33 individual coffee farmers were selected by systematic sampling to participate in the evaluation from each selected farmer association.

1.3 Sampling process:

9. At the first stage of sampling, all the beneficiary farmer associations of each region were listed, with a number assigned to each of them. Using the list, two farmer associations were randomly selected without replacement from each region.

10. At the second stage, the sampling of coffee farmers in each selected farmer associations started from listing all the members of the selected farmer association, and then a sampling interval (k) was computed by

Sampling Method and

First Stage			Second Stage
Central	Random	Beneficiary	Syste
	Assigned	Beneficiary	33
South Western		Non-	
Eastern	... ... × 4		... ... × 1 2
West Nile			
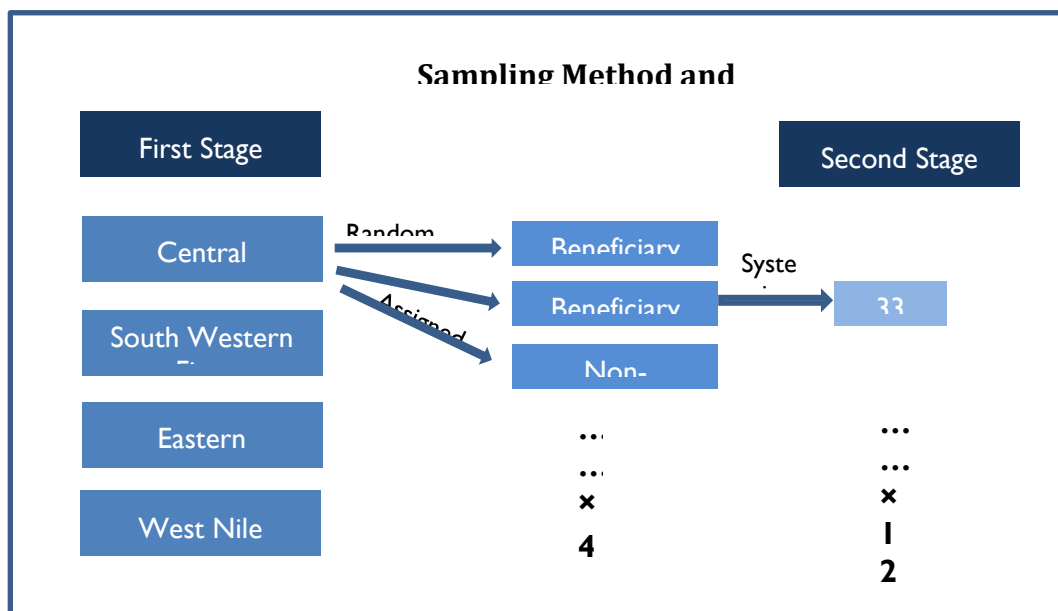
dividing the total number of farmers of this association by 33. After that, a number between 1 and 33 was randomly selected as the random starting point, and the corresponding farmer on the list became the first selected farmer. Thereafter, every k^{th} farmer was sampled until the desired 33 farmers were selected.

1.4 Characteristics of Coffee Farmer Respondents

11. The evaluation actually covered 398 coffee farmers from all the four coffee growing regions of Uganda. These were 98 farmers (24.65 percent) from Zombo district in West Nile region; 99 farmers (24.9 percent) from Sheema district in Western region; 67 farmers (16.8 percent) and 33 farmers (8.3 percent) from Masaka and Lwengo districts respectively in Central region; 67 farmers (16.8 percent) and 34 farmers (8.5 percent) from Mbale and Kapchorwa respectively in Eastern region.

REGION	DISTRICT	NUMBER OF RESPONSE
West Nile region	Zombo district	98
Western region	Sheema district	99
Central region	Masaka district	67
	Lwengo district	33
Eastern region	Mbale district	67
	Kapchorwa district	34
Total		398

12. The actual properly filled questionnaires returned per association were: Kkingo Coffee Farmers Association (33), Kyanamukaka Coffee Farmers Association (34), Kisenyi UGACOF (33), Bufumbo Organics Coffee Farmers (33), Kabeywa Ltd Coffee farmer Association (34), Peace Kawomera Coffee Farmers Association (34), Jangokoro Coffee Farmers' Association (33), Paidha Coffee Farmers Association (32), Mutiti Coffee Farmer association (33), Kagango Coffee Farmers Association (34), Kyangyenyi Coffee Farmers Association (33) and Banyankole Coffee service ltd (32).

13. Of the 398 farmers, 266 farmers (66.8 percent) were from NTF II beneficiary coffee farmer associations (NUCAFE members). These were Bufumbo Organics Coffee Farmers (8.3 percent), Kabeywa Ltd Coffee farmer Association (8.5 percent), Kyanamukaaka Coffee farmers Association (8.5 percent), Kkingo Coffee Farmers Association (8.3 percent), Kagango Coffee Farmers Association (8.5 percent), Kyangyenyi Coffee Farmers Association (8.3 percent), Jangokoro Coffee Farmers' Association (8.3 percent) and Paidha Coffee Farmers Association (8 percent). While 132 farmers (33.2 percent), were from non-beneficiary coffee

farmer associations. These were Banyankole Coffee service ltd (8 percent), Kisenyi UGACOF (8.3 percent), Mutiti Coffee Farmer association (8.3 percent) and Peace Kawomera Coffee Farmers Association (8.5 percent).

14. Of the sampled farmers, 281 (70.6 percent) were male and 117 (29.4 percent) were female. In terms of education level, 8.8 percent never attended school, 22.6 percent never completed primary education, 39.7 percent completed primary level but did not complete secondary education, 18.6 percent completed secondary education and only 10.3 percent had attended post-secondary education (tertiary and university). The average age of the coffee farmers was 52 years with a minimum and maximum of 21 and 96 respectively. The average household size was 7 people with a minimum and maximum of 1 and 25 persons respectively.

Gender

- Male
- Female

29.40%
70.60%

Education Level

- Never attended school
- Never completed primary school
- Completed primary but not secondary
- Completed secondary school
- Attended post-secondary education

10.3% 8.8%
22.6%
18.6%
39.7%
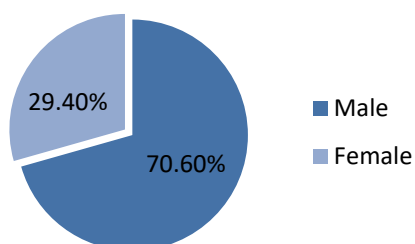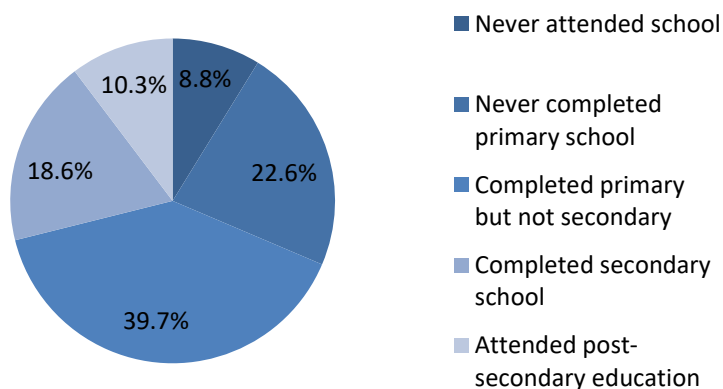
15. Most of the respondents (90.9 percent) reported Agriculture/Crop farming as the main economic activity/source of income for their households. Other main sources of income reported were Petty trade/Small business/Selling in the market (2.8 percent), Salaried/wage employment (3 percent) and animal rearing/sell of livestock and products (2.8 percent). Of the farmers who reported Crop farming as their main source of income, they also reported that coffee contributed an average of 57 percent of their annual income, with a minimum and maximum of 10 percent and 100 percent respectively. Earnings from Coffee are therefore a main source of livelihood for the coffee farming community in Uganda.

1.5 Qualitative Sample

16. A qualitative sample of stakeholders knowledgeable about the coffee sub-sector comprised of 11 focus

Main source of income
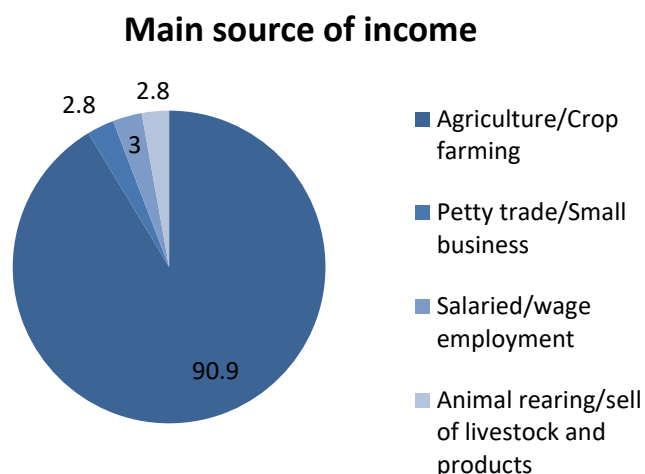
group discussions (FGDs) with Coffee Farmer Associations leadership and management, 6 FGDs with individual coffee farmers, and 14 key informant interviews (KIIs) with stakeholders including TSI staff, coffee trade associations, development partners, and Government officials. Both participants in FGDs and key informant interviews were purposively selected on the basis of their resourcefulness and role in project implementation.

Annex III: Results chain of NTF II Uganda Project (unedited)

Impact	The creation of sustainable exporter competitiveness in coffee sector in Uganda

	Increase of the coffee farmer's participation in the value chain	Increase of the volume and value of exports to the EU market

Outcomes	Trade Support Institutions (TSIs) become more effective in providing sector development support services to SMEs along the sector value chain	SMEs improve their export competitiveness sustainably based on the support provided by TSIs.

Outputs	Enhanced the capacity of umbrella institutions	Enhanced the capacity of NUCAFE and UEPB	Enhanced business capabilities of FAs

Activities	• Design and adopt an evaluation policy, and construct a framework that would ensure the independence, credibility and relevance of the evaluation function in UEPB and UCDA. • Upgrade the knowledge and skills of M&E officers at UCDA and UEPB • Review and update the NES for coffee	• Strengthen institutional capacity and internal systems by conducting an institutional audit and support implementation of institutional reforms, conducting a survey of farmer associations, preparing a business plan for NUCAFE, and undertaking capacity building and training of NUCAFE ▪ • Enhance business management competencies in the field by undertaking a portfolio services	• Improving knowledge and skills in coffee marketing ▪ • Implementation of coffee traceability and certification schemes ▪ • Developing of market linkages for coffee exports ▪ • Improving access to finance for coffee sector value chain actors

17.

Annex IV: Data collection tools and questionnaires, Uganda, Bangladesh

Data collection tools-Uganda

Coffee Farmer and
FA data collection too

Evaluation questions and Data Collection Tools-Bangladesh

Evaluation
questionns and tools

Annex V: ITC's evaluation rating system and evaluation criteria

(Excerpt from ITC Evaluation Guidelines 2016, draft)

1. A 6-point rating system is applied at ITC evaluations covering independent evaluations, self-evaluations and project completion reports (as a form of self-evaluation). In evaluation reports, evaluators provide a justification for each rating. In evaluation reports, a rating will be assigned to each evaluation criterion, and a composite rating for overall performance and results will be provided based on the consideration of the individual ratings. All ratings should be a round number, with no decimal points.

2. The rating for each given criterion is based on the considerations for different elements of the criterion, as elaborated in the evaluation matrix. For example, the rating for Relevance should be based on balanced considerations for its relevance to ITC's strategic objectives, relevance to the needs of clients (e.g. policy makers, TSIs, SMEs, other beneficiaries), coherence and clarity of the design, etc. The effectiveness rating may be based on overall assessments for the achievement of each of the project intermediate outcome and impact. The Efficiency rating may be based on assessments for overall financial performance, output quality, cost-effectiveness, and timeliness of outputs and outcomes.

Table: Ratings for evaluation

6-point rating system	
6 Highly satisfactory	A project with overwhelming positive results, and no flaws.
5 Satisfactory	A project with some strong results, and without material shortcomings.
4 Moderately satisfactory	A project with a clear preponderance of positive results (i.e., it may exhibit some minor shortcomings though these should be clearly outweighed by positive aspects).
3 Moderately unsatisfactory	A project with either minor shortcomings across the board, or an egregious shortcoming in one area that outweighs other generally positive results.
2 Unsatisfactory	A project with largely negative results, clearly outweighing positive results.

1 Highly Unsatisfactory	A project with material negative results and with no material redeeming positive results.

3. It should be noted that the rating for overall performance and results should not be an arithmetic average of the individual ratings. Appropriate weight for different evaluation criteria may be deliberated and applied in line with the focus of the operations and the operational context. An example rating table is provided below.

4. In rating practice, it is necessary to check the consistency among ratings on different criteria.
5. **Evaluation Criteria.** As indicated in the Evaluation Policy 2015, the evaluation criteria applied at ITC are consistent with the OECD-DAC evaluation criteria and the UNEG Norms and Standards.[20] ITC applies the criteria of relevance, effectiveness, efficiency, impact, and sustainability in evaluations. ITC adopted in 2014 two new evaluation criteria: gender equality and women's empowerment, and innovation, replication and scaling up. In addition, when applicable, the considerations on environment, climate change, and human rights may be applied in certain evaluations.

6. The definitions of the evaluation criteria, which are adapted to ITC's operational context, are provided below:

   – *Relevance.* It is to assess the consistency of the objectives of an intervention with ITC's corporate goals and comparative advantages, the client country's development strategy or policy priorities, and the needs of beneficiaries. The adequacy and coherence of the components of the intervention and the related strategy to achieve those objectives should be assessed as well. [21]
   – *Effectiveness.* It is to assess that to what extent the intervention's objectives were achieved, or are expected to be achieved, taking into account their relative importance.
   – *Efficiency.* It is to assess that to what extent the intervention has converted its resources and inputs (funds, expertise, time, etc.) economically into results.[22]
   – *Impact.* It is to measure changes that have occurred or are expected to occur upon the partners and beneficiaries, and to indicate the positive or negative, direct or indirect, intended or unintended medium- to long term results, caused by the interventions. [23] The impact domains aligned to UN 2030 SDGs will be considered in assessing impact.
   – *Sustainability.* It is to assess the likelihood of continued long term benefits of the interventions and the resilience to risk of net benefit flows over time.
   – *Gender equality and women's empowerment.* It is to assess whether gender equality and women's empowerment are sufficiently embedded in the interventions, and the extent to which interventions have contributed to better gender equality and women's empowerment through interventions.
   – *Innovation, replication and scaling up.* It is to assess to what extent the intervention has introduced innovative approaches to achieve ITC's goals or to better adapt to emerging

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[20] OECD-DAC Glossary of Key Terms in Evaluation and Results-Based Management
[21] ECG, Good Practice Standards for the Evaluation of Public Sector Operations, 2012 Revised Edition
[22] The concept of value for money could be largely covered by assessing the efficiency, effectiveness of and impact of the intervention.
[23] IFAD, Evaluation Manual, 2015 edition

contexts, and the innovations have been replicated or scaled up by development partners.

- *Consideration on environment and climate change.* It is to assess, in the trade development context, to what extent the interventions have contributed to protection and rehabilitation of natural resources and the environment and to climate adaptation and resilience.
- *Consideration on human rights.* It is to assess, in the trade development context, whether and to what extent the ITC interventions have contributed to the promotion and protection of human rights, among others including labor rights, through trade development.

Annex VI: List of stakeholders consulted and interviewed Uganda project

Names	Organisation and title	Contact Details
Elly Twineyo Kamugisha	Executive Director Uganda Export Promotions Board	Plot 37 Nakasero Road, 2nd floor UEDCL Towers Email: ceo@ugandaexports.go.ug Tel: +256702999275 (mob)
John Bosco Lwere	Trade Information Executive Uganda Export Promotions Board	jb.lwere@ugandaexports.go.ug
Mr. Luzige Vincent	board member Mabira Coffee Farmers Hub	
Mugenyi Betty	board member Mabira Coffee Farmers Hub	
Nansubuga Stella	Hub Manager, Mabira Coffee Farmers Hub	0784639566, 0703518099 nansubugastellah@gmail.com
Kiiza Isiah	Assistant Hub Manager Mabira Coffee Farmers Hub	
Racheal Nankumba	Knowledge Management Assistant-NUCAFE	+256701074154
Aeden Kaggwa	Production and Marketing Assistant-NUCAFE	+256704100774
David Muwonge	Deputy Executive Director, NUCAFE	David.muwonge@nucafe.org +256758559218
Charles Kironde	Marketing Officer, NUCAFE	
Joseph Nkandu	Executive Director, NUCAFE	
Kizito Mayanja James	Market Intelligence and Information Manager, UCDA	+256701960018
	Operations Manager, Savanah Commodities	
Mr. Benard Sabiiti	Uganda Quality Coffee Traders and Processors Association (UQCTPA)	0701945051 Desmark coffee company, Bweyogere 200m from JOKAS
Ronald Agaba	Uganda Coffee Federation (UCF) Executive Director	Second floor, Coffee House, Plot 35 Jinja Road. P.O. Box 21679 Kampala, Uganda Tel: +256 414 343678/7 E-mail: betty.namwagala@ugandacoffeetrade.com
Turyamuhika Geoffrey Tumwine	Ministry of Finance, Planning and Economic Development	Plot 2-12 Apollo Kagwa Road, P.O. Box 8147, Kampala, UGANDA Tel: 256 (41) 707125, Mob: 0772-472305 E-mail: geoffrey.turyamuhika@finance.go.ug Web site: WWW.finance.go.ug
Amelia Atukunda	M&E Officer-UCDA	Coffee House Tel: +256774949600 Email:atukunda@ugandacoffee.org
	NUCAFE Board member (s)	Coffee House, Jinja Road
Akter Ali	Director, SDSL	
Asafur Rahman	Marketing Manager, ATI Limited	
Atique-E-Rabbani	Vice President, DCCI	
Farhana Rahman	CEO, UY Systems Limited	
Ferdaus Ara Begum	CEO, BUILD Project	
Hashim Ahmed	Secretary, BASIS	

Mahfuzul Quader	National Project Coordinator, ITC	
Rashidul Hasan	Vice President / CEO, BASIS / Systech Digital	
Reffat Zaman	Managing Director, SDSL	
Anders Aeroe	Director, DMD, ITC	
Rob Skidmore	Chief, SC/DMD, ITC	
Matthias Knappe	Programme Manager, ITC	
Shaer Hassan	CEO, Nascenia	
Martin Labbe	Programme Manager, ITC	
Shahadat Hossen	General Manager, BASIS	
Shaikh Reza	Executive Director, ATI Limited	
Obydul Islam	Business Development Manager, Grameen Solutions	

Bangladesh project

Name	Position	Organization
Akter Ali	Director	SDSL
Asafur Rahman	Marketing Manager	ATI Limited
Atique-E-Rabbani	Vice President	DCCI
Farhana Rahman	CEO	UY Systems Limited
Ferdaus Ara Begum	CEO	BUILD Project
Hashim Ahmed	Secretary	BASIS
Mahfuzul Quader	National Project Coordinator	ITC
Martin Labbe	Programme Manager	ITC
Rashidul Hasan	Vice President / CEO	BASIS / Systech Digital
Reffat Zaman	Managing Director	SDSL
Shaer Hassan	CEO	Nascenia
Shahadat Hossen	General Manager	BASIS
Shaikh Reza	Executive Director	ATI Limited
Obydul Islam	Business Development Manager	Grameen Solutions

Annex VII: NTF II Project Logframes, Uganda and Bangladesh

Uganda project

Project Impact: Sustainable exporter competitiveness in the coffee sector in Uganda *created*					
Indicator: Increase of (a) the penetration of, (b) the volume of exports to, (c) the value of exports to, and, (d) the creation of intangible market value in, the EU market.					
OUTCOME*: Effectiveness of umbrella institutions and farmer organizations in the coffee sector in accessing the EU market (Enhanced measured at NTF II programme level)*					
Output 1: Umbrella institutions are enhanced in their capacity to undertake M&E, to lead the mid-term update and review the NES (coffee sector).		**Output 2:** NUCAFE and UEPB are enhanced in their capacity to ensure the competitive development and the export promotion of coffee production		**Output 3**: enhanced business capabilities of FAs to assist producers and exporters to take advantage of opportunities in the European market	
1.1. Umbrella Institutions enhanced in their M&E capacities.	1.2.Updated NES for the coffee sector	2.1. Institutional capacity and internal systems built.	2.2. Service portfolio developed	3.1. Coffee marketing and exports improved and supported	3.2. Access to finance improved for coffee sector value chain
1.1.1.Enhancing umbrella institutions in M&E	1.2.1. Updating NES for coffee sector	2.1.1. Strengthening Institutional strategy and operational capacities	2.2.1. Assessing the existing offer and recommendations for improvement	3.1.1.Improving knowledge and skills in coffee marketing	3.2.1. Enhancing the financial management competencies of NUCAFE counsellors and FAs
		2.1.2. Enhancing business management competencies in the field	2.2.2. Developing an enhanced portfolio of services	3.1.2. Supporting the implementation of traceability and certification schemes	3.2.2. Developing financial management self-checkers for NUCAFE and FAs
				3.1.3. Supporting the development of market linkages and exports	

Bangladesh project	Indicators	Targets	Achieved Results	Data Sources	Data Collection Methods	Freq. & Schedule of collection
Impact: Sustainable exporter competitiveness in the IT & ITES Sector in Bangladesh created						
Outcome: Competence of Bangladeshi partner TSI to develop and implement a modern business model for effectively linking Bangladeshi IT and ITES exporters to EU companies built and sustained						
Output 1: Viable commercial relationships between Bangladeshi suppliers and EU buyers are established.	Number of business contacts generated by the business linkaging consultants for the SME in Bangladesh	30	192	SME	SME reporting (through online survey)	Yearly
	Percentage of beneficiary SMEs participating in a BASIS/DCCI led marketing event abroad	70 percent	75 percent			
Output 2: Capacities of TSIs enhanced to provide a demand-driven and sustainable Business to Business (B2B) linkaging service to SMEs in the IT and ITES sectors	Service available in the TSI portfolio (staffing, financial res, description of the service content) . weight of the service (number of staff)	1 staff member as service focal point in each TSI	1 staff member as service focal point in each TSI	TSIs in Bangladesh	TSI reporting	Yearly
	Number of matchmaking service requests received from SMEs and responded to by the TSI	15	16			

Output 3: Bangladesh is better branded and marketed within specific segments in selected target markets.	Number of mentions of BGD's IT & ITES industry in selected media	10 per country	10 per country	Specialized press identified and scanned	Report by specialized media monitoring agency	Yearly Yearly Yearly
	Number of Analysts mentioning BGD in their rankings	3 3	3	Major analysts identified and reports scanned	Business linkaging experts scan reports	
	Number of marketing actions promoting BGD in the target markets	5	9	IT&ITES marketing activities monitored	Partner TSI reporting	
	Promotion efforts by partner TSI in target markets: number of times Bangladeshi IT & ITES industry is mentioned by partner TSIs in Europe			Partner TSI communication materials	TSI reporting	