



Outcome evaluation of the NTF II Bangladesh Project:

A successful innovation in providing a launch pad for IT/ITES export

1. This Evaluation Communication Note is to convey the key learning messages related to the Bangladesh Project of the Netherlands Trust Fund Programme – Phase II (2009-2013, NTF II). The 2016 NTF II Outcome and Impact Evaluation of II was designed to ascertain the impact and long term results of the NTF II projects in Bangladesh and Uganda and to provide recommendations for future operations. The evaluation was completed by December 2016.
2. The NTF II Bangladesh project aimed to generate large volume export from the fast growing IT and IT enabled-services sector (IT/ITES) to the EU and other markets. With more than 400 outsourcing companies in the sector and a wide pool of trained IT engineers, this sector possessed potential to export to the EU and other markets. The major challenge was that the majority of these companies had no international marketing experience or business connections. Besides, the IT/ITES trade and investment institutions (TISIs) in the country were not prepared to provide business-to-business (B2B) matchmaking services to connect Bangladeshi companies with EU buyers. The project was mainly to address these difficulties faced by existing and potential exporters.
3. **Building business connections for IT/ITES export.** The evaluation found that NTF II had built a good base for the IT/ITES outsourcing companies to do international marketing, which has actually transformed the IT/ITES export landscape in the country within a few years.
4. At beginning of the project, it was a daunting challenge for the small IT/ITES enterprises to seek business connections with foreign clients. Now three years after project completion, multiple beneficiary companies recounted that they were able to secure business orders from EU, Australia, Korea, Saudi Arabia and the United States, based on the marketing techniques learned from NTF II (B2B events and training).
5. The beneficiaries attributed today's marketing capacity to their participation in NTF II. This is a result that was not observed upon the completion of the project. Back in 2013, the perception was that the project-supported B2B events brought in business leads; 24 out of the 40 supported companies reported new business attributed to the B2B events organised under NTF II. However, it was very difficult for the smaller companies to transform the business leads into real business.
6. The evaluation surveyed 10 out of the 40 beneficiary companies. According to the survey, the total revenue of eight participating companies, which have responded to the survey, has increased from USD 4.26 million in 2010 to USD 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, as a direct result of NTF II support, followed by the US, Denmark and the UK. It must be noted that the export value of the IT sector is still low compared to other outsourcing countries in the region, and there is significant space for further growth.
7. The increase in export was upheld by recent positive changes within the country, such as a larger internet user base, better connectivity, and 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 intermediary payment services.

8. **A successful innovation in an emerging export sector.** The evaluation commended the project as an innovative intervention in fostering IT/ITES export, an emerging economic driving force in many developing countries. The Bangladesh project selected the IT/ITES sector, a relatively new sector in ITC's portfolio back then, by considering the importance of improving technology-based and non-agricultural exports and its contribution to sustained growth and poverty reduction. To address the clients' needs in IT/ITES sector export, the project actually expanded ITC's expertise and strength in this sector.
9. In the context of Bangladesh, the B2B service was a new approach to facilitating IT/ITES sector export, and connecting small IT/ITES companies directly to foreign buyers was an effective way to realize their export potential. It is often seen that development agencies intervene primarily at the policy level expecting a trickle-down effect, which may take longer time to benefit small business. Within the limited intervention period, NTF II ensured that the B2B events directly served the beneficiaries and their capacity to export.
10. The project made creative efforts in promoting women's participation in IT/ITES as well. In Bangladesh, cultural boundaries are often mentioned as a substantial challenge for women's participation in the IT industry. Historically, there has been limited participation of women in the IT workforce — only 13 percent of the IT workforce is female and one percent of IT/ITES companies are led by women. NTF II took creative actions to encourage the participation of women. In selecting 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. The evaluation found that the number of female employees in the sampled beneficiary companies increased from 61 to 159, and about 40 new female employees were hired as a result of NTF II.
11. The project gave visibility to successful women in the industry, who could in turn become role models. With NTF II's support, 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 "Girls in ICT" database managed by the International Telecommunications Union in Geneva.
12. In terms of synergy with CBI and other projects, during the NTF II period, the Bangladesh project manager and country coordination played an active role in collaborating with CBI in various co-sponsored activities and sharing information with the Danish International Development Assistance (DANIDA). The complementary services of CBI and NTF II in supporting marketing and coaching are exemplary in these cases.