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IN-DEPTH EVALUATION OF UNCTAD'S ADVISORY SERVICES ON INVESTMENT*

Executive Summary

This report presents the findings of the in-depth evaluation of UNCTAD's investment advisory services, as constituted by seven projects/programmes (investment policy reviews and follow-up; international investment agreements advisory services; investment advisory services under the Quick Response Window; Blue Books; Investment Guides; Good Governance in Investment Promotion; and Investment Gateway). It comes to the conclusion that, in general, UNCTAD's investment advisory services have been relevant and have had an impact, and that the delivery of these services has been efficient and effective. The report also offers a number of strategic recommendations that emanated from the evaluation.

* This report was prepared by an independent evaluation team consisting of Olof Karsegard (Sweden), Claudia Guevara de la Jara (Permanent Mission of Peru), and Gonçalo Teles Gomes (Permanent Mission of Portugal).

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I. INTRODUCTION

1. The Working Party on the Medium-term Plan and the Programme Budget, at its forty-third session, mandated an in-depth evaluation of UNCTAD advisory services on investment, to be discussed at its forty-ninth session. In response to this request, an independent evaluation was conducted from March 2007 to 15 June 2007.

2. Following its terms of reference, this evaluation assesses the relevance, impact, sustainability, effectiveness and efficiency of UNCTAD's advisory services on investment, as well as other issues related to its inter-programme synergies and cooperation with other international organizations. The scope of this evaluation is broad and encompasses both elements of (usually mid-term) evaluations probing the effectiveness of programme delivery and elements of (usually end-term or in-depth) evaluations that assess relevance and impact. Advisory services are defined in accordance with the United Nations Secretary–General's definition (provided in "Delivery of advisory services: Report of the Secretary–General", A/57/363, paragraph 3) as constituting one component of (or one possible means of delivery for) technical assistance geared towards capacity-building (with the others being training and research). The evaluation covers the period of January 1999 to June 2007.

3. The report first presents the evaluation's methodology and the projects that were identified as falling within its remit. This is followed by the findings of the assessments of the selected projects as they emanated from already-existing past evaluations and the assessments undertaken within this evaluation. The report concludes with an overall assessment of UNCTAD's investment advisory services and provides strategic recommendations that emanated from this evaluation.

II. COVERAGE AND METHODOLOGY

4. For the purposes of this evaluation, UNCTAD's advisory services on investment are deemed to consist of those programme elements listed in the Programme Budget under (c) Technical cooperation, (i) Advisory services, of sub-programme 2 (Investment, Enterprise and Technology) that constituted "assistance provided in direct response to policy needs of a beneficiary country" (paragraph C of the terms of reference). Specifically, the following seven work programmes/projects were considered to constitute advisory services and/or to include major advisory services components:

(a) Investment policy reviews (IPRs) and follow-up;
(b) International investment agreements (IIAs) advisory services;
(c) Investment advisory services under the Quick Response Window (QRW) Trust Fund;
(d) Blue books;
(e) Investment Guides;
(f) Good Governance in Investment Promotion (GGIP); and
(g) Investment Gateway.

5. All of these activities are undertaken by the Policy and Capacity-building Branch of UNCTAD's Division on Investment, Technology and Enterprise Development. There are also other investment advisory services–related activities undertaken within subprogramme 2 (e.g. the Investment Advisory Council (IAC) work and the business linkages work

programme) that could have been considered as falling within the purview of this evaluation. These were not assessed due to time and resource limitations.

6. In addition to assessing each programme's relevance, impact, sustainability, effectiveness and efficiency, this evaluation is also tasked with providing overall strategic advice on how these work elements fit together and how their added value for beneficiary countries can be increased through creating synergies and reducing transaction costs. Efforts were also made to assess whether recommendations of past evaluations have been acted upon.

7. For several of the programmes, evaluations were undertaken in the past that could be drawn upon for the purpose of this assessment. These include:

(a) IPRs – evaluations undertaken by the German Development Institute in 2005,[1] and by Karsegard et al. in 1999;
(b) IIAs – in-depth impact evaluation undertaken by Karsegard et al. in July 2005, and the mid-term evaluation undertaken by Karsegard in September 2002;
(c) Investment Guides – evaluation undertaken by Lehmann et al. in January 2001;
(d) GGIP – mid-term evaluation undertaken by Firn in September 2003; and
(e) QRW – evaluations undertaken by Lorenzoni in November 2006,[2] and by Karsegard in June 2001.

8. Only two of these evaluations are in-depth impact evaluations; the Lorenzoni evaluation of the QRW takes a mixed approach and all others are mid-term evaluations. This should be kept in mind when their findings are put into the context of this assessment. For those projects and programmes that heretofore were not subject to an evaluation, new assessments were undertaken. This also applied to programme elements where prior evaluation appeared dated, and where existing evaluations did not go into sufficient detail in terms of assessing specific elements.

9. This evaluation report is based on desk research (reviews of evaluation reports, project files, mission reports, seminar materials, questionnaires, progress reports, etc.) and field research (bilateral interviews with representatives of beneficiary and donor countries in Geneva and in the field, members of the secretariat and other international organizations). Field missions were undertaken to Egypt and Jordan (5–12 May 2007), Ecuador and Peru (21–26 May 2007), and Ethiopia and Uganda (4–9 June 2007). In addition, videoconferences were organized with the World Bank's Foreign Investment Advisory Service (FIAS) on 28 May 2007.

10. The evaluation was undertaken by an independent evaluation team, comprised of three members familiar with UNCTAD's work in this area. These included Olof Karsegard (Sweden) and two experts who brought the perspectives of the donor and beneficiary communities: Gonçalo Teles Gomes, First Secretary, Permanent Mission of Portugal in Geneva; and Claudia Guevara de la Jara, Second Secretary, Permanent Mission of Peru in Geneva.

[1] German Development Institute (2005). *Strengthening the Development Impact of UNCTAD's Investment Policy Review*. Discussion Paper No. 5 (Bonn: GDI).
[2] All of these evaluation reports are on file with the Evaluation and Planning Unit (EPU) of UNCTAD.

III. EVALUATION FINDINGS

A. Investment policy reviews and follow-up

1. Objectives and activities

11. The IPR programme aims at providing an objective evaluation of a country's legal, regulatory and institutional framework for foreign direct investment (FDI). The reviews, which are undertaken on a request basis, include general information on the role of FDI in the country's economy to date; an overview of the entry and establishment, treatment and protection conditions; and information on taxation, the business environment and sectoral regulations. Each review contains an analysis of the country's strategic FDI needs, references to comparative (mostly regionally based) best practices, as well as related action-oriented recommendations (including for follow-on technical assistance). The IPR process includes an intergovernmental peer review (through the UNCTAD Investment Commission at the ministerial (and, in the case of Rwanda and Uganda, prime ministerial) level) and, upon request and with funding available, follow-on technical assistance activities aimed at implementing the IPR's recommendations.

12. Since the inception of this work programme in 1998, 20 countries have been reviewed and two reviews are ongoing (Brazil and Nigeria). For two countries (Egypt and Uganda), reports on the status of implementation of the IPR's recommendations have been issued. Currently (May/June 2007), IPRs are under preparation for the Dominican Republic, Mauritania and Viet Nam.

13. IPR activities were first assessed in 1999, covering the initial years of operation. The evaluation undertaken by the German Development Institute covered the subsequent period until 2005, during which 16 IPRs were undertaken. For the purpose of this evaluation, the 1999 assessment appears outdated and not prone to provide meaningful judgments, as it covered only the first two IPRs. The German assessment only focuses on relevance and future orientation of the IPR work programme. Since both available IPR evaluations could not be drawn upon fully to assist in the current evaluation, additional assessments were undertaken with regard to five IPRs (Ecuador, Egypt, Ethiopia, Peru and Uganda). The combined findings are as follows.

2. Relevance, impact and sustainability

(a) Relevance

14. IPRs are a relevant intervention that have, for the most part, been appreciated and put to good use by the beneficiary countries. In addition to beneficiary countries, IPRs were endorsed by the Organization for Economic Cooperation and Development (OECD) Development Assistance Committee in 2001, and declared a "valuable mechanism" by the G8 Summit in 2007.

(b) Impact

15. In some of the reviewed countries, the IPRs had an important initiation function for other investment-related advisory services, i.e. countries have followed on with the implementation of the recommendations that each review includes. This is also apparent from

the two implementation reports that are now available and the examples of technical assistance follow-on activities that have been implemented by UNCTAD in 15 of the IPR countries (Algeria, Botswana, Ecuador, Egypt, Ethiopia, Ghana, Kenya, Lesotho, Mauritius, Morocco, Peru, Rwanda, Sri Lanka, the United Republic of Tanzania and Uganda). In terms of implementation, the follow-up reports on Egypt and Uganda suggest that both countries have made progress. It is noteworthy that of the 22 recommendations in the 1999 IPR for Egypt, three have surpassed expectations, six have been accomplished (implementation rate 41 per cent), 11 have been partially accomplished (combined rate 91 per cent) and two have seen no change or have experienced a reversal by 2006. For the 2000 IPR for Uganda, of 29 recommendations, two have surpassed expectations, 10 have been accomplished (implementation rate 41 per cent), 12 have been partially accomplished (combined rate 83 per cent) and five have seen no change or have experienced a reversal by 2007. (The Uganda report includes reporting on the Blue Book recommendations.) However, it cannot be stated with certainty that similar implementation rates have also been achieved for the other 18 countries so far reviewed. At the same time, it should be noted that the fact that no other implementation reports were issued is attributable to lack of financing for undertaking such an assessment. It is also noteworthy that, for five of the reviewed countries, Blue Book follow-up implementation strategies (see below) were formulated. Together, this suggests a more mixed implementation success and impact.

(c) Sustainability

16. Judging by the field research results and other evidence of follow-on implementation technical assistance, IPRs tend to have a high degree of sustainability impact. Continued availability of human and financial resources is required to ensure the sustainability of this work

3. Quality of advisory services

(a) Effectiveness

17. UNCTAD’s IPR interventions have been judged by the beneficiary countries as effective and efficient.

(b) Efficiency

18. On the basis of available information, it can be stated that on the whole, UNCTAD’s IPR interventions have been managed efficiently, with appropriate use of local resources and in a timely manner. However, there are instances where unclear management functions in the unit charged with implementing the IPRs and the lack of beneficiary responsiveness have led to implementation delays. In terms of resource management, beneficiaries and donors interviewed indicated a lack of comprehensive and up-to-date financial information on project accounts. The lack of transparent and complete financial information for UNCTAD projects has been noted in several past evaluations.

(c) Other issues

19. The IPR construct is unique and, although other international organizations (notably the World Bank and the OECD) undertake reviews of the investment climate of countries,

none of these offer the standardized scope and implementation dimensions (including the intergovernmental review process) of UNCTAD's IPRs. Production of some IPRs and their follow-up have made use of inputs provided by the IIA work programme. Some IPR-related work has been implemented in cooperation with other international organizations (including UNDP).

4. Assessment

20. In the light of these findings, it can be stated that the IPR work programme constitutes a relevant, valid, effective and efficient intervention that mostly fulfils its objectives. Some IPRs have proven to be an important investment policy tool that is being put to good use by beneficiaries.

5. Conclusions

21. IPRs fulfil an important and valid function in both technical advisory research and assistance delivery terms. In the light of the proven validity of the majority of IPRs for beneficiary countries, they should be a central element of UNCTAD's investment advisory services.

B. International investment agreements advisory services

1. Objectives and activities

22. The IIA work programme aims at enabling beneficiary countries to participate as effectively as possible in international discussions on and negotiations of IIAs, and to harness the development potential of these agreements. This programme emanated from the 1996 Midrand Declaration of UNCTAD IX (paragraph 89b) and the then-acute need to follow the discussions and negotiations of a multilateral investment agreement in the OECD. Even after the discontinuation of this OECD endeavour, the need to familiarize developing countries with issues in IIAs perpetuated, though with changing connotations, due to the Singapore (1997) and Doha Ministerial Declarations (2001) of the World Trade Organization (WTO), and the ever-increasing number and complexity of the international rules system for FDI. As a result, this project has been extended beyond its original timelines (with donor support).

23. IIA advisory services range from regional, national and Geneva–based seminars, to ad hoc technical assistance advisory work (in the form of missions and reports to requesting countries/regional organizations with legal commentary or draft laws or draft treaties/model treaties, as well as regarding the issue of managing investor–State dispute settlement), and negotiations support (in the form of facilitation of negotiation rounds for bilateral investment treaties). Since 2000, a total of 162 countries have benefited from one or more of the technical assistance aspects of this programme.[3]

24. IIA activities were first assessed in 2002 by a mid-term evaluation, covering the first two years of operation.[4] An in-depth impact evaluation of the IIA work programme was undertaken in 2005. Both evaluations were drawn upon to assist in the current evaluation.

[3] For a summary of activities, see Karsegard et al., 2005: 4 and annex.
[4] The first evaluation of UNCTAD's work in this area was in 1999, and was concerned with the predecessor work programme on a "Possible multilateral framework on investment".

Additional assessments were undertaken with regard to six country–based IIA activities (in Ecuador, Egypt, Ethiopia, Jordan, Peru and Uganda). The combined findings of these evaluations are as follows.

2. Relevance, impact and sustainability

(a) Relevance

25. The mid-term evaluation comes to the conclusion that “the work undertaken in this area is unique, timely, necessary and of critical importance to developing countries” (Karsegard, 2001: 16). According to the in-depth impact assessment, “the programme contributed to positive outcomes that would not have been achieved in its absence” (Karsegard et al., 2005: 14). Both findings are strongly supported by the field research.

(b) Impact

26. The mid-term evaluation also “established that member countries of UNCTAD and the WTO, and in particular developing countries, benefit from this work” (Karsegard, 2001: 16). The in-depth impact evaluation comes to similar results. The impact assessment of the direct beneficiaries is mirrored by the assessment of the negotiation counterparts ("[…] almost two-thirds of counterpart negotiators witnessed a positive change in their developing country negotiation partner’s ability to engage in discussions and/or negotiations of IIAs over time, and that for the overwhelming majority of respondents, this change can be attributed, at least in part, to the impact of UNCTAD’s work in this area” and negotiation services providers (Karsegard et al., 2005: 8 and 9)). Again, these findings are strongly supported by our field research, especially with regard to national advisory work aimed at building capacity to negotiate and implement agreements, and to handle investor–State disputes.

(c) Sustainability

27. All IIA advisory interventions have a high degree of sustainability impact. Continued availability of human and financial resources is required to ensure the sustainability of this work.

3. Quality of advisory services

(a) Effectiveness

28. In terms of effectiveness of IIA advisory services, overwhelmingly high efficiency ratings (usually above 80 per cent) in terms of quality of presentations, interactions, materials and usefulness were obtained in the regional, national and Geneva–based seminars and symposia (ibid.). This finding is supported by the evidence gathered in the field missions.

(b) Efficiency

29. The mid-term evaluation notes that “organization and implementation of operational activities have at times been undertaken in a sub-optimal and ad-hoc manner” due to funding problems (Karsegard, 2001: 14). These funding problems appear to have been overcome during the period of the in-depth impact evaluation. The in-depth evaluation includes a

comparison of UNCTAD's services in this area with national public and private like services providers, and other international organizations, and comes to the conclusion that the IIA programme "compares favourably with similar programmes aimed at capacity-building for developing country negotiators and/or decision-makers [and] constitutes, in comparison with other international organizations, a comparatively cost-effective and, in comparison with national public and private sector services providers, a straightforward cheaper way to deliver capacity–building" (Karsegard et al., 2005: 14).

(c) Other issues

30. The IIA programme is unique. No other international organization offers advisory services of a similar scope and scale (ibid.). The IIA programme has contributed to some of the IPRs and their follow-up. Earlier IIA advisory elements were delivered through the QRW. Successful cooperation with other international organizations was noted in the mid-term evaluation (Karsegard 2001: 15) and the field research (in particular with regard to the OAS and CIADI). Several IIA work programme elements (in particular the dimensions related to investor–State dispute settlement issues) also involve private law firms.

4. Assessment

31. This evaluation finds that the IIA advisory work is the most relevant, valid, efficient and effective UNCTAD intervention in the investment area.

5. Recommendations

32. The in-depth evaluation "commended the secretariat on its speedy and accurate implementation of mid-term evaluation recommendations" (Karsegard et al., 2005: 2). It also recommended that the secretariat (a) continue and intensify UNCTAD services in this regard; (b) strengthen dissemination efforts; (c) address the increased sophistication of issues at hand; and (d) include implementation issues in the capacity–building elements of the work (ibid.: 15–16). The secretariat reported on the implementation of these recommendations to the tenth session of the Investment Commission.

6. Conclusions

33. The IIA advisory services fulfil an important and valid function in both technical advisory research and assistance delivery terms. They are part of a unique and stand–alone programme dealing with the international aspects of investment policy that also encompasses research, training and intergovernmental activities. In the light of its proven validity for beneficiary countries, this programme should be a core element of UNCTAD's investment advisory services. In fact, UNCTAD's work in this regard should be further strengthened.

C. Quick Response Window advisory services on investment promotion

1. Objectives and activities

34. The QRW construct aims to shortcut the time duration required to respond to technical assistance requests by recipients that usually involve lengthy project design work, funding elaborations and administrative/organizational preparations before the actual

assistance can be implemented.[5] By exploiting economies of scale and synergies between similar projects, the QRW is meant to enable UNCTAD to respond quickly and flexibly to requests for investment advisory services from both countries and regional organizations. For that purpose, only requests that required immediate and short-term attention, and where the response would be catalytic in nature, were to be considered under the QRW. In addition, limits relating to a specified list of target countries applied. As of late, the QRW delivers three different types of assistance (capacity-building advisory services, training and the Investment Gateway (see below)).

35. The QRW was assessed in 2001, covering its initial years of operation. The second evaluation undertaken by Lorenzoni covers the subsequent period 2002–2005, during which 14 projects were financed from the QRW budget (13 of which were assessed). Additional assessments were undertaken with regard to two country-based QRW activities (Jordan and Peru). The combined findings of these evaluations are as follows.

2. Relevance, impact and sustainability

(a) Relevance

36. “The objectives of all projects were relevant to the scope of QRW, and all preconditions for funding were respected” (Lorenzoni, 2006: 14). However, the catalytic effect “…was achieved only in one case [04], while in two further cases some progresses towards this objective have been made [05+13]… The relevance of QRW to this requirement was therefore extremely low“(ibid.: 15).As a result of the field missions, it can be added that at least on one occasion, a consultant who did not have the necessary background was provided to a beneficiary country.

(b) Impact

37. Out of six concluded projects, three had reached a positive impact (p. 27). The field missions indeed indicate that, at least in one case, the QRW work has had a considerable and sustainable impact.

(c) Sustainability

38. The Lorenzoni assessment and our field research indicate that QRW interventions have a mixed record of sustainability impact. Continued availability of human and financial resources is required to ensure the sustainability of this work.

3. Quality of advisory services

(a) Effectiveness

39. “For seven concluded projects (out of 14), the internal effectiveness ratio, expressed as a relation between the number of outputs delivered on the number of planned outputs, equals 79 per cent” (p. 19). The external effectiveness of the capacity-building component is

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[5] This involves a case–by–case authorization for the use of funds within an annual Swiss contribution to the General Trust Fund on Transnational Corporations through a mechanism that includes the submission of a brief project description by UNCTAD to be authorized by the Swiss Government within 10 calendar days.

uneven and difficult to judge, given the ongoing status of the majority of projects. Out of 12 assessed projects, only two were fully effective, two showed signs of effectiveness, four were too early to assess, and for the rest the effectiveness was either negative or not measurable. The external effectiveness of the training component was judged as generally very high, although this was based on a response rate to the questionnaire (30.5 per cent) that was deemed too low to exclude the possibility that in most cases only those having positive opinions responded to the survey (p. 21). The external effectiveness of the Investment Gateway component was low (of five projects, two were judged a failure, one almost a failure, and two were ongoing at the time of the evaluation (and still are – seven months thereafter)).

(b) Efficiency

40. Project planning was not existent. The overall QRW log-frame was not complemented by a similar exercise conducted at the level of each individual project (p. 17). The majority of projects were affected by substantial delays in starting up and execution, thus affecting the capacity of the programme to respond promptly to requests (ibid.: 14) and totally missing the short-term nature of assistance objective (p. 15). The evaluation also notes “an alarming situation of huge delays in execution, affecting 85 per cent of them” (p. 17).

(c) Other issues

41. QRW advisory services cover a broad range of investment promotion activities that are also provided by other international organizations. However, the QRW construct as such is unique. QRW services have included Investment Gateway activities and (earlier) also IIA elements. QRW projects have been implemented in cooperation with other international organizations.

4. Assessment

42. Although the findings of the Lorenzoni evaluation are moderately positive to neutral, it revealed several shortfalls in project planning, implementation, management (monitoring) and impact. Indeed, the general project assessment (with serious shortfalls in terms of timeliness, catalytic effect and project duration) is rather negative, and the capacity-building projects and the Investment Gateway rate below 50 per cent effectiveness (only the training activities could report positive results, although only on a 30 per cent response rate). Only half of the concluded projects “reached a level of impact that is consistent with the resources available” (p. 37).[6]

5. Recommendations

43. Progress on the implementation of recommendations from the first evaluation is moderately positive, but points to the lack of implementation of those recommendations related to management oversight and proper project planning, which are also at the centre of current shortfalls. Not surprisingly, recommendations from the Lorenzoni evaluation are mostly geared towards paying attention to these issues (pp. 39–40).

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[6] ORW activities were undertaken in Latin America (6), Central and Eastern Europe (4), Asia (3) and Africa (1) (Lorenzoni, 2006: 10, table 2).

6. Conclusions

44. Most of the reviewed advisory activities within the QRW point to the value of this construct for beneficiary countries and the executing agency, if properly implemented and managed. (The same cannot be said about the Investment Gateway element; see below.) Both prior evaluations came to the conclusion that implementing the QRW objective of overcoming red tape should not be confused with lack of management or no management at all. Unless this is properly addressed, the QRW will fail to deliver. Establishing comprehensive managerial oversight, organization and fund management are essential for the QRW's continuation.

D. Blue Books

1. Objectives and activities

45. The Blue Book initiative aims to provide a simple and practical policy tool that identifies concrete and measurable activities (up to 10) to improve the investment climate that a participating Government could reasonably commit itself to implementing in a 12–month period. Since its inception in 2004, seven Blue Books have been produced, five in countries that had heretofore undergone a review in the context of the IPRs (Ghana, Kenya, United Republic of Tanzania, Uganda and Zambia). For Cambodia and Laos, only Blue Books were produced. With the exception of these two countries, hence, the Blue Book initiative constitutes strategic follow-up policy advice to IPRs.

46. The Blue Book initiative has so far not been reviewed, although Uganda has reported on the implementation in the context of the IPR implementation report. Our assessment is hence based on that report, a field mission to Uganda and interviews conducted in Geneva.

2. Relevance, impact and sustainability

(a) Relevance

47. From the field report and other available information, it appears that the Blue Book initiative is a relevant intervention that has mostly been appreciated by the beneficiary countries. However, there is only scarce information concerning the use beneficiary countries have made of this advice.

(b) Impact

48. Uganda, which is the only country for which information is available, reports in its IPR implementation report that of the 10 blue book recommendations, two have been accomplished (implementation rate 20 per cent), three have been partially accomplished (combined rate 50 per cent) and five have seen no change 12 months after the release of the Blue Book. (In the field mission, officials stated that only one Blue Book recommendation has been *fully* implemented so far.) Kenya is said to have implemented seven of the 10 2005 Blue Book recommendations in 2006, and Ghana is said to have implemented two so far (from the 2006 Blue Book) (information received from the secretariat). There is no precise information available about the status of implementation of the Cambodia and Laos Blue

Books, and the Zambia and United Republic of Tanzania Blue Books were only issued recently.

(c) Sustainability

49. Judging by the field research and other evidence available, the Blue Book initiative has a moderate degree of sustainability impact. Continued availability of human and financial resources is required to ensure the sustainability of this work.

3. Quality of advisory services

50. The Blue Book intervention has been judged by the beneficiary countries as effective and efficient.

(a) Efficiency

51. On the basis of available information, it can be stated that Blue Books have been managed efficiently, with appropriate use of local resources and in a timely manner.

(b) Other issues

52. The Blue Book construct is inherently linked to the IPRs. As such, it is a unique construct that is not offered by other international organizations.

4. Assessment

53. In the light of these findings, it cannot be stated with certainty that Blue Books fulfil their overall objectives. However, as a strategic implementation tool of IPR findings, they have proven to be an important investment policy tool in all the countries for which Blue Books as follow-on to IPRs have so far been produced.

5. Conclusions

54. The Blue Book project fulfils an important and valid function as an implementation tool for the IPR recommendations. Whether the non-IPR Blue Books offer similar qualities in the light of the lack of the depth and scope of the underlying analysis is at least questionable, although this could not be assessed. As an IPR follow-on policy advisory tool, Blue Books should be a central element of UNCTAD’s investment advisory services.

E. Investment Guides

1. Objectives and activities

55. The joint UNCTAD–International Chamber of Commerce (ICC) project on Investment Guides and capacity-building for LDCs aims at providing a promotional tool for the respective country that includes reliable and comprehensive information on investment opportunities, operating conditions, private sector perceptions and existing foreign investors, verified by the ICC as the representative of the international investment community, combined with a capacity-building element for the participating country focused on

investment promotion aimed at creating national ownership of the guide and its updating. Up until the end of 2006, 12 guides were produced (Bangladesh, Cambodia, Ethiopia, Kenya, Mali, Mauritania, Mozambique, Nepal, Rwanda, United Republic of Tanzania and Uganda, and the East African Community), and a calendar was issued in 2007. Since the end of 2006, no new activities have been undertaken (although one guide appears to be in the pipeline), due to the departure of the project leader and the reallocation of the project within the Division at the beginning of 2007.

56. The guides project was assessed in 2001, and covered the pilot phase of the project, which included five LDCs. In addition to this assessment, field research undertaken within this evaluation has been drawn upon to provide inputs for our judgement. The combined results can be summarized as follows.

2. Relevance, impact and sustainability

(a) Relevance

57. "The contents and structure of the guide are well designed and made particularly useful by the provision of a comparative context wherever possible and the explicit inclusion of private-sector perceptions of the prevailing environment" (Lehmann et al.: 1). This conclusion is supported by this evaluation's findings. In all, it appears that the Investment Guides constitute a relevant intervention that has been appreciated and put to good use by the beneficiary country.

(b) Impact

58. At least in one case, publication (and press launching) of the guide has led to a considerable increase in investor interest (as measured by inquiries from foreign embassies and private entities).

(c) Sustainability

59. "[T]he panel strongly advocates the continuation of the project and its extension to other countries" (ibid.: 1)."… a publication like an investment guide is likely to become outdated in a few years… [and] apt to be ineffective without an appropriate enabling context; an effective investment promotion strategy on the part of the investment agency, a committed and coordinated effort by the Government to improve investment conditions, an ongoing and productive dialogue between the Government and investors already in the country" (p. 6).

60. Judging by the number of updates produced and other evidence available, the Investment Guides have a moderate degree of sustainability impact. Continued availability of human and financial resources is required to ensure the sustainability of this work.

3. Quality of advisory services

(a) Effectiveness

61. The 2001 evaluation panel "is satisfied that this is a fundamentally well conceived project and that it has thus far been effectively implemented." (p. 1). This conclusion is

supported by this evaluation's findings. In all, beneficiary countries judge the Investment Guides as effective and efficient.

(b) Efficiency

62. On the basis of available field research and other information, it can be stated that the Investment Guides have been managed efficiently, with appropriate use of local resources and in a timely manner. The Lehmann report states "the pilot phase has been completed well within budget" (p. 1).

(c) Other issues

63. Private and public providers offer Investment Guides for many countries. However, for LDCs, only few such guides are available. Here, UNCTAD's Investment Guides fill an important gap that in their absence would not necessarily be filled by others. As a joint private–public sector undertaking they are unique. Five guides were issued for countries for which IPRs were available, and the relevant IPR information was used in these guides. For all other guides, there appears to be no inherent link between the Investment Guides and UNCTAD's other investment advisory services.

4. Assessment

64. The evaluation and field research indicate that the Investment Guides are a relevant, valid, efficient and effective intervention in the investment area.

5. Recommendations

65. The Lehmann evaluation provides several recommendations geared towards increasing the sustainability of the project in terms of increasing country ownership and participation in the project, user–friendliness and validity to the investment community, and its interconnectedness with UNCTAD's other investment advisory services. From the follow-on Investment Guides and our field research, it appears that the former calls have been heeded, whereas the latter recommendations still lack implementation. The transfer of the project into the branch primarily concerned with providing investment advice appears to be a step in the right direction in this regard.

6. Conclusions

66. The Investment Guides, whose implementation involves the private sector (in the form of the ICC), fulfil an important and valid function in terms of technical advisory research and assistance delivery. In the light of the proven validity for the beneficiary countries, they should be a core element of UNCTAD's investment advisory services.

F. The Good Governance in Investment Promotion (GGIP) project

1. Objectives and activities

67. The GGIP project was launched by UNCTAD during the sixth annual session of the Investment Commission in early 2002 for five LDCs, with initial (phase I) activities

undertaken in three LDCs only (Ethiopia, United Republic of Tanzania and Lesotho). The principal aim is “to assist LDCs in identifying governance-related obstacles to foreign investment and in introducing instruments and practices that promote accountability, participation, predictability and transparency in the successive stages of the investment process”. In the period covered by this evaluation, no further countries had been added to the project’s clients.

68. The mid-term evaluation was undertaken over the period from June to September 2003. Together with the findings of our field missions, the following can be said in terms of our evaluation criteria.

2. Relevance, impact and sustainability

(a) Relevance

69. “The mid-term evaluation confirms the relevance of the GGIP to the national economic development needs, opportunities and priorities of LDCs in pursuit of their goal of attracting, retaining and strengthening MNE and other private sector investment” (Firn, 2003: para. 46). This finding has been supported by the field mission results.

(b) Impact

70. Although on the basis of insufficient feedback, the evaluation comes to the conclusion that “there have been clear initial benefits to participating organizations and staff on the first three LDCs” (para. 51). This is strongly supported by the findings of the field missions to Ethiopia and Uganda.

(c) Sustainability

71. “GGIP is a sustainable contribution to capacity-building in LDCs in that other LDCs are seeking to participate; the post mission follow-up actions are beginning to embed themselves in Ethiopia, Tanzania and Lesotho; and that a distinctive corpus of knowledge, skills, activities and procedures are evolving within UNCTAD and the LDCs involved” (para. 52). Judging by the field mission results, the GGIP has a high degree of sustainability impact. Continued availability of human and financial resources is required to ensure the sustainability of this work.

3. Quality of advisory services

(a) Effectiveness

72. “The GGIP has to date been an effective UNCTAD contribution to capacity-building” (para. 48). This finding has been supported by the field mission results.

(b) Efficiency

73. “The initial GGIP activities and expenditures have represented an efficient use of donor funding” (para. 48). This finding has been supported by the field mission results.

(c) Other issues

74. Questions related to good governance rank high among the advisory priorities of many international organizations, in particular the World Bank. With the GGIP, UNCTAD has established a leadership role in the area of good governance in investment promotion. Efforts to integrate the GGIP into UNCTAD's other investment advisory services are underway and should be continued.

4. Assessment

75. The Firn evaluation and the field research indicate that the GGIP is a relevant and valid intervention in the investment area. However, the Firn evaluation's findings concerning effectiveness and efficiency are overrated. At the time of that assessment, only three countries (instead of the five originally planned) had benefited directly from programme activities, and the recorded 50 per cent budget outlay did not correspond to the original project implementation schedule. Furthermore, of the seven outputs identified in the original project document, by the time of the mid-term evaluation, only two (selection of project countries and preparation of advisory reports) were fully achieved. One output was partly achieved, and the rest were not completed. This results in an output achievement ratio of only 33 per cent. In addition, the positive assessment of impact based on only two respondents (from Ethiopia) (para. 50) is questionable. Moreover, sustainability appears overrated, since (as the evaluation itself points out), this is dependent on "action commitment required from the participating LDCs and IPAs to actively pursue over the long-term the agreed GGIP actions set out in the Advisory Reports", i.e. a "formal written commitment from the LDC Government involved; their identifying a senior minister to drive delivery; an active involvement in programme evaluation for UNCTAD; and dedicated funding resources" (para. 53). At the time of this evaluation, only one written communication had been received (from Lesotho), which included only a reference to the implementation of the client charter (which is in the most a commitment to improve services of the agency). This does not constitute a written commitment to the GGIP.

5. Recommendations

76. The mid-term evaluation provided strategic and operational recommendations. Most importantly, it recommends "making it [GGIP] an integral part of the basic IPR programme and process" (para. 62). Although a number of IPR follow-on activities now appear to include elements related to the GGIP, a real integration has so far not been achieved. Neither does it appear that the other recommendations (e.g. to redesign project accounting (logical] framework and to design a single GGIP programme manual) were followed up on.

6. Conclusion

77. In the light of these findings, it appears that the GGIP has so far not been able to live up fully to the expectations raised in the original project document. Although the GGIP is a valid conceptual addition to UNCTAD's investment advisory services, it needs to be emphasized that this can only be realized through a proper implementation that follows the original project design. On that basis, the integration of GGIP into a more stringent investment advisory services delivery could substantially increase the beneficiary value of UNCTAD's services in this regard.

G. Investment Gateway

1. Objectives and activities

78. The Investment Gateway is an online information system aimed at providing "a platform for sector-specific networking, linking international investors, potential investment opportunities in selected countries, industry experts and regulators"; ensuring "a transparent playing field for all users involved in a particular sector by supplying up-to-date practical information regarding the specific investment–related procedures and the domestic business climate"; and coordinating "the efforts and involvement of all national entities engaged in investment promotion" (quoting from the website). In essence, it provides an Internet portal for the investment promotion authorities to offer interactive and comprehensive investment information, including as regards the overall FDI framework, specific foreign investment issues (such as expatriate legislation), investment opportunities and administrative procedures (including online forms), as well as networking facilities for investors. To ensure that a country's content is constantly kept up to date, the programme also contains a capacity-building element that provides for online editing of proprietary information.

79. Since its inception in 2002, the Investment Gateway has been initiated in eight countries, one region and one municipality (Bolivia, Bulgaria, Colombia, Ecuador, El Salvador, Ethiopia, Guatemala and Peru, as well as for the Andean Community and the City of Moscow). The QRW evaluation (Lorenzoni, 2006) assessed five Gateway projects (Andean Community, Bulgaria, El Salvador, Guatemala, Peru) that were financed through this construct. At the time of that evaluation, two projects were already discontinued (Andean Community and Peru), one (Bulgaria) was about to be discontinued (and has in the meantime been closed) and two (El Salvador and Guatemala) were ongoing (and still are, seven months after the release of the Lorenzoni report). For the five other beneficiaries, it is known that Ecuador has unsuccessfully tried to make use of the facility (although a lot of work was done, consultants hired and paid, and information collected); Bolivia is non-operational; Ethiopia and Colombia have only recently been started; and the City of Moscow Gateway is the only functioning one. The "latest news" item on the Investment Gateway Internet portal (at http://www.investway.org/en/latest.events.asp), accessed on 15 May 2007, dated from 1 June 2003, and of the three national Gateways posted on that website (for Bolivia, Ecuador and Columbia) only the Columbian one could be accessed, which was still in a build-up phase as most of its sub-sites were empty shells. However, since this first assessment (of the Internet site of the project) was brought to the attention of the project manager (in an interview on 23 May 2007), the Internet portal of the Gateway project has been moved to a new site (http://www.investway.info/) that appears to be more advanced and shows links to the Gateways for Bulgaria, Colombia, Ethiopia, Guatemala and the City of Moscow. The information provided through these portals is again rudimentary and for the most part incomplete, with most sub-sites still being empty shells. Currently, there are Gateway initiatives underway for Mali, Nicaragua and Viet Nam. By 12 June 2007, the Gateway portals of these countries, though under construction, had been added to the new Gateway site, in addition to Bolivia and a new Gateway site to Honduras (which heretofore had not been brought to our attention).

2. Assessment

80. The Gateway project has so far seen a failure rate of at least 56 per cent, with only one of its projects fully up and running (albeit only recently, making the assessment of impact impossible). In the light of the unavailability of a body of successful implementations, no detailed assessments with regard to relevance, impact, sustainability, effectiveness and efficiency can be made, except to say that the discrepancy between project objectives (and expenditures) and delivery to date appear to render this project a failure. The field mission to Latin America supports this finding. The fact that in the relatively short period since our first assessment, efforts have been made to get the heretofore non-functioning Gateway sites up and running (apparently outside established UNCTAD rules and regulations for webpage management) cannot change this basic assessment, although it is telling in terms of the project management culture at work.

81. A prime problem with the Investment Gateway project is its implementation. Only one of the Gateway projects so far in place has produced results that would justify the considerable expenditures involved (initially \$40,000 and now up to \$120,000 per initiative, according to the project officer). However, it should be recognized that the idea behind the Gateway product is valid and appreciated by beneficiary countries. After all, similar products have been developed for many (developed country) investment promotion agencies. The question then arises why UNCTAD's Gateway projects have so far failed to deliver. One element in this regard is that, although the Gateway product is inherently linked to UNCTAD's other investment advisory (and information) tools, it is implemented in a stand–alone fashion that lacks proper management and continuous and interactive cross–fertilization with the other investment advisory products.

3. Conclusions

82. Among UNCTAD's investment advisory services, the Investment Gateway project has been the least successful and least efficient project. Although its rationale is good, the current implementation shortfalls require that project management and implementation procedures be revisited and redesigned. An expansion of the Gateway should await successful implementation in current project countries. The field mission found that some information collected under this project had not been provided to the beneficiary country in question and UNCTAD should transfer all such information to the respective countries. In view of the lack of results of this project during the period 2002–2006, UNCTAD is advised to further review its operations in this regard.

IV. OVERALL ASSESSMENT

83. Although with considerable variations between programmes (with IIA advisory services, Investment Guides and IPRs (including follow-up and Blue Books) constituting the best practice, GGIP and QRW in the middle of the range, and the Investment Gateway project figuring at the other side of the scale), it can be stated that, over the observation period, in general UNCTAD's advisory services on investment have been relevant and have had an impact, and that the delivery of these services has been efficient and effective. With one exception, it can thus be stated as an overriding general finding of this evaluation that <u>the work undertaken in this area is successful in terms of achieving the objectives set out.</u>

84. UNCTAD's most relevant, valid, efficient and effective intervention in the investment area is its IIA (advisory) work. Investment guides and IPRs (including Blue Books and follow-up technical assistance) also constitute relevant, valid, effective and efficient interventions that mostly fulfil their objectives.

85. The one programme for which our assessment does not apply is the Investment Gateway project. The management and implementation procedures of this project should be revisited as a matter of urgency, so as to ensure that it fulfils its original objectives, namely to provide an independently verified Internet–based electronic gateway to the investment climate in a beneficiary country. No expansion of the Gateway to other countries should be entertained until the current Gateway projects are successfully implemented and completed. The recent management changes in the Division on Investment, Technology and Enterprise Development should provide ample opportunity to embark on this corrective approach.

86. There are two programmes for which our assessment does not fully apply. These are the QRW (which produced mixed results) and the GGIP project (although it has generated impact and relevance). These programmes could become important additions to UNCTAD's investment advisory services and have a potential to substantially increase the overall beneficiary value of these services, if they are properly implemented and integrated into the overall gamut of UNCTAD's services.

87. As a matter of fact, an overall institutional weakness that we came across in our evaluation relates to the current lack of a truly integrated delivery of the reviewed programmes and projects. An integrated approach to programme delivery based on inter-programme linkages and inter-programme synergies could, however, tremendously increase the overall relevance, impact and quality of delivery of UNCTAD's work in this area, resulting in a comprehensive, holistic and all-encompassing coverage of investment advisory services. Based on two clusters devoted to national and international aspects, such an integrative approach could offer a unique and well-packaged brand programme of advisory services that covers the whole range of investment advisory issues and encompasses diagnosis (*national* issues through IPRs and *international* issues through IIAs), implementation (*international* issues through IIAs, and *national* issues through IPR follow-up, Blue Books, and investment promotion capacity-building work (including GGIP)) and the provision of promotional tools (Investment Guides), with an overall emphasis on identifying and emulating best practices. The QRW construct should become a delivery mechanism covering all activities.

88. The main conclusion of this evaluation is hence that creating an integrated approach towards the work programme elements assessed in this evaluation (and possibly also other programmes such as the IAC and the business linkages work programme) is an important strategic issue for UNCTAD's investment advisory services that needs to be addressed. Our recommendations are based on this conclusion.

V. RECOMMENDATIONS

89. In accordance with its terms of reference, this evaluation is intended to result in strategic recommendations aimed at increasing the impact and relevance of UNCTAD's investment advisory work. Based on our findings, we offer the following recommendations that, in our view, would enable UNCTAD's investment advisory service to increase its

relevance, generate more impact, reduce transaction costs and create synergies. They would also facilitate management and monitoring functions.

(a) UNCTAD should engage in a comprehensive review of its investment advisory services aimed at realizing synergies through an integrated approach to the work programme elements reviewed (as well as other investment advisory elements such as the IAC) by restructuring the service that currently fulfils these functions, and by re-branding and re-designing its services with a view towards achieving a *single*, comprehensive, holistic, coherent and all-encompassing coverage of investment advisory services that emphasizes the identification and emulation of best practices. Assistance in the implementation of IPR recommendations should be the norm and not the exception.

(b) UNCTAD's investment advisory services should be supported through multi-donor and multi-year trust funds with an increased donor base, including the QRW construct (which should be supported by other donors and broadened to cover *all* investment advisory services reviewed). UNCTAD should also be able to draw on United Nations Development Programme (UNDP) resources, and efforts should be undertaken to bring the whole range of UNCTAD's investment services to the attention of the UNDP coordinating offices worldwide (especially in the one-United Nations pilot countries). Indeed, UNCTAD should further improve the dissemination and marketing methods for its investment advisory publications, projects and project–related operational activities. In the search for funding, beneficiary countries should be more active and UNCTAD should work in close cooperation with them.

(c) UNCTAD should further develop and strengthen its cooperation and coordination with other agencies providing technical assistance services in the investment area, such as UNDP, the United Nations Industrial Development Organization (UNIDO), WTO, the World Bank, FIAS, the Organization of American States (OAS) and OECD. Where appropriate, this should extend to the private sector.

(d) UNCTAD's investment advisory services should, although driven by beneficiary needs and demands (of both countries and regional integration organizations), strive to achieve a geographical balance in its work. Special attention should be given to LDCs.

(e) Centralized and stringent management oversight and project implementation structures should be ensured, as should quality control throughout all of the programme deliverables. Centralizing project coordination functions at the branch level should also help to achieve efficiency gains and reduce transaction costs. UNCTAD should keep beneficiaries and donors regularly informed on implementation and budgetary matters.

(f) Consideration should be given to developing an electronic gateway that provides an independently certified (if possible by a business association such as the ICC), Internet–based public domain for presenting a country's investment climate and its investment opportunities *and* that is based on, and makes use of, the relevant UNCTAD materials (such as IPRs, guides, Blue Books, IPA client charters, etc.).

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90. In the course of our evaluation, a number of specific operational observations were raised and recommendations suggested in the interviews conducted, related to problems that some projects encountered during the implementation, that are worth noting and that the evaluation team shares and endorses:

(a) The Geneva permanent missions should be the primary contact channels through which interactions with member countries are pursued. Geneva missions should be constantly and comprehensively kept informed about UNCTAD's interactions with capitals.

(b) UNCTAD should share with countries the results of its own evaluation of projects.

(c) UNCTAD should support country–level efforts to diversify the direct beneficiary base for its advisory services.

(d) UNCTAD should make an effort to keep in touch with direct country beneficiaries after project completion, so as to ensure long-term sustainability of its advice.

(e) UNCTAD's advisory services should also emphasize their "training-of-trainers" dimension, so as to further strengthen this component with a view towards ensuring that officials will be better able to share with others what they have learned and pass the acquired knowledge forward.

(f) UNCTAD's investment advisory services should make even more use of national consultants in its projects, when possible.

91. An annex to this report containing supporting documents will be issued as a separate document.

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