

External evaluation of UNCTAD's Project on Capacity Building for Debt Sustainability in developing countries*

UNEDITED ADVANCED COPY

February 17th 2009

**Richard Longhurst
Research Associate, Institute of Development Studies
University of Sussex**

* This report was commissioned by UNCTAD. The opinions expressed in this report are those of the author and do not represent the views of the UNCTAD secretariat or of the organizations or institutions with which the author may be connected, or organizations or institutions that commissioned this evaluation.

Table of Contents

Executive Summary	4
Acronyms.....	6
Chapter 1: The Evaluation Study and its Context.....	7
1. Purpose and Scope of the Evaluation.....	7
2. Context of the Project within UNCTAD	7
Programming and Financing.....	7
Capacity Building (or Capacity Development) in UNCTAD	9
3. Evaluations in UNCTAD on Capacity Building.....	10
4. Methodology of the Evaluation, Information Sources and Methodological Issues	11
Study of relevant materials	11
Collection and analysis of evidence.....	12
Interviews with representatives of member States at Geneva.....	12
Questionnaires.	12
Interviews with direct beneficiaries and other relevant stakeholders	13
Interviews with relevant UNCTAD staff.....	13
Methodological Issues in Evaluating Capacity Building.....	13
5. Organisation of the Report and Acknowledgements	14
Chapter 2: The Capacity Building for Debt Sustainability Project	15
1. Introduction.....	15
2. Objective of the project.....	17
3. Implementation of the Project Components	18
Expert group	18
First round of regional workshops.....	18
Study tours	19
Second round of workshops.....	19
Research and learning materials	20
The budget for the project	20
Chapter 3: Findings of the Evaluation	21
1. General Findings on the Implementation of the Project	21
2. Findings categorised by expected accomplishment.....	23
3. The Project Components and Capacity Building	24
4. Evaluation Criteria:	26
Relevance	26
Effectiveness.....	27
Efficiency.....	28
Impact.....	29
Sustainability	30
Gender and Poverty.....	30

Chapter 4: Recommendations.....	32
1. Recommendations for the Debt and Development Branch, UNCTAD.....	32
2. Recommendations for UNCTAD.....	33
3. Recommendations for the management of the Development Account.....	33
Annex 1: Terms of Reference	34
Annex 2: Time Line of the Debt Sustainability Project	37
Annex 3: Assessment Criteria, Methods and Evaluation Performance (Questions and Instruments Table).	38
Annex 4: Questionnaires for Workshop participants and their Supervisors.....	43
Annex 5: List of Persons Consulted	45
Annex 6: Issues in Capacity Building.....	46
Annex 7 Key Documents Consulted	54

EXECUTIVE SUMMARY

The purpose of this evaluation is to examine the work of UNCTAD's project on capacity-building for debt sustainability in terms of its performance in the context of the project's objectives. The project had five expected accomplishments, three of which concerned improving capacity of policy makers in different technical areas, a fourth was related to improving capacity of individual countries and the fifth to enhancing economic cooperation among countries. The project's activities included learning materials, three two-day workshops, and four study tours with follow up workshops. An expert group started the project activities with high quality technical material.

This evaluation assessed the performance of the project using the DAC evaluation criteria of relevance, impact, sustainability, effectiveness and efficiency and other issues of gender and poverty reduction.

The evaluation used the UNCTAD policy paper on capacity building as a conceptual underpinning and drew on several information sources: study of relevant documentation including the project's own internal evaluation, interviews with representatives of member States, questionnaires and telephone interviews with a range of project beneficiaries and other stakeholders.

The evaluation concluded that the project met its objectives and added to the skills of debt management offices in debt sustainability analysis. This external evaluation largely confirms the positive outcomes of the project generated by the internal evaluation. Although some people mentioned that the project could have been fine-tuned to better support their specific circumstances, there has been no significant negative feedback from the beneficiaries. However, it has not been possible to detect more significant institutional change with the evaluation methodology and used and resources employed.

In terms of the evaluation criteria, the project was relevant in that several other international initiatives to reduce the debt burden of countries had achieved mixed results, and the project proposed a broader approach and one that was more long term, more rooted in development policy and better integrated trade and the capacity to export.

The project was effective in terms of reaching its objectives, and in terms of efficiency provided value for money compared to other actors in the field.

However it was too early to make firm statements about impact and within the context of the usual problems of capacity building in terms of mobility of staff. Sustainability may also have been a problem again in view of the usually problems of staff turnover.

For the criteria of gender and poverty it was argued that the developmental approaches to debt used by the project are likely to have had greater impact than other approaches.

Finally recommendations are proposed for the Branch implementing the project in terms of its continued sustainability, and where the work might be continued in cooperation internally and with external agencies. Some recommendations are also suggested for UNCTAD concerning future approaches to technical cooperation and capacity building.

ACRONYMS

BWIs	Bretton Woods Institutions
CB	Capacity Building
CEMLA	Centre for Latin American Monetary Studies
DFAU	Debt Finance Analysis Unit
DMFAS	Debt Management and Financial Analysis System
DMO	Debt Management Office
DSA	Debt Sustainability Analysis
DSM+	Debt Sustainability Module (World Bank)
EPU	Evaluation and planning Unit (UNCTAD)
HIPC	Highly Indebted Poor Countries
IMF	International Monetary Fund
MEFMI	Macro Economic and Financial Management Institute of Eastern and Southern Africa
MDGs	Millennium Development Goals
OECD-DAC	Development Assistance Committee of OECD
TC	Technical Cooperation
WAIFEM	West African Institute for Financial and Economic Management

CHAPTER 1: THE EVALUATION STUDY AND ITS CONTEXT

1. PURPOSE AND SCOPE OF THE EVALUATION

The purpose of this evaluation is to examine the work of UNCTAD's project on capacity-building for debt sustainability in developing countries in terms of its performance in the context of the project's objectives. The objective of the project was to identify appropriate policy measures at the national and international level, and to strengthen the policy-making and managerial capacity in developing countries to help them attain and preserve a level and structure of debt that is sustainable in the long term as well as compatible with the resource needs to attain the Millennium Development Goals (MDGs) for human development and poverty reduction. The project had five expected accomplishments, three of which concerned improving capacity of policy makers, a fourth was related to improving capacity of individual countries and the fifth to enhancing economic cooperation among countries.

The activities of the project included the preparation of a research compendium, three regional workshops of two days each, preparation of training materials, the organisation of study tour for a subset of the countries involved which were rounded off with another series of short workshops.

This evaluation will assess the performance of the project using the DAC evaluation criteria of relevance, impact, sustainability, effectiveness and efficiency and other issues such as gender and poverty reduction. The evaluation was commissioned by UNCTAD's Evaluation and Planning Unit (EPU) through the procedures of the Development Account which funded the direct costs of the project.

2. CONTEXT OF THE PROJECT WITHIN UNCTAD

Programming and Financing

In terms of programming, the project is part of UNCTAD's Technical Cooperation (TC) activities. TC is described as one of its three pillars (alongside research and analysis and consensus building)¹ and started in the 1980s to support the inter-governmental forum or 'Conference' activities of UNCTAD, with the objective of helping developing countries and countries with economies in transition to better integrate into the globalising economy, take opportunities and overcome obstacles. UNCTAD's development work covers the linkages between trade, investment, finance, technology and sustainable development. In 2007, TC activities spent a total of \$31.5 million with the sources being Trust Funds \$27.8 (88.1 %), UNDP \$1.2m (3.9%) and UN programme budget, including

¹ UNCTAD Annual Report 2007: Thinking development, advancing solutions.

the Development Account, \$2.5m (8.0%)². Nearly all of TC funds are dedicated to capacity building. Two projects alone take up half of UNCTAD's TC funds, the second of which is the Debt Management and Financial Analysis System (DMFAS) which absorbs 14.7 % (\$4.6m in 2007). DMFAS provides significant support in capacity building in the areas of debt management and financial analysis through IT structures and support, and is active in 62 countries. This is significant for the debt sustainability project as the coverage of the DMFAS programme provided a foundation.

The Project fell within the scope and priorities of the medium term plan for the period 2002-05, under Programme 9 (Trade and Development), Sub programme 9.1, Globalisation, Interdependence and Development, in which Para 9.9 specifies that *'Issues to be taken up will include the debt problems of developing countries'*, and the sub programme: *'will bring a development perspective to financial and monetary issues by focusing on finance for development and by contributing to the debate on issues relating to the need for the reform of the international financial institutions, including the enhancement of early warning response capabilities for dealing with the emergence and spread of financial crises'*.

In terms of the follow-up to, and impact of the debt sustainability project, the Programme budget for 2008-09³, shows that the expected accomplishment is: *'progress towards debt sustainability in developing countries through better debt and financial management and, as appropriate, debt rescheduling or debt relief'*, with one indicator of achievement related to the expansion of DMFAS and the other being *'increased number of countries having improved external debt positions'*.

There are two points to note from this summary of the programming structure in which the project is embedded: these are, first, the emphasis on UNCTAD's work in the debt area as bringing a development perspective and second, the importance of better debt and financial management, and links to the DMFAS programme.

As regards financing, the project was funded from the UN Development Account, under its 4th tranche (of 2004-05), the theme of which was *'Capacity Building for Millennium Development Goals through partnership, knowledge management and taking advantage of ICT'*. The Development Account, within the control of the UN itself, provides opportunities for projects that might not be supported by a donor. There are guidelines as to how the project proposal should be laid out and implemented, including inter alia *'objectives, expected accomplishments, indicators of achievement and main activities'*, with clear guidance on what activities can be funded, such as consultants, expert groups, travel of staff, study tours, workshops. However, although these direct costs were funded through the Development Account, the salaries and related benefits

² UNCTAD, Review of Technical Cooperation Activities of UNCTAD, Report by the Secretary General, Trade and Development Board, September 2008, TD/B/WP/202.

³ UN General Assembly, Proposed Programme Budget for the Biennium 2008-09, Part IV International Cooperation for Development, Section12: Trade and Development, April 2007.

pertaining to the implementation of the project were still funded through UNCTAD regular budget, although it is not possible to make an estimate of the amount of these funds in comparison to the Development Account funding.

Criteria for evaluation are embodied in that indicators are proposed with the means by which they will be measured, other monitoring and evaluation measures planned, and the proposed methodology for evaluation. However, statements as to the expected impact of the project on poverty and gender are not requested. Guidelines recommend that 2% of project funds are put aside for evaluation, which are commissioned by the implementing agency and are then transmitted to the Under Secretary for Economic and Social Affairs who acts as the Programme Manager for the Account.

Capacity Building (or Capacity Development) in UNCTAD

Capacity building⁴ activities are undertaken in the areas of UNCTAD's mandate. Issues are growing with the proliferation of trade and investment arrangements and their implications for national economies. As noted in the conceptual and policy paper on capacity building (2003)⁵, building capacity in trade and development issues is important for shaping mindsets, approaches and decisions. The policy paper provides a conceptual underpinning for this evaluation. Capacity building is defined as '*an endogenous course of action that builds on existing capacities and assets*' and '*the ability of people, institutions and societies to perform functions, solve problems and set and achieve objectives*'⁶.

Capacity building by UNCTAD focuses on human resource development, and with three cross-linked layers of capacity: individual, institutional and societal (see Annex 6). The instruments UNCTAD uses to develop capacity at each layer are as follows:

- Individual layer: human resources development, training, training of trainers, including distance learning, and the comparison of different country experiences.
- Institutional layer: support to organisational and planning entities (public and private) in charge of policies, and legislation; inter-ministerial coordination; research and training capacity on development issues. Training of individuals is needed for change at the institutional level, but institutional effectiveness depends on developing the networks of private and public institutions that shape⁷.

⁴ The term is used interchangeably with the term 'capacity development'.

⁵ UNCTAD, Trade and Development Board, Capacity Development: Note by the UNCTAD Secretariat, Working Party on the Medium Term Plan, August 2003, TD/B/50/9 and TD/B/WP/168

⁶ S Fukada-Parr, C Lopes, K Malik (eds), Capacity for Development, UNDP, New York, 2003

⁷ A related modality is the establishment of 'centres of excellence' for training, using institutions that are already well established, and UNCTAD tries to strengthen existing networks as long as they are well targeted. In addition, solutions may cover ICT and application of knowledge of specific legal rules.

- Societal layer: dissemination, awareness, advocacy and social mobilisation of trade and development issues; consensus building and participation; enterprise development; and access to knowledge and information. UNCTAD initiatives try to be demand driven, embed ownership and be country-based, and tailored-made to national circumstances; the agency is moving towards country-based integrated approaches within the context of UN reform at the country level.

Therefore the expected accomplishments of the debt sustainability project were trying to target all three levels, although with a greater focus at the individual level.

3. EVALUATIONS IN UNCTAD ON CAPACITY BUILDING

The value of reviewing previous evaluations is to provide an informal baseline as to how capacity building work has been assessed so far and the results there-from. There have been six recent evaluations that have looked at capacity building projects⁸. More details on these are provided in Annex 6. Like this evaluation, they have used the OECD- DAC criteria of relevance, effectiveness, efficiency, impact and sustainability. Most evaluations have commended UNCTAD on its work while recognising the long term nature of the process. Four key points for this evaluation are highlighted here:

- The problem of capacity gaps often limits relevance and effectiveness: other key factors for success include the ability to provide an integrated and flexible solution to a country's needs, carrying out a proper needs assessment, national ownership, institution building, taking a long term perspective, adequate resources and donor coordination
- Evaluators found some difficulty in assessing efficiency as costs are rarely identified in programme design and the data required (costs, prices, revenue, valuation of benefits) to assess this criterion are always difficult to generate. Programmes are often carried out within a framework of internationally accepted and regulated UN prices and expenditure with little deviation allowable⁹.

⁸ Denis, J-E, Saha, H and D Griffiths, Evaluation of Capacity Building in UNCTAD's Technical Cooperation Activities, July 2002, TD/B/WP/155.

Kersegard O, P Bravo, and H Blom, Final In-Depth Evaluation: UNCTAD work Programme in Capacity Building in Developing Countries on Issues in International Investment Agreements, July 2005, UNCTAD/DOM/EPU/2007/5.

Presser M, S Lazzarotto and R Sheikh, Evaluation of Technical cooperation Activities: In-depth evaluation of training courses on Key Issues on the International Economic Agenda, August 2005, TD/B/WP/182.

Manickam S, F Arthur and N Hamim, Evaluation of UNCTAD's Trade Related Technical Assistance and Capacity Building on Accession to the WTO, July 2006, TD/B/WP/190.

A Sta. Catalina, J de Mol, and P Omtvedt, Evaluation of the Trainmar Programme, Trade and Development Board, July 2001, TD/B/WP/144.

K. Harrberg, P Krappie and R Fairweather, Evaluation of UNCTAD's Trade, Environment and Development Programme, August 2003, TD/B/WP/165.

⁹ Especially true for the Development Account

- Impact has also been difficult to assess within existing evaluation resources because of the requirement to review the longer term effects of the programme on beneficiaries and related multiplier aspects.
- Sustainability of programmes is often uneven, mostly due to turnover of experience in member countries, and points to assessing capacity gaps. Ensuring that knowledge flowing from the project is institutionalised is a major means of ensuring sustainability.

4. METHODOLOGY OF THE EVALUATION, INFORMATION SOURCES AND METHODOLOGICAL ISSUES

The scope of the evaluation covers the activities of the project during the period 2004-2007. The evaluation takes into account the results of monitoring exercises conducted during various phases of the project, as well as additional assessments undertaken by the evaluator. The Terms of Reference propose the following methodology:

Study of relevant materials

The documentation for the evaluation breaks down into three groups. The first relates to the project itself and includes:

- the project design proposal and logical framework made for the Development Account, the contact points of workshop participants and the responses to the questionnaire applied immediately after the conclusion of the workshops and other monitoring documents
- contact points of study tour participants, summaries of the workshop participants' reactions, and their back-to-office reports
- a draft of the research outputs of the project which are the debt sustainability research compendium (Compendium on Debt Sustainability and Development) and the e-learning disc, entitled Debt Sustainability Analysis.

The second batch of documentation covers broader issues in UNCTAD that provide the context for the implementation and performance of the project:

- Programming approaches and technical cooperation in UNCTAD
- Previous evaluation reports of UNCTAD's technical cooperation and capacity building
- Criteria relating to the functioning of the UN's Development Account which funded the programme.
- UNCTAD policy and conceptual approaches to capacity building

The third group of documents covers recent work on evaluating capacity building, both relevant evaluation reports and papers on new approaches to evaluating capacity building. This was reviewed to ensure that the evaluation rationale would be current.

Collection and analysis of evidence.

A good amount of existing internal project evaluation material was available in terms of responses to questionnaires administered at the end of each workshop, which had been analysed and back-to-office reports submitted by study tour participants. These were collected, reviewed and re-analysed to a degree.

Interviews with representatives of member States at Geneva.

There is a problem in interviewing representatives of member States in Geneva because in most missions staff have such broad portfolios that for some of UNCTAD's more specialised activities, it cannot be expected they will have detailed knowledge about any one project in UNCTAD. However, a few members of missions, present and past, were engaged on the topic and their feedback was positive and useful.

Questionnaires.

Electronic questionnaires were sent out in September-October 2008 to all workshop and study tour participants as well as to supervisors of workshop participants. In all 47 questionnaires (in English, French and Spanish) were sent to workshop participants (out of 54 for whom contact details were available) including country representatives, consultants and other attendees, and 20 to participants' supervisors. There were 20 bounce-backs in total. The initial response rate to the email questions was low (9¹⁰ in total or about 19% of the 47 emails that got through) and so some follow-up emails were sent thereafter. The responses were low for several reasons: because of staff turnover into other posts, perhaps a feeling that they had already responded through workshop questionnaires and also the time lag between the event and the evaluation (2-3 years). Invitations to comment were also sent to selected members of the group who attended the Expert Meeting in Geneva 26-28 October 2005. These were contacted with an explanatory letter and then a telephone interview later with some.

¹⁰ The four representatives of MEFMI decided to send a consolidated response.

Interviews with direct beneficiaries and other relevant stakeholders

As the response to the email questionnaire to workshop participants was low, follow up telephone phone calls were made with as many project beneficiaries as possible. As a result of this and the previous efforts, representatives from some 13 countries gave some current feedback on the workshop and study tours. Out of the 33 countries participating and which were contactable, this a 40% response rate. This process was also a 'challenge' reflecting again the rotation of staff within the various institutions and perhaps also the poor state of landline telephone connections in some parts of the world. As this response was low, and little feedback was obtained from mission staff, the evaluator also drew on the experiences of 'other relevant stakeholders' in the form of an ad-hoc independent panel, being people knowledgeable in debt management, members of the Project's expert group, former staff of UNCTAD.

Interviews with relevant UNCTAD staff

Within UNCTAD, interviews were held with staff of the Division of Globalisation and Development Strategies, especially the Debt and Development Finance Branch and its two units, the Debt and Finance Analysis Unit (DFAU) where the project was situated, and the Debt Management and Financial Analysis System (DMFAS), and the Division of Management, including the Technical Cooperation Service.

Methodological Issues in Evaluating Capacity Building

Despite the high profile of, and needs for capacity building, it is not a well-defined process, often being drawn along by development processes and lacking a proper framework for assessing capacity needs, designing and sequencing appropriate interventions and then determining results. Capacity building has become a catch-all term incorporating any form of TC, and should be seen as a goal in itself and not only as a means to achieve other development objectives¹¹. Some key points are provided here as a guide for the evaluation with further details also given in Annex 6. Relevant points are:

- The body of knowledge is thin on what tools are to be applied in different country and sector circumstances. Although TC has been effective for a well defined technical task within a clear strategy with phase-out plan, it has had little

¹¹ Operations Evaluation Department, World Bank, Capacity Building in Africa: an OED Evaluation of World Bank Support, April 2005. Watson, D, Monitoring and Evaluation of Capacity and Capacity Development, Discussion paper 58B, European Centre for Development Policy management, April 2006.

effect on capacity building when used to fill gaps in skills. What is needed are an external environment, a critical mass of staff and leadership conducive to change.

- Capacity building is unpredictable and requires flexibility; it is a moving target, at anytime capacity can improve or decline. This means that project progress is not linear. It should not be seen as a North-South exchange and mutual learning and change is important.
- Evaluating capacity building is an evolving science! The evaluability of the project is vital, i.e. the process of ensuring that evaluation criteria are properly included at the design stage. Evaluation seeks to capture actions or results that are not easily measured, should recognise the moving target, not ignore processes in favour of long term development impacts, and review how capacity building has assessed existing capacity and linked capacities to instruments.
- The DAC criteria have been used in evaluating capacity building, and it has been found that effectiveness of projects has varied with incentives needed for trained staff and opportunities to use new skills; in the area of efficiency, it has been difficult to assess with activities rarely having a defined budget heading; for sustainability, there are needs for strong levels of institutional commitment and individual skills need continued support. More generally there is some unease that the DAC criteria are the most suitable tool for assessing capacity building, and this will be discussed in the conclusions.

5. ORGANISATION OF THE REPORT AND ACKNOWLEDGEMENTS

This evaluation report is organised into four chapters. After this introductory chapter which introduces the methods for the evaluation and its context, Chapter Two describes the project and its implementation. Chapter Three examines the findings of the evaluation in terms of the expected accomplishments, and the criteria of the evaluation. Chapter Four proposes the recommendations. The various annexes cover the items of Evaluation Terms of Reference, Key Documents and Persons Consulted, the Questionnaires, a Questions and Instruments Table which summaries Assessment Criteria, Methods and Evaluation Performance, and additional information on contextual material.

The author is very grateful to those who gave their time and expertise to support the evaluation, including the staff of the implementing group, the Debt and Development Finance Branch, the country participants and external experts. Special thanks are due to Ms Yuen Ching Ho, Officer in Charge of the Evaluation Unit who provide excellent logistical and intelligence support, and Ms Patricia Arana for very supportive back-up.

CHAPTER 2: THE CAPACITY BUILDING FOR DEBT SUSTAINABILITY PROJECT

1. INTRODUCTION.

At the time that the project proposal was approved in July 2004, the debate on debt sustainability had assumed renewed relevance despite the international initiatives to reduce national debt burden such as the Heavily Indebted Poor Countries (HIPC). In implementing HIPC, the IMF and World Bank introduced a debt sustainability analysis as a basis to grant debt relief to debtor countries. However, some of the threshold indicators to determine the sustainable levels of debt aroused some controversy, with many HIPCs reaching the completion point, benefiting from debt relief but not completely overcoming their debt problems¹².

The IMF and the World Bank developed their own frameworks to assess debt sustainability for low and middle income countries which were used in lending policies as aids to policy surveillance and dialogue. There were then other developments in terms of some developing countries running a current account surplus as a result of strong export performance, increasing flows of private finance with some new risks involved. Experience from financial crisis in middle income countries in the 1990s brought some lessons for managing capital flows.

UNCTAD's approach to debt sustainability has a broader focus than the IMF and World Bank approaches and viewed the problem of indebtedness within the context of long term development, linking the management of debt to macro economic and structural policies for development. The project objectives were to broaden existing approaches to view debt sustainability as not only reducing unsustainable current levels of debt, but to integrate debt sustainability into the overall development strategy of a country, in so far as external exports should contribute to the sustainable development of debtor countries. The project proposed that debt can only be sustainable when it contributes effectively to the development process with the strategy adopted nationally leading to an increase in foreign exchange earnings above the level of domestic resource requirements in order for debt to be repaid and external indebtedness to be sustainable. This requires a clear vision by the government of the country's development policy and progress towards it, requiring many actors in productive sectors to use external debt in an efficient manner. Therefore the better the policies and institutions, the higher the level of debt considered to be sustainable¹³. Export capacity and performance was vital.

The project used a number of country case studies in regional workshops that represented a broad range of debt situations:

¹² Opening paragraphs drawn from the project document.

¹³ See Chapter 6, Current Issues related to the External Debt of Developing Countries, UNCTAD Trade and Development Report 2008.

- Two middle income countries: Korea, which has used efficiently high external debt in the 1980s to finance investment and reduce resource gaps over time; Argentina was an example of a debtor country that was stagnating in unmanageable debt, eventually restructured with US support but without IMF intervention.
- Two HIPCs: Bolivia and Uganda, which had reached the completion point under the HIPC initiative and have benefited from full debt relief, but continue to have high debt indicators threatening their long term external debt sustainability.
- A low income country, Kenya, which continues to have significant debt problems and high growth fluctuations.

In terms of capacity building it is worthwhile to take stock at this point, with a review of the characteristics of those institutions directly responsible for debt management in debt offices in developing countries. The project focussed on external debt and those immediately involved in this policy area. This approach has considerable implications for capacity building as the project goes beyond just the debt management institutional structure of debt offices, ministries of finance and central banks, but also involves officials in ministries of economic development, planning and even sectoral ministries to some extent.

First of all it is unusual to find stand- alone debt offices, they are usually located in the ministry of finance or the central bank, in some cases in the ministry of planning, local government or an export-import bank¹⁴ . The exact location of the debt office within the institution itself often varies, although there is a trend towards the decentralisation of public debt management. Debt Offices in developing countries are often divided (not distinctly everywhere) into front, middle and back offices.

The back office centralises all the operations related to the registration of the operations of public debt, monitoring, control of disbursements, management of public debt service operations, and production of statistical information. Functions involve the administration of the full life cycle of a contract and instrument from the signature or issue to full payment. UNCTAD's track record (through DMFAS) is in the back office.

The middle office is divided into two functions: analytical (its main function) and risk analysis. The middle office conducts debt analysis required for assisting the executive debt management levels in designing a debt strategy and a framework for risk monitoring and control. In coordination with other government offices, the middle office should conduct public debt sustainability analysis as well as regular debt portfolio reviews to ensure control.

¹⁴ UNCTAD, The Debt Management-DMFAS Programme Annual Report 2005, 2006, page 5

The front office performs the functions of the Executive Debt Management Committee, ensuring that the law, rules and regulations are applied. The functions related to the gathering of financial resources to cover the public sector needs, the use of sources of funds and all the processes involving the negotiation and contracting of new borrowing.

This is related to the debt management capacity building pyramid of (at the base – back office) support functions, debt operations with database, dealing with creditors, (in the middle office) debt statistics and analysis, and (top of the pyramid- at the front office) policy and strategy positioning. There are variants, for example, sometimes analytical capacity done by the most senior of the back office, and this function draws on both front and back offices.

2. OBJECTIVE OF THE PROJECT

The objective of the project as outlined in the project document logical framework was to:

identify appropriate policy measures at the national and international levels and by strengthening policy making and managerial capacity in developing countries to help them attain and preserve a level of debt that is sustainable in the long term as well as compatible with resource needs to attain the MDGs for human development and poverty reduction.

The objective of the project is expected to be achieved through the five expected accomplishments, which are (with the integral components in brackets):

- Improved capacity of policy makers in debtor countries and the international community for analyzing the macroeconomic and structural requirements for debt sustainability (through preparation of a framework paper¹⁵; three regional two- day workshops to discuss the revised framework paper, presenting national case studies; revision of studies and compilation of compendium on debt sustainability and development)
- Improved capacity for understanding and analyzing the concept underlying the appropriate definition and use of debt indicators, taking into account the increased interdependence between trade, finance, investment and debt (preparation of training material including a website, organization of study trips; the organization of second round of workshops focusing on six country case studies; publication of the compendium)
- Improved capacity of policymakers and debt managers for reviewing the links between the accumulation of countries' external and domestic government debt (organization of second round of workshops and publication of the compendium)
- Improved capacity of individual countries to achieve and maintain sustainable levels of debt, including their capacity to participate effectively in international

¹⁵ Later incorporated into the Research Compendium

debt negotiations (organization of second round of workshops, and compilation of compendium)

- Enhancing economic cooperation among developing countries and strengthening regional and international efforts towards achieving debt sustainability in low- and middle-income countries (first round of workshops, second round of workshops and publication of compendium).

The second, third and fourth bullets represent the three technical components of the project and represent what a well functioning middle office should utilize.

3. IMPLEMENTATION OF THE PROJECT COMPONENTS ¹⁶

Each activity is now briefly described in turn and a time line of events is given in Annex Table 2.

Expert group

Consultants were recruited to write papers and meet as an expert group in October 2005. Participants at the expert group were drawn from the World Bank, the Paris Club secretariat, consultants who prepared country studies, academics and representatives from the NGOs and the Governments of Indonesia and Poland. Country case studies were developed for Uganda, Kenya, Bolivia, Argentina and Korea. Some the authors of the expert group participated as resource persons in the first round of workshops.

First round of regional workshops

The next phase was the three regional workshops, in Harare, Zimbabwe on 7-9 November 2005, Manila, Indonesia on 20-22 February 2006 and Buenos Aires Argentina on 30 October to 1 November 2006. These workshops were attended by representatives of thirty six countries¹⁷. Country studies were revised in the light of the discussions made at these workshops, with additional consultants hired to conduct studies of special interest raised at the time. The Harare workshop was carried out in collaboration with the Macro Economic and Financial Management Institute of Eastern and Southern Africa (MEFMI) and given specific objectives, which were:

¹⁶ Drawn from interviews and various sources including the project Terminal Report.

¹⁷ Which were: Algeria, Argentina, Bangladesh, Benin, Bolivia, Botswana, Brazil, Cambodia, Costa Rica, Cote d'Ivoire, Ecuador, El Salvador, Guyana, Honduras, India, Indonesia, Kazakhstan, Kenya, Lao PDR, Lesotho, Malawi, Malaysia, Mongolia, Nicaragua, Nigeria, Pakistan, Papua New Guinea, Paraguay, Philippines, Senegal, Tanzania, Trinidad and Tobago, Uganda, Uruguay, Vietnam and Zimbabwe.

- To consult with Africa countries on issues relating to the requirements and concepts of the definition and use of debt sustainability, with a view to developing developmental approaches to debt sustainability and enhancing capacity for effective participation in debt negotiations;
- To review case studies and analytical issues relevant for debt sustainability strategies in developing countries, in Africa in particular, while taking into account the development strategies and external systemic factors related to trade and debt.

Study tours

After the workshops, six countries were selected and study tours were organised for their debt managers 'matching their capacity building needs'. The following countries were selected: The Philippines, Thailand, Honduras, Ecuador, Zimbabwe and Ethiopia , with representatives from Honduras and Ecuador on a study trip to the debt office of Argentina in the first half of August 2007, representatives from Ethiopia and Zimbabwe to Uganda from mid May to mid June 2007, representative from the Philippines to Thailand for four weeks in July-August 2007 and a representative from Thailand went to Australia for three weeks in September-October 2007. The rationale for these study tour visits was that managers of one country should visit a location more advanced in its functioning.

Second round of workshops

The second round of workshops involved those who made the visits and their hosts and other participants. These were organised to review the results of the study tours and to *'derive conclusions for the design and implementation of appropriate strategies to prevent unsustainable debt situations, and establishment of effective institutional links between policy planning and debt offices'*. This second round of workshops was held as follows:

- Caracas, Venezuela for participants from Honduras, Ecuador and Argentina, 3-5 October 2007
- Kampala, Uganda for participants from Ethiopia and Zimbabwe (4-6 December 2007)
- Geneva, Switzerland for participants from Philippines and Thailand as well as a representative from Uganda (19-21 November). This meeting was held in the wings of the sixth UNCTAD Debt Management Conference and its sixth DMFAS advisory group meeting.

Research and learning materials

In terms of documentation and 'hard' copies of the materials which contribute to the sustainability of the project there is a Compendium of research papers, which has not yet been published at the time of the evaluation as supplementary funding from UNCTAD was required. This Compendium, generated initially by and for the Expert Group, has ten chapters which describe the theory and practice of debt sustainability and an analytical framework, and also has five country case studies: Uganda, Kenya, Bolivia, Argentina and Korea. Of these Uganda and Argentina were involved as country cases in the other parts of the project, while representatives from Kenya and Bolivia attended regional workshops. In addition, an online training course for distance learning was produced, and posted on the website of UNCTAD's Virtual Institute. This has also been produced in the form of a CD¹⁸.

The budget for the project ¹⁹

The budget for the project amounting in total to \$640,000 is given below.

Component	Allotment (\$)	Allotment (%)
Consultants fees and evaluators	244,000	38.1
Workshops	165,600	25.9
Study Tours	60,000	9.4
Travel of Staff	80,000	12.5
Contractual services	20,000	3.1
General Temporary Assistance	45,000	7.0
General operating expenses	10,400	1.6
Office Equipment	9,000	1.4
Subscription to data packages	6,000	0.9
Total	640,000	

¹⁸ 150 of these CDs distributed to participants at the November 2007 meeting of the Debt Management Conference.

¹⁹ Amended a little as the project proceeded, with a transfer of GTA line to the workshops line.

CHAPTER 3: FINDINGS OF THE EVALUATION

This Chapter provides information on the findings of the evaluation in four sections, first, some general observations, second, in terms of the five expected accomplishments given in the project document, third in terms of capacity building and fourth, under the six evaluation criteria.

1. GENERAL FINDINGS ON THE IMPLEMENTATION OF THE PROJECT

The project met its objectives and added to the skills of DMOs in debt sustainability analysis. This external evaluation largely confirms the positive outcomes of the project generated by the internal evaluation (based on the post workshop questionnaires and post study tour back to office reports). Although some people mentioned that the project could have been fine-tuned to better support their specific circumstances, there has been no significant negative feedback from the beneficiaries. However, it has not been possible to detect more significant institutional change with the evaluation methodology used. A key question to ask is what is the value added by the UNCTAD work. The project experience has generated some good lessons for capacity building activities in UNCTAD.

The project funding was approved in July 2004 but no Development Account funds were spent in that year. Consultants were identified and a framework paper prepared and discussed by UNCTAD staff. There were also personnel changes in the Branch itself which delayed the project, with the abolition of a post and a delay in recruiting the Chief of Branch. There were several periods when the Branch (and the DFAU) was left without an appointed head and these appear to have hampered implementation²⁰. Thereafter from 2005 the majority of activities were implemented successfully, save for the delay over the editing and publication of the research compendium. This delay is unfortunate given the fast moving scene in debt management and the recent sharp changes in the financial architecture in particular.

The immediate outcome of the Africa Workshop in Harare was reported by the co-organiser MEFMI. The participants rated the workshop highly (4 on a scale of 1 to 5) with some suggestions for improvements including: requests for more direct input with more African case studies, a more prospective approach for some of the papers, and an observation that some countries did not have adequate data to apply some of the models proposed. Internal project reporting also noted that participants found that the material presented would help them with various post-HIPC technical problems, while middle income countries were helped by the analysis of policy issues facing debt offices as a result of the growth in the importance of capital market financing.

²⁰ As a performance measure UNCTAD's executive direction and management has the target of timely recruitment and placement of staff of an average of 140 days (about 4 ½ months) but in 2006 there was an actual average of 195 days (6 ½ months) of staff vacancies

The Asia workshop was rated highly (also 4 on the 1-5 scale). Comments from the questionnaires were generally positive, although several wished for a longer workshop, some doubts over whether their institution could apply some of the concepts, and a wish that countries could make their own presentation about their situation and prospects for debt sustainability, including more exchanges about country experiences.

The Buenos Aires workshop was rated most highly of all (4.25 out of 5) but with some suggestions that presentations about the organisation of the debt management office were repeated in other workshops with other organisations. In all three workshops there were various comments that here and there presentations did not suit exact needs, but on balance the messages of the workshops were well directed.

MEFMI took a leading role in organising the Harare workshop and co-presented at the Jakarta workshop and at UNCTAD meetings in Geneva. Their view was that the workshops were successful (reiterated when the evaluator followed up), relating sustainable debt to human development. The later study tour to Uganda coincided with one of MEFMI's missions to Uganda working on a country model for sovereign risk analysis in debt management. Also, MEFMI in its support in the region used the debt sustainability materials in its regional workshops.

All of the study tour participants reported a positive experience. A major issue emerging was the need to strengthen the middle office and the analytical capacity of debt management, and believed they were in a stronger position to carry out debt sustainability analysis as a result of the study tour. All agreed that DSA requires longer time horizon than other approaches. They were keen to use DSM+ rather than DEVPRO (the private sector equivalent). In lower income countries the capacity to take up DSA is more limited (and possibly such countries are more susceptible to external shocks). Sustainability is an issue here.

The evaluator interviewed accessible workshop and study tour participants about their experience; this would be 2-3 years on from the workshop and for some of the study tour participants one year on from their tour. Inevitably, some of them had moved on from the position they held at the time of the support from UNCTAD. Telephone interviews by the evaluator with workshop participants confirmed that the project was successful for them, and they retained the skills. The evaluator also sent questionnaires to some participants' supervisors to ask what contribution had been made as a result of attendance at the workshop: two replied and in both cases, the participant had moved on. This is not a representative sample of course but is indicative of the mobility of staff.

2. FINDINGS CATEGORISED BY EXPECTED ACCOMPLISHMENT

- Improved capacity of policy makers in debtor countries and the international community for analyzing the macroeconomic and structural requirements for debt sustainability;

The telephone interviews confirmed the internal evaluation findings that the project had helped participants improve their understanding of structural factors. The materials and discussion helped in some post-HIPC debt management issues, and was relevant also for middle income countries.

- Improved capacity for understanding and analyzing the concept underlying the appropriate definition and use of debt indicators, taking into account the increased interdependence between trade, finance, investment and debt

The workshops and study tours supported participants in understanding these concepts and the technical issues of debt indicators and thresholds were those that stuck most clearly in the minds of the respondents, including those who have moved onto other postings: it was specifically mentioned that the workshops were very helpful in clarifying issues about thresholds and indicators, and in understanding risk management.

- Improved capacity of policymakers and debt managers for reviewing the links between the accumulation of countries' external and domestic government debt

The second round of workshops provided a wrap up for the policy aspects of the project activities in this regard, and feedback was positive. However, one important point mentioned was that the DSA is quite demanding on data needs (which was a problem for the poorer countries) and requires the participation of staff from other ministries. Issues of how social sectors are involved and incorporated in DSA should be examined. This can be difficult in countries where the various components of the DMO do not work well together.

- Improved capacity of individual countries to achieve and maintain sustainable levels of debt, including their capacity to participate effectively in international debt negotiations

There was positive feedback in this area, though some concerns about the sustainability of the DSA work without further UNCTAD support, involving further training: participants saw the good sense and applicability of the approach to their country situations but did not have the resources to take it forwards with their colleagues. The DSA work derived from the workshops has inputted effectively into several country debt management strategies at a general level; and generation of additional reports emphasising the sustainability models. But the components making up the analysis of

DSA are often weak in countries. Much of the follow up had to be in hands of external support i.e. consultants, although one country (from the sample) has initiated its own training in DSA. It is only in the more advanced offices where DSA was fully and currently possible; for all countries a minimum of a one week training course was regarded as needed to go to the next stage and embed UNCTAD's DSA and risk management concepts.

It is in this regard that appreciation of UNCTAD's role was mentioned as a neutral source of advice and as 'trusted partner'. Its products do not have to be bought, they are global public goods. The DSA was sophisticated and in line with a country's overall development and was a less narrow approach than that promoted by the IMF and World Bank.

Finally one respondent specifically noted that the UNCTAD DSA work had enabled them to deal more effectively with the IMF!

- Enhancing economic cooperation among developing countries and strengthening regional and international efforts towards achieving debt sustainability in low- and middle-income countries

The outcome of facilitating greater networking was raised by most respondents, although whether at their level this would be translated into greater economic cooperation between countries was unclear. There has been a lot of inter-country sharing of experience after the workshops, often at meetings of debt managers organised by others, such as the World Bank, DRI, Commonwealth Secretariat and Crown Agents; although the impact of this knowledge sharing is not known, it is often very powerful. But some participants reported that they had been too many different workshops on debt management by different actors. At a more concrete level DMOs in countries with some resources have been able to informally help their neighbours who have fewer resources.

Finally, from this small sample, there were no instances of significant institutional change in the work of the debt office as a result of the translation of individual skills into institutional structure. This is not to say it did not happen, but was not observed from the sample.

3. THE PROJECT COMPONENTS AND CAPACITY BUILDING

The implications for capacity building show up the breadth of capacities at which the Project is aiming: range of country situations (low and middle income), different institutional format for debt offices in different countries, introducing a concept and technique that is broader than that so far proposed, one having a greater developmental aspect including sectors outside debt offices. Added to this is the very common aspect of constantly shifting staff rotations, perhaps more marked in the debt area than others because of the pull of the private sector. This means a constantly

shifting landscape of capabilities and skills, being applied to a broad concept. Therefore it was a complex project, with a mixture of technical ideas and learning and a preliminary analysis of the capacity building implications for the project is that it is an ambitious one aiming more at awareness raising than institutional change, with a greater impact at the individual than organisational level, and a heavy emphasis on the need for sustainability. This is not a criticism per se but has implications for several issues, not least sustainability.

A question that came from the review of the capacity building literature was that so far there was no body of knowledge on what tools should be applied in different country and sector circumstances. However, the various components of the project had been thought through carefully, so that they integrated to a fair degree and above all have generated some learning across all parties. First, the expert group and the subsequent compendium generated a consensus in the area (although the initial variable quality of the consultants' submissions may have delayed this) and the materials were used in the workshops and refined by submissions. Then this formed the basis of the e-learning modality. Members of the expert group participated in workshops and observations for the workshops modified the compendium. These modalities raised awareness of the DSA approach among senior officials in over 30 countries. The study tours were practical and involved technical staff seeing the functioning of other offices in a direct way.

At the point of completing the initial workshops and with awareness raised, had sufficient resources been available, an alternative route would have been to send small technical assistance teams to sub regional groups of countries to build up the middle office capacity further.

Some observations were made that UNCTAD as an organisation could do much more to share good practices across branches and departments and have more institutional discussions on approaches to capacity building. Many staff with good information to share were working in isolation.

4. EVALUATION CRITERIA:

According to the TORs, the evaluation examines issues according to the criteria of relevance, efficiency, effectiveness, sustainability and impact and other issues. The relationship between the criteria, indicators and methods has been reproduced here at Annex 3. An extra column has been added so that the evaluation methodology can be detailed.

Relevance

Relevance refers to the extent to which the project is suited to the priorities and policies of the target group and intended beneficiaries. The issues that the evaluator was suggested to examine are:

- whether the decisions to provide country studies and workshops were based on appropriate criteria, taking into account the needs of beneficiaries, possible impact and effectiveness of such assistance;
- Whether UNCTAD had played the most relevant role in helping the beneficiary countries in view of its expertise, and assistance received by the countries from other development partners;

The rationale for the project was that several other international initiatives to reduce the debt burden of countries had achieved mixed results. The project was also relevant in so far as it proposed a broader approach (and less theoretical and mechanistic) to DSA than the IMF and the World Bank, one that was more long term, more deeply rooted in development policy and better integrated trade and the capacity to export, and therefore in an area where UNCTAD feels comfortable. Governments should therefore feel a greater sense of ownership for the UNCTAD version of DSA than that of the IMF and World Bank. Some respondents said that UNCTAD's DSA enabled them to understand, and deal more effectively with IMF approaches. From the feedback received the criteria of selection (aided by the DMFAS knowledge of infrastructure, where used) which principally involved identifying suitable middle office staff with a well functioning back office, a subjective knowledge of different country situations and the need to get regional spread, were appropriate. There was a wide range of country debt situations here, of course.

UNCTAD support does seem to have been distinctive despite all the many other actors in the debt management training scene: World Bank, IMF, Commonwealth Secretariat (not strictly involved in debt sustainability), UK Crown Agents, and DRI and not to mention the support given by regional organisations like MEFMI and WAIFEM. Beneficiaries were asked about the other organisations from whom they received training and all had been to several training courses that suited one or another aspect of their work. The evaluator got the impression of some 'training fatigue' in the debt

management area. Within this array of debt management capacity builders it is not straightforward to show how UNCTAD's project added value, as its effects are long term: value added will only be apparent if there is good follow up.

In sum, debt was a major issue in the countries that attended the workshop and the study tours, so the DSA approach was helpful and UNCTAD did raise awareness of alternative approaches. A small number of countries obtained valuable experience through the study tours.

Effectiveness

Effectiveness is a measure of the extent to which the project attained its objectives. The issues that the evaluator was suggested to examine are:

- Whether the project has achieved planned objectives and produced mutually beneficial results;
- Whether the scope of the project has been adequate in view of the existing resources and expertise;
- Whether the types of interventions selected have been most appropriate in achieving maximum effectiveness;
- Whether effective coordination of internal resources and expertise was demonstrated to optimize outcomes for beneficiary countries.

The project mostly reached its objectives. The objectives are cautiously worded and nearly all beneficiaries stated that their skills had improved and that they better understood the concept of debt sustainability. Also, most beneficiaries said that they enjoyed sharing experiences with those from other countries and in a few cases this had led to concrete inter-cooperation. However, many of the beneficiaries had moved onto another posting in the finance ministry of their government. All this suggests that the impact of the training at the individual level had not been incorporated into strengthening institutional capacity in a systematic and significant way. This requires follow-up activities.

However, many institutions are involved with some of the countries in debt management training. Therefore the problem may not be insufficient total volume of resources being directed to debt offices. Any future capacity building project along these lines might consider strengthening the link between individual and institutional capacity building as an explicit objective, and stronger collaboration with other donors in the debt area would be essential.

The scope of the project was broad as it was global and suitable for raising awareness but taking the stronger view that there should have been institutional strengthening, the scope of the project was not deep enough. DFAU does have the DFMAS

infrastructure with which to work, which provided valuable avenues for follow up, and the cooperation between the two units in terms of the bullet: 'Whether effective coordination of internal resources and expertise was demonstrated to optimize outcomes for beneficiary countries' provided a positive outcome. Further collaboration between the two Units and the Branch should now be strengthened.

Efficiency

Efficiency measures the outputs (qualitative and quantitative) in relation to the inputs. It is an economic term which signifies that the project use the least costly resources possible in order to achieve the desired results. The issues that the evaluator was suggested to examine are:

- Whether the project has used the most efficient means in delivering the activities, for example, through the use of local resources when appropriate;
- Whether the project as a whole is managed efficiently with proper accounting of associated costs, and with an effective management of internal resources and expertise;
- Whether project schedules were met or activities implemented within reasonable, established time parameters;

As noted earlier, it is difficult to make firm statements in the area of efficiency as cost comparator data are needed. Most people would agree however, that in the debt area, UN agencies provide value for money when compared to the BWIs and certainly to the private sector. But costs data are not the only factor here. This project was funded under the extra budgetary funding of the Development Account, with a total budget of \$640,000. Not assessed but included in the resources needed to implement the project would be the salaries of DFAU staff and this should be added (if time such allocation information could be obtained) to any cost comparison.

There was some over-run on the duration of the project in terms of when expenditures needed to be made and this is one reason why the publication of the research compendium is delayed. The Development Account procedures could be more flexible when it comes to capacity building projects (e.g. funds could be diverted to new activities emerging as the project proceeds).

Capacity at the DFAU end was not always satisfactory with many changes in the head of the Unit and some changes of direction of the project. No matter how competent the acting officers- in-charge, the management of the project by UNCTAD in this regard could have been improved when there are long periods without an appointed head of Unit.

Impact

Impact relates to the positive and negative changes produced by the project, directly or indirectly, intended or unintended. The issues that the evaluator was suggested to examine are:

- To what extent the project has facilitated the development of enhanced capacity in the management of debt sustainability;
- Whether the geographical coverage of the project is adequate.

An additional issue that might be examined would be assessing the impact in terms of the activities of other actors in the debt management area.

Assessment of impact was also difficult with the relative modest resources available to the evaluation. Also, the project is not totally completed at the time of the evaluation. So no definitive conclusions can be made. The project raised awareness in an important area of concern, but putting the issue at its bluntest, the main modality was two-day workshop which addressed a technique that requires a broader approach to a topic than that previously proposed. All that can be reasonably expected is that workshop participants raise the issues with colleagues and that their senior management takes proper steps to institutionalise the skills generated by the training.

Although the evaluator heard only positive reactions about the project, there were no cases (among the sample which was explored in greater depth) where the institutional capacity to deal with debt sustainability was significantly strengthened. Workshop participants appreciated the workshop but some wished it could have been focussed more narrowly on their special topics. A further problem is the fast moving nature of debt sustainability as a topic, significantly influenced by the current global financial crisis.

In terms of geographical coverage, the project was obliged in some senses to provide coverage to all regions, but this would have limited the depth that the concepts and tools could reach, unless there is no support for intensive follow up.

Feedback also indicated that there should be better coordination between all of the organisations training in the debt area.

Study tour participants went into the issues in more depth but to have a significant impact on their own institutions they would have required follow up resources and a very supportive senior management. Also, with other techniques of DSA in the market, UNCTAD's product required considerable support for implementation.

Sustainability

Sustainability is concerned with measuring whether the benefits of the project are likely to continue after funding has been withdrawn. The issues that the evaluator was suggested to examine are:

- Whether the project has been designed and implemented in such a way to ensure maximum sustainability of its impact in developing enhanced capacity in the management of debt sustainability in beneficiary countries.

Interviewees have said that they appreciated the analysis and learned skills but many observed that the approach, in requiring requires a much broader approach (involving many other departments) than other approaches, it was hard for them to marshal the necessary resources internally within their government. UNCTAD notes that their CD distance learning and the research compendium will be the legacy.

Gender and Poverty

The issues that the evaluator was suggested to examine are:

- To what extent the projects have taken into account and addressed wider objectives of the United Nations, such as poverty reduction and gender equality;

A development perspective in the debt management area incorporates the MDGs. Trade and debt are expected to impact on MDG1 (income poverty) as enhanced trade raises levels of living, and MDG8 (global partnerships, which has market access among indicators and debt sustainability among its targets (8d)).

Project material showed that at the direct level of participation there was good representation of women in Harare, although this might have been improved for Jakarta and Buenos Aires workshops: in Harare there were 11 participants of which 6 were women, in Jakarta 14 participants of which 4 were women and Buenos Aires there were 12 participants of which 3 were women.

More broadly it is difficult to identify impact. Incorporating gender perspectives requires that development gains derived from trade are fairly distributed, with equal participation of men and women²¹ . Gender aspects related to debt management

²¹ UNCTAD tries to mainstream gender considerations in a number of ways: sensitising policy makers, strengthening the interface between trade, poverty and sustainable development, diversification of economic activities to enhance opportunities for women, and increasing the integration of women in

require a developmental approach which recognises the distributional implications of policies with an impact on the poor. As debt policy is normally geared to macro-economic stability, with little consideration of wider objectives, the current institutional structure for the formulation of debt policy (i.e. centralised debt management body with representatives of the central bank, the treasury and finance ministry) militates against incorporating these wider considerations²², and the capacities of government bodies and NGOs in countries are weak in monitoring and planning the degree of gender integration into financing issues. The major point to make (again) is that debt management approaches that take developmental rather than strictly financial approaches are intuitively more likely to impact favourably on gender: experience has shown that other policies in the past such as IMF-encouraged stabilisation and adjustment programmes did not pay sufficient attention to the distributional issues. Debt policy needs to be consistent with other developmental objectives for poverty and gender to be considered.

It is difficult to line up macroeconomic issues such as debt to the MDGs which focus mostly on poverty and health in particular. Improved trade integral to MDG 8 on partnership requires a pattern of trade and debt management that makes the links between national actions and the welfare of women. However, UNCTAD's development oriented approach to debt is more likely compared to those proposed by the BWIs to bring out shared benefits to both men and women. A later stage of the project might consider how sectors that deal directly with human resources (education, health, also agriculture) might be institutionalised in the DSA.

In terms of what was laid out in Chapter Two in the areas of capacity building, there are a few comments to make. First, capacity building has been identified as a moving target. Second, the links between individual and institutional capacity building have been identified and UNCTAD has some good foundations on which to build. Third, UNCTAD has also some good experience on which to build its own expertise in the area of 'what tools to be applied in different country and sector circumstances'. Fourth, there are some experiences which the evaluation unit in UNCTAD might contribute to wider fora on better forms of monitoring and evaluating capacity building. In the evaluation profession there is a growing debate that the DAC evaluation criteria are not well suited to assessing capacity building projects, since they focus more strongly on donor concerns relating to accountability rather than aspects such as learning. Across the spectrum in terms of project design and implementation, some greater flexibility in UNCTAD should be encouraged, involving a monitoring system that facilitates direct incorporation of lesson learning.

economic activities, .Anh-nga Tran-Nguyen and Americo Beviglia-Zampetti, Trade and Gender: Opportunities and Challenges for Developing Countries, UNCTAD, 2004.

²² Dinesh Dodhia and Tina Johnson, Mainstreaming Gender in Debt and Development Resource Management: A handbook for Debt Practitioners and Gender Advocates, Debt Management Series No 3, Commonwealth Secretariat, 2005.

CHAPTER 4: RECOMMENDATIONS

1. RECOMMENDATIONS FOR THE DEBT AND DEVELOPMENT BRANCH, UNCTAD

The staff of the Branch should take actions to enhance the sustainability of the project, even at the expense of starting new activities. Modalities to build in sustainability would include publishing the research compendium soon before it gets out of date, and staff on duty travel should give half day workshops on DSA when they travel, distribute the CD more widely than at present²³ and link up with current DMFAS activities in specific countries. Sustainability of the project is best served through many small actions such as those suggested²⁴.

Coordination between the two Units of the Debt and Development Branch should be accelerated, on integrating activities between back and front offices, allow greater analytical capacity, and coordinate research and training, and let research be driven by capacity needs and gaps.

The Branch might also integrate more closely with other actors working on the debt scene, such as World Bank, IMF, Commonwealth Secretariat and the several regional centres. There are many and sometimes they appear to work in an uncoordinated way. Government officials certainly take that view. What is required is more exchange of information on activities and training and with it some exchange of opinion about the capacities of countries in the debt area. This was certainly done to a greater extent with HIPC's but the current financial crises will make this an essential activity for all developing country governments.

UNCTAD's debt work should have more involvement in the regional centres that have been established, MEFMI (of course used for the Harare workshop), also WAIFEM (West Africa) and CEMLA (Latin America).

The DSA work has good links to be made to other areas of UNCTAD's work, including micro economic policy and international finance and these should be encouraged.

²³ The evaluator interviewed several debt management 'notables' who had not seen the CD on DSA.

²⁴ While not strictly related to this project evaluation it should be noted that several respondents suggested that DMFAS (in countries where it operates) is a powerful foundation with which to take the DSA forwards and be extended to do this as soon as possible. DMFAS should take on more debt analysis work through the version 6.

2. RECOMMENDATIONS FOR UNCTAD

UNCTAD should update its approach to capacity building, involving a new concept paper, guidance to staff and a stronger commitment through knowledge management to supporting staff in sharing good practice, knowledge and lessons from their project activities. Given that UNCTAD is now going through a deeper planning approach and involving RBM, it would be good if some extra rigour was introduced into its CB activities at the planning stage. Staffs do not need training but should be encouraged to share what they know, and there are some good lessons from this Project that could be shared. The Project Review Committee (PRC) could take a major role in knowledge management.

Further in the context of UNCTAD's accelerated approaches to planning and RBM, (and its use of the efficiency criteria in its evaluations), the Organisation might invest in some research to generate comparator costs information that it can use in making bids for extra budgetary funds to show the cost efficiency of its operations.

As UNCTAD spends considerable sums on capacity building, continued follow up and sharing of knowledge between project beneficiaries is to be further encouraged. It would be worthwhile keeping contact details of all training course 'alumni' and encourage them to network among themselves, through an appropriate electronic facility. UNCTAD does not have to direct this electronic interchange, only encourage its adoption. In the Debt and Development Finance Branch this is a relatively straightforward task because of the continual updating carried out. However, the resources would still be well applied in other Departments.

The Evaluation and Planning Unit could issue a brief paper to guide the assessment of performance on UNCTAD's capacity building projects, especially in the areas of pre-project assessments, indicators, and assessment of performance.

3. RECOMMENDATIONS FOR THE MANAGEMENT OF THE DEVELOPMENT ACCOUNT

The managers of the Development Account should consider relaxing the criteria for funding when capacity building is involved to give a measure of independence to encourage project managers to incorporate internal learning when new opportunities for pursuing capacity building. Evidence is emerging that a strict 'blueprint' approach to project design is not suitable for such projects.

ANNEX 1: TERMS OF REFERENCE

DESCRIPTION OF DUTIES

The evaluation will examine the work of UNCTAD's project on capacity-building for debt sustainability in developing countries in terms of its relevance, effectiveness, performance and impact in the context of the Programme's objectives. The evaluation should take into account the results of monitoring exercises conducted during various phases of the project, as well as any additional assessments undertaken by the evaluator, as appropriate.

Modalities of evaluation

The evaluation will be conducted by an independent evaluator who is familiar with UNCTAD's mandates and programmes, and the area of debt sustainability. The final report is the sole responsibility of the evaluator. The evaluator will work under the methodological guidance of the Evaluation and Planning Unit (EPU), Division of Management.

Evaluation activities will be composed of:

- i) Study of relevant materials available.
- ii) Collection and analysis of evidence.
- iii) Interviews with direct beneficiaries and other relevant stakeholders
- iv) Interviews with representatives of member States at Geneva.
- v) Interviews with relevant UNCTAD staff
- vi) Questionnaires as may be required.

Scope of evaluation

The evaluation will cover the activities of the project during the period 2004-2007.

The evaluation should first examine the performance of the project in accordance with its logical framework in the project document. Based on the outcomes of such examination, as well as other relevant materials and research, the evaluation should address the following issues and any other issue that the evaluator finds pertinent:

Evaluation criteria

The evaluation should examine the following elements:

- (a) Relevance
 - Whether the decisions to provide country studies and workshops were based on appropriate criteria, taking into account the needs of beneficiaries, possible impact and effectiveness of such assistance;

- Whether UNCTAD had played the most relevant role in helping the beneficiary countries in view of its expertise, and assistance received by the countries from other development partners;
- (b) Impact
- To what extent the project has facilitated the development of enhanced capacity in the management of debt sustainability;
 - Whether the geographical coverage of the project is adequate.
- (c) Sustainability
- Whether the project has been designed and implemented in such a way to ensure maximum sustainability of its impact in developing enhanced capacity in the management of debt sustainability in beneficiary countries.
- (d) Effectiveness
- Whether the project has achieved planned objectives and produced mutually beneficial results;
 - Whether the scope of the project has been adequate in view of the existing resources and expertise;
 - Whether the types of interventions selected have been most appropriate in achieving maximum effectiveness;
 - Whether effective coordination of internal resources and expertise was demonstrated to optimize outcomes for beneficiary countries.
- (e) Efficiency
- Whether the project has used the most efficient means in delivering the activities, for example, through the use of local resources when appropriate;
 - Whether the project as a whole is managed efficiently with proper accounting of associated costs, and with an effective management of internal resources and expertise;
 - Whether project schedules were met or activities implemented within reasonable, established time parameters;
- (f) Other issues
- To what extent the projects have taken into account and addressed wider objectives of the United Nations, such as poverty reduction and gender equality;

MONITORING / PROGRESS CONTROL

The consultant must keep the Evaluation and Planning Unit informed of the progress made in the evaluation. The consultant will also present a draft report to the Evaluation

and Planning Unit before the final submission, giving sufficient time for the verification of factual findings (approximately 1 week).

EXPECTED OUTPUT

The final output of the evaluation is a report comprising the following elements: (a) Introduction and a brief description of the project; (b) assessments according to the criteria listed above; and (c) strategic and operational recommendations drawn from the assessments. In the report, all the assessments made by the evaluator must be supported by factual evidence, and/or well-substantiated logic. It follows that all the recommendations made by the evaluator should be supported by the assessments made. The evaluator is required to submit a separate list of those interviewed for the record. If necessary, the report may be accompanied by a supplement, detailing the findings of the evaluation, and/or supporting materials.

REQUIRED PROFILE/QUALIFICATIONS

The consultant is required to have: a sound knowledge and an expertise in the subject area of the project to be evaluated; a sound knowledge of evaluation methodologies; and good drafting skills in English.

1. University degree in economics, business management, or related fields is required. Advanced degree is an advantage. Considerable work experience in the related may be accepted in lieu of the advanced university degree.
2. At least 10 years of professional international experience in business, research, project management, or international cooperation is required. Work experience in evaluation, with a managerial responsibility, or with developing countries is essential.
3. Demonstrated drafting and communication skills in English are required. Ability to communicate in other UN languages, or other official languages in developing countries, is considered as an advantage.
4. Demonstrated ability to methodically conduct independent research, evaluation and/or project management is required.

ANNEX 2: TIME LINE OF THE DEBT SUSTAINABILITY PROJECT

Date	Event	Comments
July 2004	Approval of the project from the Development Account.	
Nov 2004	Arrival of new Branch chief in UNCTAD	
26-28 Oct 2005	Expert Group Meeting, Geneva	Attended by 25 participants
7-9 Nov 2005	Zimbabwe Workshop (I)	Attended by 19 participants from Africa, of whom 11 paid participants, 6 women
20-22 Feb 2006	Indonesia Workshop (I)	Attended by 18 participants from Asia, of whom 14 paid participants, 4 women
Oct 2006	Departure of Branch Chief in UNCTAD	
30 Oct- 1 Nov 2006	Argentina Workshop (I)	Attended by 20 participants from South America and the Caribbean, of whom 12 paid participants, 3 women
21 May – 20 June 2007	Study Tour of reps from Ethiopia and Zimbabwe to Uganda	
9 July – 3 Aug 2007	Study Tour of reps from Philippines to Thailand	
30 Jul-17 Aug 2007	Study Trip of reps from Honduras and Ecuador to Argentina	
24 Sep to 12 Oct 2007	Study tour of rep from Thailand to Australia	
3-5 Oct 2007	Participants to closing seminars of Study Tours: Caracas Workshop (II)	Three participants from Honduras, Argentina and Ecuador
19-21 Nov 2007	Participants to closing seminars of Study Tours: Geneva Workshop (II)	Four participants from Uganda (2), Philippines, and Thailand
19-21 Nov 2007	DMFAS Conference in Geneva	Side event to discuss outcome of the study tours: 150 CDs of the on-line training were distributed.
4-6 Dec 2007	Participants to closing seminars of Study Tours: Kampala Workshop (II)	Two participants from Ethiopia, and Zimbabwe

ANNEX 3: ASSESSMENT CRITERIA, METHODS AND EVALUATION PERFORMANCE (QUESTIONS AND INSTRUMENTS TABLE).

Relevance

Criteria	Verifiable Indicators	Means of Verification	Comments on evaluation approach
Whether the decisions to provide country studies and workshops were based on appropriate criteria, taking into account the needs of beneficiaries, possible impact and effectiveness of such assistance	<ul style="list-style-type: none"> • Appropriate criteria were developed and plies to guide the decisions to provide advisory services • Interventions applied were developed in consultation with beneficiaries • Appropriate interventions were applied in view of the planned objectives 	<ul style="list-style-type: none"> • Interviews with relevant UNCTAD staff • Interviews with representatives of member States in Geneva • Questionnaires to and/or phone interviews with beneficiaries 	The logic of the criteria was explained by the implementing staff and complemented both by the existing monitoring information and the interviews carried out by the evaluator. Contacts with the Geneva mission members provided general information.
Whether UNCTAD had played the most relevant role in helping the beneficiary countries in view of its expertise, and assistance received by the countries from other development partners;	<ul style="list-style-type: none"> • UNCTAD’s debt sustainability capacity building interventions are unique from assistance offered by other development partners. 	<ul style="list-style-type: none"> • Interviews with relevant UNCTAD staff • Interviews with representatives of member States in Geneva • Questionnaires to and/or phone interviews with beneficiaries • Review of documents 	Information came from UNCTAD staff and beneficiaries but also importantly from staff of other organisations working in the debt field: Commonwealth Secretariat, Debt Relief International, and Crown Agents

Effectiveness

Criteria	Verifiable Indicators	Means of Verification	Comments on evaluation approach
Whether the project has achieved planned objectives and produced mutually beneficial results;	<ul style="list-style-type: none"> Planned objectives are achieved 	<ul style="list-style-type: none"> Interviews with relevant UNCTAD staff Interviews with representatives of member States in Geneva Questionnaires to and/or phone interviews with beneficiaries Review of documents 	Interviews with UNCTAD staff outlined the logic and scope of the objectives and feedback from beneficiaries and supplementary information from non UNCTAD staff familiar with the project allowed a judgement here. Good efforts were made to contact as many as possible of the project beneficiaries but it would have been desirable to have a larger feedback.
Whether the scope of the project has been adequate in view of the existing resources and expertise;	<ul style="list-style-type: none"> Project plans were feasible in view of existing resources 	<ul style="list-style-type: none"> Interviews with relevant UNCTAD staff Review of documents 	UNCTAD staff and the document review supported this area
Whether the types of interventions selected have been most appropriate in achieving maximum effectiveness;	<ul style="list-style-type: none"> Mix of project components well integrated 	<ul style="list-style-type: none"> Interviews with relevant UNCTAD staff Questionnaires to and/or phone interviews with beneficiaries 	Logic and effectiveness assessed from these sources as well as feedback from others who could assess the overall nature of CB support in the debt area.
Whether effective coordination of internal resources and expertise was demonstrated to optimize outcomes for beneficiary countries.	<ul style="list-style-type: none"> Effective management of internal resources and expertise is evidenced. 	<ul style="list-style-type: none"> Interviews with relevant UNCTAD staff Review of documents 	Interviews were held with UNCTAD staff but possibly interviewing a wider range would have helped, but it was difficult to assess the range of the project internally.

Efficiency

Criteria	Verifiable Indicators	Means of Verification	Comments on evaluation approach
Whether the project has used the most efficient means in delivering the activities, for example, through the use of local resources when appropriate;	<ul style="list-style-type: none"> • Most efficient means used in delivering the activities 	<ul style="list-style-type: none"> • Interviews with relevant UNCTAD staff • Review of documents 	Interviews with partners in the project including some of the consultants were helpful here.
Whether the project as a whole is managed efficiently with proper accounting of associated costs, and with an effective management of internal resources and expertise;	<ul style="list-style-type: none"> • Programme is managed efficiently with proper accounting of associated costs 	<ul style="list-style-type: none"> • Interviews with relevant UNCTAD staff • Review of documents 	Interviews with UNCTAD staff (past and present) as well as the document they provided were helpful here.
Whether project schedules were met or activities implemented within reasonable, established time parameters;	<ul style="list-style-type: none"> • Project schedules were met or activities implemented within reasonable time parameters 	<ul style="list-style-type: none"> • Interviews with relevant UNCTAD staff • Questionnaires to and/or phone interviews with beneficiaries • Review of documents 	Interviews with UNCTAD staff (present and past) and relevant Development account documents were used here.

Sustainability

Criteria	Verifiable Indicators	Means of verification	Comments on Evaluation approach
Whether the project has been designed and implemented in such a way to ensure maximum sustainability of its impact in developing enhanced capacity in the management of debt	<p>UNCTAD interventions have contributed to enabling beneficiary countries to achieve and maintain sustainable levels of debt</p> <p>UNCTAD interventions have</p>	<ul style="list-style-type: none"> • Interviews with relevant UNCTAD staff • Interviews with representatives of member States in Geneva • Questionnaires to and/or 	All data sources were used here including the mission members. In order to help with the independence of the evaluation, the 'ad hoc group of external experts' provided some good

sustainability in beneficiary countries.	<p>contributed to enabling beneficiary countries to participate independently and effectively in international debt negotiations</p> <p>Degree to which the project complements and/or catalyses other initiatives in the country</p>	<p>phone interviews with beneficiaries</p> <ul style="list-style-type: none"> • Review of documents 	<p>feedback. In addition those who worked in other agencies in the debt field were helpful.</p>
--	---	--	---

Impact

Criteria	Verifiable Indicators	Means of Verification	Comments on evaluation approach
To what extent the project has facilitated the development of enhanced capacity in the management of debt sustainability	<ul style="list-style-type: none"> • Improved ability of debt management officials in beneficiary countries to identify appropriate policy measures to attain and preserve a level and structure of debt that is sustainable in the long term • Improved ability of debt management officials in beneficiary countries to understand and analyse the concept underlying the appropriate definition and use of debt indicators • Improved capacity of beneficiary countries to achieve and maintain 	<ul style="list-style-type: none"> • Interviews with relevant UNCTAD staff • Interviews with representatives of member States in Geneva • Questionnaires to and/or phone interviews with beneficiaries • Review of relevant documents 	<p>As above, i.e. All data sources were used here including the mission members. In order to help with the independence of the evaluation, the ‘ad hoc group of external experts’ provided some good feedback.</p> <p>In addition those who worked in other agencies in the debt field were helpful.</p> <p>Information from government staff plus knowledgeable</p>

	sustainable levels of debt, including their capacity to participate effectively in international debt negotiations		outsiders.
Whether the geographical coverage of the project is adequate.	<ul style="list-style-type: none"> • Appropriate criteria were developed and applied to determine beneficiary countries 	<ul style="list-style-type: none"> • Interviews with relevant UNCTAD staff • Interviews with representatives of member States in Geneva • Review of documents 	UNCTAD staff, mission members and document review all helped here.

Other Issues

Criteria	Verifiable Indicators	Means of verification	Comments on Evaluation performance
To what extent the projects have taken into account and addressed wider objectives of the United Nations, such as poverty reduction and gender equality;	<ul style="list-style-type: none"> • Wider objectives of the UN (e.g. gender dimensions, MDGs) are addressed in project plans and implementation • Results of the project contribute to these goals 	<ul style="list-style-type: none"> • Interviews with relevant UNCTAD staff • Interviews with representatives of member States in Geneva • Review of documents 	Document review plus some searching in the external literature was necessary here.

ANNEX 4: QUESTIONNAIRES FOR WORKSHOP PARTICIPANTS AND THEIR SUPERVISORS

i) Questionnaire for participants

Evaluation of the UNCTAD Project on Capacity Building for Debt Sustainability

A) Background Information

1	What is your name?
2	What are your contact details – phone, email
3	What is your current position?
4	How long have you held this position?
5	Was this the position you held at the time of the UNCTAD workshop?

B) Evaluation Questions

1	Are there any changes in your position, responsibilities and duties since the training, and as a result of it?
2	Were you able to transfer the knowledge and skills you acquired from the training to your colleagues?
3	Were you able to take actions immediately after the workshop as a result of what you learned?
4	Specifically what areas of the workshop were most useful to you in terms of how you were able to support your organization?
5	Did you think that the workshop helped you to analyze the macro economic and structural requirements for debt sustainability, and if so, how?
6	Do the workshop help you achieve better cooperation between your counterparts in other countries, if so, how?
7	Have you benefited from similar activities of other organizations? If so, which ones and how did they support you?
8	What suggestions would you like to make for future UNCTAD activities in this area?
9	Any further comments or suggestions?

ii) Questionnaire for Supervisors

Evaluation of the UNCTAD Project on Capacity Building for Debt Sustainability

A) Background Information

1	What is your name?
2	What are your contact details – phone, email
3	What is your current position?
4	How long have you held this position?
5	Was this the position you held at the time of the UNCTAD workshop?

B) Evaluation Questions

1	In your opinion, has the impact of the work of the participant improved as a result of attending the UNCTAD workshop?
2	Was the participant effective in transferring the acquired knowledge and skills from the workshop to colleagues? Did the organization allow him/her the resources and opportunities to do so?
3	Has the participant encountered any problems (such as resource availability) in applying and using the knowledge acquired at the workshop?
4	Specifically what areas of the workshop were most useful to the organization in terms of how it has increased capacity?
5	Did the workshop help your department and organization to analyze the macro economic and structural requirements for debt sustainability, and if so, how?
6	Did the workshop help your department and organization achieve better cooperation between your counterparts in other countries, if so, how?
7	Has your department and organization benefited from similar activities of other organizations? If so, which ones and how did they support you?
8	What suggestions would you like to make for future UNCTAD activities in this area?
9	Any further comments or suggestions?

ANNEX 5: LIST OF PERSONS CONSULTED

UNCTAD Staff

Mr Miguel Bautista	Chief Group Liaison Unit
Ms Yuen Ching Ho	Evaluation and Planning Unit
Ms Christine Forsland	Debt and Finance Analysis Unit, Debt and Development Finance Branch
Mr Raul Javaloyes	Chief, Office of the Director, Division of Management
Ms Yuen Fen Li	Head, Debt and Development Finance Branch
Ms Ursula Moehrle	Debt and Development Finance Branch
Mr Ugo Panizza	Head, Debt and Finance Analysis Unit, Debt and Development Finance Branch.
Ms Robin Scherer-Keen	Programme Officer, Technical Cooperation Service
Mr Taffere Tesfachew	Chief, Office of the Secretary General
Mr Gerry Teeling	Chief, DMFAS Programme
Ms Manuela Tortora	Chief, Technical Cooperation Service
Mr Marcelo Tricarico	Senior Programme Coordinator, DMFAS
Mr Dusan Zivkovic	Economic Affairs Officer, Debt and Finance Analysis Unit, Debt and Development Finance Branch

Other Persons Consulted

Jaime Delgadillo Cortez	World Bank, Mozambique
Dr Cornilious Deredza	Programme Officer, Debt Management Programme, MEFMI
Professor Valpy Fitzgerald	University of Oxford
Mr Carlos Fortin	Former Officer-in-Charge, UNCTAD
Ms Ursula Germann	Programme Officer, UN Development Account, New York
Mr Walton Gilpin	Debt Management Adviser, Commonwealth Secretariat
Ms Alison Johnson	Programme Manager, Debt Relief International, London
Mr Nihal Kappagoda	Consultant to HIPC Capacity Building Programme
Mr Garikai Kashitiku	First Secretary, Permanent Mission at Geneva, Zimbabwe
Dr Damoni Kitabire	Lead Economist, Fragile States Unit, African Development Bank
Mr Jose Maurel	Head, Special Advisory Services Division, Commonwealth Secretariat
Mr Carilus Odumbe	Debt Management Adviser, Commonwealth Secretariat
Mr Mauricio Perez Zepeda	Counsellor, Permanent Mission of Honduras
Mr Arindam Roy	Adviser and Head, Debt Management Section, Commonwealth Secretariat
Mr John Toye	Former Director, Division on Globalisation and Development Strategies, UNCTAD
Ms Anh-Nga Tran-Nguyen	Former Chief, Debt and Development Branch, UNCTAD
Mr Dev Useree	Director, Debt Management Services, Crown Agents

ANNEX 6: ISSUES IN CAPACITY BUILDING

1. Approaches to Capacity Building (or Capacity Development) in UNCTAD

UNCTAD undertakes capacity building²⁵ activities in the area of its mandate, trade and investment. Issues are growing with the proliferation of trade and investment arrangements and their implications for national economies. As noted in the conceptual and policy paper on capacity building (CB)²⁶, building capacity in trade and development issues is important for shaping mindsets, approaches and decisions. Determining what capacity is developed and how it is done is as important as the various topics that are the content of trade and investment issues.

UNCTAD's policy paper on CB/development²⁷ provides a conceptual underpinning for this evaluation. Capacity development is defined as 'an endogenous course of action that builds on existing capacities and assets' and 'the ability of people, institutions and societies to perform functions, solve problems and set and achieve objectives'²⁸. According to the policy, CB by UNCTAD focuses on human resource development, taking the lead from UNDP's work in trade, investment and development policy, and with three cross-linked layers of capacity: individual, institutional and societal. UNCTAD focuses its assistance for CB on the interface between trade policy and poverty reduction, in relation to the achievement of MDGs No 1 and No 8. Therefore UNCTAD expects CB to ensure that its trade and development policies support overall poverty reduction strategies.

The instruments UNCTAD uses to develop capacity at each layer are as follows:

- Individual layer: human resources development, training, training of trainers

At the individual level, training is the most widespread CB instrument in UNCTAD's operations, usually short term (3-4 days) and usually focussed on one specialised topic for specific audiences. Distance learning techniques are being used to a greater extent, which has cost and flexibility implications as well as providing an element of sustainability. Training has to match the academic and professional backgrounds of the trainees, often difficult to determine, with different audiences requiring different training tools and approaches. As pointed out in TD/B//50/9 (Para 20), the comparison of different country experiences enlarges the understanding of domestic development policy options.

Training of trainers provides some difficulties for UNCTAD as practical aspects of policy making relate to a small pool of potential trainers who may also need to adapt UNCTAD training materials to local issues.

- Institutional layer: support to organisational and planning entities (public and private) in charge of trade and development policies; support to formulation and implementation

²⁵ The term is used interchangeably with the term 'capacity development'.

²⁶ UNCTAD, Trade and Development Board, Capacity Development: Note by the UNCTAD Secretariat, Working Party on the Medium Term Plan, August 2003, TD/B/50/9 and TD/B/WP/168

²⁷ TD/B/50/9 and TD/B/WP/168

²⁸ S Fukada-Parr, C Lopes, K Malik (eds), Capacity for Development, UNDP, New York, 2003

of legislation; inter-ministerial coordination; research and training capacity on development issues.

At the institutional layer, capacity strengthening requires a wide variety of instruments, according to the nature of the institution and its functions. Training of individuals is needed for change at the institutional level from passive to active learning, but institutional effectiveness depends on developing the networks of private and public institutions that shape trade and development policies. UNCTAD's knowledge can have a significant and sustainable impact at the institutional level and many of its projects target improving institutional capacity. But the difficulties of so doing are greater than at the individual level.

Three main conditions to ensure the success are: first, a solid and visible ownership by local authorities; second the application of the skills acquired by individual training, and third, producing visible improvements in the institution's performance at the societal level. UNCTAD supports strengthening of networking and partnerships to academic research and training institutions, targets research capacity for current and future policies and trains students to become future policy makers²⁹.

- Societal layer: dissemination, awareness, advocacy and social mobilisation of trade and development issues; consensus building and participation; enterprise development; and access to knowledge and information.

At the societal level, support to capacity is multifaceted. The link with the institutional capacity is to ensure that the institution and its stakeholders are involved and proactive in policy decision-making, and acting in harmony with the national context. Therefore UNCTAD initiatives try to be demand driven, embed ownership and be country-based, and tailored-made to national circumstances. UNCTAD is moving towards country-based integrated approaches within the context of UN reform at the country level.

2. What UNCTAD's Evaluations have said about CB

Evaluation approaches in UNCTAD of capacity building use the OECD Development Assistance Committee criteria of relevance, effectiveness, efficiency, impact and sustainability.

Relevance refers to the appropriateness of the CB programme for the beneficiaries, and the extent to which it meets or falls within national objectives. Some evaluations examine and analyse course content (scope of the curriculum, level of courses). It has been described in evaluation reports that 'capacity gaps limit the relevance of the activity' (Denis, Saha and Griffiths, TD/B/WP/155). The launching of a programme is conditional on the positive outcome of a needs assessment and a feasibility analysis. Capacity gaps have been identified in some of UNCTAD's evaluations, and indeed 'capacity gaps were the rule rather than the exception' (Para 19, page 8 of TD/B/WP/155).

²⁹ A related modality is the establishment of 'centres of excellence' for training, using institutions that are already well established, and UNCTAD tries to strengthen existing networks as long as they are well targeted. In addition, solutions may cover ICT and application of knowledge of specific legal rules.

Effectiveness refers to whether the objectives defined prior to the implementation of the programme were achieved. This requires a proper definition of CB objectives with the objectives properly and realistically set, whether part of a logical framework or other frame of analysis. Effectiveness is also linked to competencies that may be tapped by programmes at headquarters, and this criterion may also examine whether the scope of the activity both geographically and thematically, has been adequate in view of the existing resources and expertise. The main drivers of success or failure in the effectiveness of UNCTAD programmes have been identified as: capacity gaps, level of support from UNCTAD, the ability to provide an integrated and flexible solution to a country's needs, national ownership, institution building, taking a long term perspective, adequate resources and donor coordination (Denis, Saha, Griffiths). The most important of these for UNCTAD was capacity gap management.

Efficiency relates objectives to the use of resources and costs of the programme in terms of the results achieved. Efficiency costs are rarely identified in programme design (Denis, Saha, Griffiths) and the data required (costs, prices, revenue, valuation of benefits) to assess this criterion are always difficult to generate. Programmes are often carried out within a framework of internationally accepted and regulated UN prices and expenditure with little deviation allowable to the programme manager³⁰. Therefore recommendations to change the allocation of resources may not be fully possible within this framework.

The emphasis in project design is always placed more on the delivery of activities rather than the costs, and generally attention is not paid to the input/output ratio. However a number of issues of efficiency identified in the evaluation reports (and especially by TD/B/WP/WP155) are: sometime weak management from UNCTAD, inability to cost services, high internal transaction costs at UNCTAD, relying on staff to perform direct training, too infrequently capitalising on experts from developing economies, high logistics costs, poor cost recovery and failure of donors to respect their commitments. However, all of these comments noted, it is possible to make some qualitative comparisons between activities delivered within UN cost frameworks and for example, those delivered through the Bretton Woods Institutions (BWIs) and the private sector.

Impact is a term often used casually in respect of programme achievements, but in the meaning as provided by the OECD DAC, it relates to the long term effect of the programme on beneficiaries and the possible multiplier effects. Therefore properly assessing impact requires substantial evaluation resources, and all UNCTAD evaluations of CB have not been able to assess it in any significant manner.

Sustainability relates to the ability of the beneficiaries to continue the activities without further input from UNCTAD. As noted in TD/B/WP182, a long term perspective is needed with successful institutional CB. UNCTAD encourages sustainability through networking, partnership with beneficiaries, shared experiences and e-learning. TD/B/WP/155 cited a number of factors for lack of sustainability in UNCTAD programmes, being: failure to identify capacity gaps, short term orientation (programmes focussed on awareness raising only and therefore a pilot activity), individual rather than institution building, programme management and resource allocation at headquarters and financial sustainability. As noted in TD/B/WP190, programme sustainability is often uneven, mostly due to turnover of experience in member countries, and

³⁰ Especially true for the Development Account

points to assessing capacity gaps. Ensuring that knowledge emanating from the activity is institutionalised is a major means of ensuring sustainability.

3. Lessons from Capacity Building Approaches

Despite the high profile of, and needs for CB, it is not a well-defined process, often being drawn along by development processes and lacking a proper framework for assessing capacity needs, designing and sequencing appropriate interventions and determining results. CB should be seen as a goal in its own right and not only as a means to achieve other development objectives³¹. CB has become a catch-all term incorporating any form of technical assistance (TA). Also power relations (especially at societal level) play their part in how the capacity of individuals and organisations engage³².

The definition of CB used by UNCTAD is that accepted in the UN system, with a range of indicators (and description of results) that can be derived from the 'three tier' approach at individual, institutional and societal levels (see Section 3). Effective CB should make linkages between institutional, organisational and human capacity development, and enhance incentives for performance improvements³³ but it is increasingly difficult to assess progress from the individual to organisational to societal levels. The key question to ask when evaluating capacity building efforts is: 'capacity to do what?'³⁴.

So far there is no body of knowledge on what tools should be applied in different country and sector circumstances. Although TA has been effective when used for a well defined technical task and in the context of a clear TA strategy that includes a phase out plan, it has had little effect on CB when used to fill gaps in skills³⁵. Key issues are:

- CB requires an external environment conducive to change
- CB needs top managers who provide leadership for institutional change
- A critical mass of staff members are required to be involved in and committed to the change process
- CB is unpredictable and requires flexibility; it is a moving target, at any time capacity can improve or decline.
- Ownership is crucial for success and can be built with participatory approaches
- Objectives should be realistic.

³¹ Operations Evaluation Department, World Bank, Capacity Building in Africa: an OED Evaluation of World Bank Support, April 2005. Watson, D, Monitoring and Evaluation of Capacity and Capacity Development, Discussion paper 58B, European Centre for Development Policy management, April 2006.

³² Capacity Collective Workshop, Capacity for a Change, Institute of Development Studies, University of Sussex, 2007

³³ Operations Evaluation Department, World Bank, Capacity Building in Africa: an OED Evaluation of World Bank Support, April 2005.

³⁴ Connolly P and P York, Evaluating Capacity Building Efforts for non profit Organisations, OD Practitioner, Vol. 34, 4, 2002.

³⁵ This means that the effectiveness of training programmes is often hampered by a lack of well developed training strategies, poor sequencing of training with organisational and institutional developments that would utilise the skills acquired, and low retention of staff trained in such areas as economics, accounting, auditing and information technology who face more attractive opportunities in the private sector and with international development agencies.

- CB benefits from a solid initial diagnosis and proper planning but the plans developed should be regarded as work-in-progress with managers having the flexibility to modify planning targets and implementation procedures.
- National policy priorities and good national ownership have proved important components³⁶
- CB should not be seen as a North-South Exchange but that mutual learning and change is important

Lessons learned about improving CB in public financial management (World Bank):

- Strong diagnosis of underlying political and institutional solutions
- Reduce reliance on ambitious technical solutions
- Better identify and address core capacity needs, including the change management capacity of units responsible for implementing improvements
- Address financial management capacity constraints in phases, by focussing initially on a few high priority functions and well defined objectives
- Establish outcome indicators and process for monitoring and evaluating capacity building activities

4. Evaluating Capacity Building

These foregoing comments suggest that evaluating CB presents some problems. Much depends on its evaluability of the project, i.e. the process of ensuring that evaluation criteria are properly included at the design stage. Evaluation of CB seeks to capture actions or results that are not easily measured³⁷ :

- Processes should not be ignored in favour of long term development impacts,
- Contributions of external partners should be given strong weight.
- Evaluations of capacity building have focussed fundamentally on processes (e.g. building alliances, mobilising communities, decentralised planning, learning) and other qualitative aspects of individual or organisational change (e.g. motivation to perform) that contribute to better performance.
- review how CB has assessed existing capacity and linked capacities to instruments

³⁶ Achievements in projects have included identification and implementation of strategies, data estimations, engagement of national stakeholders in strategies, capacity built for monitoring and analysis, putting legislation in place, raise awareness, built skills to collect and analyse data, changing individual capacities accompanied by changes to institutional structures and procedures so these capacities could be utilised; other projects raised some doubts as to the sustainability of activities in the absence of a dynamic institutional environment.

³⁷ The documentation on evaluation of CB and the performance of an organisation as a whole has concentrated on reviews carried out with substantial resources, e.g. with teams of several professionals working with organisations over an extended period, giving attention to the four elements of the organisational assessment framework which are i) organisational performance (being effectiveness, efficiency, relevance, financial viability), ii) organisational capacity (strategic leadership, human resources, financial management, organisational processes, programme management, infrastructure and inter-institutional linkages), iii) external operating environment (administrative and legal, socio-cultural, technological, stakeholder, economic , political) and iv) organisational motivation (history, mission, culture and incentive/rewards).

- See CB as a long-term process, and how it contributes to sustainability

Some formalised M&E systems have generated problems and the M&E system is often a reflection of the relationship between donor and recipients. The DAC criteria have been used in evaluating CB ³⁸, and what has been found is that effectiveness of projects has varied with incentives needed for trained staff and opportunities to use new skills; in the area of efficiency, it has been difficult to assess with activities rarely having a defined budget heading; for sustainability, there are needs for strong levels of institutional commitment and individual skills need continued support.

i) How M&E Systems may impede progress

Capacity building activities are generally not monitored and evaluated (World Bank, UNFCC Workshop) ³⁹, they may be embedded in operations, and not seen as core objectives ⁴⁰. Projects that do have CB activities embedded may have the objectives are poorly defined and achievements poorly tracked and reported. Formalised M&E systems may impede progress because of the resources required to set it up. M&E is feasible:

- where it is possible to define the required capacities accurately and to assess existing capacities and the gap between them.
- Where stakeholders are willing and able to assess their own capacities and performance shortfalls and then willing to work collaboratively with externally resourced assistance.
- Where there are incentives to improve performance and or extra resources to available to build capacities further
- Where there is firm leadership and conditions to produce ownership.

But there are problems in translating more informal forms of M&E because of the formal official relationships between banks, donors and government counterparts. As donors are strong on accountability, they adopt log frame/RBM type approaches. Discussion is needed on approaches to M&E of capacity development which themselves contribute to the enhancement of key capacities in the participating organisations or systems, and how further application of such approaches can be 'mainstreamed' by development cooperation agencies.

ii) Indicators and Results

Indicators from capacity building might be derived from:

³⁸ Drawn from GEF projects, see Todd, D, Evaluating Capacity Development, UNFCC Expert Workshop on Monitoring and Evaluating Capacity Building in Developing Countries, Antigua, November 2007.

³⁹ UNFCC, Report on the Expert Workshop on Monitoring and Evaluating Capacity Building in Developing Countries, Antigua, November 2007.

⁴⁰ A World Bank review of 55 Africa wide projects indicates that only 23% included performance indicators for capacity building components and only 26% considered past lessons in the design of capacity building components. Only 27% had a clear indication of the achievements of the capacity building objective. These shortcomings in the diagnosis, design and evaluation of capacity building interventions have impeded the effective handling of two key capacity building implementation issues: scope and sequencing of programmes. Less than one quarter of projects incorporated lessons learned from capacity building in the past. At completion lessons learned about capacity building were few.

- At individual levels: applying learned methodologies, new ways of working, linking with others in the field and interacting with peers at forums
- At institutional levels: recognising the needs to know more about analytical approaches, seeking advice and opinion from experts and working with policy makers
- At societal level: using findings to influence policy, linking with other users and influencing others to reform or change policy.

Despite these proposed indicators there is still some experimentation as to how to measure capacity building based on the accepted three tiers.

Formulating Results of Capacity Building :

- Outputs which are increased demand for effective organisational performance; new or enhanced institutional frameworks, individual skills and competencies
- Intermediate outcomes which are improvement in performance and accountability of key functions: such as long term strategic planning and policy formulation, mobilisation and management of funds, service delivery and legal and regulatory enforcement.
- Outcomes: longer term: changes in public sector deliverables etc.
- Impact: poverty reduction and sustainable development

Outcomes related to capacity can only be achieved if current learning programme approaches are changed to provide a continuous process of capacity enhancement focused on targeted country capacity constraints, and linked to other instruments (e.g. PRSP).

5. Summing Up

The main summary points from literature and experiences reviewed are:

- In the early days practitioners equated capacity building to 'training', and if there was a gap in performance, the solution was often to retrain. However, individual skills are only part of the complex mixture of elements that constitute capacity. Training is not the only tool; others are also regarded as important, which are: i) information dissemination, ii) facilitation and mentoring, iii) networking, and iv) feedback. All capacity building efforts disseminate information in one form or another.
- Recently capacity building efforts have focussed on strengthening the national economic and legal institutions necessary for the promotion of development. Capacity building is also necessary at the middle level of development organisations, but generally capacity building efforts need to address various levels in an organisation.
- Capacity building involves the acquisition of new knowledge and the requirement to apply it by pursuing individual or organisational goals. Therefore learning by doing has been at the heart of capacity building.
- Capacity building is behavioural change: traditional approaches have concentrated on the internal functioning of organisations and systems (structures, strategies, staff and skills); but there is the need to consider the 'macro' aspect of capacity building that relates to the operations of groups of organisations and their role in the wider systems.
- Programme design needs to say how improved capacity will be used, and avoid training as 'one short' solution; allow successful trainees to progress with more advanced

courses, while repetition is needed to counter attrition in trained persons and for increased needs as the value of improved approaches generates new demands; one shot training by international consultants should be a last resort. The solutions are to ensure training builds on existing institutions though they can be supported to modify their programmes. In some cases it may be necessary to develop new specialist training bodies in a region.

ANNEX 7 KEY DOCUMENTS CONSULTED

Assist Consulting AS, Debt Management Programme – Coordination and linkages: Report to the Norwegian Ministry of Foreign Affairs, June 2006.

Development Account 4th Tranche, Project K: Project Document: Capacity Building for debt sustainability in developing countries, June 2004.

ECORYS-NEI, Macro and Sector Policies, Evaluation of Phase 3 of the Debt Sustainability Capacity Building Programme of the HIPCs, November 2004.

UNCTAD, Compendium on Debt Sustainability and Development, draft.

UNCTAD, Review of Technical Cooperation Activities of UNCTAD, Geneva 2008.

UNCTAD, Debt Management-DMFAS Programme, Annual Report 2006.

UNCTAD, Annual Report, 2007.

UNCTAD, Proposed Programme Budget for the Biennium 2008-2009, April 2007.

General Literature on Evaluating Capacity Building:

Connolly Paul and Peter York, Evaluating Capacity Building Efforts for non profit Organisations, OD Practitioner, Vol. 34, 4, 2002.

Desanker, Paul, Framework for Capacity Building in Developing Countries, UNFCC Expert Workshop on Monitoring and Evaluating Capacity Building in Developing Countries, Antigua, November 2007.

Operations Evaluation Department, World Bank, Capacity Building in Africa: an OED Evaluation of World Bank Support, April 2005.

Todd, David, Evaluating Capacity Development, UNFCC Expert Workshop on Monitoring and Evaluating Capacity Building in Developing Countries, Antigua, November 2007.

UNFCC, Report on the Expert Workshop on Monitoring and Evaluating Capacity Building in Developing Countries, Antigua, November 2007.

Watson, David, Monitoring and Evaluation of Capacity and Capacity Development, Discussion paper 58B, European Centre for Development Policy Management, April 2006.

UNCTAD Evaluations

Denis, J-E, Saha, H and D Griffiths, Evaluation of Capacity Building in UNCTAD's Technical Cooperation Activities, July 2002.

Kersegard O, P Bravo, and H Blom, Final In-Depth Evaluation: UNCTAD work Programme in Capacity Building in Developing Countries on Issues in International Investment Agreements, July 2005.

Presser M, S Lazzarotto and R Sheikh, Evaluation of Technical cooperation Activities: In-depth evaluation of training courses on Key Issues on the International Economic Agenda, August 2005.

Manickam S, F Arthur and N Hamim, Evaluation of UNCTAD's Trade Related Technical Assistance and Capacity Building on Accession to the WTO, July 2006

A Sta. Catalina, J de Mol, and P Omtvedt, Evaluation of the Trainmar Programme, Trade and Development Board, July 2001, TD/B/WP/144.

K. Harrberg, P Krappie and R Fairweather, Evaluation of UNCTAD's Trade, Environment and Development Programme, August 2003, TD/B/WP/165.