

ITC's contribution to export competitiveness

Verification of intervention logic in the Information Technology & Services Sector in Bangladesh

Fedes van Rijn



WAGENINGEN
UNIVERSITY & RESEARCH



Bangladesh is a large developing country with a significant potential to grow in the next years. Although still small in absolute size, the IT service sector has been growing rapidly during the past 20 years. The government projects this growth to sustain in upcoming years. Various institutions have recognised the growth potential in the Bangladeshi IT-sector and have implemented programmes to spur its development. Private sector development support is one way to address the challenges, but establishing the impact of their efforts remains difficult due to a lack of data and insight in the effects.

One such programme is the Netherlands Trust Fund Export Sector Competitiveness Programme (NTFIII – ESCP), which aims at enhancing export competitiveness in the IT/ITES sector in Bangladesh. NTFIII is a collaboration between the International Trade Centre (ITC) and the Dutch Centre for Promotion of Exports from Developing Countries (CBI). The project enhances the export competitiveness through capacity building of Trade Support Institutions (TSIs) and Small and Medium Enterprises (SMEs) and creating linkages in selected export targets.

The PRIME (Pioneering Real-time Impact Monitoring and Evaluation) research programme developed and implemented a methodology to monitor and evaluate the impact of such private sector development programmes. In order to maximize the potential use of findings for steering ITC-support in other contexts, the focus of the research is on parts of the intervention that have potential to be replicated or scaled out. These include the selection of SMEs, the contribution of NTFIII to improvements in service delivery in the sector, the knowledge and practices of SMEs and export performance. To assess ITC's contribution on these topics, data was gathered from more than 300 SMEs. This data was supplemented with in-depth interviews. The contribution from ITC at firm level is assessed by using a statistical comparison between NTFIII SMEs and non-NTFIII SMEs and data from in-depth interviews.

The PRIME project resulted in new insights in the effects of private sector development support programmes. The NTF-III project directly supported export ready SMEs that are bigger, more experienced in exporting services, and more likely to have a female owner than the average firm in the sector. Export promotion training improved SMEs' knowledge and business practices on marketing techniques and quality requirement of international buyers. The improved business practices are related to improved export and business performance. The creation of new long-term contracts with foreign clients and permanent employment and improved services of Bangladesh Association of Software and Information Services (BASIS) may support the sustainability of programme impact in the long term. However, spill-over effects of the ITC support to other SMEs in the sector may be limited, as ITC support targeted only SMEs with high export potential.

In order to maximize future benefits from this study, ITC should benefit from the structure and components of the NTFIII project in Bangladesh in the implementation of future projects. ITC could increase their impact at sector level by differentiating in project components to also meet SMEs that are less experienced in exporting.

ITC may increase contribution to business practices by emphasising more on financial management, human resources, and business organisation. ITC could improve their support to TSIs, and thus their impact in the sector, by helping TSIs to raise awareness of their services. The long-term impacts of projects similar to NTFIII, and the sustainability of these impacts, should be investigated three years after the projects ends. Adjustments to ITC's monitoring system could improve the organisation's capability to measure impact and use monitoring for strategic decisions. The current results are mainly derived from data gathered by WUR, while there is great potential to make better use of monitoring data.

[Download the full report](#)

Contact

Wageningen Economic Research dr. FC (Fedes) van Rijn
Postbus 29703 Senior Scientist Impact Evaluation, Value
2502 LS Den Haag Chains and Food Systems
www.wur.nl/economic-research T +31 (0) 70 335 83 68
E fedes.vanrijn@wur.nl
