

# An Evidence-based Monitoring System for an effective Aid for Trade

by [Lichia Yiu & Raymond Saner](#)

A number of technical assistance instruments have been implemented by donors and the international community to assist the Least Developed Countries (LDCs) in strengthening their trade related capacities and in enhancing their trade performance. However, these targeted technical assistance programmes have yet to deliver the expected results of improving the standards of living of growing populations through improved trade performance in the LDCs. Many factors contribute to this disappointing outcome. In the context of Aid for Trade (AfT), it was recognised that “recent evaluations of Aid for Trade programmes highlight, in particular, the absence of a results-based design in most projects and *the poor use of monitoring and evaluation tools*” has led to sub-optimum utilisation for the valuable development resources (OECD, 2006)[1]. The recent draft publication “Quality Standards for Development Evaluation” [2] by the Organisation for Economic Co-operation and Development (OECD) in 2010 is a dramatic step in the right direction, yet it stops short of addressing fundamental governance challenges present in AfT programmes.

## The need for management capacities

Developing capacity and strengthening management systems in partner countries are crucial to the implementation of the Paris Declaration. The Paris Declaration recognises that capacity building is essential to improve the results of development aid, as well as to achieve the objectives of ownership, aid alignment and mutual accountability.

However, the absence of strategic management tools in partner countries often causes inadequate project design and implementation, which can in turn lead to reactive donor-driven evaluation studies. The absence of management capacities also means that evaluations often fails to shed light on what aspects of the project design missed the mark and how the process could be improved. It also discourages a culture of learning and continuous self-directed improvement and innovation. The partner country in the traditional scenario remains dependent on the goodwill of the donor country.

An evidence-based monitoring system can strengthen the capacities of Developing and Least Developed Countries to benefit from AfT programmes by supporting overall progress towards achieving the listed 2010 targets. It supports ownership of the implementation process by both donor and partner countries. Additionally, it could directly contribute to the attainment of the indicator focusing on ‘*Managing for Results*’[4] which aims to reduce by one third “the proportion of countries without transparent and monitorable performance assessment processes” by 2010.

The quality assurance principles of a sound monitoring system would be : a) state what will be done, b) follow through on that statement c) review what has been done, d) document all above actions. Once installed either within a country assistance programme or adopted by the aid management unit of the developing country, an effective monitoring system would provide transparent and continuous data for assessing and improving the performance of all parties (i.e. beneficiaries, donors, experts) throughout the AfT processes. In this context, an intelligent monitoring system could contribute to the achievement of the indicator by focusing on harmonisation and vertical alignment within the project domain.

In order to realize tangible results under the AfT, the partner/beneficiary country must have the means to analyse domestic performance needs, document analysis, identify priorities, identify means of implementation and carry out knowledge management and organisational learning in real time. Partner countries also require a monitoring management system guaranteeing that investments made in AfT to develop organisational, institutional and societal capacities will generate effective results for the countries. This can only be done through monitoring as an embedded process and by building up a body of management information, not solely by evaluation as an activity.

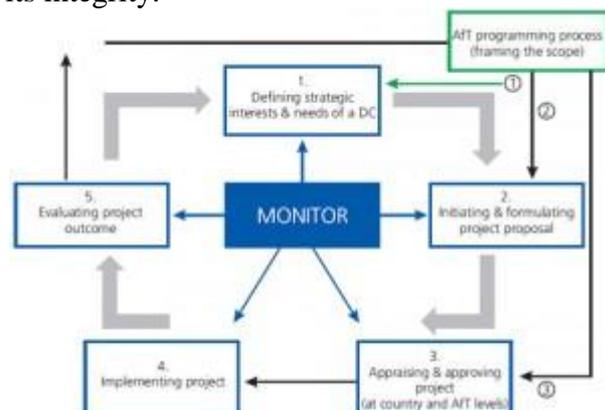
A monitoring management system would enable partner country actors to assume full management responsibilities and to become accountable for the outcomes of the investments offered by donors in the context of the AfT Strategy or the Enhanced Integrated Framework (EIF) without the feeling of being overruled or misrepresented. At the same time, an effective monitoring system would provide the donor community with a richer information database for post-project evaluations thereby reducing imprecision in post-project evaluations.

### **Monitoring management systems**

Monitoring is a continuous collection, analysis and use of management information to support decision-making throughout the life cycle of a project.

In other words, monitoring is an *internal* management responsibility. Partner countries should be allowed to take the lead and the responsibility in operating, maintaining and reviewing the AfT or EIF monitoring and evaluation system at the country level. The top management of the AfT/EIF process in the recipient country, for example, a National Steering committee (NSC) or a National Implementation Unit (NIU) should be responsible for making sure that the monitoring system is operated properly and for exercising quality control. Such a country monitoring system needs to be subjected to external audit on a regular basis by a third party in order to ensure

its integrity.



Monitoring differs fundamentally from evaluation in that monitoring is an on-going management process allowing for in-project corrections and supports institutional learning; evaluations are normally ex-post assessments of completed aid projects. The former offers information during a project’s operation while the latter assesses results achieved against predefined objectives, thus generating useless information for corrective action if the project will not have a follow-on phase.

A *monitoring system* also differs from the traditional monitoring “inspection”. While monitoring collects dynamic information and supports its intelligent use for problem solving by all key actors; inspection reviews (wrongly labelled as “monitoring”) evaluate events and/or outputs against contractual agreements at intervals. The on-going monitoring practice suggests that, thus AfT/EIF is more of the “inspection type” rather than “monitoring”.

### **In-country project cycle: five-stage process**

A systematic and standardised project cycle could make an important contribution towards improving AfT and EIF capacities. A project management process for an AfT/EIF programme or project can be contemplated in the form of a project cycle diagramme shown in Figure 1.

Respective management teams within the AfT governance structure and the beneficiary government should monitor the following stages:

- a) Defining the strategic interests and needs of the DC partner
- b) Initiating and formulating the project proposal
- c) Appraising and approving the project
- d) Implementing the project
- e) Evaluating the outcome of an AfT project.

Cf Illustration : the output of one stage will provide the input for the following stage

### **Conclusion**

An effective and efficient Monitoring Management System is a tool for consolidating collaborative partnerships between donors and partner countries, as part of a key objective of the Aid for Trade initiative. Its use would promote the ability of partner countries to become more actively engaged in the diagnostic and strategic planning phase of the capacity building process. Its result would be to support the development of self-sustaining and continually improving capacity for development planning and implementation. Monitoring Management Systems are a well-proven means for improving performance within the private sector. Their use within the context of AfT would at once create references for fostering coherence among all stakeholders within its processes. Additionally, it would provide a new instrument for improving governance and thus effectiveness in attaining its stated objective: alleviating poverty in LDCs and developing countries through trade.

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This article is based on a more comprehensive article that served as background document for the International Dialogue meeting in Dhaka on 24-26 November. The full text, titled “Exploring a New Global Partnership for the Least Developed Countries (LDCs) in the Context of the UNLDC IV can be downloaded at: [http://www.oecd.org/document/16/0,3343,en\\_2649\\_33993\\_46268496\\_1\\_1\\_1\\_1,00.html](http://www.oecd.org/document/16/0,3343,en_2649_33993_46268496_1_1_1_1,00.html), on the CSEND website at: <http://www.csend.org/programmes-a-services/aid-effectiveness-a-efficiency>, and on ICTSD website <http://ictsd.org/i/events/dialogues/95255/>.

**NOTES :**

1. The Development Dimension: Aid for Trade. Making it Effective. OECD, 2006
2. OECD. Quality Standards for Development Evaluation. 2010  
<http://www.oecd.org/dataoecd/55/0/44798177.pdf>
3. Results-based management is “a management strategy focusing on performance and achievement of output, outcomes and impact.” DAC Network on Development Evaluation, OECD, 2002