



United Nations Industrial Development Organization

Distr.: General
24 August 2012

Original: English

Industrial Development Board

Fortieth session

Vienna, 20-22 November 2012

Item 5 of the provisional agenda

Activities of the Evaluation Group

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Note by the Secretariat

In compliance with Board decision IDB.29/Dec.7, the Secretariat reports on evaluation activities on a biennial basis, thereby complementing the information provided in the *UNIDO Annual Reports 2010 and 2011*.

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I. Background

1. In decision IDB.29/Dec.7, the Board, inter alia, affirmed the importance of Member States' receiving objective and credible feedback on the performance of UNIDO country-level programmes based on the findings and lessons learned from independent evaluations. The present report is submitted in accordance with paragraph (h) of that decision, which requested the Secretariat to report on evaluation activities on a biennial basis. The document should be considered in conjunction with the information on evaluation-related activities provided in the *Annual Reports of UNIDO 2010 and 2011*. A conference room paper will provide further insight into *findings and lessons learned from UNIDO evaluations conducted in 2010 and 2011*. In addition, all UNIDO independent evaluation reports are available on the UNIDO website (www.unido.org/evaluation).

II. Context and function

2. The Evaluation Group (ODG/EVA) derives its roles and responsibilities from the UNIDO Evaluation Policy (2006). According to this policy, evaluation serves three purposes: it assures accountability, supports management and drives learning and innovation. ODG/EVA is responsible for independent evaluations of UNIDO projects and programmes, as well as of global, regional or organizational issues. Furthermore, it undertakes thematic evaluations in relation to specific programme areas, a development priority and for contributing to organizational learning. The UNIDO evaluation function is aligned to the United Nations norms and standards for evaluation and their emphasis on independence, credibility and utility.

3. In recognition of the critical role of evaluation in assessing and validating results and in promoting internal and external learning, UNIDO allocated €640,000 for the implementation of the ODG/EVA work programme 2010-2011. This was to cover country, strategic and thematic evaluations. The budget entailed an increase by 12 per cent, compared to the previous biennium. Independent project and programme evaluations continued to be directly financed from the respective budgets.

III. Activities and contributions of the Evaluation Group

4. The focus on thematic and strategic evaluations continued, due to their learning potential and higher value added and in order to create synergies among evaluations for reasons of resource efficiency. Five thematic evaluations: UNIDO's contribution to One UN mechanisms; UNIDO field office performance; UNIDO's contribution to the Millennium Development Goals (MDGs); enterprise upgrading initiatives; and UNIDO persistent organic pollutants (POPs) projects, were selected due to their strategic importance and learning potential. They covered areas with growing portfolios and a need to provide evidence-based information to feed into policymaking and strategic decision-making. Moreover, ten country evaluations offered opportunities for systematic analyses and learning. At the same time, evaluation findings should not be regarded as representative of all UNIDO interventions.

IV. Synthesis of evaluation findings

General findings

5. There is evaluative evidence that the ongoing reform process to strengthen the field presence of UNIDO and its impact “on the ground”, as well as the efforts to become a “seamless” Organization, are worthwhile and have the potential to alleviate many of the challenges and constraints identified in the past. A large number of evaluation recommendations, such as stronger decentralization, enhanced authority of field offices (FOs) and UNIDO Representatives (URs), a stronger role of FOs in project monitoring and implementation and increased administrative capacities of FOs are being responded to through the new enterprise resource planning (ERP) system.

6. UNIDO country programmes are gaining ground and seen as a more flexible instrument than integrated programmes but there is still a need to clarify the key characteristics and structure of a country programme and to enhance its demand orientation. Still, most country-level programmes evaluated demonstrate alignment with national strategies and priorities as well as to United Nations planning frameworks, such as the United Nations Development Assistance Frameworks (UNDAFs). UNIDO projects and programmes often have a catalytic role and lead to policy or strategy development but many pilot projects could benefit from an increased attention to assessing results and, if achieved, the development of upscaling or dissemination strategies.

7. Evaluations often found that there was scope for additional inter-branch cooperation, that potential synergies between projects are untapped and that the roles of units other than the leading one have been unclear. As an example, pilot initiatives in agro-industry or renewable energy could benefit from enhanced collaboration with the UNIDO Business, Investment and Technology Services Branch, which in addition to higher results would also foster sustainability. Moreover, linkages to the private sector are often weak and although partnerships with the private sector are frequently mentioned, project documents do not specify how the engagement will take place.

8. A holistic results-based monitoring system still needs to be put in place in order to capture programme-level results and aggregate performance. Many of the evaluated programmes and projects lacked proper baselines and/or indicators against which progress could be assessed. Efforts are currently under way to develop a coherent results framework for the Organization, including the use of key performance indicators (KPIs). A results-based management (RBM) project document has been conceived and, in addition to the RBM-focus, will serve as a tool to identify and manage risks.

9. The promotion of gender equality and mainstreaming of gender was often lacking, with some promising exceptions in agribusiness projects.

Relevance and ownership

10. Programmes and projects were generally found to be relevant and aligned to priorities and strategies of partner governments and to UNDAFs and other One UN

mechanisms. Moreover, evaluated interventions have addressed challenges to sustainable industrial development and have been in line with UNIDO strategic areas and competences. National ownership was generally present, in particular when national stakeholders had been substantially involved in the design of the intervention and steering committees or other joint decision-making mechanisms had been established. For some projects, however, evaluations found limited involvement of national stakeholders. UNIDO expertise was found to be in high demand.

Achievement of objectives

11. Most evaluated projects had produced the planned outputs. Outcome level results were more difficult to assess and validate due to suboptimal monitoring and reporting systems and the absence of established benchmarks and/or performance indicators. It is expected that the newly introduced SAP software system in UNIDO will remedy many of the existing deficiencies.

12. Many pilot projects and the UNIDO supported technology centres achieve their objectives in terms of demonstrating relevant technologies, for instance in the area of renewable energy, but lack outreach and dissemination strategies, needed for greater impact.

13. Evaluations also found examples of weak intervention logics, i.e. logical frameworks where outcomes were too far-reaching in relation to the outputs to be produced and where the outcomes could not realistically be attained within the project's lifetime.

Efficiency in implementation

14. The cost-effectiveness of UNIDO projects/programmes is generally high. Delays had been encountered in a number of projects, often due to unrealistic planning and in particular in relation to procurement and the fielding of experts and there were also examples of delays in the provision of counterpart contributions and notably physical infrastructure. Centralized management was in some cases found to have impeded implementation, in particular for small-scale rural-based projects. Procurement issues were often found to slow down implementation.

Sustainability

15. Institutional sustainability was found to be high when host-country institutions were directly involved in implementation but weaker when projects were implemented by independent project management units.

16. Financial sustainability was, in particular, promising when existing national institutions had been involved throughout implementation. However, the absence of exit strategies was noted for many projects and the availability of national funds to continue operations after project completion was often uncertain. In this respect, evaluators recommended to better align UNIDO projects to government planning frameworks and budgets.

17. There were no cases reported of projects posing a threat to environmental sustainability. Rather, many projects have positive, long-term environmental effects, including those related to the Montreal Protocol, POPs phase-out, cleaner production and energy efficiency projects.

Key findings from country evaluations

18. UNIDO was found to be an appreciated partner and its competence and expertise valued. Many host-country governments expressed the need for UNIDO services and a wish to partner with the Organization. UNIDO participation was considered to add value to One UN mechanisms and to respond to national needs and priorities. Relevance was high for the large majority of UNIDO programmes and projects and also national ownership was rated as high in many cases but not for all due to limited involvement of local stakeholders. The orientation and focus of country programmes often reflect the availability of funding rather than national priorities or needs. In fact, the lack of programmable resources, at the disposal of UNIDO and the dependence of donor-directed funding, makes it difficult to design and implement country-driven and holistic country-level programmes.

Key findings from thematic evaluations

UNIDO's contribution to One UN mechanisms

19. The thematic evaluation of UNIDO's contribution to One UN mechanisms revealed that UNIDO had contributed, in a satisfactory manner, to One UN coherence. In particular, UNIDO participated in One Programme design in the Delivering as One (DaO) pilot countries and became an important driver in promoting industrial development issues and ensuring the inclusiveness of the United Nations response to national priorities and needs. One Programmes were found to have provided opportunities for UNIDO to assert leadership in areas of its mandate and to promote UNIDO thematic areas in country-level frameworks.

Field office performance

20. The thematic evaluation of field office (FO) performance confirmed the relevance and utility of UNIDO's field representation. The FOs contribute to the identification and formulation of UNIDO technical cooperation (TC) projects and programmes. They also provide valuable support to project/programme implementation but assuming more administrative than substantial functions. For 2011, it was estimated that 7.5 per cent of UNIDO technical cooperation was implemented by FO staff. The possibility to take over more direct responsibility for TC implementation (increased decentralization) was, however, questioned by many offices due to capacity constraints.

UNIDO contribution to the Millennium Development Goals (MDGs)

21. The review concluded that contributions of UNIDO projects to the MDGs were diverse but not systematically measured and reported upon. The exception was Montreal Protocol projects that clearly contributed to Goal 7, Indicator 7.3 (consumption of ODS). Less systematically reported contributions were observed

from resource efficiency and cleaner projects to Goal 7, Indicators 7.2 (CO₂ emissions), and 7.5 (consumption of water). UNIDO projects under the thematic priorities of poverty reduction through productive activities and trade capacity-building are likely to contribute to Goal 1, Target B “Achieve full, productive employment and decent work for all, including women and youth”. The review found, however, only a few quantified contributions of UNIDO projects to job creation or improved livelihoods of target beneficiaries living below the national poverty line. Exceptions were projects for post-crisis training and entrepreneurship development. Plausible links between trade capacity-building projects and employment were also highlighted.

22. UNIDO needs to pay closer attention to relevant MDG definitions, targets and indicators in order to contribute to their achievements. The use of project indicators that are compatible with national MDG indicators would be a good way forward for enhanced capture of MDG-related results.

UNIDO work in the area of persistent organic pollutants (POPs)

23. The thematic POPs evaluation found that UNIDO assistance was instrumental for many countries in preparing their National Implementation Plans (NIPs). This included establishing foundational capacities for governments, initial POPs inventories and raising the awareness of policymakers.

24. UNIDO also played a key role in demonstrating and transferring new technologies to enable treatment and safe destruction of POPs. Emerging information indicate positive results and that UNIDO is generally doing the right things, i.e. addressing policy and capacity-building needs and combining this with investments in technologies to phase-out POPs.

25. The thematic evaluation highlighted that the rapidly growing POPs portfolio has led to some difficulties in terms of UNIDO capacity constraints which — if not addressed — could threaten the ability of UNIDO to deliver on expected results. Currently, the Organization does not have the human resources needed to effectively implement the large portfolio and pipeline. The evaluation recommended UNIDO to continue its move towards focusing on the implementing function, delegating the executing functions to qualified national partners, and to address the human resource constraints through reorganization or recruitment of new staff.

V. Synthesis of lessons learned

26. Lessons learned from country evaluations point to the importance of close engagement, at both the design and implementation stages, with partner country governments and other national and United Nations stakeholders, and the importance of a UNIDO field presence. Ownership and active participation of government counterparts increase the effectiveness of programmes and projects and the same can be said of linkages to national strategies and budgetary frameworks. In order to ensure the sustainability of supported institutions, national human and financial resources need to be available beyond the lifespan of the project. Co-funding by recipient countries is also found to enhance ownership and to facilitate a smooth implementation.

27. Horizontal linkages created between UNIDO projects and programmes at the country level promote higher impact and increased cost-effectiveness but many potential areas for horizontal synergies remain untapped. Despite organizational efforts to promote internal collaboration, programme coordination and the creation of synergies need specific attention, allocation of resources and assignment of responsibilities.

28. Direct support to individual institutions and companies, public as well as private, entails the risk of distorting the market. Therefore, wider support to a larger number of companies is preferred, if possible. Capacity-building of public service providers, such as laboratories, can lead to a more competitive market for testing services with both private sector service providers and clients benefiting. Results could be further enhanced if the private sector was explicitly targeted.

29. South-South cooperation is a relevant area of cooperation but many opportunities remain untapped. South-South cooperation projects are often implemented in remote areas, under difficult conditions and insufficient resources for on-the-spot management is vital but often underestimated. UNIDO monitoring is difficult in countries without a UNIDO presence.

VI. Acceptance and implementation of evaluation recommendations

30. The UNIDO Evaluation Group has put a management response system in place to monitor the acceptance and implementation of evaluation recommendations. Acceptance of evaluation recommendations continues to be high and reached 94 per cent in 2011. The submission of information by project managers on the implementation of recommendations has been an issue. Such information is often not provided or provided with serious delays. However, for those recommendations for which information has been provided, 43 per cent have been implemented while 36 per cent are still under implementation. Twenty-one per cent had not been implemented due to non-acceptance or to the fact that their implementation depended on resources that were still to be provided, often through a follow-up project.

VII. Action required of the Board

31. The Board may wish to consider adopting the following draft decision:

“The Industrial Development Board:

- (a) Takes note of the report on the activities of the Evaluation Group (IDB.40/13);
- (b) Recalls its decisions IDB.29/Dec.7; IDB.34/Dec.3 and IDB.37/Dec.4;
- (c) Reiterates its support to the evaluation function for accountability, learning and contribution to organizational change and improvement;
- (d) Encourages the continuation of evaluations on results at outcome and impact levels and the incorporation of information on performance and lessons learned into management and strategic planning processes.”