



United Nations Industrial Development Organization

Distr.: General
31 March 2006

Original: English

Industrial Development Board

Thirty-first session

Vienna, 6-7 June 2006

Item 8 of the provisional agenda

Activities of the Evaluation Group

Evaluation activities of UNIDO

Report of the Director-General

In compliance with Board decision IDB.29/Dec.7, reports on recent evaluation activities carried out, thereby supplementing the information provided in the *Annual Report 2005*.

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 biannual basis. The document should be considered in conjunction with the information on evaluation provided in the *Annual Report 2005* (chap. V.B). All evaluation reports are available publicly and posted under the UNIDO website (www.unido.org/doc/5122).

II. Context

2. Evaluation has been awarded increasing importance at the United Nations system-wide level. The 2005 World Summit stressed the need for continuous improvement of the United Nations system. The General Assembly encouraged all organizations of the system to strengthen their evaluation activities and to promote collaborative approaches to evaluation to better assess the impact of the system on development results (resolution A/RES/59/250).

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V.06-52588 (E)



3. In line with these policy orientations the United Nations Evaluation Group (UNEG) adopted in April 2005 Norms and Standards for Evaluation in the UN System to support professional evaluation practices throughout the system and to enhance the overall credibility and utility of the evaluation function. A systematic review of evaluation capacity within the system is coordinated by the UNEG Task Forces on Evaluation Capacity Development, of which UNIDO is a member, and Quality Stamp for Evaluation, which is co-chaired by UNIDO and the World Food Programme.

III. The UNIDO approach

4. In the past two years UNIDO independent evaluations focused on integrated programmes in support to management decision-making, lesson learning and accountability. Efforts were made to continuously improve the quality, rigor and transparency of the evaluation process and reports. In line with good practices in the United Nations system and with the policy of the new UNIDO management, increasing emphasis has been given to evaluation capacity-building, provision of learning support to the Organization and the assessment of strategic issues of cross-organizational relevance. This shift in emphasis is reflected in the evaluation work programme for 2006-2007.¹

IV. Independent evaluations of integrated programmes

5. During the period September 2002 to January 2006 UNIDO carried out independent evaluations of 20 integrated programmes (IPs) amounting to a total volume of evaluated activities of more than \$55 million. These represent a sufficient critical mass to draw conclusions and lessons learned for improving future technical cooperation activities. UNIDO thus launched a meta-evaluation aimed at extracting lessons learned of wider applicability, validate and disseminate these lessons and support the Organization with adopting them.

6. A synthesis of lessons learned extracted from evaluations in 2005 is provided in the annex to the present document. Strengths and weaknesses in managing the different phases of the programme cycle appear to be fairly balanced across programmes, but with a clear potential for comparison and improvement. Lessons on how to optimize project and programme cycle management have been introduced into the new UNIDO guidelines on technical cooperation.

7. The situation is more complex for the set of 10 quality criteria that are used to evaluate IP management performance across all cycle stages: policy relevance, counterpart ownership, sustainability of the intervention, reaching target groups, external coordination, IP integration, results-based management (RBM), funds mobilization, UNIDO corporate strategy, and innovation and lessons learned. Here some areas of common strengths and weaknesses have emerged. While policy relevance, UNIDO corporate strategy and innovation come out relatively well, potential for improvement exists in such areas as external coordination, ownership and sustainability, RBM and funds mobilization.

¹ The evaluation work programme 2006-2007 can be accessed from the pages of the Evaluation Group on the UNIDO website www.unido.org/doc/5122.

V. Self-assessment of the evaluation function

8. On behalf of UNEG and based on the UNEG norms and standards UNIDO developed a checklist for self-assessment of the evaluation function in United Nations organizations. UNIDO and 22 other United Nations organizations used this self-assessment tool to identify areas requiring improvement.

9. The UNEG checklist grouped the norms and standards into five main blocks: evaluation policy statements and ethics, institutional framework and independence, management of the evaluation function and competencies, conducting evaluations, and evaluation reports and follow-up.

10. The self-assessment of UNIDO showed the highest level of compliance with norms and standards in the blocks relating to the management of the evaluation function and competencies and in conducting evaluations. Only partial compliance was identified with the norms and standards relating to institutional framework and independence. This finding should be seen in light of the fact that the vast majority of the agencies that participated in the UNEG-led self-assessment do not fully comply with the institutional framework and independence standards. The block relating to evaluation reports and follow-up showed the greatest room for improvement within UNIDO, in line with a similar response by other agencies.

11. In light of the findings of the self-assessment, action has been taken to address the weaknesses identified.

12. The new UNIDO organizational structure took into account the need to strengthen the organizational context of the evaluation function. The Evaluation Group (EVG) is part of the Bureau for Organizational Strategy and Learning. Through this organizational positioning, EVG is well placed to provide continuous feedback of lessons learned from evaluations into the strategic decision-making process of the Organization. Accountability and support to management through evaluations are strengthened by the new reporting line of EVG to the Chief of Cabinet under the overall direction of the Director-General.

13. In order to comply with the UNEG norms, an evaluation policy has been developed and is expected to be approved and issued shortly. More information on the new evaluation policy is provided in chapter VI below.

14. The Evaluation Group placed emphasis on further improving its own evaluation processes and products. A quality handbook defining evaluation quality standards and modes of interaction with the rest of UNIDO was developed and applied in order to improve the transparency of evaluations, guide in-house training activities and overall quality assurance systems and better guide external evaluation consultants.

15. In order to improve the evaluation follow-up system, responsibilities for evaluation response are clearly reflected in the new guidelines for technical cooperation.² The new UNIDO system assigns the responsibility for evaluation follow-up to the managers who are responsible for the activities evaluated. The Group monitors the implementation of recommendations and promotes the wider use of lessons learned in policy and programme formulation and implementation.

² *Annual Report of UNIDO, 2005* (IDB.31/2, chap. V.A).

VI. Evaluation policy

16. The evaluation policy is being prepared in line with Board decision IDB.29/Dec.7, which recognized the importance of an efficient and comprehensive evaluation and monitoring system, aligned with international policies, standards and practices. The External Auditors had also requested the issuance of an evaluation policy in 2005. According to the new policy, evaluation serves three main purposes: it supports management, assures accountability and drives learning and innovation.

- Firstly, evaluations support those who manage projects and programmes in UNIDO at all levels, in technical branches at Headquarters and in the field and also in UNIDO's counterpart organizations. Recommendations must be practical and evaluation users should participate actively throughout the entire evaluation process.
- Secondly, evaluations assure accountability by reporting on activities to the governing bodies, to partner Governments, and to other stakeholders of UNIDO ranging from industry and those directly involved in its activities, to the supporters and potential opponents of UNIDO interventions.
- Thirdly, evaluations drive learning and innovation at corporate and programme levels. To this end they attempt to draw general lessons from specific cases and make these lessons available to all those, inside and outside UNIDO, who might benefit from such experience to constantly improve their day-to-day professional work or to come up with innovative approaches.

17. The evaluation principles referred to in the policy are: evaluation ethics, involvement and consultation with stakeholders, impartiality and independence, competencies and professional standards.

18. According to the evaluation policy the Director-General and the Executive Board enable the Evaluation Group to operate effectively and with due independence. They ensure that adequate resources are allocated to evaluation throughout UNIDO. The Industrial Development Board (IDB) fosters an enabling environment for evaluation throughout UNIDO. Under the biennial programming cycle, the Secretariat submits a report on UNIDO's evaluation activities to the IDB, which comments on this biennial report. If deemed necessary the IDB may also request ad hoc evaluations on specific subjects, including thematic evaluations.

VII. Inter-agency activities

19. The Evaluation Group took active part in a number of inter-agency activities.

20. UNIDO participated in several UNEG task forces, notably the Task Force on Results-based Management and Evaluation and Evaluation Capacity Development. UNIDO co-chaired the Task Force on Quality Stamp for Evaluation and is a member of the UNEG Board. In this capacity it participated in joint meetings with the Development Assistance Committee (OECD/DAC) Evaluation Network.

21. The Director of the Evaluation Group participated as an observer in the peer review of the UNDP Evaluation Office and as a member in the peer review panel of the UNICEF Evaluation Office. The peer panels comprise representatives from both bilateral and multilateral agencies, beneficiary countries as well as independent evaluation expertise. The focus of the peer reviews is akin to a certification of the quality of the evaluation function within the concerned multilateral organization.

The UNIDO Evaluation Group benefited from this participation as it facilitated learning from multilateral and bilateral evaluation experience and further professionalizing the evaluation function of UNIDO.

22. In line with the system-wide policy to strengthen collaborative approaches to evaluation, three organizational units of UNIDO participated in a joint evaluation of the Global Environment Facility (GEF). This joint evaluation is also expected to increase the significance of GEF in the UNIDO funding portfolio and to heighten the impact of UNIDO in key environmental areas such as reducing persistent organic pollutants and preventing the degradation of international waters, climate change and land.

23. These inter-agency activities helped UNIDO to adhere to recognized quality standards, to take steps towards continuous improvement of its own evaluation function and to increase emphasis on the improvement of evaluation processes and products. It also enhanced visibility and substantive contributions to system-wide evaluation related activities.

VIII. Action required of the Board

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

“The Industrial Development Board:

“(a) Recalls its decision IDB.29/Dec.7;

“(b) Reiterates its support to the evaluation function for accountability towards credible and independent reporting on results;

“(c) Encourages the use of findings and lessons drawn from evaluation for organizational learning and improvement;

“(d) Requests the Director-General to continue fostering an enabling environment for evaluation reflecting the principles agreed upon by the United Nations Evaluation Group and contained in the norms and standards for evaluation in the United Nations system.”

Annex

Lessons learned from IP evaluations in 2005

Phases of the programme cycle	
Identification	The identification phase lays the groundwork for demand orientation. Most evaluations found that identifications had been carried out in a participatory manner. Some, however, sensed elements of a “solutions looking for problems” approach. A clear distinction between the identification and formulation phases, also in terms of assigned responsibilities, enhances the demand orientation of the entire programme cycle.
Formulation	The quality of formulation hinges upon the availability of superior technical expertise. The technical competence of UNIDO staff is widely recognized and most interventions were found to be well planned technically. The coherent application of the logical framework principles and tools remains a weak point. Furthermore, the concerted formulation of different projects under the same IP could be improved, in particular where developing a common funds mobilization strategy is concerned.
Implementation	The implementation phase of many IPs suffered from piecemeal funding and weak IP leadership. Evaluation results prompted changes in the UNIDO technical cooperation guidelines, which are expected to improve leadership and integration. Consequently, the potential of the IP approach will be heightened in terms of overcoming fragmented institutional structures in the field and strengthening interaction between the private sector and public support institutions.
Evaluation criteria	
Policy relevance	The planning of most IPs was found to be highly relevant to national industrial policies. Policy makers in the field should recognize fully the quality of UNIDO services, if the policy relevance of IPs throughout the programme cycle is to be enhanced. This requires a strong field presence, with adequate monitoring and analytical capacity in the UNIDO field office.
Counterpart ownership	Some evaluations identified counterpart ownership as a weak point. Ensuring a proper match between the area of intervention and the institutional role of the counterpart organization is of critical importance. Private sector organizations should be considered counterparts wherever possible. Thorough identification of the best possible counterpart option implies assessing the role and priorities of the potential candidate organizations.
Sustainability of the intervention	The foundation for sustainability needs to be built up during formulation—not merely at the end of the implementation phase. The absorptive capacity of the counterpart and the availability of adequate human, financial and physical resources are decisive and call for realistic assessment. UNIDO and the counterpart must agree on explicit sustainability scenarios before entering into the implementation phase.
Reaching target groups	Most UNIDO interventions reach the target groups. One good example of how to reach enterprises effectively is the combined use of business software with short-term international experts and longer-term national experts. In some poverty alleviation projects it proved difficult to reach a sufficiently large number of beneficiaries.

External coordination	Progress towards achieving the MDGs requires concerted action. The UNDAF approach is particularly well poised to enhance cooperation among the organizations of the UN family. Evaluations found that UNIDO could make better use of UNDAF for its programming and monitoring purposes. UNDAF, however, is a resource-intensive exercise that requires a strong and continuous field presence.
IP integration	Evaluations found that potential synergies between projects under the umbrella of one and the same IP could be exploited more effectively. Integration proved much stronger in those IPs where the UNIDO representative was the team leader of the programme. A strong national ownership of the integration aspect is important and a common steering committee for the entire IP essential.
Results-based management	The ongoing transposition of the RBM-based UNIDO budget into programme management hinges upon the thorough application of logframe. Outputs and outcomes must to be distinguished more clearly and indicators properly defined; in particular those for outcomes. A weakness that many evaluations identified were the shortcomings in continuous monitoring of results and reporting. A possible solution currently under discussion could be a joint monitoring scheme for all projects under the same IP.
Funds mobilization	Funds mobilization constitutes the main bottleneck for IPs. Fully funded IPs are without any doubt the ideal delivery mode of UNIDO services. However, piecemeal funding and delays sometimes culminate in the disintegration of well-written IPs. Joint funds mobilization by all parties involved and a strategic use of UNIDO seed money for fund-raising purposes are instrumental. Evaluations found that UNIDO and the national government do not always combine efforts properly in the fund-raising process.
UNIDO corporate strategy	UNIDO could capitalize more on its unique position as a neutral multilateral institution in supporting policy coordination, policy dialogue and transparent governance. The distinction between UNIDO technical cooperation and global forum activities is artificial and should be removed. In most UNIDO interventions both aspects are complementary.
Innovation and lessons learned	The UNIDO corporate strategy with its service modules and standardized types of intervention has improved the efficiency of technical cooperation. Standardization, however, should not degenerate into blueprint thinking or a “copy-and-paste” mentality. Transposing lessons learned from projects and programmes is not a mechanical procedure, but a creative and innovative process in itself. Evaluations found that beneficiary countries have great expectations of UNIDO developing further similar processes for South-South transnational learning.