

Independent Evaluation **ETHIOPIA**

Assistance to the LLPTI for the
Development of its Managerial
and Operative Capacities



UNIDO EVALUATION GROUP

Independent evaluation
ETHIOPIA

Assistance to the LLPTI for the Development of its
Managerial and Operative Capacities

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Abbreviations

CAD/CAM	Computer Aided Design / Computer Aided Manufacturing
CP	Cleaner Production
CTA	Chief Technical Advisor
ECBP	Engineering Capacity Building Program
ELIA	Ethiopia Leather Industries Association
GTZ	German International Cooperation Aid Agency
IP	Integrated Programme
LFA	Logical Framework Analysis
LLPI	Leather and Leather Products Industry
LLPTI	Leather and Leather Products Training Institute
MoTI	Ministry of Trade and Industry
NCPC	National Cleaner Production Centre
TLIDC	Textile and Leather Industry Development Centre
UNIDO	United Nations Industrial Development Organization
USAID	United States of America Agency for International Development

Glossary of terms¹

Term	Definition
Baseline	<i>The situation, prior to an intervention, against which progress can be assured</i>
Effect	<i>Intended or unintended change due directly or indirectly to an intervention</i>
Effectiveness	<i>The extent to which the development objectives of an intervention were or are expected to be achieved.</i>
Efficiency	<i>A measure of how economically resources/inputs (funds, expertise, time, etc.) are converted to results</i>
Impacts	<i>Positive and negative, primary and secondary long-term effects produced by a development intervention, directly or indirectly, intended or unintended</i>
Indicator	<i>Quantitative or qualitative factor or variable that provides a simple and reliable means to measure achievement, to reflect the changes connected to an intervention, or to help assess the performance of a development actor</i>
Intervention	<i>An external action to assist a national effort to achieve specific development goals</i>
Lessons learned	<i>Generalizations based on evaluation experiences with projects, programs, or policies that abstract from the specific circumstances to broader situations. Frequently, lessons highlight strengths or weaknesses in preparation, design, and implementation that affect performance, outcome, and impact</i>
Logframe (logical framework)	<i>Management tool used to improve the design of interventions, most often at the project level. It involves identifying strategic elements (inputs, outputs, outcomes, impact) and their causal relationships, indicators, and the assumptions or risks that may influence success and failure. It thus facilitates planning, execution and evaluation of a development intervention. Related term: results based management</i>
Outcome	<i>The likely or achieved short-term and medium-term effects of an intervention's outputs. Related terms: result, outputs, impacts, effect</i>
Outputs	<i>The products, capital goods and services which result from a development intervention; may also include changes resulting from the intervention which are relevant to the achievement of outcomes</i>

¹ Based on a glossary prepared by OECD's DAC working party aid evaluation, May 2002.

Recommendations	<i>Proposals aimed at enhancing the effectiveness, quality, or efficiency of a development intervention; at redesigning the objectives; and/or at the reallocation of resources. Recommendations should be linked to conclusions</i>
Relevance	<i>The extent to which the objectives of a development intervention are consistent with beneficiaries' requirements, country needs, global priorities and partners' and donors' policies. Note: Retrospectively, the question of relevance often becomes a question as to whether the objectives of an intervention or its design are still appropriate given changed circumstances</i>
Results	<i>The output, outcome or impact (intended or unintended, positive and/or negative) of a development intervention. Related terms: outcome, effect, impacts</i>
Risks	<i>Factors, normally outside the scope of an intervention, which may affect the achievement of an interventions objectives</i>
Sustainability	<i>The continuation of benefits from a development intervention after major development assistance has been completed. The probability of continued long-term benefits. The resilience to risk of the net benefit flows over time</i>
Target groups	<i>The specific individuals or organizations for whose benefits an intervention is undertaken</i>

Executive Summary

The project “*Assistance to the LLPTI for the Development of its Managerial and Operative Capacities (TE/ETH/04/001)*” supports the newly established Leather and Leather Products Training Institute (LLPTI), under the Ethiopian Ministry of Trade and Industry (MoTI). An independent evaluation was carried out by UNIDO in November/December 2007 in order to assess the achievements of the project and analyse the lessons learned.

Leather is one of the main industrial sectors in Ethiopia and has been given high priority in the export development strategy as well as in the industrial policy of the Government. The United Nations Industrial Development Organization (UNIDO) has provided long-term support to the leather sector in Ethiopia and this has, in the past, encompassed capacity building support to the establishment of the LLPTI and the provision of equipment and advisory services. The ongoing project aims at promoting the private sector with reference to the leather sector, through a service structure able to strengthen its capacities and to become a factor of competitiveness. It also aims at building basic managerial and operative capacities of the LLPTI, providing services and related activities, assisting the LLPTI in the launching of its first training courses and supplying technical assistance in relation to the management of its plants.

The “Assistance to the LLPTI for the Development of its Managerial and Operative Capacities” can be regarded as an Ethiopian Government initiated project. It has been funded by the Government of Italy with a budget of euros 1,364,525 (including UNIDO support costs) and executed by UNIDO in close collaboration with the Government, the LLPTI and the private sector. The counterpart ministry is the Ministry of Trade and Industry. The project started in May 2005 and ended in March 2008. Initially planned for a one-year period, the project was extended at no additional cost. The specific objectives of the project concerned the development of general management and operative capacities of the LLPTI. This includes the building of capacities to operate the four pilot plants, the quality-testing laboratory, the maintenance department and the CAD/CAM department. In addition, there was a specific objective to provide technical assistance to the top management of the Institute (co-management) regarding co-ordination of the activities of the project.

Whereas these objectives have a **high and continuous relevance** to the Institute it is unfortunate that the **necessary conditions** for the successful realization of the project’s objectives have **not always been in place**. Detrimental factors, **limiting the efficiency of the project** have been the structure of the LLPTI, basically functioning as a vocational training institute, a **limited ownership** of the LLPTI in relation to the project’s objectives and evolving focus and a limited level of collaboration between the LLPTI and project staff. This has manifested itself by a lack of counterparts, key staff posts not being filled, high staff turnover and a lack of financial resources to implement project activities. Moreover, during the first year of the project, its Board of Directors was dissolved and not replaced. This had the effect of no industry presence in the governing body of the Institute and at a time when it was supposed to become more business-oriented. This also had as a consequence that the ownership by the industry of the Institute and of the project diminished.

A decision to re-align the structure of the LLPTI to the evolving needs of the industry was taken in the first year of the project. A new management structure was subsequently agreed upon dividing the LLPTI into two wings, an education wing and a training and service wing. The latter new wing was in line with the aims of the UNIDO project and enabled a more efficient use of LLPTI's resources. Unfortunately, however, **the new structure was never implemented during the project's lifetime and this has hampered the effectiveness and the efficiency of the project.** At the same time, the project has produced many worthwhile outputs and the LLPTI and the leather industry as a whole have, undoubtedly, benefited from the technical services provided.

The effectiveness of the project in achieving its specific objectives is summarized below:

1. Development of general management capacities, particularly as regards organizational behavior and financial control.

It should be noted that in the self-evaluation report of the project it was stated that the above objective *“was converted into that of outlining a new organizational structure for services and training. The objective has been fully met, designing a new organizational chart, which separates the educational and the service/training activities (including JD's). It was submitted for approval to the Civil Service Reform Commission in February 2006 and finally endorsed by the Cabinet of Ministers in May 2007. Now LLPTI is preparing plans for its implementation during the next fiscal year.”*²

Even allowing for the above, the rationale behind this objective was that if general management capacities were strengthened, the LLPTI would be able to effectively use its financial, physical and human resources towards satisfying the needs of the private sector. In fact, the project has only marginally developed general management capacities of the LLPTI. The evaluation mission finds that the project could have gone a bit further in terms of developing such capacities particularly in the areas of organizational behavior and financial control. There seems to have been a change in priorities during the project lifetime and that the project staff was informed that there was no longer any need for assistance in these areas. This can be interpreted as a lack of commitment (and ownership) on behalf of the LLPTI management to this specific objective.

2. Development of general management capacities as regards services.

The development of general management capacities as regards services has similarly not been fully achieved and the LLPTI needs to be further strengthened in order to become more user-efficient, more needs based and more relevant to the private sector. There is still a need for the LLPTI to define management procedures for services and to develop capacities to manage the services.

Nevertheless, the training initiated by the project has been highly appreciated by department managers and industry representatives.

² At the time of writing (January 2008) the implementation of these changes has not yet been carried out.

The evaluation mission applauds the needs surveys that have been undertaken by the LLPTI and the project, but notes at the same time, that the LLPTI is still missing a strategy on how to target its service delivery and raise demands for its services. The LLPTI should develop a simple marketing plan based on products (services and training), price structure (fees and machine hour rates) and promotion (talking to clients and understanding their needs and priorities). This could be the responsibility of a new marketing manager. Promotion and advertising should also be important components of this market-oriented strategy.

To this end it was noted that a Public Relations Manager has recently been appointed, a web site set up and a monthly bulletin published. These are welcome developments and should be vigorously expanded by management to enhance the reputation of the Institute. At present, however, there does not seem to be much awareness of these among the targeted businesses or end-users.

3. Enabling LLPTI to carry out basic training through the availability of expatriate experts.

This component foresaw a more long-term presence of international experts than has actually been the case. The evaluation mission took note of the fact that the majority of the experts were fielded for rather short periods, (average of 35 days) although the original project document planned for the presence of the experts for much longer periods of 3 to 8 months.

The LLPTI has undoubtedly been assisted by expatriate experts to carry out basic training but this has only to a limited extent enhanced the capacity of the institute to carry out training and deliver services to Ethiopian companies. A main reason for this (apart from the short term stays mentioned above) has been the high rate of turnover among the technical LLPTI trainers. Although the training of LLPTI staff was given priority, the training was also delivered to trainees from the industry in an effort to make the most of expert's time. This was not an optimal situation as the training needs for the two groups were different. There was also a credibility issue when trainers from the Institute were trained alongside staff from the manufacturing industry.

As a result of the project, the capacity of the Institute to deliver services and training has been somewhat strengthened in the tannery, footwear, leather garments and leather goods plants and eventually for the laboratory.

Presently the LLPTI is providing services in the tannery plant for contract tanning, in the footwear workshop for the production of shoe components and cut parts and in the leather garments and goods workshops for sewing. The users of these services pay a minimal amount per unit of product processed using the LLPTI facilities and partly because they supply their own materials and labour. The proceeds go to the Government treasury. This is unsustainable from the LLPTI's point of view as funds are not available for maintenance or for the provision of spare parts.

A major project activity has been the production of training manuals. The manuals are of a high standard and are an important step towards achieving the project objective of

enabling the LLPTI to carry out basic training. The manuals have, for the most part, recently been finalized and will soon be distributed among the staff of the Institute.

4. Building the capacities to operate the four pilot plants, the quality-testing laboratory and the CAD/CAM department of the Institute.

The strengthening of the four pilot plants was deemed necessary in order to enable the Institute to carry out relevant training and facilitate technology transfer. The Institute possesses four pilot plants, originally furnished by the Italian Co-operation. These are footwear and component manufacture, leather garment manufacture, leather goods workshop and a model tannery. The installed machinery is of a high standard and with a high capacity. Ancillary plants that have been installed are an effluent treatment plant for the tannery, a CAD/CAM system, particularly for footwear, a physical testing laboratory and a maintenance department.

During the last few years, the functioning of the footwear, tannery and CAD/CAM plants have deteriorated rather than improved. This is due to lack of maintenance and an inability to repair machines for lack of spare parts as well as of experienced staff. The CAD/CAM system never became operational because no training on how to use the system was made available to the LLPTI and this in spite of numerous demands for assistance by UNIDO to the supplier. The maintenance department has suffered from a deficiency as regards trained mechanics and from inadequate physical premises.

Capacities to operate the four pilot plants and especially the model tannery and the leather garments and leather goods workshops might have increased during the lifetime of the project but certainly not to the stage envisaged in the project document. The important indicator of “*operations of the plants run smoothly*” has thus not been fully achieved. As an example, at the time of the evaluation mission 5 tannery machines were not operational and the effluent treatment plant was stopped. On the other hand, the building of capacities of the laboratory to carry out 5 most demanded tests is nearly completed and this is a major accomplishment of the project.

5. Technical assistance to the top management of the Institute (co-management) and coordination of the activities of the project.

Technical assistance to the top management has been provided in an ad hoc rather than in a comprehensive manner and the envisaged co-management activities did not really materialize. On the other hand, the project manager and the project staff have effectively executed various coordination activities with the Government, the private sector, donors and other development cooperation projects and have efficiently managed many logistical tasks.

Although the project did not reach its objectives in terms of strengthened capacities of the LLPTI, **many individual companies have directly benefited from the activities and outputs of the project.** The project has provided a relatively large number of international experts and consultants. The technical assistance provided by these experts has, for the most part,

been highly appreciated and considered as useful and probably had **impact in terms of contributing to a more competitive leather sector.**

The LLPTI has not yet reached a stage of financial or technical sustainability. The Institute is relying on the Government to cover its operational costs and on external funding and expertise to organize and implement specific training and service provision to the industry. This dependence on the Government and on technical assistance is likely to remain in the short and medium term. At the present time, the LLPTI does not have the level of competence required to function as an effective service provider to the industry and there is consequently an absence of demand for its services. In this respect it should be noted that the development of institutional capacities normally takes time and that a two-year project duration was not enough.

The UNIDO Project Manager was, at the start of the project, based at UNIDO headquarters in Vienna but later on transferred to the UNIDO office in Addis Ababa and the project has in a substantive way benefited from this. The Project Manager has an in-depth familiarity of UNIDO and the Ethiopian leather sector and this has paved the way for efficient and effective management. This has also enabled a close collaboration with the Italian Embassy in Ethiopia, which has throughout the project been a constructive, committed and involved partner.

In order to sum up the assessment of the achievements of the project, the evaluation team has attempted to identify its main strengths and weaknesses.

Strengths

- The project was timely and relevant and aligned to national plans and priorities.
- The project supported a sector, with high potential for growth, employment generation and export development.
- The project was working with an existing institution that was well endowed in terms of physical resources.
- UNIDO's solid knowledge and experience of the Ethiopian leather and leather products industry and core competence in leather.
- The project addressed the needs of the industry through developing the capacities of the LLPTI to carry out training and supply services and there were potential multiplier effects.
- The project has strengthened capacities of the LLPTI and of individual enterprises.
- Synergy effects have been created with other UNIDO interventions and with programmes of other development co-operation agencies.

Weaknesses

- There was an absence of a comprehensive capacity needs assessment and a capacity development strategy for the LLPTI.
- The new structure of the LLPTI was not implemented.

- The LLPTI management did not take full ownership of the project and has not been fully involved in its implementation.
- The absence of funds to operate the LLPTI on a day-to-day basis and to secure necessary spare-parts limits its actual and potential usefulness.
- The absence of counterparts and a high turnover of trained staff have limited the capacity development of the Institute.
- Most international experts and consultants were only fielded for short periods of time, which limited the usefulness of the technical assistance provided.
- In view of the objectives of the project, the duration of the project was too short.
- No Board of Directors or industry presence in the LLPTI has limited its business orientation.
- The technical assistance provided by the project has not given sufficient attention to strengthening the capacities of the LLPTI to provide assistance to the industry.
- The LLPTI plants have no cost-recovery or sustainability strategy.

Recommendations to UNIDO

- Experts/consultants should be fielded for longer periods of time in order for them to effectively develop capacities of LLPTI staff and transfer skills and competences.
- Provision of training services to the industry (including on the job training) should initially be done jointly with LLPTI staff and foreign experts to give the Institute trainers the experience and confidence they require to eventually carry out the training themselves.
- Competences and skills training on machine operation should be provided to LLPTI trainers in order to enable them to train operators in industry.
- Training should be provided to LLPTI trainers in production management techniques
- The model tannery should establish collaboration with the National Cleaner Production Center (NCPC) in order to be in line with environmental requirements.
- The CAD/CAM system should be made operational.
- A baseline should be developed at the start of a new project in order to identify areas where there is a priority need for assistance and allow for more results-oriented planning, monitoring and evaluation.
- A terminal evaluation should be foreseen and budgeted for in the project document and in accordance with the UNIDO Guidelines for the Technical Cooperation Programme and Project Cycle.

Recommendations to the Government

- The restructuring of the LLPTI should be implemented before new interventions to support the LLPTI commence and in order to allow the service wing of the LLPTI to function properly. An alternative could be to dispose of pilot plant facilities and just continue with the education wing.
- If the decision is made to develop the LLPTI into a centre of excellence it should be able to function with minimum constraints. Budget allocations, including foreign currency, to purchase necessary spare parts for the efficient running of its pilot plants should be provided.
- A capacity needs assessment and a capacity needs strategy (short term and long term) should be developed for the LLPTI.
- The LLPTI Board should be reinstated and incorporate private sector representation.
- The LLPTI should be endowed with business-oriented managers.

Recommendations to the LLPTI

- With the change of emphasis of the LLPTI, to become a service and training provider to the industry there should be more cooperation with industry sectors.
- A marketing department should be established, a marketing strategy developed and a marketing manager with industry experience and respect be appointed.
- In view of its comprehensive endowment of machines and equipment, the LLPTI should be strengthened and expand its offer of demand-based services to the leather and leather products industry.
- The operators of the machines in the pilot plants should be properly trained employees of the LLPTI and not employees of the sub contractors.
- The maintenance department has to be empowered with the necessary skills for repair and maintenance of the LLPTI machines.
- A sustainability plan including a spare part provision strategy should be developed. The sustainability strategy should incorporate measures for cost recovery in relation to the use of facilities of the pilot plants.
- Demand driven training programmes should be offered. An unsatisfied demand for short-term basic skills training in areas such as stitching and cutting should be remedied. This could be done by dispatching national trainers, with the necessary competence, to company premises to conduct the training.
- New business and customer oriented managers and qualified technicians need to be recruited to the service wing. These need to be incentivised to stay with the LLPTI.
- In order for LLPTI services to be supplied in a transparent manner to all clients, an equitable method of approving sub-contracting work should be developed.
- In view of the evolving technology of the industry, managers, instructors and technicians need to be continuously upgraded. There is a need for a competence-upgrading plan.

Lessons learned

The lessons learned are not project specific but are of a wider applicability thus beyond the evaluated project. They are, nevertheless, drawn on the findings and conclusions of the evaluation

- Committed counterparts and ownership are crucial for efficient implementation, effectiveness and sustainability.
- Institution building does take time and demands a long- term and comprehensive technical assistance strategy.
- A long UNIDO experience in a country and working within a core competence area of UNIDO enables UNIDO projects to be relevant and timely.

1

Introduction

A. Background

The Project “TE/ETH/04/001” *Assistance to the LLPTI for the Development of its Managerial and Operative Capacity*” can be regarded as a Government initiated project. It has been funded by the Government of Italy and executed by UNIDO in close collaboration with the Government of Ethiopia and particularly the Ministry of Trade and Industry (MoTI), the LLPTI and the private sector.

The Project is part of the UNIDO Integrated Programme (IP) for Ethiopia. The aim of the project is to assist LLPTI in its “kick off” phase, in the setting up of its overall management, the preparation of a comprehensive training programme and the training of trainers, enabling it to become a modern, well functioning training and service provider. The ultimate goal was to enhance the capabilities of the Institute to carry out training and deliver services to companies in Ethiopia and possibly the region, thus ensuring its long-term sustainability but above all assisting the private sector in its competitiveness efforts.

The project started in 2005 and came to an end in March 2008. This evaluation is in line with the evaluation policy of UNIDO, which calls for an independent evaluation of all projects with a budget of above euros one million.

The evaluation centers on the 5 specific objectives provided in the project document:

- Assisting LLPTI in building its general management capacities in order to effectively use its financial and human resources to satisfy the needs of the private sector.
- Development of general management capacities as regards services. The objective is that of outlining the management procedures for services offered by the institute and enable it to become more user- efficient for the private sector.
- Enabling LLPTI to carry out basic training and provide services to companies in Ethiopia and possibly in the region, through the use of expatriate experts thus ensuring long-term sustainability of the Institute.
- Building the capacity to operate the four pilot plants i.e. model tannery, footwear, leather goods and garments. Also the capacities of the maintenance, the quality testing laboratory and the CAD/CAM departments of the Institute would be strengthened in order to assist the private sector in its competitive efforts.
- Technical assistance to the top management of the institute (co-management) and coordination of the activities of the project.

The purpose of the independent evaluation is to enable the government, UNIDO and the donor to have up-to-date information in regard to:

- The relevance of or the extent to which the project was in line with the priorities and policies of the Government of Ethiopia and the target group.
- The effectiveness of the project in attaining its objectives and outputs.
- The prospects for development impact.
- The long-term sustainability of the results and benefits.
- The efficiency in implementation: quality, quantity, cost and timelines of UNIDO and counterpart inputs and activities.
- Lessons learned and the experience gained in this project for other projects and programmes.

The field work was carried out between November 26 and December 07, 2007 by two consultants Mr. Terry McCallin, International Consultant, Mr. Kidanu Chekol, National Consultant and Ms. Margareta de Goys, Director of the UNIDO Evaluation Group. Ms. de Goys was only present during the first week of the field mission. None of the Team Members had been involved in the design or implementation of the project.

B. Methodology

The evaluation was conducted in compliance with UNIDO's evaluation policy and carried out in line with the Terms of Reference (ToR) elaborated for the evaluation and which can be found in Annex A. The main review issues were Relevance, Ownership, Effectiveness, Efficiency, Impact and Sustainability.

The evaluation assessed the achievement of the project against its five key objectives established in the project document and re-examined the relevance of the objectives. It also identified factors that have facilitated or impeded the achievements of the objectives. The evaluation was carried out through analysis of various sources of information, including desk analysis of relevant documents, observation at the project site and interviews with counterparts, beneficiaries, partner agencies, donor representatives, UNIDO and project staff and through cross validation of data. In order to facilitate information collection and analysis, interview guidelines were prepared and used during the interviews. These interview guidelines can be found in Annex B.

The thorough analysis of the relevant facts includes the review of inputs used, activities carried out, management mechanisms applied (in particular planning, monitoring and self assessment) as well as the outputs produced. In addition, the team had a pre-departure briefing at MoTI in Addis Ababa with the State Minister, representatives of the Italian Embassy and UNIDO project staff. A full list of people consulted is given in Annex C.

To ensure that the evaluation was not carried out in isolation while at the same time maintaining the independence of the evaluation process, a participatory approach was used, which sought the views and assessments of all parties. This included shop floor workers, trainees, junior to senior management of the LLPTI, representatives of the donor, the counterpart Ministry and UNIDO project staff and managers. The views of representatives of the leather industry were equally taken into account.

Fact Sheet

Project no: TE/ETH/04/001

Title: - “Assistance to LLPTI for the development of its managerial and operative Capacities.”

Total UNIDO budget: 1,241,568 euros (1,364,525 euros including UNIDO support costs).
Percentage of total implemented: 95%

Starting date: May 2005

Planned duration: 1 year (extended until March 2008)

Project site: LLPTI, Addis Ababa, Ethiopia.

Objective of the project: Building basic managerial and operative capacities of the LLPTI as regards training, services and related activities and supplying it with technical assistance with regard to the management of its plants through the availability of international experts.

Planned project objectives

1. Development of general management capacities, particularly as regards organizational behavior and financial control. The objective is that of assisting LLPTI in building its general management capacities, in order to effectively use its financial and human resources to satisfy the needs of the private sector.
2. Development of general management capacities as regards services. The objective is that of outlining the management procedures with regard to the services offered by the Institute to enable it to become more user-efficient for the private sector.
3. Enabling LLPTI to carry out basic training through the ability of expatriate experts in order to enhance the capabilities of the Institute to carry out training and deliver services to companies in Ethiopia and possibly in the region, thus ensuring long-term sustainability.
4. Building the capacities to operate the four pilot plants, the quality testing laboratory and the CAD/CAM department of the Institute in order to assist the private sector in its competitiveness efforts.
5. Technical assistance to the top management of the Institute (co-management) and coordination of the activities of the project.

C. Country and project context

Ethiopia has a well-established tanning industry that is supplied by ample raw materials from the large national herd. The export of semi-finished leather (and more recently some finished leather) is important and leather is presently the 4th largest export commodity of the country. In the past, UNIDO has given considerable assistance to the Leather and Leather Products Industry (LLPI) in the form of upgraded effluent treatment plants for tanneries, machinery and equipment installation for shoe and leather goods factories and a raw hides and skills improvement programme.

The assistance of UNIDO during this previous co-operation contributed to the tanning industry evolving from being a producer of semi-finished products to one of producing finished leather. This in turn allowed the manufacturers of leather products to produce quality products that were more in line with market demand.

The tanning industry is the backbone of the sector while the leather products and footwear sub-sectors are still in their early stages. In its Export Development Strategy, the Government has identified the leather and leather products manufacturing industry as having high value added items that could have a significant contribution to the economic development of the country.

The UNIDO project was designed to assist the manufacturing industry, specifically the private sector, to develop its capacities to be able to compete internationally. The main focus of this assistance was the LLPTI. The objective was to assist the LLPTI in setting up its overall management, in the preparation of comprehensive training programmes and to acquire the ability to provide relevant services to the industry.

The Institute was originally set up for vocational training but it soon became apparent that the needs of the industry were not being fully met by this. In the early stage of this project, a proposal was developed aimed at dividing the structure of the LLPTI into two. The Institute was to have two wings - a service and training wing directly catering to the needs of the industry - and a vocational education wing catering to the needs of primary level school leavers and of course, ultimately, to the leather industry.

With this re-organization the LLPTI would become well positioned to respond to the needs of the industry. Training was to be provided by the project to trainers in the Institute who in their turn would impart their knowledge and skills to operators and managers in the industry. Other services would also be provided to augment the manufacturing capacities of individual companies.

This is in line with the Government policy to assist the private sector in its competitiveness efforts.

2

Project planning

A. Project identification and design

The project was initiated by the Government of Ethiopia and can be said to be needs based and in line with host country needs and priorities. It was developed through a participatory process with a great deal of involvement of the MoTI, the LLPTI and the Italian Embassy. A stakeholder analysis formed part of the project preparation. An inception workshop, where different categories of stakeholders participated, was held at the start of the project.

Various meetings were subsequently organized with representatives of companies in the leather sector in order to get information of technical assistance priority areas. The project also undertook surveys of technical assistance needs of the LLPTI as well as of individual companies. However, in view of the fact that the project was primarily aimed at assisting the LLPTI in the development of its capacities, it is noteworthy that no in-depth and comprehensive analysis was done of internal capacity building needs at the start of the project or when the restructuring decision was taken.

The project was originally designed for a period of one year in line with the requirement of the donor. It was, however, extended in June 2006, for one additional year in order to “support the implementation of the restructuring of the LLPTI”. The decision of the project Steering Committee to support a restructuring of the LLPTI was a major shift and it was noted that this shift only resulted in changes of the project budget but not to the project document itself.

Due to the election period and other unforeseen events, delays were experienced in implementation. The project has been extended up to March 2008 in order to finalize planned activities. A June 2007 project revision specifies that training in CAD/CAM for footwear manufacturers would be undertaken which is somewhat surprising since the CAD/CAM department was not functional. All extensions have been approved by all parties during Steering Committee meetings.

There was a budget line for monitoring and evaluation, which has mainly been used for monitoring missions of UNIDO staff based in Vienna. No specific allocation was made for a final independent evaluation although this was a project with a budget above euros 1 million, for which, according to UNIDO’s Guidelines for the Technical Cooperation Programme and Project Cycle, there should be an independent terminal evaluation.

In relation to the above mentioned restructuring decision, the evaluation mission took note of the fact that the restructuring (separating educational and training/service activities) of the LLPTI was approved by the Federal Civil Service Commission at the end of 2006 but that the restructuring had not yet been implemented at the time of the evaluation.

The project document provided a good analysis of the national and institutional context and of the role of the LLPTI. The project's intervention logic was that a strengthened LLPTI would be a strong factor for the development and competitiveness of the leather sector in Ethiopia and ultimately in the region. In the longer term, the growth of the leather sector would contribute to the development of the private sector, employment creation, export generation and economic growth as well as attract foreign investment. In view of the strong position of the leather sector in Ethiopia, rendering support to this sector seems valid. To channel the support through an institution that would, in its turn, be able to support individual companies can also be regarded as rational.

Technical training and services to the industry would thus be provided by a strengthened LLPTI. The assumption was that the industry needed specific services and would be ready to acquire these services from the Institute. The evaluation team validates the approach of the project and considers that the LLPTI could be a cost-effective instrument to develop the industry and provide needed training and services. Also technical assistance, provided through UNIDO, could have contributed to the development of institutional capacities. It, moreover, seems obvious that technical assistance was necessary to enable the LLPTI to manage its pilot plants, including the comprehensive machine installation. The project document, rightly points out, that the development of capacities for consultancy and advising takes long time and that the project should, in this respect, only set the stage for future activities.

Furthermore, in the project document, it was envisaged that foreign experts would be assigned to work on the more long-term diploma and certificate courses of the institute but this never materialized. Instead efforts were concentrated on developing the LLPTI into a business service provider. In view of the relatively short duration of the project and the resources at its disposal as well as the decision to re-structure the Institute, this seems to have been the right choice.

In relation to the objectives and results specified in the project document, it was noticed that these were often stated as activities; "assisting the LLPTI", "outlining management procedures", "building the capacities", "technical assistance to" rather than as clear objectives and that verifiable indicators were often missing, thus making monitoring and evaluation difficult.

There had, nevertheless, been an attempt to develop a causal chain between specific objectives, results and activities as well as indicators for the various results. A Logical Framework Analysis (LFA) had, likewise, been developed and figured as an annex in the project document.

As concerns the assumptions developed in the project document, the evaluation team finds that some were not fully correct as, for example; "management of the LLPTI to co-operate openly", "LLPTI available to work in a logic of market orientation", "the commissioning of the CAD/CAM carried out properly", "Quality Standards Authority of Ethiopia able to train technicians and define procedures".

Furthermore, and as pointed out earlier, in view of the objectives of the project, the original duration was unrealistic. It should be pointed out, however, that the project was extended without any additional cost.

B. Project funding and administration

The project was financed by the Government of Italy and included in the UNIDO Ethiopian Integrated Programme (IP) II. At its inception, the project had a total budget of euros 1,207,544, excluding support costs and this budget has, as mentioned above, been maintained.

Various recommendations of Steering Committee Meetings have resulted in project and budget revisions in order to bring the project in line with new priorities, work plans and activities. All project revisions have been approved and documented.

The Project Manager was, at the start of the project, based at UNIDO headquarters in Vienna but later transferred to the UNIDO office in Addis Ababa. Throughout the project there has been a close and substantial involvement of the Project Manager and efficient and effective management. However, the very heavy workload of the Project Manager, also serving as the Senior Industrial Development Officer at the UNIDO Office in Ethiopia and backstopping a large number of projects, has put limitation to the time actually spent on this particular project. This constraint has however been compensated by the presence of the Project Manager in Ethiopia, which allowed for a continuous and up-to-date backstopping.

There has also been a close collaboration with the MoTI and Office of the Italian Cooperation in Ethiopia. Throughout the project they have been constructive, committed and involved parties. There has been promotion of and use of Italian experts and consultants but this has been done with the interests of the LLPTI clearly in the foreground.

C. Project management, reporting and monitoring

There have been two Chief Technical Advisors (CTAs) assigned to the project. During the first year there was a full-time expert based at the LLPTI and thereafter a new CTA has been managing the project through split missions and home-based work. Project progress reports have been prepared by the CTAs. These reports have formed the basis for project monitoring, planning and reporting. In general, the progress reports could have been more comprehensive, analytical and results-based. Although providing useful information, detailed information in relation to activities implemented and results achieved is, to a large extent, missing. In fact, often project achievements were stated as activities; "capacity building programmes were carried out".

In addition, the information provided is often repetitive and it is difficult to understand which activities and results can be attributed to the last 6-month period. The reports provide ample data on the development of the sub-sectors, for example leather garment businesses, leather goods manufacturing and tanning. Information as to how the capacities of the LLPTI have been strengthened has, on the other hand, been missing.

A draft work programme for 2007 was developed but was, in the opinion of the evaluation team, difficult to follow and probably to implement. A tripartite Steering Committee has been in place and has met twice a year. There has been a good level of discussion in the Steering Committee and the Steering Committee has provided strategic guidance to the project and played a clear monitoring role.

3

Findings and assessment of project results

A. Relevance

The project is clearly in line with priorities and policies of the Ethiopian Government. It supports the efforts of the Government to enhance industrial competitiveness and making the private sector an engine of growth. The project focuses on a priority sector (leather) of the national Industrial Strategy. The Leather and Leather Products Industry (LLPI) has developed quickly the last couple of years; new entrants are coming in, enterprises are expanding, external markets are opening up, the needs for services are developing and the project is probably even more relevant today than it was at its inception. The project has truly assisted the country in its drive for increased foreign exchange earnings. The fast growth of the LLPI and its labour intensive character puts it in a good position to contribute to employment generation and the reduction of poverty. It is also a sector that has the potential to absorb at least part of the large segment of unemployed youth.

At the same time, various market constraints have hindered the rapid development of the sector and demands for business development services have been unmet. During the first year of projects implementation it became obvious that the LLPTI did not serve the leather and leather products manufacturing industry in an optimum manner and that many constraints in developing the sector were not being addressed. This was due to the fact that the Institute was functioning more or less as an educational vocational school targeting unemployed youth rather than as an institute serving the evolving needs of the industry. However, the creation of the two wings meant that industry needs could be catered for.

The specific objectives of the project concerned the development of general management and operative capacities of the LLPTI. This includes the building of capacities to operate the four pilot plants, the quality-testing laboratory, the maintenance department and the CAD/CAM department. In addition, there was a specific objective to provide technical assistance to the top management of the Institute (co-management) regarding co-ordination of the activities of the project. These objectives were certainly valid in view of the underutilization of LLPTI's physical and human resources and its absence of market orientation.

Whereas these objectives have had a high and continuous relevance to the Institute, it is unfortunate that the LLPTI management has not totally adhered to the project and its objectives. The structure of the LLPTI, still basically functioning as a vocational training institute and a limited ownership of the LLPTI, in relation to the project's objectives and evolving focus, contributed to a limited level of collaboration between the LLPTI and the project staff. This manifested itself by a lack of counterparts, key staff posts not being filled, high staff turnover, lack of financial resources to implement project activities, etc.. At the same time, the project has produced many worthwhile outputs and the LLPTI and the leather industry as a whole have undoubtedly, benefited from the technical services provided.

Many activities of the project were highly relevant to the leather industry. At the inception of the project, surveys of service and training needs were carried out with the industry and there has been a sincere effort to respond to the identified needs and priorities. The industry has on several occasions participated in various activities organized by the project, such as the training programmes organized at the LLPTI. These training events were found to be relevant by the various stakeholders.

A number of constraints affecting the competitiveness of the sector were likewise identified by the above-mentioned surveys. The major ones were: insufficient knowledge of product engineering, lack of skilled manpower, outdated production technology, inadequate cost systems and poor procurement and marketing skills. As the project's specific objectives had been designed to strengthen these areas, these surveys confirmed the relevance of the project.

In order to further consolidate the above information, the Government of Ethiopia requested UNIDO to undertake a study on "*Assessing the Competitiveness of Ethiopian Shoe Manufacturing – A Practical Benchmarking of Shoe Production*". This exercise highlighted two areas where assistance was needed for the footwear industry (and it also applies equally to the other industry sectors) production and shop floor management and (footwear) machinery maintenance.

However, in view of the above and of the importance given by the Ethiopian Government to the development of the footwear industry (the major player and employment provider in the LLPI), in its Action Plan "*MoTI's Upgrading Programme for Assisting Tanneries and Footwear Companies*", launched in May 2006 and the decision to apply a "*comprehensive approach to the footwear industry*", it is somewhat surprising that the project has not given the footwear sector a higher priority in 2007. It is true that in co-operation with a GTZ/ECBP project, activities continued to target the footwear sector but these did not include the two areas highlighted above. In fact, UNIDO activities have been more geared towards leather goods, which is the least developed sub sector and towards leather garments.

Moreover, the project progress report of November 2006 states that "*part of the footwear workshop equipped for bottom construction (with conveyor) remains unutilized which should be subject to subsequent consideration for pumping life into this section.*" Although this observation was made, no meaningful work was done by the project in the footwear sector for the balance of the project life.

The above-mentioned study likewise indicated the need for a steady stream of skilled workers, line managers and technicians. The LLPTI was and is probably the best placed to cater to this demand but has not yet been able to deliver.

B. Ownership

There has been strong ownership by the MoTI, who initiated the project. The Ministry clearly sees the LLPTI as a key instrument to develop the leather industry. The Ministry also recognises that the industry needs strengthened capacities for increased utility and business and service orientation. On the other hand ownership on behalf of the LLPTI management was found to be limited.

Ownership of a project is closely related to institutional stability and institutional strength. The fact that the LLPTI is going through a period of management restructuring and that

this restructuring is still not completed has probably reduced its ability to contribute to the project and to adhere to its objectives.

Another contributing factor is the fact that it has lost a number of key middle managers due to attrition and this has further weakened the Institute. When the project started, the LLPTI was basically a vocational education institute and with a management culture focused on education rather than on the provision of industrial services and training. Moreover, during the first year of the project, its Board of Directors was dissolved and not replaced. This had the effect of no industry presence in the governing body of the Institute and this at a time when it was supposed to become more business-oriented. This also had a consequence that the ownership of the business community of the Institute and of the project diminished.

It is likely, however, that with the new agreed upon organizational and management structure and with the provision of some valuable services to the industry, slowly national ownership, at various levels, will be developed. The industry has welcomed the new mandate and structure of the LLPTI and wishes to be part of the rapid development of the Institute and to increasingly benefit from its services.

The evaluation team also found that there has been a gradual integration of project components into the structure and operations of the Institute and this means that the Institute is increasingly assuming ownership of activities and outputs. For full ownership, however, the new structure needs to be implemented with clear responsibilities for training and service delivery and complemented by a business-oriented management.

C. Effectiveness

Effectiveness concerns the extent to which objectives have been achieved or are expected to be achieved. According to the project document, the overall objectives were to develop the private sector, with reference to the leather industry, through a service structure able to strengthen its capacities and to become a factor of competitiveness. The 5 specific objectives were as follows.

1. Development of general management capacities, particularly as regards organizational behavior and financial control.

It should be noted that in the self-evaluation report of the project covering May 2005 to October 2007, it was stated that the above objective *“was converted into that of outlining a new organizational structure for services and training. The objective has been fully met, designing a new organizational chart, which separates the educational and the service/training activities (including JD’s). It was submitted for approval to the Civil Service Reform Commission in February 2006 and finally endorsed by the Cabinet of Ministers in May 2007. Now LLPTI is preparing plans for its implementation during the next fiscal year.”*³

Even allowing for the above, the rationale behind this objective was that if general management capacities were strengthened, the LLPTI would be able to effectively use its financial, physical and human resources towards satisfying the needs of the private sector. In fact, the project has only marginally developed general management capacities of the LLPTI. The evaluation mission finds that the project could have gone a bit further in terms

³ At the time of writing (January 2008) the implementation of these changes has not yet been carried out.

of developing such capacities and particularly in the areas of organizational behavior and financial control. There seems to have been a change in priorities during the project lifetime and that the project staff was informed that there was no longer any need for assistance in these areas. This can be interpreted as a lack of commitment (and ownership) on behalf of the LLPTI management to this specific objective.

2. Development of general management capacities as regards services.

The development of general management capacities as regards services has similarly not been fully achieved and the LLPTI needs to be further strengthened in order to become more user-efficient, more needs based and more relevant to the private sector. There is still a need for the LLPTI to define management procedures for services and to develop capacities to manage the services.

Nevertheless, the training initiated has been highly appreciated by department managers and industry representatives. This training has been oriented towards the needs of the industry and many of the trainees were employees from the private sector.

The evaluation mission applauds the needs surveys that have been undertaken by the LLPTI and the project, but notes at the same time, the LLPTI is still missing a strategy on how to target its service delivery and raise demands for its services. The LLPTI should develop a simple marketing plan based on products (services and training), price structure (fees, machine hour rates) and promotion (talking to clients and understanding their needs and priorities). This should be the responsibility of a new marketing manager. Promotion and advertising should also be an important component in this market-oriented strategy.

To this end it was noted that a Public Relations Manager has recently been appointed, a web site set up and a monthly bulletin published. These are welcome developments and should be vigorously promoted by management to enhance the reputation and usefulness of the Institute. At present there does not seem to be much awareness of these services among the target group.

3. Enabling the LLPTI to carry out basic training through the ability of expatriate experts in order to enhance the capabilities of the Institute to carry out training and deliver services to companies in Ethiopia and possibly in the region, thus ensuring long-term sustainability.

This component foresaw a more long-term presence of international experts than has actually been the case. The evaluation mission took note of the fact that the experts were fielded from periods ranging from 5 to 103 days, with an average of 35 days. Sixteen experts were fielded for 5 to 20 days duration, five for 21 to 30 days and four for over 30 days. There were, in all, 21 experts fielded, some with split missions. The original project document planned for the presence of individual experts for much longer periods of 3 to 8 months at a time.

The LLPTI has undoubtedly been assisted by expatriate experts to carry out basic training but this has only to a limited extent enhanced the capacity of the institute to carry out training and deliver services to Ethiopian companies. A main reason for this (apart from the short term stays mentioned above) has been the high rate of turnover among the technical trainers of the Institute.

Although the training of LLPTI staff was given priority, the training was at times also delivered to trainees from the industry in an effort to make the most of expert's time. However this was not an optimum situation as the training needs of the two groups were different. There was also a credibility issue when trainers from the Institute were trained alongside staff from the manufacturing industry. Another issue has been the fact that trainees were at different levels of ability and status.

In all, the project foreign experts conducted courses for approximately 571 people from the industry and the LLPTI.:

SECTOR	Number of PERSONS
Footwear	315
Tannery	98
Leather goods	57
Management	39
Maintenance	8 x 4 times
Leather garments	26
Laboratory	4

Because of the above TRAINING, the capacity of the Institute to deliver services has been somewhat strengthened in the tannery, footwear, leather garments and leather goods sectors and eventually for the laboratory. The evaluation team was also pleased to notice that training, for sewing machine operators, had been carried out by LLPTI staff in shoe factories and with good results.

Services have been provided, with the assistance of the project, in the tannery for contract tanning, in the footwear workshop for shoe components and cut parts and in the leather garments and goods workshops for sewing. These services have been supplied to companies in Addis Ababa. The companies furnished the necessary raw materials for conversion and the manpower to operate the machines. Whereas supplying the materials is acceptable it would probably have been a preferable solution if the machine operators were employees of the LLPTI so that it was ensured that operation of the machines was according to established procedures.

At the present time, the users of services pay a minimal amount per unit of product processed when they use the LLPTI facilities: this is unsustainable from the LLPTI's point of view as income is needed to operate and maintain the machines and the plants. The proceeds, however, go to the Government treasury. This is unsustainable from the LLPTI's point of view as funds are not made available for maintenance or for the provision of spare parts.

As part of the capacity building process the project has invested heavily in the production of training manuals for the various plants and sectors. The manuals are generally of high standards and well in line with project objective of enabling the LLPTI to carry out basic

training. Many have just been finalized and will soon be distributed among the staff of the Institute. The manuals produced to date are:

- Training Module for Instructors and Trainees – Basic Pattern Making –Leather Garments
- Leather Goods - Design to Production - A Training Guide for Leather Goods Manufacture
- Sewing Instructor Manual
- Cutting Instructor Manual
- Footwear Technology
- Training Module for Instructors and Trainees – Skiving

The expert on Operation Management did not produce a manual. Handouts reflecting the power point slide presentation of the training were, however, made available. A final manual is in process; *“Pattern making – Leather Goods and Bags”*. It was also noted that the manuals made available through the project for tanning processing were from the University of Igualada (Spain) and written in Spanish. However, there are many technical books written in English on tanning and these are available at the LLPTI. The laboratory, because of its highly technical nature, has, with the assistance of the project, produced its own technical and quality control manuals.

A compendium of Skills Quality Standards for Leather Products was produced. This is a guide aimed at giving the LLPTI instructors information on expected standards and outputs by operation in the various industry sub sectors. The objective is to enhance their understanding of industry training needs.

One of the critical needs identified by the manufacturing industry, particularly footwear, is for training in line (production) management, specifically related to this industry. There is an urgent need for a *“Production Line Management”* manual to be produced for this skill.

4. Building the capacities to operate the four pilot plants, the quality-testing laboratory and the CAD/CAM department of the Institute in order to assist the private sector in its competitiveness efforts.

The proper management and operation of the four pilot plants was deemed necessary in order to enable the Institute to carry out practical training and facilitate technology transfer. The project benefited from the four plants installed by the bilateral Italian Co-operation Programme. These were footwear and component manufacture, leather garment manufacture, leather goods workshop and a model tannery. The installed machinery for all plants was of a high standard and capacity. Ancillary plants are effluent treatment for the tannery, CAD/CAM system particularly for footwear, a physical testing laboratory and a maintenance department.

Unfortunately, during the last few years, the footwear, tannery and CAD/CAM plants have deteriorated. In the case of footwear and tannery this is due to lack of maintenance, an inability to repair machines spare parts as well as inexperienced staff. The CAD/CAM system never became operational because no training on how to use the system was made available to the LLPTI and this in spite of numerous demands for assistance by UNIDO to the supplier. The requirement to replace the software was pointed out in the June 2006 Steering Committee meeting but there has not been any development. This problem has been brought to the attention of the donor and the MoTI on numerous occasions.

Capacities to operate the four pilot plants and especially the model tannery and the leather garments and leather goods workshops have increased but not to the stage envisaged in the project document. The footwear workshop suffered from staff losses. The maintenance department has suffered from a deficiency in trained mechanics and from inappropriate physical premises. The CAD/CAM department, as noted above, still needs to be made operational. The capacity of the laboratory to carry out the foreseen tests is nearly developed. It is now approaching the end of an arduous process of gaining accreditation. Calibration of instruments and equipment has been done through UNIDO with the fielding of international experts from Egypt and Italy. It has been decided to have the laboratory initially accredited for only 5 of the most popular tests demanded by the industry. The accreditation of other tests is to follow later.

Once the final accreditation for the 5 tests has been agreed upon by an official body from the Republic of South Africa, the laboratory will be available to provide a meaningful service to the industry.

The 5 laboratory technicians and other staff have benefited from training programmes organized by UNIDO at the Egyptian National Institute for Standards in Cairo. This training concentrated on the use of the quality manuals of the laboratory, familiarization with testing methods and calibration of testing equipment. The staff has been well trained in the theory and now “just” need practical on-the-job experience.

The maintenance department has not received the support required for the smooth running of the pilot plants. Apart from an absence of spare parts, capacities still need to be strengthened to maintain machines and the mechanics and electricians need much more comprehensive training. In addition, the maintenance workshop still needs to be properly “housed”. Machines Maintenance Record Forms for the machinery of the pilot plants, were developed in November 2006 and have been attached to every machine. These were designed as part of a preventative maintenance system but were found by the evaluation team to be empty and seem to have been put into use just shortly before the arrival of the team.

The important indicator of “*operations of the plants run smoothly*” has thus not been fully attained. The lack of spare parts to keep machinery running is a major factor. At the time of the mission, 5 tannery machines were not operational and the effluent treatment plant was only partly functioning due to a missing spare part. Other smaller machinery, sewing machines and the like were also non-operational due to missing spare parts.

5. Technical assistance to the top management of the Institute (co-management) and coordination of the activities of the project.

Technical assistance to the top management has been provided in an ad hoc rather than in a comprehensive manner and the envisaged co-management activities did not really materialize. On the other hand, the project manager and the project staff have effectively executed various coordination activities with the Government, the industry sector, donors and other development cooperation projects and have efficiently managed many logistical tasks.

In summary, the effectiveness of the project has been mixed. Although the project did not reach its objectives in terms of strengthened capacities of the LLPTI, **many individual companies have directly benefited from the activities and outputs of the project.**

The project has provided a relatively large number of international experts and consultants. The technical assistance provided by these experts has, for the most part, been highly appreciated and considered as useful and probably had impact in terms of contributing to a more competitive leather sector.

At the same time the LLPTI has not yet reached a stage of financial or technical sustainability. The Institute is relying on the Government to cover its operational costs and on external funding and expertise to organize and implement specific training and service provision to the industry. This dependence on the Government and on technical assistance is likely to remain in the short and medium term. At the present time, the LLPTI does not have the level of competence required to function as an effective service provider to the industry and there is consequently an absence of demand for its services. In this respect it should be noted that the development of institutional capacities normally takes time and that the two-year project duration was not enough.

Many of the foreseen outputs of the project have been produced and to this category belongs job descriptions and a structural chart and a large number of training manuals and training programmes. However, many of these outputs have not yet been used and have not led to any substantial strengthening of the capacities of the Institute.

As an indication of the effectiveness of the project, the industry still perceives the LLPTI as being technically weak and is only to a limited extent using its technical services or human resources. In fact, no specialized or demand-driven training has, so far, been organized by the LLPTI. This is partly due to lack of competence and confidence on behalf of LLPTI managers and instructors but also to the absence of incentives to venture into activities that are not part of regular “daily activities”. In addition, LLPTI staff members are paid at rates below industry norms and any income generated by the Institute is channeled directly to the Ministry of Finance. Moreover, the LLPTI has no mechanism to access foreign currency to buy necessary spare parts that are needed in the short and the long term to keep the plants running. These factors have a de-motivating effect on staff and reduce the effectiveness and the utility of the Institute.

It should be noted that the development of institutional capacities normally takes time. The LLPTI is a fairly young institute so inevitably it will take time to reach a level of acceptable efficiency and sustainability. At the same time, there have been various factors impeding the development of the LLPTI and, as mentioned above, some of the assumptions made when the project was designed have not been totally correct. To the factors that have impeded the effectiveness of the project belong;

- The management of the **LLPTI showed limited ownership and did not allow** the project to have **access** and perform all its envisaged activities and particular in relation to organizational behavior and financial control and technical assistance to the senior management
- The **restructuring** of the LLPTI, although approved, **was never implemented**, and this meant that managers, technical personnel and procedures that would allow the LLPTI to provide services to the industry and to efficiently operate the pilot plants were not put in place.
- The **LLPTI was not endowed with the human resources needed** to carry out specific demand and needs-based training and provide business-oriented services to the industry. The training of LLPTI encountered setbacks due to a **high turnover of staff** trained.

D. Efficiency

The evaluators assessed the efficiency of the project or how economically and timely inputs were delivered or activities resulted in outputs being achieved. It could, from the above analysis, be argued that the project was very efficient in producing various outputs but not in producing outputs leading to increased capacities.

The project provided a relatively large number of international experts and consultants. The technical assistance provided by these experts has, for the most part, been highly appreciated and considered as useful. However, the fact that two of the experts had limited knowledge of English was felt to have reduced the efficiency of the training and advisory services provided by them. In addition, there were a large number of participants in some of the training programmes with demonstration components and this seemed to have reduced the efficiency of this training.

Three international consultants in machine repair and maintenance, specializing in tannery, garment and footwear machines, were provided by the project in June and November 2007. These experts only came for 10 days. Whereas the work done was useful in that many machines were repaired there was, unfortunately, no time left for training of LLPTI personnel.

Various training schemes, including study tours abroad, have been offered to LLPTI staff. These schemes were not as efficient as anticipated, according to one trainee, because the subcontractor in Italy was not organized and made little preparation to accommodate the trainees. Also, out of four academic staff members trained in Italy, only two returned to Ethiopia and to the Institute.

The evaluation was pleased to note that *Synergy effects* had been created with other UNIDO interventions such as the Development of a Master Plan for the Leather Industry Sector, Made in Ethiopia (Taytu) and the cluster project supporting the informal leather sector. We also find synergies with the National Cleaner Production (CP) Center and that, primarily, tanneries have benefited from CP services. At the same time, it seems that the pilot tannery at the LLPTI could have benefited from CP services, as there is concern about the actual capacity of the effluent treatment plant.

Fruitful cooperation and important synergies have also been developed with the USAID Agribusiness and Trade Expansion Program, which has primarily provided marketing assistance to export-oriented companies. In addition, GTZ is providing technical assistance to the LLPTI and this assistance is targeting the education wing, thus complementing UNIDO's assistance.

An International Investment Forum organized by UNIDO with participation from companies in the leather sector has also benefited the sector.

E. Impact

Even allowing for the difficulties encountered in the implementation of the specific objectives, the project can be expected to have a positive effect on the LLPTI and maybe even more on the LLPI. According to many representatives of the individual companies that were met by the evaluation mission, the product quality and productivity of many companies have been significantly increased due to the assistance of UNIDO experts and the project has thus contributed to a more competitive leather sector.

Various training programmes have contributed to empowering company managers and technicians with new skills and competences and thus contributed to more competitive companies. This will in turn affect the creation of employment, economic growth and possibly a reduction in poverty. Enhanced abilities of companies to compete internationally should also, in the long run, be possible by reducing the costs of manufacture with higher labour skills. There is no doubt that the project helped many companies' secure international contracts for the supply of finished shoes and components. As an example, the LLPTI conducted in house training courses for stitchers, in two shoe factories and developed skilled labour able to stitch up to international standards. These companies now export finished shoes and leather uppers.

There were clear signs that specific production-oriented services have been provided through the Institute, for instance the manufacturing of components for a private footwear company, enabling this company to fulfil its export obligations– tanning services for an export oriented tannery – and the processing of cut parts for a leather garment exporter. These services were possible due to the fact that the project had injected some training and expertise into the model tannery, the garment and footwear workshops, through the provision of foreign experts.

In spite of the structural problems of the LLPTI, the project has succeeded in increasing the capacities of individual instructors and technicians. The laboratory is, for instance, staffed with well-trained technicians and a competent manager. The project should take credit for having contributed to this process, which should impact on the export potential of the country.

F. Sustainability

The sustainability of the operational (pilot) plants of the LLPTI is endangered by the absence of a comprehensive maintenance and spare part strategy and the fact that the LLPTI is not entitled to a foreign exchange allocation for the purchase of spare parts not available in Ethiopia. At the present time, the LLPTI does not have any strategy on how to obtain spare parts for its machinery.

As concerns the financial sustainability of the LLPTI, the Institute is today relying on the Government to cover its operational costs and the service wing has relied on UNIDO funding to organize specific training and service provision to the industry. This dependence on the Government and on technical assistance is likely to remain in the short and medium term. There seems to be an absence of private suppliers for the type of services that the LLPTI is providing and it will thus be crucial that the support to the institute continues in order for these kinds of services to be available.

It was mentioned by the LLPTI management that, at the present time, the Institute is covering 35% of its operational costs. This is a commendable accomplishment and can probably be attributed to subcontracting of the model tannery and the provision of shoe components. However, the evaluation team was not privy to any financial information from the LLPTI and could not verify this information.

It is obvious that the industry would increasingly use the LLPTI if it offered quality services but it does not yet value the LLPTI capacities to the extent that it would be willing to pay for services other than the use of the pilot facilities. The possibility of instituting a system of annual membership fees was mentioned in the project document but this has not

materialized and cost-recovery from training and service delivery has, so far, not been an option.

G. Strengths and weaknesses of the project

In order to sum up the assessment of the results of the project, the evaluation team has attempted to identify its main strengths and weaknesses.

Strengths

- The project was timely and relevant and aligned to national plans and priorities.
- The project supported a sector, with high potential for growth, employment generation and export development.
- The project was working with an existing institution that was well endowed in terms of physical resources.
- UNIDO's solid knowledge and experience of the Ethiopian leather and leather products industry and core competence in leather.
- The project addressed the needs of the industry through developing the capacities of the LLPTI to carry out training and supply services and there were potential multiplier effects.
- The project has strengthened capacities of the LLPTI and of individual enterprises.
- Synergy effects have been created with other UNIDO interventions and with programmes of other development co-operation agencies.

Weaknesses

- There was an absence of a comprehensive capacity needs assessment and a capacity development strategy for the LLPTI.
- The new structure of the LLPTI was not implemented.
- The LLPTI management did not take full ownership of the project and has not been fully involved in its implementation.
- The absence of funds to operate the LLPTI on a day-to-day basis and to secure necessary spare parts limits its actual and potential usefulness.
- The absence of counterparts and a high turnover of trained staff have limited the capacity development of the Institute.
- Most international experts and consultants were only fielded for short periods of time, which limited the usefulness of the technical assistance provided.
- In view of the objectives of the project, the duration of the project was too short.
- No Board of Directors or industry presence in the LLPTI has limited its business orientation.
- The technical assistance provided by the project has not given sufficient attention to strengthening the capacities of the LLPTI to provide assistance to the industry.
- The LLPTI plants have no cost-recovery or sustainability strategy.

H. Issues with regard to continued assistance to the LLPTI

There is a definite need for a continuation of the assistance provided so far in order to strengthen the capacities of the LLPTI and to enable it to fulfil its new mandate efficiently and effectively. Due to the planned restructuring of the Institute there is a need for a new management orientation that thinks industrially and understands and accepts the commercial and technical needs of manufacturers. This will require the embracement of new skills and competences, which are commonplace in a manufacturing environment, to cater to the demands of the industry leaders. Thus the process that has been started needs to be continued in a new phase.

Envisaged project outputs in the form of two project proposals have been achieved. The **first project** is primarily technical in nature and is aimed at the whole LLPI. It does include a component for continued assistance to the LLPTI. The planned activities are:

- Implement a needs identification phase using synergies from the existing project for the evaluation of the training materials, human resources (trainers' capabilities), client orientation and promotion of the LLPTI and its new services (marketing).
- Updating the technical capabilities of trainers in production line management in the tanning and footwear sectors.
- Upgrading of management skills in shoe factories to enable them to operate efficiently and satisfy foreign partners.
- The delivery of physical testing services to the industry
- The provision of CAD/CAM services to local companies
- Creation of a fashion and design consulting services.

The team notes that the above (with the exception of the design services) are in line with many of the recommendations made by the evaluators and could lead to strengthened capacities of the LLPTI, with the assumption that suitable personnel are in place. In particular the production line management component is particularly apposite. However, there is no mention of the repair and maintenance problem in the LLPTI and this also needs to be addressed.

There are, however, other ways to strengthen the LLPI in Ethiopia and one does not necessarily need to pass through the LLPTI. If assistance to the LLPTI was to continue, there has to be a solid foundation on which to build a new phase or project, including a conducive environment and national ownership and commitment towards the development of the LLPTI. It is important that there is sufficient and competent human resources in place and that the technical assistance will concentrate on building institutional capacities.

It seems obvious, that in order for the LLPTI to live up to its full potential there is a need for comprehensive changes and a business-oriented management. A sustainability strategy for the service wing is likewise required. At the same time a new project would need to be attuned to the critical needs of the manufacturing industry and especially footwear. Training in production line management geared towards footwear production is a necessity. This training should be a combination of classroom tutoring and practical experience in shoe factories abroad. There is also a clear and present need for shop-floor workers with cutting and stitching skills as the non-availability of trained labour is hindering the growth of the industry.

The establishment of a design studio could be a very useful development to the LLPI. However, in order to be effective it requires certain skills and resources that are not at hand at the present time. Among others, these would be the provision of conceptual drawings of fashion items (shoes, bags, garments) a continuous knowledge stream of fashion forward information, practical pattern making skills, a sample production workshop and, most importantly, a fully operational CAD/CAM system. It would need to operate to international standards. This would be a project by itself. Although suffering from management problems, a mention should be made of the UNIDO supported Footwear and Leather Industry Service Centre (FLISC) in Cairo which functions as an operational design centre. This centre has developed highly skilled designers and pattern engineers who operate the *Shoemaster* CAD system.

The LLPTI component also has plans to integrate with the newly formed Textile and Leather Industry Development Centre (TLIDC) of the MoTI, which further puts the project in the mainstream of the development of the LLPI.

A new project should build on existing achievements and be a logical extension of the UNIDO interventions implemented so far. Arrangements should be put in place for an evaluation according to UNIDO's technical guidelines

The **second project** is aimed at strengthening the educational wing of the LLPTI. The objective is to develop a twinning co-operation with a suitable educational establishment overseas and with a set-up that is compatible with the aspirations of the LLPTI. The LLPTI management is presently investigating possible partners in the United Kingdom. This project will complement the more technical and practical nature of the first project.

4

Conclusions, recommendations & lessons learned

A. Conclusions

- The UNIDO project is relevant and in line with Government needs and priorities and the intention to develop LLPTI into an efficient service provider to the leather industry was and remains valid. There have been commendable efforts, from the start of the project, to align activities to priority needs of the sector.
- UNIDO was in a good position to support the leather industry sector in Ethiopia, with a good track record in developing the sector and a long experience in Ethiopia.
- There is an outstanding need to develop managerial and operative capacities of the LLPTI and the project has not fully achieved this objective
- The LLPTI management has shown limited ownership and not allowed total access of the project. It should be noted that it is difficult to change mindsets and to move from education to business services.
- The demand for external technical expertise still prevails, especially in relation to footwear and leather garments.
- The LLPTI can certainly be an instrument for the development of the sector and to contribute to alleviating constraints. It can take on new challenges in areas such as competence and skills development, product development and design, quality control, production efficiency and not the least management and marketing.
- There is a need for the services of the LLPTI but these are not solicited and there seems to be an existing gap between the demand and the supply of these. Thus there is a need to further strengthen capacities of the LLPTI.

B. Recommendations to UNIDO

- Experts/consultants should be fielded for longer periods of time in order for them to effectively develop capacities of LLPTI staff and transfer skills and competences.
- Provision of training services to the industry (including on the job training) should initially be done jointly with LLPTI staff and foreign experts to give the Institute trainers the experience and confidence they require to eventually carry out the training themselves.
- Competences and skills training on machine operation should be provided to LLPTI trainers in order to enable them to train operators in industry.
- Training should be provided to LLPTI trainers in production management techniques.

- The model tannery should establish collaboration with the National Cleaner Production Center (NCPC) in order to be in line with environmental requirements.
- The CAD/CAM system should be made operational.
- A baseline should be developed at the start of a new project in order to identify areas where there is a priority need for assistance and allow for more results-oriented planning, monitoring and evaluation.
- A terminal evaluation should be foreseen and budgeted for in the project document and in accordance with the UNIDO Guidelines for the Technical Cooperation Programme and Project Cycle.

C. Recommendations to the Government

- The restructuring of the LLPTI should be implemented before new interventions to support the LLPTI commence and in order to allow the service wing of the LLPTI to function properly. An alternative could be to dispose of pilot plant facilities and just continue with the education wing.
- If the decision is made to develop the LLPTI into a centre of excellence it should be able to function with minimum constraints. Budget allocations, including foreign currency, to purchase necessary spare parts for the efficient running of its pilot plants should be provided.
- A capacity needs assessment and a capacity needs strategy (short term and long term) should be developed for the LLPTI.
- The LLPTI Board should be reinstated and incorporate private sector representation.
- The LLPTI should be endowed with business-oriented managers.

D. Recommendations to the LLPTI

- With the change of emphasis of the LLPTI to become a service and training provider to the industry there should be more cooperation with industry sectors.
- A marketing department should be established, a marketing strategy developed and a marketing manager with industry experience and respect be appointed.
- In view of its comprehensive endowment of machines and equipment, the LLPTI should be strengthened and expand its offer of demand-based services to the leather and leather products industry.
- The operators of the machines in the pilot plants should be properly trained employees of the LLPTI and not employees of the sub contractors.
- The maintenance department has to be empowered with the necessary skills for repair and maintenance of the LLPTI machines.
- A sustainability plan including a spare part provision strategy should be developed. The sustainability strategy should incorporate measures for cost recovery in relation to the use of facilities of the pilot plants.
- Demand driven training programmes should be offered. An unsatisfied demand for short-term basic skills training in areas such as stitching and cutting should be remedied. This could be done by dispatching national trainers, with the necessary competence, to company premises to conduct the training.
- New business and customer oriented managers and qualified technicians need to be recruited to the service wing. These need to be incentivised to stay with the LLPTI.

- In order for LLPTI services to be supplied in a transparent manner to all clients, an equitable method of approving sub-contracting work should be developed.
- In view of the evolving technology of the industry, managers, instructors and technicians need to be continuously upgraded. There is a need for a competence-upgrading plan.

E. Lessons learned

The lessons learned are not project specific but are of a wider applicability thus beyond the evaluated project. They are, nevertheless, drawn on the findings and conclusions of the evaluation

- Committed counterparts and ownership are crucial for efficient implementation, effectiveness and sustainability.
- Institution building does take time and demands a long- term and comprehensive technical assistance strategy.
- A long UNIDO experience in a country and working within a core competence area of UNIDO enables UNIDO projects to be relevant and timely.

Annex A

Terms of reference

15 October 2007



UNITED NATIONS INDUSTRIAL DEVELOPMENT ORGANIZATION

Terms of Reference

Independent Evaluation of the UNIDO Project:

TE/ETH/04/001

“Assistance to the LLPTI for the Development of its Managerial and Operative Capacities”

I. BACKGROUND

Leather is one of the main industrial sectors in Ethiopia and has been given high priority in the “Export Development Strategy” as well as in the industrial policy of the Government. UNIDO has provided long-term support to the leather sector in Ethiopia and this has, in the past, encompassed capacity building support to the establishment of the LLPTI and the provision of equipment and advisory services. The ongoing project aims at promoting the private sector with reference to the leather sector, through a service structure able to strengthen its capacities and to become a factor of competitiveness. It also aims at; building basic managerial and operative capacities of LLPTI as regards training, services and related activities, assisting the LLPTI in the launching of its first training courses and supplying technical assistance in relation to the management of its plants.

The “Assistance to the LLPTI for the development of its Managerial and Operative Capacities” can be regarded as a Government-initiated project. It has been funded by the Government of Italy and executed by UNIDO in close collaboration with the Government of Ethiopia, the LLPTI and the private sector. The counterpart ministry is the Ministry of Trade and Industry.

The project started in 2005 and will come to an end at the end of 2007. The evaluation is in line with the Evaluation Policy of UNIDO, which calls for an independent evaluation of all projects with a budget of above US\$ 1 million. There was also an expressed wish for an evaluation, by the representatives of the Governments of Ethiopia and Italy, at the 4th Steering Committee Meeting, held on the 8th of June 2007. A next phase project is being foreseen.

According to the Project Document, the **Specific Objectives** of the project were;

1. Development of general management capacities, particularly as regards organizational behavior and financial control. The objective is that of

assisting LLPTI in building its general management capacities, in order to effectively use its financial and human resources to satisfy the needs of the private sector.

2. Development of general management capacities as regards services. The objective is that of outlining the management procedures with regard to the services offered by the Institute to enable it to become more user efficient for the private sector.

3. Enabling LLPTI to carry out basic training through the ability of expatriate experts in order to enhance the capabilities of the Institute to carry out training and deliver services to companies in Ethiopia and possibly in the region, thus ensuring long-term sustainability.

4. Building the capacities to operate the four pilot plants, the quality-testing laboratory and the CAD/CAM department of the Institute in order to assist the private sector in its competitiveness efforts.

5. Technical assistance to the top management of the Institute (co-management) and coordination of the activities of the project.

II. BUDGET INFORMATION

Project No.	Total Allotment Euro	Total Expenditure (EURO)	% Total Implemented
TE/ETH/04/00 1	1,241,568	1,177,026	95%

Source and date of information: UNIDO INFOBASE as of 30 September 2007

III. PURPOSE

The purpose of the independent Terminal Evaluation is to enable the Government, UNIDO and the donor to have up to date information in regards to:

- (a) the relevance of and the extent to which the project was in line with the priorities and policies of the Government of Ethiopia and the target group
- (b) the effectiveness of the project in attaining its objectives and outputs
- (c) the prospects for development impact
- (d) the long-term sustainability of the results and benefits
- (e) the efficiency in implementation: quantity, quality, cost and timeliness of UNIDO and counterpart inputs and activities.

It is envisaged that the evaluation will provide an analytical basis and come up with recommendations for a possible continuation of the project in a next phase. The evaluation will also seek to draw lessons of wider application for the replication of the experience gained in this project, in other projects or countries.

IV. METHODOLOGY

The evaluation is to be conducted in compliance with UNIDO evaluation policy as an Independent Terminal Evaluation, which attempts to determine as systematically and objectively as possible the relevance, efficiency, achievements (outputs, outcomes and impact) and sustainability of the project. The evaluation assesses the achievements of the project against its key objectives established in the project document, including re-examination of the relevance of the objectives and of the design. It also identifies factors that have facilitated or impeded the achievement of the objectives.

The evaluation will be carried out through analyses of various sources of information including desk analysis, observation at the project site and interviews with counterparts, beneficiaries, partner agencies, donor representatives, project staff and through the cross-validation of data.

The thorough analysis of the relevant facts includes the review of inputs used, activities carried out, management mechanisms applied (in particular planning, monitoring and self assessment) and project specific framework conditions (in particular policy environment, counterpart capacities, related initiatives of the Government, donors and the private sector). The analysis of these factors is an essential part of the evaluation work and provides the evidence-base for the assessment of the project.

While maintaining independence, the evaluation will be carried out based on a participatory approach, which seeks the views and assessments of all parties. It will address the following specific issues:

Project identification and formulation

The extent to which:

- (i) A participatory project identification process was instrumental in selecting problem areas and counterparts requiring technical cooperation support.
- (ii) The project had a clear thematically focused development objective and immediate objective and/or outcomes, the attainment of which can be determined by a set of verifiable indicators.
- (iii) The project was formulated based on the logical framework approach and included appropriate output and outcome indicators.
- (iv) A logically valid means-end relationship has been established between the project objective(s) and outcomes and the higher-level programme-wide or country level objectives.

Ownership and relevance

The extent to which:

- (i) UNIDO HQs and the Field representation paid adequate attention to and were effective in project preparation and funds mobilization.
- (ii) The national management and counterparts were able and willing, to contribute (in kind and/or cash) to project implementation and in taking an active part in funds mobilization.
- (iii) The project was formulated with participation of the national counterpart and/or target beneficiaries.
- (iv) The counterpart(s) has (have) been appropriately involved and were participating in the identification of their critical problem areas and in the development of technical cooperation strategies and are actively supporting the implementation of the project.
- (v) The project is in line to the priorities and policies of the Ethiopian Government
- (vi) The leather industry is utilizing the LLPTI and finds its services to be in line with its demands
- (vii) The objectives of the project are still valid

Efficiency of implementation

The extent to which:

- (i) UNIDO and Government/counterpart inputs have been provided as planned and were adequate to meet requirements.
- (ii) The quality of UNIDO inputs and services (expertise, training, equipment, methodologies, etc.) was as planned and timely
- (iii) Inputs led to the production of outputs.
- (iv) The least costly resources and processes were used in order to achieve the objectives
- (v) Coordination with other projects and possible synergy effects

Effectiveness

The extent to which:

- (i) The results and specific objectives were achieved or are likely to be achieved

Impact and sustainability

- (i) Identification of the long term developmental changes or benefits (economic, environmental, social and developmental) that have occurred or are likely to occur as a result of the intervention
- (ii) The extent to which the LLPTI, including the four pilot plants, the quality testing laboratory and the CAD/CAM department have reached technical and financial sustainability
- (iii) There is a demand from the local industry for LLPTI services

Project coordination and management

The extent to which:

- (i) The national management and overall field coordination mechanisms of the project have been efficient and effective.
- (ii) The UNIDO HQ based management, coordination, quality control and technical inputs have been efficient and effective.
- (iii) Monitoring and self-evaluation was carried out effectively, based on indicators for outputs, outcomes and objectives and using that information for project steering and adaptive management.
- (iv) Changes in planning documents during implementation have been approved and documented.
- (v) Coordination envisaged with other development cooperation programmes in the country has been realized and benefits achieved.
- (vi) Synergy benefits can be found in relation to other UNIDO activities in the country.

Recommendations for next phase

The extent to which proposals put forth by the project team for the next phase:

- (i) are relevant to Government and UNIDO priorities
- (ii) compatible with currently available implementation capacities;
- (iii) are based on logically valid means-ends relationships and take into consideration factors to mitigate likely risks.

V. EVALUATION TEAM

The evaluation team will be composed of a staff member of the UNIDO Evaluation Group (EVA), one independent international evaluation consultant (leather expert) and one national evaluation consultant. The EVA staff member will be responsible for reviewing the general management issues - Specific Objective 1 and Specific Objectives 5 – project management and coordination. The international consultant will be primarily responsible for reviewing Specific Objective 2 – services capacities, Specific Objective 3 – ability to carry out basic training and Specific Objective 4 – capacities to operate the 4 pilot plans, the quality testing laboratory and the CAD/CAM department.

The staff member of the UNIDO Evaluation Group will only partly participate in the field mission the first week.

The UNIDO Evaluation Group will be responsible for the quality control of the evaluation process and of the report. It will provide inputs regarding findings, lessons learned and recommendations from other UNIDO evaluations, ensuring that the evaluation report is useful for UNIDO in terms of organizational learning (recommendations and lessons learned) and in compliance with the UNIDO evaluation policy and these Terms of Reference.

All consultants will be contracted by UNIDO. The tasks of each team member are specified in the job descriptions attached to these terms of reference.

The members of the evaluation team have not been directly involved in the design and/or implementation of the project.

UNIDO Field Office in Addis Ababa will provide support to the evaluation team.

VI. TIMING

The evaluation is scheduled to take place in the period 19 November until 21 December. The field mission for the evaluation is planned from 25 November until 7 December.

After the field mission, the international team member will come to UNIDO HQ for debriefing. The final version of the evaluation report incorporating comments received will be submitted 8 weeks after the debriefing, at the latest.

VII. REPORTING

The evaluation team will present its preliminary findings, to the key stakeholders, at the end of the field mission. The evaluation report will follow the structure given in Annex 1. The reporting language will be English.

Review of the Draft Report: The draft report will be shared with the Ethiopian and Italian Government, the Project Manager and the project staff for initial review and consultation. They may provide feedback on any errors of fact and may highlight the significance of such errors in any conclusions. The consultation also seeks agreement on the findings and recommendations. The evaluators will take the comments into consideration in preparing the final version of the report.

Quality Assessment of the Evaluation Report: All UNIDO evaluations are subject to quality assessments by UNIDO Evaluation Group. These apply evaluation quality assessment criteria and are used as a tool for providing structured feedback. The quality of the evaluation report will be assessed and rated against the criteria set forth in the Checklist on evaluation report quality (annex 2).

Template of in-depth evaluation reports

Annex 1 of the ToR

Executive summary

- Must be self-explanatory
- Not more than five pages focusing on the most important findings and recommendations
- Overview showing strengths and weaknesses of the project

I. Introduction

- Information on the evaluation: why, when, by whom, etc.
- Information sources and availability of information
- Methodological remarks and validity of the findings
- Project summary (“fact sheet”, including project structure, objectives, donors, counterparts, timing, cost, etc)

II. Country and project context

This chapter provides evidence for the assessment under chapter V (in particular relevance and sustainability)

- Brief description including history and previous cooperation
- Project specific framework conditions; situation of the country; major changes over project duration
- Positioning of the UNIDO project (other initiatives of government, other donors, private sector, etc.)
- Counterpart organization(s); (changes in the) situation of the

III. Project Planning

This chapter describes the planning process as far as relevant for the assessment under chapter V.

- Project identification (stakeholder involvement, needs of target groups analyzed, depth of analysis, etc.)
- Project formulation (stakeholder involvement, quality of project document, coherence of intervention logic, etc.)
- Description of the underlying intervention theory (causal chain: inputs-activities-outputs-outcomes)
- Funds mobilization

IV. Project Implementation

This chapter describes what has been done and provides evidence for the assessment under chapter V

- Financial implementation (overview of expenditures, changes in approach reflected by budget revisions, etc.)
- Management (in particular monitoring, self assessment, adaptation to changed circumstances, etc.)

- Outputs (inputs used and activities carried out to produce project outputs)
- Outcome, impact (what changes at the level of target groups could be observed, refer to outcome indicators in prodoc if any)

V. Assessment

The assessment is based on the analysis carried out in chapter III, IV and V. It assesses the underlying intervention theory (causal chain: inputs-activities-outputs-outcomes). Did it prove to be plausible and realistic? Has it changed during implementation? This chapter includes the following aspects:

- Relevance (evolution of relevance over time: relevance to UNIDO, Government, counterparts, target groups)
- Ownership
- Efficiency (quality of management, quality of inputs, were outputs produced as planned? were synergies with other initiatives sufficiently exploited? Did UNIDO draw on relevant in-house and external expertise? Was management results oriented?)
- Effectiveness and impact (assessment of outcomes and impact, reaching target groups)
- Sustainability
- If applicable: overview table showing performance by outcomes/outputs

VI. Issues with regard to a possible next phase

- Assessment, in the light of the evaluation, of proposals put forward for a possible next phase
- Recommendations on how to proceed under a possible next phase, overall focus, outputs, activities, budgets, etc.

VII. Recommendations

- Recommendations must be based on evaluation findings
- The implementation of the recommendations must be verifiable (indicate means of verification)
- Recommendations must be actionable; addressed to a specific officer, group or entity who can act on it; have a proposed timeline for implementation
- Recommendations should be structured by addressees:
 - UNIDO
 - Government and/or Counterpart Organizations
 - Donor

VIII. Lessons learned

- Lessons learned must be of wider applicability beyond the evaluated project but must be based on findings and conclusions of the evaluation

Checklist on evaluation report quality

Annex 2 of the ToR

Report quality criteria	UNIDO Evaluation Group Assessment notes	Rating
Did the report present an assessment of relevant outcomes and achievement of project objectives?		
Were the report consistent and the evidence complete and convincing?		
Did the report present a sound assessment of sustainability of outcomes or did it explain why this is not (yet) possible?		
Did the evidence presented support the lessons and recommendations?		
Did the report include the actual project costs (total and per activity)?		
Quality of the lessons: Were lessons readily applicable in other contexts? Did they suggest prescriptive action?		
Quality of the recommendations: Did recommendations specify the actions necessary to correct existing conditions or improve operations ('who?' 'what?' 'where?' 'when?'). Can they be implemented?		
Was the report well written? (Clear language and correct grammar)		
Were all evaluation aspects specified in the TOR adequately addressed?		
Was the report delivered in a timely manner?		

Rating system for quality of evaluation reports

A number rating 1-6 is used for each criterion: Highly Satisfactory = 6, Satisfactory = 5, Moderately Satisfactory = 4, Moderately Unsatisfactory = 3, Unsatisfactory = 2, Highly Unsatisfactory = 1, and unable to assess = 0.

Annex B

Interview Guidelines LLPTI Ethiopia

Project preparation

- Who initiated and designed the project?
- Was the Government actively involved in project preparation and funds mobilization?
- Why was this project needed?
- Did it follow a participatory process?
- Were national counterparts or project beneficiaries involved?
- Were the components selected relevant?
- Was there a problem analysis?
- How does the project fit into the IP?
- Did the project have a logically valid means-end relationship?

Relevance

- Your view of the relevance of the project. Relevance of the LLPTI?
- Relevance of the training programmes presently being offered at the Institute?
- Relevance of the services being offered?
- How has the course programme been established?
- Relevance of the project in relation to national poverty reduction and industrial strategies? In relation to the needs of the target group?

Effectiveness

Outcome level

- Has the project been effective in developing institutional capacities of the LLPTI (managerial, including financial control and technical)?
- How has the project contributed to the strengthening of the LLPTI and promoting the private (leather) sector?

Output level

- Is there a new organizational structure of the LLPTI? Are there Job Descriptions? A structural chart? Effective and efficient management? Efficient use of financial and human resources?
- Results of various (managerial and technical) training programmes and development of capacities (financial control, technical training)? Numbers of people trained and type of training?
- Has the LLPTI testing laboratory been accredited?
- Is there a management procedure manual for the laboratory?
- Has an overall maintenance system been established for the massive equipment of the LLPTI?
- Capacities to operate the four pilot plants? The quality-testing laboratory? The CAD/CAM department?
- Results in terms of product development of leather garments and leather goods?
- Were skills quality standards developed?
- Are there sufficient national staff?
- Have training manuals been elaborated and used?
- Are services used by the private sector?
- Has the image of Ethiopian leather products been improved?
- Level of participation in training programmes? Cost coverage?

- Provision of other services than training? Applied research? Quality testing and certification? Other service areas?
- Is there a strategy on how to raise demand for LLPTI services (IP eval. rec.)?
- Are needs surveys being undertaken?
- Collaboration with QSAE
- Is there a framework for donor coordination?
- Have two follow-up projects been developed?
- Is there a M&E system?

Efficiency

- Has the project had sufficient resources at its disposal?
- Levels of disbursements and implementation?
- Cost-effectiveness?
- Co-management between HQ and the field?
- Level of collaboration with national counterparts?
- Have inputs been provided as planned?
- Have changes in planning documents been approved and documented?
- Quality of UNIDO services (experts, consultants, training, equipment, etc.)?
- Competence of the experts in relation to the needs of the LLPTI and the industry?
- Has anything in particular facilitated or impeded the implementation of the project?
- Synergies with other UNIDO projects (combining support to the LLPTI and export promotion) - Made in Ethiopia, investment promotion, cluster development, CPC, the Master Plan?
- Adequacy of the services and facilities provided by the counterpart agency?
- Provision of services from UNDP?
- Coordination with other projects and programmes?

Impact

- In what way has the institute contributed to the development of the Ethiopian leather sector?
- In what way has the institute contributed to increasing the competitiveness of the private sector? Concrete examples?
- Impact in terms of market access (domestic and export)?
- Enhancement of international competitiveness?
- Impact on economic growth and poverty alleviation?
- Impact in terms of value addition, job creation or income generation
- FDI or sub-contracting contracts?
- Synergy benefits with IP?
- Has the project contributed to regional developments?

Sustainability

- Is the institute financially, technically and organizationally sustainable?
- Environmental sustainability?
- Social sustainability??? – Contribution to employment generation and poverty reduction?
- Continuation of public or donor support?
- Training – vanishing trainees?
- Demand for training and services from the industry?

The future

- Is there a need for a next phase?

- If yes, what should this phase encompass?
- views on the proposal for a new phase?

Private sector representatives (leather)

- Which are your priority training needs
- Can these be satisfied by the LLPTI?
- Do you use training and other services of the Institute? In what way has the institute contributed to increasing the competitiveness of your company/the private sector?
- Level of satisfaction?
- Are you willing to pay for training at the LLPTI? How much?
- Are you willing to pay for other services of the LLPTI?
- Are you interest in becoming a member of the institute? Likelihood of paying a membership fee? Fee level?

Benchmarks and lessons learned?

(For a wider application and for possible replication of the experience gained.)

Annex C

List of persons met

The Government	Position
H.E Mu. Tadesse Haile	Minister of state MoTI.
Hv. Sileshi Lema	Head, Textile and Leather Industry Development,
The LLPTI	Position
Dr. Eng. Belay Woldeyes	General Director
Mr. Assefa Wodajo	Maintenance Department Head
Mr. Mebratu Worku	Model Tannery Head
Mr. Brhanu Negas	Laboratory Head
Mr. Genanaw Asfaw	Leather Technology Department, Head
Mr. Solomon Taddesse	Leather Goods/Garment Department, Head
Ms. Muluye Tamirat	Footwear Technology Department, Head
The Industry (Formal Sector)	Position
Mr. Abebe Eblu	Manager, Tikur Abay Shoe Factory
Mr Wogen H. Meskel	Head, Quality control, Hafede Tannery
Mr. Bedada Chali	General manager, Dire Industries
Mr. Tesfaye W/Kirkos	Manager, Peacock Shoe factory
Mr. Solomon Yesuf	General Manager, Jonzo Leather
Mr. Enyew Zeleke	General Manager, Anbessa shoe Factory
Mr. Kinde Afrasso	General Manager, KINAFF
Mr. Getachew Kifle	General Manager, ERKAB
Mr. Abdisa Adugna	General Secretary, ETA
Mr. Temesgen Zewde	General Manager, GLGH
Donors and International Agencies	
USAID	Position
Mr. Teshome Kebede	Hides and skins manager
Italian cooperation	Position
Mr. Michele Boarario	Adviser
Ms. Maria Laura Ena	Staff
Mr. Andrea Senatori	Director
GTZ (ecbp)	Position
Mr. Harald Richter	Senior Leather Expert

Mr. Ralf Dieter Fuchsmann	Leather Expert
UNIDO	Position
Dr. Geoffrey E. Mariki	Regional Representative
Ms. Aurelia Calabro	Project Manager
Ms. Netseha Sequar	National Expert
Mr. Maher Abou El-Khair	Chief Technical Adviser
Mr. Adis Duki	Coordinator, Cluster Project
Mr. Gino	Leather Garment Manager
Mr. Yitbark Fantahun	National Expert
Industry (Informal Sector)	Position
Mr. Afewerk Yilma	Manager, Tamralech Shoe

Annex D

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Annex E

List of Experts

EXPERT	EXPERTISE
Dr. Giuseppe Clonfero,	Environmental engineer - tannery waste
Mr. Felip Combalia	Vegetable tanning
Mr. Agostino Russo	Quality control
Mrs. Rosa Vidal	Leather finishing
Mr. Felip Gonzales	Leather finishing
Mr. Colletti	Beam house and tanning
Mr. Giorgio Gadina	Men's shoe design and pattern cutting
Mr. Malcolm Pugh	Preparation of leather cutting and stitching manuals
Mr. M. Spacek	Shoe lasting
Mr. Yaroslav Cabak	Leather goods design
Mr. Massimi Viviani	Shoe machine maintenance
Mr. Daniel Sanchez	Retanning and dyeing
Dr. Massimo Boarario	Operational management
Dr. Khaled El Naggari	Laboratory accreditation
Ms. Elfriede Mazik	Leather garment design and pattern making
Mr. Reinhold Schideler	Leather goods designer and pattern making
Mr. Emad	Leather garment manufacturing expert
Mr. Romani Colombi	Tannery machines maintenance
Dr. Ebtisan Hassan	Laboratory accreditation
Dr. Yasser Abdelaziz	Laboratory accreditation
Mr. Luca Cappeli	Leather garments machinery maintenance



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