



Industrial Development Board

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Item 8 of the provisional agenda

Activities of the Evaluation Group

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Note by the Secretariat

In compliance with Board decision IDB.29/Dec.7, reports on evaluation activities on a biennial basis, thereby complementing the information provided in the *Annual Reports 2008 and 2009*.

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I. Background

1. In its decision IDB.29/Dec.7, the Board, inter alia, affirmed the importance of Member States' receiving objective and credible feedback on the performance of UNIDO country-level programmes based on the findings and lessons learned from independent evaluations. The present report is submitted in accordance with paragraph (h) of that decision, which requested the Secretariat to report on evaluation activities on a biennial basis. The document should be considered in conjunction with the information on evaluation-related activities provided in the *Annual Reports 2008 and 2009*. In addition, all UNIDO independent evaluation reports are available on the UNIDO website (www.unido.org/doc/5122).

II. Context and function

2. The Evaluation Group (EVA) is responsible for independent evaluations of UNIDO projects and programmes as well as of global, regional or organizational issues and, more specifically, for assessing the relevance and results of various interventions. Furthermore, EVA undertakes thematic evaluations in relation to specific programme areas or a development priority and contributes to organizational learning. UNIDO's evaluation function is aligned to the United Nations norms and standards and their emphasis on independence, credibility and utility.

3. The Executive Board of UNIDO, recognizing the critical role of evaluation in assessing and validating results and in promoting internal and external learning, allocated €573,000 for the implementation of the EVA work programme for the period 2008-2009, mainly to cover country programme evaluations, thematic evaluations and process evaluations. This entailed an increase by 17 per cent, compared to the previous biennium. Independent project evaluations continue to be directly financed from the project budgets.

4. In 2009 there was, at the request of UNIDO, a professional, external peer review of UNIDO's evaluation function. The main purpose of the peer review was to provide UNIDO management, the Industrial Development Board and EVA with an independent assessment of EVA's contribution to accountability and learning. The core question addressed by the peer review was: "Are the agency's evaluation function and its products independent, credible and useful?" The peer review panel members, consisting of two members of the Evaluation Network of the Development Assistance Committee (OECD/DAC) and two members from the United Nations Evaluation Group (UNEG) found that the UNIDO evaluation function generally meets the United Nations/DAC norms and standards.

5. Identified areas with room for improvement were assessing and documenting relevance and evaluating impact. The panel's overall view was that "... although the evaluation policy in UNIDO was only approved in 2006, the evaluation function is well established, well staffed and well respected. The products produced are valued and seen as relevant and of good quality, and an indication of the appreciation of EVA staff is the strong demand for their input into various organizational processes. EVA has clearly established itself in the organization as a driving force for organizational improvement."

III. Activities and contributions of the Evaluation Group

Evaluations

6. The 2008-2009 EVA work programme has, with some minor modifications, been carried out as planned. One integrated programme (IP) evaluation (IP Cuba) was postponed and one IP evaluation (IP Bangladesh) was dropped because the major part of the programme was covered by a midterm evaluation undertaken by the European Union. Other evaluations were added in response to specific requests from UNIDO management. A list of all the evaluations and related activities implemented during the biennium is available on the UNIDO website (www.unido.org/doc/5122).

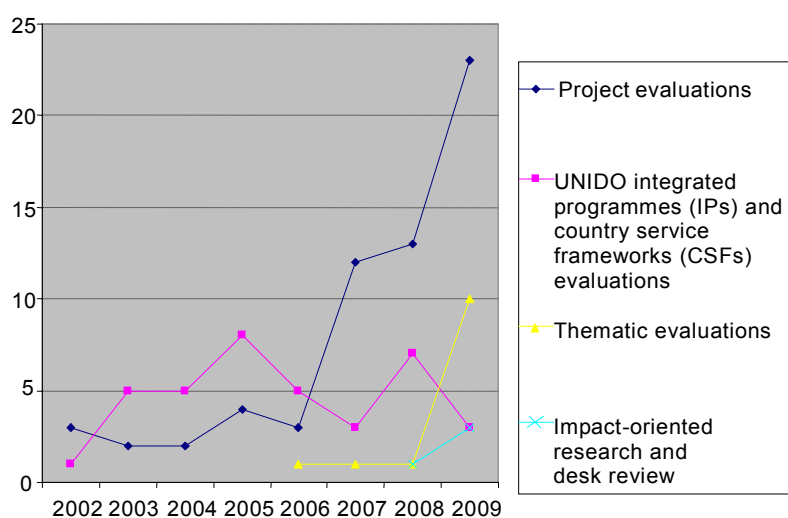
7. In summary, during the 2008-2009 biennium, the Evaluation Group implemented evaluations of 10 integrated programmes (IPs) and country service frameworks (CSFs) and 39 stand-alone projects. In addition, EVA carried out two evaluations related to its field presence: the evaluation of UNIDO's field mobility policy (FMP) and the Joint Terminal Evaluation of the Cooperation Agreement between the United Nations Industrial Development Organization and the United Nations Development Programme (UNDP). The latter evaluation covered two components of the Cooperation Agreement: the UNIDO desk component and the joint private sector development (PSD) component.

8. Findings from the two evaluations indicated that both, the FMP and the Cooperation Agreement had contributed to a strengthening of UNIDO field presence and to the promotion of cooperation with other United Nations agencies. However, there was found to be a need to develop an overall policy on field presence and functions in order to increase the overall efficiency. It was recommended not to renew the PSD-specific joint agreement with UNDP but to, primarily, collaborate through system-wide mechanisms.

9. A meta-evaluation of 11 IPs evaluated in the period 2007 to 2009 was carried out in order to identify the main issues and lessons derived. It was a follow-up to (a) the meta IP evaluation carried out in 2007 and (b) a review of IP self-evaluations carried out in 2008. UNIDO's contribution in its different thematic areas of focus are generally positive and the programme approach is seen as valid, but the meta-evaluation highlighted the need for more in-depth needs assessments and stronger results-orientation and found insufficient emphasis on the strategic implication of pilot projects and that opportunities for intra-programme synergies are not always exploited.

10. Generally, there has been an increased focus on thematic evaluations (see graph 1) and on assessing results at outcome levels. Due attention has also been given to capturing results at the impact level and, in particular, UNIDO's contribution to poverty reduction. Five major thematic evaluations were carried out or initiated: (a) thematic evaluation on UNIDO's cluster and networking development initiatives; (b) thematic evaluation on standards, metrology, testing and quality (SMTQ); (c) thematic evaluation on post-conflict interventions; (d) thematic evaluation of the Investment and Technology Promotion Office (ITPO) network and (e) thematic evaluation of International Technology Centres.

Graph 1
**Overview of number and type of evaluations implemented by the UNIDO
 Evaluation Group during the years 2002 to 2009**



11. UNIDO's cluster and networking development (CND) initiatives were evaluated in order to assess results as well as the soundness of the applied approach for private sector development (PSD). Findings from many CND projects, in countries such as Ethiopia, India, Morocco, Nicaragua and Peru clearly demonstrated that CND initiatives follow a coherent intervention logic and are well in line with state-of-the-art approaches to PSD. The thematic evaluation identified an untapped potential to utilize UNIDO's CND expertise more widely, as a general tool for small and medium enterprise (SME) development. The evaluation furthermore called upon member governments to support not only projects, at a national level, but also the continuous development of a global CND programme.

12. The thematic evaluation of UNIDO projects in the area of SMTQ was conducted in collaboration with the Swiss Agency for Development and Cooperation (SECO) and based on evaluations in 15 countries.¹ The evaluation concluded that UNIDO's "three C approach" (compete; comply; connect) has been successful in different environments. However, projects in least developed countries (LDCs) turned out to be challenging because in these countries, the private sector demand for SMTQ services needs to be developed in parallel to the building of a SMTQ infrastructure. UNIDO's emphasis on international accreditation was found to be appropriate but because the absorption capacity of SMTQ organizations is often limited, an even wider approach to capacity-building has been recommended. UNIDO's recent emphasis on collaboration with private sector providers of SMTQ services was found to be a positive aspect that could be further developed. Initiating South-South cooperation was identified as a particular highlight of UNIDO projects.

¹ Bangladesh, Bhutan, Cambodia, Côte d'Ivoire, Ghana, Lao People's Democratic Republic, Lebanon, Maldives, Mozambique, Nepal, Senegal, Sri Lanka, Togo, United Republic of Tanzania and Viet Nam.

Key recommendations were that SMTQ efforts should be long-term and that development partners should recognize UNIDO's potential role in spearheading a systemic approach to strengthening National Quality Systems, including by supporting the development of national "SMTQ master plans".

13. The thematic evaluation on post-crisis interventions in Iraq, Lebanon, Sudan, Uganda, and the four countries of the Mano River Union (Côte d'Ivoire, Guinea, Liberia and Sierra Leone) was launched in November 2009 and the results are expected by mid-2010. Preliminary findings indicate that UNIDO appears to be successful in adapting its tools for entrepreneurship, vocational training and private sector development to post-conflict environments and in achieving concrete results. One emerging finding is that UNIDO should strengthen its capacity to launch development interventions almost immediately after a crisis. However, a time horizon of one to two years has been found to be too short for sustainable post-crisis development and donors should avoid putting undue time pressure on the execution of such projects.

14. UNIDO ITPOs in Bahrain, China (Beijing and Shanghai) and Greece were evaluated during the biennium and findings related to the relevance, efficiency and effectiveness of these offices were integrated into an independent thematic evaluation of the ITPO network. The thematic evaluation stresses that the network has contributed to industrial development and economic growth in developing countries but that the full potential of the network has not been utilized. There is a need to further integrate the network with UNIDO's entire technical cooperation programme for enhanced synergies and impact and in order to increase the demand orientation of the interventions. Thus, ITPOs should be more development oriented and aligned to the needs and priorities of target countries. Another recommendation was that ITPOs should put more emphasis on the strengthening of capacities of partner institutions in developing countries.

15. Four in-depth evaluations of UNIDO International Technology Centres (ITCs) were undertaken (ICHET, ICM, ICS and SITPC).² Findings from these evaluations are being incorporated into a thematic evaluation of UNIDO International Technology Centres. A self-assessment survey of ITCs has also been carried out as a component of this thematic evaluation, aiming at shedding light on the relevance, effectiveness, impact, efficiency and sustainability of UNIDO's support to ITCs. It will furthermore contribute to the discussion of UNIDO's future involvement by proposing recommendations to enhance UNIDO's contributions to technology promotion in general and international technology centres in particular.

16. An independent thematic review of UNIDO's small hydro power (SHP) projects was conducted in 2008 and 2009. The review covered projects in 14 countries and found that only five stations out of 24 were fully operational. Technical problems occurred at a number of sites, sometimes due to design errors. Rwanda was the most successful case where UNIDO had initiated South-South cooperation with Sri Lanka and laid the foundation for a significant public SHP construction programme. Ironically, the UNIDO SHP initiative in Sri Lanka has been one of the weaker ones because of a failure to mobilize local expertise and the

² International Centre for Hydrogen Energy Technologies, International Centre for Materials Technology Promotion, International Centre for Science and High Technology and Shanghai Information Technology Promotion Centre.

fact that imported instead of local equipment was used. Overall, an identified significant weakness was that UNIDO had failed to promote the productive use of SHP electricity. Developing an overarching SHP strategy with a focus on productive use was recommended.

17. A review of a sample of Montreal Protocol (MP) projects was carried out with a view to learning more about the applied theories of change and the non-ozone depleting substance (ODS) effects achieved by the projects. The review confirmed the existence of important non-ODS effects (including productivity improvements and improved environmental performance of enterprises). It was also pointed out that UNIDO has established a strong capacity for technology transfer at the enterprise level. There seems to be scope to establish linkages between MP projects and other UNIDO technical assistance and global forum activities in the environmental area.

18. Given its direct access to Global Environment Facility (GEF) funding, UNIDO has for the first time been responsible for an evaluation of a GEF-financed project to support the Chinese Government with the implementation of the Stockholm Convention. This GEF-funded project was found to be highly relevant, effective and efficiently executed and with a high level of national ownership. A high-quality national implementation plan (NIP) on persistent organic pollutants (POPs) was developed with the involvement of leading international agencies and key national stakeholders. The implementation approach, combining UNIDO and national execution was found to have contributed to the overall positive performance of the project. However, given the size of the country and the complexity of POPs, future support will be essential. The Chinese NIP project provided UNIDO with useful experiences on NIP development and implementation.

19. Three impact-oriented evaluations have been implemented: in relation to the evaluation of IP Cameroon, the Skills for Peace and Income (SKIPI) project in Uganda and SMTQ projects in Sri Lanka. The evaluation of SKIPI found that the project had been effective in supporting the social and economic re-integration of veterans, former rebels and their families in the post-conflict environment of northern Uganda. In all, the project is estimated to have directly benefited more than 1,000 people, who are now proficient in their respective professions. The prognosis for the trained professionals is good, in that 90 per cent have found employment or are generating income and can be expected to remain active in their profession and continue to earn a living for their families. The impact of the SMTQ projects in Sri Lanka was found to be quite widespread. Three export sectors (tea, fish and garments) have benefited from improved SMTQ infrastructure. In the case of garments it appears that opportunities for collaboration with private SMTQ actors were missed.

20. An overarching review — *What has UNIDO done to reduce poverty — Evidences from UNIDO evaluations* was undertaken, covering all evaluations implemented during the biennium and in order to assess to what extent results in terms of poverty reduction can be captured and indicate ways to strengthen UNIDO's poverty focus. The review highlighted the relationship between a poverty focus and results-based management (RBM) and the need to capture results both at the outcome and impact levels. It concluded that UNIDO implements many interventions that foster poverty reduction but that the actual contribution to poverty reduction is not always demonstrated or reported upon.

Organizational learning

21. The online follow-up system to track the response to, and implementation of recommendations and lessons learned, has been further developed. Following information available through this management response system, an average acceptance rate of recommendations has been recorded at 79 per cent and a partial acceptance rate of 17 per cent. The management response sheet (MRS), which contains the individual recommendations and which is developed for each evaluation provides updated information on the follow-up to recommendations, has been somewhat amended and is now including data on the status of follow-up activities, thus fostering a stronger ownership of agreed evaluation recommendations. Additional entries providing direct access links to evaluation reports, executive summaries, and lessons learned from evaluations have been created on EVA's Intranet page.

22. Efforts to increase the usefulness of evaluations and their contribution to organizational learning have continued and EVA has participated, in an advisory capacity, in various Organization-wide committees on quality advice, project approval, project management, change management and knowledge management. EVA has, in addition, contributed to cross-organizational training activities, including induction courses for newly recruited staff, by communicating, inter alia, the importance of organizational learning from evaluations.

Results-based management

23. During the reporting period UNIDO undertook considerable efforts to enhance the application of results-based management (RBM) throughout the Organization and EVA participated in the Organization-wide RBM Steering Committee. This Committee conducted a self-assessment of progress made towards RBM implementation on the basis of which it developed an RBM action plan. The plan, issued in 2008, is currently under implementation. In 2009, the Steering Committee developed a seamless RBM framework of strategic objectives, facilitated the development of RBM-based workplans for UNIDO field offices and extended RBM training to all UNIDO Professional staff.

Inter-agency activities

24. UNIDO has benefited from fruitful collaboration with other international agencies and this has manifested itself in joint project evaluations with the Food and Agriculture Organization of the United Nations (FAO), United Nations Development Programme (UNDP), United Nations Environment Programme (UNEP) and the Global Environment Facility (GEF). This also includes the Joint Terminal Evaluation of the Cooperation Agreement between UNIDO and UNDP which was already mentioned above (paragraph 7 refers). Another activity to be highlighted is the participation in the Joint Evaluation of the GEF Activity Cycle and Modalities,³ where UNIDO formed part of the management team and was

³ Evaluation of the GEF Activity Cycle and Modalities (GEF/ME/C.30/6).

actively involved in the implementation. The evaluation helped to pave the way for a more effective GEF activity cycle and a more direct access by UNIDO to GEF.

25. The active involvement in different task forces of the United Nations Evaluation Group (UNEG) has continued with the Director of EVA assuming the co-chairing function of the Impact Evaluation Task Force. EVA has also been a member of the Network of Networks on Impact Evaluation (NONIE) Steering Committee and of the Steering Committee of the Donor Committee on Enterprise Development's Development for Results Initiative. Collaboration has also been initiated with donors and with host country governments for increased ownership of the evaluation process.

IV. Action required of the Board

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

“The Industrial Development Board:

“(a) Recalls its decisions IDB.29/Dec.7 and IDB.34/Dec.3;

“(b) Reiterates its support to the evaluation function for accountability, learning and contribution to organizational change and improvement;

“(c) Encourages evaluations on results at outcome and impact levels and the incorporation of information on performance and lessons learned into management and strategic planning processes.”