Independent Terminal Evaluation

CONSOLIDATED PROJECT FOR SME DEVELOPMENT IN INDIA THROUGH ESTABLISHMENT OF MUTUAL CREDIT GUARANTEE SCHEMES, CLUSTER TWINNING AND FOREIGN INVESTMENT AND TECHNOLOGY PROMOTION

UNIDO Project Number: TE/IND/04/001
UNIDO EVALUATION GROUP

Terminal Evaluation

CONSOLIDATED PROJECT FOR SME DEVELOPMENT IN INDIA THROUGH ESTABLISHMENT OF MUTUAL CREDIT GUARANTEE SCHEMES, CLUSTER TWINNING AND FOREIGN INVESTMENT AND TECHNOLOGY PROMOTION

UNIDO Project Number: TE/IND/04/001
The designations employed and the presentation of the material in this document do not imply the expression of any opinion whatsoever on the part of the Secretariat of the United Nations Industrial Development Organization concerning the legal status of any country, territory, city or area or of its authorities, or concerning the delimitation of its frontiers or boundaries.

Mention of company names and commercial products does not imply the endorsement of UNIDO.

The views and opinions of the evaluation team do not necessarily reflect the views of the Governments and of UNIDO.

This document has not been formally edited.
## Contents

Acknowledgements v
Abbreviations and acronyms vi
Glossary of evaluation related terms vii
Executive Summary viii

1. Introduction 1
   1.1: The Project 1
   1.2: Independent external evaluation 1

2. Project Planning 4
   2.1: Planning process 4
   2.2: Project intervention logic 4

3. Project implementation 7
   3.1: Milestones 7
   3.2: Sector selection and interventions 9
   3.3: Project Budget and Expenditures 10

4. Cluster Twinning (CT) Component 11
   4.1: CT activities from July 2007 until 2010 11
   4.2: CT activities from 4th quarter 2011 onwards 15

5. Investment and Technology Promotion 16
   5.1: Subcontracting and Partnership Exchange (SPX) 17
   5.2: Supplier Development Programmes (SDP) for auto sector 19
   5.3: CPP and COMFAR III 22
   5.4: ITP in the Chennai leather and footwear sectors 23
   5.5: Private Equity and Venture Capital (PE/VC) 23

6. Mutual Credit Guarantee Schemes (MCGS) 25

7. Social Actions (SA) 27
   7.1: Footwear 28
   7.2: Auto components 28
   7.3: Leather 28

9. Assessment and conclusions 32
   9.1: Relevance and ownership 32
   9.2: Effectiveness 36
   9.3: Efficiency 38
   9.4: Impact and Sustainability 39

10. Main Lessons learned 42
11. Recommendations 44
Acknowledgements

The evaluators acknowledge with thanks the support and information provided by the numerous individuals and organizations interviewed, in particular the counterpart institutions in India, the UNIDO project managers and the UNIDO Regional Office in New Delhi.
<table>
<thead>
<tr>
<th>Abbreviation</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>ACMA</td>
<td>Automotive Components Manufacturer Association</td>
</tr>
<tr>
<td>AIEMA</td>
<td>Ambattur Industrial Estate Manufacturers Association</td>
</tr>
<tr>
<td>BDS</td>
<td>Business Development Services</td>
</tr>
<tr>
<td>B2B</td>
<td>Business to Business</td>
</tr>
<tr>
<td>BPI</td>
<td>Business Promotion Institution</td>
</tr>
<tr>
<td>CDA</td>
<td>Cluster Development Agent</td>
</tr>
<tr>
<td>CFTI</td>
<td>Central Footwear Training Institute</td>
</tr>
<tr>
<td>CII</td>
<td>Confederation of Indian Industry</td>
</tr>
<tr>
<td>CLRI</td>
<td>Central Leather Research Institute</td>
</tr>
<tr>
<td>COMFAR</td>
<td>Computer Model for Feasibility Analysis and Reporting</td>
</tr>
<tr>
<td>CPP</td>
<td>Company Project Profiling</td>
</tr>
<tr>
<td>CSR</td>
<td>Corporate Social Responsibility</td>
</tr>
<tr>
<td>CT</td>
<td>Cluster Twinning</td>
</tr>
<tr>
<td>CTA</td>
<td>Chief Technical Adviser</td>
</tr>
<tr>
<td>DC-MSME</td>
<td>Development Commissioner for Micro, Small and Medium Enterprises</td>
</tr>
<tr>
<td>DIPP</td>
<td>Department of Industrial Policy and Promotion</td>
</tr>
<tr>
<td>GoI</td>
<td>Government of India</td>
</tr>
<tr>
<td>IAN</td>
<td>Indian Angels Network</td>
</tr>
<tr>
<td>IFLMEA</td>
<td>Indian Finished Leather Manufacturers and Exporters Association</td>
</tr>
<tr>
<td>ILIF</td>
<td>Indian Leather Industry Foundation</td>
</tr>
<tr>
<td>ISF</td>
<td>Indian Shoe Federation</td>
</tr>
<tr>
<td>ITP</td>
<td>Investment and Technology Promotion</td>
</tr>
<tr>
<td>ITPO</td>
<td>Investment and Technology Promotion Office</td>
</tr>
<tr>
<td>MCCIA</td>
<td>Mahratta Chamber of Commerce, Industries and Agriculture</td>
</tr>
<tr>
<td>MCGS</td>
<td>Mutual Credit Guarantee Scheme</td>
</tr>
<tr>
<td>MSME</td>
<td>Micro, Small and Medium Enterprise</td>
</tr>
<tr>
<td>NCR</td>
<td>National Capital Region</td>
</tr>
<tr>
<td>PC</td>
<td>Planning Commission</td>
</tr>
<tr>
<td>PE/VC</td>
<td>Private Equity/Venture Capital</td>
</tr>
<tr>
<td>ProDoc</td>
<td>Project Document</td>
</tr>
<tr>
<td>SA</td>
<td>Social Actions</td>
</tr>
<tr>
<td>SC</td>
<td>Steering Committee</td>
</tr>
<tr>
<td>SDP</td>
<td>Supplier Development Programme</td>
</tr>
<tr>
<td>SE</td>
<td>Senior Expert</td>
</tr>
<tr>
<td>SIDBI</td>
<td>Small Industries Development Bank of India</td>
</tr>
<tr>
<td>SITDA</td>
<td>South Indian Tanners &amp; Dealers Association</td>
</tr>
<tr>
<td>SME</td>
<td>Small and Medium Enterprise</td>
</tr>
<tr>
<td>SPX</td>
<td>Subcontracting and Partnership Exchange</td>
</tr>
<tr>
<td>UNIDO</td>
<td>United Nations Industrial Development Organization</td>
</tr>
<tr>
<td>URO</td>
<td>UNIDO Regional Office</td>
</tr>
<tr>
<td>Term</td>
<td>Definition</td>
</tr>
<tr>
<td>-----------------------------</td>
<td>---------------------------------------------------------------------------------------------------------------------------------------------</td>
</tr>
<tr>
<td>Baseline</td>
<td>The situation prior to an intervention, against which progress can be assessed.</td>
</tr>
<tr>
<td>Effect</td>
<td>Intended or unintended change due directly or indirectly to an intervention.</td>
</tr>
<tr>
<td>Effectiveness</td>
<td>The extent to which the development intervention’s objectives were achieved or are expected to be achieved, taking into account their relative importance.</td>
</tr>
<tr>
<td>Efficiency</td>
<td>A measure of how economically inputs (through activities) are converted into outputs.</td>
</tr>
<tr>
<td>Impact</td>
<td>Positive and negative, intended and non-intended, directly and indirectly, long term effects produced by a development intervention.</td>
</tr>
<tr>
<td>Indicator</td>
<td>Quantitative or qualitative factors that provide a means to measure the changes caused by an intervention.</td>
</tr>
<tr>
<td>Intervention</td>
<td>An external action to assist a national effort to achieve specific development goals.</td>
</tr>
<tr>
<td>Lessons learned</td>
<td>Generalizations based on evaluation experiences that abstract from specific to broader circumstances.</td>
</tr>
<tr>
<td>Logframe (logical framework approach)</td>
<td>Management tool used to guide the planning, implementation and evaluation of an intervention. System based on MBO (management by objectives) also called RBM (results based management) principles.</td>
</tr>
<tr>
<td>Outcomes</td>
<td>The achieved or likely effects of an intervention’s outputs.</td>
</tr>
<tr>
<td>Outputs</td>
<td>The products in terms of physical and human capacities that result from an intervention.</td>
</tr>
<tr>
<td>Relevance</td>
<td>The extent to which the objectives of an intervention are consistent with the requirements of the end-users, government and donor’s policies.</td>
</tr>
<tr>
<td>Risks</td>
<td>Factors, normally outside the scope of an intervention, which may affect the achievement of an intervention’s objectives.</td>
</tr>
<tr>
<td>Sustainability</td>
<td>The continuation of benefits from an intervention, after the development assistance has been completed.</td>
</tr>
<tr>
<td>Target groups</td>
<td>The specific individuals or organizations for whose benefit an intervention is undertaken.</td>
</tr>
</tbody>
</table>
EXECUTIVE SUMMARY

Background

UNIDO has commissioned a terminal evaluation of the “Consolidated Project for SME Development in India, through establishment of mutual credit guarantee schemes, cluster twinning and foreign investment and technology promotion” (TE/IND/04/001). The project was financed by a $3.6m grant from the General Directorate for Cooperation and Development of the Italian Ministry of Foreign Affairs. The Indian counterparts were the Development Commissioner for Micro, Small and Medium Enterprises (DC-MSME) of the Ministry of MSME, as well as the Department of Industrial Policy and Promotion (DIPP) of the Ministry of Commerce and Industry.

The original project design consisted of three components: (1) Cluster Twinning (CT); (2) Investment & Technology Promotion (ITP); (3) Mutual Credit Guarantee Scheme (MCGS). A fourth component, Social Aspect (SA) Intervention was added in 2011/2012.

The CT component was active in the footwear and leather sectors in and around Chennai. The ITP component was active in the auto sector in Pune (with tier I and II suppliers) and in Chennai (with tier II and III suppliers). In Chennai, ITP also engaged in the footwear and leather sectors. The SA component operated in the three sectors in Chennai, while the MCGS component activities were not sector-specific.

First project concepts had already been generated before 2000; subsequently, the three main components were designed and consolidated into a project concept in 2002 and submitted to the Government of Italy for funding; the financial approval was then granted in 2005. Activities started with the recruitment of the CTA in August 2006 and surveying nine prospective clusters in different states.

Actual project implementation started in 2007. Originally planned for a period of three years, it finally took almost seven years to complete; the original budget, however, remained the same. The paramount landmark has been the decision of the Italian Cooperation to delay funding in September 2009 and then to stop the release of the third instalment in March 2010. The impact of this ‘dry’ period, until funding was resumed in October 2011 (i.e. after almost two years), has been very substantial. A major fallout was the resignation of the Chief Technical Adviser (CTA) in late 2010. Unfortunately, the post of CTA was left vacant after funding was resumed.
Relevance and ownership

At the outset it has to be stated that the impact of the Italian economic crisis from 2009 onwards was serious and any industrial development project would have had to fight an uphill battle under these conditions.

The assessment of overall relevance and ownership of the project presents a mixed picture, with some positive exceptions. The 93 enterprises that directly profited from the various activities (upgrading and supplier development programmes, international expert visits, foreign trips, B2B ventures, etc.) found the provided support and advice mostly relevant.

The relevance of the cluster approach in general and the specific cluster-twinning objective remained unclear. The term cluster has been widely used in the project discourse but describes, de facto, small numbers of similar enterprise clients in a given sector and activity line. The mission did not detect cluster development in terms of new cooperation linkages between companies that would have evolved because of project activities. Integration, both in vertical and horizontal networks, remained very weak or not existent. Also, a viable supporting environment in terms of professional BDS and strong associations has not developed.

It is therefore difficult to see how cluster twinning could have been successful without first having thriving clusters as partners in the selected sectors in India. As a matter of fact, the UNIDO project designers initially wanted to do exactly that, i.e. first develop Indian clusters; however, the donor aimed at 'fast track' twinning and did not approve of this.

The relevance is further weakened by the discrepancy between ambitious component objectives (enhanced dynamism and competitiveness of Indian clusters through institutionalized long-term twinning with foreign clusters) and the interventions that could be financed for a limited number of enterprises within the three sectors.

On the other hand, two positive institutional developments with CLRI have materialized at the end of the project when it launched (i) a Computer Aided Shoe Design Programme and (ii) a Centre for Salt Free Tanning, in collaboration with effluent treatment plants.

The concrete relevance of the subcontracting exchange (SPX) database for the company clients and the partner associations remains uncertain. Considerable efforts were required to convince companies to provide the SPX information and many were disappointed for lack of tangible results in terms of new contacts and contracts. Managing and updating the databases continued to need UNIDO financing and sub-contracting, while the associations remained largely passive.
The relevance of the basic supplier development programme (SDP) for auto companies in Chennai as well as the advanced version in Pune was high; more demand existed than could be fulfilled. The two project design instruments Company Project Profile (CPP) and COMFAR have been praised when utilized. Unfortunately, the organizations trained have since lost their access keys to COMFAR. No consolidated information was available on the number and financial volumes of successful and implemented projects.

The PE/VC initiative had been added when the ITP component was redesigned. Initially, the training found good interest but the initiative has, after funding stopped, petered out; IAN, however, continues to use the training material developed.

Up to the funding stop, SIDBI was interested in the MCGS component as a potentially relevant alternative funding mechanism. The second effort at reviving activities on national level in 2012 put the concept on the agenda of the Planning Commission. So far, the pilot in Pune has not taken off and differences persist in the respective positions of MCCI and SIDBI on the exact shape and structure of such a scheme.

Relevance of the social aspects (SA) activities for leather sector were assessed as high, as also smaller tanneries are under increasing pressure to produce the required CSR certificates for obtaining international (sub-)contracts. The situation remains different in the auto and footwear sectors where companies are still reluctant to invest in more costly changes due to less outside pressure.

**Effectiveness**

The main cause for the sub-optimal effectiveness was the long delay in transferring the third funding tranche with profound consequences for commitment and enthusiasm of participating companies and associations.

The evaluation was not in a position to assess project effectiveness beyond what had been 'done', i.e. activities conducted and outputs produced. Fact-based statements on what results and changes project activities did induce, i.e. outcomes, were possible only to a very limited extent, both for 'clusters' and participating enterprises.

The promising start made in twinning of associations in the footwear sector could not be maintained after funding was first delayed and then stopped. In leather, mostly for competition reasons, a twinning process could never really start in earnest. In auto components, twinning efforts were abandoned early on; instead the focus was placed on developing local suppliers through the ITP component. Twinning related effectiveness is consequently assessed as low.
The ITP component managed to open up the tie to the Italian industries and could work with the most suitable European partners. The strong and professional partner association MCCIA in Pune was committed and facilitated progress; the same was not the case with the more politicized AIEMA in Chennai. The PE/VC efforts went off to a good start and were effective on policy level but have not produced concrete results to date.

The project effectively conducted pilot studies for the MCGS component and developed related concepts. However, the planned pilot could not be established. The withdrawal of SIDBI has been a major setback and the differences in opinion on the concept between MCCIA and SIDBI have not been clarified.

**Efficiency**

A project that was planned to last for three years and took almost seven years to complete cannot be assessed as efficient. The original design of different units and allotment holders in charge in Vienna and the related segregated management system was, from an efficiency point of view, sub-optimal. The project started with solid analyses for sector selection as well as audits of participating companies, which have served as good bases for designing project support for the participating enterprises and associations.

International consultants provided direct support to 48 companies in the CT component and to 35 companies in the ITP component (with around 15 'over lappers' in Chennai). In addition, the SA component worked with 30 companies during 2012. Overall, the level of outside inputs was high; many international consultants and several visits and delegations were organized for a limited number of companies.

**Impact and sustainability**

The assumed project impact was that SME-based economic and industrial growth would contribute to reducing poverty in India. For lack of consolidated information, quantified statements on the project's contribution to industrial growth and poverty reduction cannot be made. In terms of the project's four development objectives, the situation has been assessed as follows: (i) no overall quantitative statements can be made on employment creation, as no baseline had been made and employment figures were not systematically measured. (ii) New technologies were introduced in the direct client enterprises, which received on-site training by national and international experts. No information is available on dissemination to other (non-client) companies. (iii) SME management and efficiency improved in most client enterprises, especially where international experts provided useful advice.
In terms of sustainability of achieved progress, the changes implemented in the 93 directly involved enterprises can be expected to remain and bear fruit into the future in terms of increased productivity and competitiveness. The partner associations profited from being assisted. With the exception of MCCIA, however, they have performed well below expectations and have shown insufficient ownership towards their new roles and functions. Whether they will continue to adapt and change in the future without project funding will, like in the past, depend to a large extent on their leadership.

At this stage it remains unclear if the institutional partners will continue with the initiatives induced by the project after it came to an end and UNIDO funds stopped. Overall, the prognosis for post-project sustainability (outside the narrow circle of directly supported companies) is not very bright. This can be traced back to the original project design where no mainstreaming or exit strategy was formulated that would have addressed up-scaling and post-project institutionalization.

**Main lessons learned**

Apart from output-related activity lists and success stories related to individual companies, no comprehensive information and hard data are available on achievements related to the core project objectives and indicators. An elaborated intervention logic should not be designed without a corresponding outcome monitoring system that allows to assess progress against objectives and targets.

The present project was assessed as consisting, de facto, of several parallel rather than integrated projects with, overall, suboptimal coordination. Vesting the coordination function in the UR is therefore not enough and sufficient resources and level of authority over project implementation is needed to overcome the centrifugal forces at play in a multi-disciplinary project.

To link the whole project basically with Italy constituted a risk. While focusing can have advantages, being dependent on one country becomes a risk when that country is in crisis. A more flexible approach would have made the project more relevant for client companies to build upon existing business relations like, for example, on-going exports of merchandise to other countries, e.g. in the Asian region.

The following issues were underestimated when the project was designed: (i) assumptions on mutuality of interests ("win-win" situations) between Indian and Italian companies and organizations were too optimistic; (ii) Indian companies were less willing to participate than assumed; and (iii) partner associations were weaker and less motivated than projected. Given the comparatively modest budget and time frame, the project design was far too ambitious and the team had been given too wide a range of tasks;
consequently, resources had to be spread too thinly over too many fields of activities. Less could certainly have been more.

**Recommendations**

The first step is a strategic decision of whether the focus is to be on promoting outsourcing for developed clusters (including what is termed delocalization), or on promoting exports for developing clusters. Not to declare the overriding strategic focus in advance is bound to result in later difficulties.

For successful cluster twinning, the second step has to be to identify (or to develop, if time and resources allow) suitable and functional clusters as candidates for twinning (instead of simply selecting a number of individual companies in a given sector). In other words, a cluster must first exist and thrive, before it can be twinned.

A future project should attempt to fuse the best elements of the CT and the ITP approaches with the aim of (i) substantially increasing coverage at company level ('width') but also (ii) systemic change, i.e. developing a sustainable support system for increasing SME competitiveness ('depth').

While allowing for operational flexibility at output level, the ProDocs need to concentrate on formulating clear outcomes and post-project situations, with benchmarks and KPIs on these levels (instead the output level). Emphasis should be on working for systemic change and on considering post-project institutionalization.

Dissipation of energies and resources over several sectors does not bring additional benefits of scale; instead the focus should be on a very limited number of sectors. Best would be to select a single sector and concentrate resources in order to be able to go 'deep and wide'.
1.

Introduction

1.1 The project

UNIDO has commissioned a terminal evaluation of the “Consolidated Project for SME Development in India, through establishment of mutual credit guarantee schemes, cluster twinning and foreign investment and technology promotion” (TE/IND/04/001). The project is financed by a grant of € 3,030,746 from the General Directorate for Cooperation and Development of the Italian Ministry of Foreign Affairs. The Indian counterparts were the Development Commissioner for Micro, Small and Medium Enterprises (DC-MSME) of the Ministry of MSME, as well as the Department of Industrial Policy and Promotion (DIPP) of the Ministry of Commerce and Industry.

The original project design consisted of three components:

- **Cluster Twinning (CT) Component**: Establishment of cooperation agreements between Indian and foreign clusters;
- **Investment & Technology Promotion (ITP) Component**: Promotion of foreign direct investment and technology;
- **Mutual Credit Guarantee Scheme (MCGS) Component**: Promotion and piloting of a mutual credit guarantee scheme.

In 2011/2012, a fourth component has been added:

- **Social Aspect (SA) Intervention**: Improving market position of Indian SMEs by adhering to social and environmental requirements.

1.2 Independent external evaluation

The terminal evaluation of the Consolidated Project for SME Development in India has been split into two stages: in a first stage, the Cluster Twinning (CT) Component was evaluated, along with a broadly similar CT project in Vietnam (“SME Cluster Development”; TE/VIE/08/003) during August 2012. A first draft of the CT component report was circulated afterwards.

In a second mission, the Investment and Technology Promotion (ITP), the Mutual Credit Guarantee Scheme (MCGS) and the Social Aspect (SA) Components of the Indian Project were evaluated in December 2012. The team for both missions
consisted of Andreas Tarnutzer (international consultant and team leader) and Krish Rangarajan (national consultant).

The purpose of the independent evaluation was to enable the Italian Ministry of Foreign Affairs, UNIDO and the Government of India to:

(a) Assess the outputs produced and outcomes achieved (e.g. upgrading results) as compared to those planned;

(b) Verify the prospects for development impact and long-term sustainability of the results and benefits;

(c) Assess the continued relevance of project objectives and planned outcomes, including the implicit and explicit assumptions and risks of the project;

(d) Assess the efficiency of implementation: quantity, quality, cost and timeliness of UNIDO and counterpart inputs and activities;

(e) Provide an analytical basis and recommendations for the focus and design for the possible continuation of the project in a next phase;

(f) Draw lessons of wider application for the replication of the experience gained in this project for other countries and/or cluster- or upgrading-related projects.

The evaluation was conducted in compliance with UNIDO’s Evaluation Policy and its Technical Cooperation Guidelines. It assessed the project’s achievements against its objectives, as established in the Project Document (ProDoc) and other relevant documents, including a re-examination of the relevance of the objectives and of the design. As far as possible, relevant factors were identified that have facilitated or impeded the achievement of the objectives. In terms of data collection, the evaluation team made use of a range of different methods. An extensive desk review was undertaken, foremost on the ProDoc and available progress reports as well as minutes of Steering Committee (SC) meetings, etc.

In India, meetings were held with the Italian Embassy, the URO and UNIDO staff in Delhi, as well as with project staff in Delhi, Chennai and Pune. In-depth interviews were held with technical experts and service providers as well as with representatives of partner associations. Workshops and offices of participating companies were visited in the three project sectors in Chennai and Pune. The planned meetings with DC-MSME and DIPP that had been scheduled for both missions unfortunately could not be held due to time constraints of the involved officials. The team leader conducted individual interviews with UNIDO headquarter staff. These took place in Vienna on 8 November after the debriefing on the first mission.
The evaluation team would like to gratefully acknowledge the valuable contributions made in meetings and during visits to production and field sites by clients, government officials and project management and staff. Without their valuable inputs, the present report would not have been possible. Any errors or omissions are of course the sole responsibility of the authors.

The mission's TOR is provided as Annex 2. Annex 3 lists organizations and people met during the mission.
2. Project Planning

2.1 Planning process

The evaluation team found it somewhat difficult to reconstruct the project's planning process. However, it has to be borne in mind that the gestation process took considerable time and happened during a period where governments and related strategies changed several times in the donor country and when India declared itself a donor country on its own right.

First concepts had already been generated before 2000; subsequently, the three main components were designed and consolidated into a project concept in 2002 and submitted to the Government of Italy for funding; the financial approval was then granted in 2005. No commissioning date was found in project records; the initial official activity was the 1st meeting of the Steering Committee (SC) in Vienna in February 2006. Subsequently, the CTA was recruited in August 2006 who then surveyed nine prospective clusters in different states and prepared job descriptions for the project staff. The 2nd Steering Committee meeting, held in Delhi in February 2007, approved the road map of activities.

2.2 Project intervention logic

It is worthwhile to note that the conceptual basis for the project was laid several years before implementation started in 2007. The original ProDoc highlights the importance of creating Mutual Credit Guarantee Schemes (MCGS) in India as financial mechanism to facilitate flow of capital to Small Scale Units\(^1\). The other two components, Cluster Twinning (CT) and Investment and Technology Promotion (ITP), were to enable entrepreneurs to take advantage of opportunities offered by the globalization process. At a late stage, finally, the Social Action (SA) component was added to promote corporate social responsibility in enterprises.

The following flow chart summarizes the project's overall intervention logic\(^2\):

\(^1\) In India, a Small Scale Manufacturing Unit is defined as an industrial enterprise where investment in plant and machinery is in the range of $50,000 to $1m.

\(^2\) The intervention logic of the ITP component follows the revision as approved in the 2nd SC in March 2007. The SA component intervention logic is based on the project document as approved in the 8th SC in July 2011.
The ProDoc emphasizes the importance of interlinking the components (“the three components will be strictly correlated […] in order to reach the highest level of integration possible among all three project components”). Despite these claims, the concrete design and intervention logic is not assessed as being integrally connected; probably because one component has been redesigned (ITP) and one added later (SA). For a “consolidated” project, the components are insufficiently differentiated and do have elements of overlapping. Also, the envisaged synergies that would have led to mutual reinforcement are not evident, in particular between the CT and ITP components:

- Both CT and ITP aim at developing and upgrading SMEs, in one case to read them and their cluster for twinning, in the other for attracting investments.

- Both CT and ITP focus on intermediaries and service providers. In CT, these are training institutions (and associations, though not explicitly mentioned); in ITP they are called Business Promotion Institutions (BPIs). As will be shown, at least in Chennai, both components have de facto worked, under their different terms, with the same organizations (IFLMEA and ISF).

3 ProDoc, p. 3
Both ITP and MCGS components intend to improve access to finance, in the former through equity capital and in the latter through mutually guaranteed credits. No reasons were given why these two activity lines had not been grouped under one (finance) component.

With three exceptions, the so-called achievement indicators at the start (or bottom) of the intervention logic are activity or output oriented, and do neither address (i) outcomes/objectives, nor (ii) development objectives. The 'outcome' exceptions are:

(i) Number of BDS available;

(ii) Improved SME productivity in the CT component;

(iii) Number of business negotiations/concluded projects in the ITP component.

Finally, no indicator was developed for the BPIs that are a central part of the ITP component design. With few exceptions on enterprise level, the project design logic therefore lacked, right from the start, indicators and related targets on core project features like clusters, service providers and BPIs.
3.

Project Implementation

3.1 Milestones

The following chart presents the milestones during the project's implementation that have directly affected its performance. It illustrates that delays have been a critical factor throughout the lifespan of the project. Originally planned for a period of three years, it finally took almost seven years to complete; the original budget, however, remained the same.

First, the start-up or inception phase lasted quite long. After the 1st SC in February 2006, it took up to mid 2007, i.e. more than one year until the team was complete and field level operations could start in earnest. The project was extended for a first time in April 2009 (until the end of 2010) and a further extension was granted in March 2011; the project finally came to an end in December 2012.
The paramount landmark has certainly been the decision of the Italian Cooperation to delay funding in September 2009 and then to stop the release of the third installment in March 2010. It is evident that the impact of this 'dry' period, until funding was resumed in October 2011 (i.e. after almost two years), has been very substantial.

The exact reasons for first delaying and then entirely stopping the fund flow were difficult to pinpoint, not least as several core players had changed functions or jobs in the meantime. Minutes of SC meetings and discussions with project staff showed that the (former) Development Cooperation Office of the Embassy of Italy had requested additional information from UNIDO and the project, especially related to corporate social responsibility (CSR) issues in the supported clusters and enterprises. The generation of this additional information and the subsequent negotiations between the Indian Government, Cooperazione Italiana in Rome and UNIDO took considerable amounts of time. In 2010, two SC meetings were postponed and the 5th SC meeting took place without participation of the Italian government. A “technical and explanatory” meeting was finally held in Rome where it was agreed in principle to release the third tranche and to utilize the interest accrued in the meantime to finance an additional Social Action (SA) component in the field of CSR.

A major fallout during the period when funding was put on hold was the resignation of the Chief Technical Adviser (CTA) in late 2010 who opted for a private sector assignment due to the continued uncertainty of the UNIDO job. Unfortunately, the post of CTA was left vacant after funding was resumed. The period also saw salary reductions (by 30%) for Indian project staff and occasionally salaries were not paid at all; still, most core staff has continued, which should be duly acknowledged.

The resignation of the CTA amplified the consequences of the way the project had been designed. Officially, the URO was to act as overall project manager but was not provided with commensurate additional human resources. In terms of managerial supervision and financial control, separate project managers or allotment holders in Vienna administered the CT components and the ITP/MCGS components, respectively. The three components' field teams were also separate, each managed by a Senior Expert (SE). In CT, the team consisted of the SE (stationed in Delhi), as well as a Cluster Development Agent (CDA) and a Cluster Coordinator stationed in Chennai. The ITP component was led by the SE in Chennai, assisted by two National Experts for the supplier development programmes (SDP), one each in Pune and Chennai. The SE for the MCGS component resigned in August 2011 and the post was left vacant afterwards.

Operationally, the components became increasingly detached after the resignation of the CTA who had ensured the crucial conceptual but also day-to-day coordination in India. Project implementation must therefore be clearly separated into two distinct phases, before and after the impasse when funding was put on hold and the CTA left.
3.2 Sector selection and interventions

The 1st SC took the wide-ranging decision to expand the number of sectors/clusters from the originally envisaged two to three, but left the project budget unchanged. At the start of exploratory activities in 2006, several sectors had been short-listed. Food processing and textile emerged as having the best potential, not least due to a good level of interest gauged in Italy. Unfortunately, both sectors were discarded, as they did not fall under the purview of the DC-MSME.

Nine cluster surveys were conducted with the support of four agencies that focused on light engineering, auto components, leather and leather products. Finally, three sectors were selected: (1) leather, (2) footwear, and (3) auto components. Leather and footwear clusters were initially selected in Chennai and Agra (as well as Shantiniketan as artisan cluster); later only the Chennai area, including the Salem district, remained with units in Raniupet, Ambur and Vanniambadi. For auto components, Chennai was initially selected; later Pune and the National Capital Region (NCR) Delhi were added.

The twinning efforts between the auto component clusters in India and the auto component area in Piedmont/Turin in Italy ran into early problems due to the deteriorating situation in the Italian automobile industry. Given this dire situation, the Italian associations were not interested in cooperation and the planned auto component twinning agreement for AIEMA (Ambattur Industrial Estate Manufacturers Association) did not materialize for lack of an Italian partner.

Consequently, something like a task distribution evolved between the CT and ITP components. Actual field operations were split between Pune and Chennai:

- ITP was active in the auto component sector in Pune (with tier I and II suppliers) and in Chennai (with tier II and III suppliers). No field activities were conducted for the auto sector in NCR Delhi. In Chennai, ITP also engaged in the footwear and leather sectors.

- The CT component was only active in the footwear and leather sectors in and around Chennai.

The SA component operated in the three sectors but again only in Chennai, while the MCGS component activities were not sector-specific. The envisaged MCGS pilot, however, was also planned in Pune.
3.3 Project Budget and Expenditures

Obtaining consolidated information on the project’s budget and expenditures was not easy, in particular as the basic currency for budgeting and accounting changed between planning (still in US $) and execution (after the introduction of the €).

The following table summarizes the budget and expenditure figures in € for the four main budget lines (CT, ITP, MCGS plus Coordination Unit) as well as the UNIDO overhead, as per December 2012.

<table>
<thead>
<tr>
<th>Component</th>
<th>Allotted</th>
<th>Total expenditure</th>
<th>Available as per Dec 12</th>
</tr>
</thead>
<tbody>
<tr>
<td>TEIND04A01 CT</td>
<td>701'530</td>
<td>678'593</td>
<td>22'975</td>
</tr>
<tr>
<td>TEIND04B01 ITP</td>
<td>1'026'748</td>
<td>1'024'529</td>
<td>2'219</td>
</tr>
<tr>
<td>TEIND04C01 MCGS</td>
<td>665'636</td>
<td>665'561</td>
<td>9'074</td>
</tr>
<tr>
<td>TEIND04D01 Coordination Unit</td>
<td>247'789</td>
<td>246'782</td>
<td>1'007</td>
</tr>
<tr>
<td>TEIND04001 UNIDO</td>
<td>389'043</td>
<td>383'354</td>
<td>5'689</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>3'030'746</strong></td>
<td><strong>2'998'819</strong></td>
<td><strong>40'964</strong></td>
</tr>
</tbody>
</table>

Source: Mail from PTC/BIT/CBL, 21 December 2012

Important budget relevant changes had been made to the original ProDoc and approved in Steering Committee (SC) meetings. In the 1st SC, the number of sectors was expanded from the original two to three. In the 2nd SC, the redesigned ITP component and the related Logframe were approved. The 8th SC approved utilizing the accrued interest of € 133,000 for the Social Action (SA) component.
4.

Cluster Twinning (CT) Component

The CT component was only active in the leather and footwear sectors in the Chennai region. Brief efforts were made in leather-based handicrafts in the Shantiniketan area close to Kolkata; however, these were soon abandoned and are not further treated here.

4.1 CT activities from July 2007 until 2010

In the footwear and leather sectors in Chennai, the CT component applied the same range of tools and methods. The common elements were:

- Cluster identification and analyses in India and Italy
- Identification of partner associations in India and Italy
- Conclusions of Memoranda of Understanding or Cooperation Agreements
- Study tours to Italy by Indian officials, associations and companies/staff
- Study tours by Italian industry organizations and companies to India
- Diagnostic studies and company audits by international (de facto Italian) consultants to identify training needs and technology gaps
- Classroom and on-site enterprise training programmes by international experts, with participation of Indian experts
- Linking GoI schemes, in particular the National Manufacturing Competitiveness Programme (NMCP), with associations and companies
- Retraining of Indian companies by Indian experts trained earlier by international experts
- Pilot benchmarking of selected companies by Indian experts
Table 2: Basic figures on CT clients

<table>
<thead>
<tr>
<th></th>
<th>Leather</th>
<th>Shoes</th>
</tr>
</thead>
<tbody>
<tr>
<td>SMEs in Chennai area</td>
<td>650</td>
<td>140</td>
</tr>
<tr>
<td>Members of partner association</td>
<td>110</td>
<td>108</td>
</tr>
<tr>
<td><strong>No of CT project clients Aug 2010</strong></td>
<td><strong>20</strong></td>
<td><strong>28</strong></td>
</tr>
<tr>
<td>of which:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Large companies⁴</td>
<td>3</td>
<td>3</td>
</tr>
<tr>
<td>Medium</td>
<td>12</td>
<td>11</td>
</tr>
<tr>
<td>Small</td>
<td>15</td>
<td>13</td>
</tr>
</tbody>
</table>

4.1.1 Footwear sector

The project made best progress with the twinning process in footwear from 2007 to 2009. The selected Italian shoe production area in the Marche region has evolved over time into a very well integrated cluster; however, no specialized shoemaker association exists in the region. The project therefore selected multi-sector industrial associations as Italian twinning partners. In October 2007, Unioncamere Marche⁵ signed the first Cooperation Agreement with the Indian Shoe Federation (ISF). The agreement detailed the implementation of the UNIDO project through (i) dissemination of the Marche regional cluster model within the Chennai footwear cluster, (ii) transfer of skills and expertise from the Italian footwear industry, and (iii) assistance for technology upgrading to ISF member SMEs.

In 2008, a first visit by 18 Indian shoe companies was organized to the LINEAPELLE shoe fair in Bologna, along with factory visits to eight Italian companies that were facilitated by the Italian partners. In the same year, a visit to Chennai was organized for Italian shoe and machinery companies and the project CDA visited Italy as ITPO delegate to visit several clusters to promote the ITP and CT programmes.

Out of these contacts, ideas for joint ventures emerged and a more comprehensive MoU between ISF and the regional Marche branch of Confindustria, the leading organization representing Italian manufacturing and services companies, was negotiated. The negotiations required considerable time and efforts, especially from the CTA, and the agreement was finally signed in May 2009. Unfortunately, the director of the Italian Cooperation in Delhi raised concerns, as the budget of the action plan included items to cover expenses directly incurred by Confindustria; consequently, the 12 month action plan covered under the MoU could not be implemented. In addition, due to the

⁴ Leather: Large > 5 lac sqft/month; Medium 2-5 lac; Small < 2 lac.
⁵ Shoes: Large > 5000 pairs/day; Medium 2000-5000 pairs; Small < 2000 pairs.
⁵ Unione Regionale delle Camere di Commercio, Industria, Artigianato ed Agricoltura delle Marche.
apprehension of fostering competitors, a lasting partnership between ISF, the Central Leather Research Institute (CLRI) and the Marche institutions did not materialize.

The core element of the footwear activities was the different training programmes:

- Best practices in footwear manufacturing, conducted by Italian experts both in classrooms and on-site in 23 companies;
- Design and Trend Forecasting in Polimoda, Florence (8 participants);
- 3D Designing of footwear components (for 1 CLRI expert).

An impact assessment on "best practices in training", conducted in November 2010, showed solid results for the 23 participating companies. 18 companies reported a productivity increase of between 15 to 20%, and their rejection rates could be reduced by 7%. Turnover increase by the participating companies was reported as 35% from 2007 to 2010, or 5% higher than the overall 30% turnover increase in the southern region during the same period. Consequently, the additional 5% can be, probably to a good extent, attributed to the training provided and the changes implemented.

In addition, the impact assessment estimated that the companies in total invested around € 3.2m in new machinery from 2007 to 2010, which can be attributed, again to a good extent, to the professional advice provided by the international experts.

While thus the (few) participating companies certainly did profit as individual units, no progress could be identified in terms of cluster development or transfer of the Marche model. The partner associations profited but the specifics of the Italian cluster, in particular its natural growth over a long period of time, could not be replicated in the few years with a limited number of participating companies.

The project also engaged in local dissemination of results through 13 awareness events and workshops; however, as no system had been set up to monitor and measure indirect impact, no information was available on the impact of these activities.
4.1.2 Leather sector

The leather sector proved considerably more challenging, not least due to the fact that Indian leather companies had already successfully penetrated the Italian market years before the project and the Indian firms were (and are) seen by many Italian leather companies as direct competitors. Also, the specific characteristics of the family-owned leather (and footwear) companies play a role. Several resource persons stated that owners would by and large prefer, in case their business is expanding, to open additional small and formally independent production units, as opposed to further grow and develop an existing company, not the least for tax purposes.

A Cooperation Agreement between the Indian Finished Leather Manufacturers and Exporters Association (IFLMEA) and the Associazione Conciaitori (Assoconciaitori) in Santa Croce, Italy, could be signed in June 2008, again for the specific purpose of implementing the UNIDO project. However, as the Italian national leather association was not in favor of international cooperation, the agreement was never put into practice.

The core project activity was again the training programme in best practices in leather manufacturing, conducted by Italian experts both in classrooms and on-site in companies:

- Audit and technological and training need assessment in 14 tanneries;
- Best managerial (technical) practices, with 18 companies;
- Tannery wet-end processes, with 18 companies;
- Process quality and finishing, with 20 companies;
- In addition, 21 dissemination workshops were held on various topics, including environmental issues.

The impact assessment on the best practices training made in November 2010 shows overall satisfactory but not enthusiastic response from the 15 companies that replied to the project queries: 5 companies rated the training as good, 10 as satisfactory and nobody as poor. Not all experts were said to have been on the same level. Some were in high demand and received requests for advice also in their spare time. On the other hand, the mission visited companies where the impact of the on-site training was not very deep. Advice was sometimes not followed for not being "culturally adjusted"; some owners felt that the analysis by the experts was not sufficiently detailed, as factory visits had been too short. Several managers mentioned that staff left their company after receiving training, capitalizing on their improved position in the labor market.
4.2 CT activities from 4\textsuperscript{th} quarter 2011 onwards

Since the funding break in 2010, cluster-twinning activities have been largely discontinued and the CT component focused on enterprise development, with retraining and institutional strengthening as new emphases. In addition, the component and CLRI experts started a benchmarking exercise for five companies in each sector by applying the UNIDO benchmarking tool in January 2012.

CLRI experts whose capacities had been built earlier by Italian experts provided the enterprise retraining. The target was set at 50 companies, 20 in leather and 30 in footwear.

The cost per 2-day retraining was set at Rs. 25,000, of which the project provided Rs. 15,000, while the remaining Rs. 10,000 was to be borne by each company. The Letter of Intent on the retraining, signed by UNIDO and CLRI in July 2012, foresaw a long-term institutionalized mechanism amongst cluster units, industry associations (ISF and IFLMEA) and CLRI to carry on with developmental momentum (objective b). However, discussions with CLRI and project staff showed that such an institutionalized (post-project) mechanism has not been developed or discussed in detail. In particular, it remained unclear from which budget the required Rs. 15,000 subsidy for each of the retraining would come, once the allocated project budget of $ 11,000 had been utilized.

As of December 2012, 20 retraining had been held in footwear. For the first ten trainings, the costs were fully borne by the project; the remaining ten companies paid their Rs. 10,000 share. In leather, five trainings were held, with all five companies paying their share.

With 25 training conducted, the 50 companies' target set was met only partially and up scaling and institutionalization of BDS through the 'training-the-national-trainers' concept had not really taken off by the end of 2012.

Two positive institutional developments with CLRI have materialized at the end of the project:

- Launch of a Computer Aided Shoe Design Programme (based on training of CLRI faculty in Italy).

- Launch of the UNIDO-CLRI Centre for Salt Free Tanning (with good media coverage). Two common effluent treatment plants have since signed MoUs with the Centre for implementing the salt free process in six tanneries.
5.

Investment and Technology Promotion

As mentioned, the Investment and Technology Promotion (ITP) component was active foremost in the auto component sector where it applied a range of instruments:

- For tier II and tier III auto companies in Chennai: (i) Subcontracting and Partnership Exchange (SPX), (ii) Supplier Development Programme (SDP Basic through national consultants), (iii) Company Project Profiling (CPP), and (iv) Computer Model for Feasibility Analysis and Reporting (COMFAR III), as well as (v) individual B2B twinning/matching (including participation in national and international fairs and facilitation of incoming delegations).

- For tier I and tier II auto companies in Pune: (i) SPX, (ii) SDP Advanced through international consultants), as well as (iii) individual B2B twinning/matching (including participation in national and international fairs and facilitation of incoming delegations). CPP and COMFAR III were introduced in Pune but have not been applied.

- For auto companies in NCR Delhi: only SPX data generation; no direct activities were conducted with companies.

In the footwear and leather sectors, ITP was active in Chennai with (i) SPX, (ii) CPP, and (iii) COMFAR III (enterprise upgrading was done by the CT component; no SDP Basic was conducted in these sectors), as well as (iv) individual B2B twinning/matching (including participation in national and international fairs and facilitation of incoming delegations). The following table provides an overview of the ITP related situation in the three sectors in Chennai and Pune:

<table>
<thead>
<tr>
<th>Region</th>
<th>Chennai</th>
<th>Pune</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sector</td>
<td>Auto</td>
<td>Footwear</td>
</tr>
<tr>
<td>Partner Association</td>
<td>ACMA</td>
<td>AIEMA</td>
</tr>
<tr>
<td>No of companies in sector/area</td>
<td>&gt; 3000</td>
<td>140</td>
</tr>
<tr>
<td>No of association members</td>
<td>2500</td>
<td>800</td>
</tr>
<tr>
<td>SPX profiled</td>
<td>249</td>
<td>157</td>
</tr>
<tr>
<td>CPP participants</td>
<td>11</td>
<td>5</td>
</tr>
<tr>
<td>COMFAR III participants</td>
<td>11</td>
<td>2</td>
</tr>
<tr>
<td>SDP participants</td>
<td>nil</td>
<td>25</td>
</tr>
</tbody>
</table>

Sources: ITP staff information, Partner Associations, ppt for evaluation mission (5.12.12)
5.1 Subcontracting and Partnership Exchange (SPX)

The latest figures in the SPX database made available to the mission (as per June 2012) show the following situation:

<table>
<thead>
<tr>
<th>Sector</th>
<th>Region</th>
<th>SPX members</th>
</tr>
</thead>
<tbody>
<tr>
<td>Auto</td>
<td>Chennai</td>
<td>406</td>
</tr>
<tr>
<td></td>
<td>Pune</td>
<td>458</td>
</tr>
<tr>
<td></td>
<td>NCR Delhi</td>
<td>383</td>
</tr>
<tr>
<td>Leather</td>
<td>Chennai</td>
<td>93</td>
</tr>
<tr>
<td>Footwear</td>
<td>Chennai</td>
<td>105</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td>1445</td>
</tr>
</tbody>
</table>

Source: ITP staff information; ppt for evaluation mission (5.12.12)

Different organizations were employed to collect the SPX data in several rounds. For the auto component in Pune, this was done first by the local branch of the Confederation of Indian Industry (CII) and later by MCCIA; for auto components in Chennai it was first MSME-DI and later the local CII branch; in NCR Delhi again the local CII branch was employed (however, for one round only). The leather and footwear data in Chennai were first collected by MSME-DI and later by CII, which also updated the data in two rounds. The Chennai associations (ISF for leather, IFLMEA for footwear, and AIEMA and ACMA for auto components) were passive recipients of the data; collection and updating was only done when financed by UNIDO (at a cost of $10 per entry). In Chennai, MCCIA played a more proactive role and made office space available for an SPX centre.

Staff of the organizations employed for data collection in Chennai and Pune reported that most companies were initially reluctant to join SPX, as it meant disclosing business relevant information (on products, turnover, manpower, etc.). Hence, only part of the members of a given association did agree to join the database. Those that did were convinced with the argument that they would receive business contacts and ultimately contracts through being part of the SPX network. These claims and related expectations did not materialize for the majority of clients. Consequently, project staff has later experienced difficulties in answering impatient queries from disappointed customers who never received any request from prospective clients. The situation was further aggravated during the 'dry' period when SPX related activities had to be put on hold.

---

6 Two earlier versions of the current SPX have been developed with involvement of the MSME Development Institute in Chennai since 1987.
The SPX database was initially hosted in India and later moved to a server in Turkey; since 2012, it is managed at UNIDO headquarters in Vienna. This has also meant a change in Internet addresses (from spx.india.org to spx.unido.org/India; from indianfootwear.com to spx.unido.org/india footw Ear, etc.). Unfortunately, the former domains are now defunct and no automatic transfer was installed to the new addresses. Equally, the UNIDO headquarters could not provide the mission with information on usage data of the websites that would have allowed assessing the volume and origins of traffic on the different sites.

Further, in developed countries (like Italy, France, Germany, Japan, etc.) no SPX databases exist of potential customers or partners. Consequently, direct B2B internet-based searching is not possible, neither for potential customers in developed countries, or for Indian suppliers. Interviewed staff also claimed that "nobody knows about SPX outside the narrow project and UNIDO circles", as no serious marketing efforts had been made, in particular in the developed markets.

MCCIA Pune, a vibrant and well-resourced organization, runs other databases in parallel to SPX (soon an update of its own auto industry compendium is to be released). Discussions at MCCIA pointed to some overlapping, as well as to the fact that ownership is stronger with their own database, which is under their direct control (unlike SPX that is administered and updated in Vienna). The second auto sector partner in Chennai, the Automotive Component Manufacturers Association of India (ACMA) also runs a separate India-wide matching search engine for auto components manufacturers on its website.

On the other hand, the SPX databases are useful for the (comparatively weak) Chennai associations, i.e. ISF and IFLMEA, which for the first time have structured membership information at their disposition. Still, their ownership has obviously not developed to the level that they themselves would take care of the required regular updating. Consequently, a contract had to be given to CII for a last effort updating during November and December 2012, before the project came to an end.

A potentially serious issue is the fact that, when the evaluation mission did random checks of the auto component databases in both Chennai and Pune, it noticed a substantial number of screens of SPX registered companies, where information on the companies (sub) sector was missing, i.e. not filled in. Evidently, such sector information is absolutely essential for any query; if the information is missing, it is hard to see how successful matches could result from mining the database. Unfortunately, despite repeated requests, the database managers in Vienna did not provide information on the extent of this problem in their entire database.

SPX related staff, in particular in MCCIA Pune, has mentioned tentative future plans to develop, jointly with UNIDO, a national level SPX auto component
programme with branches and centers in specific locations like Pune. The programme would encompass most of the current ITP component activities, i.e. the SPX database, SDP, MCGS, PE/VC (including COMFAR and CPP).

As the conceptualization has not progressed very far yet, the mission cannot comment on it. However, a word of caution may still be appropriate. It seems advisable not to embark on too ambitious a programme, given the existing difficulties in operationalizing the SPX system to a level where it produces tangible benefits for the majority of its current members. As mentioned above, the MCCIA staff responsible for the Pune auto SPX regularly received impatient queries from currently registered auto companies on when finally new contacts and contracts would materialize, as after all they had submitted core business information.

5.2 Supplier Development Programmes (SDP) for auto sector

The supplier development programme (SDP) was implemented with auto component suppliers only. Broadly speaking, the companies selected for the advanced SDP version in Pune started off at the level where the Chennai suppliers were to reach through the basic SDP version at the end of the programme. The SE ITP summarized the situation by stating that Pune would have been a fully commercial project while Chennai had more characteristics of a development project.

5.2.1 Advanced SDP for 10 Pune auto component companies

In Pune, the main partner in the auto component activities has been the Mahratta Chamber of Commerce, Industries and Agriculture (MCCIA). UNIDO has had successful past collaborations with MCCIA in the food-processing sector (which was initially favored for this project but later excluded by DC-MSME). A food-testing laboratory was successfully set up; the related organization has now embarked on business consulting and training. MCCIA continues to promote collaborations for food-processing machinery with partner organizations in the Emilia Romagna and Veneto regions in Italy.

In total, more than 6000 auto component companies are active in the wider Pune area of which some 800 are members of MCCIA. Of these, 425 or around 50% are listed in the SPX database. 80 of them participated in the SDP inauguration seminar, of which 40 were long-listed and visited; 15 companies showed interest in collaborating and 11 were finally selected for the advanced programme (SDP advanced). One company dropped out later.
The 10 final auto component companies had to be (i) tier I or tier II suppliers; (ii) have a turnover between Rs. 25 crore and 500 crore; (iii) be certified according to the International Automotive Task Force (IATF) standard TS 16949 (as part of ISO 9001); and (iv) be wanting to go global. Unofficially, the aim of participating was to be readied as certified supplier to Volkswagen, something like the industry gold standard in the Pune auto sector.

The Pune SDP was originally planned for six months but finally took some 18 months to complete. Participating companies had to pay Rs. 75,000 (against an assumed free-market price of around Rs. 3.5 lacs). Two qualified German-Turkish trainers gave direct workshops and company training and the national SDP expert in Pune was instrumental in ensuring follow-up between the international expert visits. The process involved familiarizing with global automotive trends, market positioning, process audit and implementation of continuous improvement plans (CIP) according to VW methodology benchmarks, as well as presentations to original equipment manufacturers (OEM).

The seven participating companies visited by the mission confirmed their satisfaction with SDP and stated that it had opened up their eyes: "before we thought local, now we understand the international markets". Five of the 10 SDP participants have since received the green light from Volkswagen for further screening in order to eventually become certified VW suppliers.

In parallel, the project also worked with so-called international investment promoters or delegates. Initially, two Indian staff was sent as short-term promoter delegates to the ITPOs in Italy and France with the aim to establish contacts with local companies. As this approach proved unsuccessful, two long-term international delegates were then employed, one in France for auto components and one in Italy for leather and shoes.

In Pune, the evaluation team could meet with the French promoter/delegate who is currently coaching 11 Indian auto component companies, three from Chennai and eight from Pune. The companies have been put in contact with 22 European companies, mostly from France, but one each also from Germany, Slovenia and the UK. As per end of November 2012, all Indian companies were in various stages of negotiations, either for joint ventures (JV) or technical collaborations. Four MoUs for JVs had been signed and three orders had been placed already. Only very few negotiations had broken off by then. Work was generally more successful in Pune than in Chennai, because MCCIA had chosen potential clients according to their actual potential, while AIEMA had selected based on 'political' considerations.

The project and selected clients participated in the Auto Expo Delhi in 2010 and 2012 as well as in the Equip Auto fair in Paris. A mission to Europe was organized in November 2012, where seven Pune auto companies, individually and in groups, could meet potential partners in France and Germany and visit...
plants, among others Volkswagen. UNIDO covered around 10% of overall expenses.

This evident B2B success story, in particularly in Pune, has to be put in perspective. Progress fully did depend on the French delegate, who has a lifelong history of successful private sector based matchmaking between European and Indian auto companies; he clearly has been a very lucky find for project. His tailor-made approach required much groundwork before selecting potential matches, as well as in-depth preparations of both potential partners. An essential success element has been the delegate’s ability to deconstruct inter-cultural barriers and existing misconceptions. It is evident that such a professional case-by-case and high quality approach will be difficult to replicate indeed.

5.2.3 Basic SDP for 25 Chennai auto component companies

The start of Chennai auto component activities was made in 2007, when an auto sector group was formed with 20 participating companies within the Ambattur Industrial Estate Manufacturers Association (AIEMA) in the north of Chennai. Participating companies were all tier II and tier III auto component suppliers.

The SPX for auto component companies in Chennai contains registered members of AIEMA as well as of the Automotive Component Manufacturers Association of India (ACMA). SPX data collection and entry was contracted out to MSME-DI and CII/TNTDPC, which registered 406 companies.

The six-month basic SDP was organized for 25 auto component suppliers, all of them AIEMA (but not ACMA) members. The programme was conducted by a qualified national consultant and consisted of joint classroom sessions and individual company visits by the expert, where improvement programmes were drafted (similar to the enterprise upgrading for leather and footwear SMEs under the CT component). Six-monthly review meetings assessed progress in change implementation.

In addition, 12 companies participated in a continuous process improvement programme and competition (Kaizen). Also, before the funding stop in 2010, delegations from France, Netherlands, Belgium, Vietnam, Japan, Nigeria, and Malaysia were brought into contact with Chennai auto component manufacturers.

Apart from individual narratives, no consolidated information was made available on the direct impact of the SDP on the 25 auto component companies in Chennai. However, overall satisfaction of the first batch must have been good, as apparently 30 additional companies would be interested in an eventual second SDP basic course.
5.3 CPP and COMFAR III

Next to the SPX database and the SDP programme for the auto component sector, ITP introduced two established UNIDO tools: (1) Company Project Profiling (CPP) for investment promotion and (2) Computer Model for (financial) Feasibility Analysis and Reporting (COMFAR, in its version III).

Trainings for level 1 of COMFAR III were conducted in Pune, Ahmedabad and Chennai with a total of 38 participants. Trainings for level 2 were held in Pune and Chennai for 16 participants. Finally, one day refresher training was given for 20 trainers in Chennai.

COMFAR has since been used in Chennai in the auto sector for five proposals to establish common facility centers and 14 company investment projects have been analyzed. A good example for the usefulness of COMFAR visited by the mission is the South Indian Tanners & Dealers Association (SITDA), which includes 50 shoe companies. ITP successfully provided COMFAR III to SITDA for obtaining a Rs. 7 crore grant from the central government for a new testing lab, in addition to their own funds of Rs. 3 crore.

It did not become entirely clear to the mission why CPP and COMFAR was only applied in Chennai and not in Pune, despite that MCCI staffs were also trained in the methodologies. The head of the SPX centre in MCCI simply stated that there would have been no demand for the instruments.

The mission attempted to obtain consolidated information on (i) the number of projects analyzed by the two instruments and in particular also (ii) the overall financial volume of sanctioned and actually implemented projects. However, the information was not readily available and remained inconclusive, as this essential impact evidence has not been monitored systematically by the project. However, it also has to be acknowledged that such sensitive information, in particular related to financial volumes of deals concluded, is notoriously difficult to obtain, as this is usually treated as business secret. Still, information of whether a deal was reached or not should be obtainable.

More serious is the observation that the encryption keys, without which COMFAR cannot be accessed and utilized, were lost by both ISF and IFLMEA already considerable time ago. No action has been taken since to replace the keys. The instrument can thus simply not be used at present. On the other hand, the very pro-active Indian Leather Industry Foundation (ILIF) in Chennai did not receive one of the seven initially distributed keys and had thus no access to the instrument – despite their expressed interest in utilizing it.
5.4 ITP in the Chennai leather and footwear sectors

In principle, ITP activities in leather and footwear were implemented with the same partner associations as in the CT component, i.e. ISF and IFLMEA (with the latter again partnering in the SA Component).

As mentioned, initial data entry for the SPX database was contracted out to MSME-DI in 2008. A first updating was made by CII in December 2010; the 2nd updating was done only recently by CII during November and December 2012.

Next to the SPX database, training on CPP and COMFAR was provided jointly with the auto component to ISF and IFLMEA. Both instruments have initially been applied to projects of selected leather and footwear companies as well as for so-called common facility centers (until the keys were lost).

ITP activities were also conducted for strengthening so-called Business Promotion Institutions (BPI), foremost CLRI, ACMA and CII. A delegate programme, led by the CDA, was organized to Italy; participation in exhibitions was facilitated and incoming delegations were supported.

Again, apart from anecdotal evidence, no consolidated information was readily available on the direct impact of the ITP activities in the leather and footwear sectors, as the relevant information has not been systematically collected.

5.5 Private Equity and Venture Capital (PE/VC)

The project started out with the Indian Venture Capital Association (IVCA) as contracting partner; later, the Indian Angel Network (IAN) joined as "pro bono partner" in early 2010. The evaluation mission could only meet with IAN, not with IVCA.

According to the IAN director, venture capital came to India in the late nineties foremost as a replication of similar initiatives from the US and concentrated on the new economy. Only lately, after the 2008/09 crisis, a changing trend is observed with venture capital also being invested in 'old' economy sectors like pharmaceuticals, hospitals but also manufacturing.

The basis for the project's PE/VC activities was laid with a market research made in July 2009 to "understand the perceptions of SMEs on private equity and venture capital funds to develop (macro level) contents of training programmes." To this end, a total of 40 SMEs and five PE/VC funds were interviewed from the three project sectors in the main project locations, i.e. NCR Delhi, Chennai and Pune.
The study concluded that SMEs wanted to grow but availability of funding was indeed a major challenge. It also showed that half of the interviewed SMEs were not aware of PE/VC while the other half had largely negative perceptions ("vulture" instead of venture capital, etc.). The study advocated designing training and outreaching programme in order to disseminate a better understanding of the business model of PE/VC and related potential benefits for SMEs.

IAN was involved in the PE/VC outreach programme in 2010, when UNIDO financed training in Chennai, Pune and NCR Delhi. Around 30 participants each attended the eight programmes on module 1; around 50% also participated in module 2. No information is available on the actual impact of these trainings in terms of new equity and venture capital investments made afterwards.

However, according to IAN, the project's piloting has generated indirect impact. As the participants' feedback was good, the organization continues to use the training material developed for its own activities, in particular in Pune, where the general response to PE/VC has been best and IAN is most active. In addition, IAN regularly trains private and government banks in understanding the needs and perceptions of SMEs related to venture capital.

It can thus be concluded that the project’s PE/VC pilot activities have been a small but nevertheless good intervention in that the topic and the related concepts have gained further momentum in the country. Follow up and further widening and deepening of the efforts outside the IAN circle are, however, still outstanding.
6. Mutual Credit Guarantee Schemes (MCGS)

Establishing a mutual credit guarantee scheme (MCGS) was the key purpose of the project when it was initially conceived. The intention was to establish a fully functional pilot MCGS in India. The model was taken from Italy, where MCGS play an important role in SME financing. The decisive characteristic of the Italian schemes is their basis in a traditionally strong ethos of cooperation between SMEs.

At the start, a cooperation agreement was concluded with the Small Industries Development Bank of India (SIDBI) as main local promoter of the MCGS model in India\(^7\). SIDBI deputed two successive staff as Senior Experts (SE) for the project, which participated in a study tour to UNIONFIDI in Turin. UNIONFIDI, established in 1975, is the largest private sector MCGS in Italy. It was formed through the initiative of the main business associations in the Piedmont region and is structured as non-profit loan guarantee co-operative, based on the principles of mutuality.

The project identified the Pune region as pilot area and MCCIA as pilot organization to start its MCGS venture. A pre-feasibility study was conducted, based on workshops and interviews with SMEs, local banks and service providers. The study concluded that a supporting 'eco-system' has to be in place for a MCGS to be successful, referring in particular to a need for public sector last resort guarantee systems at national level (as is the case in Italy, where this function is provided by the central bank).

Consequently, a national MCGS advisory task force was constituted with participants from the public and private sector. The task force developed recommendations for a national MCGS scheme, which were circulated within SIDBI and GoI. At the same time, four other pre-feasibility studies were conducted (in Coimbatore, Ludhiana and two in Bangalore) and media reports were circulated nationally. However, after the funding stop in late 2010 and the resignation of the CTA, SIDBI removed its deputed officer from the project and activities were put on hold.

\(^7\) GoI and SIDBI had earlier already set up the Credit Guarantee Trust Fund for Micro and Small Enterprises (CGTMSE) in 2000; however, the trust fund only took off after 2007. The trust fund is not based on mutuality principles; it guarantees 75% to 80% of the sanctioned amount of a credit facility.
After a long break, in 2012, UNIDO decided to revise the component strategy and to directly promote the MCGS concept with the national Planning Commission (PC), in collaboration with its PE/VC partner IAN. The promotion effort was successful in that the June 2012 PC report: "Creating a Vibrant Entrepreneurial Ecosystem in India", recommends establishing and promoting UNIDO like mutual credit guarantee schemes in India."

Based on discussions with the former SE and an ex-deputy managing director of SIDBI, as well as with MCCIA, the mission assesses the current situation at the end of the project as follows:

- The inclusion of "UNIDO like mutual credit guarantee schemes" in a committee report of the PC is certainly an important first step; however, only when such a recommendation is translated into actual budgets for start-up funding from central government ministries (in particular MSME) will it begin to bear fruit. Alternatively, starting capital would have to come from another source; Italy, as originally envisaged, does not seem inclined to do so.

- In relation to the envisaged pilot in Pune (that did not take off), some discrepancies and differences in opinion persist, in particular related to the mutuality aspect of the concept. MCCIA advocates a concept that sees mutuality foremost between industry associations and lending institutions, as well as the importance of state guarantees. The Italian concept, on the other hand, is an arrangement where members, i.e. SMEs, jointly form a consortium to which they contribute themselves both in cash and/or security to the total risk funds, against which guarantees are offered. The experts interviewed were rather skeptical whether the required collaborative spirit and trust between Indian SMEs could be built up through a short-term outside intervention.

- The project has succeeded in producing the pilot studies and developing the related concepts; these would now be available for pilot implementation. However, ownership within the relevant institutions (foremost SIDBI and Ministry of MSME) was said to be low at present and leadership in further promoting and pushing the concept was not visible. At this stage, it remains therefore unclear what future activities will follow without an organization like UNIDO continuing to take the lead.
7.

Social Actions (SA)

The idea for a Social Action (SA) component was developed during the period when funding had stopped. Its origin dates back to a visit by the representative of the Italian Cooperation to Chennai SMEs that resulted in a request for corporate social responsibility (CSR) activities to be included in the project. The SA component was one element in the extensive negotiations that took place between the Italian Cooperation, GoI and UNIDO before funding was resumed again. A first draft of the concept was discussed in the 7th SC and the component’s final design was approved in the 8th SC. The budget of € 133,000 came from the accrued interest on the project account, to a large extent resulting from the funding stop. Originally, it was planned to last for nine months from August 2011 onwards; however, as actual funds became only available towards the end of 2011, the SA component was finally implemented from January to December 2012.

The SA component was only implemented in Chennai. It targeted a total of 30 clients, 10 enterprises each in the auto, leather and footwear sectors. The budget for actual change management was € 2,000 per company.

The component aimed at enabling the participating SMEs to improve their market positioning by adhering to relevant social and environmental requirements of key market players and local stakeholders. Change champions were to be identified to further disseminate success stories within the clusters and communities.

The intervention package consisted of: (1) environmental management; (2) occupational health and safety; (3) child labor; (4) improvement of working conditions; and (5) gender issues. The sixth intervention, usage of cleaner technologies, was separately awarded to different service providers.

Experienced and professional private companies, specializing in international standards' certification, were selected as implementers. For the auto component, the German-US UL-DQS was chosen; the BLC Leather Technology Centre in the UK (BLC-UK) was in charge of leather and the British-international company Intertek was engaged for footwear. The cleaner technology intervention was implemented by the National Productivity Council (NPC) in auto, by the Central Leather Research Institute (CLRI) in leather and again by Intertek in footwear.
7.1 Footwear

In the footwear sector, the lead local partner was the South Indian Shoe Manufacturer Association (SISMA) while the CT partner ISF only played an observer role. Interviewed Intertec representatives pointed to initial difficulties to get ten clients interested in the programme. Reasons given were general disinterest by the top management, lack of pressure from international clients and misgivings about possible financial implications, for instance related to paying minimum wages, etc. Finally, eight companies participated in the programme that had the long-term objective to prepare them for the Social Accountability (SA 8000) and the Occupational Health and Safety (OHSAS 18000) industry standards.

Each company was individually visited twice for an audit after which a correction report was made. After additional efforts by UNIDO and SISMA, some changes started to happen. However, due to lack of direct client pressure and an inactive and ineffective government inspectorate, companies can still shy away from implementing more costly reforms. According to Intertek, two or three of the companies may be interested to eventually apply for SA 8000 but will still need to implement further changes to become eligible. On the other hand, MSME-DI runs a centrally sponsored scheme where companies can apply for a Rs. 75,000 (approx. € 1000) subsidy to introduce ISO 14000 and OSHA 18000.

7.2 Auto components

In the auto component sector, the main local partner was AIEMA (as in the ITP component). The basic idea was to accompany the tier III and tier II companies for reaching 70% of the requirements for the international industry standard. After awareness workshops in February 2012, the consultants and UNIDO selected ten companies who were already certified in ISO 9001 and also were high energy consumers. The companies were then diagnosed and gaps identified, followed by a handholding phase to implement changes until October 2012. Two companies dropped out later; from the remaining eight, four have stated their interest to further proceed towards certification. According to UL-DQS, they have mastered around 50% of requirements and will need another year to be ready for certification.

7.3 Leather

The leather sector has clearly performed best. The main and unanimous reason given was that pressure from international clients and markets does require tanneries to obtain the industry standard certification from the Leather Working Group (LWG). While large tanneries already have this certificate, the project venture has been an essential kick-starter for its small and medium participants.
Next to the ten selected companies (on a first come, first served basis), another ten were also interested but had to be turned down as the allocated budget only sufficed for ten. Some participants are currently in the process to collectively bargain with BLC for finishing the process.

Interestingly, the Indian Leather Industry Foundation (ILIF), an ITP partner in CPP and COMFAR, is running a parallel programme on occupational safety and health with 120 companies – fully paid by them – to prepare them to reach the CSR standards. Unfortunately, no 'cross-fertilization' between the two ventures has taken place.
8.

Results measurement and reporting

According to the ProDoc, "UNIDO shall provide the donor with an annual report on the progress as well as an annual financial statement. UNIDO will also submit a work plan for each year of operation [...] in line with the objectives of the project."\(^8\)

It has been a very time consuming process for the mission to isolate and compile relevant result measurement and reporting information for the evaluation. Also in this respect, the absence of coordinated leadership at project level, due to resignation of the CTA after the end of 2010, is clearly visible.

The comprehensive system for cluster monitoring (with Logframe, indicators, etc.), elaborated by the UNIDO Cluster Unit in Vienna, has not been used in this project. Monitoring and reporting has almost exclusively focused on activities completed. The actual changes induced by these activities were neither measured nor analyzed. The single exception is the assessment of enterprise productivity changes in the footwear client enterprises through a one-time impact survey conducted in 2010.

However, it also has to be stated that the comparatively modest staffing of the project has not provided it with the resources required for operating a more sophisticated monitoring system. Consequently, in the absence of KPIs and baselines for clusters, service providers, associations and client enterprises, no fact-based statements are possible on the overall extent of induced changes.

The mission has received a range of reporting documents. Overall, the documentation was more systematic for the CT component than for ITP and MCGS. Minutes of the SC meetings were important documents to understand the core operational and strategic (and sometimes difficult) discussions held throughout the project's life. The 7th SC held in July 2011 has the most elaborate and detailed documentation on each agenda item; other SC minutes usually provide short paragraphs on points discussed and decisions taken.

For the CT component, two progress reports were made available: The 1st is dated 12/2010 and covers the period 2006 to 2010, the 2nd is the annual component report 2011; the annual report 2012 should be available soon.

\(^8\) ProDoc, p. 24.
For the ITP and MCGS components, no annual reports have been made available to the mission; currently the end-of-project report is being drafted. Additional reporting material supplied to the mission, in particular for the ITP and MCGS components, consisted of summary power-point presentations, on the one hand, or very detailed lists and tables of activities, as well as some (often undated) short notes, on the other hand. The mission has to conclude that progress reporting, especially for the ITP and MCGS components did not follow the prescriptions in the ProDoc and was not up to UNIDO standards.

With very few exceptions, reports or presentations encompass achievements and success stories but do not discuss problems encountered or mitigation measures taken. In addition, analytical and strategic discussions are largely absent. Given the implicit pilot orientation of the project, it is difficult to isolate core obstacles from the progress reporting that prevented achieving envisaged objectives. However, a recent study commissioned by UNIDO on the CT component has shed some light on these points\(^9\).

Furthermore, as stated above, due to the absence of baselines and indicators on enterprise performance and cluster level changes, as well as the rudimentary monitoring system, the mission could not assess achievements at outcome level beyond anecdotal stories. Of these several do exist with the project staff but have not been systematized and summarized in reports. As an illustration, annex 1 provides a write up of six success stories by the CDA of the CT component.

\(^9\) Consolidated Project for SME Development in India – Twinning and Related Components: Understanding the Dynamics and Methodology Issues Related to Cluster Twinning; T. Sarkar, MSME Foundation, Delhi, August 2012.
9.
Assessment and conclusions

9.1 Relevance and ownership

9.1.1 CT component

Discussions with both CT associations (ISF and IFLMEA) have shown that enterprise demand for the project's offer was not strong (in the words of an association manager, "volunteers" were required). In this context, it is important to note that enterprise-level business relationships already existed both in the footwear and leather sectors before the project; Indian companies have been (and are) regular visitors to important Italian fairs like MICAM in Milano for shoes or LINEAPELLE in Bologna for leather.

In how far the final selection of the leather and footwear sectors did influence relevance and results is difficult to assess in retrospect; according to several key actors, the potential would have been much higher in the originally envisaged food processing and textile sectors.

Ownership within the selected partner associations ISF and IFLMEA remained weak. The dominance of (frequently changing) presidents did not foster strong motivation among the associations' administrators. It can therefore be questioned why the CT component continued to work with the initially selected two partner associations despite their continuous weaknesses and did not attempt to involve other potentially more pro-active and dynamic associations, for instance SISMA for footwear (an SA partner) or SITDA for leather (an ITP/COMFAR partner).

The relevance of the cluster approach in general and the specific cluster-twinning objective remained unclear. The term cluster has been widely used in the project discourse but described, de facto, small numbers of similar project clients in a given sector and activity line.

The mission was not in a position to detect genuine cluster development in terms of new cooperation linkages between companies that would have evolved because of project activities. Integration, both in vertical and horizontal networks, remained very weak or not existent. Also, a viable supporting environment in terms of professional BDS and strong associations has not developed.

It is therefore difficult to see how cluster twinning could have been successful without first partnering with thriving clusters in the selected sectors in India. As a
matter of fact, the UNIDO project designers initially wanted to do exactly that, i.e. develop clusters first; however, the donor who aimed at 'fast track' twinning did not approve of this.

The relevance argument is further weakened by the discrepancy of the ambitious component objective (enhanced dynamism and competitiveness of Indian clusters through institutionalized long-term twinning with foreign clusters) as opposed to the limited interventions that could be financed for a limited number of enterprises within the two sectors.

Last but certainly not least, the serious impact of the Italian economic crisis from 2009 onwards again has to be duly acknowledged. Any industrial twinning project would have had to fight an uphill battle under these conditions.

9.1.2 ITP component

SPX was characterized as the essential "door opener" for establishing first contacts with companies. However, the concrete relevance of the SPX database for the company clients and for the designated 'owners', i.e. the partner associations remains doubtful. On the one hand, considerable efforts were required in the first place to convince companies to provide the SPX information and, according to field staff and direct information from companies, many were disappointed for lack of tangible results in terms of new contacts and contracts. Managing and updating the databases, on the other hand, continued to need UNIDO financing and sub-contracting, while the associations remained largely passive.

The fact that, despite several attempts by the mission, no information was provided on the actual utilization of the database (numbers and origins of queries, etc.), as well as the observed potentially large number of deficient company entries (no information on the sector in which the company is active) do not point to a well-utilized and relevant database for the actual customers.

The relevance of the basic SDP for auto companies in Chennai as well as the advanced version in Pune was high; more demand existed than could be fulfilled. However, ten auto component companies in Pune and 25 in Chennai were not exactly impressive figures. In any case, though Pune was undoubtedly a success story, it has to be put in the perspective of having two international technical consultants as well as a uniquely qualified matchmaker available for just 10 companies. Replication or even up scaling, invariably with less quantitative and qualitative resources, will be more than challenging.

The two project design instruments CPP and COMFAR have been praised when utilized. Unfortunately, no comprehensive information was available on the number and financial volumes of successful and implemented projects. Also, it did not become clear why the instruments, after the trainings had been given,
were only applied in Chennai. The fact that ISF and IFLMEA, the designated owners of the instruments, had both lost their access keys did not point to high levels of ownership within these organizations.

The PE/VC initiative had been added when the ITP component was redesigned. Initially, the training found good interest but the initiative had, after funding stopped, petered out. IAN continues to utilize training material developed but it remains open who, if anybody will push this concept in future.

### 9.1.3 MCGS component

At the very beginning, the MCGS component had been the main justification for developing the project. Up to the funding stop, SIDBI was interested in the concept as a potentially relevant alternative funding mechanism. The second effort at reviving activities on national level in 2012 put the concept on the agenda of the Planning Commission. Whether MCGSs are indeed perceived as relevant will be shown once the Ministry will allocate commensurate funding to further pursue the idea.

The pilot in Pune did not take off; currently some differences persist in the respective positions of MCCIA and SIDBI on the exact shape and structure of such a scheme. Again, it remains open who eventually would commit to further this component in the future.

### 9.1.4 SA component

Interviews with client companies and implementers showed a high relevance of the SA activities for leather sector; where also smaller tanneries are under increasing pressure to be able to produce the required CSR certificates for obtaining international (sub-) contracts. The situation remains different in the auto and footwear sectors; hence companies are still reluctant to invest in the more costly changes. However, this is posed to change in the near future with overall increasing pressure from the clients and markets to conform to basic standards.

Two main reasons were given why the initial widespread reluctance to CSR could be overcome by the project. First and foremost was market pressure as customers made certification compulsory for upstream suppliers? However, several people interviewed also pointed to the "me too" effect, where peer pressure and peer pride would be important motivators.

Overall, the activities of the SA component were therefore relevant and have been a good pilot to spread social and environmental concepts in the sectors covered. In how far client companies will become the envisaged change champions to further disseminate success stories within the clusters and
communities could not be assessed, as the component activities just came to an end by the time the mission took place.

9.1.5 Overall project relevance and ownership

Overall relevance and ownership of the project presents a mixed picture, with some positive exceptions. Those companies that directly profited (from international expert visits, foreign trips, development programmes, B2B ventures) found the provided support and advice mostly relevant. The ten Pune auto companies found it clearly very relevant but, as said above, this has to be seen as a special case where a small number of companies received exceptionally qualified external expertise on a heavily subsidized cost.

Ownership by the Government of India remains unclear; the fact that planned meetings with DC-MSME and DIPP could not be held due to time constraints of the involved officials does not point to high levels of ownership by and relevance for the government.

Cluster development and cluster twinning was not truly successful. It might well be that the individualistic family-business based structure of the sectors in Chennai and Pune is not (yet) conducive to this approach. Also, the willingness of companies to pay their share was not as expected. Notable exceptions happened when SMEs saw a direct connection to immediate and tangible impacts, or when outside pressures were strong.

The relevance of SPX for the almost 1500 registered companies remains to be proven. So far, no business cases have been documented that can be traced directly to the SPX database; successful matching required additional inputs, like the SDPs or B2B events.

Access to finance undoubtedly is a continuous problem for SMEs. The project has provided starting points for more mature financial instruments, but it could not pilot and test them in actual set-ups as envisaged. The level of future ownership of GoI organizations (as well as related budget allocations) remains to be seen.
9.2 Effectiveness

9.2.1 CT component

The promising start made in particular in twinning of associations in the footwear sector could not be maintained after funding was first delayed and then stopped and the CTA had left. In leather, mostly for competition reasons, a twinning process could never really start in earnest. In auto components, twinning efforts were abandoned early on; instead the focus was placed on developing local suppliers through the ITP component. Twinning related effectiveness is consequently assessed as low.

Based on feedback that the mission received when visiting selected clients, the emerging picture was one of overall satisfaction with individual companies. Most of the 48 clients were export oriented and some had visited international fairs on their own. The advice of international experts was appreciated and led to changes in production processes and sometimes to additional investments, foremost in Italian machinery. Occasionally, changes suggested by the international consultant were not implemented, in particular when substantial investments would have been required. As the (comparatively expensive) international experts only upgraded a small number of companies, the question has to be raised whether this approach can be considered cost-effective.

The two Indian partner associations (ISF and IFLMEA did not live up to expectations. They saw frequent changes of dominant presidents, while the administrative staff felt left out and consequently developed little enthusiasm and commitment for project activities. The effectiveness in developing BDS providers like CLRI and CFTI is also assessed as modest. Institutionalized, sustainable and systemic change to service provision by these organizations was not evident to the mission.

9.2.2 ITP Component

The ITP component managed to open up the tie to the Italian industries and could work with the most suitable European partners.

As mentioned above, tangible results for most participating companies in the SPX database had not been reported at the end of 2012. The SDP for 10 companies in the Pune auto sector was effective but not necessarily cost-efficient; the same applies to a lesser extent for the 25 auto companies in Chennai.

The strong and professional partner association MCCIA in Pune was committed and facilitated progress; the same was not the case with the more politicized AIEMA in Chennai.
The introduction and initial application of COMFAR and CPP in Chennai was effective; however, later on the keys were lost and the instruments not used anymore.

The PE/VC efforts went off to a good start. They were effective on policy level but have not, as far as consolidated information is available, produced concrete results to date, apart fromIAN continuing to utilize training material. To change the currently widespread "vulture" image of venture capital and private equity among Indian SMEs will be an uphill battle.

### 9.2.3 MCGS component

The project effectively conducted pilot studies and developed related concepts. However, the planned pilot could not be established. The withdrawal of SIDBI has been a major setback and the differences in opinion on the concept between MCCIA and SIDBI have not been clarified so far.

To the mission's understanding, the question was never discussed whether the MCGS concept is indeed suitable to improve access to finance for Indian SMEs. The fact that it functions in the (quite different) Italian context does not necessarily mean that it can easily be reproduced in India. It might well be that the project underestimated the preconditions required to introduce the element of mutuality, essential to the Italian model, into a different context that is rather characterized by competition than solidarity.

### 9.2.4 SA component

Given its limited budget, the SA component has been effective in introducing CSR for 30 companies. The chosen implementers do know their business and did an effective job. Still, additional expenditures or investments are the core elements that define the level of actual implementation of advised changes. Market (and, to a lesser extent, peer) pressure has been the core driver that overcame the initial reluctance of companies.

### 9.2.5 Overall project effectiveness

Undoubtedly, the main cause for the sub-optimal effectiveness was the long delay in transferring the third funding tranche, with related consequences in terms of CTA resignation, reduced staff salaries, but also for the commitment and enthusiasm of participating companies and associations. Project staff had a hard time to salvage the goodwill of core participating organizations and companies during 2010/2011.
The evaluation was not in a position to assess project effectiveness beyond what had been 'done', i.e. activities conducted and outputs produced. Fact-based statements on what results and changes project activities did induce, i.e. outcomes, were possible only to a very limited extent, both for 'clusters' and participating enterprises. The professional associations proved to be weak multiplicators, with the exception of the MCCIA, which was clearly the most professional of the direct partners.

Even if the project were seen as a pilot venture, to be really effective would have meant to go beyond assisting a few companies. The mission concludes that (i) Very little has been done in this regard, and (ii) No replicable assistance models have been generated by the project.

Given these limitations, it would certainly have been advisable to stick to the original plan of only two sectors or, even better, to concentrate all efforts on one single sector right from the start.

**9.3 Efficiency**

A project that was planned to last for three years and took almost seven years to complete cannot be assessed as efficient. The start-up or inception phase took more than one year. Once the CTA was in place and project team complete, international consultants provided direct support to 48 companies in the CT component and to 35 companies in the ITP component (with around 15 ‘over lappers’ in Chennai). In addition, the SA component worked with 30 companies during 2012. Overall, the level of outside inputs was high; many international consultants and several visits and delegations were organized for a limited number of companies.

Evidently, the effect of the abrupt stop of project funding has again to be mentioned first when discussing efficiency. After the break in operations, substantial efforts were required to come back to where the project stood before and some activities could not be revived.

On the positive side, the project started with solid analyses for sector selection as well as audits of participating companies, which have served as good bases for designing project support for the participating enterprises and associations.

The original design of different units and allotment holders in charge in Vienna and the related segregated management system was, from an efficiency point of view, sub-optimal. At field level, the presence of an integrative CTA and, after his resignation, informal cooperation by the SEs and the CDA allowed to partly mitigate the effects of different and distant decision makers. Still, the originally envisaged close integration did not materialize to the intended extent; operations and reporting present a picture of (at least) two parallel projects, i.e. CT and SA on one side, and ITP and MCGS on the other side.
9.4 Impact and Sustainability

This chapter refers back to the project intervention logic and Logframe as presented in chapter 22.

The assumed project impact was that SME-based economic and industrial growth would contribute to reducing poverty in India. For lack of consolidated information, quantified statements on the project's contribution to industrial growth and poverty reduction cannot be made. However, given the small number of direct clients (overall 93, with some 15 ‘overlap’ers’ between CT and ITP), the impact of their project-induced improvements would in any case not be measurable at these generalized levels.

The project's purpose was defined as fostering more competitive Indian SMEs that successfully access global markets. Again, no consolidated figures are available to assess achievements. However, the direct project clients did profit from the support and most visited by the mission confirmed that their competitiveness had increased. The B2B contacts made during mutual visits must have led to new contracts; however, their number and volumes are unknown. In this context, it has to be noted again that obtaining information on actual deals made between companies is notoriously difficult in export promotion projects, as this information is usually considered a business secret.

The project set out to achieve four development objectives:

- In terms of employment creation, no overall quantitative statements can be made, as no baseline had been made and employment figures were not measured. The only exception is the 28 footwear companies, supported by the CT component, where a training impact survey found a 32% increase in employment between 2007 and 2010. However, full attribution of the employment increase to the project's efforts is methodologically not sound; only a control group would have allowed to computationally eliminating overall increases in the Chennai footwear business during these years. Also, it is not known whether the new jobs in footwear went to the poor – as would be required for UNIDO as a development agency.

- In terms of access to technology and investments, new technologies were introduced in the direct client enterprises, which received on-site training by national and international experts. No information is available on dissemination to other (non-client) companies. Investments were made in these companies, but the new financing mechanisms (PE/VC and MCGS) did not play any role, as far as reported.

- The same statement can be made for improved SME management and efficiency: skills in client enterprises should have improved, especially where
the international experts could analyse the situation and provide useful advice.

- Cleaner production technologies, finally, were introduced in the 30 companies that participated in the SA component activities.

The four components further were each given an **immediate objective**:

- Cluster twinning was to lead to enhanced dynamism and competitiveness of two (finally three) Indian clusters through institutionalized long-term twinning with foreign clusters. It is fair to say that, for a variety of reasons discussed in this report, cluster twinning could not be achieved that led to tangible results; not least as the Indian client companies did not constitute functioning clusters to start with.

- The ITP component was to strengthen viable SMEs and BPIs to secure international partners and investment financing capital. This objective was achieved with (less than 10) Pune auto component suppliers, and probably a couple of Chennai suppliers.

- The MCGS component did not achieve its objective to improve availability of collateral-free third-party guaranteed loans to SMEs; some progress was made on the policy level.

- The SA component set out to improve SMEs market position by adhering to social and environmental requirements. This objective was achieved for those companies that will continue on their own to receive international certificates; the tanneries have most progressed due to the high pressure from customers.

In terms of sustainability of achieved progress, it is obvious that those changes implemented in the 93 directly involved enterprises can be expected to remain and bear fruit into the future in terms of increased productivity and competitiveness.

The partner associations, foremost ISF, IFLMEA, AIEMA and MCCIA, have profited from being assisted. With the exception of MCCIA, however, they have performed well below expectations and have shown insufficient ownership towards their new roles and functions. Whether they will continue to adapt and change in the future without project funding will, like in the past, depend to a large extent on their leadership.

At this stage it remains unclear if the institutional partners, the MSME Institute and the designated service providers CLRI and CFTI, as well as CII (and to a certain extent again MCCIA), will continue with the initiatives induced by the project after it came to an end and UNIDO funds stopped.
Overall, the prognosis for post-project sustainability (outside the narrow circle of directly supported companies) is not very bright. This can be traced back to the original project design where no mainstreaming or exit strategy was formulated that would have addressed up-scaling and post-project institutionalization.
Main lessons learned

As mentioned several times, the project was not in a position to provide the evaluation mission with comprehensive information and hard data on its achievements related to the core project objectives and indicators, apart from output-related activity lists and success stories related to individual companies. The lesson to be learnt is therefore that a project should not design elaborate intervention logic and then not set up a corresponding outcome monitoring system that allows assessing progress against objectives and targets. Naturally, the required resources for setting up and operating the monitoring system must also be planned for.

The present project was assessed as consisting, de facto, of several parallel rather than integrated projects (CT leather and footwear in Chennai; different ITP activities for auto components in Pune and Chennai; two separate activity lines in access to finance). The overall range of activities was remarkable; however, most activities were implemented independently from each other and few concrete synergies could be identified. The mission is of the opinion that this was a design flaw right from the start: while the ProDoc allots the overall coordination function to the URO, the office could not play this role due to lack of operational resources. The CTA was crucial as coordinator but was not replaced later on. The CT and ITP components were by and large aiming at the same goal of developing Indian companies and linking them with the international (Italian) markets. Both components pursued different paths based on different methodologies and catchwords. The CT component was cooperating closely with (bureaucratic) government institutions (CLRI, CFTI, MSME-DI), while the ITP component was more private sector oriented (foremost MCCIA but also AIEMA and ACMA). The mission's overall impression was that the components rather kept out of each other's way by focusing on different sectors, activities and (mostly) partners.

The general lesson to be learnt from both above findings is that vesting the coordination function in the UR is not enough and sufficient resources and level of authority over project implementation is needed to overcome the centrifugal forces at play in a multi-disciplinary project.

To link the whole project basically with Italy constituted a risk. While focusing can have advantages, the present project has shown that being dependent on one country becomes a risk when that country is in crisis. A more flexible approach would have made the project more relevant for client companies to build upon.
existing business relations like, for example, on-going exports of merchandise to
other countries, e.g. in the Asian region.

Based on extensive discussions with key resource persons, the mission identified
the following issues as having been underestimated when the project was
designed: (i) assumptions on mutuality of interests ("win-win" situations) between
Indian and Italian companies and organizations were too optimistic; (ii) Indian
companies were less willing to participate than assumed; (iii) partner associations
were weaker and less motivated than projected; (iv) the relationship management
of 'internal' stakeholders, i.e. foremost the GoI partners and Cooperazione
Italiana proved to be more time consuming than anticipated.

Several major obstacles emerged during project implementation: Timing was
clearly unfortunate with the crisis in Italy, and the Italian partners were not
sufficiently interested or even resisted plans to strengthen potential competitors.
The final selection of the sectors was not entirely potential-based and the
selected partner associations were weak and hard to motivate. Whether these
obstacles were caused by an unfortunate mix of unfavorable conditions (and thus
something like force majeure) or rather the consequence of an overly optimistic
and ambitious project design is open for discussion; however, it seems to be
clear that an entire cluster or even sector cannot be developed by working with a
few companies over a limited period of time.

Ultimately, given the comparatively modest budget and time frame, the project
design was far too optimistic and the team had been given too wide a range of
tasks; consequently, resources had to be spread too thinly over too many fields
of activities. Less could certainly have been more.
11.

Recommendations

The most obvious recommendation is that a functioning cluster must exist (or be developed) before it can be twinned. This was not the case in India (with the possible exception of the auto sector Pune, where the CT component was not active).

It is therefore essential to be able to identify (or develop, if time and resources allow) functional clusters as candidates for twinning (instead of simply selecting individual companies in a given sector). The alternative is to renounce a cluster approach and instead focus on upgrading of individual companies, B2B events, participation in fairs, i.e. standard export promotion instruments pursued by most industrialized countries.

A future project should attempt to fuse the best elements of the CT and the ITP approaches with the aim of (i) developing clusters first in order to substantially increase coverage at company level ('width') but also (ii) systemic change, i.e. developing a sustainable support system for increasing SME competitiveness ('depth').

The CT component first set out to match and twin professional associations and then to upgrade a limited number of enterprises; the ITP component has first focused on upgrading and direct B2B matching of (again a limited number of) enterprises and then to strengthen so-called Business Promotion Institutions (BPI). Independent of their respective successes (and failures) their priorities have thus been different; the challenge is now to make both approaches mutually reinforcing.

The ITP component has shown that successful B2B matching is possible with an opportunity-driven, situation-specific and flexible approach; however, it will not be possible to muster the same quality and quantities of (international) resources required for up scaling and substantially increasing coverage as well as to achieve sustainable systemic change. The CT component's focus, on the other hand, intended to strengthen associations and service providers for taking over the project's role but the selected partners were weak and/or did not live up to expectations.

The advocated synthesis of approaches could look as follows:
• The first step is a strategic decision of whether the focus is to be on promoting outsourcing for developed clusters (including what is termed delocalization), or promoting exports for developing clusters. Not to declare the overriding strategic focus in advance is bound to result in later difficulties.

• The second step is then to identify promising and suitable clusters for twinning (or develop those, if time and resources allow).

• The project objective should not be developing and matching a few enterprises but leaving behind a further strengthened cluster with solid relations between associations and a support system that is able to cater to the needs of SMEs in terms of improving their competitiveness and better preparing them for the international market demands.

• The most professional, motivated and committed associations, chambers (in the past clearly MCCIA) but also private sector consultants are groomed to take over the role that has been played by the international experts (in particular the matchmaker for the auto companies in Pune). This will require tailor-made organizational and professional development programmes.

• Instead of employing many short-term international consultants flying in and out, it is recommended to have a few but long-term technical experts based in the country. This would allow for (i) improved cost-effectiveness, and can (ii) be expected to provide advice that is better adapted to the realities of Indian associations and SMEs.

In terms of improved project design, the following recommendations are essential for increasing performance and consequently impact:

• A high degree of flexibility is required in project implementation. What is to be done should be fully opportunity and demand based (i.e. have a real private-sector orientation) rather than be supply driven by producing pre-defined outputs. This requires a high level of openness and flexibility in project designs and ProDocs.

• While allowing for operational flexibility at output level, the ProDocs need to concentrate on formulating clear outcomes and post-project situations, with benchmarks and KPIs on these levels (instead of the output level). In other words, the emphasis should be on working for systemic change and on considering post-project institutionalization.

• Dissipation of energies and resources over several sectors does not bring additional benefits of scale; instead the focus should be on a very limited number of sectors. Best would be to select a single sector and concentrate resources in order to be able to go ‘deep and wide’.
## Success story 1: Best Practices in footwear Manufacturing

### Situation
- The company (Good Leather Shoes) had a computerized lasting machine, but the features of this machine were not used fully.
- When there is change of style of footwear or change of size of the particular style, the lasting machine has to be adjusted for pulling allowance of different jaws, timing of lasting operation, etc. This takes about 4 to 5 hours in older machines. The computerized machines store these adjustments in the machine itself for several type and sizes lasts and the adjustment time is minimized to about 30 minutes.
- The production personnel in the company were not fully aware of this feature and have not utilized this facility even though it is available.

### UNIDO intervention
- The Italian expert explained to the production personnel on how to make adjustments in the machine. Thereafter the production personnel started using this facility in which the productivity has increased to about 15%.

### Current situation
- Many of the production personnel including the machine operators were now familiar with the use of the machine and the practice continues, even though the person trained has left the company.

---

## Success story 2: Best practices in footwear manufacturing

### Situation
Central Footwear Training Institute (CFTI) is a training institute in Chennai focusing middle, lower and operator level employees for footwear industry.

### UNIDO intervention
- Two of experts participated in best practices training along with Italian experts in India as well as Italy.
- CFTI also provided space for organizing classroom training in Chennai.

### Current situation
The on-site training methodology, i.e., assessing the company's needs, focusing the training based on the assessment on the production lines, has set an example for CFTI to roll out this service to many companies. CFTI obtained two major projects from Department of Industrial Policy and Promotion (DIPP) of Govt of India, one for training the unskilled people at factories to impart skills and the other for upgrading the semiskilled and skilled employees in factories. A total about 10,000 employees were trained in these two programmes, in which the training has set a base for CFTI to complete this major programme effectively.
### Success story 3: Best Practices in leather manufacturing

<table>
<thead>
<tr>
<th>Situation</th>
<th>VAS Noorullah &amp; Co is a small company in Vaniyambadi, participated in training programmes.</th>
</tr>
</thead>
<tbody>
<tr>
<td>UNIDO intervention</td>
<td>The Italian expert trained the tannery personnel and made few experimental productions in the presence of the Italian expert. The company has utilized the expertise of the Italian expert even after office hours. As it was also OK for the expert to spend time after office hours, we have accepted the request of the company.</td>
</tr>
<tr>
<td>Comment documented by Foundation for MSME Clusters</td>
<td>“We have definitely benefitted from knowledge of how to better utilize the machinery features, processing techniques which improves quality, minimizing variety of chemicals, bringing uniformity in color within the skin and minimize variations from skin to skin and from batches to batches. Previously the in-process rejection was about 4 to 5% and now the same is between 3 to 4%.” says Mr. Idris, Managing Partner, VAS Noorullah &amp; Co. They look forward to collaboration with product specific experts, new chemical suppliers and technology, particularly machinery. “The expert in wet end leather processing was extremely useful and the expert has made about 5 sample developments on the above mentioned area. Nearly 4 methods are now currently adopted in this tannery. However, since we are in manufacturing of glove leathers and garment leathers and the finishing expert being specialized in upper; this has yielded only a few benefits”, adds Mr. Idris.</td>
</tr>
<tr>
<td>Current situation</td>
<td>Many of suggestions are in practice.</td>
</tr>
</tbody>
</table>

### Success story 4: Support to two associations in Ambur and MSME-DI

<table>
<thead>
<tr>
<th>Situation</th>
<th>MSME DI, Chennai had plan to implement Innovative Clusters scheme in which bundling of all schemes of MSME in selected cluster overall. Ambur was one of cluster for leather and leather products.</th>
</tr>
</thead>
</table>
| UNIDO intervention | • UNIDO coordinated with two associations in Ambur, viz., Ambur Tanners Association (ATA) and South India Shoe Manufacturers Association (SISMA) for initial meeting and introduction of the scheme. Accordingly MSME-DI participated in a meeting organized by both associations and further activities are now continued by the associations and MSME-DI.  
• During the meeting, UNIDO recommended to utilize the MSE-CDP scheme to establish a common facility centers separately for leather and footwear companies which will house technologically advanced machines that are expensive and the small and medium enterprises would not afford to buy those machine. As the cluster companies are familiar with job work system, the CFC can sustain on its won with user fees.  
• UNIDO offered to provide financial evaluation using COMFAR for such investment proposals |
| Current situation | • Few programmes like Road Show of Footwear components, QMS/QTT, workshop on design clinic scheme, etc. were conducted by MSME later to the initial support of UNIDO.  
• According to the guidelines of the CDP scheme, the associations are now conducting a Diagnostic study. |
**Success story 5: Technology sourcing (ITP)**

<table>
<thead>
<tr>
<th>Situation</th>
<th>Saalim Shoes was a small company with a capacity of about 2000 pairs per day of full shoes in 2008. The company had plans to expand the production.</th>
</tr>
</thead>
<tbody>
<tr>
<td>UNIDO intervention</td>
<td>A Company Project Profile (CPP) was created for the company. CPP is a UNIDO standardized document which had two main parts. Part – 1 provides a brief profile of the company and Part – 2 provides brief profile of the project planned by the company. The CPP was created with a plan to procure Italian machines. The CPP was sent to ITPO, Italy and ITPO Italy has collected offers from Italian machine manufacturers and sent to the company. ITPO, Italy has also organized a meeting with a couple of manufacturer during the visit of Partner of the company to Bologna Fair in 2009. Though the company would have already the contacts of the Italian machine manufacturers, the support from UNIDO provided more options for the company.</td>
</tr>
<tr>
<td>Current situation</td>
<td>The company later purchased several machines from Italy and now the installed production capacity of the company is three times more than it was in 2008, i.e. 6000 pairs per day.</td>
</tr>
</tbody>
</table>

**Success story 6: Establishment of common testing centre in Ranipet**

<table>
<thead>
<tr>
<th>Situation</th>
<th>South India Tanners and Dealers Association (SITDA) is a tanners association located in Ranipet, which is 100 km North of Chennai. The association planned to approach Council for Leather Exports (CLE) for financial assistance to establish a common testing laboratory for testing of leather, footwear and footwear components. Indian Leather Industry Foundation (ILIFO) conducted technical and market analysis for the proposed activity and prepared a detailed project report.</th>
</tr>
</thead>
<tbody>
<tr>
<td>UNIDO intervention</td>
<td>Financial evaluation of the investment was analyzed using COMFAR (the UNIDO developed tool) in different conditions, like with subsidy from Government, without subsidy, with bank loan, etc. These evaluation results were made part of the project report.</td>
</tr>
<tr>
<td>Current situation</td>
<td>On evaluation of the proposal, the Government has approved subsidy of about Rs.7 crore to the total investment of about Rs. 9.8 crore. The construction work has started at site and SITDA plans to commission the lab in six months.</td>
</tr>
</tbody>
</table>
Annex 2: Terms of Reference

Terms of Reference

Terminal Evaluation of two UNIDO Projects in the area of Cluster Development:

TE/IND/04/001 and TE/VIE/08/003

A) UNIDO PROJECT IN VIETNAM: TE/IND/04/001
“CONSOLIDATED PROJECT FOR SME DEVELOPMENT IN INDIA THROUGH ESTABLISHMENT OF MUTUAL CREDIT GUARANTEE SCHEMES, CLUSTER TWINNING AND FOREIGN INVESTMENT AND TECHNOLOGY PROMOTION”.

I. BACKGROUND

Small and medium-size enterprises (SME's) are considered to play an essential role in developing countries as they contribute to the diversification of economies, make major contribution to job creation and have a significant impact on poverty alleviation. Although in the case of India, SME's account for a significant percentage of employment they are facing several constraints limiting their development such as difficulties in securing financial resources needed to support investments; lack of access to information regarding technology and markets; and lack of international exposure\(^\text{10}\). With these limiting factors in mind, this project, which has been in operation since 2007, was designed to strengthen the position of Indian SME's by using an integrative approach which is based on three core components:

---

\(^{10}\) A more detailed description on the situation of SME's in India can be found in the project document.
• Establishment of cooperation agreements between Indian and foreign
clusters (Cluster Twinning Component);
• Promotion of foreign direct investment & technology (Investment &
Technology Promotion Component);
• Promotion of a Mutual Credit Guarantee Schemes (MCGS Component).

These three components have been divided into two broad areas which have to be understood as strictly integrated: Cluster Twinning and Investment/Technology Promotion on the one hand and Mutual Guarantee Schemes on the other hand. Through the main activities of Cluster Twinning and attracting foreign direct investment and technology the project has focused on the increase of the capabilities of Indian SME’s to successfully integrate in the global economy. The creation of Mutual Guarantee Schemes has had the objective to support those enterprises that, in spite of having potential to growth and sound ideas, might experience difficulties in mobilizing the financial resources to implement projects.

A specific project coordination function has been foreseen in order to manage the close interaction between the Cluster Twinning team, the Investment Promotion Unit and the Fund Management Facility. The implementation of the activities pertaining to the three components have been assigned to different organizational units of UNIDO, namely the Business, Investment and Technology Services Branch (PTC/BIT), the UNIDO Regional Office in India and UNIDO’s Investment and Technology Office in Italy (ITPO-Italy).

Origin of the program

Since its creation, UNIDO has undertaken several programs for the development of SME’s in India including activities of investment and technology promotion. Notable among these are the Investmart and Intechmart Series held since 1994. Under this program several events have been organized focusing on various regions and sectors of India. UNIDO organized various delegations from developed countries for these events and carried out follow-up activities.

Investment promotion has been one of the key areas of UNIDO’s activities supported by Italy. In August 1985, an exchange of notes was concluded between UNIDO and the Italian Government for the establishment of an Office in Italy (ITPO-Italy). ITPO-Italy has contributed to the identification, promotion and implementation of industrial projects in all sectors in developing countries. India has been a focus country and the ITPO-Italy has been hosting a delegate program\(^\text{11}\) for the country since 1995.

\(^{11}\) A delegate programme places professional of developing countries for a limited period of time in an ITPO with a view to the promotion of investment opportunities in their countries of origin.
Since 1996, UNIDO has been collaborating with the Government of India in the field of SME cluster development through project US/GLO/95/144 (UNIDO-Italy Program for SME Development) funded by the Italian Ministry of Foreign Affairs. In addition, the UNIDO Cluster Development Program benefited from project US/IND/01/193 (“Support to Country Effort to Promote SME Cluster Development”) that supported various public sectors in India to develop their own cluster initiatives.

ITPO-Italy, with the support of the Indian Cooperation, had already undertaken activities to promote Mutual Credit Guarantee Schemes in India based on the Italian approach. In April 2000, UNIDO organized, in cooperation with the Office of the Development Commissioner for Small Scale Industries (DCSSI), a roundtable on Credit Guarantee Schemes which was followed by a seminar jointly conducted by UNIDO, the Federation of Indian Chambers of Commerce and Industry and the DCSSI.

In June 2000, ITPO-Italy organized an interactive meeting on Credit Guarantee Schemes with the Italian guarantee funds and banks for the Foreign Minister and the accompanying delegation. The Minister indicated that Mutual Credit Guarantee Schemes and Cluster Twinning were key priorities of the Indian Government. Subsequently, a MoU for Promotion of Credit Guarantee Schemes and Institutional Capacity Building for SME Development in India was signed by the Indian and the Italian Government. In addition, the Ministry of DCSSI has requested UNIDO assistance in promoting Mutual Credit Guarantee Schemes in India following the Italian approach, and to promote twinning of Italian and Indian clusters in industrial sectors.

**Counterparts**

The consolidated project has been funded by the Government of Italy – Ministry of External Affairs (General Directorate for Cooperation and Development). The Development Commissioner, Ministry of Small Scale Industries (DCSSI) is the counterpart support agency for the implementation of the project in India, and in Italy the UNIDO’s Investment and Technology Office (ITPO-Italy) is the assigned counterpart organization to provide support for the implementation process.

**Main objectives, outcomes and outputs**

The project has been designed to contribute to UNIDO’s long-term development objective to foster economic growth and reduction of poverty through sustainable industrial development activities. Targeted outcomes, outputs, as formulated in the project documents, are as follows:
**Twinning of Clusters (TEIND04A01)**

1. To enhance the dynamism and competitiveness of two Indian clusters through twinning arrangements between the selected Indian and foreign clusters.

   1.1 A proposal for cooperation finalized between Indian and foreign clusters (particular emphasis on training programs) and approved between the counterparts;

   1.2 Capacities of the institutions upgraded and new services/functions identified;

   1.3 Capabilities of SME are upgraded in the fields of production, design, innovation, marketing and purchase;

   1.4 Cooperation between Indian and foreign clusters enhanced.

This component includes the “social aspects component”, which was added to the project in 2011 with an extra budget of EURO 132,919 (including support cost), which is included in the amounts shown in the finance table on page 4. The component aims at linking improved social and environmental performance (e.g. working conditions) to competitiveness gains for the enterprises.

**Investment and Technology Promotion (TEIND04B01)**

2. To enhance the performance of Indian SME’s through investment and business partnership agreements with foreign companies.

   2.1 UNIDO Investment Promotion Unit (IPU) established and linked up;

   2.2 Local SME’s prepared for matchmaking with foreign companies;

   2.3 Increased awareness on the part of foreign investors, technology suppliers and/or buyers/ trade agents of business conditions and specific investment opportunities;

   2.4 Assistance provided at the contractual stages.

**Mutual Credit Guarantee Fund (TEIND04C01)**

3. To facilitate collateral-free third party guaranteed loans by credit institutions to small scale industries.

   3.1 Establishment of a fully functional Mutual Credit Guarantee Scheme for projects such as joint ventures, subcontracting agreements, technology transfer etc.
## II. BUDGET INFORMATION

### Table 5: Overall Project Budget Information (USD) – TEIND04001

<table>
<thead>
<tr>
<th>Buli</th>
<th>Item</th>
<th>Planned Allotment (USD)</th>
<th>Total Allotment (USD)</th>
<th>Total Expenditure (USD)</th>
<th>Implementation</th>
</tr>
</thead>
<tbody>
<tr>
<td>19-99</td>
<td>Personnel</td>
<td>1,664,000</td>
<td>3,045,042</td>
<td>2,685,658</td>
<td>88%</td>
</tr>
<tr>
<td>29-99</td>
<td>Contracts</td>
<td>191,300</td>
<td>127,505</td>
<td>18,720</td>
<td>15%</td>
</tr>
<tr>
<td>39-99</td>
<td>Training</td>
<td>859,900</td>
<td>326,297</td>
<td>240,591</td>
<td>74%</td>
</tr>
<tr>
<td>49-99</td>
<td>Equipment</td>
<td>221,600</td>
<td>12,654</td>
<td>12,654</td>
<td>100%</td>
</tr>
<tr>
<td>59-99</td>
<td>Miscellaneous Cost</td>
<td>304,900</td>
<td>117,075</td>
<td>90,106</td>
<td>77%</td>
</tr>
<tr>
<td></td>
<td>Total</td>
<td>3,241,700</td>
<td>3,628,573</td>
<td>3,047,729</td>
<td>84%</td>
</tr>
</tbody>
</table>

### Table 6: Component A – Cluster Twinning (USD) – TEIND04A01

<table>
<thead>
<tr>
<th>Buli</th>
<th>Item</th>
<th>Planned Allotment (USD)</th>
<th>Total Allotment (USD)</th>
<th>Total Expenditure (USD)</th>
<th>Implementation</th>
</tr>
</thead>
<tbody>
<tr>
<td>19-99</td>
<td>Personnel</td>
<td>292,500</td>
<td>746,132</td>
<td>637,741</td>
<td>85%</td>
</tr>
<tr>
<td>29-99</td>
<td>Contracts</td>
<td>191,300</td>
<td>127,505</td>
<td>18,720</td>
<td>15%</td>
</tr>
<tr>
<td>39-99</td>
<td>Training</td>
<td>203,900</td>
<td>63,251</td>
<td>29,659</td>
<td>47%</td>
</tr>
<tr>
<td>49-99</td>
<td>Equipment</td>
<td>32,100</td>
<td>2,763</td>
<td>2,763</td>
<td>100%</td>
</tr>
<tr>
<td>59-99</td>
<td>Miscellaneous</td>
<td>9,900</td>
<td>7,185</td>
<td>725</td>
<td>10%</td>
</tr>
<tr>
<td></td>
<td>Total</td>
<td>729,700</td>
<td>946,836</td>
<td>689,608</td>
<td>73%</td>
</tr>
</tbody>
</table>

### Table 7: Component B – Investment Promotion (USD) – TEIND04B01

<table>
<thead>
<tr>
<th>Buli</th>
<th>Item</th>
<th>Planned Allotment (USD)</th>
<th>Total Allotment (USD)</th>
<th>Total Expenditure (USD)</th>
<th>Implementation</th>
</tr>
</thead>
<tbody>
<tr>
<td>19-99</td>
<td>Personnel</td>
<td>577,500</td>
<td>1,247,621</td>
<td>1,063,514</td>
<td>85%</td>
</tr>
<tr>
<td>39-99</td>
<td>Training</td>
<td>314,000</td>
<td>90,432</td>
<td>64,483</td>
<td>71%</td>
</tr>
<tr>
<td>49-99</td>
<td>Equipment</td>
<td>76,000</td>
<td>4,569</td>
<td>4,569</td>
<td>100%</td>
</tr>
<tr>
<td>59-99</td>
<td>Miscellaneous</td>
<td>113,000</td>
<td>64,707</td>
<td>53,617</td>
<td>83%</td>
</tr>
<tr>
<td></td>
<td>Total</td>
<td>1,080,500</td>
<td>1,407,329</td>
<td>1,186,183</td>
<td>84%</td>
</tr>
</tbody>
</table>
Table 8: Component C – Mutual Credit Guarantee Schemes (USD) – TEIND04C01

<table>
<thead>
<tr>
<th>Buli</th>
<th>Item</th>
<th>Planned Allotment (USD)</th>
<th>Total Allotment (USD)</th>
<th>Total Expenditure (USD)</th>
<th>Implementation</th>
</tr>
</thead>
<tbody>
<tr>
<td>19-99</td>
<td>Personnel</td>
<td>259,500</td>
<td>819,732</td>
<td>758,936</td>
<td>93%</td>
</tr>
<tr>
<td>39-99</td>
<td>Training</td>
<td>342,000</td>
<td>60,397</td>
<td>36,998</td>
<td>61%</td>
</tr>
<tr>
<td>49-99</td>
<td>Equipment</td>
<td>76,000</td>
<td>5,322</td>
<td>5,322</td>
<td>100%</td>
</tr>
<tr>
<td>59-99</td>
<td>Miscellaneous</td>
<td>109,000</td>
<td>38,526</td>
<td>30,921</td>
<td>80%</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td>786,500</td>
<td>923,977</td>
<td>832,177</td>
<td>90%</td>
</tr>
</tbody>
</table>

Table 9: Component D – Coordination Unit (USD) – TEIND04D01

<table>
<thead>
<tr>
<th>Buli</th>
<th>Item</th>
<th>Planned Allotment (USD)</th>
<th>Total Allotment (USD)</th>
<th>Total Expenditure (USD)</th>
<th>Implementation</th>
</tr>
</thead>
<tbody>
<tr>
<td>19-99</td>
<td>Personnel</td>
<td>534,500</td>
<td>231,557</td>
<td>225,467</td>
<td>97%</td>
</tr>
<tr>
<td>39-99</td>
<td>Training</td>
<td>37,500</td>
<td>112,217</td>
<td>109,451</td>
<td>97%</td>
</tr>
<tr>
<td>49-99</td>
<td>Equipment</td>
<td>73,000</td>
<td>6,657</td>
<td>4,843</td>
<td>73%</td>
</tr>
<tr>
<td>59-99</td>
<td>Miscellaneous</td>
<td>73,000</td>
<td>6,657</td>
<td>4,843</td>
<td>73%</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td>645,000</td>
<td>350,431</td>
<td>339,761</td>
<td>97%</td>
</tr>
</tbody>
</table>

Source: Infobase, 28 February 2012

Main activities and current progress

a) Cluster Twinning

The clusters and stakeholders to implement the Cluster Twinning approach have been identified as leather and footwear clusters in Chennai (Tamil Nadu), Agra and Shantiniketan, while the automotive industry clusters are located in Chennai (Tamil Nadu), Pune and the National Capital Region of Delhi. In July and October 2007 and in April 2008, international cooperation agreements for the automotive, footwear and leather cluster were signed between Indian and foreign associations. A database has been created to identify suitable companies for potential partners, and different cluster surveys and diagnostic studies have been conducted. During the year 2008, 14 SME’s of the footwear sector have been assessed to reveal training needs and to identify technological gaps in the production process. For the automotive cluster an Enterprise Gap Analysis (EGA) was carried out in November 2008, which was followed by activities such as
training and workshops on “Vision Building & Strategy Development and Website Modernization”, inter-company cooperation. Additionally, a supplier development program was launched in Pune.\(^\text{12}\)

During the period between May 2008 and December 2010, several training programs (e.g. design and trend forecasting, fashion and trends, best practice in footwear manufacturing, study tours, cluster development, 3D CAD/CAM applications, skill development of Santiniketan Cluster micro enterprises, lean manufacturing and other types of technical training) and seminars (e.g. “Technology Innovation in Footwear Manufacturing”, “Design and Trends Forecasting in Footwear Industry”) were organized for a different number of stakeholders (e.g. cluster development agents) and participating SME’s. Alongside these activities, an impact assessment of the training programs has been finalized for the footwear sector. During the year of 2011, some of these activities continued (e.g. 3D CAD/CAM applications, lean manufacturing) while additional trainings (workshops for the introduction of cleaner technologies) and other activities (e.g. study tours for the exchange of best practice, participation in the Indian International Leather Fair) were conducted. Additionally, in 2011, measures were taken to strengthen the institutional framework of the sector and to reorganize the cluster firms in order to improve stakeholder participation.

b) Investment and Technology Promotion

The activities and outputs under this component include the establishment of 5 Subcontracting exchanges (SPX), 5 institutions functioning as “Business Promotion Institutions (BPIs)”, the identification of investment proposals (84 proposals for a total of USD 249 million in progress report end of 2010), trainings for investment appraisal (COMFAR), delegate programmes with ITPO Italy, exhibitions, and a supplier development programme.

c) Mutual Credit Guarantee Schemes

The component produced a draft national scheme for MCGS in India. A number of awareness raising and training activities were carried out. 5 Industry associations have expressed interest in setting up MCGS with their members and the project produced pre-feasibility studies for these.

\(^\text{12}\) Additional information regarding the content of the cooperation’s can be found on the project homepage: [http://unidosmeindia.org/test.php?content_id=MEN-6](http://unidosmeindia.org/test.php?content_id=MEN-6) [02 March 2012].
B) UNIDO PROJECT IN VIETNAM: TE/VIE/08/003
“SME CLUSTER DEVELOPMENT”

I. BACKGROUND

The purpose of this project (Phase II of TF/VIE/04/001) was to upgrade and strengthen up to 3 SME clusters/company networks and related industry associations. According to the project document, the main features of the cluster/network development strategy consist of: (a) a participatory approach to vision building, which is based on the diagnostic studies carried out under the selected clusters; (b) capacity building actions based on shared targets, which specifically focus on trust-building and capacity building activities, as well as on upgrading programs conducted in line with the framework of cluster-matching; and (c) ensuring the sustainability of the cluster development process through capacity building of the industry associations and by maintaining linkages to local support institutions and services\(^\text{13}\). In addition, the project has been designed to build up international partnerships and to follow a Cluster Twinning approach in order to strengthen the selected industrial clusters and their relation to the foreign counterparts.

Origin of the program

The Government Degree No. 90/2001/ND-CP, dated 23 November 2001, provides the development framework for SME’s in Vietnam. It confirms the government’s support for industrial subcontracting and cooperation, technology transfer and product development with the incentive to expand the market access of SME’s and to strengthen their competitiveness.

In August 2004 the Agency for SME Development (ASMED) and UNIDO started implementing the Phase I of the project “Assistance to Establish the National and Provincial SME Support Infrastructure”, funded by the governments of Finland (TF/VIE/03/001) and Italy (TF/VIE/04/001). This phase assisted ASMED and the SME Development Promotion Council in the formulation of the SME Action Plan of the Vietnamese government which provides the support for export promotion and underlines the importance of cooperation with foreign partners. In the SME Action Plan 2006-2010, Measure 10 defines the following: *Maximizing the positive impacts of WTO prescribes the selection of 4 priority sectors with high export potential and delivery of assistance to SME clusters and relevant clusters actors such as industry and trade associations and technical centers to strengthen industry and inter-firm linkages.*

\(^{13}\) See also “Thematic Evaluation of UNIDO Cluster and Networking Development Initiatives”; [http://www.unido.org/fileadmin/user_media/About_UNIDO/Evaluation/Project_reports/e-book_cluster-report.PDF](http://www.unido.org/fileadmin/user_media/About_UNIDO/Evaluation/Project_reports/e-book_cluster-report.PDF)
These measures taken by the Vietnamese government reflect the important contribution of the SME sector to the economic development of the country. According to the project document, in the period of 2000 – 2005 the Vietnamese SME sector contributed 28% of 7.6 million newly created jobs. The present project has been designed to function as the Phase II of TF/VIE/04/001 and takes into consideration the donor’s interest to strengthen cooperation with selected industrial sectors and the proposition of the Vietnamese government to implement the SME Action Plan prepared for the period of 2006 – 2010. The project has to be seen in line with the long-lasting UNIDO support of SME cluster development which is closely connected to the Italian experience in this sector. ASMED intends to continue providing support for the project, as it has already done in Phase I.

**Counterparts**

The project has been funded by the Government of Italy – Ministry of Foreign Affairs (DGCS). The Agency for SME Development (ASMED) and the Enterprise Development Agency (EDA) under the Ministry of Planning and Investment (MPI) together with the Ministry of Industry and Trade (MOIT) are the national counterpart agencies of the project in Vietnam.

**Main objectives, outcome and outputs**

Targeted outcomes and outputs, as formulated in the project documents, are as follows:

- To upgrade and strengthen up to 3 SME clusters/company networks, including those that may be export oriented, and industry associations for twinning with Italian SME clusters/company networks and industry associations and to facilitate business partnerships between selected Vietnamese and Italian enterprises.

- Vietnamese and Italian SME industrial sectors are analyzed and up to 3 SME cluster/networks, including those that may be export oriented and suitable for institutional twinning are identified.

- Up to three Vietnamese SME clusters; corresponding industry associations and, selected SME’s in each sector are upgraded.

- Up to 3 Vietnamese SME clusters, including those that may be export oriented, and their industry associations are twinned with Italian clusters and industry associations and business matches are initiated between selected Vietnamese and Italian SME’s.
II. BUDGET INFORMATION

Table 10: Overall Project Budget Information (EUR) – TEVIE08003

<table>
<thead>
<tr>
<th>Buli</th>
<th>Item</th>
<th>Planned Allotment (EUR)</th>
<th>Total Allotment (EUR)</th>
<th>Total Expenditure (EUR)</th>
<th>Implementation</th>
</tr>
</thead>
<tbody>
<tr>
<td>19-99</td>
<td>Personnel</td>
<td>1,136,950</td>
<td>1,457,295</td>
<td>1,267,358</td>
<td>87%</td>
</tr>
<tr>
<td>29-99</td>
<td>Contracts</td>
<td>123,500</td>
<td>215,307</td>
<td>135,560</td>
<td>63%</td>
</tr>
<tr>
<td>39-99</td>
<td>Training</td>
<td>418,500</td>
<td>280,228</td>
<td>225,868</td>
<td>81%</td>
</tr>
<tr>
<td>49-99</td>
<td>Equipment</td>
<td>920,000</td>
<td>165,855</td>
<td>10,740</td>
<td>6%</td>
</tr>
<tr>
<td>59-99</td>
<td>Miscellaneous</td>
<td>55,917</td>
<td>65,464</td>
<td>58,745</td>
<td>90%</td>
</tr>
<tr>
<td></td>
<td>Support Costs</td>
<td>345,133</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td>3,000,000</td>
<td>2,184,149</td>
<td>1,698,271</td>
<td>78%</td>
</tr>
</tbody>
</table>

Source: Infobase, 28 February 2012

Main activities and current progress

According to the progress reports the implementation status can be summarized as follows: During the year 2009 the project focused mainly on preparation activities (e.g. recruitment of staff, preliminary research) for Output 1 (selection of the clusters) which is directed at the selection of the industrial clusters. In June 2010 Output 1 was completed, with the selection of three industrial clusters in the sectors of garment/textile, footwear/leather and wood/furniture. This selection process was based on the previously conducted cluster surveys, the recommendations of international business matching experts and on the selection criteria agreed upon by the CTA and PMU. The planned establishment of the Project Steering Committee was initially postponed to a later stage of the project. The completion of the cluster selection and the start of the update activities were delayed by approx. six months. The selected industry clusters are located in the Vietnamese provinces of Ho Chi Minh City and Bin Duong.

According to the second progress report, during the first half of 2010 the activities to implement Output 3 (Cluster Twinning) started with a cooperation agreement with the Confederation of Italian industries, Confindustria. A letter of intent among Confindustria, UNIDO, the Italian Ministry of Foreign Affairs and the Vietnamese Ministry of Planning and Investment was signed. Confindustria was expected to undertake several activities during the projects: promotion of awareness and
involvement of Italian enterprises, support for institutional partnerships, identification of technical resources and conducting various trainings.

In May 2010, a study tour was organized, involving high level representatives of the Ministry of Planning and Investment (MPI) and the Enterprise Development Agency (EDA). To follow-up on these activities, a national workshop was held in June 2010 involving different stakeholders from the private sector to present the results of the selection phase and the road map for the implementation of the cluster development.

In October 2010 the first project Tripartite Review Meeting (TPR) was held, where the NPD and the CTA presented the status report and future project activities. Additionally, in cooperation with CIEM/MPI, a proposal was prepared and launched in 2011 to support national policies with regard to industrial clusters.\footnote{This information can be found in the document of the progress review presentation, September 21\textsuperscript{st}, 2011.}

The activities for Output 2 (upgrading) were started in the last quarter of 2010, in particular for the selected industries in the furniture and the textile cluster, including policy advice for the national implementation of cluster support policies. It formed part of a bundle of activities directed at disseminating capacity and awareness for the cluster development approach to government support agencies. As a result, a program of training courses for officers of SME supporting institutions (mainly DPI and DOIT) was finalized in the last quarter of 2010.

Another group of activities (e.g. establishing cooperation agreements, selecting development agents) was prepared to settle the ground for the cluster and enterprise upgrading activities starting in November 2010. A MoU was proposed to local partnering industrial associations (HAWA, VITAS+AGTEX, SLA/LEFASO) and was received very positively. For HAWA it was agreed and finalized in the end of 2010. Moreover, a capacity building program focusing on cluster development, the identification of cluster/enterprise strategic plans and including a training module on export consortia was conducted at the national level. In 2011, two feasibility studies were launched to upgrade the Textile Research Institute supporting the garment/textile clusters, in Hanoi and HCMC and the SME support centre in HCMC.\footnote{Ibid.} As part of the planned activities on the enterprise level, a training program was put in place, which was designed for furniture industries in HCMC and Binh Duong, and a factory benchmarking and consulting program was established for the textile industries both in the HCMC and Hanoi/Hung Yen clusters.
C) SCOPE AND PURPOSE OF THE EVALUATION

The independent evaluation covers two UNIDO projects, namely TE/IND/04/001 and TE/VIE/08/003. The evaluation exercise is combined as both projects have similar objectives and outputs, in particular with regard to the Cluster Twinning approach. While each project will be assessed individually against their agreed objectives, the evaluation will also include an assessment of the Cluster Twinning approach, based on the experience from the two projects. With respect to the project TE/IND/04/001, the evaluation will be carried out in two stages, with the first stage evaluating the Cluster Twinning Component and the other project components (MSGC, Technology and Investment Promotion), which are still in the process of finalization, scheduled to be assessed at a later stage (probably end of 2012 or early 2013). The project TE/VIE/08/003 will be evaluated in parallel with the first stage of TE/IND/04/001.

The purpose of the independent evaluation is to enable the donors, UNIDO and the participating governments to:

- Assess the outputs produced and outcomes achieved (e.g. upgrading results) as compared to those planned;
- Verify the prospects for development impact and long-term sustainability of the results and benefits;
- Assess the continued relevance and validity of the project approach; including the relations between project objectives and planned outcomes, implicit and explicit assumptions and risks of the project;
- Assess the efficiency of implementation: quantity, quality, cost and timeliness of UNIDO and counterpart inputs and activities;
- Provide an analytical basis and recommendations for the further methodological development of the project approach (in particular Cluster Twinning methods) and for the possible continuation of the project(s) in a next phase;
- Draw lessons of wider application for the replication of the experience gained in this project for other countries and/or cluster- or upgrading-related projects.

In order to assess the above mentioned dimensions of the project, the following criteria/questions will guide the evaluation team:
Project identification and formulation

The extent to which:
• A participatory project identification process was instrumental in selecting problem areas and counterparts requiring technical cooperation support;
• The project/program was formulated based on a clear intervention logic and included appropriate output and outcome indicators and valid means-end relationship between the project objective(s) and outcomes and the higher-level program-wide or country level objectives;
• The project formulation and design encompasses the macro-, meso- and micro-dimensions of upgrading in an integrated fashion (e.g. have trade and industrial policies been incorporated in the design; were external structural problems such as infrastructure, access to finance been addressed; etc).

Relevance
• Are project objectives aligned to national and/or regional policies?
• Are project objectives and outcomes relevant to the needs and priorities of target groups and beneficiaries?
• Are project objectives aligned to UNIDO thematic priorities and program outcomes; in particular the UNIDO methods and approaches in the area of Cluster Development?
• Are interventions at the levels of the firms, of the institutions and at the policy level aligned and complement each other?
• Can interventions overcome negative external effects (international context, business environment, factor markets)?
• Are internal and external synergies with other technical assistance activities used?

Efficiency of implementation
• Have UNIDO and counterpart inputs been provided as planned in terms of timeliness, quality and quantity?
• Did use of inputs lead to the production of foreseen outputs?
• Was the cost of inputs (consultants, equipment, sub-contracts) reasonable and comparable to the cost of equivalent inputs?

Effectiveness
• Were the outputs produced used by the target beneficiaries?
• Did outputs lead to the planned outcomes?
• How effective was the cooperation between enterprises and within the private sector and industrial associations? (e.g. number and quality of joint initiatives, partnership agreements and business proposals);
Were other institutional outcomes (such as capacity building) achieved?

**Impact and sustainability**

I. Impact at the micro level:

- Did the supported firms increase competitiveness (including costs, quality, and lead time), investments, sales and employment?

II. Impact on the meso level:

- Did the clusters and sectors targeted achieve upgrading with regard to processes, technology and productivity; higher value and more complicated products; and broader and higher value added functions?
- Have vertical (supply) and horizontal (subcontracting) linkages between local and foreign and within local firms increased?
- Did the level and the quality and skill-level/content of employment increase?

III. Potential for a wider impact on the macro level in terms of:

- Industrial development and economic growth;
- Number and quality of jobs;
- Poverty reduction effects (the assessment will be based on the framework provided in Annex 4)

Identify any unintended (positive or negative) effects of the project.

IV. Project coordination and management

The extent to which:

- The national management and overall field coordination mechanisms of the project have been efficient and effective;
- The UNIDO HQ-based and/or field-based management, coordination, quality control and technical inputs have been efficient and effective;
- 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;
- Changes in planning documents during implementation have been approved and documented;
- Synergy benefits can be found in relation to other UNIDO and non-UNIDO activities in the country.
D) METHODOLOGY

The evaluation will use a mixed method approach, collecting and analyzing information from a range of sources. The evaluation will encompass the following steps:

I. Document review

A desk review of different sets of documents will be carried out as a first step, including:

- Review of the project- and program documents;
- Review progress reports, work plans, technical reports from subcontractors and consultants and corresponding terms of reference;
- Review of UNIDO strategic documents (program and budget, medium term planning framework, etc.) and evaluation reports (Vietnam country evaluation, Indian country evaluation, Cluster thematic evaluation, Industrial upgrading thematic evaluation);
- Review of recent literature and publications related to the projects and their approaches;
- Documents on strategies and program of other development cooperation agencies active in this field;
- Financial documents.

II. Review of the intervention logic of the program

Based on the desk review the lead evaluation consultant will analyze the intervention logic (or “theory of change (TOC)”) of the program. This will map out how inputs and activities will (or should have) logically led to outputs, outcomes and impacts. This will enable the evaluation to determine in how far the design of the program is adequate, whether it is consistent with UNIDO’s main objectives and/or whether it contains critical strengths and/or weaknesses that need to be addressed. As an essential part of this analysis, major features of the projects underlying intervention logic, such as in particular the concepts of upgrading, collective efficiency (and/or joint action) and Cluster Twinning, should be assessed with regards to their definition, implementation and appropriateness to deliver the development objectives. The framework provided in Annex 4 will function as the common basis for the assessment of upgrading activities.
III. Interviews of UNIDO staff and experts

- Semi-structured interviews with UNIDO project managers and UNIDO Representatives in Field Offices;
- Interviews with other stakeholders such as donor representatives, staff of related UN agencies, etc.

IV. Counterpart and beneficiary survey

A survey will be carried out to triangulate findings from desk review, review of intervention logic and interviews with UNIDO staff. The final survey design and selection of the survey participants will be done in consultation with the project manager. Depending on this selection it will be necessary to prepare different tailor-made survey instruments. It is suggested to prepare at least two survey instruments for the following target groups:

- Key staff in national agencies/ministries cooperating with the projects;
- Final beneficiaries (SME cluster companies, strengthened institutions, etc.): with a focus on the validity of the TOCs and results (including upgrading achievements).

V. Interviews of UNIDO counterparts and beneficiaries

- Semi-structured interviews with UNIDO counterpart agencies and beneficiaries (national agencies/ministries, SME cluster companies, industrial associations, etc.);
- Semi-structured interviews and site visits in the project countries.

E) EVALUATION TEAM AND TIMING

The evaluation will be conducted by one independent international evaluation consultant acting as team leader, and two national evaluators, one from each of the two countries involved.

The UNIDO evaluation group 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 its compliance with 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 must not have been directly involved in the design and/or implementation of the project. The project managers and field offices will support the evaluation team by liaising with counterparts and preparing the evaluation missions to the selected countries.

The first phase of the evaluation is scheduled to take place in the period July/August 2012, covering the Cluster Twinning component of the India project and the entire Vietnam project. The second phase of the evaluation will be carried out towards the end of 2012/beginning of 2013 and will cover the remaining components of the India project.

F) REPORTING

The evaluation reports shall follow the structure given in annex 1. Reporting language will be in English. The draft version of the evaluation reports will be submitted 6-8 weeks after the field missions, at the latest. The following reports will be produced:

- Project evaluation report of project TE/VIE/08/003;
- A review report on the UNIDO Cluster Twinning Approach, based on the assessment of the relevant activities of the two projects;
- Project evaluation report of project TE/IND/04/001.

Review of the Draft Reports: The draft reports will be shared with the respective UNIDO Project Managers 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 Reports: 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).
Annex 1

Template of in-depth evaluation reports

I. 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.

II. 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).

III. Country and project context

This chapter provides evidence for the assessment under chapter VI (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 them.

IV. Project Planning

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

- 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.

VI. Project Implementation

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

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).

VII. 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 and upgrading achievements);
Sustainability;
If applicable: overview table showing performance by outcomes/outputs.
VIII. 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.

VIII. 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.

IX. Lessons learned

- Lessons learned must be of wider applicability beyond the evaluated project but must be based on findings and conclusions of the evaluation.
Annex 2

**JOB DESCRIPTION**

**Post title:** International Evaluation Consultant

**Duration:** 53 days; split contract:
- 1\textsuperscript{st} assignment: 35 days over 3 months
- 2\textsuperscript{nd} assignment: 18 days over 2 months

**Project:** SME Cluster Development/Upgrading (Vietnam and India)

**Entry on Duty Date:**
- 1\textsuperscript{st} contract: 15 July 2012
- 2\textsuperscript{nd} contract: 1 December 2012

**Duty station:** Home base with travel to Vietnam, India and Austria

**Duties:**
The consultant will carry out an in-depth evaluation of the above mentioned UNIDO projects in accordance with the Terms of Reference (TOR).

<table>
<thead>
<tr>
<th>Duties</th>
<th>Duration 1\textsuperscript{st} assign.</th>
<th>Duration 2\textsuperscript{nd} assign.</th>
<th>Location</th>
<th>Results</th>
</tr>
</thead>
<tbody>
<tr>
<td>Study program and project documentation including progress reports and documentary outputs of the project.</td>
<td>5 days</td>
<td>2 days</td>
<td>Home base</td>
<td>List of issues to be clarified; first draft of chapters on project design.</td>
</tr>
<tr>
<td>Evaluation mission program: liaise with the UNIDO project manager to set up meetings/interviews in countries.</td>
<td>2 days</td>
<td>1 day</td>
<td>Vienna</td>
<td>Mission program reflects evaluation priorities.</td>
</tr>
<tr>
<td>Field mission: carry out meetings, visits and interviews of stakeholders according to the mission programme.</td>
<td>14 days (7 days each to India &amp; Vietnam)</td>
<td>7 days (India)</td>
<td>India, Vietnam</td>
<td>Information gathered on issues specified in TOR.</td>
</tr>
<tr>
<td>Drafting main preliminary</td>
<td></td>
<td></td>
<td></td>
<td>Draft conclusions</td>
</tr>
<tr>
<td>Duties</td>
<td>Duration 1st assign.</td>
<td>Duration 2nd assign.</td>
<td>Location</td>
<td>Results</td>
</tr>
<tr>
<td>-----------------------------------------------------------------------</td>
<td>----------------------</td>
<td>----------------------</td>
<td>------------</td>
<td>-------------------------------------------------------------------------</td>
</tr>
<tr>
<td>conclusions and recommendations and discuss them with project staff, counterparts, stakeholders.</td>
<td></td>
<td></td>
<td></td>
<td>and recommendations.</td>
</tr>
<tr>
<td>Presentation and discussion of preliminary findings and recommendations with UNIDO project manager, UNIDO representative in India/ Vietnam and UNIDO Evaluation Group. Fill information gaps (request additional document and reports where necessary).</td>
<td>2 days</td>
<td>2 days</td>
<td>Vienna</td>
<td>Feedback from project manager and UNIDO Evaluation Group, information gaps filled.</td>
</tr>
<tr>
<td>Prepare the draft evaluation report according to TOR.</td>
<td>10 days</td>
<td>5 days</td>
<td>Home base</td>
<td>Draft report prepared and sent to UNIDO/ OSL/EVA.</td>
</tr>
<tr>
<td>Review feedback received on draft report and prepares final evaluation report.</td>
<td>2 days</td>
<td>1 days</td>
<td>Home base</td>
<td>Final evaluation report submitted to OSL/EVA.</td>
</tr>
<tr>
<td>Total</td>
<td>35 days</td>
<td>18 days</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Qualifications:

- Advanced university degree in a field related to industrial development;
- Extensive knowledge and experience in the field of enterprise upgrading and SME development; experience in Cluster development an asset;
- Experience in conducting evaluations.

Language: English

Background information: see the Terms of Reference
JOB DESCRIPTION

Post title: National evaluation consultant

Duration: 2w/m over a period of 5 months

Project: SME Cluster Development/Upgrading (India)

Entry on Duty Date:
1st contract: 15 July 2012
2nd contract: 1 December 2012

Duty station: Various locations in India

Duties:

As a member of the evaluation team and under the supervision of the evaluation team leader, the consultant will participate in the evaluation according to the Terms of Reference. He/she will participate in all evaluation activities and contribute to the assessments in particular with a view to assessing the UNIDO activities in the light of national objectives, strategies & policies, cooperation priorities and institutional capacities. In particular, he/she will be expected to:

<table>
<thead>
<tr>
<th>Duties</th>
<th>Duration</th>
<th>Location</th>
<th>Results</th>
</tr>
</thead>
<tbody>
<tr>
<td>Study programme and project documentation including progress reports</td>
<td>0,4 w/m</td>
<td>Home base</td>
<td>Analytical overview of available documents; list of issues to be</td>
</tr>
<tr>
<td>and documentary outputs and ToR; Study relevant background information;</td>
<td></td>
<td></td>
<td>clarified; background data needed for evaluation collected at field</td>
</tr>
<tr>
<td>Assist in the preparation of the inception report.</td>
<td></td>
<td></td>
<td>level; inputs to inception report</td>
</tr>
<tr>
<td>Participate actively in meetings, visits and interviews according to</td>
<td>0,8 w/m</td>
<td>India with travel</td>
<td>Notes, tables; information gathered on issues specified in ToR;</td>
</tr>
<tr>
<td>the evaluation programme; Participate in drafting the main conclusions</td>
<td></td>
<td>inside the country</td>
<td>Draft conclusions and recommendations</td>
</tr>
<tr>
<td>and recommendations, and present them to stakeholders in accordance</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>with the instructions of the team leader.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Participate in the preparation of the report according to the</td>
<td>0,8 w/m</td>
<td>Home base</td>
<td>Inputs to the report</td>
</tr>
<tr>
<td>instructions of the team leader.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>2 w/m</strong></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Qualifications:

- University degree in a field relevant to industrial development;
- Knowledge of India’s industrial development situation, institutions and programmes; in particular with regard to SME support;
- Knowledge in the field of private sector development an asset;
- Working experience with international organizations and the UN system an asset;
- Evaluation experience desirable.

Languages: English

Background information: see the Terms of Reference attached
JOB DESCRIPTION

Post title: National evaluation consultant

Duration: 1 w/m days over 2 months

Project: SME Cluster Development/Upgrading (Vietnam)

Entry on Duty Date: 15 July 2012

Duty station: Various locations in Vietnam

Duties:

As a member of the evaluation team and under the supervision of the evaluation team leader, the consultant will participate in the evaluation according to the Terms of Reference. He/she will participate in all evaluation activities and contribute to the assessments in particular with a view to assessing the UNIDO activities in the light of national objectives, strategies & policies, cooperation priorities and institutional capacities. In particular, he/she will be expected to:

<table>
<thead>
<tr>
<th>Duties</th>
<th>Duration</th>
<th>Location</th>
<th>Results</th>
</tr>
</thead>
<tbody>
<tr>
<td>Study relevant programme and project documentation including progress reports and documentary outputs and ToR; Study relevant background information (national policies, international frameworks, etc); Assist in the preparation of the inception report.</td>
<td>0.2 w/m</td>
<td>Home base</td>
<td>Analytical overview of available documents; list of issues to be clarified; background data needed for evaluation collected at field level; inputs to inception report</td>
</tr>
<tr>
<td>Participate actively in meetings, visits and interviews according to the evaluation programme; Participate in drafting the main conclusions and recommendations, and present them to stakeholders in accordance with the instructions of the team leader.</td>
<td>0.4 w/m</td>
<td>Vietnam with travel inside the country</td>
<td>Notes, tables; information gathered on issues specified in ToR; Draft conclusions and recommendations</td>
</tr>
<tr>
<td>Participate in the preparation of the report after the instructions of the team leader</td>
<td>0.4 w/m</td>
<td>Home base</td>
<td>Inputs to the report</td>
</tr>
<tr>
<td>Total</td>
<td>1 w/m</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Qualifications

- University degree in a field relevant to industrial development;
- Knowledge of Vietnam’s industrial development situation, institutions and programmes; in particular with regard to SME support;
- Knowledge in the field of private sector development an asset;
- Working experience with international organizations and the UN system an asset;
- Evaluation experience desirable.

Languages: English

Background information: see the Terms of Reference attached
### Annex 3

#### Table 9: Checklist on evaluation report quality

<table>
<thead>
<tr>
<th>Report quality criteria</th>
<th>UNIDO Evaluation Group Assessment notes</th>
<th>Rating</th>
</tr>
</thead>
<tbody>
<tr>
<td>Did the report present an assessment of relevant outcomes and achievement of project objectives?</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Were the report consistent and the evidence complete and convincing?</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Did the report present a sound assessment of sustainability of outcomes or did it explain why this is not (yet) possible?</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Did the evidence presented support the lessons and recommendations?</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Did the report include the actual project costs (total and per activity)?</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Quality of the lessons: Were lessons readily applicable in other contexts? Did they suggest prescriptive action?</td>
<td></td>
<td></td>
</tr>
<tr>
<td>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?</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Was the report well written? (Clear language and correct grammar)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Were all evaluation aspects specified in the TOR adequately addressed?</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Was the report delivered in a timely manner?</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

#### 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,
- Unable to assess = 0.
Figure 3: Poverty Impact

Annex 4
# Annex 3: List of people met

<table>
<thead>
<tr>
<th>Name</th>
<th>Job title/Position in company/organization</th>
<th>Name of company/organization</th>
</tr>
</thead>
<tbody>
<tr>
<td>A. Sahasranaman</td>
<td>LIFO</td>
<td></td>
</tr>
<tr>
<td>Abdul Razzaq</td>
<td></td>
<td>Salim Shoes Pvt. Ltd., Chennai</td>
</tr>
<tr>
<td>Abhijeet Sett</td>
<td>Manager</td>
<td>Ankur Footwears Pvt. Ltd., Chennai</td>
</tr>
<tr>
<td>Ajay Mehta</td>
<td>Chairman</td>
<td>IBRC, MCCIA</td>
</tr>
<tr>
<td>Alejandro Vera</td>
<td></td>
<td>UNIDO, Vienna</td>
</tr>
<tr>
<td>Anant Sardeshmukh</td>
<td>Director General</td>
<td>MCCIA</td>
</tr>
<tr>
<td>Angel Anbu S.</td>
<td>Director</td>
<td>RainbowsTec, Pvt. Ltd. Pune</td>
</tr>
<tr>
<td>Anil Nagpure</td>
<td>CEO</td>
<td>Dran Engineers, Pvt Ltd., Pune</td>
</tr>
<tr>
<td>Anupam Sharma</td>
<td>Assistant Administrator</td>
<td>UNIDO, New Delhi</td>
</tr>
<tr>
<td>Ashraf Ali</td>
<td>Managing Director (MD)</td>
<td>Vishtec CETP, Pvt. Ltd. Pune</td>
</tr>
<tr>
<td>Asit Baran Mandal</td>
<td>Director</td>
<td>CLRI, Chennai</td>
</tr>
<tr>
<td>Aslam Basha</td>
<td></td>
<td>IFLMEA</td>
</tr>
<tr>
<td>Ayumi Fujino</td>
<td>URO</td>
<td>UNIDO, New Delhi</td>
</tr>
<tr>
<td>B. Bharat Kumar</td>
<td>MD</td>
<td>BBK Leathers, Pvt. Ltd., Chennai</td>
</tr>
<tr>
<td>B.N. Das</td>
<td>Chief Scientist</td>
<td>CLRI, Chennai</td>
</tr>
<tr>
<td>Balaji Dhakshinamoorthy</td>
<td></td>
<td>Chennai Forge Products Pvt. Ltd.</td>
</tr>
<tr>
<td>Balaji Panse</td>
<td>Head Quality</td>
<td>Dali and Samir Engineering, Pvt Ltd., Pune</td>
</tr>
<tr>
<td>Bhushan Parkhi</td>
<td>CEO</td>
<td>MGI Coutier Exotech Industries, Pvt Ltd., Pune</td>
</tr>
<tr>
<td>Bruno Valanzuolo</td>
<td></td>
<td>Ex CTA, UNIDO</td>
</tr>
<tr>
<td>C. M. Zafrullah</td>
<td>Secretary</td>
<td>SITDA</td>
</tr>
<tr>
<td>C. Venkatesan</td>
<td>Scientist</td>
<td>CLRI, Chennai</td>
</tr>
<tr>
<td>Chandrababu</td>
<td>Chief Scientist</td>
<td>CLRI, Chennai</td>
</tr>
<tr>
<td>Charles Wilhelm</td>
<td>International Business Consultant</td>
<td>UNIDO, Pune/Chennai</td>
</tr>
<tr>
<td>Deepak Shinde</td>
<td>Director</td>
<td>Advance Autocomps, Pvt Ltd., Pune</td>
</tr>
<tr>
<td>Dhanagopalan V.</td>
<td></td>
<td>Intertek India Pvt. Ltd.</td>
</tr>
<tr>
<td>Elisabetta Holsztejn Tarczewski</td>
<td>First Secretary</td>
<td>Embassy of Italy, New Delhi</td>
</tr>
<tr>
<td>G. Sekaran</td>
<td>Chief Scientist</td>
<td>CLRI, Chennai</td>
</tr>
<tr>
<td>G. Sundaramurthi</td>
<td>Director</td>
<td>ILIFO</td>
</tr>
<tr>
<td>G.K. Moinudeen</td>
<td>Director</td>
<td>CII, Chennai</td>
</tr>
<tr>
<td>Hemant Verma</td>
<td>Sr. Expert CT</td>
<td>UNIDO, New Delhi</td>
</tr>
<tr>
<td>Name</td>
<td>Job title/Position in company/organization</td>
<td>Name of company/organization</td>
</tr>
<tr>
<td>---------------------------</td>
<td>--------------------------------------------</td>
<td>-----------------------------------------------</td>
</tr>
<tr>
<td>Israr A. Mecca</td>
<td></td>
<td>Farida Tannery Pvt Ltd Chennai</td>
</tr>
<tr>
<td>J. Chandrasekar</td>
<td></td>
<td>CII, Chennai</td>
</tr>
<tr>
<td>J.L. Sharma</td>
<td>Coordinator, Leather &amp; Footwear</td>
<td>UNIDO, Chennai</td>
</tr>
<tr>
<td>James Daniel Paul</td>
<td>Senior Expert - ITP</td>
<td>UNIDO, Chennai</td>
</tr>
<tr>
<td>Jayant Bagal, Prop.</td>
<td></td>
<td>Tuffwell Spring, Pvt Ltd., Pune</td>
</tr>
<tr>
<td>Johannes Dobinger</td>
<td></td>
<td>UNIDO, Vienna</td>
</tr>
<tr>
<td>K.R. Vijayan, Khaleel, Naveed</td>
<td></td>
<td>Chennai Associations</td>
</tr>
<tr>
<td>Kishor Keswani</td>
<td>MD</td>
<td>Auto Steel and Rubber Products, Pvt Ltd., Pune</td>
</tr>
<tr>
<td>M. Viswanathan</td>
<td>CDA Leather &amp; Footwear</td>
<td>UNIDO Chennai</td>
</tr>
<tr>
<td>Mangesh Kulkarni</td>
<td>SPX manager Pune (MCCIA)</td>
<td></td>
</tr>
<tr>
<td>Manish Sinha,</td>
<td>former SE- MCGS</td>
<td>SIDBI</td>
</tr>
<tr>
<td>Mathew Alexander</td>
<td>Vice President</td>
<td>ILIFO</td>
</tr>
<tr>
<td>MD</td>
<td>Pottismus Arrow Shoes, Ranipet</td>
<td></td>
</tr>
<tr>
<td>MD</td>
<td>Nibras Shoes, Ambur</td>
<td></td>
</tr>
<tr>
<td>MD</td>
<td>Universal Shoes, Ambur</td>
<td></td>
</tr>
<tr>
<td>MD</td>
<td>Ram Leathers, Ranipet</td>
<td></td>
</tr>
<tr>
<td>MD</td>
<td>Kamil Leathers, Vellore</td>
<td></td>
</tr>
<tr>
<td>MD</td>
<td>VAS Noorullah &amp; Co, Vaniyambadi</td>
<td></td>
</tr>
<tr>
<td>N.B. Panse, Prop.</td>
<td></td>
<td>Panse Autocomp, Pvt Ltd., Pune</td>
</tr>
<tr>
<td>Natascha Weisert</td>
<td></td>
<td>UNIDO, Vienna</td>
</tr>
<tr>
<td>P. Arumugam</td>
<td>MD</td>
<td>Precision Engineering, Pvt. Ltd. Chennai</td>
</tr>
<tr>
<td>P.K. Aslam Basha</td>
<td>Executive Secretary</td>
<td>IFLMEA-ISF SPX Centre, Chennai</td>
</tr>
<tr>
<td>Padma Ruparel</td>
<td>President</td>
<td>Indian Angels Network</td>
</tr>
<tr>
<td>Prajith</td>
<td></td>
<td>Avon Seals (P) Ltd.</td>
</tr>
<tr>
<td>Purandare</td>
<td>MD</td>
<td>Gurudyog, Pvt Ltd., Pune</td>
</tr>
<tr>
<td>R. Amirthakatesan</td>
<td>MD</td>
<td>Leather Industries Cluster Ranipet Private Limited</td>
</tr>
<tr>
<td>R.P. Joshi</td>
<td>VP</td>
<td>Preciforge, Pvt Ltd., Pune</td>
</tr>
<tr>
<td>R.S. Murali</td>
<td>MD</td>
<td>NCR Consultants Limited</td>
</tr>
<tr>
<td>Raja Mohamad</td>
<td>Managing Director</td>
<td>Maideen Leathers, Ranipet</td>
</tr>
<tr>
<td>Rajendra Babu</td>
<td>Manager</td>
<td>Raasiga Leathers, Ranipet</td>
</tr>
<tr>
<td>Rajesh George</td>
<td></td>
<td>Consultant, UL-DQS</td>
</tr>
<tr>
<td>Rakesh Rewari</td>
<td></td>
<td>Ex MD SIDBI</td>
</tr>
<tr>
<td>Ramesh Prasad</td>
<td>Jt. Secretary</td>
<td>SITDA</td>
</tr>
<tr>
<td>Name</td>
<td>Job title/Position in company/organization</td>
<td>Name of company/organization</td>
</tr>
<tr>
<td>-----------------------</td>
<td>--------------------------------------------</td>
<td>------------------------------</td>
</tr>
<tr>
<td>Rex</td>
<td>MD</td>
<td>Autotech Industries India (P) Ltd.</td>
</tr>
<tr>
<td>Ritesh Kolte</td>
<td>MD</td>
<td>RICO control, Pvt Ltd., Pune</td>
</tr>
<tr>
<td>Rohit Thawani</td>
<td>MD</td>
<td>Renata Precision, Pvt Ltd., Pune</td>
</tr>
<tr>
<td>S. Shivraj</td>
<td>MD</td>
<td>Wire Products, Pvt. Ltd. Chennai</td>
</tr>
<tr>
<td>S. Sivagnanam</td>
<td>Director</td>
<td>MSME Development Institute, Chennai</td>
</tr>
<tr>
<td>Satish Joshi</td>
<td>MD</td>
<td>Microsupreme Industries, Pvt Ltd., Pune</td>
</tr>
<tr>
<td>Shafeeq Ahmed</td>
<td>Chairman</td>
<td>IFLMEA</td>
</tr>
<tr>
<td>Shard Gore, Prop</td>
<td>National Expert Auto Component</td>
<td>Trimurti Stainlink Engineering, Pvt Ltd., Pune</td>
</tr>
<tr>
<td>Shilpa Kotwal</td>
<td>Jt MD</td>
<td>UNIDO</td>
</tr>
<tr>
<td>Sudhanwa Kopardekar</td>
<td>Associate Director</td>
<td>MCCIA</td>
</tr>
<tr>
<td>Suganth Jeyraman</td>
<td>Jt MD</td>
<td>Autotech Industries, Pvt Ltd., Chennai</td>
</tr>
<tr>
<td>T. Nalangilli</td>
<td>Honorary General Secretary</td>
<td>AIEMA</td>
</tr>
<tr>
<td>T. Raj Kumar</td>
<td></td>
<td>SVPC Group of Companies, Chennai</td>
</tr>
<tr>
<td>Tamal Sarkar</td>
<td>Project Director</td>
<td>MSME Foundation, N.Delhi</td>
</tr>
<tr>
<td>V.V. Ramesh</td>
<td>Coordinator Auto Component</td>
<td>UNIDO, Chennai</td>
</tr>
<tr>
<td>V. Dhanasekaran</td>
<td>MD</td>
<td>Arrow Shoes, Pvt. Ltd., Chennai</td>
</tr>
<tr>
<td>V. N. Shiju</td>
<td>MD</td>
<td>Cap Inde Value Chain Solutions Pvt. Ltd.</td>
</tr>
<tr>
<td>V.R.K. Moorthy</td>
<td>Executive Director</td>
<td>Indian Shoe Federation, Chennai</td>
</tr>
<tr>
<td>Veeramani</td>
<td>MD</td>
<td>Sri Balaji Castings (P) Ltd.</td>
</tr>
<tr>
<td>Venkataraman</td>
<td>Consultant</td>
<td>UL- DQS</td>
</tr>
<tr>
<td>Vinod Nair</td>
<td>Manager</td>
<td>Potissimus Arrow Shoes, Pvt. Ltd., Chennai</td>
</tr>
<tr>
<td>Vishwas Kirpekar</td>
<td>MD</td>
<td>Kirpekar Engineering, Pvt Ltd., Pune</td>
</tr>
<tr>
<td>Vivek Pimpalkkhare</td>
<td>Marketing Manager</td>
<td>Oneness Control Panels, Pvt Ltd., Pune</td>
</tr>
<tr>
<td>VN Shiju</td>
<td>CEO</td>
<td>Cape Inde</td>
</tr>
<tr>
<td>Yuko Shinohara</td>
<td></td>
<td>UNIDO, New Delhi</td>
</tr>
</tbody>
</table>