

Independent Final Evaluation

Strengthening international certification capability in Sri Lanka with particular reference to Social Accountability Standard (SA8000) and Food Safety (HACCP/ISO 22000) standard

UNIDO project number: TE/SRL/06/004



UNITED NATIONS
INDUSTRIAL DEVELOPMENT ORGANIZATION

UNIDO EVALUATION GROUP

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This document has not been formally edited.

Content

Abbreviations and acronyms	v
Glossary of evaluation related terms	vi
Executive summary	vii
1 Background, objectives and methodology	1
1.1 Background and objectives of the evaluation	1
1.2 Country context	2
1.3 Project description and intervention logic	2
1.4 Methodology and evaluative approach	5
1.5 Limitations	7
2 Findings	8
2.1 Project design	8
2.2 Relevance	10
2.3 Effectiveness	12
2.4 Efficiency	18
2.5 Sustainability	22
3 Conclusions and overall rating	24
3.1 Conclusions	24
3.2 Overall rating	27
4 Recommendations and lessons learned	28
4.1 Recommendations	28
4.2 Lessons learned	30
Annex A: List of reference documents	31
Annex B: Persons and organizations met	32
Annex C: Terms of reference	34

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We hope that the findings, conclusions and recommendations will contribute to the continuous improvement and the mobilization of funds for similar projects in other countries.

Abbreviations and acronyms

CCI	Ceylon Chamber of Industry
CIEH	Chartered Institution for Environmental Health
CNCI	Ceylon National Chamber of Industries
GMP	Good Manufacturing Practices
GoS	The Government of the Socialist Democratic Republic of Sri Lanka
GSTC	Global Sustainable Tourism Criteria for hotels and tour operators
HACCP	Hazard analysis and critical control points
IndExpo	IndExpo Certification (PVT) Ltd
ISO	International Organization for Standardization
ISO 9000	Series of standards related to quality management systems
ISO 14000	Series of standards related to environmental management systems
ISO 18001 OHS	ISO Standard for Occupational Health and Safety
ISO 22000	Series of standards related to food safety management systems
ISO 27000	Series of standards related to managing and measuring information security
ISO 50000	Series of standards related to energy management systems
MDG	Millennium Development Goal
NCE	National Chamber of Exporters
NCPC	The Sri Lankan National Cleaner Production Center
NORAD	Norwegian Agency for Development Cooperation
OVI	Objectively Verifiable Indicators
RBM	Result-Based Management
ROS	Registrar of Standards (Holdings) Limited
SA8000	Social Accountability standard
SLAB	Sri Lanka Accreditation Body
SLITHM	Sri Lanka Institute of Tourism & Hotel Management
SLSI	Sri Lanka Standards Institute
SLTDA	Sri Lanka Tourism Development Authority
TCB	Trade Capacity Building
ToRs	Terms of Reference
UNDAF	United Nations Development Assistance Framework (for Sri Lanka)
UNEG	United Nations Evaluation Group
UNIDO	United Nations Development Organization
URS	United Registrar of Systems certification body

Glossary of evaluation related terms

Term	Definition
Baseline	The situation, prior to an intervention, against which progress can be assessed.
Effect	Intended or unintended change due directly or indirectly to an intervention.
Effectiveness	The extent to which the development intervention's objectives were achieved, or are expected to be achieved.
Efficiency	A measure of how economically resources/inputs (funds, expertise, time, etc.) are converted to results.
Impact	Positive and negative, intended and non-intended, directly and indirectly, long term effects produced by a development intervention.
Indicator	Quantitative or qualitative factors that provide a means to measure the changes caused by an intervention.
Lessons learned	Generalizations based on evaluation experiences that abstract from the specific circumstances to broader situations.
Logframe (logical framework approach)	Management tool used to facilitate the planning, implementation and evaluation of an intervention. It involves identifying strategic elements (activities, outputs, outcome, impact) and their causal relationships, indicators, and assumptions that may affect success or failure. Based on RBM (results based management) principles.
Outcome	The likely or achieved (short-term and/or medium-term) effects of an intervention's outputs.
Outputs	The products, capital goods and services which result from an intervention; may also include changes resulting from the intervention which are relevant to the achievement of outcomes.
Relevance	The extent to which the objectives of an intervention are consistent with beneficiaries' requirements, country needs, global priorities and partners' and donor's policies.
Risks	Factors, normally outside the scope of an intervention, which may affect the achievement of an intervention's objectives.
Sustainability	The continuation of benefits from an intervention, after the development assistance has been completed.
Target groups	The specific individuals or organizations for whose benefit an intervention is undertaken.

Executive Summary

Background, purpose and methodology of this evaluation

This report covers the independent final evaluation of the project “Strengthening international certification capability in Sri Lanka with particular reference to Social Accountability standard (SA8000) and Food Safety (HACCP/ISO 22000) standard” (UNIDO Project TE/SRL/06/004) (“the Project”). Fully funded by the Norwegian Agency for Development Cooperation (NORAD) with a total budget of € 1,174,608.03, it ended on 31 December 2013 after a total of three extensions. Main implementation partner was IndExpo, a non-for-profit business development and certification service provider, owned by the National Chamber of Exporters (NCE) and the Ceylon National Chamber of Industries (CNCI), established in March 2007 through UNIDO support under the Project.

The Project aimed at addressing standard- and conformity-related aspects of trade capacity building (TCB). Its original overall objective was to facilitate international market access of Sri Lankan exporters by enabling them to comply with food safety and social standards required by importing countries and their buyers. The intervention strategy was to establish and strengthen IndExpo as an independent, private sector driven certification body, which would provide affordable, credible and internationally recognized certification services to companies. Moreover, IndExpo would also host a national conformity mark for the food and catering sector to be developed with UNIDO’s assistance.

Between 2007 and 2010, UNIDO mainly provided support to the establishment of IndExpo and general capacity building for ISO 22000 certifications. Two extension phases (2011 - 2013) focused on providing tailored support to ensure IndExpo’s sustainability as a service provider.

Commissioned by UNIDO, this final evaluation was conducted by an independent evaluation team composed of Mr. Daniel Keller and Ms. Shashika Dilhani Gunasinghe, guided by the Terms of Reference (ToRs) included in Annex 3 and the UNIDO Evaluation Policy. The work was undertaken by a team of one national and one international evaluator who were both selected by UNIDO based on a competitive selection process. While maintaining independence, the evaluators applied a participatory approach, taking the views of all stakeholders into account and seeking alignment on main conclusions and recommendations. The methodological mix included: semi-structured interviews (both individual and focal groups), personal observation during visits at a randomly selected sample of IndExpo client companies and an in-depth review of project documents and reports. Overall, findings were consistent and clear. Conclusions and recommendations received endorsement by key stakeholders.

Main findings and conclusions

IndExpo’s system certification services developed with UNIDO’s assistance are of high relevance and resulted in tangible benefits among client companies.

IndExpo’s system certification services fully met the needs of its clients. All companies interviewed confirmed the excellent service received. With prices around 20% - 50% lower than those of competitors, IndExpo fills a niche by providing credible, high-quality services at affordable prices to companies that use system certification primarily to gain a competitive edge through operational improvements. Increased competitiveness in terms of enhanced

productivity and product quality were seen as the key benefits of obtaining system certification from IndExpo. Meeting customer requirements or the use of the certificate as a marketing tool was perceived as less important. Considering that at least 15 certification bodies are operating in Sri Lanka and over 2,500 companies have obtained one or several certificates, the Project's wider impact on the certification market has so far been limited. The evaluation found no evidence that the establishment of IndExpo influenced pricing and service quality in the Sri Lankan market.

As an originally not planned output, UNIDO supported IndExpo in obtaining certification as a training provider by the Charter as a Chartered Institution for Environmental Health (CIEH). Partially as a result of this, IndExpo trained over 3,500 persons in 58 different training courses.

Although the limited number of trainees interviewed by the evaluators confirmed a positive effect of the CIEH courses at their companies, it was not possible to collect sufficient information to assess the outcomes of trainings at the company level in detail. Based on the positive outcomes reported and the large number of trainees from all over Sri Lanka, it seems however likely that IndExpo's training services did generate a positive impact on food hygiene within Sri Lanka's catering, hospitality and food processing industry.

While IndExpo is clearly institutionally and technically sustainable, achieving financial sustainability would require doubling the number of certifications, which seems ambitious.

Technical sustainability is clearly evidenced by the successful track-record of IndExpo in serving company clients. A strong indication for institutional sustainability is the fact that IndExpo operates independently under a well functioning governance and management structure. Although IndExpo has a promising pipeline of potential clients, the target of increasing the number of certifications from 40 to 100 to achieve break-even seems rather ambitious. While IndExpo is well placed to move in a number of directions, careful consideration must be given to how the organization positions and markets itself. Contracting IndExpo for training and system certification services for other UNIDO projects would significantly enhance chances of sustainability. Moreover, it would provide IndExpo with the opportunity to gain an international track-record, which is important for the credibility among larger clients. CNCI and NCE could contribute to financial sustainability of IndExpo by more actively promoting certification services among their members.

The Crowns Scheme provided IndExpo with visibility and a revenue source through training services during the start-up period while preparing to develop its certification services. Although companies highlighted substantial benefits from their participation in the CROWN Scheme, its sustainability in the current form is questionable.

The CROWN Scheme fulfilled its aim to provide IndExpo with an initial revenue source and a "Unique Selling Point", while building up its certification business. Operational improvements resulting from implementing audit recommendations were the key value added of the CROWN Scheme for beneficiary companies. However, participating in CROWN Scheme did otherwise not result in any comparative advantage for them. Demand of hotels and restaurants to participate in the CROWN Scheme is low. The CROWN Scheme is not mandatory and essentially duplicates inspections required by law. IndExpo does not have a membership base among which the scheme could be promoted. Since the CROWN Scheme is neither nationally nor internationally known, it adds little value as a marketing tool. Implementation of the CROWN Scheme consumes significant management

resources and somewhat distracts IndExpo from its core business. Furthermore, due to possible conflicts of interest, IndExpo is not allowed to provide certification services to CROWN Scheme participants. Each company participating in the CROWN Scheme is thus potentially a lost certification client. For those reasons, the advantages for IndExpo to continue operating the CROWN Scheme are limited. The viability of the CROWN Scheme is questionable, unless its concept is entirely revised.

Strengthening IndExpo owned by two member-driven business associations is an innovative approach to provide companies with access to high quality certification and training services at affordable prices.

UNIDO traditionally promoted certification services through the public sector on the grounds that they were a “public good”. This approach showed rather mixed results. Some of UNIDO’s target institutions suffered from various conflicts of interests and the quality of their services did not always meet expectations. Lacking credibility, certifications issued by them were sometimes not accepted by buyers. Project results validate the thesis that (a) “ownership” by the private sector and (b) non-profit orientation of the provider (IndExpo) results in a good value for money for service users. A stronger promotion of services among the chambers’ membership would further enhance the benefits of embedding IndExpo into CNCI/NCE.

Weak project design and inappropriate strategic decisions from UNIDO resulted in a trial-and-error approach, which negatively affected project efficiency prior to 2010. Efficiency was significantly improved through refocusing support towards institutional and technical strengthening of IndExpo from 2011 onwards.

Careful project design is a crucial success factor for project quality and is even more important for the piloting of new approaches. While the concept of strengthening a private sector institution was new, the original project design implemented from 2007 - 2010 was a generic replication of standard TCB projects. Project preparation did not include a market study and a business plan. Planned outputs were a selection from UNIDO’s standard tool box, rather than a set of services tailored to IndExpo’s specific needs. The concept of running IndExpo as a typical UNIDO project operation was not adapted to the objectives to develop an institutionally, technically and financially sustainable high-quality service provider. Almost all funds prior to 2010 were spent on UNIDO inputs that were only marginally relevant for the outcomes achieved. Without highly committed and capable counterparts and a UNIDO Project Manager who went out of his way to turn the Project around, very few results would have been achieved.

Subcontracting IndExpo for specific project-related services from 2011 onwards was an appropriate way to gradually phase out support in the view of ensuring sustainability.

The approach to eventually replace direct subsidies to staff salaries through subcontracting IndExpo to provide services from 2011 onwards was appropriate. This is also validated by other UNIDO projects, e.g. the support to more mature National Cleaner Production Centers. But the shift from “operating” IndExpo under a project structure towards paying for specific project-related services came rather late. *In the Sri Lankan context with its already existing, highly competitive certification market, UNIDO’s initial approach to develop certification capacities through promoting a Joint Venture between IndExpo and an international certification body was not effective, mainly because it would not have addressed the problem of high certification costs.*

The original idea to develop IndExpo's certification capacities through promoting a Joint-Venture between Registrar of Standards (Holdings) Limited and United Registrar of Systems certification body (ROS/URS) was ineffective in the Sri Lankan context with its already existing, highly competitive certification market. The costs of joint-certifications would have been at the same level of international competitors. The subsequent decision to not enter into a Joint Venture and to accredit IndExpo locally rather than through an international accreditation body outside Sri Lanka was the right approach to keep IndExpo's cost structure and the cost of its certification services low.

Technical capacity building was insufficiently combined with institution building.

Very much needed and crucial for successful institution building would have been a more sustained support to IndExpo in "organizational development", in all areas that relate to successfully operating as a service provider based on commercial principles with non-profit orientation. This is for instance evidenced by the poor quality of "business plans" produced with UNIDO support. With a few exceptions, UNIDO's support was essentially focusing on technical capacities only, which is not sufficient to build strong institutions.

The Project did neither have any gender-related objectives, nor was reporting on results disaggregated according to genders.

Recommendations

A. Recommendations to UNIDO (TCB Branch, project specific)

- (1) Finalize the Project as planned
- (2) UNIDO should consider using IndExpo's training and certification services for projects in other countries, in order to increase chances of achieving IndExpo's financial sustainability and provide opportunities for international exposure of staff,.

B. Recommendations to UNIDO (TCB Branch, general)

- (3) In countries with strong, private-sector driven industry associations, UNIDO should replicate the approach to support them to provide business development services (including training, consulting and where appropriate certification).
- (4) In advanced countries where a highly competitive certification market is already in place, UNIDO should discontinue promoting Joint-Ventures with international certification bodies as a means to develop certification capacities. Where in place and credible, UNIDO should promote the use of national accreditation systems.
- (5) Prior to embarking on supporting the establishment of quality schemes such as the "CROWN scheme", UNIDO should as a part of project preparation or a project output during the inception phase:
 - a. Conduct a thorough assessment of potential demand for the scheme among specific target users, considering all other similar schemes already used by the industry
 - b. Conduct a formal in-depth organizational assessment of the host institution
 - c. Ensure that the host institution of the scheme is preferably a strong industry association, which is able to apply the scheme within a large membership base.

- d. Develop a full, detailed business plan and concept for the scheme with the assistance of consultants who have experience in the sector and the country.
- (6) Prior to engaging in strengthening organizations as service providers, UNIDO should as a part of project preparation or an output during the inception phase:
 - a. Conduct a thorough assessment of demand and supply for all potential services to be provided
 - b. Conduct a formal in-depth organizational assessment of the beneficiary institution as a basis to tailor the support needed to specific requirements
 - c. Develop a full, detailed business plan with the assistance of a management consultant who has extensive experience in the sector and the country.
 - (7) In order to effectively build capacities within service providers, UNIDO should:
 - a. Refrain from “operating” providers to be strengthened under a project structure
 - b. Provide tailor-made support, which combines technical with institutional strengthening on a demand basis
 - c. Offer coaching, but not directly involve into daily operations
 - d. Rather than subsidizing salaries and/or operational costs, provide initial revenues to newly established organizations through subcontracts, which should be gradually phased out
 - e. Hand over equipment provided as a contribution to the start-up capital immediately with the responsibility of the beneficiary institution to maintain and amortize it properly.
 - C. Recommendations to CNCI and NCE
 - (8) CNCI and NCE should reinforce the promotion of IndExpo’s certification services among their members.
 - D. Recommendations to IndExpo
 - (9) IndExpo should as soon as possible and in close cooperation with the SLTDA revisit the concept of the CROWN Scheme and explore alternative options for transforming the scheme into a more viable concept. One of the options would be to shift towards an industry-based certification mark aligned to internationally recognized standards for sustainable tourism.

Lessons learned

- **Assisting enterprise associations to offer business development services on a commercial basis but with non-profit orientation is a good approach to ensure access of companies to high quality support services at affordable prices.** Key success factors are that the services are relevant for the associations’ members and promoted through the association.
- **Quality schemes and certification marks** are more effective when receive support based on (a) a careful selection of a host institution (b) and organizational assessment of the host institution and (c) a business plan for the scheme/mark, including assessment of potential demand for the scheme/mark based on a market survey.

Figure 1: Key strengths and weaknesses of the Project

Key strengths	Key weaknesses
<ul style="list-style-type: none"> • Innovative approach: concept of business development service provider embedded in enterprise association validated. • High relevance and quality of IndExpo's services. Certification by IndExpo provided excellent value for money for IndExpo clients. • Substantial benefits of IndExpo's certification services for companies with operational improvements leading to higher product quality and productivity. • Unexpected outcome of originally not planned: More than 58 different training courses with over 3'500 people trained. 	<ul style="list-style-type: none"> • Weak preparation, including no assessment of demand and supply for the CROWN Scheme and IndExpo's services, no organizational assessment of beneficiary institution (IndExpo) • Generic TCB design. Implementation structure not tailored to strategy. Planned UNIDO inputs initially not suitable to project objectives and the objective of strengthening IndExpo • No sustainability strategy • Weak monitoring and reporting (RBM tools not applied) • Late reaction on weak performance of international long-term experts.

1. Background, objectives and methodology

1.1 Background and objectives of the evaluation

This independent final evaluation covers the project “Strengthening international certification capability in Sri Lanka with particular reference to Social Accountability standard (SA8000) and Food Safety (HACCP/ISO 22000) standard” (UNIDO Project TE/SRL/06/004) (“the Project”). The Project was not included into a prior impact evaluation of UNIDO’s support to Sri Lanka’s standards, metrology and testing infrastructure.¹

This final evaluation was conducted by an independent evaluation team composed of Mr. Daniel Keller and Ms. Shashika Dilhani Gunasinghe, guided by the Terms of Reference (ToRs) included in Annex 3, the UNIDO Evaluation Policy² and the UNEG Evaluation Norms and Standards.³ Both evaluators were not involved in the preparation and/or implementation of the Project⁴.

The purpose of this evaluation was to provide the Government of Sri Lanka (GoS), NORAD, IndExpo, UNIDO and other stakeholders with an assessment of project quality in terms of relevance, efficiency, effectiveness, impact and the potential sustainability of its results.⁵ NORAD asked in addition for a brief assessment of the Project’s contribution to the “cross cutting issues” of gender, environment and good public governance. As a particular focus, UNIDO requested an assessment of the approach to strengthen IndExpo as a private-sector owned service provider to companies and to identify key lessons learned in the view of a possible replication in other countries.

According to the ToRs, the scope of this evaluation mainly focused on the period from 1 January 2011 – November 2013 (“Extension Phase”). Prior UNIDO support under the Project between 2008 and 2010 was taken into account, primarily to analyze how UNIDO changed its approach over time and to draw lessons learned from it for future similar projects.

¹ See Independent Impact Evaluation of UNIDO SMTQ Projects in Sri Lanka (covering projects XP/SRL/99/049; TF/SRL/99/003; UB/SRL/00/001; US/SRL/01/108; TF/SRL/01/001 and US/SRL/04/059), UNIDO 2010

² Available from www.unido.org

³ United Nations Evaluation Group (UNEG), Norms for Evaluations in the UN System, April 29, 2005

⁴ This principle is underlined in the UNIDO Evaluation Policy: “For independent evaluations, the members of an evaluation team must not have been directly responsible for the policy-setting, design or overall management of the subject of evaluation (nor expect to be so in the near future)”

⁵ Briefing with the Project Manager by conference call on 13 November 2013

1.2 Country context

Sri Lanka has shown strong economic growth, despite an internal conflict that ended in May 2009 after more than 25 years. Since then, the GoS has been pursuing large-scale reconstruction and development projects in its efforts to spur growth in war-torn and disadvantaged areas, develop small and medium enterprises and increase agricultural productivity. The global financial crisis and recession exposed Sri Lanka's economic vulnerabilities and nearly caused a balance of payments crisis. Growth slowed to 3.5% in 2009, before rebounding following the end of the war and an agreement with the International Monetary Fund (IMF). After an increase of 8% in 2010 and 8.2% in 2011, the GDP growth rate for 2012 reduced to 6.4%. Investments, contributing to around 35% of GDP growth, mostly infrastructure projects funded by loans, were a major driver of GDP growth. The estimated GDP per capita (purchase power parity) reached US\$6,200 in 2012. In early 2012, Sri Lanka floated the rupee, resulting in a sharp depreciation. Measures to curb imports and promote export-oriented industries aimed at curbing the large trade deficit of more than US\$ 8.5 billion, which remains a concern.

Services were the largest economic sector with 57.5% of GDP, followed by industry (31.5%) and agriculture (11.1%). Key export products are: textiles and apparel, tea and spices, rubber manufactures, precious stones, coconut products, and fish. Key export partners in 2012 included: the United States (22.6%), the United Kingdom (9.8%), India (6.4%), Belgium (5.2%), Germany (4.8%), and Italy 4.3%.

While industry and service sectors have been growing steadily, the growth of agriculture has been fluctuating. Major segments under manufacturing are food, beverages and tobacco, textile, apparel and leather. Key agricultural products are paddy, coconut and tea.

1.3 Project description and intervention logic

The Project's intervention theory is that globalization and trade liberalization provides Sri Lankan companies with an opportunity to capitalize on export-led growth. Besides competitive products, successfully exporting to key international markets requires compliance with mandatory standards of buyers and importing countries. Within this context, the Project addressed standard and conformity related issues of trade capacity building (TCB). Overall objective was to "facilitate international market access of Sri Lankan exporters by enabling them to comply with selected international standards, in particular SA8000, HACCP/ISO22000"⁶. The availability of system certification services provided by accredited certification bodies is widely recognized as an important part of what is commonly referred to "national quality infrastructure".⁷

The initial intervention strategy outlined in the project document was to establish and strengthen IndExpo as a private-sector owned certification provider to provide affordable, credible and internationally recognized certification services to companies. UNIDO's original intention was to develop IndExpo's certification services through establishing a

⁶ Project title changed during extension phase to: "Strengthening international certification capability in Sri Lanka"

⁷ See for example: KELLERMANN Martin and KELLER Daniel; Analysis of donor practices in supporting Quality Infrastructure reforms, published by the Donor Committee for Enterprise Development (DCED), DCED, 2014 (publication funded by the Government of Switzerland and UNIDO)

Joint-Venture with the Registrar of Standards (Holdings) Limited and United Registrar of Systems certification body (ROS/URS). The Ministries of Industrial Development and Ministry of Science & Technology were “cooperating partners”, however only marginally involved into the Project’s implementation.

Figure 2: Current and planned system certification services of IndExpo briefly explained

1. **HACCP:** Hazard analysis and critical control points is a systematic preventive approach to food safety and biological, chemical, and physical hazards in production processes that can cause the finished product to be unsafe, and designs measurements to reduce these risks to a safe level.
 2. **ISO 9000:** The ISO 9000 family of standards is related to quality management and designed to help organizations ensure that they meet the needs of customers and other stakeholders, while meeting statutory and regulatory requirements related to the product. The standard requires organizations to document their key procedures.
 3. **ISO 14000:** Refers to a series of standards related to environmental management systems. The standard helps organizations to (a) minimize how their operations negatively affect the environment, (b) comply with applicable regulations, and other environmentally oriented requirements, and (c) continually improve.
 4. **ISO 18001 OHSAS:** internationally recognized assessment specification for occupational health and safety management systems.
 5. **ISO 22000:** Specifies the requirements for a food safety management system that involves the following elements: (a) interactive communication, (b) system management, (c) prerequisite programs, and (d) HACCP principles.
 6. **ISO 27000:** Series of standards related to managing and measuring information security. The standard explains the purpose of an Information Security Management System (ISMS), a management system, used to manage information security risks and controls within an organization.
 7. **ISO 50000:** Series of standards related to energy management systems.
 8. **OHSAS 18001:** Standard for occupational health & safety management systems.
- The above ISO-standards look primarily at the process, i.e. how a product is produced, rather than to the product itself. Certification is performed by accredited third-party organizations rather than being awarded by ISO directly.
- Source: summarized by the evaluators from the website of the International Standards Organization (ISO) (www.iso.org)

Furthermore UNIDO planned to provide IndExpo with support to establish and promote a national food hygiene conformity mark (Crown Scheme), targeting the food and catering sector. Direct target beneficiaries were IndExpo and Sri Lankan consultants who received training. Companies using IndExpo’s certification services or participating in the CROWN Scheme were indirect target beneficiaries.

(a) Implementation between 2007 and 2010

Project implementation started in 2007 with a planned overall budget of US\$ 757,100 (incl. 13% support costs), fully funded by NORAD for an initial duration of two years. Planned national inputs were the provision of necessary office space, staffing and office infrastructure by CNCI and NCE and policy support by the Ministries of Industry and the Ministry of Science and Technology. .

By September 2010, UNIDO reported the following key results (outputs/outcomes)⁸:

- The official registration of IndExpo owned by the CNCI and the NCE, governance system in place (Board of Directors with representation of NCE, CNCI and URS/ROS)
- The establishment of a joint-venture with Registrar of Standards (Holdings) Limited and United Registrar of Systems certification body (ROS/URS) established (holding 30% of the shares of IndExpo)⁹
- The originally unplanned accreditation of IndExpo as a training center by the United Kingdom's Chartered Institute of Environmental Health (CIEH)
- IndExpo conducted six training courses without project support
- IndExpo signed a MoU with the National Cleaner Production Center (NCPC) for joint-provision of courses
- The training of 22 ISO22000 experts and four auditors
- Pilot certification for ISO 22000 conducted for four companies
- The development of a methodology for a ISO22000 gap analysis and implementation process for national consultants and IndExpo
- The design of a national conformity mark scheme (CROWN scheme) in partnership with a similar British scheme (Scores on the Doors), including all operational manuals and checklists
- Piloting of the CROWN Scheme in 17 food establishments
- Two seminars for a total of 110 participants from the public and private sector on "Certification of Food Management Systems and Social Accountability Standards for international markets".

Not further pursued were the planned accreditations of IndExpo for SA8000, ISO9000 and ISO14001, due to limited project funding and "market potential".¹⁰

(b) Implementation of the extension phases (2011 – 2013)

On 13 January 2011, the Project¹¹ was extended (2011/2012) with a total additional funding of € 350,000 (incl. 13% support cost). In 2013, the Project received a final extension with an additional budget of € 75,221 (excluding 13% support cost). From 2011, UNIDO's focus shifted towards ensuring financial, technical and institutional sustainability of IndExpo. Otherwise, the planned objectives (outputs, outcomes) remained largely unchanged, with the exception of adding national capacity development for ISO 50001 Energy Management Systems Standards. UNIDO continued to strengthen IndExpo through trainings, study visits and fielding experts. Direct subsidies to IndExpo's operating costs and UNIDO's operational involvement were gradually phased out. Instead, IndExpo was contracted to provide certain services, both project outputs and outputs for another project

⁸ Implementation Report as per 10 September 2010, reporting from June 2008 to September 2010, which is the first progress report available to the evaluators. According to interviews with key stakeholders, the Project started however already in 2007 and undertook some preparatory work, in particular on the establishment of IndExpo.

⁹ The evaluation revealed that this Joint Venture had never been established; see comments in section II.3 below.

¹⁰ Yet, IndExpo obtained accreditation for those standards and successfully performed certification services.

¹¹ The Project title was changed to "Strengthening the certification capacity in Sri Lanka"

(TE/SRL/12001 “Enhancing the compliance and productive capacities and competitiveness of the cinnamon value chain in Sri Lanka”).¹² At the time of the evaluation, most of the planned outputs had been delivered.

1.4 Methodology and evaluation approach

In keeping with the UNIDO evaluation policy and while maintaining independence, the evaluation was carried out based on a participatory approach, seeking the views of all parties. Whenever possible, while maintaining independence, the evaluators attempted to obtain alignment of key stakeholders on their key conclusions and recommendations. Enrolment of key stakeholders in the evaluation process enhances chances that recommendations are subsequently implemented.

Methodology

The following main evaluation criteria were used for assessing whether the Project has provided the right type of support in the right way:

- **Relevance:** The extent to which project objectives were consistent with beneficiaries’ requirements, member countries’ needs, global priorities and policies.
- **Efficiency:** How economically resources/inputs (e.g. funds, expertise, time) were converted into results¹³ - i.e. “value for money”, including an assessment of quality of service delivery and synergies achieved with other similar programs.
- **Effectiveness:** The extent to which objectives were achieved, or are expected to be achieved, taking into account their relative importance (e.g. significance of results for companies in terms of financial or environmental performance). This evaluation further explored possible unplanned/unexpected negative/positive outcomes.
- **Sustainability:** An assessment of the likelihood that project benefits will continue after the assistance has been completed.

Different evaluation tools were combined to ensure an evidence-based qualitative and quantitative assessment. Particular emphasis was given to cross-validation (triangulation) of data and an assessment of plausibility of the results obtained. Data was collected through desk study (see list of documents included in [Annex 1](#)) and during a field mission to Colombo between 1 December 2013 and 6 December 2013. During the field mission, the evaluators conducted in-depth interviews with all key stakeholders of the Project, both in the form of focal-group discussions and individual interviews (see list of organizations and persons met in [Annex 2](#)). Particular emphasis was given to fact finding at the enterprise level. In-depth interviews with a randomly selected sample of IndExpo’s clients and personal observation at enterprises were used to validate and complement project reports. The enterprise interviews also provided the factual basis to assess the relevance of IndExpo’s services and the CROWN scheme for enterprises. Furthermore, the evaluators obtained qualitative data, including on companies’ motivation, satisfaction and benefits of using IndExpo’s services.

¹² Funded by the Standard and Trade Development Facility, the GoS and UNIDO

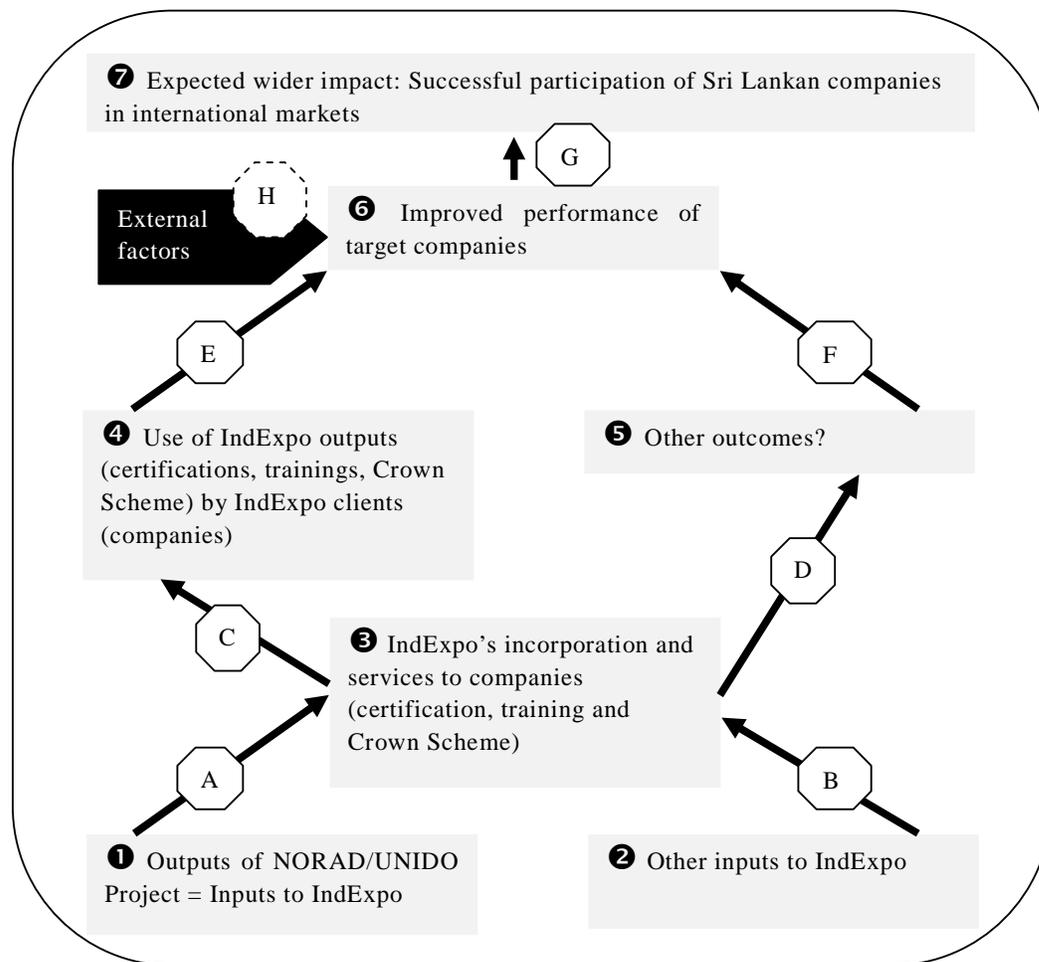
¹³ This is an economic term which is used to assess the extent to which aid uses the least costly resources possible in order to achieve the desired results. This generally requires comparing alternative approaches to achieving the same outputs, to see whether the most efficient process has been adopted.

The evaluators mainly applied deductive reasoning, i.e. based their conclusions and recommendations on evaluation findings.

The evaluation applied the basic principle of “realistic evaluation”: “*Intervention + Environment = Impact*”.¹⁴ Factors *external* to the UNIDO support that may have facilitated or impeded the achievement of the *expected* impacts were thus taken into account. The relative importance of external contributions to the changes observed (e.g. certifications and consulting services provided by other companies) was mainly assessed through company interviews.

Figure 3 tries to capture the “result-levels” and the causal relationships between them. During the evaluation, evolving findings were taken into account and subsequently validated, as far as this was possible.

Figure 3: Causal Chain



¹⁴ Pawson, Ray and Tilley, Nick; Realistic evaluation; 1997

Explanations:

1. Inputs to IndExpo refers to UNIDO services, such as trainings, study visits and financial support (both directly and indirectly through commissioning services to IndExpo funded by the Project and other UNIDO interventions)
2. Other inputs to IndExpo: the evaluation looked at other support IndExpo might have received (such as through shareholders, other donors)
3. IndExpo outputs = project outcomes: System certifications (ISO 9000, ISO 14000, ISO 22000) provided to companies; trainings (CIEH at different levels), CROWN certificates and other services of IndExpo
4. Changes at company level generated through the use of IndExpo's services
5. Other outcomes observed (not at company level), e.g. improved or more competitively priced certification services by competitors.
6. Changes observed at company level (e.g. improved competitiveness, food hygiene, increased revenues, enhanced social standards etc.)
7. Broader economic changes in Sri Lanka (e.g. export competitiveness)

Overall, evaluation findings were consistent and clear. All stakeholders interviewed were willing to openly share relevant information. Preliminary findings were discussed with IndExpo on 6 December 2013. A de-briefing on 16 December 2013 with the Project Manager and the Evaluation Group allowed for a factual verification of key findings and an in-depth discussion of conclusions and recommendations. Factual corrections received were taken into account. The key evaluation results presented below were endorsed by key stakeholders.

Limitations

A key limitation was that the delivery of most of the main outputs relevant to the achievement of outcomes was only completed in 2012 (e.g. the expansion of scope/volume of service provision by IndExpo). It was thus too early to assess the wider impact of project benefits. The evaluators have however tried to assess the likelihood of possible impact.

The project document did not include a logical framework with clear and objectively verifiable indicators. Most of the outputs defined are rather outcomes (use of UNIDO's technical assistance). In order to assess results, the evaluators therefore reconstituted the intervention logic based on interviews with the Project Manager and IndExpo (see [Figure 3](#) above) as far as this was possible. Project reporting was rather weak, partially not accurate and required extensive additional fact finding during a relatively short field mission.

The limited time available for the field mission did not allow for validating interview data against a reference group of companies that have benefitted from similar services from competitors. It was also not possible to interview direct competitors of IndExpo (other certification bodies and training providers in Sri Lanka).

The Project did not have any gender-related, environmental and good public governance objectives and did not report on them. It is at this time not possible to evaluate the (unintended) potential future environmental impact through IndExpo's environment- and energy-related certification services (ISO 14000 and ISO50000).

2. Findings

Nevertheless, despite these limitations, the evaluators were able to collect sufficient factual information to provide a well-founded assessment.

2.1 Project design

This section assesses the quality of project preparation reflected in the original project document and the summary for the extension phase, including its identification and design.

The Project was a timely and appropriate response to a clearly defined, urgent and important development challenge at the time it was designed in 2006: addressing the problem of compliance of Sri Lankan exporters in the food and garment sector with standards required by their buyers, in particular SA8000 and ISO22000/HACCP. Aiming at improving food safety, the quality scheme for food hygiene and safety (“CROWN Scheme), targeting the hospitality and food catering sector, was only marginally related to the Project’s general TCB objectives.

The project concept developed by UNIDO as such was innovative. UNIDO traditionally promoted certification services through the public sector on the grounds that they were a “public good”. This approach showed rather mixed results¹⁵. Some of the target institutions suffered from various conflicts of interests and the quality of their services did not always meet expectations. As a result, certifications issued by them were sometimes not accepted by buyers, as they lacked credibility. Buyers often request certification by larger international providers, which is however not affordable for smaller companies. The approach to strengthen a non-profit organization under the umbrella of enterprise association as a provider of credible, affordable certification services of good quality was a pilot for UNIDO. The thesis was that (a) “ownership” by the private sector and (b) non-profit orientation of the provider (IndExpo) would result in a good value for money for service users.

The innovative approach to strengthen a private-sector driven certification body was however not translated into a project document with a feasible strategic approach. The implementation strategy of the original project document is generic. Rather than crafting a tailor-made approach, UNIDO selected a number of typical outputs (services) from its standard toolbox. Demand and supply of different types of certification services in Sri Lanka were obviously not assessed. Without considering options on how to capitalize on expertise that was already widely available in Sri Lanka, planned outputs emphasized on training of specialists and on conducting pilot projects in companies. Shortcomings in project design and planning significantly affected project quality, particularly in the period before 2010.

Similarly, the revised and generally successful strategy applied from 2011 onwards (see section II.4 below), which mainly focused on strengthening IndExpo as a certification service

¹⁵ See in particular: Thematic Evaluation Report UNIDO activities in the area of Standards, Metrology, Testing and Quality (SMTQ), UNIDO 2010 published on http://www.unido.org/fileadmin/user_media/EVA/UNIDO_SMTQ.pdf

provider, is only reflected in a brief summary, which is not self-explanatory.¹⁶ While the aim was to achieve IndExpo's financial, technical and institutional sustainability, the strategy to achieve this was not clearly spelled out, but developed ad hoc during implementation.

A thorough preparation of both phases would for instance have revealed the challenges of the selected model (combination of CROWN scheme and certification) to sustain (see section II.4 below). Problems that could already have been identified at the design stage are: (a) the conflict of interest of IndExpo to grant the "CROWN" to its certification clients, (b) the lack of demand for a voluntary scheme that is not internationally known and thus would require significant promotion efforts, (c) duplications with the assessment by government inspectors and thus reluctance of companies to undergo yet another inspection, (d) and the insufficient cost coverage. Careful preparation would have revealed that the more companies participate in the CROWN scheme, the less potential certification clients IndExpo will be able to serve.

Both the original project document and the "agreed summary" for the extension phase do not allow for steering and monitoring the Project through applying RBM tools. The updated logical framework does not include specific targets that are linked to Objectively Verifiable Indicators (OVIs). Furthermore, no budget that presents the different in a matrix form according to budget lines and different outcomes was established. As a result, it is difficult for the donor and the beneficiaries to understand how funds were spent (see also section II.4).

Project governance and management structures were not agreed upon. The generic UNIDO management structure practically applied until 2012 was not conducive to strengthening IndExpo as an independent service provider, which was the key objective of the extension phase¹⁷. Consequently, IndExpo was "operated" under a typical project setting, with considerable UNIDO involvement into day-to-day decision making prior to 2013.

While project quality improved significantly from 2011 onwards, this was merely due to the excellent work of the Project Managers, not a result of improved planning. Most of the right strategic steps taken during the extension phase (e.g. subcontracting IndExpo as a way to phase out support, the audit of IndExpo) were originally not planned, but a flexible approach of the Project Managers to respond to evolving needs.

In conclusion: Project preparation of both project phases was unsatisfactory. UNIDO's innovative approach to (a) strengthen a private sector organization to provide credible, affordable certification services of high quality to companies and (b) to establish a quality mark to enhance food safety in the hospitality sector were not translated into a feasible project concept, including an enabling governance/management structure tailored to the implementation strategy. Key shortcomings of project preparation included: No assessment of demand and supply of certification services in Sri Lanka, no clear concept/business plan for IndExpo and the quality mark, and no clear sustainability strategy. Weak preparation resulted in a "trial and error" approach, in particular prior to 2011. Moreover, neither the project document nor the "summary" for the extension phase provide an enabling framework for result-based management and sound project governance, which was one of the reasons for the

¹⁶ See Agreed Summary, "Strengthening international certification capability in Sri Lanka" and Logical Framework TE/SRL/06/004: Strengthening international certification capacity in Sri Lanka (first extension 2011 – 2012)

¹⁷ In practice, the management approach was only changed at the end of 2012, when equipment was handed over and support gradually shifted from directly covering operational cost to providing support by subcontracting specific assignments to IndExpo

unsatisfactory monitoring. As a result of poor planning, prior to 2011, most of the funds were disbursed for technical support that only partially met beneficiaries' needs. The significant improvements of project quality between 2011 and 2013 are clearly the merit of the Project Manager's good performance, not the results of a sound project planning.

2.2 Relevance

The assessment of relevance looks at the extent to which the objectives of the projects were consistent with the requirements of the end-users (companies), the GoS, international priorities and donor policies.

A. Relevance of objectives to the GoS

The project's original objective to enable companies to comply with standards required by buyers and importing countries is well aligned with key policies of the GoS¹⁸. The GoS' aim is to promote economic development and create employment through a thriving, internationally competitive, and environmentally friendly industrial sector that is driven by a vibrant commercial environment. Services provided by IndExpo respond to the aim of the Ministry of Industry and Commerce (MOIC)¹⁹ to promote quality, productivity in local industries, while maintaining social and environmental standards. They complement the MOIC's comprehensive industry support program, which also includes activities in technology development & transfer, export promotion and market and product development.²⁰ The MOIC explicitly welcomes private sector involvement in implementing policies and fully supports private initiatives that contribute to the country's economic advancement, including service provision by IndExpo. Promoting food hygiene in the hospitality industry through the "Crown Scheme" under MoUs with different local and national authorities responds to Sri Lanka's aim to develop high-quality tourism.

B. Relevance of objectives to international priorities

The Project potentially contributes to Millennium Development Goal (MDG) 1 (eradicating extreme hunger and poverty). A competitive industry generates more profits, is more likely to create employment, to pay higher salaries and to contribute more taxes to the state budget, which all has a direct link to poverty reduction.

More indirectly, by building certification capacities in ISO14000 (environmental management systems) and ISO50001 (energy management systems) within IndExpo, the Project also potentially contributes to MDG 7 (environmental sustainability)²¹. The implementation of environmental- and energy-related quality management systems contributes to decoupling economic growth from increased resource use and further environmental degradation, which also affects the livelihood of the population in terms of health, income and wellbeing. The relevance of controlling pollution through the application of environmental- and energy management systems is therefore indirectly also relevant for MDG 1, as it extends to the

¹⁸ Including key policies outlined in the President's "Vision for the Future – A New Sri Lanka, A Brighter Future"

¹⁹ Name changed: former name was Ministry of Industrial Development, one of UNIDO's two partner Ministries.

²⁰ Hand book of Services of the Ministry of Industry & Commerce, and interviews

²¹ It should be noted that ISO 14000 and ISO 50001 are not only relevant for the environment, but also contribute to competitiveness through promoting an economic use of production resources.

people's health and wellbeing, thus to a broader aim to reduce "multidimensional" poverty. Medical cost to cure health damage caused by pollution puts a significant burden on people and the government. The cost for curing environmentally related diseases further limits the purchasing power of the poor and impacts their ability to earn a living. This indicates that the potential relevance of implementing energy- and environmental management systems goes beyond merely environmental and competitiveness aspects, by contributing in addition, more indirectly, to poverty reduction.²².

C. Relevance for beneficiary companies (IndExpo clients)

Companies confirmed that IndExpo's certification services are of high relevance to them and well tailored to their needs. All companies interviewed confirmed that credibility of certification due to IndExpo's "strict" approach in auditing added significant value. They highlighted at the same time the excellent cost-benefit relationship. Remarkably, productivity and competitiveness benefits of certification were seen as more important than complying with buyers' standards. Most companies also highlighted that obtaining certification was not primarily a marketing tool for them. Some companies indicated that their clients require a specific provider to obtain certifications.

Training courses (CIEH) fully met the need of those participants interviewed by the evaluators.

Food safety and hygiene standards promoted through the CROWN Scheme are obviously highly relevant to the hospitality industry. Overall, the CROWN Scheme seems to have met the needs of participating companies, but rather as a means to enforce/improve the application of food hygiene standards than to evidence of service quality to customers. Revealing was the observation that only one company visited displayed the CROWN certificate publically.

D. Relevance in regards to UNIDO's core mandate

The Project is fully aligned to UNIDO's core mandate to promote sustainable industries (including the service sector) in developing countries. Furthermore, it is also relevant to UNIDO's core objective to promote the integration of developing countries in global trade through fostering competitiveness and environmental sustainability of industries. The Project was less relevant to UNIDO's TCB objectives (strengthening export capabilities through support to enhancing access of companies to certification services).

E. Relevance to the UN-Framework in Sri Lanka

The Project's objectives are aligned to the overall objective of UNIDO's Country Program for Sri Lanka (2010 – 2014), which focused on the overall objective to "promote inclusive growth through enhancement of productive activities and the introduction of environmentally friendly technologies" and mentions "quality infrastructure and productivity" as a service.

The alignment of UNIDO's objectives to the UN-Program in Sri Lanka reflected in the UNDAF framework however seems to be rather weak²³. The link to UNDAF Outcome 1

²² See also Desk review, What has UNIDO done to reduce poverty – Evidence from UNIDO evaluations 2008 and 2009, UNIDO 2010

²³ See: The United Nations Development Framework (UNDAF) for Sri Lanka, which outlines

“Economic growth and social services are pro-poor, equitable, inclusive and sustainable in fulfilment of the MDGs and MDGs plus, and focus in particular on the rural areas” is – with the exception of the reference to the “fulfillment of the MDGs” - not obvious.

F. Relevance to the Government of Norway

The Embassy of Norway confirmed that project objectives are well aligned with its policies. The Project was however not relevant to the “cross cutting issues” of gender and public governance, which were not project objectives. It is to some degree potentially relevant to NORAD’s cross-cutting issue of environment (see comments to MDG 7 above).

In conclusion: Project relevance was highly satisfactory. Objectives are well aligned to key policy objectives of the GoS and international priorities. Services provided through IndExpo potentially contribute to MDG 1 (eradicating extreme hunger and poverty) and MDG 7 (environmental sustainability). The Project was fully in line with UNIDO’s core mandate and UNIDO’s objective to promote the integration of developing countries in global trade through fostering competitiveness and environmental sustainability of industries. IndExpo’s certification services met the needs of clients, although not primarily because they facilitated market access, but because they contributed to improved performance in terms of productivity, product quality and environmental sustainability of production. Promoting food hygiene standards through CIEH trainings and the CROWN Scheme potentially contribute to Sri Lanka’s objective to develop high-quality tourism. Project objectives were not relevant to Norway’s “cross-cutting issues” of gender and public governance.

2.3 Effectiveness

Effectiveness looks at the extent to which the development objectives of an intervention were or are expected to be achieved. The original overall objective of the Project was to “facilitate international market access of Sri Lankan exporters by enabling them to comply with selected international standards, in particular SA8000, HACCP/ISO22000”.²⁴ The following section looks at UNIDO inputs provided and results achieved at different levels, as reflected in the causal chain developed by the evaluators, which is presented in [Figure 3](#) above.

Subsequently, the evaluators attempted to compare achieved results with planned results as far as the rudimentary logical framework allowed to identify what the Project intended to achieve (see comments under Sections I.5 and II.1 above).

A. Project outputs = UNIDO inputs to IndExpo

(a) Between 2007 and 2010

- **Pilot Certifications and auditor training:** After reportedly conducting an assessment of potential partner institutions (not documented), UNIDO trained 22 ISO22000 experts and

development objectives for UN agencies for the period of 2008 -2012.

²⁴ The development goal for the extension phase was formulated as: “Facilitate industrial development and export capabilities (and consequently spurring economic growth and employment opportunities) in Sri Lanka by reducing technical barriers to trade through the strengthening of standards, metrology, testing and quality institutional structures and national capacities”, which is a generic objective of UNIDO interventions in the field of strengthening quality infrastructure, yet not directly related to the outputs and outcomes the Project aimed at.

four auditors. UNIDO also covered the fees for pilot certifications were conducted at four companies (by ROS/URS Pakistan under a UNIDO contract). Regrettably, there was in practice virtually no involvement of IndExpo into the pilot certifications. The intention was – in line with the approach UNIDO used in many other countries - to train local consultants who would then work as auditors for IndExpo. A methodology for an ISO22000 gap analysis and implementation process for national consultants and IndExpo was established, but its quality was insufficient to apply it in practice. The Project also conducted seminars for a total of 110 participants from the public and private sector on “Certification of Food Management Systems and Social Accountability Standards for international markets”.

- As an originally unplanned output initiated by the Project Manager, UNIDO assisted IndExpo to become a **CIEH accredited training provider** on Quality Management, Food Hygiene and Safety, Environmental Management and Occupational Health & Safety. CIEH training material was translated into Sinhalese (level 1 and 2) and Tamil (level 1).
- **Furthermore, UNIDO designed a national “conformity mark scheme”** (CROWN scheme), by localizing a similar British scheme (Scores on the Doors), including operational manuals and checklists. Preparation work included two study visits to Great Britain, one focusing on studying the scheme and the second on technical aspects. Participants included inspectors of the Colombo Municipal Council, IndExpo staff and the UNIDO Program Coordinator. Two short-term experts provided on-site support.
- **UNIDO fielded two long-term advisers**, one for six months (full-time) and one for 18 months (part-time). Their specific deliverables remained unclear to the evaluators, but were generally perceived as of mixed quality.
- **UNIDO moreover seconded one Project Coordinator and one Project Assistant** to IndExpo. A project car, office equipment and some furniture were procured and handed over to IndExpo at the end of 2012.

(b) Between 2011 and 2013 (extension phase)

- **Expansion of CROWN Scheme:** After the expiry of MoU with Municipality with Colombo, IndExpo signed new MoUs with the Sri Lanka Tourism Development Authority (SLTDA) the Kotte Municipal Council and the Kaduwela Municipal Council in March 2012. Under these MoUs, two more rounds of “CROWN Awards” were funded. To ensure the effectiveness and transparency, the Crowns Scheme was audited in December 2012 by an international expert (within the scope of a broader management audit of IndExpo). IndExpo is taking actions to improve the scheme in line with the recommendations of the expert (see comments in section II.3 below).
- **Exchange of experience with Laos:** In August 2013, the CEO of IndExpo provided CIEH trainings in Lao PDR²⁵. Also, a delegation of Lao PDR visited Sri Lanka.

²⁵ Project “Enhancing sustainable tourism, clean production and export capacity in Lao People’s Democratic Republic” funded by the Swiss Government, jointly implemented by several UN Agencies, including UNIDO

- **Funding of different activities through sub-contracting IndExpo:** IndExpo completed most services it committed to provide under a subcontract with UNIDO. The ToRs of this contract included: (a) a market survey of certification bodies, (b) promoting of the Crowns scheme to the food businesses, (c) conducting assessment on the training needs in food safety at public and private institutions, (d) conduct five training programs on food safety in cooperation with SLTDA throughout the country, (e) conducting a Gap analysis (GMP and Food Safety) on existing Cinnamon GMP centers in Sri Lanka, (f) conducting an awareness workshop on Food Safety and Good Hygiene Practices (GHP) in the North-Eastern provinces of Sri Lanka to the Hotel sector, (g) conducting an awareness workshop on Good Manufacturing practices (GMP) in the North Eastern provinces of Sri Lanka to the manufacturing sector, (h) conducting awareness seminars on certification at universities, (i) producing a Consumer Guide on Food Safety. Not yet completed is the printing work for the Consumer Guide and the trainings for Cinnamon processing centers in the Southern Province of Sri Lanka²⁶, due to a lack of interested trainees.
- **Energy management (ISO 50001:2011):** UNIDO funded the training of 10 lead auditors by an international certification provider. For the practical part of the training, the auditors were twinned with an experienced Indian expert. UNIDO also supported training of IndExpo staff through the Sri Lanka National Cleaner Production Center (CNCP)²⁷ on energy management requirement and techniques.

B. Outcomes observed at the level of IndExpo (use of UNIDO inputs)

(a) The establishment of IndExpo as a certification body and training provider

Key outcome of the Project was the incorporation of IndExpo in March 2007 as a non-for-profit public company owned by CNCI and NCE, which each hold 50% of the shares. IndExpo is an internationally recognized as Chartered Institute for Environmental Health (CIEH UK) Accredited Training Center. A quality management system as per ISO 17021²⁸ is in place. IndExpo is accredited with SLAB²⁹ to provide certification services³⁰. National accreditations for ISO 50000 and ISO 27000 are currently under preparation (UNIDO will not cover the costs). IndExpo has successfully undergone a financial audit for the financial years 2011/2012. IndExpo is fully staffed with a dedicated, enthusiastic and well-qualified team of consultants and a part-time Director (not full-time as reported). An appropriate governance system is documented and applied in practice (e.g. regular meetings of the Board, evidenced by minutes). All staff salaries are fully paid by IndExpo. Accreditation costs however have so

²⁶ Project: “Enhancing the compliance and productive capacities and competitiveness of the cinnamon value chain in Sri Lanka” (UNIDO TE/SRL 12001) funded by the GoS, UNIDO and the Standard and Trade Development Facility of the World Trade Organization

²⁷ Project TF/SRL/07 “Sri Lanka National Cleaner Production Center”

²⁸ ISO/IEC 17021:2011: Contains principles and requirements for the competence, consistency and impartiality of the audit and certification of management systems of all types (e.g. quality management systems or environmental management systems) and for bodies providing these activities. Certification bodies operating to ISO/IEC 17021:2011 need not offer all types of management system certification. Certification of management systems is a third-party conformity assessment activity. Bodies performing this activity are therefore third-party conformity assessment bodies. Source: http://www.iso.org/iso/catalogue_detail?csnumber=56676

²⁹ Since 13 October 2013, SLAB is a member of the International Accreditation Forum Multilateral Recognition Arrangement (IAF MLA) for Quality Management Systems, Environmental Management Systems and Product Certification.

³⁰ Accreditation for different scopes of: ISO22000, ISO9001, ISO14001, OHAS 18000 (all funded by the Project).

far been covered by UNIDO and IndExpo also still benefitted from a number of UNIDO sub-contracts to perform certain services, including to other UNIDO projects (see below).

Planned, reported³¹ but not materialized has the establishment of a joint venture with ROS/URS (holding 30% of the shares of IndExpo). The idea was that certification services would be jointly provided, whereas certification would be issued by ROS/URS, which was internationally accredited. The unexpected negative outcome was that ROS/URS were not willing to use local experts and that prices imposed by ROS/URS were not competitive, partially also due to high travel cost to fly auditors to Sri Lanka. The idea of a joint venture was subsequently abandoned and IndExpo decided to obtain national accreditation.

Also not materialize did the planned cooperation agreement between IndExpo and the Sri Lanka Standards Institute (SLSI), initiated by UNIDO, since SLSI required an undertaking by IndExpo not to undercut prices offered by SLSI. CNCI and NCE rightly refused such a cartelistic practice. The reason for UNIDO suggesting this partnership agreement became not entirely clear, other than that the SLSI was a partner in prior projects.

None of the consultants trained prior to 2010 (pilot schemes on ISO22000) are available to work for IndExpo. Most returned to their employers and some are working for IndExpo's competitors. Another issue was that some of the trained auditors were actually employed in the industry or as instructors in schools and therefore not available for assignments, which indicates a selection of the wrong participants.

(b) The “Crown Scheme”

In 2010, the CROWN Scheme was piloted in 17 food establishments in Colombo, 10 of which received the award. In 2012, 14 establishments from four destinations were awarded (out of 20 selected) and in 2013 21 more. Over 50% of them did not participate a second time (six from Colombo, one from Kotte Municipal Council area and the rest of four other districts). CROWN Scheme participants were suggested by the Sri Lanka Hotelier Association, after consulting their members. A board consisting of SLTDA and IndExpo pre-selected the candidates. Since 2012, IndExpo has independently managed the CROWN Scheme.

(c) Trainings for companies

Between 21 November 2008 and 21 October 2013, IndExpo organized and delivered approximately 58 different training programs (including CIEH courses) of which at least 45 were conducted without any direct UNIDO support. According to project records, at least 3,500 people benefitted from IndExpo's trainings (figures reported by IndExpo are higher).

(d) System certification services provided by IndExpo

According to its records, IndExpo has so far issued 40 certifications of which: 29 certifications for ISO22000 (in the scope of manufacturing, catering, export of fresh food and vegetables, food packaging); ISO 9001: 10 in the scopes of fire protection, electricity supply,

³¹ The information in the progress report as per 22 September 2010, page 2 on the establishment of the Joint Venture did not reflect the facts.

packaging, ceramic ware, apparel, bottled water, and training)³²; ISO 14001: one organization (apparel)³³; OHAS 18000: 1 organization manufacturing stationary. Remarkably, IndExpo has refused applications of companies that obviously did not fulfill the conditions for certification. This indicates a high degree of integrity. Prices of IndExpo are generally 20% lower than of the state-owned provider (SLSI) and around half of the cost of international certification providers operating in Sri Lanka. IndExpo fills a niche by providing credible, high-quality certification services at affordable prices to companies that aim primarily for certification as a tool to improve their operations.

C. Outcomes observed at the level of IndExpo's clients (use of IndExpo's services)

(a) Effects of system certification services

All enterprises interviewed confirmed the high quality of service, which is also reflected in the high customer satisfaction documented in IndExpo's quality control system (maintained in line with the ISO 17021 standard). Companies also highlighted that IndExpo as a small organization as opposed to a large international service provider was able to specifically cater to their needs. IndExpo's certification clients perceived significant benefits from obtaining certification according to all standards. Remarkably, the key value of system certification for all of the companies interviewed was to enhance production processes, which resulted in higher productivity, product quality and competitiveness. This is a strong indication for the high quality IndExpo's services. Access to new clients or the ability to fulfill buyers' standards was not the primary benefit for them. One company reported a reduction of labor accidents following the certification according to ISO9001 (not OHAS 8000!), because the workers more strictly follow internal procedures. Many companies seem to be concerned about their environmental footprint; some of them have been or plan to be certified according to ISO 14000.

(b) Crown Scheme

Companies that have been awarded the CROWN Scheme reported significant improvements in maintaining food hygiene standards. The evaluators were not able to validate the improvements, because time did not allow for assessing the audit records. The CROWN Scheme seems to have been mainly a tool for continuous improvement. Not the award, but the process of auditing and eliminating non-conformities was important. Only one of the companies interviewed felt that the CROWN Scheme resulted in higher competitiveness or new clients. It should be noted that the implementation of the CROWN scheme consumed considerable resources and caused IndExpo to a certain degree to deviate from certification provision. On the other hand, the CROWN scheme increased IndExpo's standing and visibility and provided some revenues while gradually building up its certification client base.

(c) Trainings provided by IndExpo

The small and statistically not representative sample of course participants interviewed felt that the CIEH courses they attended were of high value and practical applicability. Neither IndExpo nor the Project has tracked the outcomes of training courses at the level of companies. At one particular hotel in Colombo, 200 staff attended a CIEH course and the

³² In addition audit and document review for additional two organizations are currently ongoing.

³³ Two more organizations reportedly expressed interest

management confirmed that the course was instrumental to them to ensure the internal implementation of food hygiene standards.

D. Wider impact

(a) System Certification services provided by IndExpo

Considering that IndExpo is only one of 15 certification bodies are currently operating in Sri Lanka (not yet including non-resident certification providers), the impact on improving certification in Sri Lanka overall is marginal. The SLBA estimates that about 200 organizations are certified according to ISO22000, 2,000 organizations according to ISO9000, and around 200 companies according to ISO14000. An impact of the total 40 certifications issued by IndExpo on the certification market seems unlikely. No evidence was found that the emergence of IndExpo would have influenced prices, credibility or quality of certification services in Sri Lanka. A market impact would require a significant scaling up of IndExpo's operations and this seems from today's perspective rather unlikely to occur.

(b) CROWN Scheme

According to the SLTDA, Sri Lanka has around 7,000 – 8,000 classified hotel rooms (star-rated), and around 15,000 unclassified rooms (which also include a number of top-hotels, e.g. the Gall Face Hotel in Colombo). Around 3'000 hotels are operating in Sri Lanka. Only a few hotels outside Colombo more than 100 hotel rooms, none has more than 200 rooms. An estimated 25% of hotels do not have licenses and are thus not eligible to CROWN scheme. Enterprises the hospital currently participating in the CROWN scheme are only a small fraction of the catering, restaurant and hotel sector. Impact of the CROWN scheme has so far been very limited.

(c) Training services provided by IndExpo

It was not possible to track wider impact of trainings in Sri Lanka at a statistically relevant sample of companies. Based on the positive outcomes of trainings at the companies interviewed and the large number of trainees (CIEH courses in particular) from all over Sri Lanka, it seems however likely that IndExpo's training services did generate some positive impact on food hygiene and safety within Sri Lanka's catering, hospitality and food processing industry.

E. External factors contributing to results at all levels

Key external factors that contributed to results at all levels included:

- Firstly, a generally enabling environment for successfully operating a private certification and training provider to operate was pivotal. This includes a strong culture of entrepreneurship and a vibrant private sector with many companies striving for "excellency" in operations and long-term success (rather than short-term profits). Many interview partners highlighted that Sri Lanka's entrepreneurial culture is conducive to applying standards in general. Standards are applied not mainly because buyers require them, but because enterprises see a value added in applying them.
- Secondly, the availability of local expertise to IndExpo and within client companies (already prior to the Project) significantly contributed to results. The Project did not start from scratch. It would be unlikely that a project would be able to "create" demand for certification and training within a very limited time.

- Thirdly, an important precondition for the viability of the “IndExpo model” was also that affordable and credible national accreditation (through SLAB) became available.
- Last but not least, the strong backing of government agencies (MOIC, SLTDA for the CROWN scheme), and the managements of CNCI and the NCE was essential. In some other countries, the model of IndExpo would have faced strong resistance by traditionally government-operated service providers. Having said this, the full potential of CNCI and NCE to market IndExpo’s services among their membership (beyond providing advertisement space in publications) has yet to be exploited. Only one certification client interviewed was indirectly introduced by CNCI.

In conclusion: Overall, effectiveness was satisfactory. Due to the lack of clearly defined targets, an assessment of planned against achieved results at outcome and impact levels was not possible. Most planned and some additional outputs have been delivered. The key outcome was the development of IndExpo as a private certification body, a host of the CROWN scheme and a successful training provider, including CIEH courses. IndExpo’s certification services provided an excellent value for money in terms of credibility, affordability and quality of service. IndExpo clients reported significant competitiveness benefits from obtaining certification, but more in terms of improving productivity and product quality than in their ability to attract new clients or enter new export markets. The number of trainees who benefited from CIEH training is impressive, but it was not possible to track outcomes of trainings (practical application) at the level of companies. Key benefits of the CROWN scheme were operational improvements at participating enterprises (relating to food hygiene), less so however their reputation among clients. Furthermore, the CROWN scheme increased IndExpo’s standing and visibility. Considering the high number of certification providers and certified companies in Sri Lanka, the broader impact of IndExpo’s services is rather low and is unlikely to result in significant changes within the certification market. The same applies to the CROWNS Scheme, with an extremely low reach among the thousands of possible target companies. The potential of successfully scaling up the CROWN Scheme in its current form is low. Among the three services of IndExpo, trainings of approximately 6,000 persons in 94 courses nationwide, an originally unplanned outcome, had possibly the broadest impact.

2.4 Efficiency

This section looks at how economically inputs were converted into outputs. As a preliminary remark, the Project did not report financial figures against both budget lines and outcomes. While financial report provide information on the types of expenditures (e.g. international expertise), disbursements are not allocated to different outcomes. An analysis of funds used (inputs) versus results achieved, which is the basis of assessing efficiency, is not possible. The evaluators therefore attempted to assess efficiency based on anecdotic evidence received through stakeholder interviews.

A. Approach and quality of expert input

The approach used prior to 2011 to develop certification capacity through auditor trainings and pilot certification projects implemented by URS/ROS with very limited involvement of IndExpo, was costly and led to very limited results (see detailed comments in section II.2 above). Equally, the value added of expertise provided by UNIDO’s long-term advisers was

low. From 2011 onwards, efficiency improved significantly. Main reasons were UNIDO's new focus on providing tailor-made support to develop IndExpo as a certification and training provider. Expertise provided from 2011 onwards generally met the needs of IndExpo and was of high quality. UNIDO selected the right experts and provided the appropriate trainings to the right beneficiaries in the right form, as evidenced by feed-back of IndExpo and the good quality of expert reports³⁴. Beneficiaries perceived UNIDO services delivered from 2010 onwards generally as more useful and of higher quality.

Particularly efficient was UNIDO's approach to eventually replace direct subsidies (payment of IndExpo's running cost) through subcontracting IndExpo to provide services. But the shift from "operating" IndExpo under a project structure came rather late and was only fully implemented at the end of 2012, when UNIDO staff left IndExpo and equipment was handed over. More efficient would have been to withdraw staff hand over all equipment to IndExpo prior to the extension phase and then to support IndExpo through gradually phased out subcontracts, complemented through specific capacity building on a demand basis.

Very much needed and crucial for successful institution building would have been a more sustained support to IndExpo in "organizational development", in all areas that relate to successfully operate as a service provider based on commercial principles with non-profit orientation. Significant room for improvement is for instance evidenced by the poor quality of business plans produced with UNIDO support. UNIDO's support was essentially focusing on technical capacities only, which is not sufficient to build strong institutions. Recognizing the importance to strengthen "management aspects", UNIDO commissioned an international audit and consultancy firm to conduct a "management review" in early 2014, which is – although rather late – a good way to support IndExpo in enhancing its operations as a business.

B. Analysis of financial implementation

Figure 4: Expenditures according to outputs and UN budget lines (reported by UNIDO) in US\$

SL #	BL	Details	Total budget approved (see project extension document)*	PAD* Aggregate of installments	Total Expenditure	Balance
1	11-01	International Experts	274,458.57	274,458.57	272,469.30	1,989.27
2	17-00	National Experts	270,768.79	270,768.79	270,833.78	-
3	15-00	Travel of project staff	25,636.53	25,636.53	25,435.12	201.41
4	16-00	Mission costs	41,162.57	41,162.57	41,162.57	-
5	21-00	Subcontracts	139,265.15	139,265.15	137,437.19	1,762.97
7	30-00	In-service training & Study tours	168,713.58	168,713.58	163,295.24	5,483.33
8	45-00	Equipment	46,265.60	46,265.6	45,549.95	715.65
9	51-00	Sundries	73,205.38	73,205.38	72,885.39	319.99
Total (excl. support costs)			1,039,476.17	1,039,476.17		10,472.62

³⁴ As an example: Report on Audit of IndExpo Certification Limited by Kevin Swoffer, UNIDO Expert.

An analysis of financial data in progress reports shows that of the disbursements in [Figure 4](#) above, € 350,000 incl. 13% support cost (first extension) and € 85,000 incl. 13% support cost (final extension) were spent between January 2011 and December 2013, while the remaining funds of roughly 50% of the total budget (US\$500,000) in the period from 2007 - 2010.

Few of the outputs resulting from the approximately US\$500,000 spent before the extension phase contributed to the outcomes reported in Section II.2. As a significant contrast, most of the outputs generated through funds disbursed during the extension phase (2010 – 2013) were instrumental for the Project's key achievements. This confirms the conclusion drawn based on anecdotic evidence (see above), which indicated a clear shift in 2010 towards a significantly more efficient way to provide technical assistance.

The following factors reduced overall efficiency of project implementation:

- The initially inappropriate approach to develop IndExpo (Joint-Venture, pilot certifications with limited involvement of IndExpo and not accurately selected candidates for auditor trainings), prior to 2011.
- Costly international advisers who generated very few results, including a CTA who worked for the Project prior to 2009 and a part-time international adviser at IndExpo.
- The high costs for the implementation of certain activities (e.g. contracting of an event organizer for the launch of the CROWN scheme at a price that was several times higher than for the award ceremony organized in the following year directly by IndExpo).
- While the Program Coordinator seems to have contributed some technical expertise prior to 2010, her value added from 2011 onwards was rather limited. The Project Secretary mainly worked on fulfilling different administrative work for UNIDO. Only at the beginning of 2013, UNIDO offered both them a new position in the Project: “Enhancing the compliance and productive capacities and competitiveness of the cinnamon value chain in Sri Lanka” (UNIDO TE/SRL 12001).

The fact that the services of the two international experts, the piloting of ISO22000 in companies with auditor training and most of the input of UNIDO Program Officer only marginally contributed to the outcomes means that at least 30% of overall disbursements were not causal for achieving results. Considering that (a) most of those expenditures accrued prior to 2011 and (b) most result were recorded after 2011 once again confirms the significant increase of efficiency during the Project's extension phase.

C. Project management and implementation

Overall, project management was initially weak. From 2010 onwards, the Project Manager and management of IndExpo played a pivotal role in transforming a poorly designed project with initially very limited results into an intervention that finally led to tangible benefits. Many of the substantial outcomes achieved after 2011 are a result of a flexible, unconventional approach to adapt to changed needs. Many UNIDO inputs (e.g. the support to CIEH certification) were originally not planned, but opportunistically integrated into the Project. Both the Project Manager and IndExpo went out of their way to pilot and continuously improve innovative approaches to serve the needs of Sri Lankan companies.

Although the Project was to a large degree “agency led”, UNIDO was generally responsive to take up suggestions made by IndExpo. Occasionally however, the Project Manager reacted

late to arising challenges, such as to significant personal conflicts between IndExpo staff and the UNIDO Project Coordinator.

Moreover, project monitoring and reporting did not meet good practices of result-based management. The mostly activity-based reports produced are incomplete, unclear, and partially inaccurate. Examples: In 2010, UNIDO still reported the existence of a joint venture between IndExpo and URS/ROS, although it never existed. UNIDO's last progress report firmly states that IndExpo has achieved financial sustainability, which it is clearly not the case if the estimated accrued costs for maintaining IndExpo's accreditations for different system certification services are properly taken into account (see section II.5 below). On the other hand, the impressive results of IndExpo's system certification services at company level were not monitored and reported on, although achieving changes at the company level was the key project objective. The same applies to the outcomes of CIEH trainings and the CROWN mark.

D. Synergies with other UNIDO interventions

The Project Managers opportunistically capitalized on arising opportunities for economies of scale and scope with other UNIDO projects. This generated the following main synergies:

- IndExpo provided some trainings to the beneficiaries of the project “Enhancing the compliance and productive capacities and competitiveness of the cinnamon value chain in Sri Lanka” (TE/SRL 12001) funded by the GoS, UNIDO and the Standard and Trade Development Facility.
- Under a MoU with the Sri Lanka National Cleaner Production Center (NCPC), the NCPC (supported by UNIDO through Project TF/SRL/07 “Sri Lanka National Cleaner Production Center”) provided trainings to IndExpo staff on topics relating to energy management.
- IndExpo provided trainings to staff of the Lao National Institute of Tourism and Hospitality, LANITH, funded by the Government of Luxemburg and the host of a tourism quality mark developed with UNIDO's assistance under the Inter-Agency Cluster “Enhancing sustainable tourism, clean production and export capacity in Lao People's Democratic Republic” funded by the Government of Switzerland. Exchanges took place in the form of a study visit to Sri Lanka and trainings provided by IndExpo in Laos. This is an excellent example of promoting a meaningful south-to-south cooperation between a more advanced developing country and a least developed country (Laos).
- We found no evidence of direct links to other donor-funded projects in Sri Lanka.

In conclusion: Efficiency of the project was satisfactory (unsatisfactory until 2011 and satisfactory from 2011 – 2013).

During the initial stage until 2011, efficiency was low due to an inappropriate strategy to achieve the objectives and its flawed implementation. Factors that contributed to the low efficiency were in particular: (a) the choice of working towards the establish a joint venture between IndExpo and an international certification body, (b) the training of auditors that were subsequently not available to IndExpo, (c) pilot certifications conducted by URS/ROS with only marginal involvement of IndExpo, (d) the poor performance of UNIDO long-term experts and the fact that no timely action was taken to replace them. All of this resulted in a significant waste of resources.

During the extension phase (2011 – 2013) efficiency increased significantly. Key reasons were: (a) a shift towards capacity building activities that were much better tailored to the needs of IndExpo, (b) selection of experts that added value and (c) generally the approach to support IndExpo through subcontracts rather than to subsidize expenditures. Efficiency could have been further increased by granting IndExpo full autonomy in how to produce the required outputs and by withdrawing the UNIDO Project Coordinator and the Project Assistant and an earlier stage. During the extension phase, the Project further achieved some synergies with two other UNIDO-funded projects in Sri Lanka and with one Project in Laos. The links to Lao PDR are an excellent example of promoting a meaningful south-to-south cooperation between a more advanced developing country and a least developed country within the framework of technical cooperation.

2.5 Sustainability

This section looks at the likelihood of continued benefits beyond the end of the Project.

A. Sustainability of IndExpo as a certification and training service provider

Technical sustainability is clearly evidenced by the successful track-record of IndExpo in serving company clients. The same applies to training activities. Since IndExpo provides all its services fully independently from UNIDO support, continuity of technical capacities at IndExpo beyond the end of the Project seems likely. IndExpo is properly incorporated and backed by two large enterprise associations as shareholders. A clear, well-functioning governance and management structure in place. The books of IndExpo have been audited with no qualifications. IndExpo's management and staff are committed, knowledgeable and able to ensure daily operations with no further financial or technical support. There is a high degree of probability that IndExpo is institutionally sustainable.

An analysis of reported financial figures and financial forecasts by the evaluators shows that achieving break-even would require to generate around 100 certifications per year, which is more than twice as much as the certifications issued in 2013. This assumption is made on the basis that (a) there will be no further UNIDO contracts (b) the financial impact of hosting the Crown Scheme on IndExpo is neutral and (c) the cost of accreditation of around US\$2,000 per standard per year (approximate figure, depending on the number of scopes of accreditation) remains unchanged and (d) the current revenues from training courses are maintained.

Although management expressed a high degree of confidence in achieving a target of up to 100 yearly certifications in 2014 or 2015 and IndExpo has a promising pipeline of potential clients, the target seems rather ambitious. UNIDO could significantly contribute to the financial sustainability of IndExpo by continuing using IndExpo's certification and training services in other countries over a period of the next 2 – 3 years. This would in addition enable IndExpo to gain an additional international track-record, which is important for the credibility among larger clients. CNCI and NCE could contribute to financial sustainability of IndExpo by more actively promoting certification and training services among their members. The strong ownership and backing of its two major shareholders provides some additional assurance that IndExpo would receive support in case of temporary financial difficulties. Overall, from today's perspective the likelihood of financial sustainability is medium.

B. Sustainability of the CROWN Scheme

The demand of hotels and restaurants to participate in the CROWN Scheme has been rather low. It seems that IndExpo faces difficulties to attract new clients. Some of the exiting CROWN clients decided not to renew their certificates. One of the reasons might be that the CROWN Scheme is not mandatory and essentially duplicates inspections required by the law. Furthermore, IndExpo does not have a membership base among which the CROWN Scheme could be promoted. Another reason is that the CROWN Scheme is internationally not known. Even to make it known in Sri Lanka in order to develop its potential for marketing purposes would require significant additional investments into promotion, for which no funding is available. IndExpo will not be able to further subsidize the CROWN Scheme. Offering it not only absorbs considerable resources within IndExpo's small team. Due to possible conflicts of interest, IndExpo may not conduct system certifications for CROWN scheme participants. Each CROWN Scheme client is thus also a lost prospective certification client. Overall, it seems unlikely that the CROWN Scheme will continue in its present form beyond the expiry of the ongoing MoUs. There is thus an urgent need to discuss and rethink the concept.

A possible option could be to transform the CROWN Scheme into an industry-driven initiative (e.g. of the Sri Lanka Hotel and Tourism Association) rather than a government partnership approach. Sustainable tourism is likely to become increasingly important, especially for larger hotels that would also be willing to pay for certification if this helps their marketing efforts with international tour operators. IndExpo with its training operation and links to the Sri Lankan government agencies would be well placed to promote sustainable tourism standards. The following three options suggested to IndExpo merit a positive consideration³⁵: (1) to develop a Sri Lanka National Scheme to GSTC Standards, without the involvement of any external organization or specific Sri Lankan organizations; (2) to facilitate the development a Sri Lankan National Scheme to GSTC³⁶ Standards working with specific Sri Lankan organizations; (3) to facilitate the development a Sri Lankan National Scheme to GSTC Standards working with specific Sri Lankan organizations and external organizations.

In conclusion: Overall, the sustainability of outcomes is moderately likely (likely for the service provision of IndExpo, unlikely for the CROWN Scheme in its current form).

Certification and training services: From today's perspective IndExpo is technically and institutionally sustainable. It seems moderately likely that IndExpo will become financially sustainable by 2014 or 2015, provided that the rather ambitious business targets are met. If this is the case, IndExpo will be able to continue providing services of high quality at an affordable price to Sri Lankan companies. The strong ownership and backing of its two major shareholders provides some additional assurance that IndExpo would receive support in case of temporary financial difficulties. **CROWN Scheme:** The likelihood of sustainability of the CROWN Scheme in its current form is questionable, but could be enhanced by redesigning the scheme in a way that it better meets industry needs.

³⁵ See Annex to report of Mr. Kevin Swoffer, UNIDO Expert

³⁶ Global Sustainable Tourism Criteria for hotels and tour operators, see also: <http://www.gstcouncil.org/>

3.

Conclusions and overall rating

3.1 Conclusions

- i. **IndExpo's certification services developed with UNIDO's assistance are of high relevance and resulted in tangible benefits among client companies**

IndExpo's certification services fully met the needs of its clients. All companies interviewed confirmed the excellent service received. With prices around 20% - 50% lower than those of competitors, IndExpo fills a niche by providing credible, high-quality services at affordable prices to companies that use certification primarily to gain a competitive edge through operational improvements. Increased competitiveness in terms of enhanced productivity and product quality were seen as the key benefits of obtaining certification from IndExpo. Meeting customer requirements or the use of the certificate as a marketing tool was perceived as less important. Considering that at least 15 certification bodies are operating in Sri Lanka and over 2,500 companies have obtained one or several certificates, the Project's wider impact on the certification market has so far been limited. The evaluation found no evidence that the establishment of IndExpo influenced pricing and service quality in the market.

- ii. **Partially as a result of UNIDO's originally not planned support to accreditation for CIEH courses, IndExpo trained over 3,500 persons in 58 different training courses.**

Although participants reported a high satisfaction rate, it was not possible to collect sufficient information to assess the outcomes of trainings at company level in detail. Based on the positive outcomes reported by the limited number of companies interviewed and the large number of trainees (CIEH courses in particular) from all over Sri Lanka, it seems however likely that IndExpo's training services did generate a positive impact on food hygiene within Sri Lanka's catering, hospitality and food processing industry.

- iii. **While IndExpo is clearly institutionally and technically sustainable, achieving financial sustainability would require doubling the number of certifications, which seems ambitious.**

Technical sustainability is clearly evidenced by the successful track-record of IndExpo in serving company clients. A strong indication for institutional sustainability is the fact that IndExpo operates independently under a well functioning governance and management structure. Although IndExpo has a promising pipeline of potential clients, the target of increasing the number of certifications from 40 to 100 to achieve break-even seems rather ambitious. While IndExpo is well placed to move in a number of directions, careful consideration must be given to how the organization positions and markets itself. Contracting IndExpo for training and certification services for other UNIDO projects would significantly enhance chances of sustainability. Moreover, it would provide IndExpo with the opportunity to gain an international track-record, which is important for the credibility among larger clients. CNCI and NCE could contribute to financial sustainability of IndExpo by more actively promoting certification services among their members.

- iv. **The Crowns Scheme provided IndExpo with visibility and a revenue source through training services during the start-up period while preparing to develop its certification services. Although companies highlighted substantial benefits from their participation in the CROWN Scheme, its sustainability in the current form is questionable.**

The CROWN Scheme fulfilled its aim to provide IndExpo with an initial revenue source and a “Unique Selling Point”, while building up its certification business. Operational improvements resulting from implementing audit recommendations were the key value added of the CROWN Scheme for beneficiary companies. However, participating in CROWN Scheme did otherwise not result in any comparative advantage for them. Demand of hotels and restaurants to participate in the CROWN Scheme is low. The CROWN Scheme is not mandatory and essentially duplicates inspections required by law. IndExpo does not have a membership base among which the scheme could be promoted. Since the CROWN Scheme is neither nationally nor internationally known, it adds little value as a marketing tool. Implementation of the CROWN Scheme consumes significant management resources and somewhat distracts IndExpo from its core business. Furthermore, due to possible conflicts of interest, IndExpo is not allowed to provide certification services to CROWN Scheme participants. Each company participating in the CROWN Scheme is thus potentially a lost certification client. For those reasons, the advantages for IndExpo to continue operating the CROWN Scheme are limited. The viability of the CROWN Scheme is questionable, unless its concept is entirely revised.

- v. **Strengthening IndExpo owned by two member-driven enterprise associations is an innovative approach to provide companies with access to high quality certification and training services.**

UNIDO traditionally promoted certification services through the public sector on the grounds that they were a “public good”. This approach showed rather mixed results. Some of the target institutions suffered from various conflicts of interests and the quality of their services did not always meet expectations. Lacking credibility, certifications issued by them were sometimes not accepted by buyers. Project results validated the thesis that (a) “ownership” by the private sector and (b) non-profit orientation of the provider (IndExpo) results in a good value for money for service users. A stronger promotion of services among the chambers’ members would further increase the benefits of embedding IndExpo into CNCI/NCE.

- vi. **Weak project preparation and inappropriate strategic decisions from UNIDO resulted during the first project phase in a trial-and-error approach, which negatively affected project efficiency. Efficiency improved significantly through refocusing support towards institutional and technical strengthening of IndExpo from 2011 onwards.**

Careful project preparation is a crucial success factor for project quality and is even more important for the piloting of new approaches. While the concept of strengthening a private sector institution was new, the original project design implemented from 2007 - 2010 was a generic replication of standard TCB projects. Project preparation did not include a market study and a business plan. Planned outputs were a selection from UNIDO’s standard tool box, rather than a set of services tailored to IndExpo’s specific needs. The concept of running IndExpo as a typical UNIDO project operation was not adapted to the objectives to develop an institutionally, technically and financially sustainable high-quality service

provider. Almost all funds prior to 2010 were spent on UNIDO inputs that were only marginally relevant for the outcomes achieved. Without highly committed and capable counterparts and a UNIDO Project Manager who went out of his way to turn the Project around, very few results would have been achieved.

vii. Subcontracting IndExpo for specific project-related services from 2011 onwards was an appropriate way to gradually phase out support in the view of ensuring sustainability.

The approach to eventually replace direct subsidies to staff salaries through subcontracting IndExpo to provide services from 2011 onwards was appropriate. This is also validated by other UNIDO projects, e.g. the support to more mature National Cleaner Production Centers. But the shift from “operating” IndExpo under a project structure towards paying for specific project-related services came rather late. Handing over all equipment to IndExpo and proving support through gradually phased out subcontracts, complemented through specific capacity building on a demand basis should have started right after IndExpo was incorporated.

viii. In the Sri Lankan context with its already existing, highly competitive certification market, UNIDO’s initial approach to develop certification capacities through promoting a Joint Venture between IndExpo and an international certification body was not effective, mainly because it would not have addressed the problem of high certification costs.

The original idea to develop IndExpo’s certification capacities through promoting a Joint-Venture between Registrar of Standards (Holdings) Limited and United Registrar of Systems certification body (ROS/URS) was ineffective in the Sri Lankan context with its already existing, highly competitive certification market. The costs of joint-certifications would have been at the same level of international competitors. The subsequent decision to not enter into a Joint Venture and to accredit IndExpo locally rather than through an international accreditation body outside Sri Lanka was the right approach to keep IndExpo’s cost structure and the cost of its certification services low.

ix. Technical capacity building was insufficiently combined with institution building.

Very much needed and crucial for successful institution building would have been a more sustained support to IndExpo in “organizational development”, in all areas that relate to successfully operating as a service provider based on commercial principles with non-profit orientation. This is for instance evidenced by the poor quality of “business plans” produced with UNIDO support. With a few exceptions, UNIDO’s support was essentially focusing on technical capacities only, which is not sufficient to build strong institutions.

x. Gender

The Project did neither have any gender-related objectives, nor was reporting on results disaggregated according to genders.

3.2 Overall rating of the project

Criterion	Evaluators' comments	Evaluators' rating
Relevance	Fully in line with international priorities, national policies and the needs of target enterprises.	Highly satisfactory
Achievement of results		
Effectiveness	Substantial, tangible results achieved at enterprises level; limited broader impact due to small market share of IndExpo and low number of CROWN awards	Satisfactory
Efficiency	Mixed quality of some UNIDO inputs in particular until 2010, synergies with other projects,	Satisfactory
Project management		Satisfactory
National management	High degree of ownership of IndExpo despite initially limited involvement in management	Highly satisfactory
UNIDO management	Flexible to adapt the project, innovative, but occasionally not responsive.	Satisfactory
Monitoring/self-evaluation	No documentation of results at enterprise level. Reports partially incomplete, not against logical framework (which was not in line with good practices).	Unsatisfactory
Synergies	Attempt to capitalize on synergies with other UNIDO projects/partners in Sri Lanka (NCPC, Cinnamon Project) and Lao PDR	Satisfactory
Sustainability of outcomes		Moderately likely
Outcomes	IndExpo is institutionally and technically sustainable, financial sustainability moderately likely; sustainability of CROWN Scheme in its current form unlikely.	Moderately likely
Contextual factors	Support and interest of key stakeholders to revise the CROWN scheme; improved promotion of IndExpo among CNCI/NCE members.	Moderately likely
UNIDO-specific ratings		Satisfactory
Quality at entry		Unsatisfactory
Implementation approach	Prior to 2010: Unsatisfactory	Satisfactory
Overall rating		Satisfactory

4. Recommendations and lessons learned

4.1 Recommendations

A. Recommendations to UNIDO (TCB Branch, project specific)

- (1) Finalize the Project as planned.
- (2) In order to increase chances of achieving IndExpo's financial sustainability and provide opportunities for international exposure of staff, UNIDO should consider using IndExpo's training and certification services for projects in other countries.

B. Recommendations to UNIDO (TCB Branch, general)

- (3) In countries with strong, private-sector driven industry associations, UNIDO should replicate the approach to support them to provide business development services (including training, consulting and where appropriate certification).
- (4) In advanced countries where a highly competitive certification market is already in place, UNIDO should discontinue promoting Joint-Ventures with international certification bodies as a means to develop certification capacities. Where in place and credible, UNIDO should promote the use of national accreditation systems.
- (5) Prior to embarking on supporting the establishment of quality schemes such as the "CROWN scheme", UNIDO should as a part of project preparation or a project output during the inception phase:
 - a. Conduct a thorough assessment of potential demand for the scheme among specific target users, considering all other similar schemes already used by the industry
 - b. Conduct a formal in-depth organizational assessment of the host institution
 - c. Ensure that the host institution of the scheme is preferably a strong industry association, which is able to apply the scheme within a large membership base.
 - d. Develop a full, detailed business plan and concept for the scheme with the assistance of consultants who have experience in the sector and the country.
- (6) Prior to engaging in strengthening organizations as service providers, UNIDO should as a part of project preparation or an output during the inception phase:
 - a. Conduct a thorough assessment of demand and supply for all potential services to be provided
 - b. Conduct a formal in-depth organizational assessment of the beneficiary institution as a basis to tailor the support needed to specific requirements
 - c. Develop a full, detailed business plan with the assistance of a management consultant who has extensive experience in the sector and the country.
- (7) In order to effectively build capacities within service providers, UNIDO should:

- a. Refrain from “operating” providers to be strengthened under a project structure
- b. Provide tailor-made support, which combines technical with institutional strengthening on a demand basis
- c. Offer coaching, but not directly involve into daily operations
- d. Rather than subsidizing salaries and/or operational costs, provide initial revenues to newly established organizations through subcontracts, which should be gradually phased out
- e. Hand over equipment provided as a contribution to the start-up capital immediately with the responsibility of the beneficiary institution to maintain and amortize it properly.

C. Recommendations to CNCI and NCE

- (8) CNCI and NCE should reinforce the promotion of IndExpo’s certification services among their members.

D. Recommendations to IndExpo

- (9) IndExpo should as soon as possible and in close cooperation with the SLTDA revisit the concept of the CROWN scheme and explore alternative options for transforming the scheme into a more viable concept. One of the options would be to shift towards an industry-based certification mark aligned to internationally recognized standards for sustainable tourism.

4.2 Lessons learned

A. On the strengthening of service providers embedded in enterprise associations

Assisting enterprise associations to offer business development services on a commercial basis but with non-profit orientation is a good approach to ensure access of companies to high quality support services at affordable prices. Ideally, the services are relevant for the associations' members and promoted through the association. At the design or inception stage, it is essential to conduct (a) an organizational assessment of the host institution and (b) draft a clear, full-fledged business plan, including a thorough analysis of demand and supply (market study). Capacity building should combine well tailored institutional with technical strengthening, identified based on the gap analysis of the organizational assessment. Type of support and experts should be selected in close coordination with the beneficiary institution. Service providers should from the outset operate as independent commercial entities with own governance and management structure, rather than partially as a UNIDO project operation. Initial financial support to the service provider, if needed, should be provided in the form of subcontracting services (project activities), which is gradually phased out, rather than through directly subsidizing costs.

B. On quality schemes

Quality schemes and certification marks should only receive support based on (a) a careful selection of a host institution (b) and organizational assessment of the host institution and (c) a business plan for the scheme/mark, including assessment of potential demand for the scheme/mark based on a market survey. Host institutions should be selected on the basis whether they are able to promote the scheme/mark to a large number of members (e.g. a national hotel association). Certification criteria should not duplicate those of mandatory standards. The business plan should provide clear evidence that, based on a realistic estimate on costs applicants are willing to pay and the potential demand for the scheme/mark, revenues fully cover costs. Rather than operating the quality scheme under a project, UNIDO should provide on a demand basis specific, well-tailored support to the host institutions in developing the scheme/mark.

Annex A: List of reference documents

Project documents

- Project Document “Strengthening International certification capability in Sri Lanka with particular reference to Social Accountability standard (SA8000) and Food Safety (HACCP/ISO 22000) standard”, TE/SRL/06/004, 10 May 2008, UNIDO
- Progress Report 25th March - 22th September 2010
- UNIDO – NORAD GRANT IN AID TE/SRL/06/004 - Project Extension 2011 & 2012 (outline the use of project budget for technical support and to partially cover operational deficit of IndExpo, including budget for IndExpo 2011-2015), UNIDO
- Logical Framework TE/SRL/06/004: Strengthening international certification capacity in Sri Lanka (first extension 2011 – 2012), UNIDO
- Agreed Project Summary for Extension Phase (2013), UNIDO
- Progress Report for the period 13 September 2011 – 19 March 2012
- Progress Report for the period 1 January 2012 – 31 December 2012, UNIDO
- Progress Report for the period of 13 September 2012 – 18 March 2013
- Progress Report for the period of 22 March 2012 – 18 March 2013
- Progress Report for the period of 18 March 2012 – 20 September 2013
- Slides: IndExpo, supporting Sri Lanka to strengthen certification capacities (UNIDO)

Project outputs

- Report Technical Audit of IndExpo Certification Limited by Kevin Swoffer, UNIDO Expert, December 2012
- IndExpo Projected Profit & Loss Budget (2011 – 2015), dated October 2010
- IndExpo Projected Profit & Loss Budget (2012 – 2013), undated
- Strategic Business Plan of IndExpo, 2013
- Draft copy of Financial Audit Report (for the year ending March 2013)
- Operational Manual Crowns for Food Hygiene Scheme, including the following Annexes: (1) Appeal Procedure, (2) Control of Records Procedure (3) Control Statement, (4) Corrective Action Procedure, (5) Customer Complaints Procedure, (6) Distribution List, (7) Document Control Procedure, (8) Management Review Procedure, (9) Non Conformance Procedure, (10) Preventive Actions Procedure, (11) Revision Record
- Table “Analysis of Food Hygiene Regulations and Crown criteria” and H-800 standard,
- List of companies that received “Crown Certification” (client base of Crown)
- IndExpo: Interim Report on activities pertaining to TOR agreed with UNIDO (2013)
- Video on Project published on YouTube <http://youtu.be/t9rC8IIVniQ>

Other reference documents

- Report Independent Impact Evaluation of UNIDO SMTQ Projects in Sri Lanka, 2010
- Project Document TE/SRL/12001 “Enhancing the compliance and productive capacities and competitiveness of the cinnamon value chain in Sri Lanka”, funded by the Standard and Trade Development Facility, the GoS and UNIDO, dated 2012
- UNIDO Country Program for Sri Lanka (2010 – 2014), including UNDAF framework.
- Various records of IndExpo relating to training and certification activities
- Promotion material of IndExpo, articles and publications (different issues of NCE magazine, magazine “TREASUREISLAND”).

Annex B: Persons and organizations met

Organization	Service received from IndExpo	Position / post	Name of interviewee
Monday, 14 November 2013 (by conference call)			
UNIDO PTC/TCB/QSC	-	Project Manager	Mr. Ali Badarneh
UNIDO PTC/TCB/QSC	-	Junior Programme Officer	Mr. Rakitha Nikahetiya
Monday, 2 December 2013			
UNIDO Focal Point	-		Mr. Sarath Abeysundara
Ministry of Industry & Commerce	-	Secretary	Mr. Anura Siriwardana
Norwegian Embassy	-	Senior Advisor	Mr. Vijeyanathan
CNCI	-	Chairman	Mr. Gamini Gunasekare
		Former Chairman	Mr. Nimal Perera
		CEO	Mr. Kumar Kandalama
NCE	-	Executive Director	Mr. Rasa Weerasingham
		President	Dr. Jagath
		Director Member Service	Mr. L.S.G. Thilakarathne
Tuesday, 3 December 2013			
IndExpo	-	Director	Mr. Shantha Kuruppumulle
		Crown Scheme Coordinator	Ms. Rosiana
		Operations Manager	Ms. Chandima
		Quality Manager	Ms. Filicia
		Former Chairman	Mr. Rathnarajah
SELMO (Packaging)	ISO 2200	Senior Quality Assurance Executive	Mr. Samarasekare
IFCO (Food processing)	ISO 2200 HACCCP	Chief Executive Quality Assurance	Dr. (Mrs) Sujeewa Gunarathne
ADI (Ceramic industry)	ISO 9001	Factory Manager	Mr. Nimal Dissanayake
Wednesday, 4 December 2013			
Sri Lanka Tourism Development Authority	-	Former Director – Quality Assurance	Mr, Rathnayake
Sri Lanka	-	Director	Mr. Thilak

Accreditation Board			Wickramasinghe
Cinnamon Lake Side (5 star Hotel)	Crowns (5crowns)	Assistant Manager Quality Assurance	Mr. Thiwanka
SARASAVI (Apparel Industry)	ISO 9001 ISO14001	CEO	Mr. Hemantha Kumara
Thursday, 5 December 2013			
Halchem Lanka (Fire Engineering)	ISO 9001	Managing Director	Mr. Cyril Halloluwa
The Surf Benthota Hotel	ISO 22000	Group Chef	Mr. Saman Jayawardana
		General Manager	Mr. Asela Karunarathna
Hotel Benthota Beach	Crowns Scheme (5 crowns)	Consultant	Mr. Daya Siripala
		Chief Executive Chef	Mr. Senaka Wijerathne
Friday, 6 December 2013			
Sensal (Café chain)	Crowns Scheme (3 crowns)	Manager	Mr. Ossman
Acces International (Bottled water Industry)	ISO 22000	Director	Mr. Shanil Perera
		Manager	Mr. Gamini
Lanka Hospital (Pvt)	Crowns Scheme (5 crowns)	Catering Manager	Mr. Dharmasiri Silva
Bopitiya Automation (Auto parts)	ISO 9001	Owner	Mr. Rodrigo
Ceylon Pencils	OHSAS	Assistant General Manager – Process & Product Development	Mr. Ajantha Perera

Annex C: Terms of reference

TOR

Tripartite Terminal Evaluation of the UNIDO Project:

Project TESRL06004 (SAP ID 106040)

Terminal evaluation on the project on strengthening the certification capacity in Sri Lanka with focus on the sustainability of the established service center and its impact.

1. Background and context

Project title:	Strengthening the certification capacity in Sri Lanka
	TE/SRL/06/004 - SAP ID100208
Donor	NORAD (Norway)
Partners	National Chambers (Chambers of Exporters and Chambers of Industries)

The project aimed to develop the national capacity for the Food Safety Management System (HACCP/ISO 22000) standard development and certification as well as the national conformity marks for the hotel and catering sector. One of the major objectives was to establish an independent private sector driven certification body, meeting the requirements of ISO Guide 62 and with management inputs and ownership from the private sector business chambers (Ceylon National Chamber of Industries (CNCI) and National Chamber of Exporters (NCE)), to provide certification services for HACCP/ISO 22000, SA 8000, and National food safety and GAP conformity marks in the country. The association with the private sector business chambers of commerce and industry (CNCI along NCE) sought to enhance the credibility of the certification process and ensure its transparency and high integrity. Adjacently, the project was aiming to support the introduction of good hygiene and good manufacturing practices to the tourism sector targeting the Hotels sector in the country and in cooperation with the municipal councils, advising on the development of a national voluntary conformity mark based on the Codex HACCP standards. To achieve this capacity in the country, a national certification model had to be designed and promoted with a number of pilot projects to be carried out.

In 2010 the Donor (NORAD) agreed to extend the support with additional funding to ensure the sustainability of the created certification and training body.

The project will be completed by 31 December 2013. Under the project a certification body was successfully established by assisting the Ceylon National Chamber of Industries, and the National Chamber of Exporters, to establish Ind-Expo Certification Ltd. Ind-Expo, based in Colombo, Sri Lanka, is registered as a public, non-profit, training and certification body, which maintains a strong portfolio, offering certification services for a variety of sectors, food safety training and awareness programmes throughout the country. Ind-Expo further offers training on the requirements and internal auditing of numerous ISO-created, food safety and occupational health and safety standards and is internationally recognized by the Chartered Institute of Environment and Health (CIEH UK).

In addition to its certification and training services Ind-Expo has the ownership of the national Food Safety conformity mark the „Crowns for Food Hygiene“ scheme, which has been developed based on International best practices to assist and encourage food businesses in Sri Lanka to follow good hygienic practices. The scheme was not only successfully implemented in several Municipality councils but was also launched countrywide in partnership with the Sri Lanka Tourism Development Authority (SLTDA) with a pilot group of hotels. Since the start of the project, Ind-Expo has trained a total of 3,784 beneficiaries (industries, and service sector) in Sri Lanka in the three local languages.

The conformity mark was audited last year and the management of the training body will be audited by an international auditing company in the 4th quarter of 2013. The aim of the extension is that by the end of the project, Ind-Expo will be able to sustain itself without any external help and will have reached its ultimate goal of becoming an independent, transparent and sustainable business.

Budget:

Overall total UNIDO Budget (including 13% of support costs) including project extensions: EUR 1,174,608.03

Project Extension: The project was extended for 2 years (2011/2012) with a total additional funding of EUR 350,000 (incl. 13% support cost).

Final Extension 2013 (residual and interest income): EUR 75,221.-

2. Evaluation rationale and purpose

In accordance with UNIDO evaluation policy all projects with a budget above Euro 1 million need to undergo at least one independent evaluation. As the project has not been evaluated at mid-term an independent final evaluation is requested under this TOR to analyze the following:

- the achievement of the project objectives
- the performance of the project according to standard evaluation criteria

- the underlying model of private sector driven service centers and its replicability in similar contexts
- concrete lessons learnt to be taken into account by similar initiatives
- concrete recommendations with regard to the project and its sustainability in the future

3. Scope and focus

In line with the above the evaluation shall:

- The focus will be on the period of project extension: 2011 – 2013; earlier activities will be taken into account if found necessary
- Analyze the project outcome and service center impact in the local context: Colombo, Northern and Eastern Province.

4. Evaluation issues and key evaluation questions

The following key evaluation questions will be answered:

Project coordination and management:

- The extent to which the national management and overall field coordination mechanisms of the project have been efficient and effective to date;
- The UNIDO management, coordination, quality control and input delivery mechanisms have been efficient and effective;
- The extent to which changes in original project plans were transparently reflected in project documentation and related correspondence
- Coordination envisaged with any other development cooperation programmes in the country has been realized and benefits achieved.
- Synergy benefits can be found in relation to other UN activities in the country.

Project ownership:

- The extent to which counterparts were involved in project formulation and are actively supporting the implementation of the project;
- Counterpart contributions and other inputs have been received from the Government as compared to the project document work plan.

Design:

- Is the project design coherent with plausible links between activities, outputs, outcomes and impacts?
- Have the relevant external factors (assumptions, risks) been taken into account?
- Are the objectives at different levels measurable and achievable?

- Have other relevant initiatives been taken into account?
- Has the local context been well analysed?
- Does the original project design contain comprehensive and relevant information on the baseline situation?

Relevance:

The extent to which the project objectives are consistent with the requirements of the needs of the end-users and government and donor's policies.

- The extent to which the project addresses national priorities and plans.
- Does the project address the needs and priorities of the private sector?
- Is the project relevant in the context of local economic development?

Effectiveness

- Did the establishment of the service center strengthen the certification services in Sri Lanka?
- Is the centre being used by the target group (enterprises)?
- What is the impact of the services of service center on the target beneficiaries?
- Were the outcomes of the project extension period achieved?
(iii)

Impact and sustainability

- (i) Which long term developmental changes have occurred or are likely to occur as a result of the intervention and are these sustainable.
- (j) Was the project replicated/can it have a multiplying effect.
- (k) Was any sustainability strategy formulated.
- (l) What is the prospect for technical, organizational and financial sustainability.

Recommendations and lessons learnt

Based on the above analysis the evaluation can draw specific conclusions and make proposals for any necessary further action by the Government, UNIDO and the donor to ensure sustainable development, including any need for additional assistance and activities of the project after its completion.

- 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

Lessons learnt should describe elements or aspects of the project that are of wider applicability for similar interventions. They should be well justified and include prescriptive proposals for project stakeholders as to how the lessons can be built into future cooperation initiatives.

5. Evaluation approach and methodology

While maintaining independence, the evaluation will be carried out based on a participatory approach, which seeks the views and assessments of all parties. The full methodology of the evaluation will be outlined by the team leader (senior evaluator) in an Inception Report due prior to the field mission. It will address the following issues:

- A comprehensive review of project related documentation
- Review of relevant evaluation reports (including UNIDO thematic evaluation of SMTQ initiatives)
- Interviews with UNIDO and project staff
- Interviews with counterparts and related stakeholders in Sri Lanka
- Interviews with target beneficiaries
- A survey of target beneficiaries if feasible (to be defined in inception report)

6. Time schedule and deliverables/outputs

The following schedule is recommended:

Activity	Duration	Tentative deadline
Contract signed with evaluators	-	November 15 th
Desk review	2.0 w/days	November 18 th
Preparation of methodology, evaluations tools	3.0 w/days	November 20 th
Evaluation mission to Colombo, Sri Lanka	10.0 w/days	December 2 nd
Data analysis and preparation of draft report and debriefing meeting at UNIDO HQ Vienna, Austria	7.0 w/days	December 10 th
Collection of comments and review of draft report. Revision of draft report and providing dissemination (evaluation brief and article)	5.0 w/days	December 15 th
Approval of final report	-	December 20 th

7. Evaluation team

The evaluation expert need to have the following qualifications:

- Evaluation skills appropriate to the area of Quality Infrastructure and Trade Capacity Building
- Technical competence
- Ability to address relevant cross-cutting thematic issues
- Adequate understanding of local social and cultural issues
- Appropriate language skills
- Process management skills, including facilitation skills
- Writing and communications skills
- Good interpersonal skills
- Adequate mix of national and international expertise

8. Reporting

After reviewing the project documentation and initial interviews with project manager(s) the International Evaluation Consultant will prepare a short inception report that will operationalize the TOR relating the evaluation questions to information on what type of and how the evidence will be collected (methodology). It will be discussed with and approved by the responsible UNIDO Evaluation Officer. The Inception Report will focus on the following elements: preliminary project theory model(s); elaboration of evaluation methodology including quantitative and qualitative approaches through an evaluation framework (“evaluation matrix”); Findings of Final Term Evaluation; division of work between the International Evaluation Consultant and National Consultant; and a reporting timetable.

The evaluation report shall follow the structure given in Annex 1. Reporting language will be English.

Draft reports submitted to project manager 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.

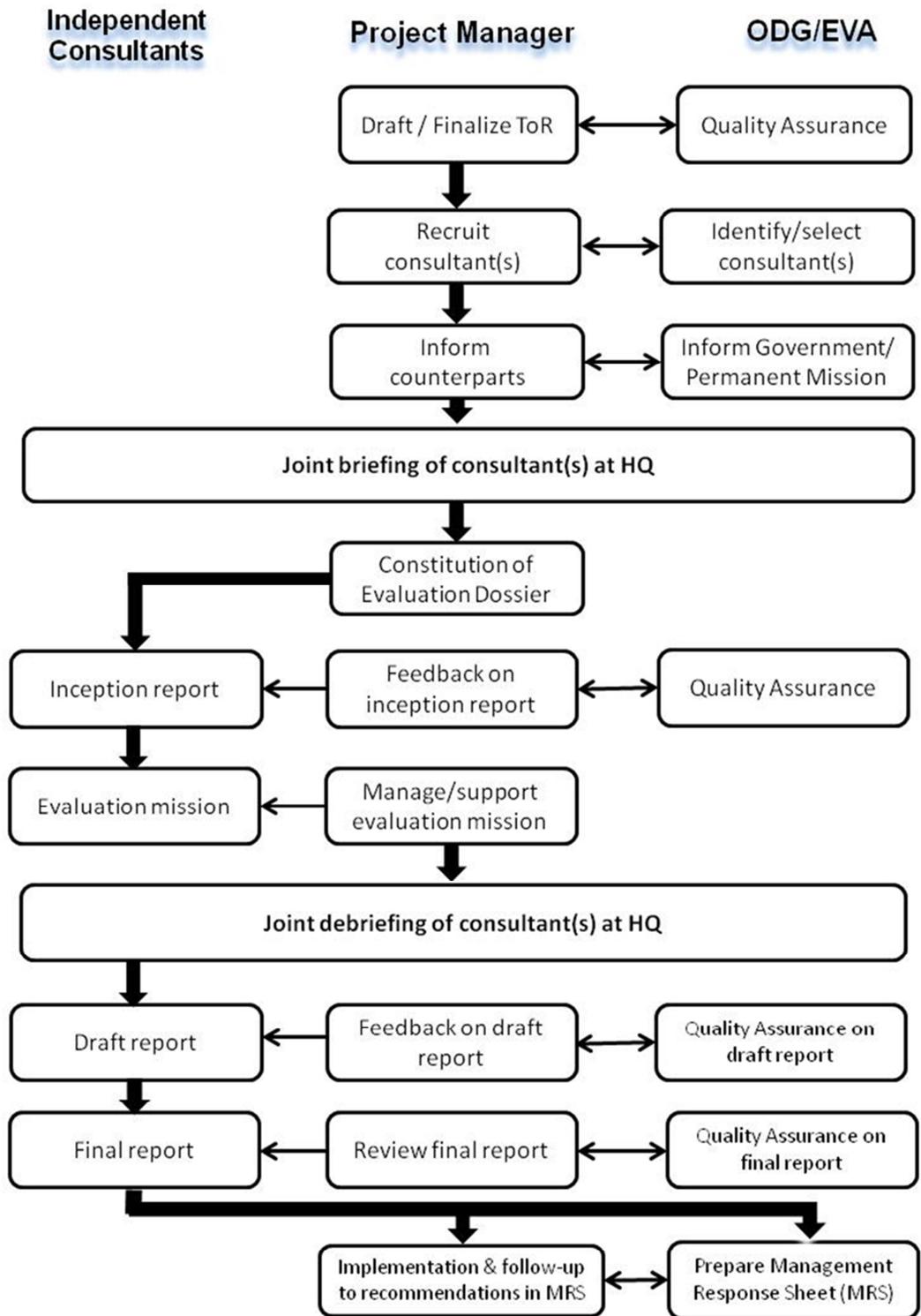
9. Governance and Management of the evaluation process

The TOR was formulated based on the UNIDO Evaluation group TOR Guidance template and using information gathered throughout the duration of the project. The first draft was prepared by the Project Manager & Assistant, before being addressed to the Evaluation Group, government and donor for their inputs.

Report will be reviewed and commented on by all parties required by the TOR Guidance template; that is to say the Project team, UNIDO Evaluation Group, the government and the donor.

It will be assessed against the TOR and the criteria set out in the checklist on evaluation report quality attached in Annex III

.



All UNIDO evaluations are subject to quality assessments by the UNIDO Evaluation Group. Quality control is exercised throughout the evaluation process as the above chart predicts. The quality of the evaluation report will be assessed and rated against the criteria set forth in the Checklist on evaluation report quality, attached as Annex 2.

ANNEX 1

Acknowledgements
Acronyms and Abbreviations
Glossary of Evaluation Terms
Map
Executive Summary

1. Introduction and background
 - 1.1 Introduction
 - 1.2 Background (include a project factsheet, project formulation process, project structure, objectives, donors (and their specific requirements/objectives, e.g. the relevant fund's priorities and guidelines) counterparts, timing, cost etc – everything that is not an 'assessment' and provides background to make the reader understand what the project was/is about without delving into details of LogFrame design and management – the background to design and management should come under the assessment chapter.)
2. Evaluation purpose, scope and methodology
 - 2.1 Purpose
 - 2.2 Scope
 - 2.3 Methodology
 - 2.4 Limitations of the evaluation
3. Region/country/programme context
 - 3.1 Overall situation and trends (national and regional context, especially as relevant to project area)
 - 3.2 Government strategies and Policies (including local and regional, as relevant)
 - 3.3 UN frameworks (how the project fits into the Sri Lanka country programme)
 - 3.4 Initiatives of international cooperation partners (describe relevant info on what other donors are doing)
4. Assessment

The assessment is based on the analysis carried out in chapters I & III and. 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:

- 4.1 Design (include logframe assessment)
- 4.2 Management (include details of arrangements and make an assessment)

- 4.3 Relevance and ownership
 - 4.4 Efficiency
 - 4.5 Effectiveness (include a table giving actual status of Outputs and Outcomes against the project logframe)
 - 4.6 Sustainability
 - 4.7 Impact
 - 4.8 Crosscutting issues (gender, environmental sustainability, South/South cooperation, contribution to international development goals)
5. Conclusions, recommendations and lessons learned
- 5.1 Conclusions
 - 5.2 Recommendations
 - Recommendations must be based on evaluation findings, forward looking and related to future phases of the project
 - 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 Organisations
 - Donor
 - 5.3 Lessons learned

- Annex A. Terms of Reference
- Annex B. Organizations visited and persons met
- Annex C. Bibliography
- Annex D. Logframe
- Annex E. Evaluation Matrix
- Annex F. Interview Guidelines Etc.

ANNEX 2

UNITED NATIONS INDUSTRIAL DEVELOPMENT ORGANIZATION (UNIDO)

TESRL06004/106040 Strengthening certification capacity in Sri Lanka

JOB DESCRIPTION

Post title: Senior Expert- Terminal Evaluation
Duration: 27 days
Date required: 15 November 2013
Duty station: Colombo, Sri Lanka and Home-based

Duties: Under the supervision of the UNIDO Project Manager (UNIDO HQs) and in close consultation with the national counterparts; the senior expert will perform the following duties:

Main duties	Expected duration	Location	Expected results
1. Review the framework of the project extension; the progress reports and other available documentation. Preparation of methodology and evaluations tools (to be shared with Project Manager for approval).	2 days	Home based	Review and evaluation mission plan developed
2. In the field, carry out the evaluation in line with the TOR in Annex 1. The evaluation mission is expected to include meetings with relevant project stakeholders, Ministry of Industry and Commerce, private sector representatives, Royal Norwegian Embassy in Colombo etc. De-briefing meeting in Vienna, Austria UNIDO HQ.	12 days including travel	Vienna, Austria and Colombo, Sri Lanka	Evaluation mission undertaken
3. Prepare the first draft of the evaluation report for review by UNIDO project team	10 days	Home-based	First draft of evaluation report

Main duties	Expected duration	Location	Expected results
4. Prepare a final/terminal evaluation report at the end of the contract comprising all relevant information including conclusions and recommendations.	3 days	Home-based	Final report

Qualifications Graduate level degree in science or engineering. At least 15 years of progressive and proven professional experience in operation and management of standardization, product and system certification, accreditation activities at the national level.

Language: English

Additional competencies:

- Evaluation skills appropriate to the subject area
- Technical competence
- Ability to address relevant cross-cutting thematic issues, including gender
- Adequate understanding of local social and cultural issues
- Process management skills, including facilitation skills
- Writing and communications skills
- Good interpersonal skills
- The absence of conflict of interest should be clearly stated.

ANNEX 3

Checklist on evaluation report quality

Checklist on evaluation report quality:

Independent Terminal Evaluation of the UNIDO Project

'Strengthening the certification capacity in Sri Lanka'
(Project Number: TESRL06004, SAP ID 106040)

Evaluation team leader:

Quality review done by:

Date:

<i>Report quality criteria</i>	<i>UNIDO Evaluation Group</i>	<i>Rating</i>
Report Structure and quality of writing		
The report is written in clear language, correct grammar and use of evaluation terminology. The report is logically structured with clarity and coherence. It contains a concise executive summary and all other necessary elements as per TOR.		
Evaluation objective, scope and methodology		
<p>The evaluation objective is explained and the scope defined. The methods employed are explained and appropriate for answering the evaluation questions.</p> <p>The evaluation report gives a complete description of stakeholder's consultation process in the evaluation.</p> <p>The report describes the data sources and collection methods and their limitations.</p> <p>The evaluation report was delivered in a timely manner so that the evaluation objective (e.g. important deadlines for presentations) was not affected.</p>		

Evaluation object		
<p>The logic model and/or the expected results chain (inputs, outputs and outcomes) of the object is clearly described.</p> <p>The key social, political, economic, demographic, and institutional factors that have a direct bearing on the object are described.</p> <p>The key stakeholders involved in the object implementation, including the implementing agency(s) and partners, other key stakeholders and their roles are described.</p> <p>The report identifies the implementation status of the object, including its phase of implementation and any significant changes (e.g. plans, strategies, logical frameworks) that have occurred over time and explains the implications of those changes for the evaluation.</p>		
Findings and conclusions		
<p>The report is consistent and the evidence is complete (covering all aspects defined in the TOR) and convincing.</p> <p>The report presents an assessment of relevant outcomes and achievement of project objectives.</p> <p>The report presents an assessment of relevant external factors (assumptions, risks, impact drivers) and how they influenced the evaluation object and the achievement of results.</p> <p>The report presents a sound assessment of sustainability of outcomes or it explains why this is not (yet) possible.</p> <p>The report analyses the budget and actual project costs.</p> <p>Findings respond directly to the evaluation criteria and questions detailed in the scope and objectives section of the report and are based on evidence derived from data collection and analysis methods described in the methodology</p>		

<p>section of the report.</p> <p>Reasons for accomplishments and failures, especially continuing constraints, are identified as much as possible.</p> <p>Conclusions are well substantiated by the evidence presented and are logically connected to evaluation findings.</p> <p>Relevant cross-cutting issues, such as gender, human rights, and environment are appropriately covered.</p>		
Recommendations and lessons learned		
<p>The lessons and recommendations are based on the findings and conclusions presented in the report.</p> <p>The recommendations specify the actions necessary to correct existing conditions or improve operations ('who?' 'what?' 'where?' 'when?').</p> <p>Recommendations are implementable and take resource implications into account.</p> <p>Lessons are readily applicable in other contexts and suggest prescriptive action.</p>		

Rating system for quality of evaluation reports

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

ANNEX 4

Logical Frameworks (Project Extension)

	Key Indicator	Source of verification
Outcome		
The national capacity creation related to address market access requirements and technical barriers to trade (TBT)	<ul style="list-style-type: none"> • Support to ensure sustainability of certification and training center 2013 and beyond. • GHP scheme introduced throughout the country in partnership with Sri Lankan Tourism Development Authority (SLTDA), in particular in the North- and Eastern Provinces. • Number of training and certification and new services provided by certification and training centre. • Number of auditors and consultants trained and qualified. • Number of enterprises certified 	<ul style="list-style-type: none"> • Annual report of training and certification center and staff. • Statistics on services: trainings and certification. • Budget calculation and forecasting of the training and certification center
Output		
1. A model for private sector driven certification developed	<ul style="list-style-type: none"> • No. of partnerships and joint ventures achieved through INDEXPO model. • Management of the model audited • Recognition of the model at national and international level. • Acceptance of the model by the counterparts. • Country wide promotion of model and services • Financially sustainable center in the main scope of 	<ul style="list-style-type: none"> • Physical presence of the center. • MOUs signed by the center

	<p>services</p> <ul style="list-style-type: none"> • No. of profitable training and certification services maintained 	
<p>2. National Capacity and certification capacity developed in the country</p>	<ul style="list-style-type: none"> • Management system in place to operate as training and certification body. • Obtain and implement ISO 50001 Energy Management Systems (ENMS) Standards • Awareness campaign on INDEXPO trainings and services for the industries in cooperation with CNCI and NCE chambers • No. of Auditors / consultants affiliated to INDEXPO. • No. of training courses organized in related areas • No. of auditors trained and qualified. • No. of consultants trained and qualified. • No. of enterprises receive certification by the center. 	<ul style="list-style-type: none"> • Annual reports of the center and the staff registrar. • Copies of certificates, accreditations and training packages
<p>3. Support the implementation and sustainability of a national conformity mark for GHP in the catering and restaurant sector</p>	<ul style="list-style-type: none"> • Quality management system in place for operating and managing the mark • GHP Mark audited • Recognition and accreditation of the mark at national and international level. • No. of establishments achieve Crowns rating by INDEXPO in particular in the North and Eastern Provinces. • No. of awareness and dissemination seminars organized on the Crowns Scheme 	<ul style="list-style-type: none"> • Annual reports of the center. • Audit reports and certificates for the mark. • Minutes of meetings for the certification and advisory committees
<p>4. Sustainability of the new certification body private sector</p>	<ul style="list-style-type: none"> • No. of partnerships and accreditations achieved 	<ul style="list-style-type: none"> • Management and financial report so of the center

	<ul style="list-style-type: none"> • No. of clients on board • No. of new services introduced • No. of full time staff in the center paid by the center. • No. of services (training and certification) offered on yearly bases. • Total yearly revenues per year. • Balanced profit and loss statement • Business plan in place. 	<ul style="list-style-type: none"> • Minutes of meetings of the Board of Directors. • Audited financial statements.
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Major External Factors

Risks/Assumptions	Mitigation measures
The people who participate in the implementation of this project are highly committed and willing to cooperate and collaborate with other participants	Participants will be aware of the benefits and impact to be achieved.
The people involved with training and certification will share their technical knowledge with others and will implement the knowledge in the workshops, trainings and assessments.	Participants will be sharing their skills & knowledge to others involved.
Timely financial and in-kind contributions from all stakeholders	Clear and timely identification of roles and responsibilities. Planning of activities in advance.
Commitment of the private & public sector institutions to adopt the model and fully support of the model.	The private sector institutions will be aware of the quality and relevance of the model of the certification and training centre. They will be committed regarding its adoption and will fully support the model.
There is a market demand on the certification and training services in the country.	The counterparts will investigate if there is a market demand for the services of the centre. The market survey shall show as well which new services shall be introduced/are needed.

<p>There is a demand for the GHP scheme and the municipal councils as well as in the tourism sector are fully recognizing the scheme.</p>	<p>Investigation on the demand for the GHP scheme in two cities in the country. Municipal council of the target cities will fully recognize the scheme and will be aware of its relevance.</p>
<p>The two chambers (CNCI and NCE) are fully committed in achieving the sustainability of the certification and training center and the GHP scheme.</p>	<p>The involved chamber people are committed in ensuring the sustainability of the model and the scheme in the country.</p>