



Industrial Development Board

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Activities of the Office for Independent Evaluation

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Note by the Secretariat

In compliance with Board decision IDB.29/Dec.7 (h), the Secretariat reports on evaluation activities on a biennial basis, thereby complementing the information provided in the *Annual Reports 2012* and *2013*.

Contents

	<i>Paragraphs</i>	<i>Page</i>
I. Background	1	2
II. The evaluation function	2-4	2
III. Activities and contributions of the Office for Independent Evaluation	5-7	2
IV. Synthesis of evaluation findings	8-21	3
V. Action required of the Board	22	6



I. Background

1. In decision IDB.29/Dec.7, the Board, inter alia, affirmed the importance of Member States receiving objective and credible feedback on the performance of UNIDO country-level programmes based on the findings and lessons learned from independent evaluations. This report is submitted in accordance with paragraph (h) of that decision, which requested the Secretariat to report on evaluation activities on a biennial basis. Furthermore, UNIDO independent evaluation reports are available on the UNIDO website (www.unido.org/en/resources/evaluation.html).

II. The UNIDO evaluation function

2. The Office for Independent Evaluation (ODG/EVA) derives its roles and responsibilities from the UNIDO Evaluation Policy.¹ According to this policy, evaluation serves three purposes: it assures accountability, supports management and drives learning and innovation.

3. As promulgated in the Director General's Bulletin dated 31 January 2013 (UNIDO/DGB/(O).124), the Evaluation Group (now called Office for Independent Evaluation) moved to the Office of the Director General. The new location of ODG/EVA in the organizational structure furthered EVA's independence as it now reports directly to the Director General.

4. The UNIDO Executive Board allocated €590,000 for the implementation of the ODG/EVA work programme 2012-2013. This allocation was used to conduct country, strategic and thematic evaluations. The budget entailed an eight per cent reduction compared to the previous biennium. Independent project evaluations continued to be financed directly from the respective project budgets.

III. Activities and contributions of the Office for Independent Evaluation

Evaluations

5. During 2012-2013, five thematic evaluations were finalized, namely: UNIDO's contribution to One United Nations mechanisms; UNIDO's work in the area of persistent organic pollutants (POPs); UNIDO's contribution to the Millennium Development Goals; UNIDO Field Office performance; and UNIDO projects related to industrial upgrading. Four new thematic evaluations were conducted: UNIDO's public-private partnerships; UNIDO's Trade Trust Fund; UNIDO regional programmes for trade capacity-building in West Africa; and UNIDO's post-crisis interventions.

6. Furthermore, seven country evaluations were conducted (Cuba, Iraq, Kenya, Mexico, Pakistan, Russian Federation and Zambia) and, moreover, ODG/EVA provided support to a large number of independently conducted project evaluations.

¹ Director General's Bulletin (UNIDO/DGB(M).98) of 22 May 2006.

Learning and evaluation capacity-building

7. Through a management response system, acceptance and implementation of evaluation recommendations are monitored. Of a total of 328 recommendations issued in 2012, responses were received to 296 (90 per cent) by the completion of the one-year response cycle. Out of these 296 recommendations, 94 per cent were fully accepted/partially accepted by respondents. Regarding the implementation status for recommendations issued in 2012 and for which the one-year follow-up cycle was completed by 2013, 38 per cent of the recommendations for which information was provided had been implemented, 44 per cent were still under implementation and 18 per cent had not been implemented at the time of reporting. Briefings to Member States were organized on a regular basis, mainly covering findings of thematic evaluations. In order to respond to a growing demand from counterpart ministries to support and strengthen their evaluation capacities, two workshops on evaluation and evaluation management were organized. The first took place in Viet Nam, the second was conducted as a regional workshop, targeting staff of UNIDO counterpart ministries in English-speaking African countries.

IV. Synthesis of evaluation findings

General findings

8. Generally, the relevance of UNIDO projects is high and projects are aligned to national priorities and strategies as well as addressing key challenges to inclusive and sustainable industrial development. Projects were also found to be aligned to donor priorities. There is a high demand for UNIDO services and the organizational mandate and service modules continue to be pertinent.

9. UNIDO projects and programmes address constraints on industrial development or alleviate negative effects (e.g. pollution, depletion of scarce resources). Improving competitiveness through enhanced productivity and quality as well as through alignment to social and environmental standards, continues to figure high on the agenda for many partner countries and is also a main component of UNIDO's technical cooperation portfolio.

10. UNIDO's monitoring and reporting offer room for improvement, although some positive initiatives have been developed for results-based monitoring and knowledge-sharing.

11. Many evaluations point to the need to increase efforts to mainstream gender and to foster gender-responsive project design and implementation. Concurrently, gender aspects are increasingly integrated and gender-specific indicators figure more prominently than before. Concrete results for women in terms of increased income or access to livelihood opportunities were equally documented, often for agro-industry development projects. In particular, a project to develop women's entrepreneurship in Pakistan had achieved positive results, but needs scaling up for development impact.

Key findings from country evaluations conducted during 2012-2013

12. Many country evaluations show that UNIDO can deliver services under challenging conditions, but often encounters delays in implementation. These delays can partly be attributed to unrealistic planning, but also to weaknesses in the procurement process. Many projects make use of qualified national experts, promoting cost-effectiveness. In some cases, a mismatch was found between the type of project designed/implemented and restrictions imposed by the donor regarding the minimum duration of implementation. There are limited synergies between UNIDO projects, but cooperation with other United Nations partners is increasing.

13. Most projects demonstrated concrete results or tangible benefits to the Government and society at large, but were at the same time found to be activity- or output-oriented with insufficient attention to deliver results at the outcome or impact levels.

14. Positive results were noticed particularly when there was a strong alliance between the Government, the private sector and UNIDO, working together towards common and clear objectives. A promising finding was that investments in the environment often lead to indirect positive effects on, for instance, export. Private sector and beneficiary ownership and commitment resulted as strong success factors. National ownership continues to be a prerequisite for projects developing national infrastructure and related capacity. Moreover, close government involvement in project implementation contributed to efficiency and enhanced results. Cases of inadequate national ownership and support were also present.

15. Projects in the field of cleaner production and green industry demonstrate concrete environmental effects but evaluations also point to the need to systematically address environmental sustainability as a cross-cutting issue. Moreover, for optimal effectiveness, technical assistance projects need to be accompanied by regulatory and policy changes, which is not always the case. Some projects suffered from hardware-driven approaches with an emphasis of piloting a technology, but little attention to long-term sustainability or end use. While the environment-related portfolio is growing, inadequate energy access is a challenge and evaluations indicate the necessity for increased efforts to promote industrial energy efficiency.

Key findings from thematic evaluations*UNIDO's public-private partnerships*

16. The thematic evaluation on public-private partnerships found that there is interest from private companies to collaborate with UNIDO, but that the partnership programme operates below potential. Public partners played a role in all partnerships with the private sector, which can thus be described as triangular, and provided substantial contributions. There were many positive results from partnering with the private sector, for instance in terms of environmental sustainability (chemical leasing), job creation (HP Life) or addressing real constraint in a value chain. Overall, however, results achieved by the business partnership portfolio at the outcome (and impact) level are modest, due to limited scope and outreach. Other findings were that a closer alignment could exist between

the partnership portfolio and UNIDO's strategic objectives and that a UNIDO comprehensive partnership strategy was missing.

UNIDO Trade Trust Fund

17. Overall, the Trade Trust Fund (TTF) has contributed to a broader and larger UNIDO trade capacity-building portfolio. However, the TTF's approach was found to have not been sufficiently results-oriented. A more active management of the fund is needed and untapped potentials for inter-branch cooperation were identified.

UNIDO regional programmes for trade capacity-building in West Africa

18. UNIDO has supported the establishment of national Industrial Upgrading (IU) Offices in West Africa but not all national IU programmes were funded or operational at the time of the evaluation. In some countries there was found to be limited alignment with already existing national upgrading programmes.

19. Another initiative has been the development/strengthening of the national quality infrastructure. Both programmes aimed at improving the competitiveness of the region and its integration into the global economy and there was an attempt to identify "priority products" in order to increase chances for impact. This approach was not pursued systematically during implementation but the interventions were, nevertheless, found to have contributed to improved trade performance.

UNIDO's post-crisis interventions

20. Iraq and Sudan hosted the largest UNIDO programmes in the post-crisis category. Moreover, Iraq accounted for the single biggest country programme for UNIDO in 2009. The evaluated industrial rehabilitation and employment generation projects were found to have been highly relevant, but effectiveness could have been enhanced through cooperation with the private sector, the scaling up of income-generating activities to provincial or national levels, and the provision of policy-related support. Many projects achieved intended results and income-generation effects were evident. However, sustainability was an issue, often due to the unavailability of financial services or follow-up support.

African agribusiness and agro-industries development initiative (3ADI)

21. The African agribusiness and agro-industries development initiative (3ADI) was designed as a comprehensive programme aimed at enhancing the productivity and profitability of agribusinesses, with emphasis on value addition to food and non-food commodities along the entire supply chain. The evaluation found that the initial 3ADI vision regarding the development of agriculture and agribusiness in developing countries was and remains relevant. At its launch, the 3ADI benefitted from strong political engagement and overall commitment at various levels — African leaders, regional organizations (African Union, United Nations Economic Commission for Africa), and Heads of the agencies involved (African Development Bank, Food and Agriculture Organization, International Fund for Agricultural Development and UNIDO). Three years after its launch, the overall picture regarding the 3ADI's performance was mixed and the initiative had lost its initial momentum. On the whole, the 3ADI had some achievements and resulted in mutual synergies in several fields, but the potential to do more and for a deeper

collaboration remains untapped. UNIDO in many ways took the lead in the operationalization of the 3ADI and is ahead of its core partners.

V. Action required of the Board

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

“The Industrial Development Board:

(a) Takes note of the report on the activities of the Office for Independent Evaluation (IDB.42/10);

(b) Reiterates its support to the evaluation function for accountability, learning and contribution to development effectiveness;

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