

## Independent mid-term evaluation

# Promoting the adaptation and adoption of resource efficient and cleaner production (RECP) through the establishment and operation of a Cleaner Production Centre (CPC) in Ukraine

UNIDO project Nos. UE/UKR/11/001,  
UE/UKR/11/002/A02  
SAP ID: 104112



UNITED NATIONS  
INDUSTRIAL DEVELOPMENT ORGANIZATION

UNIDO OFFICE FOR INDEPENDENT EVALUATION

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This document has not been formally edited.



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The evaluation team hopes that the findings, conclusions and recommendations will contribute to the successful finalization of the Project and to the continuous improvement of similar projects in other countries.

## Abbreviations and acronyms

ChL	Chemical Leasing
CP	Cleaner Production
CPC	Cleaner Production Centre
CTA	Chief Technical Advisor (of the Project)
EaP GREEN	Project “The “Greening Economies in the Eastern Neighborhood”
EU	The European Union
GDP	Gross Domestic Product
IFC	The International Finance Corporation
KPI	Kyiv Polytechnic Institute
NCPP	National Cleaner Production Programme
NEFCO	The Nordic Environment Finance Corporation
NGO	Non-Governmental Organization
NPO	Non-for-profit Organization
PPP	Purchase Power Parity
RECP	Resource Efficient and Cleaner Production
RECPC	Resource Efficient and Cleaner Production Centre (in general)
RECPCU	Resource Efficient and Cleaner Production Centre Ukraine
SECO	Swiss State Secretariat for Economic Affairs
TPES	Total Primary Energy Supply
UNECE	United Nations Economic Commission for Europe
UNEG	United Nations Evaluation Group
UNEP	United Nations Environment Programme
UNIDO	United Nations Industrial Development Organization
WTO	World Trade Organization

## 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 objectives of an intervention were or are expected to be achieved.
Efficiency	A measure of how economically inputs (through activities) are converted into outputs.
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.
Intervention	An external action to assist a national effort to achieve specific development goals.
Lessons learned	Generalizations based on evaluation experiences that abstract from specific to broader circumstances.
Log frame (logical framework approach)	Management tool used to guide the planning, implementation and evaluation of an intervention. System based on MBO (management by objectives) also called RBM (results based management) principles.
Outcomes	The achieved or likely effects of an intervention's outputs.
Outputs	The products in terms of physical and human capacities that result from an intervention.
Relevance	The extent to which the objectives of an intervention are consistent with the requirements of the end-users, government 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 mid-term evaluation of the project Promoting the adaptation and adoption of resource efficient and cleaner production (RECP) through the establishment and operation of a Cleaner Production Centre (CPC) in Ukraine (UNIDO project Nos. UE/UKR/11/001, UE/UKR/11/002/A02 - SAP ID: 104112) (“the Project”), conducted by two external evaluators: Mr. Daniel Keller, EvalCo Sàrl, Evillard, Switzerland, team leader, and Ms. Natalia Perestyuk, National Evaluator, (“the evaluators”).

The Project commenced in January 2012 and is expected to end on 31 December 2016. Its overall budget of € 3.74 million (including UNIDO support costs) is funded by the governments of Switzerland and Austria. By the end of April 2015, 41% (or around 1.54 million of the budget had been committed.

Designed as a follow-up to an earlier intervention implemented by UNIDO from 2007 – 2010 with funding from Slovenia, the Project supports the adaptation and adoption of RECP methods, practices, technologies and policies. This aims at providing national industries with the necessary tools to facilitate access to national and regional markets with environmentally sound products and improve the ability of national enterprises to successfully negotiate their position in the global market.

The core element of UNIDO’s approach was to establish a Resource Efficient and Cleaner Production Center in Ukraine (“the RECPCU”) as a service provider to companies and the government. The RECPCU was officially inaugurated on 29 January 2013 and obtained an independent legal status as a Non-Governmental Organization (NGO) under Ukrainian law in June 2013. It has currently a staff of 25 full- and part-time employees. Project implementation has been and continues to be affected by the still ongoing political conflict and economic crisis in the Ukraine. Amongst others, the ongoing crisis forced relocation and rescheduling of project activities, distracted government and business interest and attention away from RECP, and led to the departure of the Project’s resident Chief Technical Advisor (CTA).

The evaluation was guided by the Terms of Reference (ToRs) dated 13 March 2015 and UNIDO’s Evaluation Policy. The evaluators were particular requested to provide specific recommendations on fine-tuning the Project in order to achieve expected result as well as on deriving lessons learned for the purpose of organizational learning. Weighting the relative importance of expected results, the evaluators assessed in particular the capacities of the RECPCU to fulfill its mandate and on its institutional, technical and financial sustainability.

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 an in-depth review of project documents and reports, semi-structured interviews, and personal observation.

Factual information was sufficient for a well-founded assessment. Overall, findings were consistent and clear. Key conclusions and recommendations are endorsed by all key project stakeholders.

Main limitation was that many outputs had been recently delivered. The RECPCU, the Project’s expected key outcome, was inaugurated in January 2013. Assessing wider outcomes



and impact was at this stage not possible. Considering the scope of the Project, the duration of the mission, which also included field visits to beneficiary companies outside Kyiv, was short.

### **Main findings and conclusions**

***The Project fully meets the needs of all stakeholders. The current economic and energy crisis in Ukraine further increased relevance of RECP.***

In a difficult economic context and considering rapidly increasing energy prices, resource efficient production is highly important for Ukrainian companies. Beyond the limited number of target industries defined, key stakeholders interviewed highlighted that RECP would also be of great importance to the hospitality sector (hotels), to the public housing sector and to municipalities. Decreasing dependence of the Ukraine from imported energy, to which RECP contributes, is a key national priority. But RECP is competing with numerous other priorities in the country caused by the current socio-economic crisis.

***Project outputs were generally of high quality. Mainly due to extremely difficult economic conditions in the country, many of the envisaged targets defined have not been and are unlikely to be fully achieved without a project extension.***

Generally, a cross-validation confirmed the accuracy of data reported to the Steering Committee. The reported ratio between “national costs” and revenues generated by the RECPCU requires the clarification that most of them are generated by a UNIDO subcontract issued for activities to be undertaken by the RECPCU within the EaP Green Project. Considering revenues generated through service provision on the market (ca. € 1,300), the RECPCU only covered around 1% instead of 13% of its costs (as reported). Within a challenging political and economic context, meeting expected targets within the planned remaining project duration of 18 months remains unrealistic. Considering (a) the challenging market environment for RECP services and (b) significant gaps in the institutional capacities the RECPCU needs to fulfill its functions, a minimum of two additional years of support are needed to achieve outcome 1. The remaining funds of over € 2 million should be sufficient to cover the costs of an extension.

***The approach to commission certain project deliverables to RECPCU is in general appropriate, but not consistently implemented. The way it is currently applied in practice, project operations and operations of the RECPCU are mixed.***

The logical framework established prior to the incorporation of the RECPCU does not separate between project outputs to be delivered through the RECPCU and those to be provided directly by UNIDO. The concept of funding RECP through subcontracting the services under the Project (as opposed to providing core-funding) is appropriate, but inconsistently implemented, as the subcontract does not include salary costs. Seconding UNIDO staff to the RECPCU results in unclear reporting lines and in an accounting that does not reflect the true financial status of the RECPCU. At least the part of the equipment that was procured through UNDP prior to the establishment of the RECPCU has not been formally handed over. Consequently, it is not accounted for as a fixed asset by the RECPCU and not amortized. More conducive to the strengthening of the RECPCU as an independent service provider would be to use a full-cost service contract calculated in a way that it covers overhead costs that are now directly paid by UNIDO and leave it to the RECPCU on how to allocate funds to deliver clearly defined services. In this case, a stringent financial audit of the Center would be required to counterbalance implementation risks.

***In contrast to technical capacity building, managerial competencies of the RECPCU have so far been insufficiently strengthened.***

Training in establishing a business plan provided under a GIZ-UNIDO cooperation project has not yet been sufficiently complemented by hands-on support and coaching to strengthen the managerial capacities of RECPCU as a service provider (e.g. in the field of marketing, business planning, financial management). UNIDO's support has so far primarily focused on strengthening technical capacities of the RECPCU and in creating a "market" for RECP through awareness raising and pilots at companies. This alone is not sufficient to transform the RECPCU into a strong, independent and sustainable institution. The RECPCU is managed more like a project than a client-oriented service provider. While the RECPCU benefits from a highly qualified team of experienced engineers, significant weaknesses exist in almost all institutional capacities, including business planning, marketing, managerial accounting, and human resource management. The particularities of the RECPCU's current legal set-up result in challenges to operate as a revenue-oriented service provider and needs to be revisited.

***The planned geographical expansion to other regions needs further consideration based on an assessment of costs and benefits reflected in the RECPCU's business plan.***

The Steering Committee Meeting in April 2014 rightly decided to postpone the expansion to four other regions due to the current challenging political and economic context. A well-funded decision on whether and how to expand to other regions requires a renewed assessment of demand for RECP services and should not merely be driven by the wish to achieve the broadest possible geographical coverage of the country. The feasibility of an expansion in the view of the current limited resources and management capacities within the RECPCU should be considered as well.

***While initial results achieved at company level are likely to be sustainable, the achievement of sustainability of wider outcomes will depend on the RECPCU's ability to fulfill its mandate on a longer-term basis. It seems currently highly unlikely that the RECPCU will achieve financial sustainability until 2016.***

Considering that initial promising benefits at company level are a result of implementing rather obvious low-cost "RECP" options, benefits achieved seems to be sustainable. The sustainability of broader project objectives at the national level (wide and successful application of RECP in Ukraine, resulting in significant long-term environmental and economic benefits) requires (besides macro-economic and political stability and a conducive legal framework, including implementation and enforcement) strong service providers that are able to support the implementation of environmentally friendly methods, practices and technologies.

***Initial work on the topic of "gender in industry" was of good quality, but neither geared towards clear objectives nor based on a strategic approach.***

UNIDO conducted a good analysis of the gender situation in Ukrainian industries. Initial awareness on the importance of “gender aspects” within the RECPCU has been raised. Gender work was however conducted through an ad hoc approach. Neither objectives nor a clear strategy on how to mainstream gender into RECP work have so far been defined. According to the Project Manager, a gender strategy is under development and expected to be available in August 2015.

## **Recommendations**

### **A. Recommendations to UNIDO (Environment Branch, project specific)**

- (1) Apply for a no-cost extension of at least two years.
- (2) Revise the logical framework and implementation modalities along the following lines:
  - a. Update the logical framework to respond to the current situation and to the fact that the RECPCU has already been established.
  - b. Fully replace direct funding of RECPC’s costs (in particular staff salaries) through full-cost service contract (not linked to an activity based budget) for the implementation of all local activities. Hand over equipment procured under the Project to the RECPCU. Funding should be gradually phased out until the end of 2018 upon an agreed schedule. Annually commission a full audit of the RECPCU’s financial statements.
  - c. Separate governance and management structures of the Project and the RECPCU.
  - d. Continue to support the RECPCU with well-tailored and flexible technical support.
  - e. Consider assisting the RECPCU in developing service capacities in additional sectors (e.g. agricultural production, the hospitality sector, public housing, municipalities) and/or geographical regions with a high demand. The question on whether, to which regions and how to expand should be taken based on an assessment of costs and benefits through a business plan rather than merely the aim to achieve the broadest geographical coverage possible. Further expansion should only start after consolidation of the current operations and after the necessary organizational capacities of the RECPCU have been strengthened.
  - f. Consider assisting the RECPCU in developing service capacities for additional value-added servicing relating to RECP, in particular engineering (technology implementation), support companies in preparing for energy/environmental management certifications, establishing bankable business plans for companies applying for funding for technological upgrading and assisting companies in liaising with financial institutions and investors.
  - g. Consider assisting the RECPCU in developing proposal for the implementation of donor-funded initiatives (in fields that match its competencies and to not conflict with the existing Project).
  - h. Develop a clear strategy for communication and advocacy activities to be provided through the RECPCU.

- i. Develop a clear strategy on how the RECPCU could support the government to implement the EU-Ukrainian Association Agreement. This should include the positioning of the RECPCU as a partner for the international donor community.
  - j. Develop a gender policy for RECPCU and get it formally approved.
- (3) As a part of institutional strengthening, reinforce (in addition to complementing technical capacities where needed) on a demand-basis the managerial capacities of the RECPCU along the following lines:
- a. Coaching of the RECPCU's management in day-to-day operations.
  - b. Retain an experienced business planning specialist to support management of the RECPCU in developing a business plan that meets good practices.
  - c. Obtain legal advice (full legal due diligence) on what would be the most appropriate structure for the RECPCU to implement its business plan.
  - d. Support the RECPCU in preparing for and obtaining ISO 9001 certification.
  - e. Retain an experienced marketing specialist to support the RECPCU in developing a full marketing plan that meets good practices.
  - f. Retain a financial management specialist to support the RECPCU in establishing a proper financial and managerial accounting system, which is suitable for the regular operations of the RECPCU as a service provider.
  - g. Retain a reputable audit firm to conduct a full annual financial audit (requesting a report and a management letter).
  - h. Assess organizational capacities of the RECPCU around one year before the Project ends to identify additional areas of support required.

**Recommendations to UNIDO (general)**

- (4) Where an expected result of development interventions is the establishment of organizations (e.g. service providers), UNIDO should develop a systematic approach to the strengthening their institutional capacities (including governance, strategic management, financial management, marketing, human resource management) rather than only providing technical capacity building. Support should be provided based on an in-depth organizational assessment of beneficiary organizations and be gradually phased out in line with a business plan agreed upon. Institutional development support should be provided through management specialists.

**B. Recommendations to the Governments of Switzerland and Austria**

- (5) Favorably consider UNIDO's request for a no-cost project extension of at least two years.

**C. Recommendations to the RECPCU**

- (6) Consistently apply governance and management mechanisms as outlined in the Charter.
- (7) Obtain endorsement from its founders to amend legal structures in a way that are conducive to delivering services on a commercial basis, taking into account legal advice obtained (see recommendation to UNIDO above).

## Lessons learned

- Establishing RECPCs that as service providers within a global network are able to perpetuate project benefits is a core element of UNIDO's RECP Programme. Strong institutions require both technical and managerial competencies. UNIDO needs to develop a systematic approach to the strengthening of institutional capacities beyond merely technical capacity building. Managerial development support needs to be provided through in-depth coaching and hands-on support by management specialists rather than through generic capacity building only.
- Attention should be paid to a legal set-up that allows RECPCs to function as service providers (to companies, donor-funded projects and where possible to government institutions) on commercial terms in order to ensure sufficient revenue generation to cover the costs of fulfilling their mandates beyond the end of UNIDO's support. The choice for an appropriate legal form of establishment requires a proper legal due diligence by a lawyer familiar with nationally appropriate legal forms.
- Where RECPCs have already been established as legally independent institutions with a functioning basic institutional structure, contracting beneficiary institutions to implement project activities rather than providing core-funding is conducive to institutional development, but it should be consistently implemented. This means that (a) funds provided to RECPCs to implement project activities should be provided under full-cost service contract that is not linked to an activity based budget based on UN cost norms and (b) that management and staff of the RECPCs should not be seconded by UNIDO. In turn, RECPCs should be subject to a stringent audit for the duration of UNIDO's support.
- Projects may be phased in a way that distinguishes between project support prior and after the establishment of RECPCs. After the establishment of RECPCs as independent institutions, logical frameworks should differentiate between deliverables of UNIDO (main focus on strengthening the RECPCs) and those of the RECPC (main focus: service delivery to companies and for the common good). Also, project management by UNIDO and governance/management of the RECPC as a beneficiary institution (including accounting) should be clearly separated.
- Exchanges among the RECPC network are potentially powerful tools for effective capacity building. If not carefully managed by UNIDO, the risk of experience sharing within the RECPC network is that new centers take up of "bad practices" (e.g. flaws in business planning) or replicate models that are not appropriate within a specific country context.

**Table 1: Key strengths and weaknesses of the Project**

Key strengths	Key weaknesses
<ul style="list-style-type: none"> <li>• High ongoing and further increasing relevance: Initially already high relevance of resource efficiency in production was further increased through the current economic and energy crisis in the Ukraine. In addition to the key target sectors defined, RECP would also be of high relevance to the private and public service sector, including municipalities, public housing and the hospitality industry.</li> <li>• The Project’s core approach to strengthen an institutionally independent RECPCU as a service provider and to combine policy work with service provision is appropriate. Contracting the RECPCU to implement activities under the project rather than providing core-funding is conducive to institutional development.</li> <li>• The RECPCU has established a very experienced, committed team of highly qualified engineers who have in addition to conducting RECP assessments also the capabilities to provide value-added engineering services.</li> <li>• Application of RECP in agriculture on a pilot basis is a highly relevant innovative element, potentially generating a high environmental and economical impact.</li> </ul>	<ul style="list-style-type: none"> <li>• Expected outputs of the Project and the RECPCU are not clearly separated. In consequence, responsibilities and accountabilities are blurred.</li> <li>• Lack of financial transparency: Overall financial implementation not reported to Steering Committee, which means that the Steering Committee is unable to take well informed decisions. Similarly, financial statements of the RECPCU follow project accounting principles and do not accurately reflect the financial situation.</li> <li>• Funding mechanism is not conducive to strengthen the RECPCU’s institutional development (in particular the recruitment of some staff under UNIDO contracts).</li> <li>• Insufficient institutional strengthening of all managerial competencies that are pivotal for the RECPCU in order to successfully compete in the market.</li> <li>• Comprehensive awareness raising on RECP conducted by the RECPCU is not based on a communication strategy.</li> <li>• Work in the area of gender is not based on clear objectives and a strategy to achieve them.</li> </ul>



# 1. Background, objectives and methodology

## 1.1 Project background and description

This independent Mid-Term Evaluation covers the project Promoting the adaptation and adoption of Resource Efficient and Cleaner Production (RECP) through the establishment and operation of a Cleaner Production Centre (CPC) in Ukraine” (“the Project”).

Its overall budget of € 3.74 million (including UNIDO support costs) is funded by the Governments of Switzerland (represented by the Swiss State Secretariat for Economic Affairs, SECO) and Austria. Implementation commenced at the beginning of 2012 and is expected to end on 31 December 2016. € 2.2 million of the budget are still available.

RECP is briefly described in [box 2](#).

### Box 2: Resource Efficient and Cleaner Production (RECP) briefly explained

RECP aims at changing processes, products and services to increase efficiency and reduce risks to humans and the environment. Those changes combine:

1. **Good housekeeping:** prevents leaks and spills and aims to achieve proper, standardized operation and maintenance procedures and practices;
2. **Input material change:** replacement of hazardous or non-renewable inputs by less hazardous or renewable materials or by materials with a longer service life-time;
3. **Improvement of process control:** modification of working procedures, machine operation and process record keeping. The objective is to operate processes at higher efficiency and with lower rates of waste and emission generation;
4. **Equipment modification:** modification of the production equipment that lead to higher efficiency and lower rates of waste and emission generation;
5. **Technology change:** replacement of the technology, processing sequence and/or synthesis pathway in order to minimize the rates of waste and emission generation during production;
6. **On-Site recovery/reuse:** reuse of the wasted materials in the same process or for another useful application within the company;
7. **Production of useful by-products:** transformation of previously discarded wastes into materials that can be reused or recycled for another application outside the company; and
8. **Product modification:** modification of product characteristics in order to minimize the environmental impacts of the product during or after its use (disposal) or to minimize the environmental impacts of its production.

*Source: UNIDO and evaluators*

Designed in 2010/2011 as a follow-up to the National Cleaner Production Programme (NCPP) in the Ukraine (2007 – 2010) implemented through the same local counterpart (the Kyiv Polytechnic Institute, KPI), the Project primarily aims at tackling the challenge of environmental impact and some specific elements of competitiveness of Ukrainian industries with the aim of facilitating “access to local and regional markets”.

The envisioned principal project outcome is the widespread adaptation and adoption of RECP methods, practices, technologies and policies. RECP aims at decoupling economic development from further environmental degradation and resource depletion by improving resource productivity and environmental performance of businesses and other organizations in developing and transition countries.

Under the aspect of competitiveness, the benefit of applying RECP is expected to reduce production costs and thus contribute in higher productivity, which allows a more competitive pricing. Moreover, more environmentally friendly production should in theory help companies expand their markets by responding to the demand of environmentally conscious buyers and consumers. This segment of buyers would however typically require product<sup>1</sup> or process certification (e.g. ISO 14000 or ISO 50000)<sup>2</sup>.

Moreover, the Project also intended to promote the concept of Chemical Leasing (ChL), which is briefly described in [Box 3](#).

### **Box 3: Chemical leasing**

Traditionally, suppliers sell large quantities of chemicals to the end-users. Chemical suppliers have an interest to sell as much chemicals as possible. De facto, the inefficient use of chemicals is being "rewarded".

Through the concept of ChL, users only pay for the services rendered by the chemicals (e.g. volume of water treated, number of parts painted, lengths of pipes cleaned, etc.) and not for the volume of chemicals consumed. ChL is thus a service-oriented business model that shifts the focus from increasing the sales volume of chemicals towards the benefit or value added of using the chemicals. The producer mainly sells the functions performed by the chemical, and functional units are the main basis for payment. Within ChL business models, the responsibility of the producer and service provider is extended and may include the management of the entire life cycle

By de-coupling the payment from the consumption of chemicals, ChL encourages better chemicals management. This results both in environmental advantages as well as consequent economic benefits for both suppliers and users of chemicals.

*Source: [www.chemicalleasing.com](http://www.chemicalleasing.com); UNIDO and the evaluators*

The development objective of the Project to “enhance efficiency, productivity, competitiveness and environmental performance of companies in Ukraine, especially Small

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<sup>1</sup> Product certification or product qualification is the process of certifying that a certain product has passed performance tests and quality assurance tests, and meets qualification criteria.

<sup>2</sup> ISO 14000 is a family of standards related to environmental management that exists to help organizations (a) minimize how their operations (processes, etc.) negatively affect the environment (i.e., cause adverse changes to air, water, or land); (b) comply with applicable laws, regulations, and other environmentally oriented requirements, and (c) continually improve in the above. ISO 14000 is similar to ISO 9000 quality management in that both pertain to the process of how a product is produced, rather than to the product itself. ISO 50000 is an energy management standard. Source: [www.iso.org](http://www.iso.org)

and Medium Enterprises (SMEs), through the implementation of RECP methods, practices and technologies was translated into four expected outcomes:

1. **RECP (incl. ChL) service delivery capacity:** The CPC-Ukraine will deliver value-adding RECP services to companies, government organizations and business service providers that enable and promote the scale-up of the RECP implementation;
2. **RECP (incl. ChL) applications at company level:** RECP concepts, methods, practices and technologies will be implemented by companies and other organizations in Ukraine and their environmental, resource-saving and economic benefits will be proved;
3. **RECP policy and strategy:** mechanisms for mainstreaming RECP concepts and policy instruments will be created at suitable administrative levels in relevant national and regional policies and regulations; and
4. **Technologies and financial mechanisms:** target companies are implementing RECP technologies and have achieved economic and environmental benefits.

Main project activities included awareness raising and information dissemination events, capacity building of experts, in-plant assessments and some limited policy advice. The Project also conducted some activities related to “gender awareness”.

The Project is implemented by UNIDO, partially through the RECPCU. Initiated by UNIDO, the RECPCU was officially inaugurated on 29 January 2013 and obtained an independent legal status as an “Employer Association” under Ukrainian law in June 2013. Founders of the RECPCU and the Project’s three main national project partners are:

- The National Technical University of Ukraine “KPI” (<http://www.inter.kpi.ua/>);
- The Science Park “Kyivska Polytechnika” (<http://www.spark.kpi.ua/>), and
- The Ukrainian League of Industrialist and Entrepreneurs (<http://www.uspp.org.ua/>).

The RECPCU is currently operating in Kyiv and has established representative offices in Vinnytsia and Zaporizhia as well as a focal point in Odessa. The Steering Committee Meeting in April 2014 decided to postpone the expansion to four other regions due to the current political context.

UNIDO supported the RECPCU both directly and through the University of Applied Sciences and Arts Northwestern Switzerland School of Life Sciences Institute of Ecopreneurship” in Muttenz as a Swiss Reference Center.

Project implementation has – until now - been considerably affected by the still ongoing political and economic crisis. After six months, the Swiss Chief Technical Advisor (CTA) fled the country during the civil unrest at the beginning of 2014. A change had to be made from a resident full time CTA to a part time, fly-in fly out CTA who is expected to take up his function soon. The ongoing armed conflict made it impossible to establish the originally planned regional offices and work in the regions of Crimea, Lugansk and Donetsk. The crisis further resulted in hyper-inflation and a devaluation of the local currency by around 70%. At the time of the evaluation, loans for upgrading technology at economically viable terms are currently not available.

Key outputs delivered under the Project included CP assessments in 17 companies from Kyiv, Vinnytsia and Zaporizhia, the training of 33 CP experts in plant level assessments, comprehensive awareness raising, networking with financial institutions, coordination with

other donors and an assessment of gender issues in the RECPCU as well as in Ukrainian industries in general.

No follow-up support is planned after the end of the current project phase.

## 1.2 National context

This section briefly describes the national socio-economic context of the Project.<sup>3</sup>

Ukraine is located in the heart of Eastern Europe, occupying a fertile plain, north of the Black and Azov Seas, between Poland, Romania, Slovakia, Hungary and Moldova in the west and Russia in the east. It ranks 32<sup>nd</sup> in the world by population (44 million) and 46<sup>th</sup> in size with 580,000 km<sup>2</sup> of land and 24,000 km<sup>2</sup> of water.

Following the dissolution of the Soviet Union, Ukraine declared independence on 24 August 1991 and is since February 2014 a parliamentary republic. The country's capital is located in the city of Kyiv. The administrative structure of the country is currently in flux. The established system of division into 24 regions, one autonomous republic (Crimea) and two Municipality Cities (Kyiv and Sevastopol), has become dysfunctional and consensus on new administrative structure is still outstanding.

The decision of the Ukrainian government in November 2013 to suspend the process of signing an Association Agreement with the European Union provoked a political crisis and massive protests in the center of Kyiv, as well as in other cities, called "Euromaidan" in social networks and media. January and February 2014 were characterized by political turmoil. In February 2014, the former President Yanukovich left Kyiv and a transitional government took power. In May 2014, Petro Poroshenko was elected as the new President.

In March 2014, Russia annexed the Crimea and the city of Sevastopol. In April 2014 confrontation of violence in the southeast regions of Ukraine began. Armed groups of pro-Russian activists seized administrative building and police departments in the cities of Lugansk and Donetsk regions. Tensions and armed clashes in the Eastern part of the country continue despite a cease fire agreement signed in Minks in September 2014. Prior to the crisis, Russia was a key supplier of energy and a main export market for the Ukraine.

The Ukraine is currently in the midst of a severe economic and financial crisis. According to the World Bank, the real GDP shrank by 6.8% in 2014 and is expected to be reduced further by 7.5% in 2015. Achieving economic stability and reducing the dependence from imported energy is a core priority of the new government.

Following a Partnership and Cooperation Agreement signed with the European Union in 1994, an Association Agreement with European Union was executed in two parts. The political provisions of the treaty were signed on 21 March 2014 and the economic part on 27 June 2014. The Ukraine–European Union Association Agreement was ratified on 16 September 2014 by the Ukrainian and the European Parliaments. Under this Agreement, the Ukraine undertook to adopt to a large extent EU technical standards and regulations over a transition period of 10 years. These pertain, for example, to public procurement, hygiene, designations

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<sup>3</sup> Summarized from: CIA World Fact Book, the World Bank: Ukraine Snapshot and the World Bank, Ukraine Economic Update.

of origin and the protection of intellectual property. The Ukraine is committed to transform its economic system into a green, diversified economy in order to become competitive.

Ukraine is among the world's top-10 most energy-intensive economies. In 2013 Ukraine was the 21<sup>st</sup> country in the world by volume of electricity consumed (175 kWh per annum) and the 22<sup>nd</sup> by production (198 kWh per annum). The energy sector has suffered from years of serving primarily quasi-fiscal or political, rather than commercial objectives. In addition to being energy *intensive*, Ukraine is one of the most *energy-inefficient* countries in the region.

This is due to a number of reasons:

- The high concentration of energy-intensive sectors,
- Inefficient industrial processes and old equipment,
- Inefficient district heating systems, and
- Poor quality building stock.

Ukraine's ratio of total primary energy supply (TPES) to GDP is 10 times higher than the average of OECD. Calculated in purchasing power parity (PPP) terms, Ukraine uses around 3.2 times more energy per unit of GDP than the average among OECD countries.

By joining the Energy Community in 2011, Ukraine has undertaken to implement EU legislation on energy. The necessary changes to bring the country's laws into line with EU legislation have however not yet led to sound, transparent structures in the energy market.

The Ukrainian Government has implemented approaches to promote renewable energies, primarily wind energy. The State Energy Efficiency Programme 2015 aims to reduce production costs by 10%.

### 1.3 Objectives and methodology of the evaluation

The evaluation process was guided by the Terms of Reference (ToRs) dated 16 March 2015, enclosed in [Annex 3](#), the revised UNIDO Evaluation Policy<sup>4</sup> and the UNEG Evaluation Norms and Standards.<sup>5</sup> The ToRs were operationalized through an inception report.

The field work was carried out in Kyiv and Vinnytsia, Ukraine, between 22 and 30 April 2015 by two independent evaluators ("the evaluators")<sup>6</sup>, which were appointed by UNIDO following a transparent selection process. The evaluators fulfill the requirements of impartiality and independence<sup>7</sup>.

The UNIDO Project Manager supervised the evaluation. UNIDO's Office for Independent Evaluation ensured quality control at the different stages of the process.

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<sup>4</sup> Available from [www.unido.org](http://www.unido.org) (last updated on 19 March 2015)

<sup>5</sup> United Nations Evaluation Group (UNEG), Norms for Evaluations in the UN System, 29 April 2005

<sup>6</sup> Daniel P. Keller, Director, EvalCo Sàrl, Evillard, Switzerland, Team Leader and Ms. Natalia Perestyuk, National Evaluator

<sup>7</sup> This principle is underlined in paragraphs 48 of 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)."

The evaluation aimed at monitoring early project achievements, identifying implementation bottlenecks and synergistic opportunities, and providing suggestions for “fine-tuning” project activities. In particular, the evaluators were requested:

- To assess project performance (covering its implementation and management) in terms of efficiency, effectiveness, impact and potential sustainability, based on the logical framework and organizational and institutional arrangements for its implementation and monitoring;
- To ascertain the continued relevance of RECP for Ukrainian businesses and review the Project’s planned activities and organizational arrangements, taking into consideration the changed national socio-political and economic situation and other major initiatives of government and the international community; and
- To provide lessons learned and potential recommendations with a view to furthering the adaptation and adoption of RECP in Ukraine, including institutionalization, service portfolio, outreach and advocacy, during completion of the present Project, as well as possibly through associated interventions.

According to the ToRs, this evaluation focused on the period from 1 January 2012 to 31 December 2014. Prior UNIDO support and subsequent developments were taken into account as contextual information.

## 1.4 Methodology and evaluative approach

This section presents the evaluation methodology and the approach used.

The **core methodological principles** applied to this evaluation include:

- A particular emphasis on triangulation (cross-validation) of data sources and an assessment of plausibility of the results obtained.
- The application of deductive reasoning, i.e. base conclusions and recommendations on evaluation findings.
- Application of the basic principle of “realistic evaluation”, i.e. “intervention plus environment leads to results”. Factors external to UNIDO’s support that may have facilitated or impeded the achievement of the expected results are taken into account.
- The use of an iterative approach, meaning that evolving findings were taken into account and subsequently validated, as far as this is possible.
- Rather than driving the discussion through a predefined “protocol, the evaluators primarily facilitated an open discussion with the purpose of collecting as many different opinions and ideas as possible that might be of use for formulating well-funded, useful recommendations.

While complying with UNIDO’s evaluation policy and maintaining independence the evaluators applied a highly participatory approach, seeking the views of all project stakeholders. Enrolment of key stakeholders in the process and seeking alignment on key findings, conclusions and recommendations significantly contributes to organizational learning, which was one of the main purposes of this Mid-Term Evaluation.

The evaluators' assessment of whether UNIDO provided the right type of support in the right way through each of the expected results to achieve the project objectives was based on the following **evaluation criteria**:

- **Quality of project design**: the assessment against good practices in result-based management, in particular the proper application of standard project planning tools such as logical frameworks;
- **Relevance**: the extent to which objectives at all levels are consistent with beneficiaries' requirements, national and global priorities and policies;
- **Efficiency**: the appropriateness of the approach used, the quality of program management, how economically resources/inputs (e.g. funds, expertise, time) are converted into results ("value for money"), an assessment of quality of service delivery and possible synergies achieved with other donor-funded initiatives;
- **Effectiveness**: the extent to which objectives are achieved, or are expected to be achieved, *taking into account their relative importance (see below)*. The evaluation further explored possible unplanned/unexpected negative/positive outcomes; and
- **Sustainability**: an assessment of the likelihood that benefits generated will continue after the assistance/support has been completed.

The intervention theory reflected in the project document assumes that the wider implementation of RECP within Ukrainian industries (outcome 2) requires an enabling policy environment, where benefits are significant and relevant to enterprises (outcome 3) and where technology and finance are available for implementation (outcome 4). The RECPCU established with the Project's support (outcome 1) would play a key role in the country to (a) advocate for and assist the government in establishing favorable external framework conditions for RECP and (b) provide services to companies to implement RECP, including sourcing and funding of new, more resource efficient technology. According to this project logic, the achievement of the expected outcome 2 (use of RECP) depends on the RECPCU's technical, financial and institutional capacities to fulfill its mandate (outcome 1), both in terms of enhancing the framework conditions for the application of RECP (outcomes 3 and 4) and service provision to companies.

Weighting the relative importance of results, the evaluators put a clear emphasis on an assessment of the institutional, technical and financial capacities of RECPCU (outcome 1) and the question of which type of additional support is needed to ensure that the RECPCU will be able to continue providing its services to the industry and the government after the Project's end (the potential sustainability of the RECPCU). Considering that the perspectives of further donor or government funding to the RECPCU is uncertain, it is furthermore key that the RECPCU will be able to fund itself (through revenues from service provision and/or other sources, e.g. membership fees, project implementation for donors, etc.).

The strengthening of the RECPCU as a strong and sustainable institution, which will be able to contribute to Ukraine's sustainable industrial development beyond the Project, is clearly also the key objective expressed by its three founders, the management of the RECPCU and the two donors.

**Data collection**: Data was collected through desk study (see list of documents included in [annex 1](#), in-depth discussions with all key stakeholders of the project, both in the form of focal-groups and individually (see list of organizations and persons met enclosed in [Annex 2](#))

and personal observation by the evaluators during field visits. All stakeholders who were interviewed were ready to openly share relevant all information. Beyond this management of the RECPCU expressed clear and candid views, not only on the Project, but also on their vision for the RECPCU's future development and the support needed to achieve their objectives.

Preliminary findings were discussed in detail with management of the RECPCU on 30 April 2015 and the Swiss Cooperation Office in Kyiv. On 15 May 2015, a first draft report was circulated to UNIDO in preparation of a physical de-briefing on 27 May 2015 with the Project Manager, the Office for Independent Evaluation and the donor. Purpose of the de-briefing was a factual verification of key findings and an in-depth discussion of conclusions and recommendations.

All factual corrections received prior and during a de-briefing meeting on 27 May 2015 in Vienna were taken into account. Overall, evaluation findings were consistent and clear. The evaluation results presented below were fully endorsed by key stakeholders.

## 1.5 Limitations

Firstly, considering the Project's scope and geographical coverage, the duration of the field mission, which also included field visits to beneficiary companies outside Kyiv, was short.

Secondly, some documents were only gradually received while the evaluators were already travelling. Some key issues relating to "institutional capacities" of the RECPCU (and pivotal to assess effectiveness to outcome 1) were only identified during the mission, which required comprehensive additional fact finding through in-depth discussions with management. It took one full day of interviews with management to obtain a comprehensive picture on the structure, procedures and the financial situation of the RECPCU.

Thirdly, financial data on the Project and the RECPCU is rudimentary. Financial implementation of the Project is not reported to the Steering Committee and the reports provided to the evaluators during the mission do not present figures in a way that allows for a proper assessment of type of expenditures per outcome. The books of the RECPCU, while in line with reporting requirements of the tax authorities, do not provide a true picture of the financial situation, which would be important for the assessment of potential financial sustainability of results. Investments into equipment are not accounted for and not amortized; parts of other expenses including some staff salaries are directly paid by UNIDO. Fourthly, the evaluators were only able to visit a small sample of beneficiary companies selected by the project team on the basis of their availability to meet. While company visits provided a general additional insight on the work of the RECPCU, it was not possible to assess outcomes at company level in detail.

Last but not least, the evaluators were requested to assess "gender" aspects of the Project. The Project did conduct some originally not planned activities related to gender, but neither gender-related objectives against which results could be assessed against nor a strategy to achieve were defined. The evaluators attempted to identify effects generated by "gender outputs" added during implementation. The limited number of interviews with programme staff and the gender experts might however not have provided a comprehensive picture.

Despite these various limitations, sufficient factual information for a well founded assessment at mid-term was available.



## 2. Findings and assessment

### 2.1 Project preparation

This section assesses the quality of project preparation reflected in the original project document including its identification and design.

The Project was designed in 2010/2011 as a follow-up to the National Cleaner Production Programme (NCPP) in the Ukraine (2007 – 2010), which was implemented with funding from the Government of Slovenia in cooperation with the same national counterpart (KPI). This predecessor project mainly conducted CP Assessments, awareness raising activities and trainings of specialists. The Project is embedded into UNIDO's global joint global RECP Programme with the United Nations Environment Programme (UNEP), which aims to scale up and mainstream RECP in developing and transition countries, including through the set up and support for "CPCs".

Project identification and preparation work included an international expert mission to Ukraine at the end of 2009 as well as two national stakeholder consultation workshops in 2010, in which the main ministries, institutions and donors involved in CP-related activities in Ukraine participated. While replicating a standard approach, UNIDO undertook significant efforts to tailor its support to the particular Ukrainian context. This included the identification of specific priority sectors and regions. Similar interventions of other donors were carefully taken into account. UNIDO also identified potential synergies with initiatives offering support that complements RECP services, in particular in financing investments into clean technology.

Project implementation was structured into an inception phase of 12 months to establish the RECPCU and an implementation phase of four years. The planned sequencing of activities and the project duration of five years were adequate. Main risks and assumptions were analyzed and ways to mitigate them identified. The project document includes a detailed logical framework, which was established based on a careful problem analysis and is, with the exception of results-based financial planning, to a large degree in line with good practices.

The key shortcoming of the project approach is that it does not include a strategy towards strengthening the RECPCU as a sustainable service provider. Support needed towards organizational development is only marginally spelled out. In contrast to capacity building in technical areas, it is unclear how the Project will support the RECPCU to mature into a well-managed, financially sustainable institution with strong service delivery capacity. Consequently, the original project document does also not define financial sustainability objectives for the RECPCU. No clear plan on how to gradually phase out support and how gradually transfer the RECPC activities from the project to the RECPCU was spelled out.

Besides delivery of RECP services at the company level, awareness raising and advocacy is a core activity of the Project. While significant resources are allocated to seminars, workshops and the printing of promotion material, no clear communication strategy and no framework to measure the effects for communication was spelled out. There is a risk to waste resources for activities, which ultimately result in very limited outcomes – without being aware of it.

Overall, the quality of project preparation was satisfactory.

## 2.2 Relevance

The assessment of relevance looks at the extent to which the objectives of the projects were consistent with the requirements of key beneficiaries, international priorities, donor policies and UNIDO.

### **A. Relevance to national priorities and the needs of beneficiaries**

#### (a) Priorities relating to environmental protection and energy use

The Project responds well to the policies and priorities of the Ukrainian government. All stakeholders interviewed agreed that industrial pollution is a significant threat for the environment in Ukraine and RECP potentially contributes to tackling it.

Following the conflict in Eastern Ukraine, reducing energy dependency from Russian Federation is a key priority of the Government. The Government is committed to phase out energy subsidies for enterprises and the population. All of this has substantially increased the relevance of RECP for the country, enterprises and the population.

While project objectives are of high on-going relevance to the improvement of Ukraine's energy independence and environmental performance, it should be noted that tackling industrial pollution addresses only one of several threats to the environment and needs to be combined with other measures.

#### (b) Competitiveness of Ukrainian industries

Enhancing the productivity and competitiveness of the Ukrainian industry is rather question of survival for lots of Ukrainian manufacturing enterprises, especially during the recent economic crisis. The country's key extractive and manufacturing industries are often characterized by outdated technologies and resource-intensive practices that create considerable costs for the economy, the environment and the well-being of the public. The mainstreaming of RECP practices and technologies supports Ukraine's efforts to re-orient the country's prevailing economic paradigm away from energy and resources intensive processes and towards more innovative and inclusive solutions.

More productive and competitive industries are more likely to create jobs and pay higher salaries. A competitive industry potentially contributes to the creation of employment, higher salaries and increases of tax revenues.

The recent economic crisis further increased the already high degree of project relevance, both in regards to government policies and the needs of companies.

### **B. Relevance of the project objectives to Ukraine's regional commitments**

The implementation of the EU-Ukraine Association Agreement resulted in various environmental directives.<sup>8</sup> Under the "Covenant of Mayors", 89 Ukrainian cities expressed

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<sup>8</sup> On the assessment of the effects of certain public and private projects on the environment (2011/92/EC); on the assessment of the effects of certain plans and programmes on the environment (2001/42/EC); on public access to environmental information (2003/4/EC) and providing for public participation in respect of the drawing up of certain plans and programmes relating to the environment (2003/35/EC).

their aim to meet or exceed the 20% CO<sub>2</sub> reduction objectives of the European Union by 2020. The objectives of RECP potentially contribute to the implementation of these policies.

### **C. Relevance to international priorities**

The objectives of implementing the RECP methodology address productivity, environmental and social imperatives in parallel. A reduction of material, energy and pollution intensity per unit of industrial output reduces the overall ecological footprints (carbon, water, etc.), while at the same time improving productivity and competitiveness through cost savings.

The Project is highly relevant to addressing the global challenges of industrial pollution and high industrial resource use, a priority expressed in several Multilateral Environmental Agreements. RECP contributes to the ultimate goal of decoupling of 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.

### **D. Relevance for UNIDO**

The Project obviously matches the operational mandate and core competencies, expertise and experience of UNIDO. Project objectives are fully aligned to UNIDO's core objective to promote resource efficient and low carbon industrial production.

Overall, the recent economic and energy crisis in the Ukraine further increased the already initial high relevance of project objectives. But RECP is competing with numerous other priorities in the country caused by the current socio-economic crisis.

## **2.3 Effectiveness**

Effectiveness assesses the extent to which the development objectives of an intervention were or are expected to be achieved.

This section looks at progress towards achieving planned outcomes.

The Project's development objective was to enhance efficiency, productivity, competitiveness and environmental performance of companies in Ukraine, especially SMEs, through the implementation of RECP methods, practices and technologies.

Within these broader objectives, the Project aimed at the following four outcomes:

- Outcome 1: The RECPCU delivers value adding RECP services to companies, government organizations and business service providers that enable and promote the upscaling of RECP implementation
- Outcome 2: RECP concepts, methods, practices and technologies have been implemented by companies and other organizations in Ukraine, and the environmental, resource saving and economic benefits thus achieved have been verified.
- Outcome 3: Mechanisms for mainstreaming RECP concepts and policy instruments have been created at suitable administrative levels in relevant national and regional policies and regulations.

- Outcome 4: Target companies are implementing RECP technologies and have achieved economic and environmental savings.

For each outcome objective, specific output objectives were defined and linked to (mostly) objectively verifiable indicators, which are used for the assessment.

#### **A. Outcome 1: Service delivery capacity of the RECPCU**

This **key outcome of the Project** included the incorporation of the RECPCU as an independent non-governmental and non-for-profit organization (NGO/NPO), which would be able to provide RECP and related services to companies on a commercial basis, conduct awareness raising, training, and policy advice during the Project and continue to do so afterwards.

Outputs 1.1 and 1.2 to be delivered under the Project included both support to legally establishing the RECPCU and its technical and institutional strengthening.

##### (a) Legal establishment of the RECPCU

The RECPCU has been legally established in the form of an Employers' Association, a form of NGO under Ukrainian law. The choice for this set-up was made following the recommendations of an expert mission conducted in 2012<sup>9</sup> and, according to the Project Manager, legal consultations. Founders of the RECPCU are the KPI, the Science Park "Kyivska Polytechnika" and Ukrainian League of Industrialist and Entrepreneurs. Apparently however, the organizational set-up selected results in legal challenges for the RECPCU to sell its services, which the evaluators were unable to verify the reasons for in detail<sup>10</sup>. According to the Project Manager, this challenge had not been foreseeable and was due to changes in the tax legislation. As a result, the RECPCU lost some business opportunities.

If the understanding of the RECPCU and the evaluators is correct, addressing this issue would be of great urgency and importance for the further development of RECPCU as a service provider, which is able to generate own revenues. Analyzing the Charter of the RECPCU<sup>11</sup>, one of the options provided in (Article 3 Section 4) would be to establish a commercial entity under the RECPCU as a service provider. This issue is pivotal for the achievement of the longer-term results of the Project.

##### (b) The development of the RECPCU's technical and organizational capacities

UNIDO performed well in developing the technical capacities of the RECPCU. Technically, the specialists of the RECPCU are at a good level. In contrast, UNIDO's support to the development of the RECPCU's managerial capacities was insufficient,

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<sup>9</sup> See Report of the UNIDO-SECO investigation mission on the establishment of a Cleaner Production Centre in Ukraine, Mario Marcic and Dieter Mutz, December 6 – 14, 2009. The experts recommended obtaining legal advice.

<sup>10</sup> Management explained the situation as follows: If the RECPC's services are being considered of commercial nature, the RECPCU would face a risk of being taxed on them. Therefore contractual agreements with companies stipulate remunerations as "donations". Those are however only tax deductible for client companies up to a certain percentage of their revenues. Therefore, clients of the RECPCU require normal service contracts and receipts, which allow them to account for the RECPCU's costs as a business expense.

<sup>11</sup> STATUTE of the "Resource Efficient and Cleaner Production Centre", Kyiv City Innovative Sectorial Organization of Employers (revised), 23 January 2013 and revised on 11 September 2013.

although managerial capacities are an equally critical factor. A lack of managerial capacities is evidenced by the following observations:

- **Business plan:** More than two years after the RECPCU's establishment, its business plan is still in the initial drafting stage. The evaluators noted that the draft business plan established by the RECPCU, which has not yet been discussed with the Steering Committee, is of poor quality and not useable as a management tool. It lacks essential elements, such as a pro-forma financial statement and balance sheet as well as a cash-flow statement<sup>12</sup>. It seems that the extensive training and "experience sharing" with other CPCs, provided through a joint GIZ-UNIDO "pilot management capacity development intervention" did not result in the expected outcome, which was to enable management to draft a proper business plan. According to the experience of the international evaluator who as a management consultant drafted a large number of business plans, it might be more appropriate to provide support through "coaching" and hands-on support rather through training. Language barriers (drafting a complex document in English) make the work for the RECPCU's management even more challenging. In comprehensive in-depth discussions with the evaluators during one day, the management of the RECPCU was able to articulate most information to be included into a business plan. Translating this already existing information into a sound business plan that is useful for management purposes requires competencies that are currently not available within RECPCU.
- **Governance and management:** On the paper, the RECPCU has a reasonably clear organizational structure and operates as an independent organization. In practice however, it still managed as a UNIDO Project operation, implementing its activities following an activity plan and budget according to UN budget lines. The Steering Committee of the Project acts as a governance body of the RECPCU, which is inappropriate. Management and key staff works under UNIDO contracts. Some staff is employed by the RECPCU, either under service or labor contracts.
- **Financial accounting:** Reflected by a financial audit (unavailable to the evaluators), the financial statements of the RECPCU seem to fulfill the legal requirements, but they do not provide a true picture of its financial situation. Some of the RECPCU's staff is directly paid by UNIDO (funded by two different projects<sup>13</sup>). Part of the equipment procured under the Project has not yet been handed over and is not accounted as a fixed asset, also meaning that amortization expenses are not taken into account.
- **Management accounting:** RECPCU does not have a management accounting system (tracking working hours and costs of their engineers).
- **Internal processes and procedures** are not yet clearly documented. While using "informal procedures" may work in a small organization, it will jeopardize the quality of work once the workload of the RECPCU increases. The evaluators fully endorse the planned certification of ISO 9001 (if properly done) as the process of preparation will be a good opportunity to enhance the RECPCU's management system.

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<sup>12</sup> Although financial projections are difficult in the current context and may quickly lose relevance, establishing them would enable the management to undertake financial planning themselves in the future.

<sup>13</sup> "Some staff is funded by the parallel UNIDO project "Greening Economies in the Eastern Neighborhood" (EaP GREEN), funded by the European Union.

- Significant deficiencies exist furthermore in **marketing the RECPCU**. Most of the RECPCU's current business was acquired through existing relationships of RECPCU consultants. Marketing activities are not based on a clear marketing plan. It is not clear to whom the current marketing material reviewed (website, brochure) is addressed. If the idea was to reach potential clients of the RECPCU, the material does not convey the right message (services of the RECPCU and their advantages) in the right way.

While UNIDO's approach to commission services<sup>14</sup> under the Project to the RECPCU is appropriate, it was not consistently implemented. Operations of the project and the RECPCU remain mixed.

Furthermore, seconding UNIDO staff<sup>15</sup> to the RECPCU without clearly defined reporting lines between UNIDO staff, the RECPCU's management and UNIDO's Project Manager blurs responsibilities. Due to their contractual arrangements, there is a risk that staff hired and paid by UNIDO primarily reports to the Project Manager and not to the management of the RECPCU.

More conducive for development strengthening would be to commission the RECPCU for services under the Project under a full-cost service contract (including for the salary costs rather than covering these directly). Donors' concerns of implementation risks could be counterbalanced by (a) gradually releasing contract payments upon delivery of requested services and (b) an annual financial audit of the RECPCU (including requesting the auditors to provide a detailed management letter accompanying the audited financial statements).<sup>16</sup>

Looking at the above priorities, a strong focus of UNIDO's support on organizational development of the RECPCU is pivotal. This primarily requires hands-on support and coaching of the local management team rather than "generic" management training. Furthermore, RECPCU is only able to develop in a truly independent institution if project management and management of the RECPCU are separated. The priority of managerial strengthening should also be reflected in the Terms of Reference for the new CTA and the Swiss Reference Center.

#### (c) Cost coverage rate by own revenues

The Project's target is that by the end of 2016, the RECPCU will be able to cover 50% of its costs (excluding "international costs") through own revenues. In 2014, the RECPCU received total revenues of € 329,969 through UNIDO, € 281,348 through the Project (including in-kind contributions, mainly equipment and local staff salaries) and € 41,621 through the implementation of the RECP component of the regional project "EaP GREEN" on behalf of UNIDO. Own revenues generated achieved through service provision to companies was approximately €1,390 (one contract). This means that currently, the RECPCU covers only 0.4% of its own costs and not 13.12% as reported.

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<sup>14</sup> According to UNIDO, the current service contract signed between RECPCU and UNIDO only includes non-salary expenditures and not service provision in full. The service contract does not explicitly state how the fees are calculated, but the evaluators noted that salaries of the RECPCU's key staff are directly paid by UNIDO.

<sup>15</sup> Key staff on UNIDO's payroll includes the Director, the Managing Director, the Technical Director as well as the Coordinators in Vinnytsia and Kyiv.

<sup>16</sup> These modalities are applied by most donors of the Vietnam Cleaner Production Center (VNCPC), including for the "CP component" of the project "Joint Programme for Green Production and Trade (United Nations)" in Vietnam (which was one of UNIDO's contributions to this programme).

## B. Outcomes 2 and 4: Implementation of RECP concepts at companies

Table 4 summarizes RECP services provided since the establishment of the RECPCU and their outcomes at company levels:

**Figure 4: RECP options identified and implemented in 2013/2014**

	2013 (identified)	2013 (implemented)	2014 (identified)	2014 (implemented)
Number of assessments	12	12	19	19
Reduction in material consumption	4,242	2,962	176	160
Reduction in water consumption (in m3 per year)	121,200	80,500	180,769.6	74,135.36
Energy savings (in MWh/year)	30,588.5	356.5	19,367.1	2,059.25
Reduction of CO2 emissions in tons per year	3,515.3	44.6	4,451	760.03
Annual savings in €	3,400,000	2,500,000	935,000	94,000

Source: Annual reports 2013/2014 of the Project

It was not possible to validate these figures in detail, but all companies visited by the evaluators reported significant benefits from obtaining support by the RECPCU.

The evaluators have the following comments:

- Not surprisingly in the current economic situation, the client companies of the RECPCU are primarily looking for **cost savings** rather than for generating environmental benefits.
- **The ratio between identified and implemented options is low:** Companies currently focus on the implementation of low-cost options. Very few investments into clean technology are made. Companies are not able to pay the current annual interest rates for bank loans of more than 30% per year. Borrowing in foreign currencies is not an option either due to the uncertainties arising from the observed hyper-devaluation of the local currency (70% fold over 12 month period). Most companies do not look for **equity investments**. For some companies however, equity investments might be an option for funding the purchase of clean technology. The cooperation with the the Science Park of the KPI and Ukrainian League of Industrialist and Entrepreneurs (founders of RECPCU) might help to identify opportunities.
- Companies meet **challenges in developing bankable projects** (business plans that show the financial viability of investments). There is a high demand for developing “feasibility studies” for investments into clean technology as a basis to obtain financing. The RECPCU would be well positioned to provide this support.
- Relating the impressive resource savings to the number of RECP projects in rather small companies indicates a **very low baseline** (a high degree of resource waste as an initial situation). Company visits confirmed that some of the RECP options identified were rather obvious and easy to implement. Example: In the meeting room of one company visited, it is not possible to entirely close the windows, even in winter time. Fixing this problem with a minimal investment would already substantially reduce heating costs.

- **Company focus:** Most companies visited would probably need a comprehensive restructuring to survive. RECP has therefore a limited impact on their long-term ability to successfully compete in the market. Companies under restructuring probably need a different type of support than those with future growth potential. If for instance a production facility needs to be rebuilt anyway (which is the case in some companies visited), then the replacement of a central boiler system does economically not make sense. RECP services need to be specifically tailored to the needs of companies, which require assessing the situation of a company as a whole. Striking a balance between focusing on major polluters and achieving future economic/environmental impact through working with “winners” is important.
- **Sector focus:** Considering that industry experience is an important element of RECP work, the Project rightly applied with a focus on Ukraine’s priority industry. Applying RECP in agriculture on a pilot basis (focusing on reducing fertilizer use) was innovative and could – in particular if applied together with ChL – result in a significant impact on the environment and on profitability of agricultural activities. The environmental impact is two-fold: both the environmental impact of fertilizer production and use is reduced. The pilot work conducted is very interesting and might be replicated by other RECPCs within the network. Both in terms of environment and competitiveness, RECP is important for the tourism sector, which the Ukraine intends to revitalize after the end of the current crisis. Municipalities and public housing provide opportunities to achieve impact through RECP as well.
- **Geographical focus:** The Steering Committee Meeting in April 2014 rightly decided to postpone the expansion to four other regions due to the current political context. The decision on whether and how to expand to other regions needs to be based on a renewed assessment of demand for RECP services and not merely be driven by the wish to achieve a “balanced” geographical coverage of the country. Whether services are directly provided through the RECPC in Kyiv or a branch office should be taken by a careful analysis of potential revenues and costs as part of the RECPCU’s business plan. Considering the limited personnel resources, it would furthermore be advisable to first focus on strengthening the organizational capacities of the RECPCU prior to embarking on a further geographical expansion.

### C. Outcome 3: Mainstreaming RECP concepts into policies

#### (a) Advocacy and policy support

Various efforts undertaken have so far not resulted in any policy changes. Experience shows that enabling policies as well as strict enforcement of existing environmental legislation are an important element in promoting RECP. Based on its comprehensive experience in different countries, UNIDO is well positioned to provide input. Advocacy should continue in close coordination with other donors and local stakeholders.

#### (b) General awareness raising

The Project emphasized on awareness raising through various conferences, workshops and the production of promotion material, mainly with the aim to create a market for RECP services. Awareness raising activities seem to be deployed ad hoc not based on a clear communication strategy. Prior to continuing awareness rising, it would be important to develop a concept that shows what messages need to be conveyed to which target audience. In order to become more effective, the content and tools used need to be tailored to the specific target audience and to clearly defined objectives. Much of the current material used, including the brochure of the project website of the RECPCU are rather generic.



### (c) Gender

In line with its priorities, UNIDO conducted a number of activities relating to “gender in industry”. A gender specialist was recruited and produced a report on the current status in the Ukraine.<sup>17</sup> The evaluators positively noted that “gender awareness” within the RECPCU has been raised in the sense that all staff interviews were aware of the work conducted. The principles of gender equality (in terms of gender balance, salaries) seem to be well implemented within the RECPCU.

According to UNIDO, a “gender strategy” is currently being prepared. The report on “gender in industry” identifies still significant challenges to be addressed towards achieving equality of gender in the Ukraine. The evaluators recognize that gender mainstreaming is an inherent part of UNIDO’s work and also mentioned in the project document. Looking at the RECPCU’s overall mandate, its clients (companies and the government) are not primarily looking for gender advice from the RECPCU.

The question of whether and how to address gender issues in Ukrainian industries through the RECPCU and its work requires however further clarification. Furthermore, to ensure local ownership, the gender strategy, its objectives and specific activities to be undertaken needs to be endorsed by the Steering Committee and the management of the RECPCU.

### **D. Perspectives of wider outcomes and impact**

Assuming sufficient socio-political and macro-economic stability in the country, the perspectives of achieving broader incomes and impact mainly depend on the institutional capacities of the RECPCU, in its ability to attract funding and to effectively operate as an independent organization.

Focusing on those should therefore be the clear emphasis during the remaining duration of the Project. Project activities are marginal, considering the significant challenges Ukraine will have to address to bring its economy at par with other European countries. Moreover, as an external factor, it should be noted that UNIDO has been an important, yet not the only actor in the field of “Cleaner Production” and that both UNIDO and other donors had already been active before the Project started.

## 2.4 Efficiency

This section looks at how economically inputs were converted into outputs.

### **A. Approach**

#### (a) Service delivery capacity of the RECPCU

Evidenced by the intermediary outcomes observed, the core elements of UNIDO’s strategic approach to promoting RECP through strengthening the RECPCU are appropriate.

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<sup>17</sup> Final Report on Gender Mainstreaming, Resource Efficient and Cleaner Production Centre (RECPC) – Ukraine 2013 – 2014 prepared by Olena Suslova, RECPC Gender Expert and revised by Valerie Tkachenko, RECPC Gender Focal Point.

As discussed under effectiveness, the approach outline in the project document has however not yet been consistently implemented, in particular in the following areas:

- **Insufficient efforts to the managerial strengthening of the RECPCU** as an effective service provider: UNIDO's support has mainly focused on training technical experts, which was appropriate, but not sufficient to build the RECPCU into a strong, independent and sustainable institution. The aspect of management capacity building has so far been insufficiently addressed.
- **Management of the RECPCU as a project rather than a service provider:** Prior to the legal establishment of the RECPCU with a legally independent status, funding expenditures (including staff salaries) directly, applying UNIDO procedures and rates was the only possible option for UNIDO. At this stage, UNIDO's project-based approach to channel support to the RECPCU based on detailed activity plans and budgets is no longer conducive to the RECPCU's organizational development. Eliminating the overlapping governance and management structure of the Project and the RECPCU is important. Ideally, a revised results framework would distinguish between (a) deliverables to be generated by the RECPCU (under a block grant) and (b) project outputs and outcomes to be realized by UNIDO (focus on institutional capacity building). For the achievement of all expected outcomes and the sustainability of results, the RECPCU needs to get accustomed to manage its own budget efficiently and to assume also financial accountability towards its stakeholders.

The support "institutional development" in all areas that enable the RECPCU to successfully fulfill its mandate independent from further Project support will be pivotal. This includes a comprehensive business plan (endorsed by the founders), a marketing plan, the planned ISO 9001 certification, a HR policy, as well as a sound financial and managerial accounting system. Support of the new CTA, the Swiss Reference Center and an Austrian consulting company needs to be tailored in a way that it addresses these priorities.

The process of shifting from a project operation to a service provider needs to be accompanied by coaching and hands-on-support, including on management. The proper monitoring of results to be delivered by the RECPCU and a full financial audit remains essential (see below).

## **B. Quality of technical input**

Technical capacity building provided by UNIDO was of high quality and fully met the needs of the RECPCU. UNIDO selected the right experts, mostly from the region, and provided the appropriate trainings to the right beneficiaries in the right form, as evidenced by participants' positive feed-back for trainings, the generally good quality of expert reports and the sample of training material reviewed.

### **(b) Awareness raising and policy advice**

Awareness raising and communication has with various stakeholders has so far not been based on a clearly articulated strategy. Material reviewed is rather generic and not really tailored to specific target audiences. Developing a clear communication strategy would help to make more efficient use of available resources and allocate them to activities that potentially achieve a higher impact. Important would also be to regularly assess outcomes of communication activities (not only for example how much brochures are printed and distributed or how many women and men attended an event.).

### C. Analysis of financial implementation

An analysis of financial data in progress reports in [Figure 6](#) below shows that as of 30 April 2015, €1,612,082 out of the total budget of € 3,740,000 (including UNIDO support cost of € 430,265) or 41% of the funds available had been committed or spent. This leaves a remaining budget of approximately € 2.127,418.

**Figure 6: Expenditures according to budget lines and outcomes in € (cumulative per 30 April 15)**

<i>BL</i>	<i>Details</i>	<i>Outcome 1</i>	<i>Outcome 2</i>	<i>Outcome 3</i>	<i>Outcome 4</i>	<i>Total</i>	<i>% of Total</i>
1100	Interernat. Experts	127,362	137,291	-	-	264,653	19%
1500	Local travel	27,593	8,066	-	-	35,659	2%
1600	Travel project staff	15,846	5,148	-	-	20,994	1%
1700	Nat. Consult. /Staff	229,794	93,081	2,232	-	325,107	23%
2100	Subcontracts	374,754	255,622	-	94,514	724,890	51%
3000	Train/Fellowship/Study	28,619	568	-	-	29,187	2%
3500	Internationat. meetings	-	-	-	-	-	-
4500	Equipment	-	19,433	-	-	19,433	1%
5100	Other direct costs	5,794	1,140	207	-	7,141	1%
Total (excl. support costs)		809,762	520,349	2,439	94,514	1,427,064	100%
Per outcome (percent of total)		57%	36%	0%	7%	100%	

*Source: as reported and analyzed by UNIDO on 19 May 2015*

Based on an assessment of the funds spent against the initial results reported in Section II.3, value for money has so far been satisfactory.

### D. Project management

Operationally, the Project was generally well managed. UNIDO was responsive to the needs of beneficiaries. To the degree possible considering the difficult external circumstances described above, UNIDO generally delivered its support timely and in good quality.

The evaluators share the view of the RECPCU's management and UNIDO that the role of the CTA is critical for the center's further institutional development. According to UNIDO, it was not possible to identify a candidate who was willing to relocate to Kyiv. Therefore, UNIDO decided to recruit a part-time CTA who would provide his support through regular missions. Considering that (a) initial technical capacity building has to a large degree been completed

and (b) that the RECPCU benefits in addition from support through the “Swiss Reference Center”, the solution of a part-time CTA is adequate and also more cost effective.

**Monitoring and reporting:** The quality of UNIDO’s progress reporting improved over time. The two most recent years 2013 and 2014 relate achieved to the planned results rather than the initial practice to list activities (see implementation report for 2012). In addition, the annual implementation plan for 2014 defines a clear work plan with priorities at the activity level, which are regularly monitored. While the Project’s governance structure seems to be functioning, the last Advisory Committee meeting did not take place due to major changes within different government offices. The Embassy of Austria and the Swiss Cooperation Office, representing the donors, are regularly consulted and actively participate in meetings of the Steering Committee.

The evaluators were surprised that the implementation reports to the Steering Committee neither include financial information of the Project nor of the RECPCU. According to the Project Manager, the non-disclosure of financial information was requested by the RECPCU. Without access to financial information, the Steering Committee is not able to take well-informed strategic decisions. Furthermore, the lack of financial information (other than from activities implemented under its subcontract with UNIDO) prevents the RECPCU from valuable input to its own future financial planning. The RECPCU should for example be aware of the costs of international expertise in the view of sourcing when needed after the Project ends.

#### **E. Synergies with other donor interventions**

UNIDO coordinated well with similar initiatives of other donors, as for example reflected in a cooperation agreement with the International Finance Corporation (IFC), which was recently extended until the end of 2015.

Despite the financial crisis which disrupted the up-take of company credits, cooperation with IFC and NEFCO continued and brought (a) additional and important know-how to the RECPCU staff on financial operations and the way financial institutions do business; (b) contributed to better positioning the Centre in the market and (c) helped fine tuning the RECP assessment methodology and presentation of assessment findings to company management.

Besides this, the cooperation with these institutions and the UNDP-GEF project in the Ukraine allowed UNIDO to coordinate activities, to prevent overlaps and to benefit from an exchange of experience through a number of joint activities.

Significant synergies were achieved with the EU funded EaP GREEN Project, which is jointly implemented by OECD, UNEP, UNECE and UNIDO in six countries. Under this project, UNIDO is responsible to implement RECP demonstration projects in all beneficiary countries. In the Ukraine, the RECPCU implements activities under a subcontract with UNIDO. Work to be provided under this component is to a large degree congruent with the Project’s activities.

UNIDO also capitalized on the opportunity to mobilize additional funding for RECPCU in the Ukraine and to create synergies by working through the RECPCU for both projects.

**In conclusion:** Efficiency of the Project was satisfactory.

## 2.5 Sustainability

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

### A. Sustainability of the RECPCU

As explained above, the question of whether the RECPCU will be able to continue fulfilling its mandate after the end of the Project depends to a large degree on its institutional, financial and technical capacities of the RECPCU. The RECPCU is legally established and benefits from a strong “backing”, yet no financial contributions from its three founder organizations. As an in-kind contribution, the KPI initially hosted the office of the RECPCU in its premises and would be willing to continue to do so if needed. The current office of the RECPCU is rented, but a large meeting room at the KPI remains available to the RECPCU. Whether the founder organizations will be willing and able to also provide substantial financial support seems at this stage rather questionable. For this reason, the capacities of the RECPCU to cover its ongoing operating costs (excluding the costs of international support provided for capacity building) through own funding sources (e.g. revenues from service provision, grants) are pivotal. Interviews with companies revealed that they would be willing to pay for value added services (in particular advice on the implementation of resource efficient production, engineering, the implementation of energy or environmental management systems), but not for simple RECP assessments or generic training.

The extensive know-how and experience of the RECPCU’s engineers are a distinctive advantage to be capitalized on. But the services need to be “packaged” in a way that they are marketable. Looking at the current cost structure, it should be possible for the RECPCU to provide services to companies on a cost-covering basis, assuming that significant international support is no longer needed after the end of the Project. In contrast, it seems less likely that the RECPCU would in the near future be able to obtain subsidies for the type of work that is more “public good” (e.g. policy advice, education at the university level<sup>18</sup>, awareness raising).

The Ukraine continues to benefit from environmental-related donor-funded initiatives. This provides the RECPCU with the opportunity to provide some of its “services for the public benefit” under international funding, until national sources become available. For the next 5 – 10 years, financial sustainability of the RECPCU is likely to depend on its capacities to provide value added services and to attract international donor funding. Strengthening these two areas in the context of the current economic crisis will need time beyond the originally planned end of the Project.

Technical expertise of the RECPCU seems to be sustainable. Some staff turnover in 2014 (part-time staff apparently left for full-time jobs) was not disruptive. The fact that the RECPCU is anchored in a technical university is an advantage when it comes to sourcing and training new staff. The RECPCU is managed by a team. There is no particular key person risk.

UNIDO’s efforts to embed the RECPCU into its international network of “CP Centers” will be an advantage for the future access to specialized international expertise. While management of the RECPCU displays a spirit of “creative entrepreneurship”, most of the skills needed to

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<sup>18</sup> Training and assessment services to companies may provide a source of income, but not necessarily sufficient to cover the costs.

manage a commercial business are still weak. This is partially a result of the rather limited support of UNIDO in the area of managing a consulting operation.

**B. Sustainability of outcomes at the company level**

In the sample of beneficiary companies visited, the resource savings generated by the implementation of RECP options are mainly the results of implementing “low-cost options”. All companies visited confirmed that changes made will be maintained.

In conclusions: At this stage, the perspectives of achieving financial and institutional sustainability of the RECPCU and thus of broader outcomes by the end of 2016 are unsatisfactory. Initial outcomes observed at company level seem to be sustainable.

### 3. Conclusions and overall rating

#### 3.1 Conclusions

- i. The Project fully meets the needs of all stakeholders. The current economic and energy crisis in Ukraine further increased relevance of RECP.*

In a difficult economic context and considering rapidly increasing energy prices, resource efficient production is highly important for Ukrainian companies. Beyond the limited number of target industries defined, key stakeholders interviewed highlighted that RECP would also be of great importance to the hospitality sector (hotels), to the public housing sector and to municipalities. Decreasing dependence of the Ukraine from imported energy, to which RECP contributes, is a key national priority. But RECP is competing with numerous other priorities in the country caused by the current socio-economic crisis.

- ii. Project outputs were generally of high quality. Mainly due to extremely difficult economic conditions in the country, many of the envisaged targets defined have not been and are unlikely to be fully achieved without a project extension.*

Generally, a cross-validation confirmed the accuracy of data reported to the Steering Committee. The reported ratio between “national costs” and revenues generated by the RECPCU requires the clarification that most of them are generated by a UNIDO subcontract issued for activities to be undertaken by the RECPCU within the EaP Green Project. Considering revenues generated through service provision on the market (ca. € 1,300), the RECPCU only covered around 1% instead of 13% of its costs (as reported). Within a challenging political and economic context, meeting expected targets within the planned remaining project duration of 18 months remains unrealistic. Considering (a) the challenging market environment for RECP services and (b) significant gaps in the institutional capacities the RECPCU needs to fulfill its functions, a minimum of two additional years of support are needed to achieve outcome 1. The remaining funds of over € 2 million should be sufficient to cover the costs of an extension.

- iii. The approach to commission certain project deliverables to RECPCU is in general appropriate, but not consistently implemented. The way it is currently applied in practice, project operations and operations of the RECPCU are mixed.*

The logical framework established prior to the incorporation of the RECPCU does not separate between project outputs to be delivered through the RECPCU and those to be provided directly by UNIDO. The concept of funding RECPC through subcontracting the services under the Project (as opposed to providing core-funding) is appropriate, but inconsistently implemented, as the subcontract does not include salary costs. Seconding UNIDO staff to the RECPCU results in unclear reporting lines and in an accounting that does not reflect the true financial status of the RECPCU. At least the part of the equipment that was procured through UNDP prior to the establishment of the RECPCU has not been

formally handed over. Consequently, it is not accounted for as a fixed asset by the RECPCU and not amortized. More conducive to the strengthening of the RECPCU as an independent service provider would be to use a full-cost service contract calculated in a way that it covers overhead costs that are now directly paid by UNIDO and leave it to the RECPCU on how to allocate funds to deliver clearly defined services. In this case, a stringent financial audit of the Center would be required to counterbalance implementation risks.

- iv. In contrast to technical capacity building, managerial competencies of the RECPCU have so far been insufficiently strengthened.*

Training in establishing a business plan provided under a GIZ-UNIDO cooperation project has not yet been sufficiently complemented by hands-on support and coaching to strengthen the managerial capacities of RECPCU as a service provider (e.g. in the field of marketing, business planning, financial management). UNIDO's support has so far primarily focused on strengthening technical capacities of the RECPCU and in creating a "market" for RECP through awareness raising and pilots at companies. This alone is not sufficient to transform the RECPCU into a strong, independent and sustainable institution. Partly due to requirements imposed by UNIDO to use the block grant strictly based on a budget linked to activities and UN budget lines, the RECPCU is managed more like a project than a client-oriented service provider. While the RECPCU benefits from a highly qualified team of experienced engineers, significant weaknesses exist in almost all institutional capacities, including business planning, marketing, managerial accounting, and human resource management. The particularities of the RECPCU's current legal set-up result in challenges to operate as a revenue-oriented service provider and needs to be revisited.

- v. The planned geographical expansion to other regions needs further consideration based on an assessment of costs and benefits reflected in the RECPCU's business plan.*

The Steering Committee Meeting in April 2014 rightly decided to postpone the expansion to four other regions due to the current challenging political and economic context. A well-funded decision on whether and how to expand to other regions requires a renewed assessment of demand for RECP services and should not merely be driven by the wish to achieve the broadest possible geographical coverage of the country. The feasibility of an expansion in the view of the current limited resources and management capacities within the RECPCU should be considered as well.

- vi. While initial results achieved at company level are likely to be sustainable, the achievement of sustainability of wider outcomes will depend on the RECPCU's ability to fulfill its mandate on a longer-term basis. It seems currently highly unlikely that the RECPCU will achieve financial sustainability until 2016.*

Considering that initial promising benefits at company level are a result of implementing rather obvious low-cost "RECP" options, benefits achieved seems to be sustainable. The sustainability of broader project objectives at the national level (wide and successful application of RECP in Ukraine, resulting in significant long-term environmental and economic benefits) requires (besides macro-economic and political stability and a conducive legal framework, including implementation and enforcement) strong service providers that are able to support the implementation of environmentally friendly methods, practices and technologies.



- vii. *Initial work on the topic of “gender in industry” was of good quality, but neither geared towards clear objectives nor based on a strategic approach.*

UNIDO conducted a good analysis of the gender situation in Ukrainian industries. Initial awareness on the importance of “gender aspects” within the RECPCU has been raised. Gender work was however conducted through an ad hoc approach. Neither objectives nor a clear strategy on how to mainstream gender into RECP work have so far been defined. According to the Project Manager, a gender strategy is under development and expected to be available in August 2015.

### 3.2 Overall rating of the Project (at mid-term)

**Table 7: Overall rating of the Project according to evaluation criteria**

Evaluation criteria	Rating by evaluators		
1. Relevance	Highly Satisfactory		
2. Efficiency to date		Satisfactory	
3. Effectiveness to date		Satisfactory	
4. Prospects of sustainability		Satisfactory	
Overall conclusion		<b>Satisfactory</b>	

## 4. Recommendations and lessons learned

### 4.1 Recommendations

#### A. Recommendations to UNIDO (Environment Branch, project specific)

- (1) Apply for a no-cost extension of at least two years.
- (2) Revise the logical framework and implementation modalities along the following lines:
  - a. Update the logical framework to respond to the current situation and to the fact that the RECPCU has already been established.
  - b. Fully replace direct funding of RECPC's costs (in particular staff salaries) through a full-cost service contract (not linked to an activity based budget) for the implementation of all local activities. Hand over equipment procured under the Project to the RECPCU. Funding should be gradually phased out until the end of 2018 upon an agreed schedule. Annually commission a full audit of the RECPCU's financial statements.
  - c. Separate governance and management structures of the Project and the RECPCU.
  - d. Continue to support the RECPCU with well-tailored and flexible technical support.
  - e. Consider assisting the RECPCU in developing service capacities in additional sectors (e.g. agricultural production, the hospitality sector, public housing, municipalities) and/or geographical regions with a high demand. The question on whether, to which regions and how to expand should be taken based on an assessment of costs and benefits through a business plan rather than merely the aim to achieve the broadest geographical coverage possible. Further expansion should only start after consolidation of the current operations and after the necessary organizational capacities of the RECPCU have been strengthened.
  - f. Consider assisting the RECPCU in developing service capacities for additional value-added servicing relating to RECP, in particular engineering (technology implementation), support companies in preparing for energy/environmental management certifications, establishing bankable business plans for companies applying for funding for technological upgrading and assisting companies in liaising with financial institutions and investors.
  - g. Consider assisting the RECPCU in developing proposal for the implementation of donor-funded initiatives (in fields that match its competencies and to not conflict with the existing Project).
  - h. Develop a clear strategy for communication and advocacy activities to be provided through the RECPCU.

- i. Develop a clear strategy on how the RECPCU could support the government to implement the EU-Ukrainian Association Agreement. This should include the positioning of the RECPCU as a partner for the international donor community.
  - j. Develop a gender policy for RECPCU and get it formally approved.
- (3) As a part of institutional strengthening, reinforce (in addition to complementing technical capacities where needed) on a demand-basis the managerial capacities of the RECPCU along the following lines:
- a. Coaching of the RECPCU's management in day-to-day operations.
  - b. Retain an experienced business planning specialist to support management of the RECPCU in developing a business plan that meets good practices.
  - c. Obtain legal advice (full legal due diligence) on what would be the most appropriate structure for the RECPCU to implement its business plan.
  - d. Support the RECPCU in preparing for and obtaining ISO 9001 certification.
  - e. Retain an experienced marketing specialist to support the RECPCU in developing a full marketing plan that meets good practices.
  - f. Retain a financial management specialist to support the RECPCU in establishing a proper financial and managerial accounting system, which is suitable for the regular operations of the RECPCU as a service provider.
  - g. Retain a reputable audit firm to conduct a full annual financial audit (requesting a report and a management letter).
  - h. Assess organizational capacities of the RECPCU around one year before the Project ends to identify additional areas of support required.

**B. Recommendations to UNIDO (general)**

- (4) Where an expected result of development interventions is the establishment of organizations (e.g. service providers), UNIDO should develop a systematic approach to the strengthening their institutional capacities (including governance, strategic management, financial management, marketing, human resource management) rather than only providing technical capacity building. Support should be provided based on an in-depth organizational assessment of beneficiary organizations and be gradually phased out in line with a business plan agreed upon. Institutional development support should be provided through management specialists.

**C. Recommendations to the Governments of Switzerland and Austria**

- (5) Favorably consider UNIDO's request for a no-cost project extension of at least two years.

**D. Recommendations to the RECPCU**

- (6) Consistently apply governance and management mechanisms as outlined in the Charter.
- (7) Obtain endorsement from its founders to amend legal structures in a way that are conducive to delivering services on a commercial basis, taking into account legal advice obtained (see recommendation to UNIDO above).

## 4.2 Lessons learned

Lessons learned include:

- Establishing RECPCs that as service providers within a global network are able to perpetuate project benefits is a core element of UNIDO's RECP Programme. Strong institutions require both technical and managerial competencies. UNIDO needs to develop a systematic approach to the strengthening of institutional capacities beyond merely technical capacity building. Managerial development support needs to be provided through in-depth coaching and hands-on support by management specialists rather than through generic capacity building only.
- Attention should be paid to a legal set-up that allows RECPCs to function as service providers (to companies, donor-funded projects and where possible to government institutions) on commercial terms in order to ensure sufficient revenue generation to cover the costs of fulfilling their mandates beyond the end of UNIDO's support. The choice for an appropriate legal form of establishment requires a proper legal due diligence by a lawyer familiar with nationally appropriate legal forms.
- Where RECPCs have already been established as legally independent institutions with a functioning basic institutional structure, contracting beneficiary institutions to implement project activities rather than providing core-funding is conducive to institutional development, but it should be consistently implemented. This means that (a) funds provided to RECPCs to implement project activities should be provided under a block grant that is not linked to an activity based budget based on UN cost norms and (b) that management and staff of the RECPCs should not be seconded by UNIDO. In turn, RECPCs should be subject to a stringent audit for the duration of UNIDO's support.
- Projects may be phased in a way that distinguishes between project support prior and after the establishment of RECPCs. After the establishment of RECPCs as independent institutions, logical frameworks should differentiate between deliverables of UNIDO (main focus on strengthening the RECPCs) and those of the RECPC (main focus: service delivery to companies and for the common good). Also, project management by UNIDO and governance/management of the RECPC as a beneficiary institution (including accounting) should be clearly separated.
- Exchanges among the RECPC network are potentially powerful tools for effective capacity building. If not carefully managed by UNIDO, the risk of experience sharing within the RECPC network is that new centers take up of "bad practices" (e.g. flaws in business planning) or replicate models that are not appropriate within a specific country context.

## **Annex 1: List of reference documents**

### **1. Project planning and reporting documents**

- 1.1 Project document “Promoting the Adaptation and Adoption of RECP (Resource Efficient and Cleaner Production) through the Establishment and Operation of a Cleaner Production Centre (CPC) in Ukraine” (UE/UKR/11/001 for Government of Switzerland and UE/UKR/11/002 for Government of Austria)
- 1.2 Report of the UNIDO-SECO investigation mission on the establishment of a Cleaner Production Centre in Ukraine, prepared by independent consultants Mario Marchich and Dieter Mutz as of January 2010.
- 1.3 Financing Agreement between UNIDO and SECO (dated 22 November 2011)
- 1.4 Final Subcontract Report under the Contract Number 3000022233 as of the 28th of December 2014 (on 28 pages) from RECPCU to UNIDO
- 1.5 Annual Report (2012) without financial progress report
- 1.6 Annual Report (2013) without 15 annexes and financial progress report
- 1.7 Annual Report (2014) without financial progress report
- 1.8 RECP Ukraine - Expenditure (version of 23 April 2015) received in response on the evaluators’ request to provide financial progress reports
- 1.9 Report on and analysis of financial implementation (provided by the Project Manager on 19 May 2015)
- 1.10 Innovative Capacity Building Approach: Developing sustainable business models for the UNIDO NPCs – GIZ, Overview of participation of RECPCU staff in this capacity building activities

### **2. Official documents and financial statements relating to RECPCU**

- 2.1 Official document called "ABSTRACT OF RECORD from the Unified State Register of legal entities and individuals Kyiv City Innovative Sectorial Organization of Employers “Resource Efficient and Cleaner Production Center” (in Ukrainian and in English) as evidence of the formal incorporation of the RECPCU.
- 2.2 Statute of the “Resource Efficient and Cleaner Production Centre” Kyiv City Innovative Sectorial Organization of Employers” as modified on the 23rd of January 2013 (in Ukrainian and in English)
- 2.3 Contract Number 3000022233 between UNODO and RECPCU executed on the 18th of July 2014 with Annexes A, B and C (on 20 pages) – Annex ToRs not available.
- 2.4 Latest financial statements of the RECPCU submitted to Ukrainian state authorities as by NGO delivering UNIDO project
- 2.5 Simplified form of the financial report and report on project delivery for 2014 (in Ukrainian)

### **3. Project outputs**

- 3.1 Final Report on Gender Mainstreaming, Resource Efficient and Cleaner Production Centre (RECPC), Ukraine 2013 – 2014, prepared by Olena Suslova, RECPC Gender Expert, revised by Valerie Tkachenko, RECPC Gender Focal Point
- 3.2 Leaflet “Women in Industries, Reality and Challenges” (UNIDO)
- 3.3 Business plan for RECPCU (received on the 21st of April 2015 as updated version)

### **4. Reference documents**

- 4.1 Project Document Regional Resource Efficient and Cleaner Production (RECP) demonstration programme for the European Union’s Eastern Neighborhood (EaP) Region
- 4.2 Presentation on International cooperation under the project «Greening economies in the EU Eastern Partnership countries: Regional Resource Efficient and Cleaner Production Demonstration Programme», presented by Mariya Tsybka, RECP expert (in Ukrainian)
- 4.3 Cooperation Agreement between IFC and UNIDO (21 March 2013) and extension of the agreement (22 July 2014)
- 4.4 UNIDO projects portfolio on technical assistance in Ukraine (status on the 24th of December 2014, 2 pages) and Draft Program on Cooperation between UNIDO and the Government of Ukraine in 2015 - 2019 (5 pages)
- 4.5 Presentation on Greening Economies in the Eastern Neighbourhood (EaP GREEN) Programme. Brief introduction, presented by Angela Bularga, OECD (in English)
- 4.6 Good Organization, Management and Governance Practices: a primer for providers of services in resource efficient and cleaner production, UNIDO/UNEP, Vienna/Paris, Austria/France (2010)
- 4.7 Enterprise-Level Indicators for Resource Efficiency and Pollution Intensity: a primer for small and medium sized enterprises, UNIDO/UNEP (2010)
- 4.8 RECPCU related tax rules overview (in Ukrainian and in English) with Ukrainian Law on organizations of employers' their unions, rights and guaranties as of the 22nd of June 2012 annexed (in Ukrainian)
- 4.9 SECO information letter to RECPCU on environmental policy changes (in Ukrainian, on 1 page)
- 4.10 Marketing material RECPCU (booklets), 2 in Russian and 1 in English.
- 4.11 Website of RECPCU: [www.recpc.kpi.ua](http://www.recpc.kpi.ua)
- 4.12 Sector Project „Innovative Approaches for Private Sector Development Innovative Capacity Building Approach: Developing sustainable business models for the UNIDO NCPCs.

### **5. Documents relating to beneficiary companies and partner institutions**

- 5.1 Presentation and marketing materials of the concept "Polyteco Science City" promoted by Science Park "Kyivska Polytechnika" (1 brochure in Russian and 1 leaflet in English)

- 5.2 Presentation and marketing materials of the Science Park "Kyivska Polytechnika" (1 brochure in English, 2 leaflets in Russian and 1 leaflet in English)
- 5.3 Catalog of the innovations of Science Park "Kyivska Polytechnika" (Ukrainian-English sixth edition on 160 pages)
- 5.4 Presentation and marketing materials of the Development company "MUR" (1 brochure in Russian)
- 5.5 Draft of Memorandum of cooperation and activities coordination between RECPCU and company "Kalinovka Machine Building Plant" (in Russian, 2 pages) as a sample contractual agreement.
- 5.6 Presentation/marketing materials of the company "Kalinovka Machine Building Plant" (7 items in Russian)
- 5.7 Presentation/marketing materials of the product "Meganit" promoted/used by "Bratslav Farm" (1 item in Ukrainian)
- 6. Additional documents requested but not available to the evaluators**
- 6.1 Latest audit report of RECPCU with management letter (2014)
- 6.2 Minutes of meeting Project Steering Committee
- 6.3 "Action plan with NEFCO" mentioned in Annual Report 2014

## Annex 2: Persons and organizations met

#	Mr/Ms	Position	Institution
1	Mr. Igor Shylovykh	General Director	RECPC Ukraine, Kyiv Office
2	Mr. Taras Sakalosh	Executive Director	
3	Mr. Valeriy Pavshuk	Technical Director	
4	Mr. Valeriy Redchik	Coordinator in Vinnitsia region	RECPC Ukraine, Vinnitsia Office
5	Mr. Anatoliy Chepenko	CP expert	
6	Mr. Sergiy Yamkovenko	CP expert	
7	Mr. Viktor Dyadkovych	CP expert	
8	Mr. Aleksander Mazenko	CP expert	
9	Mr. Yaroslav Kologryvov	Director	Science Park "Kyivska Polytechnika"
10	Mr. Volodymyr Gnat	Head/Partner of the Science Park "Kyivska Polytechnika"	Fund "Kalinin"
11	Mr. Michael Yu. Ilchenko	Vice-Rector, R&D	NTUU KPI
12	Ms. Petra Widmer	Deputy Director of Cooperation	SECO
13	Ms. Ganna Kuznetsova	National Programme officer	
14	Ms. Liudmyla Musina	Advisor to the Minister	UNIDO Focal Point in Ukraine
15	Mr. Johannes Aigner	Deputy Head of Mission	Austrian Embassy Kiev
16	Mr. Hennadiy Karamelschikov	Chief technology officer	Kalinovka Machine Building Plant
17	Ms. Anna Zubko	Senior economist	
18	Mr. Igor Kozlovskiy	CEO	Development company MUR
19	Mr. Andriy Gyzhko	Vice-Governor	Vinnitsia Oblast Council
20	Mr. Mykola Shvedchikov	Technical director	Mayak Plant (TM Termia)
21	Mr. Oleksander Yakhno	Head of economic department	Nemirov District State Administration
22	Mr. Pavlo Sokol'vak	CEO	Nemirov Bakery
23	Mr. Leontiy Laptev	Farm Owner	Bratslav Farm
24	Mr. Oleksander Grabik	Chief Technical Officer	Kombinat Budindustrii
25	Ms. Olga Iakymenko	Expert, Advisory Services	IFC
26	Mr. Heinz Leuenberger	Former Director	UNIDO
27	Mr. Giustiono Rampa	Former CTA of the Project	
28	Mr. Christoph Hugi	Focal Point	



## Annex 3: Terms of reference

### TERMS OF REFERENCE

#### Mid-term evaluation

#### **Promoting the Adaptation and Adoption of RECP (Resource Efficient and Cleaner Production) through the Establishment and Operation of a Cleaner Production Centre (CPC) in Ukraine (SAP ID 104112)**

#### 1. Background

The United Nations Industrial Development Organization (UNIDO) is the specialized intergovernmental organization that supports Inclusive and Sustainable Industrial Development (ISID) in developing and transition countries. Its areas of intervention cover industrial resource efficiency and sustainable production, trade capacity building and productive capacity building. Resource Efficient and Cleaner Production (RECP) is an exemplary intervention area aimed at mobilizing enterprises, in particular small and medium sized enterprises (SMEs) from the manufacturing and related productive sectors to 'green' their operations and become more efficient in the use of natural resources (materials, energy and water) and less polluting (in terms of waste water, waste and emissions).

Resource Efficient and Cleaner Production applies preventive environmental management techniques and total productivity practices with the triple aim of improving the efficient use of natural resources (materials, energy and water), minimizing the generation of wastes and emissions, and reducing the risks of industrial operations to workers, consumers and communities. Experiences from 1000s of enterprises globally representing all key manufacturing and related productive sectors have demonstrated that adopting RECP can be good for business, environment and climate, and ultimately development at large <sup>(1)</sup>.

With funding support from the Government of Switzerland (through its State Secretariat for Economic Affairs) and the Government of Austria (through its Ministry of Foreign and European Affairs), UNIDO implements the project entitled: "*Promoting the Adaptation and Adoption of RECP (Resource Efficient and Cleaner Production) through the Establishment and Operation of a Cleaner Production Centre (CPC) in Ukraine*" (hereinafter the "Project"). The Project is implemented within the framework of the joint global RECP programme with the United Nations Environment Programme (UNEP) for developing and transition countries, which builds upon the achievements, experiences and lessons learned by both organizations with establishing and supporting National Cleaner Production Centres (NCPCs) globally since 1994 ([www.unido.org/cp](http://www.unido.org/cp)).

The present Project in Ukraine was designed during 2010-2011 on the basis of the achievements, experiences and lessons learned during the implementation of a (pilot) National Cleaner Production Programme (NCPP) in the Ukraine, between 2007 and 2010, implemented with funding support from the Government of Slovenia in close partnership with the Kyiv Polytechnic Institute (KPI), the country's leading technical university. Cleaner Production assessments were completed in 17 companies from Kyiv, Vinnytsia and Zaporizhia and 33 national experts were trained in conducting plant level assessments, whereas in addition several awareness and dissemination activities were undertaken.

Building on these pilot achievements, the present project aims to consolidate the human and institutional capacity for RECP in the country (through the establishment and operation of a Cleaner Production Centre with a network of six regional focal points around the country) and to further replicate and scale-up the adaptation and adoption of RECP in enterprises, in particular in the food/agribusiness, metal products and chemical industry sectors. The five-year project was formally approved in October 2011 and implementation commenced from early 2012. The approved project budget is EUR3.74 million (inclusive of programme support costs).

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<sup>1</sup> See e.g.: *Taking Stock and Moving Forward: the UNIDO-UNEP National Cleaner Production Centres*, UNIDO, 2010

The objective of the present project is to enhance efficiency, productivity, competitiveness and environmental performance of companies in Ukraine, especially Small and Medium Enterprises (SMEs), through the implementation of RECP methods, practices and technologies. The project's activities and outputs have been further structured under four outcomes, respectively:

1. *RECP (incl. Chemical Leasing) service delivery capacity*: The CPC-Ukraine will deliver value-adding RECP services to companies, government organizations and business service providers that enable and promote the scale-up of the RECP implementation;
2. *RECP (incl. Chemical Leasing) applications at company level*: RECP concepts, methods, practices and technologies will be implemented by companies and other organizations in Ukraine and their environmental, resource-saving and economic benefits will be proved;
3. *RECP policy and strategy*: mechanisms for mainstreaming RECP concepts and policy instruments will be created at suitable administrative levels in relevant national and regional policies and regulations; and
4. *Technologies and financial mechanisms*: target companies are implementing RECP technologies and have achieved economic and environmental benefits.

The project is implemented by UNIDO through the engagement of the Resource Efficient and Cleaner Production Centre of Ukraine (RECPCU <sup>2</sup>), created under the project), its network of affiliated experts and a Swiss consortium of international experts, under the guidance of a Project Advisory Board, with participation of the Ukrainian government and business sectors, the donor governments of Switzerland and Austria and UNIDO. The project's logical framework is annexed to the ToR for this mid-term evaluation.

The country's socio-political and economic situation changed drastically since the start of the project implementation. Following a period of mass protests during the winter of 2013-2014, the Ukrainian president was ousted in February 2014. Russia thereafter seized control and annexed the Crimean Peninsula in March 2014, and since then separatist groups in Eastern Ukraine have fought for autonomy. By February 2015 it is estimated that more than 5 million Ukrainians live in war-affected territory and about 1 million Ukrainians have been displaced by the fighting, about 80% thereof in Ukraine and the remainder fled to Russia. An international effort is underway to facilitate end of hostilities.

Meanwhile a new president and government were elected in May 2014 and since taking office have moved forward on a pro-European integration agenda. The Government of Ukraine signed in 2014 an Association Agreement with the European Union, which foresees a Deep and Comprehensive Free Trade Agreement (DCFTA). The Association Agreement is based on the 'more for more' principle, i.e. the EU will provide more support and more market access as Ukraine demonstrates more progress in implementing the terms of the Association agreement and its economic and related reforms.

In order to support a regional focus on greening of economies, the EU further supports a regional action on greening of economies in its Eastern Partnership Countries (Armenia, Azerbaijan, Belarus, Moldova and Ukraine), implemented by a consortium led by the Organization for Economic Cooperation and Development (OECD), with contributions from United Nations Economic Commission for Europe (UNECE), UNEP and UNIDO (EaP GREEN Programme, 2013-2016, see: <http://www.oecd.org/env/outreach/eapgreen.htm>).

As foreseen during the formulation of the Project, a mid-term evaluation of the Project is now required to take stock of the achievements and experiences of the Project so far, to assess the continued relevance of the Project's objective, outcomes, outputs and activities in the changed national context, and to provide recommendations for enhancing impact and sustainability of the Project over the remaining implementation period.

## **2. Rationale and purpose**

The mid-term evaluation is conducted following UNIDO evaluation policy (see: <http://www.unido.org/en/resources/evaluation/evaluation-policy.html>). In particular mid-term evaluations serve the general purpose of monitoring early project achievements, identifying implementation bottlenecks and synergistic opportunities, and providing suggestions for fine-tuning project activities, and hence, de facto, support learning and adaptive management of large scale projects.

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<sup>2</sup> The project document refers to a CPC to be created. In the course of project implementation this evolved into the RECPCU. For the avoidance of confusions, in the remainder of these ToR RECPCU is considered as the equivalence to the references to CPC in the project document.

The specific objectives of the present mid-term evaluation are:

- To assess the performance of the Project (covering its implementation and management) in terms of efficiency, effectiveness, impact and sustainability, vis-à-vis the logical framework and organizational and institutional arrangements for its implementation and monitoring;
- To ascertain the continued relevance of RECP for Ukrainian businesses and review the project's planned activities and organizational arrangements, taking into consideration the changed national socio-political and economic situation and other major initiatives of government and the international community; and
- To provide lessons learnt and potential recommendations with a view to furthering the adaptation and adoption of RECP in Ukraine, including institutionalization, service portfolio, outreach and advocacy, during completion of the present Project, as well as possibly through associated interventions.

In doing so the dual purpose of the mid-term evaluation is to account for the grant funding and other resources utilized by the Project and to document and systematize the experiences gained with one of the first large scale RECP promotion projects in Ukraine and the region as a whole.

### 3. Scope and focus

This mid-term evaluation is expected to cover the project activities in the first three years of implementation of the project, notionally from February 2012 – January 2015, covering all four output areas in a balanced manner (i.e. RECP service delivery capacity, RECP applications in enterprises, RECP policy and strategy and RECP technology and investment).

The mid-term evaluation is further expected to focus on the following three cross-cutting impact dimensions, namely:

1. *Institutionalization and Governance* (of RECP service delivery): progress in the institutionalization of the RECP service delivery, through RECPCU and its regional affiliates, the formalization of its management systems and business processes, and the active participation of representatives of government, business and civil society in setting direction for and monitoring of the RECPCU <sup>(3)</sup>;
2. *Adoption (of RECP methods, practices and techniques)*: the level of actual implementation of RECP methods, practices and techniques by final beneficiaries (enterprises in target regions and sectors) and the scale of economic, resource conservation and environmental benefits realized by them <sup>(4)</sup>, as well as RECP-relevant project-enabled changes in government policy and/or strategy and in availability of technology and finance for enterprises; and
3. *Learning and Domestication* <sup>(5)</sup>: progress in learning from RECP experiences and achievements in Ukraine, and incorporation of lessons learned into activities and services of the RECPCU and the project activities, including, but not limited to: communications strategy and awareness raising activities; contents and structure of training; and types, methodology and approaches of RECP service delivery (to enterprises and government).

### 4. Evaluation issues and key evaluation questions

The following are the key issues to be addressed through the mid-term evaluation.

#### i. *Project formulation*

The extent to which:

- The views, perceptions and experiences of the target group (SMEs in particular in the food, metal products and chemical sectors), as reflected in consultations during project formulation in 2010/11, have been considered, addressed and incorporated in the project design and addressed in project implementation;

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<sup>3</sup> Taking into account international good practices, as for example documented in: UNIDO/UNEP (2010), *Good Organization, Management and Governance Practices: a primer for providers of services in resource efficient and cleaner production*, UNIDO/UNEP, Vienna/Paris, Austria/France.

<sup>4</sup> Using where appropriate enterprise level RECP indicators, as documented in: UNIDO/UNEP (2010), *Enterprise-Level Indicators for Resource Efficiency and Pollution Intensity: a primer for small and medium sized enterprises*, UNIDO/UNEP, Vienna/Paris, Austria/France.

<sup>5</sup> In this context, *domestication* is understood as the process of customizing and fine-tuning international RECP concepts, methods and practices to Ukrainian context and in particular the needs and opportunities experienced by target enterprises, with a view to make RECP more appropriate, attractive and affordable to those target enterprises and foster and catalyze their self interest in RECP adoption. Domestication is thereby a key enabler for scaling up and mainstreaming RECP in national context.

- The views, perceptions and capacities of the national stakeholders (in particular Ukrainian Government (Ministries of Economy, Environment etc.), business/employers membership organizations and host institution) were assessed and addressed in the project design; and
- The guidelines and expectations of the donors (Governments of Switzerland and Austria) enabled, or as the case might have been, constrained the formulation of a targeted project design.
- The outputs, as formulated in the logical framework
  - Are still adequately balanced, and reasonably expected to be sufficient to achieve the expected outcomes and objectives over the project duration;
  - Have since project start been progressed in a balanced way (considering financial, institutional, human and other resources available to the project); and
  - Continue to be relevant to the target beneficiaries, taking into consideration the substantive socio-political and economic developments in the country, and continue to provide adequate prospect for ensuring project aims and objectives over the remaining project period (and/or otherwise suggest adjustments, including in targets and performance indicators)

ii. ***Ownership and relevance***

The extent to which:

- The partner organizations have been appropriately involved and were participating in the identification of the critical problem areas of the target beneficiaries and in the development of technical cooperation strategy and were actively supporting the implementation of the Project including through in-kind and/or cash contributions; and
- The outputs, as formulated in the logical framework, were relevant to the target beneficiaries and sufficient to reasonably achieve the expected outcomes and objectives.

iii. ***Efficiency of implementation***

The extent to which

- The resources and inputs of UNIDO (including those made available through the donor) and its partner organizations have been provided as planned and were adequate to achieve the requirements of the Project and respond to the needs of the target beneficiaries; and
- The quality of the inputs and services provided by UNIDO and its partner organizations were as planned and led to the production of the planned outputs.

iv. ***Effectiveness***

Assessment of:

- Quality and appropriateness of outputs produced and how the target beneficiaries use (and/or could use) these outputs; and
- Achievement of outcomes or likelihood of their achievement through further utilization of the outputs.

v. ***Impact and sustainability***

Assessment of:

- Long term developmental changes (economic, environment and social) that have occurred or are likely to occur as a result of the Project and are these likely to be sustained after its completion;
- Replication and/or multiplication of the activities and outputs by partner organizations and/or other stakeholders; and
- Provisions made for sustaining the impacts achieved by the Project, in terms of (i) human and institutional capacity for RECP service delivery (including, but not limited to the sustainability of the RECPCU); (ii) economic, environmental and resource productivity benefits achieved by assisted enterprises (including their investments and acquired technology and improved management practices) and (iii) adoption and implementation of new policies, strategies and financing arrangements conducive to RECP in target enterprise sectors).

vi. ***Project coordination and management***

The extent to which:

- The management, coordination and administration of the Project have been efficient and effective, including for mobilization of resources and inputs by the partner organizations;
- The management, coordination and quality control have been efficient and effective;
- Monitoring and self-evaluation was carried out, were based on indicators for outputs, outcomes and/or objectives and using that information for the steering and adaptive management of the Project;
- The operation of the Project Advisory Board have enabled and achieved effective steering and adaptive management of the Project; and
- Synergy benefits were achieved in relation to other activities of UNIDO and/or the partner organizations in Ukraine and/or elsewhere.

**5. Evaluation approach and methodology**

The mid-term evaluation is to be undertaken using good international practice in a transparent and accountable way, taking input from:

- Narrative progress reports and (annual) work plans of the Project and minutes of the meetings of the Project Advisory Board and Project Steering Committee
- Substantive reports produced, in particular reports on RECP training, RECP assessments and RECP policy and investment support provided; and
- Fact finding interviews with key partners of the Project, in particular UNIDO, representatives of donor and recipient governments, national implementing partners and selected beneficiaries (national experts group and enterprises).

**6. Time schedule and deliverables**

The mid-term evaluation of the Project is to be completed during April – May 2015. One fact finding mission to Ukraine is foreseen, tentatively 3-4 working days in Kyiv and 2-3 working days in affiliated regional hubs (Vinnytsia and/or Zaporizhia).

The indicative time table is as follows:

- Contract signed with evaluator (~1st April 2015)
- Desk review, planning of evaluation mission and drafting of inception note (to be completed by ~13<sup>th</sup> April 2015)
- Field mission (to be completed by ~1<sup>st</sup> May 2015)
- Elaboration of draft report (to be completed by ~15<sup>th</sup> May 2015)
- Finalization of evaluation report (to be completed within 5 working days after receipt of consolidated set of comments).

A debriefing presentation of the evaluation consultant is foreseen in Vienna after the field mission

A brief inception note is to be submitted at the end of the desk review, which should outline the key issues to be further clarified and assessed during the field mission. The complete draft report in English language is to be submitted on or before 15<sup>th</sup> May 2015. Comments will be sought from UNIDO, RECPCU and donor representatives) by 25<sup>th</sup> May 2015. UNIDO will arrange translation into Ukrainian language of the final report.

**7. Evaluation team**

The evaluation will be undertaken by an evaluation team composed by one international expert in evaluation of technical cooperation projects and one national expert. The respective Job Descriptions are attached to these ToR (annex 2).

All members of the evaluation team must not have been involved in the design and/or implementation, supervision and coordination of any intervention to be assessed by the evaluation and/or have benefited from the programmes/projects under evaluation.

The evaluation will be managed and supervised by an evaluation manager appointed from the Office for Independent Evaluation of UNIDO. The UNIDO Project Manager, Unit Chief and management of the RECPCU

will be available as resource to the evaluators and evaluation manager.

The RECPCU will assist with the planning and logistics of the evaluation mission. RECPCU will avail one of its staff to assist in the planning and scheduling of the fact finding mission where needed.

#### **8. Governance and management of the evaluation process**

The ToR for this mid-term evaluation was drafted in cooperation of Global RECP Programme Manager and Ukraine RECP Project Manager upon initial consultations with UNIDO Office for Independent Evaluation and representatives of donor and RECPCU regarding scope, focus and objectives of the mid-term evaluation. The ToR were next reviewed and endorsed by the Evaluation Manager.

The Evaluation Manager will approve the inception note and evaluation report after having given an opportunity for review by project manager and responsible Unit Chief, and donors and RECPCU (both only for the evaluation report).

#### **9. Quality assurance**

Commensurate with UNIDO evaluation policy, this evaluation is subject to quality assessments by the UNIDO Office for Independent Evaluation. Quality control is exercised throughout the evaluation process. 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 3.

#### **10. Annexes**

1. Logframe of the Project
2. Job description evaluators
3. Checklist on evaluation report quality

## Annex 1: Logframe

### Logical framework

Project title:			
Promoting the adaptation and adoption of RECP (resource efficient and cleaner production) through the establishment and operation of a Cleaner Production Centre (CPC) in Ukraine		Country/Region: UKRAINE	Project Number / Code: <b>104112</b>
Objectives and activities	Indicators	Means of verification	Important assumptions
Project objective			
To enhance efficiency, productivity, competitiveness and environmental performance of companies in Ukraine, especially SMEs, through the implementation of Resource Efficient and Cleaner Production methods, practices and technologies	<p>Aspects</p> <ol style="list-style-type: none"> <li>1. <i>Environment</i>: reduced environmental footprint of companies and other organizations.</li> <li>2. <i>Production efficiency</i>: increased resource productivity (including energy efficiency) and reduced operational and/or compliance costs to the SME's and other organizations.</li> <li>3. <i>Policy</i>: implemented and enforced policies and regulations conducive to RECP and RECP promoted at the national level</li> <li>4. <i>Technologies and Financial mechanisms</i>: increased RECP technology up-take and adaptation by target companies and sectors</li> </ol>	<ul style="list-style-type: none"> <li>▪ Final project evaluation</li> <li>▪ Aggregated results from demonstration projects</li> <li>▪ Project progress reports</li> <li>▪ Introduction of new policies, legislation and/or guidelines</li> <li>▪ Regional development reports</li> <li>▪ Surveys of target sectors</li> <li>▪ Companies' annual reports</li> <li>▪ National RECP database</li> </ul>	National stakeholders from government, industry, academia and financial institutions are interested in RECP and prepared to implement it.

Outcomes			
<p>1. <u>RECP(incl. ChL) service delivery capacity</u>            -CPC delivers value adding RECP services to companies, government organizations and business service providers that enable and promote the upscaling of RECP implementation</p>	<ul style="list-style-type: none"> <li>▪ Recognition of the CPC by private and public sectors and civil society</li> <li>▪ Quality of services and products available increased</li> </ul>	<ul style="list-style-type: none"> <li>▪ Final project evaluation</li> <li>▪ Annual reports</li> <li>▪ Qualitative assessments of services</li> <li>▪ Professional and scientific publications</li> <li>▪ RECP conferences and workshops</li> </ul>	<ul style="list-style-type: none"> <li>▪ Interest in RECP services exists among national industries which have recognized the relevance and benefits of RECP</li> <li>▪ Potential for up-scaling of RECP exists</li> <li>▪ Interest in sound chemicals management exist</li> </ul>
<p>2. <u>RECP (incl. ChL) applications at company level</u>            -RECP concepts, methods, practices and technologies have been implemented by companies and other organizations in Ukraine, and the environmental, resource saving and economic benefits thus achieved have been verified.</p>	<ul style="list-style-type: none"> <li>▪ Reduced environmental footprint of enterprises</li> <li>▪ Increased resource productivity and chemical management of enterprises</li> <li>▪ Reduced operational and compliance costs of enterprises</li> </ul>	<ul style="list-style-type: none"> <li>▪ Final project evaluation</li> <li>▪ Annual reports</li> <li>▪ Environment, financial and/or sustainability reports of companies</li> <li>▪ Review of results and benefits of demonstration projects</li> <li>▪ Professional and scientific publications</li> <li>▪ RECP conferences and workshops</li> </ul>	<ul style="list-style-type: none"> <li>▪ Inefficient production processes affect the competitiveness of national industry and generate demand for RECP and Chemical Leasing</li> </ul>
<p>3. <u>RECP policy and strategy:</u>            -Mechanisms for mainstreaming RECP concepts and policy instruments have been created at suitable administrative levels in relevant national and regional policies and regulations</p>	<ul style="list-style-type: none"> <li>▪ Increased role of RECP in environmental, industrial and other relevant policies at national and regional level and an increased number of relevant policies introduced</li> <li>▪ RECP practices and technologies embedded in technical guidelines of target sectors</li> <li>▪ Policies, strategies, incentives and instruments for RECP increased</li> <li>▪ Increased awareness levels for RECP in key departments and agencies</li> </ul>	<ul style="list-style-type: none"> <li>▪ Annual report</li> <li>▪ Final project evaluation</li> <li>▪ Statistics</li> <li>▪ Qualitative assessments</li> <li>▪ Reviews</li> <li>▪ Workshop and meeting reports</li> <li>▪ Publication of relevant policies, strategies and guidelines</li> <li>▪ Active participation of government representatives in the CPC Advisory Board and other RECP-related events</li> </ul>	<ul style="list-style-type: none"> <li>▪ Stable government willing to cooperate in RECP</li> <li>▪ Relevant ministries and regional authorities are interest in RECP and are willing to cooperate</li> </ul>



<p>4. <u>Technologies and financial mechanisms:</u></p> <ul style="list-style-type: none"> <li>- Target companies are implementing RECP technologies and have achieved economic and environmental savings</li> </ul>	<ul style="list-style-type: none"> <li>▪ Increased availability and transfer of RECP technologies</li> <li>▪ Increased number of financial instruments and cooperation agreements to support RECP technologies developed, promoted and applied in cooperation with IFC and other financial institutions and donors</li> <li>▪ Increased number of enterprises have implemented the innovation, transfer and development of RECP technologies</li> <li>▪ Increased financial and human capacity for the adaptation, development and transfer of RECP technologies</li> </ul>	<ul style="list-style-type: none"> <li>▪ Reports of providers of RECP technologies and trade promotion services</li> <li>▪ Final project evaluation</li> <li>▪ Annual report</li> <li>▪ Case studies</li> <li>▪ Trade statistics</li> <li>▪ Discussions</li> <li>▪ Qualitative assessments</li> <li>▪ Reports from financial institutions</li> <li>▪ Surveys</li> </ul>	<ul style="list-style-type: none"> <li>▪ RECP technologies are relevant and beneficial to industry and national companies are committed to implementing them</li> <li>▪ Local suppliers are interested in developing and supplying key RECP technologies to enterprises</li> <li>▪ National industrial sectors and enterprises are interested in the innovation and development of RECP technologies</li> <li>▪ Financial institutions have RECP technologies in their strategy and are interested in supporting their application</li> </ul>
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<b>Output Category 1: RECP service delivery</b>			
<p>1.1. CPC established and operating as per agreed institutional and governance provisions</p>	<ul style="list-style-type: none"> <li>▪ Regular meetings of the Project Steering Committee and Advisory Board</li> <li>▪ Adequate staffing and facilities for the CPC</li> <li>▪ Establishment of 6 regional offices</li> <li>▪ Business plan developed</li> <li>▪ Minimum of 10 staff members (including regional coordinators) trained on the CPC management and business planning</li> <li>▪ Annual reports drawn up and monitored</li> <li>▪ Annual work plans and reviews drawn up and monitored</li> <li>▪ Quality management system in place</li> <li>▪ Financial monitoring in place</li> <li>▪ Registration of the CPC as independent legal entity</li> <li>▪ In year 5, the self-financing degree (national costs) will be 50 %</li> </ul>	<ul style="list-style-type: none"> <li>▪ Annual reports</li> <li>▪ Minutes of the Project Steering Committee and Advisory Board meetings.</li> <li>▪ Final project evaluation</li> <li>▪ Business plan</li> <li>▪ Quality management system documentation</li> <li>▪ Statutes</li> </ul>	<ul style="list-style-type: none"> <li>▪ Main national stakeholders are interested in developing a solid institutional foundation and governance arrangements for the CPC</li> <li>▪ Stable economic situation allowing the fulfilment of the CPC business plan</li> </ul>

<p>1.2 CPC staff and associated experts trained in basic and advanced RECP methods and applications</p>	<ul style="list-style-type: none"> <li>▪ Number of training courses for CPC professional staff and associated experts</li> <li>▪ Minimum 10 staff members (including regional coordinators) trained on RECP methodology</li> <li>▪ Minimum 15 experts trained on RECP methodology per year/region (per 5 years: minimum 380 experts trained)</li> <li>▪ Minimum 30 experts trained on ChL during first 3 years</li> <li>▪ Minimum 3 RECP and ChL trainers trained per year/region (per 5 years: minimum 15 trainers trained)</li> <li>▪ Minimum 4 experts trained on specific CP-related topics per year/per region (per 5 years: minimum 80 experts trained)</li> <li>▪ Minimum of 2 training materials developed/translated/adopted for Ukraine on RECP</li> <li>▪ Minimum 1 training material developed/translated/adopted for Ukraine on ChL</li> <li>▪ Databases on RECP and ChL experts created</li> </ul>	<ul style="list-style-type: none"> <li>▪ Attendance records and exit test results of training events</li> </ul>	<ul style="list-style-type: none"> <li>▪ Availability of qualified national experts interested to be trained on RECP and Chemical Leasing</li> </ul>
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<b>Output Category 2: RECP service application</b>			
2.1 Awareness and understanding of RECP opportunities and benefits improved at national and regional levels among companies, authorities and other stakeholders	<ul style="list-style-type: none"> <li>▪ Website and helpdesk established</li> <li>▪ Minimum of 5 awareness seminars <u>per year</u> on RECP and ChL organized and attended by key stakeholders and representatives from target groups</li> <li>▪ Minimum of 5 promotional and information materials and case studies/articles on RECP and ChL developed per year</li> <li>▪ RECP branding developed</li> <li>▪ Minimum of 3 Universities have integrated RECP/ChL in their curricula</li> <li>▪ Minimum of 2 information seminars per year carried out with financial institutions and other industrial associations</li> <li>▪ Minimum of 5 RECP/ChL related videos_for TV-programmes developed</li> <li>▪ Minimum of 2 ChL information seminars and one roundtable for countries of the Black Sea region organised</li> <li>▪ 1 ChL Award Ceremony organised</li> <li>▪ 5 Annual RECP Award Ceremonies organised</li> <li>▪ Minimum of 3 events as trade fairs/roundtables/ big national or regional conferences related to RECP/ChL attended per year</li> </ul>	<ul style="list-style-type: none"> <li>▪ Annual reports</li> <li>▪ Company surveys</li> <li>▪ Promotional materials</li> <li>▪ Attendance records of awareness seminars</li> <li>▪ Enterprise assessments and reports</li> <li>▪ University curricula</li> <li>▪ Website</li> </ul>	<ul style="list-style-type: none"> <li>▪ Basic interest in information on opportunities for and benefits of RECP among main stakeholders, target sectors and regions exists</li> </ul>
2.2 Demonstrated potential of RECP for the reduction of waste, greenhouse gases (GHG) and other emissions (water, raw material, etc.) as well as Chemical Leasing for the sound management of chemicals and energy efficiency	<ul style="list-style-type: none"> <li>▪ Minimum of 10 RECP assessments per year/region (per 5 years: minimum 200 assessments)</li> <li>▪ Minimum of 10 ChL demonstration projects developed and 20 companies involved</li> <li>▪ Minimum of 70 % of participating companies implemented more than 50% of options developed</li> <li>▪ 3 sector specific RECP manuals published</li> <li>▪ 1 ChL manual published</li> <li>▪ Database on target sectors and sector-specific RECP and Chemical Leasing case studies developed</li> </ul>	<ul style="list-style-type: none"> <li>▪ Annual reports</li> <li>▪ RECP assessment and ChL project reports</li> </ul>	<ul style="list-style-type: none"> <li>▪ Companies are interested in implementing RECP and ChL</li> </ul>

2.3. Mechanisms established for the sector-based replication and up-scaling of RECP results and opportunities in business	<ul style="list-style-type: none"> <li>▪ Sector-based self-assessment tools, benchmarks and guidelines for minimum of 3 sectors developed</li> <li>▪ Group-based training and assistance model for the up-scaling of RECP created</li> </ul>	<ul style="list-style-type: none"> <li>▪ Annual reports</li> <li>▪ Published tools, benchmarks and guidelines</li> <li>▪ Final project evaluation</li> <li>▪ Qualitative assessment</li> </ul>	<ul style="list-style-type: none"> <li>▪ Sufficient market for the replication of results of RECP assessment projects</li> </ul>
2.4. Results and benefits of RECP and ChL demonstrations documented in verifiable and transparent manner	<ul style="list-style-type: none"> <li>▪ National specific indicator framework for measuring RECP benefits at company level established and based on general RECP programme indicators</li> <li>▪ Global sustainability criteria for ChL business models applied</li> <li>▪ Verification of benefits achieved by demonstration companies</li> </ul>	<ul style="list-style-type: none"> <li>▪ Reports on verification/review of RECP and ChL benefits achieved by demonstration companies</li> <li>▪ Qualitative assessment</li> </ul>	<ul style="list-style-type: none"> <li>▪ Participating companies provide reliable data and are willing to share their experiences in RECP and ChL</li> </ul>
<b>Output Category 3: RECP policy and strategy</b>			
3.1. Policy assessment carried out and RECP strategy developed	<ul style="list-style-type: none"> <li>▪ National working groups established and operational</li> <li>▪ Gaps identified for RECP promotion and policy</li> <li>▪ Policy strategy with RECP targets and policy instruments published</li> </ul>	<ul style="list-style-type: none"> <li>▪ Annual reports</li> <li>▪ Policy assessment reports and strategy</li> <li>▪ Minutes of working group and other consultation meetings</li> <li>▪ Reports from government agencies and other stakeholders</li> </ul>	<ul style="list-style-type: none"> <li>▪ Government and relevant private sector and civil society stakeholders are committed to developing, implementing and enforcing RECP-conducive policies and regulations</li> </ul>
3.2. National action plan for RECP developed and implementation mechanisms established	<ul style="list-style-type: none"> <li>▪ Implementation mechanisms for RECP policy and strategy developed</li> <li>▪ National action plan published</li> </ul>	<ul style="list-style-type: none"> <li>▪ National action plan</li> <li>▪ Minutes of consultation meetings</li> <li>▪ Reports from collaborating government agencies and other stakeholders</li> </ul>	<ul style="list-style-type: none"> <li>▪ Government and relevant private sector and civil society stakeholders are committed to developing, implementing and enforcing RECP-conducive policies and regulations</li> </ul>
3.3. Implementation and enforcement capacity of the government for RECP-related policy and legislation enhanced	<ul style="list-style-type: none"> <li>▪ Programme of training and implementation support for government officials established</li> <li>▪ Database of national RECP experts and expertise established and open to central government and regional authorities</li> </ul>	<ul style="list-style-type: none"> <li>▪ Annual reports</li> <li>▪ Attendance records and exit test results of policy training</li> <li>▪ Independent final project evaluation</li> <li>▪ Involvement of the RECP experts in the work of the government</li> </ul>	<ul style="list-style-type: none"> <li>▪ Government and relevant private sector and civil society stakeholders are committed to developing, implementing and enforcing RECP-conducive policies and regulations</li> </ul>
3.4. Technical guidelines for target sectors developed	<ul style="list-style-type: none"> <li>▪ Gaps identified in the system of technical guidelines</li> <li>▪ Minimum 3 guidelines developed, tested and endorsed for target sectors</li> </ul>	<ul style="list-style-type: none"> <li>▪ Technical guidelines</li> <li>▪ Annual reports</li> </ul>	<ul style="list-style-type: none"> <li>▪ Opportunities exist to foster the application of RECP practices and technologies by strengthening the national system of technical guidelines for industrial installations</li> </ul>
3.5. RECP opportunities utilized for the	<ul style="list-style-type: none"> <li>▪ Assessment of commitments and actions under</li> </ul>	<ul style="list-style-type: none"> <li>▪ Annual reports</li> </ul>	<ul style="list-style-type: none"> <li>▪ The Government of Ukraine is committed to</li> </ul>

national implementation of Multilateral Environmental Agreements (MEAs): Persisting Organic Pollutants (POPs), Ozone Depleting Substances (ODS), GHG, hazardous waste, Clean Development Mechanisms (CDM)	<ul style="list-style-type: none"> <li>▪ RECP-relevant MEA undertaken</li> <li>▪ Opportunities for MEA implementation identified</li> </ul>	<ul style="list-style-type: none"> <li>▪ Listings of potential pilot projects</li> <li>▪ MEA implementation opportunities included in national RECP strategy and action plan</li> </ul>	MEAs and interested in considering RECP as a opportunity for fostering the implementation of MEAs
<b>Output Category 4: RECP technologies and financial mechanisms</b>			
4.1. Professional capacities created and utilized to support the adaptation, development and transfer of RECP technologies	<ul style="list-style-type: none"> <li>▪ Minimum of 5 experts per region/year trained RECP technologies and related topics</li> <li>▪ At least 3 sectors specific training materials on RECP technologies developed/adapted</li> <li>▪ 20 experts trained on COMFAR</li> </ul>	<ul style="list-style-type: none"> <li>▪ Seminars</li> <li>▪ Workshops</li> <li>▪ Training reports</li> <li>▪ Annual reports</li> </ul>	<ul style="list-style-type: none"> <li>▪ Availability of qualified national experts interested to be trained on RECP technologies</li> </ul>
4.2. Awareness and understanding of RECP technology opportunities improved at national and regional levels	<ul style="list-style-type: none"> <li>▪ Minimum of 3 promotion and information events on RECP technologies carried out per year</li> <li>▪ Minimum of 3 sector-specific or problem specific surveys (e.g. water treatment, waste minimisation etc) carried out</li> <li>▪ Minimum of 10 requests per year received for assistance in the development and transfer of RECP technologies from target industries</li> <li>▪ Minimum of 20 service providers contacted the CPC and got involved in RECP technologies</li> </ul>	<ul style="list-style-type: none"> <li>▪ Seminars</li> <li>▪ Workshops</li> <li>▪ Information materials</li> <li>▪ Statistics</li> </ul>	<ul style="list-style-type: none"> <li>▪ Industry, business service providers and government agencies are interest in RECP technologies</li> <li>▪ Industry and business providers have the technical and managerial skills to improve their operational knowledge</li> </ul>
4.3. RECP technology opportunities are identified as part of RECP assessments	<ul style="list-style-type: none"> <li>▪ Minimum 20 of technology options per year identified</li> <li>▪ Minimum 10 of technology options per year evaluated</li> </ul>	<ul style="list-style-type: none"> <li>▪ Assessment reports</li> <li>▪ Company reports</li> </ul>	<ul style="list-style-type: none"> <li>▪ Companies in Ukraine possess great potential to develop and implement RECP technologies within their operations</li> </ul>
4.4. Agreements and financial mechanisms to support RECP technologies developed and implemented on the basis of meetings and discussions held with key financial institutions and donors	<ul style="list-style-type: none"> <li>▪ Minimum of 3 financial mechanisms established</li> <li>▪ Minimum 200,000 Euro of special grants received</li> <li>▪ Minimum of 3 joint publications developed</li> <li>▪ Minimum of 5 joint events organised</li> <li>▪ 5 annual meetings/conferences to discuss further cooperation organised</li> <li>▪ Minimum of 10 large-scale technical assessments for the clients of IFC, NEFCO and other financial institutions carried out</li> </ul>	<ul style="list-style-type: none"> <li>▪ Minutes from meetings</li> <li>▪ Joint action plans</li> <li>▪ Statistics</li> </ul>	<ul style="list-style-type: none"> <li>▪ Financial institutions and other donors have included RECP technologies in their strategies and are interested in supporting them</li> </ul>
4.5. Economic and environmental benefits of RECP technology adaptation, development and transfer verified	<ul style="list-style-type: none"> <li>▪ Minimum of 5 RECP technology assessments per year carried out (totally minimum of 25 assessments)</li> <li>▪ Minimum of 70 % of participating companies implemented more than 50% of options</li> </ul>	<ul style="list-style-type: none"> <li>▪ Annual reports</li> <li>▪ Assessment reports</li> <li>▪ Case studies</li> </ul>	<ul style="list-style-type: none"> <li>▪ Ukraine has the potential to adapt, develop and transfer RECP technologies and is interested in doing so</li> <li>▪ Financial mechanisms are available to support RECP technologies.</li> </ul>

	<ul style="list-style-type: none"> <li>developed</li> <li>▪ Minimum of 3 RECP technology (sector or problem specific) case studies drawn up</li> </ul>		<ul style="list-style-type: none"> <li>▪ National policies that support RECP technology adaptation, development and transfer are in place</li> </ul>
4.6. Stakeholder platform to support RECP technology adaptation, development and transfer has been established and is taking an active role in advocating RECP technologies at company level	<ul style="list-style-type: none"> <li>▪ RECP technology working group established</li> <li>▪ Knowledge management and database on RECP technology providers established</li> <li>▪ Increased cooperation agreements between companies and technology developers</li> <li>▪ Increased number of events focusing on the development of RECP technologies and their implementation in target sectors</li> </ul>	<ul style="list-style-type: none"> <li>▪ Records of meetings</li> <li>▪ Physical or virtual knowledge management system</li> <li>▪ Records of meetings</li> <li>▪ Workshop reports</li> <li>▪ Surveys and reviews</li> </ul>	<ul style="list-style-type: none"> <li>▪ There is a need and interest to increase cooperation and establish active communication, information and knowledge management tools</li> <li>▪ There is an interest in the sector to stimulate innovation in this area</li> </ul>

## Annex 2: Job descriptions

<b>Post title:</b>	Senior international evaluation expert (Project evaluation)
<b>Duration:</b>	25 working days, including field mission in Ukraine and briefing in Vienna
<b>Date required:</b>	1 <sup>st</sup> April March 2015, completed before 31 <sup>st</sup> May 2015
<b>Duty station:</b>	Kyiv, Ukraine, with national travel within Ukraine, as required for fact finding
<b>Counterpart:</b>	Ministry of Economy, Ukraine
<b>Implementing Partner:</b>	Resource Efficient and Cleaner Production Centre of Ukraine (RECPCU)

Under the direct supervision of the UNIDO Headquarters Evaluation Manager and with the support of the Project Manager, the Senior International Evaluation Expert is responsible to carry out the following tasks:

Tasks	Expected Duration	Expected results
Undertake desk review of management, activity, output and related documents of the Project and prepare initial set of evaluation findings and questions for clarification and additional data collection during field fact finding mission	6 working days	– Inception note with key findings and outstanding issues, submitted to evaluation manager on or before 15 <sup>th</sup> April 2015
Undertake field mission to Ukraine to consult project partners and beneficiaries, to verify and complete preliminary evaluation findings from desk review	7 working days (Ukraine)	– Completed additional fact finding and data evaluation on or before 1st May 2015
Presentation and discussion of preliminary findings	1 working days (UNIDO HQ)	– Preliminary findings discussed with UNIDO staff and feedback obtained
Prepare and submit draft report of mid-term evaluation, including evaluation findings and recommendations and lessons learned for continued implementation of the project	8 working days	– Draft evaluation report submitted to evaluation manager for review on or before 15 <sup>th</sup> May 2015
		–
Finalize evaluation report, on basis of comments and suggestions received through evaluation manager	3 working days	– Final evaluation report submitted to evaluation manager on or before 31 <sup>st</sup> May 2015

### Requirements:

Relevant university degree; over 5 years project evaluation experience; excellent oral and written communication skills in English; demonstrated familiarity with private sector development and (corporate) environmental responsibility, including preferably Resource Efficient and Cleaner Production. Demonstrated experience in Eastern Europe, Caucasus and/or Central Asia is also required and specific experience in Ukraine would be positively looked upon. Knowledge of Russian or Ukrainian language is an asset

### Absence of conflict of interest:

According to UNIDO rules, the consultant must not have been involved in the design and/or implementation, supervision and coordination of and/or have benefited from the programme/project (or theme) under evaluation. The consultant will be requested to sign a declaration that none of the above situations exists and that the consultants will not seek assignments with the manager/s in charge of the project before the completion of her/his contract with the Office for Independent Evaluation.

**Post title:** National evaluation expert (Project evaluation)  
**Duration:** 25 working days,  
**Date required:** ~1 April 2015, completed before 31<sup>st</sup> May 2015  
**Duty station:** Home-based (Kyiv, Ukraine), with national travel within Ukraine, as required for fact finding  
**Counterpart:** Ministry of Economy, Ukraine  
**Implementing Partner:** Resource Efficient and Cleaner Production Centre of Ukraine (RECPCU)

Under the direct supervision of the UNIDO Headquarters Evaluation Manager and with the support of the Project Manager, the national evaluation expert is responsible to carry out the following tasks:

Tasks	Expected Duration	Expected results
Assist international evaluation expert with summary of activities and achievements of the Project as input for the mid term evaluation	5 working days	– – Concise summary of status of implementation and achievement of the project activities relative to the project's logical framework
Assist international evaluation expert with desk review of management, activity, output and related documents of the Project and on basis thereof plan and organize fact finding mission for the international project evaluator	8 working days	– Fact finding mission prepared and meeting schedule confirmed
Undertake field mission in Ukraine to consult project partners and beneficiaries, to verify and complete preliminary evaluation findings from desk review	7 working days (Ukraine)	– Completed additional fact finding and data evaluation on or before 1 <sup>st</sup> May 2015
Provide inputs to the draft report of mid-term evaluation, including evaluation findings and recommendations and lessons learned for continued implementation of the project	4 working days	– Draft evaluation report submitted to evaluation manager for review on or before 15 <sup>th</sup> May 2015
Provide inputs to the final evaluation report, on basis of comments and suggestions received through evaluation manager	1 working days	– Final evaluation report submitted to evaluation manager on or before 31 <sup>st</sup> May 2015

**Requirements:**

University degree in relevant business, public policy or engineering discipline, Knowledge of Ukraine's industrial development situation, institutions and programmes, and its environmental and resource/energy use situation; Knowledge of UNIDO; and Evaluation experience.

**Absence of conflict of interest:**

According to UNIDO rules, the consultant must not have been involved in the design and/or implementation, supervision and coordination of and/or have benefited from the programme/project (or theme) under evaluation. The consultant will be requested to sign a declaration that none of the above situations exists and that the consultants will not seek assignments with the manager/s in charge of the project before the completion of her/his contract with the Office for Independent Evaluation.



### Annex 3: Criteria for evaluation report

Rating system for quality of evaluation reports

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

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.