

# **Independent Terminal Evaluation**

## **Development of Clusters in Creative and Cultural Industries in the Southern Mediterranean**

**Volume II – Annex 6: Assessment of achievements by country and cluster**

UNIDO Project ID: 130034



UNITED NATIONS  
INDUSTRIAL DEVELOPMENT ORGANIZATION



**UNIDO INDEPENDENT EVALUATION DIVISION**  
**OFFICE OF EVALUATION AND INTERNAL OVERSIGHT**

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This document has not been formally edited.

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The independent evaluation was conducted over the period August-November 2017 by a team composed of two evaluation consultants, Leny van Oyen (Team Leader) and Zakiyatou Oualet Halatine. The work of the team covered document review, the preparation of an inception report and final report, and covered individual missions to the 7 participating countries. Volume I covered the main report. This Volume II covers Annex 6 containing details on the country specific evaluation findings. It covers the assessment of achievements by country and cluster, describing for each country/cluster the planned results and activities versus their implementation, including a cluster snapshot overview and an assessment of the project work in each participating country, following the standard evaluation criteria.

The evaluators hope that this report will be instrumental in discussions and decision making by the project stakeholders both at the regional level (Project Advisory Board) and at the country level (Project Steering Committees) regarding “The way forward”.

## Abbreviations and acronyms

Abbreviations	Meaning
AFD	Agence Française de Développement
AGENOR	Agence Nationale pour la Transformation et la Distribution de l'Or et des autres métaux précieux (Algeria)
AMITH	Association Marocaine des Industries du Textile et de l'Habillement (Morocco)
APII	Agence de Promotion de l'Industrie et de l'Innovation (Tunisia)
ATFP	Agence Tunisienne de la Formation Professionnelle (Tunisia)
RK	Records Keeping
CM	Clustero-Metro
B2B	Business to Business
B2C	Business to Consumer
BCCI	Bethlehem Chamber of Commerce and Industry
BCC	Bethlehem Chamber of Crafts
BLS	Business Level Survey
BDS	Business Development Services
BTC	Bethlehem Treasures Cluster
BTS	Banque Tunisienne de Solidarité (Tunisia)
CAM	Chambre de l'Artisanat et des Métiers (Algeria)
CCI	Cultural and Creative Industries
CDA	Cluster Development Agent
CDA-HDCC	Cluster Development Agent for Habitat Designers Cluster Cairo (Egypt)
CDA-LDCC	Cluster Development Agent for Leather Designers Cluster Cairo (Egypt)
CDA-BTC	Cluster Development Agent for Bethlehem Treasures Cluster (Palestine)
CDA-NFC	Cluster Development Agent for Nablus Furniture Cluster (Palestine)
CEPEX	Centre de Promotion des Exportations (Tunisia)
CMA	Casa Moda Academy (Morocco)
CSC	Cluster Support Centres
CSSP	Cluster Support Service Platforms
CTTH	Centre Technique Textile et Habillement (Morocco)
EBA	Ecole des Beaux-Arts
EBF	Emerging Business Factory (Morocco)

<b>Abbreviations</b>	<b>Meaning</b>
EBRD	European Bank for Reconstruction and Development (=BERD)
ENP	European Neighbourhood Policy
EC	European Commission
EU	European Union
EECH	Egyptian Export Council for Handcraft
ESBA	Ecole Supérieure des Beaux-Arts
ESITH	Ecole Supérieure des Industries du Textile et de l'Habillement (Morocco)
Expert LT	Expert long term
Expert ST	Expert short term
Expolink	Expolink Egyptian Exporters Association
FAC	Fonds d'Appui aux Clusters (Morocco)
FEI	Federation of Chambers of Industry (Palestine)
FEC	Furniture Export Council (Egypt)
FPCCI	Federation of Palestinian Chambers of Commerce and Industry
GiZ	German Agency for Development Cooperation
GSC	Garment Design and Training Services Center (Jordan)
HQ	Headquarters
HR	Human Resources
Gov	Government
IDF	Industrial Development Fund (UNIDO)
ICTII	Industrial Council for Technology and Innovation (Egypt)
IMC	Industrial Modernisation Center (Egypt)
INAPI	Institut National de la Propriété Industrielle (Algeria)
INNORPI	Institut National de la Normalisation et de la Propriété Industrielle (Tunisia)
ISBAN	Institut Supérieur des Beaux Arts de Nabeul (Tunisia)
ISID	Inclusive and Sustainable Industrial Development
ITC	International Trade Centre
JEDCO	Jordan Enterprise Development Corporation
KPI	Key Performance Indicators
LTC	Leather Technology Center (Egypt)
MIT	Ministry of Industry and Trade (Egypt)
MNE	Ministry of National Economy (Palestine)



<b>Abbreviations</b>	<b>Meaning</b>
MoU	Memorandum of Understanding
M&E	Monitoring and Evaluation
MSME NCCI	Micro and Small and Medium Enterprises Nablus Chamber of Commerce and Industry
NFC	Nablus Furniture Cluster
NPC	National Project Coordinator
NPC/CDA	National Project Coordinator and Cluster Development Agent
NSC	National Steering Committee (same as: PSC)
ONA	Office National de l'Artisanat (Tunisia)
OPT	Occupied Palestinian Territory
PAC	Project Approval Committee (regional)
PACS	Programme d'Appui à la Compétitivité de Services (EBRD)
PalTrade	Palestine Trade Center
PFI	Palestinian Federation of Industry
PSC	Project Steering Committee (national)
ROM	Results Oriented Monitoring
SME	Small and Medium Enterprises
SWOT	Strengths, Weaknesses, Opportunities and Threats
TIU	Traditional Industries Union (Palestine)
ToR	Terms of Reference
UfM	Union for the Mediterranean
UNCTAD	United Nations Conference on Trade and Development
UNIDO	United Nations Industrial Development Organization
UNPTI or UTI	Union of Palestinian Traditional Industries
USAID	US Agency for International Development
UTICA	Union Tunisienne de l'Industrie, du Commerce et de l'Artisanat (Tunisia)
W/days	Work days
WIU	Wood Industries Union

## Glossary of evaluation terms

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

## 6.1 ALGERIA

### 6.1.1 Planned results and activities versus achievements

<i>Inception Phase</i>	
<i>Output 1.1 Existing clusters and value chains per sub-sector mapped, analyzed and selected, M&amp;E and project management structure set up <sup>1</sup></i>	
<i>Planned activities <sup>2</sup></i>	<i>Achievements</i>
1.1.1 Initiate interactions in the target countries and organize a regional launching workshop	National launching workshop/Algeria, 9 September 2014 (24 participants), as well as participation in regional launching workshop (Tunis 17 October 2014)
1.1.2 Setting up a monitoring and evaluation mechanism to be implemented throughout the project	Use of project's M&E framework: in 2016 business level survey (17 enterprises/Constantine; 21 enterprises/Batna), service provider survey and use of "clusterometer" and recordkeeping (2016)
1.1.3 Setting up a Programme Steering Committee and of a Programme Advisory Committee (PAC) at regional level	National Steering Committee (NSC) operational and 3 meetings held so far: 19 November 2014; 22 October 2015; 22 February 2017. Participation of Algeria in PAC 1 (Min. of Industry and private sector/CGEA and first NPC) and in PAC 2 (private sector/FCE and second NPC)
1.1.4 Conduct a CCI mapping in each country including the identification of the CCI value chains to be covered and corresponding SWOT analysis	Cluster mapping (field) over period June-July 2014; 17 clusters identified (report October 2014): advertising Algiers; Berber jewellery, TiziOuzou; copper ware, Constantine; carpets/other home textiles, Laghouat; carpets, Ghardaïa; carpets, Khenchela; carpets, TiziOuzou; gold and silver jewellery, Batna; high-end ceramics, Algiers; leather accessories, Jijel; pottery Kabylia; publishing, Algiers; traditional clothing, Djelfa; traditional textiles, Algiers; traditional textiles, Constantine; traditional textile, Tlemcen/Oran; Tuareg jewellery, "Grand Sud".
1.1.5 Invitation to the most promising clusters identified in the map to respond to a call for expression of interest to receive support	Workshop to present the approach; publications of call for proposals (El Khabar and El Watan newspapers) on respectively 14 August 2014 and 23 September 2014; assistance provided by project experts in preparation of proposals.
1.1.6 Selection by UNIDO in association with relevant national coordinator and taking account of the opinion of the PAC on the pilot cluster(s) to be supported	Receipt of 17 proposals (of which 4 outside project scope); 13 reviewed and ranked by UNIDO (top 4 ranking: Batna (jewellery); Constantine (brassworks); Ghardaïa (carpets) and TiziOuzou (jewellery); as ranking was close, refinement of criteria (likelihood of results in short run and local engagement) resulted in the selection by NSC (vote by consensus on 19 November 2014) of the following two: Batna (jewellery) and Constantine (copper ware). Suggestion of NSC in minutes to examine possibilities (funding) to also support to 11 non-selected clusters. Selection endorsed by PAC.

<sup>1</sup> As formulated in the project inception report, revised framework (March 2015); latter does not specify the activities under each of the outputs, hence reference is made in this matrix to the specific activities listed in the initial project document (see footnote below).

<sup>2</sup> As formulated in the project document.

<b>Inception Phase</b>	
<b>Output 1.1 Existing clusters and value chains per sub-sector mapped, analyzed and selected, M&amp;E and project management structure set up <sup>1</sup></b>	
<b>Planned activities <sup>2</sup></b>	<b>Achievements</b>
<i>Summary of proposal/Jewellery cluster - Batna</i>	Proposal submitted by Chambre de l'Artisanat et des Métiers of Batna (CAM) – signed by 25 parties including CAM, a business association, two training/enterprise support centres, university, tax department, in addition to 15 artisans. Total of 100 enterprises expected to be targeted by cluster proposal (majority individual artisans and few SMEs) and potentially additional 500 enterprises expected to be concerned by the proposal. Less than 10% of turnover comes from exports; enterprises work in particular with Italian buyers. Support requested: training and coaching; design and product innovation; linkages among enterprises (intra-cluster) and with local/international actors; export development; access to finance.
<i>Summary of proposal/Copper Ware cluster, Constantine</i>	Proposal submitted by Chambre de l'Artisanat et des Métiers of Constantine – signed by 35 parties including CAM, a business association, and 33 enterprises. Total of additional 30 enterprises expected to be targeted by cluster proposal (majority individual artisans). So far no exports as per proposal. Reference to prior project support (2008-present, SystèmeProductif Local/GiZ; geographic indication quality label (under EU funded P3A programme; implementation 2013/14 covering 40 artisans). Support requested: training and coaching; design and product innovation; production/productivity improvement; common marketing; conformity with safety, social and environmental standards.

<b>Implementation Phase</b>		
<b>Output 2.1 Selected CCI clusters assisted through specific technical assistance programmes to serve as pilot models</b>		
2.1.1 Set up project management/ coordination structure	First NPC cum CDA/Batna from May 2014 until Dec 2015; second NPC cum CDA/Batna from Nov 2015 to date; assistant CDA/Batna from June 2015-June 2016; first team Constantine (CDA and assistant) from mid-2015 to mid-2016; second CDA Constantine from October 2016 to present; Senior national expert/handicraft (covering both Batna and Constantine) from Dec 2016 to date. In sum, at present team of 3 full time local staff.	
2.1.2 Support cluster development - linkages between enterprises in networks and pilot clusters in selected countries.	<b>Jewellery Cluster - Batna</b> *Cluster analysis and diagnostics (report, May 2015) *Vision building/strategic analysis (report, June 2015) *Action Plan (report, October 2015); focus of planned actions on (i) access to raw materials/quality control and regulatory framework, (ii) product development/design; (iii) training; (iv) technology improvement; (v) marketing; (vi) market access and (vii) cluster governance and visibility.	<b>Copper Ware Cluster - Constantine</b> *Cluster analysis and diagnostics (report, April 2015) *Vision building/strategic analysis (report, August 2015) *Action Plan (report, October 2015); focus of planned actions on (i) work environment, (ii) product development/design, (iii) training, (iv) marketing and communication, (v) market access and (vi) cluster governance and visibility.

<b>Implementation Phase</b>		
2.1.3 Training of entrepreneurs including women and youth in networking and clustering	Awareness building/on-the-job coaching of enterprises on enterprise linkages throughout the project; other training activities targeted enterprises and students, see outputs 2.2 and 2.3	
2.1.4 Review of relevant partner agencies and institutions which can create policy linkages to promote the CCI sector	<p>*Effective link established by project between the Batna cluster and the stone cutting training related project funded by Canada/Brazil (Tamanrasset), in view of product diversification - including training of 9 artisans (Alg.) among which 4 in Brazil (future master trainers of centre); see output 2.2</p> <p>*Search for cooperation with EcoleRégionale des Beaux-Arts/Batna to integrate students in development of collection</p> <p>*MoU (Sept. 2017) with AGENOR (public enterprise in charge of import/certification of gold/silver/other precious materials) to address the problem of quality and price of raw materials; antenna of AGENOR in Batna planned to be located in jewellery centre (see output 2.2)</p> <p>*Cooperation with Fiscal Department/Batna to create awareness of enterprises on taxation and other obligations of the sector (which is guided by regulations such as related to transport of gold between locations, marks (<i>poinçons</i>); the price of the latter was lowered as result of cooperation with Fiscal Department (<i>Loi des Finances</i>))</p>	<p>*Cooperation with EcoleRégionale des Beaux-Arts/Constantine and Ecole des Beaux Arts/Algiers to integrate students in development of collection (students selected based on competition and involvement/recognition in collection developed); *Ecole des Beaux-Arts/Constantine included copper ware as specialisation option in yrs 3 and 4 of the training.</p> <p>*Cooperation (MoU in July 2017) with the University Salah Boubnider of Constantine (i) to raise awareness on health issues/hygiene, on (ii) environmental protection (including impact studies; good practice guidelines) – involving researchers of the Faculty of Medicine and Environment, (iii) document research on forms and symbols in copper ware/Constantine and (iv) the organisation of a photo competition/exhibition.</p> <p>*Discussion with AGENOR to help address problem of quality of raw materials (red/yellow copper) by purchasing certified products with technical specifications (possibility for AGENOR to import copper)</p>
2.1.5 Provide extensive capacity building to the relevant agencies and institutions		
2.1.6 International exposure for beneficiaries by visiting countries with similar initiatives	<p>*Contacts at start of the project to cooperate with jewellery school in Paris/Ecole BJOP – owned by big brands such Cartier etc.; cooperation did not materialize as gap with Batna reality too wide</p> <p>*Training of 4 artisans from Batna in Brazil in September 2017 (activity de facto funded from stone cutting training related project/Tamanrasset) – see output 2.2</p>	Cluster development training conducted from 14-16 February 2017 (15 participants, including the relevant national/local institutions and also representatives of 3 of the handicraft clusters targeted in the up-scaling phase)

Implementation Phase		
2.1.7 Prepare a phasing-out strategy for handing over project activities at completion	Not yet available; see output 3 for the preparation of upscaling	
<b>2.2 Cluster Support Service Platforms (CSSPs) created or established within existing institutions to act as service providers for cluster development; CCI product and service development, strategic business advice and market penetration</b>		
2.2.1 Set up of at least 5 (regional) CSSPs (earlier labelled Cluster Support Centers/CSC)	Preparatory work (including business plan and procedure manual) to establish a technical jewellery centre in Batna together with CAM/Batna (for now called “Centre Art et Technique de la Bijouterie”); both premises and funding for upgrading of premises allocated by local authorities (reference made to estimated infrastructure support equivalent to some € 1.9 million). Repair works starting in October 2017; first training of master trainers in Sept 2017 (through Tamanrasset project). Basic equipment for common services offered by centre ordered by project for product development, cutting and prototype development	Emphasis on finding new production sites cum common services for copperware artisans; commission established to this end; initial premises targeted by local authorities had to be abandoned for lack of resources; new (smaller) location identified awaiting legal clearance (October 2017) before starting physical upgrading
2.2.2 Train in entrepreneurship and marketing skills	As per March 2017 report: 36% of cluster members trained in business skills	As per 2017 report: 57% of cluster members trained in business skills
	Other training at request of artisans: basic computer skills and English (all by student volunteers)	
2.2.3 Train in product development through design workshops and direct interventions in each cluster	Introductory workshop ‘Interpreting Contemporary Jewellery’ 5-6 September 2015 Technical training on new jewellery techniques (including 3D design) in 2016 (17 artisans) Additional training funded by Tamanrasset project (2017) in Algeria and, for 4 artisans (to-be-master trainers for the Batna Centre), in Brazil (September 2017)	Copperware creative development workshop based on traditional designs, Constantine, 7-9 September 2015 (including students of Ecole des Beaux Arts/ESBA, Algiers and EBA/Constantine )  Development of new collection (see output 2.3)
<b>2.3 Market penetration strategies elaborated for the development of domestic, regional and eventual export markets</b>		
2.3.1 Develop a branding strategy and product branding linked to countries’ images and market demands	Training on marketing/communication (logos; business cards etc. (2016)	
2.3.2 Develop products’ collections in line with the branding strategies	Attempt to work with local jewellery designers butt difficulty to convince them to travel to Batna for design support	Increase in number of new products development by Constantine cluster (stated to be from “zero” in 2014 to 104 in 2016 as per March 2017 report)

<b>Implementation Phase</b>		
	No collection yet; mission of international designer (same as for jewellery cluster in Lebanon) planned for November 2017	One new collection created and branded "MarvelousCirta" (in cooperation with students of Ecole des Beaux Arts/Constantine)
2.3.3 Expose to the international markets through relevant trade fairs	Participation in local trade fairs (including International Handicrafts Fair Algiers)	
	For now focus on mainly local market	Coppersmith (US copperware) brought to Algeria early on in the project (2015); at occasion of matchmaking visit reference was made to potential purchase equivalent to USD150,000; matchmaking visit stated to have been accompanied by wide national visibility resulting in high expectations that were in the end not met (lengthy exchange with Coppersmith on type and quality of products ended at time of discussion on price (considered not competitive compared to other suppliers of Coppersmith (Mexico). Collection presented in <i>Maison&amp; Objet</i> fair /Paris, Jan 2017, as well as in exhibition/Vienna (in collaboration with the Embassy of Algeria in Austria), April 2017.
2.3.4 Assist in post-trade fairs follow-up	- -	Follow-up of <i>Maison&amp; Objet</i> /Paris (reference made to 50 international potential buyers); obstacles encountered to export (such as to CAM to open foreign currency account to receive payments on behalf of cluster) being addressed. Inclusion of some products on e-commerce site and start of cooperation with concept store (Algiers).
	Preparation of practical Guide for Exporters (2017) – in the short run mainly relevant for the Constantine cluster	

<b>Scaling up &amp; Dissemination Phase</b>	
<b>3.1 Results disseminated throughout the Southern Mediterranean region, strategies for CCI clusters developed and CCI approach integrated in policies (cluster; agri-business; MSME)- in cooperation with counterparts including financial institutions</b>	
3.1.1 Assist the local counterparts in preparing strategies for CCIs development	Interest in replication to other clusters, including CCI among other sectors (both by the Ministry of Industry and by the Ministry of Tourism and Handicraft sector - latter submitted request to UNIDO. It was also reported that in the forthcoming strategy of the Ministry of Trade pertaining to export diversification (with support from ITC) the cluster

<b>Scaling up &amp; Dissemination Phase</b>	
	<p>development approach is featured.</p> <p>In the context of replication reference was made to clusters in different locations engaged in leather, weaving, carpets, ceramics, and automotive sectors. Reference was also made to intentions to develop export consortia.</p> <p>The preparation of cluster development project proposals is ongoing (including also possible funding by Algeria – be it Ministry of Finance; local authorities; national development funds). So far there is no clarity on the sources of funding Plan to develop export consortia programme</p>
3.1.2 Organize at national level workshops on the importance of developing CCIs for job creation	Cluster Development Training (15 participants as per briefing note/2016) from 14-16 February 2016
3.1.3 Organize study tours for key stakeholders to the pilot success stories for replication purposes	- -
<b>3.2 A 3-year communication and visibility plan for the project highlighting the importance of CCI cluster development and the support provided by the EU intervention prepared and implemented</b>	
3.2.1 Elaborate 3-year communication and visibility plan and continuously update	Project wide activity, not Algeria-specific
3.2.2 Implementation of the communication and visibility plan including the preparation of promotion materials, videos, organization of press releases etc.	Visibility of project work in Algeria through preparation of communication tools used in participation in local/international events (including Africa Investment Forum, Algiers, Dec 2016); local press releases; social media (Facebook page); collection catalogue.
3.2.3 Organize a 3-day conference at regional level to disseminate project experience and results	Regional activity planned for 14-15 November 2017 in Algeria (bringing together all 7 partner countries)
3.2.4 Prepare and publish a comprehensive report highlighting the success stories, lessons learned etc.	Project wide only; no consolidated national report envisaged
3.2.5 Monitor and evaluate report submitted and distributed to the stakeholders	Independent evaluation report a priori part of documentation for next NSC



### 6.1.2 Cluster snapshot overview (before and after)

<b>1. Jewellery Cluster - Batna</b>		
<b>Dimensions</b>	<b>at start of project</b>	<b>at present (September 2017)</b>
<b>Problems/constraints/opportunities</b>		
Main challenges as per cluster analysis	Access to raw materials (quality/price) including dependence on larger traders that are monopoly sellers of (non-certified) raw materials Complexity of regulations for the sector also affecting trade Multitude of artisans working individually and lack of common services; Segmentation between large number of artisans and few larger operations (latter for "haut de gamme" clients) Need for improved production techniques/tools and relevant services (currently prototyping done in Turkey)	Operationalization of training cum services centre under the leadership of the Chambre de l'Artisanat et des Métiers - Batna) benefitting from start-up support of local authorities and project
<b>Cluster governance</b>		
Leader of cluster support services platform	Chambre de l'Artisanat et des Métiers de Batna (CAM-Batna)	
Degree/type of cluster governance	Organization of cluster through CAM; association of jewellers covering in particular the larger businesses cum traders (not the artisans being organized in the cluster)	Organization of cluster through CAM; awareness raised on importance of separate cluster structure including legal advice to this end (cluster probably opting for cooperative form); recognition by enterprises of need to create formal structure (legal minimum/association: 15)
<b>Critical mass</b>		
Number of enterprises within the cluster	12 enterprises (core group)	Same core group of 12 enterprises; depending on the activities at times more artisans are involved (e.g., training); the centre under creation will be for the sector at large
Weight of enterprises (jobs)	n.a.	n.a. ; no reference to additional jobs
Weight of ent. (turnover)	n.a.	n.a.
Types of actors represented	Artisans, Chamber	Artisans, Chamber, Local Authority (Wali), Ministry of Finance, AGENOR, Ecole des Beaux Arts, student volunteers (basic computer and English training at request of artisans)

1. Jewellery Cluster - Batna		
Dimensions	at start of project	at present (September 2017)
<b>Differentiation through cultural heritage &amp; competitive advantage</b>		
Uniqueness/elements of heritage/culture	Traditional know-how (often family business over several generations)	Traditional know-how; support in development of new products/improved techniques without losing traditional touch; product diversification by integrating also (semi-) precious stones
Competitive advantage	In particular local market and informal exports (neighbouring countries); "Batna" having image of trafficking (informal sector; no certified raw materials/products)	Potential for export as a result of use of certified raw materials and certification of final products ( <i>poinçon or mark</i> ); is also expected to improve the credibility of products from Batna on local market
<b>Indication of cluster cooperation</b>		
Joint efforts among cluster members	Working individually	Sharing of models and tools; cooperation as regards common project (training cum services centre); plan to formalize cooperation (association/cooperative)
Joint efforts of cluster with actors outside the cluster	--	MoU signed with AGENOR, September 2017 (raw materials; quality stamp/mark) Cooperation with Tax Department (training on procedures/rules; price of stamp/mark reduced; simplification of tax declaration)
<b>Value chain coverage</b>		
Value chain coverage (enterprises)	Artisans with some degree of specialization among them (different techniques/types of products)	Process and product diversification envisaged
Value chain coverage (support entities)	No services to sector; purchase of raw materials via black market circuit (monopolized by large traders)	Centre under creation will cover range of services needed by sector (common services including design related; work space; antenna of AGENOR for access to raw materials; product certification; training, ...)
<b>Access to markets</b>		
Local	Local sales (workshop); no brands	For now, mainly local sales; participation in International Handicraft Fair, Algiers
Regional/International (specify countries)	Informal exports (buyers from neighbouring countries)	No (formal) exports yet
<b>Environmental and social impact</b>		
Environmental issues	No major environmental issues in jewellery sector/Batna	

<b>1. Jewellery Cluster - Batna</b>		
<b>Dimensions</b>	<b>at start of project</b>	<b>at present (September 2017)</b>
Social issues (inclusiveness/women, youth)	Jewellery sector is male dominated, no women entrepreneurs /workers in this sector in Batna	Centre is expected to raise interest of youth (including girls) to engage in jewellery production (training; incubation support)
<b>Perception of main milestones/value added/results of project</b>		
• as per NSC members	Support addressing the different priority issues to improve the “eco-system” of the jewellery sector in Batna and crucial role of the centre under establishment in this regard	
	Involvement of range of national/local stakeholders including active role played by the local authorities	
	Confidence built between artisans to work together (recognized not to be a quick and easy process)	
• as per cluster members	Focus on practical issues to address constraints of the sector and concern to generate concrete results (the services centre and cooperation with AGENOR)	
	Different training sessions organized by the project (such as initiation to 3D design; marketing; computer; English)	
	Hands-on coaching of enterprises towards working together to address commonly faced problems	

<b>2. Copperware Cluster - Constantine</b>		
<b>Dimensions</b>	<b>at start of project</b>	<b>at present (September 2017)</b>
<b>Problems/constraints/opportunities</b>		
Main challenges as per cluster analysis	Need for better premises (size/labour conditions/pollution), need for improved production techniques/tools, access to raw materials (quality/price of copper), product development/innovation, market access (exports), training needs	Initially large-scale project (with previous Governor) to allow for relocation of all artisans to better premises; works had to be stopped for lack of resources. Currently new, smaller, project with current Wali, covering limited number of 8 workshops in short run and another 50 in medium term. Clearance/premises awaited October 2017
<b>Cluster governance</b>		
Leader of cluster support services platform	Chambre de l'Artisanat et des Métiers de Constantine (CAM-Constantine)	CAM and Association « Art de Cuivre »
Degree/type of cluster governance	Membership of CAM: around 130 copperware artisans Association “Art de Cuivre”: n.a.	Membership of CAM: around 160 copperware artisans Association “Art de Cuivre” : 130 members
<b>Critical mass</b>		

<b>2. Copperware Cluster - Constantine</b>		
<b>Dimensions</b>	<i>at start of project</i>	<i>at present (September 2017)</i>
Number of enterprises within the cluster	Cluster: 20 enterprises (core group)	Cluster: 40 enterprises (core group)
Weight of enterprises (jobs)	n.a.	n.a.; reference to 20 additional jobs
Weight of enterprises (turnover)	n.a.	n.a.
Types of actors represented (MSMEs, support institutions, universities, other)	Artisans, Chamber, Local Authority	Artisans, Chamber, Local Authority (Wali), AGENOR, Ecole des Beaux Arts, University of Constantine (health and environmental issues; symbols), student volunteers (basic computer and English training at request of artisans)
<b>Differentiation through cultural heritage &amp; competitive advantage</b>		
Uniqueness/elements of heritage/culture	Traditional know-how	Development of new products (including collection) without losing traditional touch/symbols
Competitive advantage	In particular local market	Reference to increase in sales at International Handicraft Fair/Algiers as result of new products; Follow-up of participation in Paris fair: order (from Denmark) being processed; problem to open foreign exchange account (CAM) being addressed. Initial contact with Coppersmith (since diagnostics phase, 2015) received major attention in local media and also referred to in UNIDO reports, but no concrete results despite pursuit of efforts by project team (prices stated to be not competitive according to Coppersmith)
<b>Indication of cluster cooperation</b>		
Joint efforts among cluster members	Working individually	Development of collection, collection catalogue, and start of sales of new products. Some joint participation/trade fairs) Plan to put in place common services once artisans are relocated to better premises, including collective purchasing of raw materials/tools
Joint efforts of cluster with actors outside the cluster	--	MoU signed with AGENOR (September 2017) includes possibility to import copper at required quality (certified/with technical details) MoU with University of Constantine (see above) Involvement of students (Ecole des Beaux Arts) in collection Start of on-line sales through cooperation with e-commerce agent Start of cooperation with local concept store
<b>Value chain coverage</b>		
Value chain coverage (enterprises)	Artisans with some degree of specialization (different techniques/stages of production/finishing and types of products) and mention of growing division of labour among one another	

<b>2. Copperware Cluster - Constantine</b>		
<b>Dimensions</b>	<i>at start of project</i>	<i>at present (September 2017)</i>
Value chain coverage (support entities)	CAM	CAM and other support structures (see above) Plan to put in place common services once artisans are relocated to better premises
<b>Access to markets</b>		
Local	Local sales (workshop); no brands	Taking part in local/regional trade fairs; gradually starting to introduce logos after marketing training
Regional/International (specify countries)	Informal exports (buyers from neighbouring countries)	Orders after participation in international exhibitions; obstacle for CAM to open foreign exchange account being addressed Exporters Guide prepared by project
<b>Environmental and social impact</b>		
Environmental issues	Deficiencies in working conditions in current premises (public health issues); solid waste issues (collected but not re-used; no foundry facilities)	Sensitization to need for protective measures (health) Analysis of health hazards (heavy metals; dust; noise) – Oct/Nov 2017 Analysis of environmental hazards (waste) Analyses expected to result in collective purchase to protect artisans/workers
Social issues (inclusiveness/women, youth, ....)	See above	Growing interest of youth to engage in copper ware production. For now, one-woman artisan in cluster Copper ware specialization included in training/Ecole des Beaux Arts Constantine
<b>Perception of main milestones/value added/results of project</b>		
• as per NSC members	Support addressing the different priority issues to improve the “eco-system” of the copperware sector in Constantine including importance of better premises and attention to public health issues	
	Involvement of range of national/local stakeholders including active role played by the local authorities	
	Confidence built between artisans to work together (recognized not to be a quick and easy process) and formalization with support of CAM	
• as per cluster members	Focus on practical issues to address constraints of the sector (efforts to provide better premises, improve working conditions, improve access to raw materials of required quality) and better cooperation with local authorities in this regard)	
	Different training sessions organized by the project (such as design; marketing; costing, computer; English)	
	Hands-on coaching of enterprises towards working together (including to develop new products, develop collection, improve finishing)	

### **6.1.3 Assessment**

#### **6.1.3.1 Relevance and ownership**

##### ***Relevance***

There is no doubt about the relevance of this pilot project in Algeria, as the cluster development approach is (i) in line with the past and current policy priorities of the Ministry of Industry, (ii) integral part of the 2011-2020 Handicraft Strategy of the Ministry of Tourism and Handicrafts and (iii) also envisaged in the vision underlying the forthcoming Export Diversification Strategy of the Ministry of Trade. The project could build on prior support of in particular GIZ and the EU<sup>3</sup> and allowed for demonstrating the need for and results from cooperation among enterprises, in particular small enterprises/artisans engaged in (in this case) cultural and creative industries. Regarding both Batna and Constantine, the project concerned a sector that is crucial for the city/region given the large number of actors involved in the targeted sectors (respectively jewellery and copperware).

The action plan developed in October 2015 required operationalization to the extent it defined in general terms the actions required to address the needs of/opportunities for the beneficiaries but not how these actions were to be implemented, taking into consideration realities on the ground. In the case of Batna it implied focus on mainly the needs of the artisans (the vast majority of actors) rather than on the small number of industries.

With hindsight, the choice of the two clusters for this pilot project was ambitious. As a project stakeholder put it: “we chose the most difficult clusters in this pilot phase”. It took time and persistence to unite individually operating artisans that were not export ready. There were also challenges to organize field missions of international project staff to the project locations (security concerns) and the lengthy preparation time (see IV.1.3.2 below) required sustained efforts to keep the artisans engaged in the process towards cooperation. There were reported to be nascent clusters where inter-enterprise cooperation is more common - that are part of the replication strategy of the two core Ministries involved in the project.

##### ***Ownership***

There was and is active involvement of the main counterparts in project steering and monitoring. The project is of inter-ministerial nature in that the Ministry of Industry and Mines acted primarily as facilitator (President of the National Steering Committee which was held three times so far), whereas the clusters covered were under the mandate of the Ministry of Tourism and Handicraft. This inter-ministerial cooperation was reported to have been smooth and there has already been consultation between the two Ministries on the list of likely candidate clusters for the replication of the experience (leather; weaving; carpets; ceramics; automotive industry).

The active engagement of the local authorities in both clusters is to be highlighted. Notwithstanding the turnover of Walis (total of 3) during project implementation, all have been supporting the project in a concrete manner. The authorities in Batna agreed to the provision of major infrastructure (buildings including funding for their upgrading) for the multi-services centre for jewellery in Batna. Also in the case of Constantine the authorities are supporting a solution to address the work space problems of the copper ware artisans.

Reference is also to be made to the other parties that support project implementation which has been formalized through MoUs with the project (AGENOR, University). The fact that the

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<sup>3</sup> GIZ: project “Nucleus”; project Local Productive Systems (up to 2013); EU: P3A, covering inter alia the preparation of the geographic indication label

Ecole des Beaux Arts included a copperware specialization in the 3<sup>th</sup> and 4<sup>th</sup> year curriculum is another sign of appropriation.

The lead role played by the CAM in both clusters is to be commended. This covered not only the organization of artisans, their support in the search for improvement of working conditions including common facilities for artisans, but also the management of these support services by the CAM and even the handling of exports on behalf of the artisans.

As regards the beneficiaries, they confirmed having participated in thematic working groups through which the respective action plans were developed in 2015. The core group of artisans/enterprises involved in the project remained so far stable in the case of Batna and increased in the case of Constantine. Cost-sharing by beneficiaries for services being put in place is among the principles pursued for the sake of sustainability of the cluster support services being set up. For example, based on the impact studies, they want advice on how to improve the occupational safety in their operations (which types of noise and dust minimization devices and protection of ears/eyes/mouth), yet are aware they are the ones to invest in these improvements (possibly through collective purchases).

#### **6.1.3.2 Efficiency in implementation**

The large time gap between the launching of the project (September 2014) and the start of concrete activities (2016) made it challenging for both project experts and counterparts to keep enterprises “on board”. In this period, they needed to explain and re-explain the benefits of clustering to the target beneficiaries. Both counterparts and enterprises found the duration of the diagnostics phase disproportionately long compared to the (limited) time allocated for actual implementation (2016/17), taking into consideration that it takes time to develop confidence and that enterprises seek concrete results.

In terms of budget utilisation, counterparts indicated not having precise information of the project budget available for the Algeria ‘chapter’ of the project. Some recalled the announcement of a project budget for Algeria of around €250,000; others were not aware of the total and indicated that funding of activities was approved on a case by case basis. Based on review of the budget estimates of the October 2015 action plan of each of the cluster, it is not clear how these estimates were made (as some actions were highly underestimated, such as the improvement of workspace, whereas other were highly overestimated, such as the training of local designers and cluster visibility).

High expectations were created by bringing in a potential overseas buyer (Coppersmith) in a very early stage of the project (with major publicity in Algeria and also UNIDO reporting, citing amounts of likely purchases for the US market). This proved to be a risky approach, took efforts over a long period of both the artisans and the project team (developing new prototypes, sending samples) that proved in the end in vain. Coppersmith made no purchase, seems to have decided that the prices of the items made in Algeria are not competitive compared to other (cheaper) sources and does not reply anymore to queries by the project team. In this regard, it was noted that the analysis of the cost structure was not among the themes addressed in the diagnostics phase, although it could have guided priority setting in the initial action plan. Costing/pricing was also not included in the business skills training but covered on-the-job when dealing with (potential) buyers such as Coppersmith.

While it was not an issue in the case of the first collection developed (Marvellous Cirta) - that involved students who were recognized in the collection catalogue – the matter of industrial & intellectual property rights was not yet addressed yet requiring further clarification with the relevant regulatory authorities (Institut National de la Propriété Industrielle/INAPI). Namely, whenever new products/collections are developed based on an alliance between artisans and

designers (a scenario stimulated in the project), it is important to have a clear agreement between the different parties on ownership and thus who gets paid for what in case of sales.

The project team is commended for *not* putting on promotional brochures the logos of the project donors/partners/UNIDO, as this is not considered appropriate. Namely, brochures aimed at buyers should be 'business like' and not over-highlight external assistance. To this end the catalogue used in fairs listed the CAM as contact address for interested buyers and not the project staff (which is also relevant for the post-project stage).

Security issues sometimes complicated travel of project experts to the two cluster locations and also visa requirements hampered in some cases participation of local stakeholders/artisans in international travel (especially when trade fair participation was confirmed somewhat last minute by the trade fair organizers°).

While it proved challenging to involve established local designers (to which end attempts were made), cooperation with the Ecoles des Beaux Arts (Constantine/Algiers) proved fruitful, involving selected students in the development of a collection in the case of the copper ware cluster. For the jewellery cluster the development of a collection is organized late in the project (November 2017) as the development of a collection had, understandably, lower priority than advancing on the jewellery centre (in which the collection is expected to become a "show case"). The local project team ignored that the design expert/copper also had experience in the design of jewellery (in fact engaged by the project for the jewellery cluster in Lebanon).

The purchase of equipment (for collective services) at the end of the project could be questioned (as buying equipment towards the end reduces the chances to assess how de facto utilized), yet can be justified by the fact that is now that the infrastructure where the equipment is going to be located is available. The same applies to the equipment purchased for examining the health and environmental impact of operations by the copperware artisans. These could only be purchased after the signing of the MoU with the University of Constantine in July 2017.

#### **6.1.3.3 Project coordination and management including M&E system**

In the first two years of the project there was quite some turnover in terms of project staff (both of the National Project Coordinator and Cluster Development Agents) which the counterparts referred to as "change of faces" in the start of the project. However, during the two implementation years the team remained the same. The counterparts are highly appreciative of the current team that they consider pro-active and omnipresent. This team was not involved in the mapping/diagnostics phase and, concerned about the need for tangible results in line with the needs of the target beneficiaries, they adapted the action plan, putting emphasis on activities that were expected to generate lasting results (beyond the life of the project).

The project set-up did not foster institutional anchorage, as project staff was either located in the UNIDO office (Algiers) or working from home (Constantine). However, the team has been working in very close cooperation with the local partner institutions throughout the project and it is recognized that there are advantages of this approach in terms of flexibility (not being part of administration) and also in terms of image as independent cluster agents vis-à-vis. the targeted enterprises/artisans.

Coordination both within the local team and with the UNIDO HQ team was reported to be smooth. Similarly, there are informal contacts with other National Project Coordinators in the other countries with a view to sharing experiences. The project steering mechanism at the



country level was implemented as planned, with one meeting per year during which the project status was presented and discussed among the NSC members.

About the M&E system put in place, it was not used for the NPC discussions/decisions. The survey findings and other data collected in 2016 were mainly used by UNIDO for donor reporting (March 2017 report and brochure of June 2017). It took time for the second NPC to understand the system (the ones trained on the system were in the first local project team) that is considered 'heavy'. The need to review the M&E tools and focus on the most essential data was recognized if the goal is to have a toolbox that can be used for and by the clusters.

#### **6.1.3.4 Effectiveness and actual/likely impact**

The cluster mapping (2014) was considered an important and useful exercise from the perspective of the local stakeholders. In addition to the two selected clusters, the envisaged replication efforts are expected to cover additional CCI clusters already included in the mapping phase, with also possible clusters in the industrial sector (such as in the automotive sub-sector). As mentioned above, the diagnostics phase was comprehensive yet long and its actions not necessarily close enough to the reality on the ground. Some counterparts noted that they were not involved in the diagnostics phase and would need training and coaching in the up-scaling phase to conduct diagnostics as first step in cluster development (indeed, a first training was organized by the project). There is a gap between the diagnostics of the cluster and that of the group of enterprises/artisans within the cluster that the project ultimately worked with.

The support interventions during 2016/17 addressed the entire eco-system of the clusters and involved beyond the two line Ministries and CAM a range of other local stakeholders (such as the local authorities; Ministry of Finance; AGENOR; University; Ecoles des Beaux Arts; students). The project approach was pragmatic, not shying away from issues that were beyond cluster development, product development/design and market development (such as public health/occupational safety issues; access to work space; access to certified raw materials; common facilities beyond design related services). As regards design (training/coaching), emphasis was rightly put on working together driven by the ideas of the artisans themselves and not proposing new designs/objects "from the outside".

In terms of market development, there was interest in the products (collection) presented at Maison& Objet and a first buyer (Denmark) made a test order, but it is too early to say if participation in this fair was fruitful in terms of "business" or if it was mainly good for the visibility of the project. It was noted that project focus was so far on Europe (Paris fair; exhibition in Austria) and not fairs in say the Middle East. The local market is not to be ignored be it for the Constantine cluster or the Batna cluster. For the latter the main target is in fact for now the local market including the need to raise the credibility of products from Batna. In general, the artisans in the two clusters are unlikely to engage in direct exports in the short run (notwithstanding the preparation of an Exporters Guide) and they need the CAM in this regard.

#### **6.1.3.5 Sustainability prospects**

The cluster development training organized in February 2017 was positively assessed by the local stakeholders. Still, it was organized rather late in the implementation phase and considered far too short (some 3 days) to fully grasp the methodology (to the extent the counterparts were not directly involved in the cluster diagnostics, cluster brokering and support activities). It is to this end that local stakeholders said to need coaching in the replication phase – in which they expect to become the doers in terms of diagnostics, cluster brokering, and management of services.

The project team took an approach emphasizing the establishment of multifaceted services that are in line with the cluster needs and are expected to remain in place and be used also after the project. Whereas the active engagement of the local authorities and CAM to support these efforts is very encouraging, the situation is still fragile in the case of both clusters. Crucial efforts took time to prepare/agree on and are now starting (the common facilities; cooperation with Agenor and with the University). The business plan underlying the services centre/platform builds on the principle of payment for services (rent for work premises; user charges for common services), which is key for sustainability.

As regards the field of design (products), there is expected to be a growing offer of designers with whom the artisans can create alliances (as group or individually), to the extent the Ecole des Beaux Art/Constantine started a copperware specialization. For the sake of sustainability, proximity and also costs, fostering of alliances with local designers is considered the most sustainable route as regards product innovation/diversification.

In brief, it is a crucial moment in the life of the project and there are risks for achievements to be lost if the project interventions terminate end 2017. Once in place, the service offerings are expected to result in growing interest in becoming part of the cluster group/association/cooperative (more critical mass). As several local stakeholders put it: “we are worried about stopping now » and « why do projects end in the middle»?

Finally, the prominence of the cluster approach in Algeria’s strategic priorities pertaining to industrial, handicraft and trade development is expected to provide an enabling policy and support environment for continuing the current efforts and mobilisation also additional funding (national/external) to emulate the cluster experience in other sectors (for which preparatory work has started).

#### **6.1.3.6 Cross-cutting issues (gender, youth, environment)**

Related to the nature of the selected clusters, few women artisans were involved in project activities (none in the case of Batna and one in the case of Constantine). The picture would have been different if clusters such a carpet weaving would have been selected. In terms of the local coordination team (first one and current one) there was a gender balance, noting that the consecutive project coordinators are women.

The involvement of students of the Ecoles des Beaux Arts (Constantine and Algiers) was a positive experience for all parties (students and artisans). In general, it was reported that young people are getting interested in copper ware production.

Starting to address occupational health and environmental concerns in the copperware cluster was important, as among the key issues to be addressed in that cluster. It was reported that whereas in the past there had been “talk” about dealing with this, it was the project that took the first concrete steps in search of finding solutions or at least remediating measures to this end, with the involvement of the University of Constantine.

## 6.2 EGYPT

### 6.2.1 Planned results and activities versus achievements

<i>Inception Phase: mapping of clusters and value chains in the cultural and creative industries</i>	
<i>Output 1.1 Existing clusters and value chains per sub-sector mapped, analysed and selected, M&amp;E and project management structure set up</i>	
<i>Planned activities</i>	<i>Achievements</i>
1.1.1 Initiate interactions in the target countries and organize a regional project launching workshop	17/10/2014: Participation in regional launching workshop in Tunis; 2-4/09/2014: Cluster Development Training (33 participants); 24/06/2014: Introductory Meeting of potential Steering Committee Members (17 participants); Regional Cluster Development Training (2-4 February 2015; 30 participants from 7 countries); Launching event (3/02/2015; 80 participants).
1.1.2 Setting up a monitoring and evaluation mechanism to be implemented throughout the project	A M&E system based on UNIDO Monitoring Framework for Cluster Development Initiatives was set up and used: - 4 different instruments for data collection designed: BLS, SPS, Clustero-metro and RK. CDAs and NPC participated in Training on M&E (11/12/2014 at 1st PCA meeting at UfM Secretariat (Barcelona). Data collected from craftsmen-women, workshops, enterprises, supporting /partner by the 2 CDAs (Leather and Habitat Design Clusters). Means for data collection: direct interviews (phone, email, meeting, training, forms). 3 major aspects reflected in M&E: Economic, Environmental, and Social.
1.1.3 Setting up a Programme Steering Committee (PSC) and a Programme Advisory Committee (PAC) at regional level	NSC established and operational. Held 4 meetings :1 Introductory meeting (17 participants) on 24/06/2014, introduction CCIs and Cluster approach, bid, selection, type of supports to clusters on 08/02/2015, 14/12/2015 - 01/02/2017. Proposals received end of 2014 and assessment of additional information was undertaken. PAC established, operational at project level. Egypt participated in 3 mandatory meetings and was represented by MTI/Embassy in Barcelona and IMC. 1 <sup>st</sup> PAC meeting held on 11/12/2014. PAC validated the 2 clusters selected by the NSC.
1.1.4 Conduct a CCI mapping in each country including the identification of the CCI value chains to be covered and corresponding SWOT analysis	- 2-4 /09/2014 (33 participants): Cluster Development Training - 05/2014 – 10/2014: Mapping Analysis was carried out - 47 CCI clusters identified (21 clusters on industrial or service approach, and the rest based on a more artisanal approach).
1.1.5 Invitation to the most promising clusters identified in the mapping to respond to a call for expression of interest to receive support	Call was open from 8 August to 15 October 2014 : on 13/08/2014 : Publications of call for proposals in Al Ahram; on the net ( <a href="http://www.cci-clusters.org">www.cci-clusters.org</a> and on 08/2014 <a href="http://www.facebook.com/ccilandclusters">www.facebook.com/ccilandclusters</a> . In 01/2015: Training & assistance given by project experts to potential clusters for drafting proposals. 20 proposals received from support Institutions (Export Councils, Chambers), NGO's and private companies. Proposals covered majority of the mapped sectors. No formalized CCIs Clusters.
1.1.6 Selection by UNIDO in association with relevant National Coordinator and taking account of	20 proposals technically assessed and evaluated by UNIDO. 20 Proposals ranked by NSC. 2 highest ranked were from Egyptian Export Council for Handcraft and from Furniture Export Council. Decision postponed on Government request. 2 new clusters other than highest ranked were selected: Habitat Design Cluster and Leather Design Cluster, both in Cairo.

<b>Inception Phase: mapping of clusters and value chains in the cultural and creative industries</b>		
<b>Output 1.1 Existing clusters and value chains per sub-sector mapped, analysed and selected, M&amp;E and project management structure set up</b>		
<b>Planned activities</b>	<b>Achievements</b>	
the opinion of the PAC on the pilot cluster(s) to be supported	PAC validated this decision.	
<p><i>Summary of proposals (October 2015)</i></p> <p><i>*Leather Cluster Cairo (LCC)</i></p> <p><i>*Habitat Designers Cluster Cairo (HDCC)</i></p>	<p><i>Leather Cluster in Cairo (LCC):</i> Historical and heritage link (since Pharaonic civilization). Abundant livestock (19 million heads); 17.600 enterprises (90% are SMEs, 95% informal, 14 big companies, 75% located in Cairo, 150 artisans).  <i>Competitive advantage:</i> quality of leather; coverage of the entire value chain; wide range of products (footwear, clothing, fashion accessories, home products, products for businesses). Strong critical mass of economic realities. High socio-economic impact (job creation). High potential for exports.  Strategy to achieve the objectives not clear and scarcely developed; expected results too general.  <i>Support requested:</i> Improving capabilities of leather companies especially in the development of new products and new markets (exports.).</p>	<p><i>Habitat Design Cluster in Cairo, (HDCC):</i> Historical heritage and modern: 101 designers (65% professional, 10-15% recognized, 20% young designers' start-ups). Cluster's turnover: ≈ EGP 45M; 180 – 220 jobs. Export 10-15%. Wide range of "habitat" products. Mainly self-employed. Limited regular exports.  <i>Objectives/strategy well elaborated, coherent, strong strategic vision.</i>  <i>Complete value chain. Cluster is defined from the demand. Mainly Self-employed. Few export regularly. Background (University). Own products and collections. Own workshops limited, present on Facebook /website.</i>  <i>Product differentiation:</i> very creative products, strongly linked to cultural heritage; focused on market needs and trends; strong potential to expand numbers of current participants &amp; supporting institutions; strong environmental awareness. Export potential to high-end markets.  Several obstacles: materials, finance, marketing/advertising, export markets.  <i>Support requested:</i> New creative designs matching market needs and trends. Vertical integration of the creative process and the manufacturing capacities. Preserving and reviving Egyptian heritage (promotion of local designers/crafts), alleviating obstacles.</p>

<b>Implementation Phase</b>		
<b>Output 2.1 Selected CCI clusters assisted through specific technical assistance programmes to serve as pilot models</b>		
2.1.1 Set up project management/coordination structure	1 <sup>st</sup> NPC (03/06/2014 – 31/08/2017); 1 <sup>st</sup> CDA HDCC(10/03/2015 – 3/05/2016); 2 <sup>nd</sup> CDA HDCC; (13/06 – 31/08/2017); 1 <sup>st</sup> CDA LCC (10/03 – 31/08/2017); Senior National Leather Expert (20/03-31/12/2016). Counterpart: Ministry of Trade and Industry (MTI). Focal point nominated by MTI: Head of the Council of Development Projects (HCDP) within the Policies and Strategies Unit (PSU).	

<b>Implementation Phase</b>		
<b>Output 2.1 Selected CCI clusters assisted through specific technical assistance programmes to serve as pilot models</b>		
2.1.2 Support cluster development - linkages between enterprises in networks and pilot clusters in selected countries.	Cluster analysis / diagnostics in April 2015. Vision building/strategic analysis in June 2015. Action plan in October 2015. Actions defined in workgroup. Analysis tools utilized to assess current situation.	
	<p><b>LCC:</b>  <i>Areas of improvement:</i> (i) Support to companies /designers; (ii) Access to market; (iii) Cluster structuring and visibility.</p> <p><i>Priority actions:</i> 14 priority actions defined: technical trainings (design management, new techniques/formulas to produce high quality tanned leather, pricing, marketing (use of social media tools, integrate &amp; organize design, workshops and develop new collections, creation &amp; development of «Product brand»). Access of leather products to Russia, participation in events. Investments in new machinery and prototyping. Create a formal entity for the cluster; Create a website for the cluster with internal use (data base) and external use (visibility). Highlight new leather (common brand Egyptian «genuine Leather» /«Creative leather» ).</p>	<p><b>HDCC :</b>  <i>Areas of improvement:</i> (i) Support to companies / designers; (ii) Market; (iii) Access to market and Cluster structuration and visibility</p> <p><i>Priority actions (November 2015-December 2016):</i> 11 areas: 1. Technical training program for designers. 2. Specific training to manage social development projects. 3. Business and marketing training to designers. 4. Create a Design Hub – providing support services to the cluster members. 5. Matchmaking events between designers and workshops. 6. Promote special finance to designers and workshops. 7. Target new clients in Cairo. Support designers and concept stores to participate in events to target expats &amp; youth. 8. Market expansion. Support designers concept stores (participate in events outside Cairo); 9. Designers support to Cairo leather cluster and other clusters (furniture). 10. Create network of NGO and entities to promote the use of design services. 11. Create a designer's site on the Internet with internal use/data base and external use/ visibility.</p>
2.1.3 Training of entrepreneurs including women and youth in networking and clustering	LCC: 51 trained in networking (37 women and 14 youths)	HDCC: 75 Designers trained (of which 5 to manage social development projects); 61 entrepreneurs trained in networking (5 women, 5 youths)
2.1.4 Review of relevant partner agencies and institutions which can create policy linkages to promote the CCI sector in the Southern Mediterranean Region	LCC: 14 relevant partners (Only at national level: Ministry of Trade and Industry (MTI), IMC, Leather Technology, Fashion and Design Technology Centres, University of Helwan, Faculty of Home Economics (Leather Department), Chamber of Handicrafts, Export Council for Handicrafts, Association for the Support and Development of Leather Tanning and Manufacturing, British Council, TVET I--- Leather Industries and Tanning Chapter, ECRA, EJB, Chamber Of Leather Industries, EBRD.	HDCC: 18 relevant institutions (Only at national level: Regional Level no): Ministry of Trade and Industry (MTI), Industrial Council for Technology and Innovation, IMC, Chamber of Handicrafts, Export Council for Handicrafts, Export Council (EXPOLINK), OVOP, UN, ENID, UNDP, UN Women, ECRA, GUC, British Council, (Local Furniture and Manufacturer (Pinocchio), EJB, EBRD.

<b>Implementation Phase</b>		
<b>Output 2.1 Selected CCI clusters assisted through specific technical assistance programmes to serve as pilot models</b>		
2.1.5 Provide extensive capacity building to the relevant agencies and institutions	Training included cluster development, pricing and costing, design, networking for 13 agencies and institutions: (2 governmental, 4 technical centers, 2 academia, 2 chambers of industries, 1 business association, 2 financial association, 2NGOs, 2 export councils).	
2.1.6 International exposure for beneficiaries by visiting countries with similar initiatives	<ul style="list-style-type: none"> <li>- 2 women designers participated with Algerian Brass and copper designers, familiarize with different techniques, models, materials and promoted their own designs at the Constantine cluster.</li> <li>- 1 woman participated in "Women empowerment conference" in Amman presenting own success stories in 07/2016.</li> <li>- 2 women participated in regional conference in Algeria in 11/2017.</li> <li>- 1 man from the leather cluster also participated in the Regional Conference</li> </ul>	
2.1.7 Prepare a phasing-out strategy for handing over project activities at completion.	LCC: 1 MoU signed with Leather Technology Centre (LTC) an IMC centre meant to take over and continue common product line "Naila Brand" and to lead and support the LCC and common brand activities.	HDCC: 2 MoU signed: in 02/2016 with IMC to lead and continue support to the HDCC and take over Creative Egypt Hub meant to support young designers to grow. in 04/2016 MoU signed with ExpoLink to take over the consolidation of Nile Design Hub and to lead and continue to support the cluster with focus on professional designers up to 3 years expansion of their business.

<b>2.2 Cluster Support Service Platforms (CSSPs) created or established within existing institutions to act as service providers for cluster development; CCI product and service development, strategic business advice and market penetration</b>		
2.2.1 Set up of at least 5 regional CSSPs (earlier labelled Cluster Support Centers/CSC)	Frame established by signature of 3 MoU (see above 2.1.7.)	
	LCC: 1 CSSP: Leather Technology Centre (LTC) affiliate to IMC	HDCC: 2 CSSPs Expolink Design (Hub in progress, facilities allocated by Cairo Governorate). Creative Hub affiliate to IMC (very advanced: equipment made available by project)

<b>2.2 Cluster Support Service Platforms (CSSPs) created or established within existing institutions to act as service providers for cluster development; CCI product and service development, strategic business advice and market penetration</b>		
2.2.2 Train in entrepreneurship and marketing skills	<p>LCC: Trainings in 9 trainings: 45% of cluster members trained in product development, 77,5% of cluster members trained in business skills.</p> <p>" Pricing and costing" (7participants incl. 2 women) in 03/2016.</p> <p>"Entrepreneurship Online, trade fairs, design planning, access to finance" (15 participants, 53%≤ 35 years, 10% ≥ 35 years incl. 7 women)</p> <p>"Strategic marketing, branding and digital marketing" on 04/05/2017 with GIZ and LTC..</p>	<p>HDCC: 100 Designers trained in business and marketing skills in 6 workshops and trainings:</p> <p>"Effective participation in trade fairs" (20 participants incl. 14 women) in 11/2016.</p> <p>"Entrepreneurship and marketing strategies" (8 participants incl. 7 women) in 01/2017</p> <p>Free online course with Massachusetts Institute of Technology (MIT) for 1 month.</p> <p>"Pricing and costing" and "effective participation in trade Fairs" with Handicrafts Export Council Entrepreneurship Online Course, Design Planning, Access to Finance in 03/ 2016 and 11/2016: (51 participants incl. 37 women and youths ≥ 50%).</p> <p>"Business trainings" (39 Designers trained (67% Females, 33% Males 90% &lt;35 and 10% &gt; 35 years old).</p>
2.2.3 Train in product development through design workshops and direct interventions in each cluster	<p>LCC: 85 trained.</p> <p>In 10/2016: 49 trained (65% women, 84% ≤35 years, 16% ≥35) in "product development and quality";</p> <p>Design workshops for 20 companies and leather factories (footwear, handbags, leather garment) and 15 academics (Faculty of Home Economics of Helwan University staff).</p>	<p>HDCC: +100 trained:</p> <p>5 trainings (65 trained incl. 23 men and 42 women (majority young);</p> <p>35 designers trained in textile design during the Workshop-ENID; Alabaster Design Workshop, ENID; Papyrus Design Workshop – and OVOP, Digital Crafts Workshop.</p>

<b>2.3 Market penetration strategies elaborated for the development of domestic, regional and eventual export markets</b>		
2.3.1 Develop a branding strategy and product branding linked to countries' images and market demands	1 new common collection created and branded: "Cairo Leather Cluster", a new leather brand "Naila" created, branded and supported for young leather designers; 22 smart product lines for Egypt (02/2017). Another brand is ongoing, expected to end before 11-12/ 2017.	
2.3.2 Develop products collections in line with the branding strategies	17 new common collections: leather bags, leather shoes and leather accessories. +50 new individual collections.	
2.3.3 Expose to the international markets through relevant trade fairs	LCC: 7 participations: in 2016: 1 participant at Maison& Objet, France and 4 participants at International Handicrafts Show	HDCC: 5 Participations: 2016 and 2017: FURNEX and IHS in Cairo, 2017: Maison&objets in Paris,

<b>2.3 Market penetration strategies elaborated for the development of domestic, regional and eventual export markets</b>		
	(HIS); In 2017: 2 participants at Egypt International Furniture Exposition (FURNEX); 3 participants at MOMAD Madrid Expo in Sept 2017 (representing 11 companies) 5 participants in IHS, 1 in Super Pitti 2017, 1 in "Who's next" in 2017.	
2.3.4 Assist in post-trade fairs follow-up	See 2.3.2 and 2.3.3. Advice and follow up of orders.	

Scaling up & Dissemination Phase	
3.1 Results disseminated throughout the Southern Mediterranean region, strategies for CCI clusters developed and CCI approach integrated in policies (cluster; agri-business; MSME)- in cooperation with counterparts including financial institutions	
3.1.1 Assist the local counterparts in preparing strategies for CCIs development	Introduction to cluster approach and to CCIs brought by CCIs Project in Egypt has fed the on-going reflexion on the need for sectorial adapted policies and the needs of adaptation. Project has been supporting with different inputs to finalize a national cluster strategy currently being drafted by the Ministry of Trade and Industry (MTI) and " Support to Micro, Small and Medium Enterprises in Organic Clusters"; project funded by MENA Transition Fund and implemented by the new MSMEs authority (ex SFD) and AFDB.
3.1.2 Organize at national level workshops on the importance of developing CCIs for job creation	Training session for government counterparts on cluster development and the nurturing of the creative industries foreseen for Q4/2017. Introductory sessions on clusters concept held during the Introductory Meeting with Potential Steering Committee Members on 24/06/2014 (17 participants).
3.1.3 Organize study tours for key stakeholders to the pilot success stories for replication purposes	No Foreseen for last quarter 2017: will involve training sessions for government counterparts on cluster development and the nurturing of the creative industries.
3.2 A three-year communication and visibility plan for the project highlighting the importance of CCI's cluster development and the support provided by the EU intervention prepared and implemented	
3.2.1 Elaborate 3-year communication and visibility plan and continuously update.	Developed in the frame of the project communication and visibility plan: 1 Communication and visibility plan prepared and adopted; 1 new visual identity and communication chart developed.
3.2.2 Implementation of the communication and visibility plan including the preparation of	In English, Arabic, Italian: Main communication tools: web, videos, animations, written press, documentary (in progress for all countries a documentary film will record the project experience.). websites : <a href="https://www.medcreative.org/egypt">https://www.medcreative.org/egypt</a> ; and Facebook pages: <a href="https://www.facebook.com/ccilandclusters/">https://www.facebook.com/ccilandclusters/</a> ;



<b>Scaling up &amp; Dissemination Phase</b>	
promotion materials, videos, organization of press releases etc.	( <a href="http://www.facebook.com/creativehubegy/">http://www.facebook.com/creativehubegy/</a> ; <a href="https://www.facebook.com/CreativeMediterraneanEgypt/">https://www.facebook.com/CreativeMediterraneanEgypt/</a> ; <a href="https://www.facebook.com/clustercairo/">https://www.facebook.com/clustercairo/</a> ; Printed materials, videos and animations series for each cluster: introductory, Exhibition, brochures. Consolidated report for all countries. Coverage by several separate press organs and social networks: Euro News; Akhbar El-Youm ; Arabic Akhbar El-Youm 04-Feb-15 Arabic, Egyptian State TV, Channel ; Arabic: Baladna El Youm ; Arabic; ONTV ; Arabic; El-Gornal.net ; Arabic; Egypt News ; Arabic; Al-Borsa ; Arabic; Al-Borsa ; Arabic; Beta Akhbarak ; Arabic; Al-Ahram Gate ; Arabic (check local: Facebook, national sites, public sites...) CAIRO ELITE MAGAZINE, ADUSTOUR.COM, ALGHAD.COM, ALRAI.COM, FASHIONMAGAZINE.AT ; Vogua Italia.
3.2.3 Organize a 3-days conference at regional level to disseminate project experience and results.	14-15 November 2017 in Algeria (bringing together all 7 partner countries). 7 Participants from Egypt (1 Project, 1 MTI, 1 IMC, 1 Egyptian National Competitiveness Center, 2 clusters members, 1 UP-FUSE).
3.2.4 Prepare and publish a comprehensive report highlighting the success stories, lessons learned etc.	Annual reports (integrated in project wide), progress reports for country activities.
3.2.5 Monitor /evaluate report submitted and distributed to the stakeholders	Project wide only (reports through UNIDO Vienna)

## 6.2.2 Cluster snapshot overview

<b>1. Leather Cluster in Cairo (LCC)</b>		
<b>Dimensions</b>	<b>At start of project</b>	<b>At present as of November, 2017</b>
<b>Problems/constraints/opportunities</b>		
Main challenges as per cluster analysis	Unable to compete in terms of prices, quality and design; dumping by foreign competitors; pressure of leather substitutes; domestic & international markets demanding high quality at low prices; lack of formal workshops and lack of cluster structure; old machinery and equipment.	<ul style="list-style-type: none"> <li>- Difficulties to formalize the cluster structure due to absence of cluster legal framework (formalisation of NGOs in current country and regional context). The establishment of an NGO as cluster structure was foreseen but did not last.</li> <li>- Lack of funding remains a challenge. Most contributions provided to the cluster are in-kind without budget support from the project's side (except for participation in events/fairs).</li> </ul> Search for additional talents in view of expansion of the cluster.
<b>Cluster governance</b>		

<b>1. Leather Cluster in Cairo (LCC)</b>		
<b>Dimensions</b>	<b>At start of project</b>	<b>At present as of November, 2017</b>
Leader of cluster support services platform	No cluster leader: Leather Chamber, Leather Export Council, different small NGOs were main contributors.	1 CSSP and 1 Leader: Since Jun 2017 the LTC affiliated to the Ministry of Trade and Industry has the leadership of the CSSP. See 2.1.7 and 2.2.1
Organisation of cluster /type of cluster governance	None	Self-managed cluster. Members are nominated or self-designated to fulfil a precise assignment; assistance from expert on product development and overall animation of cluster by the CDA. When the project ends this animation, role will be handed over to the leader of the cluster. Both IMC Centres (Leather Technology and Creative Egypt) and Expolink have the required full competency and vision. See 2.1.7 and 2.2.1
<b>Critical mass</b>		
Number of enterprises within the cluster	No cluster as such at the beginning. Cluster started with project.	Core members are either members of the Leather Chamber, informal workshops and individual designers. There are 51 members of which 13 women and 23 youths.
Weight of enterprises in terms new jobs (of which women and youth <24)	N/A	67 new jobs created (all women, no breakdown by age). Interviews indicate an increase in jobs ranging between 20-100%.
Weight of enterprises in terms of turnover	N/A	Increase in sales: 32 000 € The increase in turnover is considered limited because of bad economic situation, slowdown of exports and production, devaluation of Egyptian Pound. According to the interviews during the mission the increase in turnover ranges between 20-70%.
Types of actors represented (MSMEs, support institutions, universities, other)	<i>Chamber of Commerce, Chamber of Crafts</i>	4 Public institutions, 1 Academia, 4 Private sector institutions, 4 project/partners (LTC, IMC, Chamber of Handcrafts). MSMEs (large companies, craftsmen/women, designers), financial institutions (Credit risk Bank and International Financial Institutions).
<b>Differentiation through cultural heritage &amp; competitive advantage</b>		
Uniqueness/elements of heritage/culture	Important cultural heritage	<i>New design brought by the project, new materials.</i>
Competitive advantages	At start: Good quality raw material (leather), handmade products.	At present: Good quality leather, handmade products, modern items reflecting cultural heritage, new designs, new materials and techniques, new skills (production, marketing).

<b>1. Leather Cluster in Cairo (LCC)</b>		
<b>Dimensions</b>	<b>At start of project</b>	<b>At present as of November, 2017</b>
<b>Indication of cluster cooperation</b>		
Joint efforts among cluster members	Very little: individual work and workshops	80 actions mostly related to exhibition/fairs/trainings (designers introduced to workshops; joint training courses; planning & management of participation in international & local exhibitions, production and design (Naïla brand). Participation in local sales events (fairs) with the Chamber and Export Councils).
Joint efforts of cluster with actors outside the cluster	Little, individually with Chamber and retailers	4 main joint actions: 25 designers participated in design workshop & created new designs; 20 designers introduced to financial institutions through access to finance events (reaching out to different donors for fundraising to ensure sustainability), as well as participation in Cultural Entrepreneurship project; NABTA in Aswan offering design services. Involvement of different institutions/agencies to arrange training courses (marketing, strategic planning, and branding) such as the GiZ and academia. LTC collaboration with the CSSP.
<b>Value chain coverage</b>		
Value chain coverage (activities of enterprises in cluster)	At the level of international and local exhibitions separate preparation and attendance with the Chamber	Cluster members dealing with tanneries, innovative leather entrepreneurs, designers, support institutions (i.e. NAILA courses, sharing of designs, purchase of leather and accessories for preparation all exhibitions, fairs and other events).
Value chain coverage (services of cluster support entities)	Normal exhibitions that was offered on to designers.	Range of services: exhibition services offered by the Chamber, export support offered by the Export Council, technical support offered by the Leather Technology Centre as the Cluster Support Services Centre (offering business trainings; Business Development Support Services; technical trainings; other advisory services; access to finance support; prototyping; exhibition participation; export promotion and related support services.
<b>Access to markets</b>		
Local market	Leather manufacturers and designers used to access wholesale and retail markets individually.	Support to collective and individual access to local exhibitions, local sales events, sales agreements approaches. Participations in FURNEX 2016, IHS2016, Alex Creative Day at Alexandrina bibliotheca in 2015, Sharm El-Sheikh "Made in Egypt" Conference in 2015, ASPIRE bazaar in 2016, Cairo Fashion Festival in 2015 and others.
Regional/international market	Leather manufacturers and designers used to access regional and international markets individually. Markets were mainly Gulf and other Arab countries. Very few exporting to European market.	Access to international markets: 6 designers participated in events outside Egypt; more than 9 participants in <i>Maison et Objets</i> (2017, France); Creativity Show, Vienna (November 2016); MOMAD (22-24 September 2017 in Spain); Super Pitti in Milan in September 2017 Italy; ; UNIDO Creative Mediterranean Project in Egypt. Algeria Regional Conference Exhibition Nov 2017

1. Leather Cluster in Cairo (LCC)		
Dimensions	At start of project	At present as of November, 2017
Environmental and social impact		
Environmental issues- positive / negative effects (resource utilisation, waste, other)	Not addressed. There was also budget limitation.	3 actions: 2 enterprises are involved in collection and re-processing of plastics used in leather products (accessories, soles, linings, etc.). Environmental aspect is included in the government project of relocating enterprises of the whole sector in new areas (Robekki Leather City).
Social issues (information on inclusion of women and youth; working conditions; training of workers)	Not heeded	No negative work trends on gender issues or on working conditions observed. 60% of entrepreneurs are women. 60-70% employees are women. 70% aged between: 20-40 years.100% project staff are women and focal points are women. Participation in various workshops: Resilience through Creativity, Developing Successful Clusters Initiatives in the Southern Mediterranean (25 February 2016); Participation at the Regional Conference on Women Empowerment in Amman (1 person).
Perception of main milestones/value added/results of the project		
• as per NSC members	Decision to develop a national strategy for handicrafts and clustering policy (textile and leather)	
	Government targeting branding and clustering for many other sectors	
	Affiliation of two clusters to relevant lead institutions (LTC and IMC) under the Ministry of Trade and Industry	
• as per cluster members (enterprises)	Not be afraid of new materials; design has no limit	
	More self-confidence, meet new people, capacity building;	
	Increase in business turnover (20-70%), increase in jobs (20-100%)	
• as per cluster members (support providers)	New members and potential members	
	Networking, linking	
	Cooperation with designers (mainly between handicrafts people and designers)	

2. Habitat Design Cluster in Cairo (HDCC)		
Dimensions	At start of project:	at present (September 2017)
Problems/constraints/opportunities		
Main challenges as per cluster analysis	Scattered individual designers; workshops' low flexibility/interest to work with designers; high prototyping and production costs; lack of equipment (printers, 3D	<div>- Difficulties to formalize the cluster structure due to absence of cluster legal framework (formalisation of NGOs in current country and regional context). The establishment of an NGO as cluster structure was foreseen but did not last.</div> <div>- Lack of funding remains a challenge. Most contributions provided to the</div>

<b>2. Habitat Design Cluster in Cairo (HDCC)</b>		
<b>Dimensions</b>	<b>At start of project:</b>	<b>at present (September 2017)</b>
	conception tools, digital technology); lack of visibility of designers' creations; no labelling and low number of participations in trade fairs; foreign competition; tendency to overprice products; budget constraints.	cluster are in-kind without budget support from the project's side (except for participation in events/fairs). - Search for additional talents in view of expansion of the cluster.
<b>Cluster governance</b>		
Leader of cluster support services platform	No cluster leader.	2 CSSPs and 2 leaders: Since May 2017: Creative Hub affiliated to IMC Nile Design Hub affiliated to Expolink Both Egyptian Export Council and Egyptian Chamber of Handcrafts play major role. See 2.1.7 and 2.2.1
Organisation of cluster /type of cluster governance	None	Self-managed cluster. Members are nominated or self-designated to fulfil a precise assignment; assistance from expert on product development and overall animation of cluster by the CDA. When the project ends this animation, role will be handed over to the leaders of the Hubs : IMC for the Creative Hub and Expolink for the Nile hub. Both have the required full competency and vision. See 2.1.7 and 2.2.1
<b>Critical mass</b>		
Number of enterprises within the cluster	Informal core group: MTI, MSMEs, Chambers, Universities, IMC, and others.	From the first year to now: core members are 71 designers and design enterprises are 52 women ages 24-40; majority have their own individual companies.
Weight of enterprises in terms new jobs (of which women and youth <24)	N/A	43 new jobs (no breakdown). Interviews indicate an increase in jobs ranging between 20-100%.
Weight of enterprises in terms of turnover	N/A	The increase in turnover is considered limited because of bad economic situation, slowdown of exports and production, devaluation of Egyptian Pound. According to the interviews during the mission the increase in turnover ranges between 20-70%. Increase in sales 15 000 €
Types of actors represented (MSMEs, support institutions, universities, other)	<i>Chamber of Commerce, Chamber of Crafts</i>	3 Public institutions, 2 Academia, 3 Private sector institutions, 6, project/partners, MSMEs (large companies, craftsmen/women, designers), financial institutions (Credit and Banks).

<b>2. Habitat Design Cluster in Cairo (HDCC)</b>		
<b>Dimensions</b>	<b>At start of project:</b>	<b>at present (September 2017)</b>
<b>Differentiation through cultural heritage &amp; competitive advantage</b>		
Uniqueness/elements of heritage/culture	Important cultural heritage	Good quality materials and handmade products, and innovative use of new materials
Competitive advantages	At start: Good quality raw material (leather), handmade products.	At present: Good quality leather, handmade products, modern items reflecting cultural heritage, new designs, new materials and techniques, new skills (production, marketing).
<b>Indication of cluster cooperation</b>		
Joint efforts among cluster members	At start: Very little individual work and workshops	Common design trainings; production of distinguished collection; participation in local and international exhibitions; work for projects (IMKAN); production of "smart products".
Joint efforts of cluster with actors outside the cluster	At start: Little, individually with Chamber and retailers	5 main actions: 20 designers worked with NGO's offering their own design services; IMC participation in opening the design hubs (Creative Hub) and Nile Design Hub with Expolink and Cairo Governorate (still in progress)); creation of network to promote the use of design services; 6 designers participated in events outside Egypt. Designers attended all the training courses, events, workshops, participated in the new prototyping process of new products to be exhibited in the local and international exhibitions.). Involvement of different institutions/agencies to arrange training courses (marketing, strategic planning, and branding) such as academia.
<b>Value chain coverage</b>		
Value chain coverage (activities of enterprises in cluster)	At the level of international and local exhibitions separate preparation and attendance with the Chamber	
		Process, materials, customers increased and diversified.
Value chain coverage (services of cluster support entities)	Normal exhibitions that was offered on to designers.	Range of services: exhibition services offered by the IMC (Creative Egypt) export (access to various information, show and sale space, equipment). Expolink is considering to organise a pool of designers to support its members offering work space and links business trainings; Business Development Support Services; technical trainings; other advisory services; access to finance support; prototyping; exhibition participation; export promotion and related support services.
<b>Access to markets</b>		
Local market	designers used to access wholesale and retail markets individually.	Support to collective and individual access to local exhibitions, local sales events, sales agreements approaches. Participations in FURNEX 2016 and 2017, IHS2016 and 2017, Alex Creative Day at Alexandrina

<b>2. Habitat Design Cluster in Cairo (HDCC)</b>		
<b>Dimensions</b>	<b>At start of project:</b>	<b>at present (September 2017)</b>
		bibliotheca in 2015, Sharm El-Sheikh "Made in Egypt" Conference in 2015, ASPIRE bazaar in 2016, Cairo Fashion Festival in 2015 and others.
Regional/international market	designers used to access regional and international markets individually. Markets were mainly Gulf and other Arab countries. Very few exporting to European market.	Access to international markets: 6 designers participated in events outside Egypt; more than 9 participants in <i>Maison et Objets</i> (January 2017, France); Vienna Exhibition (November 2016) ); September 2016 Italy;; Algeria Regional Conference Exhibition Nov 2017.
<b>Environmental and social impact</b>		
Environmental issues-positive / negative effects (resource utilisation, waste, other)	Not addressed. There was also budget limitation.	Almost all wastes are solid. No big involvement with chemicals, no polluting wastes. No harmful products. 2 actions: 1 participation in training on green labelling and 1 Green label product promoted: "Reform designs" (member of cluster) produces furniture using recycled materials.
Social issues (information on inclusion of women and youth; working conditions; training of workers)	No negative work trends on gender issues or on working conditions observed.	Majority of the new designers (through cluster) are women; almost 100% project staff and focal points are women. Almost 50% of support providers and majority of designers are women. Participation in workshops: Resilience through Creativity; Developing Successful Clusters Initiatives in the Southern Mediterranean (25 February 2016); Regional Conference on Women Empowerment in Amman (1 person attended); No other action due to budget limitation.
<b>Perception of main milestones/value added/results of the project</b>		
• as per NSC members	Decision to develop a national strategy for handicrafts and clustering policy (textile and leather)	
	Government targeting branding and clustering for many other sectors	
	Affiliation of two clusters to relevant lead institutions (LTC and IMC) under the Ministry of Trade and Industry	
• as per cluster members (enterprises)	Not be afraid of new materials; design has no limit	
	More self-confidence, meet new people, capacity building;	
	Increase in business turnover (20-70%), increase in jobs (20-100%)	
• as per cluster members (support providers)	New members and potential members	
	Networking, linking	
	Cooperation with designers (mainly between handicrafts people and designers)	

### 6.2.3 Assessment

#### 6.2.3.1 Relevance and ownership

##### Relevance

The relevance of the project for Egypt is strong: the “2016-2020 Industry and Trade Development Strategy” stresses the need for a diversified economy and recognizes the importance of clusters. The industrial strategy aims at (i) increasing the contribution of micro, small and medium enterprises sector to GDP. (ii) increasing the growth rate of exports to 10% annually; and (iii) providing 3 million decent and productive job opportunities. Supporting young designers and entrepreneurs including women is in line with overall objectives of the government and in line with the Egypt policy and strategy.

*As revealed by the Cluster Analysis and Diagnostics, Vision Building and Strategic Analysis and Action Plan, the Government, business support institutions and MSMEs, workshops and craftsmen were all very interested in developing a complete value chain for both leather and habitat sectors. “They were looking for developing a cluster in each of the two sectors”. “Supporting the development of clusters in leather and habitat at a time when Government effort is concentrated on relocating the SMEs (tanneries and others leather related SMEs) to the Robekki industrial area and to expand the Damietta furniture cluster work area is a welcome initiative as it complements the government undergoing efforts”.*

Furthermore, the export and business support organisations that are part of the project (ExpoLink, Chamber of Handicrafts, Export Council for handicrafts) focus on the creation of 2000 clusters directly related to Handicrafts development, market access, product development and capacity building. This explains why the two Clusters are considered a strong support to leather and habitat sectors.

Regional and national priorities and strategies were duly considered in the project design. Egypt, EU, Italy and UNIDO shared a common will to stimulate growth and employment in the Neighbouring Southern Mediterranean Region (MED countries) through CCIs Cluster development. Regional cooperation in the European Neighbourhood complements national assistance programmes promotes dialogue, exchange of views and knowledge sharing.

By drawing a clear picture of CCIs in Egypt, the project also created awareness on CCI cluster approach at a moment where Government and EU were searching on how to make CCIs emerging and bringing more contribution to the Southern Mediterranean countries’ development. Egypt had several experiences in cluster development in various sectors and segments, but experience in CCIs clusters was missing, as CCIs were never directly targeted. Egypt was asking for assistance in this field for the whole region. The country was eager to develop new economic segments. CCIs have shown to be an alternative linked to youth and women employment.

*“The good communication component of the project suits the needs of handicrafts sector and micro -enterprises in general, as this sector often lacks visibility”.*

##### Ownership

Prospects of ownership by the counterparts are good. The appointment of a project manager and an internal committee within the MTI to monitor project actions and the participation of both private and public sectors representatives within the PAC and NSC demonstrate ownership from both the private umbrella organisations and the government. Ministry Foreign Affairs and MTI, two big departments, showed keen interest and strong commitment to the point that it caused some slowness in project implementation.



The participation of MTI in the process of expert hiring indicates its ambition for ownership. The same ambition is expressed by high and regular participation in meetings by IMC (Industrial Modernisation Centre), Creative Egypt, Expo Link, MTI internal working group, and MSMEs (enterprises, workshops, designers). It is also expressed in the discourse heard during the evaluation mission: *“We, as beneficiaries, participated in activities (meetings, events, fairs, trainings, etc.). We represented the cluster during 2016-2017; “The cluster is my own cluster!”; “The project-initiated cluster activities which is a big start, the trainings are important and a source of advice that opens the road, so we feel free to design what we want. We share thoughts on/for every activity: some of the young designers have provided consultancy for other cluster members.”*

The Leather Technology Centre (LTC) has demonstrated ownership in making available working space and training equipment for Leather Cluster member enterprises for various activities. As for the Creative Egypt interest and ownership confirmed by making available spaces and other working facilities to designers and succeeding in finalising arrangements for the equipment. Expolink interest in the Nile Design hub is also confirmed in going into negotiations with the Governorate of Cairo to acquire a whole building for the benefit of Nile Design Hub. The availability of the various structures for establishing hubs within themselves demonstrates a clear will of ownership of the project and its components.

Cost sharing, although in-kind, was effective and substantial. It consisted in dedicating counterpart staff to the project monitoring, hosting steering committees and training events, allowing the use of existing training equipment by the project, paying customs and tax clearance for equipment, granting discounts for local exhibitions, providing working spaces for the two hubs and leather CSSP (Creative Hub, Nile Design Hub, LTC as CSSP). The creation of the 2 design hubs and 1 CSSP (Nile Design Hub, Creative Hub and Leather Technology Center as CSSP) within already existing institutions state affiliated business support organisations further demonstrates ownership.

### **6.2.3.2 Efficiency in implementation**

The need assessment was adequate as it addressed the problems, opportunities at hand and led to a participative, transparent selection (through call for bids and intense consultations within the counterpart considering the prevailing context) of two top priority beneficiary clusters: Habitat Design Cluster and Leather Design Cluster, both located in Cairo. In showing all the potential of CCIs Cluster development, the inception phase rose high expectations. This was expressed in the decision of selecting 2 clusters instead of 1. The inception phase took six months more than planned. The security clearance, an internal government requirement, also took time and caused stopping project activities for several weeks. Additional delays also resulted in a late decision by NSC about the two clusters to be submitted to PAC approval<sup>4</sup>. The delays and limited budget resulted in pressure on project staff and national counterparts but did not have irreversible adverse effect on the project. The budget limitation, also made it difficult to focus equally on the whole value chain (tanneries equipment), but value chain aspect was considered in the link.

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<sup>4</sup>In the NSC 8/2/2015 meeting, Egyptian Export Council for Handicrafts and Egyptian Furniture Export Council were highest ranked potential clusters. However, it was pointed out that these two had already received considerable support and funds, and the new government had a new policy. The NSC meeting held on 04/12/2015 postponed the adoption of the action plans of the two clusters until thoroughly discussed among NSC members. Two other clusters were chosen in 02/2015. After approval of action plans by the NSC, actual implementation started by the end of January 2016. Finally, two new clusters were selected: Habitat Design Cluster in Cairo and Leather Design Cluster in Cairo.

Notwithstanding, the project was efficient in managing available resources and reached a wide number of beneficiaries. Project drew a clear picture of CCIs in Egypt and created awareness on CCI cluster approach. A baseline was set up. An M&E mechanism based on UNIDO cluster approach was defined and implemented. NSC was established and held several meetings.

Despite delays, the overall implementation of the project was efficient, as indicated by one MTI representative, *"it is estimated at more than 70% in September 2017, taking into consideration bureaucratic and side effects"*. The KPI figures show 71% for LCC and 86% for HDCC. A global rate of 83 % observed, on the basis of the data in "Planned results and activities versus achievements". Remaining 17% representing activities in progress or not yet started.

The establishment of the hubs and CSSP started with the signature of three MOUs between the project and LTC, IMC and ExpoLink. Each hub evolved at a different rhythm. LTC and "Creative Hub" are almost completely established. "Creative Hub" was at one time hindered by the delivery of machinery due to custom and security clearance, installation and first running of equipment (subject to the supplier's presence). However, in October 2017, the IMC managed to install all machinery and experimented its first running. The opening of the Creative hub took place on 27 November 2017 with the presence of the Minister of Trade and Industry who inaugurated the hub himself. The second hub, Nile Design Hub, is hindered by the necessary adaptation of the facilities offered by the Cairo Governorate (the attributed needs to be adapted to its new use)<sup>5</sup>. Prospects are high: number of Expolink permanent members (40 big enterprises in 8 important sectors including textiles, handicrafts, building materials, with a turnover counted in billions \$). The Nile Design hub will focus on the actual needs of SMEs: design (packaging), assistance to launch the design activity, and a design school.<sup>6</sup> Expolink and Governorate of Cairo need to clarify how to run the building (running costs). The Hub and the building itself could generate resources. Time is needed to clarify every actor's role and punctual expertise required.

8 events organised for the two clusters inside the country and 6 events for both clusters outside the country- Paris, Milan, Vienna, Madrid, Algiers).The trainings in design (≈ 80 designers and ≥ 150 trained entrepreneurs/craftsmen; elaboration of prototypes, collections) and market access (costing and pricing) resulted in an opportunity for women, youth, designers, entrepreneurs, craftsmen and students to express their creativity, make it available through commercial networks, participation in fairs inside and outside the country and strengthen their performance.

While the necessity of the various phases of the project is not questioned, the general feeling among beneficiaries is that the time devolved to each of three phases seemed disproportionate: the inception phase seemed long, the implementation too short and the replication / dissemination insufficient. This often –expressed view comes with assertions that the project budget at the national level is insufficient. This shows that clear information on project full share expenses per country is missing. The project is a regional one, many costs are common, splitting budget and expenses between countries seems difficult or not feasible.

The early signature of MoUs with the three structures raised *"unmet"* expectations from targeted structures, although, no specific budget allocation was foreseen expect in the case of Creative Hub, where an amount of approximately 25,000 € were disbursed for hub's equipment. The need for training equipment is often underlined, even if its relevance was not perceptible at the beginning of project implementation (no cohesion in the group, no

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<sup>5</sup> Executive Director of Expolink,

<sup>6</sup> Hisham El Gazzan, Yadawee

agreement for its common use, no structured cluster, etc.). Now that the cluster is a reality, the training equipment appears to be a factor of bringing members of cluster together, as well as a source of revenues for the hub.

In Egypt, efficiency in implementation, *“when measured by capacity to respond to donors’ requests is considered high”* by donor’s country representations. Project coordination in Egypt signalled that the UNIDO field representation had been moderately present beside the project. This should not be taken for granted as the mission could not meet the UNIDO representation in Egypt. Rather, the mission observed a sound cooperation with other UNIDO projects in the country such as IMKAN.

#### **6.2.3.3 Project coordination and management including M&E system**

Project coordination and management at country and regional level were established. Maintaining a common rhythm of regional countries covered by the project was a challenge for the implementing body. The selection of the two clusters was participative (through call for bids, and intense consultations within the counterpart considering the prevailing context)

The NSC, established by ministerial decree, is representative of public and private stakeholders. It is functional and has held several meetings (see on page 6 list of meetings held so far of the PAC and the NSC). The NSC was useful in preparing decisions, some of which could not be reached in its meetings as mentioned above (the country had just emerged from a major crisis). In support to the NSC, the counterpart set up a group under the Council of Policy within the MTI as a governance tool of decision-making. Egypt effectively participated in the regional launching workshop and was represented in PAC meetings by IMC, private sector, MTI and/or Egyptian Embassy. The representation in PAC was well balanced. NSC and PAC provided interaction platforms for representatives of the private sector, Government partners and project management (as observer). UNIDO participation in NSC and PAC was regular.

The project office is in a separate building distant from UNIDO and UNDP representations. The project management team found in place consisted of 2 CDAs (one for each cluster), hired respectively in 03/2015 and 13/06/2017). The national staff contracts were about to end/ended. Project is ending in December 2017. The composition of the staff went through some changes. The NPC hired in 06/2014 left in August 2017. The CDA for Habitat Design (03/2015-05/2016); 1 Senior Expert in leather was from 20/03-31/12/2016. The continuous presence of the NPC, among other factors, insured a smooth continuity and a good transfer of knowledge towards the two CDAs. 1 CDA was partially involved in the inception phase, while the other CDA was not involved in the Inception phase. The turnover had not affected the project performance. The contact between the two CDAs and international project coordinators was permanent.

Project coordination and management at national level benefited from working with UNIDO HQ. The project management at regional level participated in NSC as an observer. Internal synergies within UNIDO were achieved through overall leading of PTC/AGR/OD and support by PTC/TII/BCI and PTC/AGR/RJH. CCIs project with limited means, the project has revealed talents, ambitions among youth as well as important institutions.

Egypt has shown tremendous capacities in management. Despite delays accumulated at the start, Egypt has achieved satisfactory results thanks to the creativity of its youth and women, well established institutions yet open to innovation.

The M&E mechanism, built on general UNIDO approach, was defined and implemented. CDAs and NPC were trained in M&E. M&E provided substantial quantitative and qualitative information. The system of data collection seemed somewhat complex for information

sources (companies/craftsmen). Specific training in data collection approach is needed for focal information sources and CDAs. It appears from interviews of a sample of 05 enterprises that the number of jobs and the enterprises turnover were underestimated<sup>7</sup>. At the national level, the benefit of the use of the data collected is not noticed enough, although, these data served intensely for the various project reports at regional coordination level. There were variations in reporting formats (NSC reports, national progress reports): The document “Egypt Steering Committee Annual Progress Review Y 2016” (meeting of 01/02/2017) is illustrated by pictures of project staff and experts. Pictures of counterpart, beneficiaries and NSC would have been more suitable, to encourage ownership.

Project external synergies demonstrated its efficiency in building stable and high-quality links with various private sector umbrella organisations, with suppliers (wholesalers such as Pinocchio) as well as public institutions and donors: Federation of Egyptian Industries (FEI), Industrial Modernization Center (IMC), Export Council for Handicrafts, Social Fund for Development, Industrial Council for Technology and Innovation, Ministry of Foreign Affairs, AFDB, UNDP, UNIDO, UN Women, EU representation and Italian Cooperation project, GIZ, , Furniture MSMEs, Leather MSMEs, Financial institutions, Projects (OVOP, EU, cultural entrepreneurship, ENID, IMKAN, , NABTA NGO in Aswan,) and several other NGOs. These strong ties resulted in complementary opportunities to support entrepreneurs and cluster activities (trainings and events).

Project beneficiaries and counterparts consider that the project national team and the international experts performed adequately. As one stakeholder put it: *“They work very hard. They linked MSMEs in the CCIs field with service providers; the only contact before was the Chamber of commerce or of crafts. Project coordination level with UNIDO HQ has been good and enriching for the national staff.”*<sup>8</sup>

#### **6.2.3.4 Effectiveness and actual/likely impact**

The project direct beneficiaries as well as their support institutions had not been involved in the design of the project, but the inception phase filled this participation deficit. The mapping exercise resulted in a clear map of CCIs in Egypt and revealed the potential to be developed and the durable links to be established.

During the implementation phase, the project actions focused on strengthening of the value chain as well as the whole environment of the companies by linking with various stakeholders such as Faculty of Home Economics, Leather department of the Faculty of Home Economics-Helwan University, Chamber of Handicrafts, Export Council for Handicrafts, Association for the Support and Development of Leather Tanning and Manufacturing, British Council, TVET I - Leather and Tanning Industries, ECRA, EJB, Chamber of Leather Industries.

Two clusters selected, and they are functional. Two hubs and 1 CSSP established. One hub (Creative Egypt) and the CSSP (LCT) are already functional. The other hub (Nile Hub) is progressing. The project has revealed the eagerness of youths (men and women) to engage in production and improving productivity through CCIs. Design has shown to be an efficient entry point and exchange opportunity which is a guarantee for the sustainability of the hub.

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<sup>7</sup> Regarding income and job creation, it is interesting to note the margin between the information supplied within the framework of the data collection and the information revealed during the interviews led by the evaluation mission with the same companies /designers. The interviews show that the project has undoubtedly achieved positive results: a sample of 5 young designer enterprises has shown an increase in direct jobs ranging between 4 to 30 workers, permanent and temporary per enterprise, and in turnover between 20-70%.

<sup>8</sup> Executive Director ExpoLink

The links established between CCIs, young designers and traditional institutions with important roles (IMC, Expolink, universities, MTI) are based on complementarity in business and not subordination. LTC's training equipment has been regularly used by designers. The equipment is adequate, and the structure has experience in coaching designers/entrepreneurs/craftsmen. Some punctual assistance in cluster and hub management would contribute to sustainability. There is also a need to ensure that the anchoring between hubs and lead institutions (IMC, Expolink, universities, MTI) is smooth.

Preparation (choice of materials, designs, models, pricing, representation, etc..) and participation in national and international fairs / events strengthened the links between Egyptian craftsmen/entrepreneurs/designers, inside each cluster and between the two clusters. At the regional level, links were established with craftsman/enterprises of the Constantine copperware cluster (Algeria), and the other clusters supported by the projects during events, fairs, conferences and meetings, thus opening new prospects.

Innovation based on tradition, designs mixing cultural heritage and modernity have attracted more clients. Training in quality control, pricing and costing have strengthened CCIs. Access to the market was effective, even if it remained limited because of the modest funding capacity of the project itself and the often-small self-financing possibilities of the entrepreneurs and designers. The local market has emerged: more local market niches are being targeted and entrepreneurs adapt themselves to the local market by designing new products and by revisiting the tradition (more than 51 new models were produced by each cluster).

The acquired/improved competencies of the high number of trained women, youth, designers, entrepreneurs, craftsmen and students in design and market access have a noticeable impact on the overall performance of these small MSMEs (productions, turnover and jobs). Previously, designers worked with a limited number of materials (textile, leather); designers are now using many other materials. In general, *"beneficiaries have acquired new ways of thinking. They have shared experiences, gained new interest from buyers and direct cash sales slightly increased"*. Designers created new brands and collections and even supported the creation of new brands in other sectors. Designers/enterprises/craftsmen from other sectors are copying new designs and looking also for new materials.

This sample of CCIs, young designers and support providers is quite representative and constitutes an attractive example for other regions. Interactions during the project, contacts between Egyptian designers, beneficiaries and support providers is proportionate to the size of the project, but has initiated a framework that other actors will perpetuate. Communication was efficient and attracted young girls and boys from universities and outside; putting the project in the spotlight.

It is important that the hubs and CSSP are well integrated and provided with a business plan. There is a need to adjust the actual business plans of the three CSSP/hubs leaders (Nile Hub and Creative Hub) to ensure that new talents are integrated harmoniously. This should not be an additional financial burden as new member bring fresh resources. But short-term assistance is required in term of cluster management for all 3 structures.

#### **6.2.3.5 Sustainability prospects**

*"Here in Egypt, the various trainings for entrepreneurs and other stakeholders, our participation in fairs opened our eyes". "The acquired know how and techniques are the main pillar of project sustainability. And they will last forever". "However, time and resources are needed to consolidate achievements, specifically the three hubs in search for sustainability".*

During the inception phase, risks were analysed, and assumptions were made to select the 2 clusters with high potential for sustainability. The 3 support providers are the 2 hubs and 1 CSSP. The core of the clusters are the hubs/CSSP, where services are provided to designers, MSMEs and craftsmen.

Sustainability requires capacity building, and linkages. The project anchored the 3 hubs established with the support of the project to already existing, stable State financed organisations, solid institutions with experience in providing services to MSMEs, craftsmen and designers (IMC -Leather Design Technology Centre, Creative Egypt -and Expolink).

To sustain the achievements, as already experimented by the leader of the clusters, it is necessary to cover the running costs of the hubs. The three institutions are already familiar with how to generate resources. Fees will be established to access hub services. This would not be a challenge because this is an established practice in the above-named organizations. Their capacity of generating additional resources (from others public channels) to cover running costs is adding to the sustainability prospects.

To increase sustainability prospects, consolidation of cluster management capacities of the 3 hubs is required. Day-to-day cluster management expertise at this very beginning (depending on the hub, less than 12 months implementation) is needed. Moreover, there is need to: focus project effort on fully establishing the hubs and CSSP (requiring the establishment of clear protocols with the Government), assist in creation of new business plans considering the new prospects for support to enterprises, craftsmen through established hubs within IMC, LTC and Expolink; provide training equipment and courses to sustain the achievements and support the efforts of the three Hubs/CSSP; emphasize women, youth, students and their success stories in communication; increase the number of designer members; create an association of designers; establishing a steering committee for curricula (long-term targets).

#### **6.2.3.6 Cross-cutting issues**

Cross-cutting issues were reflected at every stage of the project. They were mentioned as important targets during the project design including inception phase, in the plan for priority actions for both clusters. In the implementation phase, as the two clusters were not facing the same environmental and gender challenges, the achievements are different. HDCC was shown to be an efficient new tool for enhancing youth and women creativity. As for LCC, as already mentioned, the leather sector is traditionally dominated by men, but opportunities have been developed for women enterprises and young designers with the project support. The KPI (one of the 4 tools of M&E) system has targeted women and youth among other indicators / information to be collected on a periodical basis.

The mission revealed that almost all staff are young women; same is true of counterpart, with 90% of management being women. This is also true for project direct beneficiaries within the clusters: in HDCC, 80-90% are young women. In LCC, women and young people opened a new door within the leather sector traditionally dominated by men. New generation of designers entered in both sectors.

In relation to environmental issues, despite budget limitations, project achievements include assistance to women-run enterprises engaged in recycling, support to the adoption of a Green Label and increased environmental awareness through cluster members participation in a workshop on environment and linking designers with Egyptian knowledge bank and with Cairo University Library, with a view to accessing published material on environment and related contacts across the globe.

However, for both environmental and gender issues, project did not report enough on youth and women success stories.

## 6.3 JORDAN

### 6.3.1 Planned results and activities versus achievements

<b>Inception Phase: mapping of clusters and value chains in the cultural and creative industries</b>	
<b>Output 1.1 Existing clusters and value chains per sub-sector mapped, analysed and selected, M&amp;E and project management structure set up<sup>9</sup></b>	
<b>Planned activities<sup>10</sup></b>	<b>Achievements</b>
1.1.1 Initiate interactions in the target countries and organize a regional project launching workshop	National Launching workshop/Jordan, 26 June 2014 (20 participants) as well as participation in regional launching workshop (Tunis 17 October 2014)
1.1.2 Setting up a monitoring and evaluation mechanism to be implemented throughout the project	Use of project's M&E framework: in 2016 business level survey (8 enterprises), service provider survey, use of clusterometer; recordkeeping not continuous. No mention of M&E system/its data in country reporting and/or NSC minutes.
1.1.3 Setting up a Programme Steering Committee and of a Programme Advisory Committee (PAC) at regional level	National Steering Committee (NSC) operational and 3 meetings held so far: 10 November 2014, 9 December 2015, 29 November 2016. Participation of Jordan in PAC 1 (JEDCO; GSC and NPC) and PAC 2 (JEDCO and NPC)
1.1.4 Conduct a CCI mapping in each country including the identification of the CCI value chains to be covered and corresponding SWOT analysis	Cluster mapping over period June-July 2014; 11 clusters identified (report October 2014): advertising/Amman; Architecture/Amman; Clothing/Amman/Irbid; Decorative pottery and ceramics/Amman; Filming/Amman; Furniture/Amman; Habitat high end designers/Amman; Mosaic and crafts/Madaba/Amman; Publishing/Amman; Stones/Amman; Weaving and embroidery/Amman, as well as other economic realities in CCI field (yet not fulfilling cluster criteria)
1.1.5 Invitation to the most promising clusters identified in the map to respond to call for expression of interest	Workshop to present the approach; publications of call for proposals (Alrai newspaper): 17 August 2014 and 10 September 2014; assistance provided by project experts in preparation of proposals.
1.1.6 Selection by UNIDO in association with relevant national coordinator and taking account of the opinion of the PAC on the pilot cluster(s) to be supported	Receipt of 21 proposals (of which 3 outside project scope); 18 reviewed and ranked by UNIDO (top 5 ranking: 1/Fashion design, Amman; 2/3/4 <i>ex aequo</i> Media production; Ceramics (Amman), Bedouin bags (Petra); and 5/Architecture. Selection by NSC (vote by consensus on 10 November 2014): fashion design and ceramics both in Amman; suggestion of NSC in minutes: "explore opportunities to integrate other applications where possible, with the selected sectors". Selection endorsed by PAC.
<i>Summary of proposal/Fashion design cluster</i>	Proposal submitted by Garment Design & Training Services Centre (GSC) – a public support institution (Government owned LLC) created in 2003 (under JEDCO) to provide training/fashion design covering but not

<sup>9</sup> As formulated in the project inception report, revised framework (March 2015); latter does not specify the activities under each of the outputs, hence reference is made in this matrix to the specific activities listed in the initial project document (see footnote below).

<sup>10</sup> As formulated in the project document.

<b>Inception Phase: mapping of clusters and value chains in the cultural and creative industries</b>	
<b>Output 1.1 Existing clusters and value chains per sub-sector mapped, analysed and selected, M&amp;E and project management structure set up<sup>9</sup></b>	
<b>Planned activities<sup>10</sup></b>	<b>Achievements</b>
	<p>limited to the garment sector (Jordan Footwear and Leather Industries Association as second proposing entity). Prior support received (EU; partnership with Burgo Fashion Institute, Milan in context of prior bilateral project/Italy) to strengthen GSC in its support to the garment industry. Total of 45 companies expected to be targeted by cluster proposal covering design, footwear, casual wear, Islamic wear, accessories.</p> <p>Support requested: training and coaching; design and product innovation; branding and marketing support; production efficiency/productivity improvement; networking within cluster and with other local/international actors; market information; matchmaking events/participation in trade fairs; collaboration with universities.</p>
<i>Summary of proposal/Pottery and Ceramics cluster</i>	Based on the summary of proposals/Jordan(October 2014; proposal itself not provided): submitted by 3 private manufacturing companies seeking joint cooperation to enhance production processes and techniques, sharing raw materials and obtaining cost efficiency, joint marketing activities and cluster building for the industry.

<b>Implementation Phase</b>		
<b>Output 2.1 Selected CCI clusters assisted through specific technical assistance programmes to serve as pilot models</b>		
2.1.1 Set up project management/coordination structure	National project coordinator and national mapping expert recruited (one NPC cum CDA since mid-2014 to date on part-time basis; no staff turnover during implementation); National focal point nominated (JEDCO)	
2.1.2 Support cluster development - linkages between enterprises in networks and pilot clusters in selected countries.	<b>Fashion design (Fashion and Textiles Cluster)</b> <p>*Cluster analysis and diagnostics (report, June 2015)  *Vision building/strategic analysis (report, September 2015)  *Action Plan (report, November 2015); focus of planned actions on (i) product development (ii) market access and (iii) transversal actions to support companies' development.  *Priority activities (Progress Report 2015) for period Nov 2015 - Dec 2016: development of fashion collection (in line with importance of creativity/design in project's focus); setting up technical training programme for factories; export coaching for factories; exploring green labelling options; development of e-directory for the local industry; brand management training; development of joint purchasing system; workplan of 2017 covering joint purchasing for "the factories", completion of training on export coaching and brand management and web site for fashion/textile industry, new collection, fashion/textile).</p>	<b>Pottery and Ceramics Cluster</b> <p>*Cluster analysis and diagnostics (report, May 2015)  *Vision building/strategic analysis (report, September 2015)  *Action Plan (report, November 2015); focus of planned actions on (i) product development, (ii) design, (iii) market access and (iii) transversal actions (cluster visibility &amp; communication, as well as development of joint purchasing.  According to cluster mapping exercise, the cluster covered (potentially) approximately 30 enterprises in Amman (of which 12 large enterprises).  This cluster was dropped from the project as of NSC meeting of 9 December 2015.</p>



Implementation Phase		
		Justification as per NSC: cluster members' action plan not in line with design/creativity objective of project; no critical mass of enterprises; declining tourism sector affecting ceramics industry; clay production line (vocational training centre in Salt installed years ago but not operating. NSC requested to replace this cluster by other ranked clusters; in particular given time and/resources limits, it was decided not to select another cluster; JEDCO reported to try to solve with Min. Tourism/Vocational Training Dept. problems faced by sector.
<b>Note: what follows only relates to the Fashion Design Cluster (as the Pottery and Ceramics Cluster was dropped end 2015)</b>		
2.1.3 Training of entrepreneurs including women/youth in networking and clustering	Awareness building/on-the-job coaching on enterprise linkages throughout the project; for other training activities targeted at enterprises, students/youth, see outputs 2.2 and 2.3	
2.1.4 Review of relevant partner agencies and institutions which can create policy linkages to promote the CCI sector in the Southern Mediterranean Region	Reference in reporting to institutions/related assistance/possible linkages for support to clusters in Jordan covering in particular: (i) funding opportunities (JEDCO; EBRD); (ii) export coaching/readiness (see 2.2.2) ; (iii) possible referral of enterprises supported under other EU projects (JSMP; JUMP; ....); (iv) policy implications of the London Donors Conference in Feb 2016 pertaining to trade development/European market, including simplified rules of origin	
2.1.5 Provide extensive capacity building to the relevant agencies and institutions	The NSC (Nov. 2016) recommended training on cluster development (in coordination with JEDCO); Cluster Development Training workshop organized on 14-15 October 2017	
2.1.6 International exposure for beneficiaries by visiting countries with similar initiatives	No exposure missions other than reference made to cluster visit (Spain) in margin of first PAC meeting in Barcelona	
2.1.7 Prepare a phasing-out strategy for handing over project activities at completion	Phasing out/up-scaling strategy not yet available at time of evaluation; see output 3 for the preparation of up-scaling	
<b>2.2 Cluster Support Service Platforms (CSSPs) created or established within existing institutions to act as service providers for cluster development; CCI product and service development, strategic business advice and market penetration</b>		
2.2.1 Set up of at least 5 (regional) CSSPs (earlier labelled Cluster Support Centres/CSC)	GSC is the core CSSP/CSC meanwhile labelled "Design Hub" by the project; GSC was prior to the project engaged in garment sector related design and training services.	
2.2.2 Train in entrepreneurship and	Training (export techniques/export readiness) organized through export coaching programme with support of	

<b>Implementation Phase</b>	
marketing skills	<p>Jordanian-European Business Association and Netherlands Embassy (PUM/retiree programme) in Amman, Oct 2016 (including factory visits); 7 companies attended; project funding of this activity limited to local costs/international trainer (hotel and transport); expected to be followed by advanced export training (2017) and linkages with potential European clients (under discussion with German Embassy) and targeting the participation of more enterprises (at least 10 as per PUM planning).</p> <p>Green labelling awareness building through, one-day training on OEKO Tex standard 100, 26 April 2016 (24 participants); in terms of follow-up: no enterprise initiated green labelling process so far.</p> <p>According to project reporting 53% of the cluster members received business skills/marketing training.</p>
2.2.3 Train in product development through design workshops and direct interventions in each cluster	<p>Initial training of 13 designers; 5 designers shortlisted (selected by international expert) for collection "JO!" preparation (summer 2017 season); trained on fashion design, fabric research and selection, production, finishing and quality assurance, industrial washing, preparation/organization of fashion shows and exhibitions. It also included visits to Musea as inspiration how to use cultural heritage (research). As per reporting the team (5 designers) is linked with 2 textile factories; 4 embroidery factories; 9 suppliers (production), 2 suppliers from Turkey. At present fewer actors are involved (see cluster snapshot overviews/IV.3.2 and also assessment).</p> <p>According to project reporting 84% of the cluster members in product development.</p>
<b>2.3 Market penetration strategies elaborated for the development of domestic, regional and eventual export markets</b>	
2.3.1 Develop a branding strategy and product branding linked to countries' images and market demands	<p>The branding strategy resulted in JO! and marketing tools were developed accordingly (catalogue; social media) For 2017 training on branding/branding management is envisaged (not yet organized at the time of the evaluation); also, a web site for the fashion and textile industry (at large) was envisaged to be developed.</p>
2.3.2 Develop products' collections in line with the branding strategies	<p>The first Collection JO! (50 garments/women wear using denim/embroidery) by "Creative Jordan" was developed with the support of an international designer; fabrics and other inputs/other services needed to develop the collection were purchased by the project. The second follow-on JO! collection was developed by local designers (2017). Currently some 2000 pieces of the second collection are under production by one garment enterprise (subcontracted by GSC; financed by the project, including pre-financing of production by the enterprise); the order is expected to be ready by end Oct/early Nov 2017 (as per information provided during the evaluation mission), The JO! brand has been registered by GSC (Government owned LLC - non-profit); registration of designs also envisaged (management of brand to be clearly defined – see assessment)</p>
2.3.3 Expose to the international markets through relevant trade fairs	<p>Participation in:</p> <p>Oct 2016: Arab Fashion Week organized by Arab Fashion Council, Dubai (not same as Dubai Fashion Week)</p> <p>Nov 2016: Italian Cultural Week, Amman (catwalk)</p> <p>Nov 2016: UNIDO 50 Anniversary (catwalk)</p> <p>2017: Pure London (Feb); Super Pitti Milan (March) ; Paris sur Mode (March)</p> <p>Sept 2017: Milan</p>
2.3.4 Assist in post-trade fairs follow-up	<p>Partnership with showroom in Milan for distribution/Europe (no orders so far); interest but no indication of orders after fair participation; indication of local interest (resulting in "pilot production" of some 2000 items/selected pieces)</p>

<b>Scaling up &amp; Dissemination Phase</b>	
<b>3.1 Results disseminated throughout the Southern Mediterranean region, strategies for CCI clusters developed and CCI approach integrated in policies (cluster; agri-business; MSME)- in cooperation with counterparts including financial institutions</b>	
3.1.1 Assist the local counterparts in preparing strategies for CCIs development	At the start of the project reference was made to cluster type initiatives of the Ministry of Planning and International Cooperation that were however not under actual implementation; Jordan wants to become a regional hub in IT and other creative industries. A National Strategy for Tourism handicraft 2010-2015 was developed with USAID support. In the NSC (Nov. 2016) reference was made to “cluster development currently being followed by the Technical Development and Linkages Unit in JEDCO’s new organizational structure” (which was reported to be about matchmaking rather than cluster development)
3.1.2 Organize at national level workshops on the importance of developing CCIs for job creation	No indication of such workshops
3.1.3 Organize study tours for key stakeholders to the pilot success stories for replication purposes	No indication of such study tours other than visit to clusters in Spain in conjunction with PAC meeting
<b>3.2 A 3-year communication and visibility plan for the project highlighting the importance of CCI’s cluster development and the support provided by the EU intervention prepared and implemented</b>	
3.2.1 Elaborate 3-year communication and visibility plan and continuously update	Project wide activity, not Jordan-specific
3.2.2 Implementation of the communication and visibility plan including the preparation of promotion materials, videos, organization of press releases etc.	Visibility of project work in Jordan through preparation of communication tools used in the participation in local/international events, such as the fairs and the catwalks in Amman and Vienna; local press releases; coverage by Euronews; mention in Vogue Italia, social media visibility, collection catalogue (not cluster catalogue), coverage in short videos made by both project and by the EU.
3.2.3 Organize a 3 day conference at regional level to disseminate project experience & results	Regional activity planned for November 2017 in Algeria (with participation of Jordan)
3.2.4 Prepare and publish a comprehensive report highlighting success stories, lessons.	Project wide only; no consolidated national report envisaged
3.2.5 Monitor and evaluate report submitted and distributed to the stakeholders	Independent evaluation report a priori part of documentation for next NSC

### 6.3.2 Cluster snapshot overview (before and after)

<i>Fashion Design - Amman</i>		
Dimensions <sup>11</sup>	at start of project	at present (September 2017)
<b>Problems/constraints/opportunities</b>		
Main challenges as per cluster analysis	need to increase the competitiveness of local manufacturers including their export capacity (often engaged in low end segment and interested in upgrading of quality and design); need to strengthen the capacity of local designers and to address the weak linkage between designers and enterprises (with focus on local SMEs that are not subcontractors of large international companies and have no in-house design capacity).	GSC was established in 2003 to provide training including on fashion design related subjects; with the aim to upgrade design capabilities, the project supported the development of two collections that forged linkages between for now a limited number of cluster actors. The current aim is to sell the created collections in the local/regional/international market.  Enterprise clustering received much less attention and project emphasis was on product development/design.
<b>Cluster governance</b>		
Leader of cluster support services platform	GSC	GSC
Degree/type of cluster governance	No structure other than GSC at core	GSC registered Jo! and subcontracted enterprise to produce a stock of 2000 items; no clarity yet on set-up for selling the items (who; how; designer remuneration modality)
<b>Critical mass</b>		
Number of enterprises within the cluster	*GSC *initially 13 designers of which 5 selected for collection development (including 2 fashion designers, 1 graphic designer, 1 embroidery expert and one production expert) *10-12 enterprises (garment production) at the time of the diagnostics	Different configurations of cooperation: *first and foremost, around the collections: GSC, at present team of 3 designers (in fact 2 designers; 1 production expert), and 1 enterprise *above enterprise engaged as subcontractor to produce stock of 2000 items (process involves services of another enterprise for industrial washing of denim and also enterprise for embroidery); *according to GSC 2 new persons (graduates from GSC) were recently added to the design team (graphic designer; embroidery expert); not clear if the initial designers agree on approach to expand JO! design team in this manner

<sup>11</sup> Using several of the criteria used by the project in selection of the proposals

Fashion Design - Amman		
Dimensions <sup>11</sup>	at start of project	at present (September 2017)
		Regarding the enterprises: *7 enterprises benefitted from training (export coaching/eco-labelling): not yet “group” (no project effort yet to foster enterprise clustering)
Weight of enterprises in terms of jobs	n.a.	n.a.
Weight of enterprises in terms of turnover	n.a.	n.a.
Types of actors represented (MSMEs, support institutions, universities, other)	GSC as support institution, designers, enterprises, universities	GSC as support institution, designers, enterprises, Plan of University to create fashion design specialization was not implemented
Differentiation through cultural heritage & competitive advantage		
Uniqueness/elements of heritage/culture	Garment know – how and skills; traditional embroidery patterns reflected in collection development (use of embroidery/collection is industrial/machine-based,)	
Competitive advantage	both exports and local market potential	No orders yet as result of international exposure (targeting B2B); current focus on local market/e-commerce (stock under production)
Indication of cluster cooperation		
Joint efforts among cluster members	Working individually	Project focus on development of 2 collections; joint participation in fairs; production of stock (emphasis on cooperation among designers). Opportunities to strengthen inter-enterprise cooperation around SMEs engaged in garment production remain to be pursued
Joint efforts of cluster with actors outside the cluster	n.a.	n.a.
Value chain coverage		
Value chain coverage (enterprises)	Some degree of specialization among enterprises (stated to be complementary)	
Value chain coverage (support str.)	GSC, material suppliers (local and in Turkey)	
Access to markets		
Local	n.a.	No results yet of sales of first stock (under production at time of evaluation)
Regional/International	n.a.	Too early to assess results from international market exposure; no indication yet of sales via agent/Milan

Fashion Design - Amman		
Dimensions <sup>11</sup>	at start of project	at present (September 2017)
Environmental and social impact		
Environmental issues	n.a.	awareness building event (one day) on eco-labelling (sector wide); no indication of applications so far
Social issues (inclusiveness/women, youth, ...)	Involvement of women designers; no involvement of women entrepreneurs/garment production so far. Project had no mandate nor resources to engage in activities focused on women workers (constituting the vast majority of employment in the sectors)	
Perception of main milestones/value added/results of project		
• as per NSC members	Mapping and diagnostics (even though latter were for sector at large and not covering reality of enterprise operations on the ground)	
	Product development	
	Market exposure	
• as per cluster members	Creation of collection from scratch	
	Market exposure	
	Jordan on the map of fashion design	

### **6.3.3 Assessment**

#### **6.3.3.1 Relevance and ownership**

##### ***Relevance***

Support to cluster development of CCI is a new experience in Jordan. At the policy level there were indications of interest in cluster development, but not yet of specific support interventions to this end. In terms of the sectors covered by the project (initially fashion design and ceramics –the latter dropped after the diagnostics), in the Jordan 2025 Economic Development Plan and the work of Jordan's National Competitiveness and Innovation Committee, the closest priority to CCI is tourism. The garment sector was not a priority as such in this Plan. Still, reference is to be made to a strategic plan for the garment manufacture sector in Jordan developed with EU support (EU/GOPA, June 2014) and, earlier on, a (USAID supported) comprehensive competitiveness strategy for the garment sector (2007). In brief, the garment sector is important for Jordan. It covers some 1330 factories and workshops that are an important source of employment (some 20,000 jobs) albeit mainly for foreign workers (75% of employment in the sector). There are around 45 large foreign-owned companies that work with some 10 satellite units (reported to be linked to the need to meet local employment requirements). The project focused on the local SMEs (some 30-35 companies). This was appropriate as local SMEs have no in-house designers and need to collaborate to enhance their performance. They tend to be engaged in lower end female fashion, compete with imported products on the market (such as from Turkey, China). In brief, the project was to offer an opportunity to local SMEs to improve the design of their products and increase quality, all required to increase market opportunities. Moreover, the simplification of the rules of origin/EU (2016) implied the ease of opportunities to export to Europe, with focus on niche markets, as the local SMEs would not be able to compete with mass production from other countries. This being said, the project was less on the clustering of SMEs around common problems/opportunities and more on product development/design.

The project could build on prior assistance, in particular from Italy that supported the core counterpart of the project, GSC, for several years in strengthening its training capacity (under which the cooperation of GSC with the Burgo Fashion Institute/Milan was established) in addition to the policy work funded by the EU (garment manufacture sector strategy, 2014). The initial proposal of GSC also contained the leather sector (Jordan Footwear and Leather Industries Association being a co-signer). Whereas this dimension was not pursued under the CCI project, the leather sector is meanwhile receiving bilateral support from Italy covering courses in footwear design and design of accessories (a complementary field to fashion design). There is no overlap of the project with other currently on-going garment sector projects, neither with the GIZ project in Southern Jordan (covering community-based development and involving a women association and 3 garment enterprises) nor with USAID's support to GSC that covers strengthening of a regional GSC branch.

The project did not have the mandate or the resources to address an important issue in the garment sector in Jordan, namely the sector's need for trained local people with different skills. There is the image the sector offers only low skilled jobs for Jordanians (whereas the sector also needs skilled people) and there is reported to be high turnover of non-skilled labour. This explains the high proportion of foreign workers and lost opportunities for local employment (unemployment rate of youth estimated at 30% - versus 18% overall-having advanced degrees yet less in technical fields). To change the image of the sector as a career path, there will be need for changes in the education system, including also vocational training upgrading, linking schools and enterprises and conducting tracer studies.

## Ownership

JEDCO is the formal counterpart of the project, but de facto it is GSC (a company under JEDCO) that is at the core of the project as “cluster leader”. GSC confirmed its involvement from the start and role to involve SMEs, designers, and (at the beginning) also universities. At the launching workshop there was reported to be good participation and interest in the project. As regards the discussion of the action plan with the stakeholders, presenting and discussing the same in a half a day meeting was considered too short to allow for adequate feedback from the target beneficiaries. Review of the action plan revealed that it contains no precise info on who is to do what by when and budget estimate was kept in most cases open.

In the Ceramics Cluster proposal, 3 enterprises were at the core. It was stated that they were ready to engage in cost-sharing (a sign of ownership), wanted in particular marketing and equipment support, yet were said to refuse design support. As the project was/is design driven, it was decided by the NSC not to pursue support to this cluster beyond the diagnostics. The latter being general and sector-wide, it did not detect gaps between the proposal and the enterprises’ reality on the ground – which was another reason for dropping this cluster.

A request made at the level of the NSC for getting project budget details indicates that local actors felt planning of activities without budget details was problematic. Questioning on the budget available for Jordan persisted until now, as the issue was mentioned by several stakeholders to the evaluator. Reference was made to an amount of €40,000 mentioned at the level of the NSC for project support to the implementation of the action plan implementation; when the ceramics cluster was dropped some additional €25,000 was stated to be promised for the fashion design cluster. These amounts quoted omit expenditures related to national coordination and expert missions to Jordan. As one stakeholder put it *“money was always an issue”* as there was no clarity on the resources available for Jordan. To the extent cost-sharing by the country was not integrated in the design of the project, it was not budgeted and thus not easy to pre-finance or share in the costs of activities. It is to be noted that the project raised sponsors to increase available funding (such as free participation/fairs such as Dubai; free raw materials for sampling for the Turkish denim supplier; the bulk of the costs of export coaching activities funded from other sources). The project counterparts also questioned why they were not involved in the selection of international experts (in the case of Jordan primarily design expertise).

GSC is the owner of the JO! brand, as it registered the brand (not yet the styles). In this model GSC is seen as the producer of JO!, wants orders for JO! and will manage the sales (GSC as national centre managing the national brand JO!). From the perspective of the enterprises the collection should have involved them at that level rather than considering them mere subcontractors in the scheme (also affecting the margin for enterprises in such operation, which would have been different if enterprises were among the core actors rather than subcontractors). The situation of the designers (at this stage 3) that were at the core of the development of the first collection (with the support of an international designer) and also the second collection (by themselves) is for now ambiguous or at least not formally solved at the time of the evaluation. They consider themselves co-owners, were not paid for the design work, yet claim their share when the collection is going to be sold. The *modus operandi* of the brand/collection is not yet clearly defined nor formalized, covering details as regards its founders-owners, its board; the rules of the game (rights and obligations) to use the brand; eventual additional users and their rights and obligations. For now, there have been samples only, but as the first batch of items will be ready for sales, clarity and consensus is needed among the concerned actors on “the rules of the game”.



### **6.3.3.2 Efficiency in implementation**

Regarding the ranking cum selection process, UNIDO was stated to have put emphasis on manufacturing related CCI (hence its preference for the ceramics cluster rather than other proposals such as architects or media production). It means that expectations were created by reaching out to the widest possible of types of CCI, whereas services related CCIs did not really have much chance to be selected.

The diagnostics phase was considered a long but useful process. The analysis proved to be not close enough to reality in the case of the ceramics cluster, as it looked good on paper yet had capacity challenges and was in the end dropped from the project following the decision of the NSC.

Design related activities got more attention than cluster development work. To illustrate, the design expert came during mapping phase to identify design capacities, yet the 2 days cluster development training took place at the tail end (October 2017) of the planned project duration. It was mentioned that at the start of the project the impression was given as if “there was a big international buyer”. This proved a risky, as creating false expectations.

The effort to develop a first collection proved both interesting and challenging according to the local stakeholders. The designer mobilized by the project was a good designer but had limited production experience and had a management style that created tension in the team. Whereas the collection was to be developed in a few months, it took more than one year. Attempts to bring in a new designer did not materialize and in fact a more sustainable approach was pursued. As follow-on of the first collection, a second collection was developed by a team of local designers (the group of 5 designers selected by the international designer out of the group of 13 included in the initial training is meanwhile reduced to a total of 3).

The costs of preparing the prototypes (collections) were covered primarily by the project (with the exception of the denim material that was provided by its supplier in Turkey). The local designers were not paid (although this seemed to have been promised in the start of the project). As making a collection/sample implies easy and fast access to supplies, UNIDO procedures proved to be not necessarily conducive to making rapidly local purchases (petty cash authorisations not beyond 200€ per invoice). The same applied to participation in fairs (especially when fair organizers confirm this at a late stage) and reimbursements for payments such as for shipment of items to the international events took time.

The choice of participation in the London fair (payment for stand) was regretted as the location of the stand was unfortunate and the fair was in fact too big in terms of the variety of exhibitors, making it difficult to stand out.

Regarding the catalogue, the names neither of the enterprises nor of the designers are mentioned, whereas the donors, GSC and UNIDO are prominently featured. It was a mistake to include prices in the catalogue itself. Including pictures of women engaged in embroidery (by hand) – both in the catalogue and also in the videos produced, is considered misleading, as the embroidery work on the garments produced in the context of the collections is industrial, i.e., machine made and not hand made.

In terms of the range of expertise provided by the projects, it was highlighted that time was wasted in dealing with denim (requiring testing and treatment prior to its use in production) and the advice of a denim expert would have facilitated matters when making the first collection (no longer needed now, as the process is now understood through trial and error). Another stakeholder mentioned that the services of a marketing expert would have been needed to refine the marketing vision/approach (that seems to move now from B2B to B2C).

Support that seems needed on an urgent basis relates to adequately defining and obtaining consensus on the manner in which the JO! brand is going to be used. The “rules of the game” are not yet defined, beyond a MoU between GSC and the enterprise subcontracted to produce a stock of some 2000 pieces of the collection (with project support, but UNIDO is not part of that MoU).<sup>12</sup> As one stakeholder put it: *the principles, resources and roles (who does what, pays for what; is in charge of what) were never clear*. If it is not clearly defined/agreed upon between the parties concerned (in particular the designers that are at the core of the collection and consider themselves co-owners on the one hand and GSC on the other hand) who will sell, how nor how the revenues will be allocated and used for services for the sector, it could affect the cohesion among the actors involved and even the image of the project.

### **6.3.3.3 Project coordination and management including M&E system**

The project coordination in Jordan was stable, with the same NPC since the start (acting at the same time as CDA). The NPC is not anchored to an institution, and works on part time (from home yet in permanent touch with the different project actors).

Annual country reporting has been rather general, with reference to training activities but no details on numbers of trained persons or results of participation in trade fairs (of which there were several). There is no reference in these reports to the use of the M&E system – which seemed rather focused on project wide reporting to the donors. It was observed by a stakeholder that the KPIs used are more project focused than cluster focused.

The envisaged branding training and ideas to engage in joint purchasing and to prepare an e-directory of sector were included in the 2017 work plan but unlikely dealt with in this year. It appears GSC is planning to do this outside the project.

The progress reports of UNIDO HQ to the donors remained rather silent on the reasons for dropping one of the two clusters in Jordan (the total number changed from 14 to 13 clusters, without explanation of underlying decision making). It is not clear why the ceramics cluster was not replaced by another cluster shortlisted after the mapping phase, especially as this was decided when just one year into the project. In the discussion on this matter at the level of the NSC, it was particularly UNIDO who was not in favour of replacing the ceramics cluster, considering it would take time to launch diagnostic work for a new sector. However, more flexibility at that time would have allowed for avoiding a comprehensive general sector analysis and zooming in directly on the situation on the ground of the actors the project was to work with (based on their proposal submitted to the project). The “model T and black approach” as regards the diagnostics could have been loosened in case of the replacement case (if agreed) and Jordan would have had the benefit of two pilot/demonstration cases of cluster development in the CCI field.

There was found to have been no systematic distribution of project progress reports by UNIDO HQ to NSC members nor to UNIDO field office covering Jordan (in Lebanon) including UNIDO Desk opened in Jordan in the course of 2017. This would have also been useful for the fostering of linkages among the participating countries. There is no indication of connections of Jordan with project interventions in other countries (other than joint participation in regional meetings), which could be related to the fact that there was only one fashion design cluster among the 13 clusters covered by the project. This being said, there would have been scope for Jordanian policy makers to learn about how cluster development has been integrated into policies/support instruments elsewhere, or for the project players in

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<sup>12</sup> To produce the stock of some 2000 items (i) the enterprise pre-finances material; embroidery thread, zippers etc (and will be paid for its production once sold, with a margin agreed with GSC); (ii) UNIDO pays for industrial washing, embroidery, accessories, and a share in production costs; GSC is not pre-financing any expenditures, but will deal with the sales and pay the enterprise subcontracted. In terms of costs for producing the 5000 items: €25,000 (of which UNIDO covering €10,000 and the enterprise pre-financing € 15000).

different countries to exchange on how to deal with the ownership and management of collections/brands.

#### **6.3.3.4 Effectiveness and actual/likely impact**

GSC recognizes that, in terms of the state of cluster development, it may be premature to refer to the actors involved in the project activities as “a cluster”. At least this is how the statement “we announce the cluster on our own” is interpreted.

The surprises regarding the ceramics cluster indicate that the process of reviewing the proposal could have been more rigorous (including verification on the ground) rather than concluding after investing in the sector diagnostics that the cluster was no longer eligible.

With respect to the fashion design cluster, there was and remains excitement about having developed for the first time a collection (not done in earlier projects with GSC) summarized by the statement: “We created a brand from scratch!” Moreover, exposure through the participation in fairs (for some for the first time) and the preparation of promotional materials (such as look book/catalogue/videos) got Jordan “on the map” as regards fashion design – targeting different international markets (Europe; Dubai) as well as the local market with styles that are unlikely to be out of fashion soon (denim/embroidery). Notwithstanding the challenges faced with the designer that played a core role in the development of the first collection (and local designers feeling as if subcontractors), that designer merits credit for the choice of the denim material and styles chosen – on which the second collection done by the local designers could build.

There has been a change in the market strategy by starting to produce a stock of pieces from each style with project resources to engage in B2C selling (whereas the initial plan targeted finding large buyers and engaging in B2B). Indeed, there is reported to a local market potential and, as the stock is expected to be ready by now, it is assumed by the evaluation that a local event is meanwhile planned to this end. An alternative way of selling is e-commerce. The website (under construction at the time of the evaluation) is envisaged to include an online payment facility.

Seeking to foster enterprise cooperation and expand their involvement in the project was not a priority. As someone put it: *there is enough capacity in the few enterprises we work with (cutting; sewing; embroidery) to produce in case of orders; if more people are involved it becomes too messy*. Based on the notion that it takes a few collections and repeated participation in fairs to gain ground, market exposure got the prime focus. As at September 2017 there were no sales yet through the agent in Milan to whom samples were sent in May 2017. The question who will deal with the sales once orders come in remains open at least at the time of the evaluation mission. GSC is expected to hire extra staff to deal with this. GSC registered the JO! brand but there is no document - agreed upon among stakeholders - that defines/formalizes how the brand is managed including of sales under the brand

The distribution of gains in the view of GSC management is as follows: a percentage for the designers; cost + margin for the enterprise and the rest for GSC to be used for its services in addition to the current trainings such as on pattern making, sketching. – GSC becoming a fashion house/design hub to deal with orders labelled as “JO! manufactured for X”. The business model is not yet formalized (other than the MoU with the enterprise for the production of a first stock) and there is no consensus yet among the parties, with sales being launched imminently. Also, the latest project brochure (June 2017) refers to “a Design Hub established with GSC” without clarifying its current status, planned/actual functions, services and modus operandi.

As mentioned, most attention of the project went to the product development/collection effort. Apart from the engagement of one enterprise in the production of a stock of 2000 items, enterprises were only involved in (i) export coaching activities (primarily funded by another source/Dutch sponsored) and (ii) a one-day eco-labelling awareness training. The export coaching is expected to have a follow-up (covering also a market tour to Europe). As regards the eco-labelling sensitization– to which the entire garment industry was invited - there is no indication of an application so far for this label.

### **6.3.3.5 Sustainability prospects**

The cluster development training organized in October 2017 was considered as a step towards an exit strategy. The training involved the Ministries of Finance, Planning, Industry, Trade, JEDCO, the Chamber, and a private association (engaged in IT). There is no information to what extent the pilot experience in the CCI sector is expected to result in policy measures or new country initiatives (public/private) to foster cluster development (reaching out to a wider number of enterprises in the garment sector or covering other sectors, be it handicraft or industrial activities).

In the discussion with one of the donors, Italy, the information emerged that Italy already earmarked €500,000 via its multilateral channel to continue support a next phase. This commitment is included in a MoU signed in March 2017 with the Ministry of Planning. The support could cover the period 2018/19 subject to a request to support (formal letter) from UNIDO. This (encouraging) information was conveyed to UNIDO after the meeting in which Italy also referred to (bilateral) funding still available in a credit line for SME lending in place 2000 (bilateral) that could cover upgrading of individual enterprises and possible support to collective efforts of enterprises (if organized in cluster structure). The formalization of Italy's support will have required a proposal on priority actions (validated by the counterparts) to be addressed in this phase in view of the consolidation of the work of the pilot phase and the planned up-scaling.

### **6.3.3.6 Cross-cutting issues(gender, youth, environment)**

Women constitute more than 70% of the labour force in the garment sector in Jordan, also in local SMEs. There was no information on the involvement of women entrepreneurs among the SMEs, but as regards the designers engaged in the project, women were in the majority.

As one University considered at the start of the project the inclusion of a fashion design specialization in its curriculum, this would have been relevant for attracting youth to the sector. However, this plan did not materialize. GSC reported to train at present some 200 students per year in different garment related skills (pattern making; sketching) – which it wants to increase in a major way (under discussion with the Ministry of Labour) to address the need for skilled workers by the sector. Given the focus and also available project resources, the project was not involved in this dimension of GSC's mandate.

Regarding environmental issues, these were not addressed (as activities concerned garment rather than textile enterprises). However, It would have been of interest to assess to what extent the use of denim (in particular its local washing and treatment prior to its use) has environmental effects and, if so, how it was/could be addressed. In this regard it is not clear if the collections developed would be able to apply eco-labelling. No enterprise was said to have applied for the eco-labelling after the one-day training. Also opportunities for enhancing energy efficiency issues in garment enterprises (such as lighting) could be an area to look into (possibly in complementary support focused on enterprise upgrading).

## 6.4 LEBANON

### 6.4.1 Planned results and activities versus achievements

Inception Phase: mapping of clusters and value chains in the cultural and creative industries	
<b>Output 1.1 Existing clusters and value chains per sub-sector mapped, analysed and selected, M&amp;E and project management structure set up</b> <sup>13</sup>	
<b>Planned activities</b> <sup>14</sup>	<b>Achievements</b>
1.1.1 Initiate interactions in the target countries and organize a regional project launching workshop	Introductory meeting with potential Steering Committee members, 11 June 2014 (21 participants); Launching workshop, 12 November 2014 (140 participants). Participation in regional launching workshop (Tunis 17 October 2014)
1.1.2 Setting up a monitoring and evaluation mechanism to be implemented throughout the project	Use of M&E framework; in 2016 business level survey (3 enterprises/jewellery cluster; 3 enterprises/furniture cluster), service provider survey (2) and recordkeeping
1.1.3 Setting up a Programme Steering Committee and of a Programme Advisory Committee (PAC) at regional level	National Steering Committee (NSC) operational and 3 meetings held so far: 20 November 2014; 19 October 2015; 1 March 2017. Participation of Lebanon in PAC 1 and PAC 2 (Ministry of Industry and Association of Lebanese Industrialists/ALI)
1.1.4 Conduct a CCI mapping in each country including the identification of the CCI value chains to be covered and corresponding SWOT analysis	Cluster mapping over period May-October 2014; 14 clusters identified in Lebanon: Audio-visual and multimedia/Beirut; Copperware/Tripoli; Cutlery/Jezzine; Furniture/Mkallès; Furniture/Tripoli; Haute Couture/Beirut; High end home furnishing design/Beirut; Home Textiles/EI-Fekha; Jewellery Bourj Hammoud; Leather/Bourj Hammoud; Marble and Granite/Beirut; Traditional Clothing, Saida
1.1.5 Invitation to the most promising clusters identified in the map to respond to a call for expression of interest to receive support	Workshop to present the approach; publications of call for proposals (An Nahar newspaper): 11 August 2014 and 9 September 2014; assistance provided by project experts in preparation of proposals.
1.1.6 Selection by UNIDO in association with relevant national coordinator and taking account of the opinion of the PAC on the pilot cluster(s) to be supported	Receipt of 12 proposals; reviewed and ranked by UNIDO Selection by NSC; selection endorsed by PAC.
<i>Summary of proposal/Jewellery cluster</i>	Proposal submitted by Badguèr (coordinator; lead institution; created in 2012), Promotional centre for Arts & Crafts including list of 27 participating enterprises and a training institution (Mesrobian Technical College); Bourj Hammoud known as jewellery hub; more than 50% of production covering exports

<sup>13</sup> As formulated in the project inception report, revised framework (March 2015); latter does not specify the activities under each of the outputs, hence reference is made in this matrix to the specific activities listed in the initial project document (see footnote below).

<sup>14</sup> As formulated in the project document.

<b>Inception Phase: mapping of clusters and value chains in the cultural and creative industries</b>	
<b>Output 1.1 Existing clusters and value chains per sub-sector mapped, analysed and selected, M&amp;E and project management structure set up <sup>13</sup></b>	
<b>Planned activities <sup>14</sup></b>	<b>Achievements</b>
	<p>(Gulf/Arab region); goal: revitalize the cluster by increasing its competitive advantage such as through better cooperation between artisans and designers as well as between master-artisans and educational institutions (encouraging jewellery as a career; training of apprentices), innovative products, market development.</p> <p>Request for assistance in: training and coaching; branding and marketing support; networking within the cluster and with other local or international actors; matchmaking events/participation in trade fairs; export promotion</p>
<i>Summary of proposal/Furniture cluster</i>	<p>Proposal submitted by Association of Wood &amp; Craft Furniture Industries in Tripoli-North (private association; 12 employees); goal: revival, organisation and development of the sector; focus on technical training; development of production in compliance with market/standards; find market opportunities. More than 500 companies in region across value chain; furniture is symbol and part of Tripoli's reputation.</p> <p>Request for assistance in training and coaching; design and product innovation; branding and marketing support; matchmaking/participation in fairs; equipment provision</p>

<b>Implementation Phase</b>		
<b>Output 2.1 Selected CCI clusters assisted through specific technical assistance programmes to serve as pilot models</b>		
2.1.1 Set up project management/coordination structure	<p>Mapping expert from May-September 2014; first NPC cum CDA/Jewellery cluster from April 2014-April 2016, first CDA/Tripoli from February-June 2015; first project assistant from May-December 2014 who became CDA/Tripoli from April 2015-December 2016 (incl. acting as second NPC since departure of first NPC). Second project assistant from May 2015 until August 2017. Third NPC/CDA from January 2017 to date. In sum, at present 1 person in charge of local coordination</p>	
2.1.2 Support cluster development - linkages between enterprises in networks and pilot clusters in selected countries.	<p><b>Jewellery Cluster/Bourj Hammoud</b></p> <p>*Cluster analysis and diagnostics (report, July 2015)  *Vision building/strategic analysis (report, September 2015)  *Action Plan (report, November 2015); focus of planned actions on (i) support to companies, (ii) market access, and (iii) transversal actions (including cluster governance).  Priorities: design and product development; marketing and communication tools/branding; market access; managerial and technical capacity building; market research.</p>	<p><b>Furniture Cluster/Tripoli</b></p> <p>*Cluster analysis and diagnostics (report, June 2015)  *Vision building/strategic analysis (report, October 2015)  *Action Plan (report, November 2015); focus of planned actions on (i) support to companies (ii) market access and (iii) transversal actions (cluster governance; visibility; alliances and partnerships; copyrights management). Priorities: design</p>

Implementation Phase		
		and product development; marketing and communication tools/branding; market access; managerial and technical capacity building; market research.
2.1.3 Training of entrepreneurs including women &youth in networking and clustering	Awareness building/on-the-job coaching of enterprises on enterprise linkages throughout the project; for other training activities targeted at enterprises, students/youth, see outputs 2.2 and 2.3	
2.1.4 Review of relevant partner agencies and institutions which can create policy linkages to promote the CCI sector	Reference in reporting to cooperation with private sector associations (ALI; chamber of commerce) other than the association/NGO that are part of the clusters; ALBA University and Mesrobian College; financial institutions Kafalat and Thimar; 3 museums (Badguer, National Museum; Armenian museum). Cooperation with another UNIDO project (Supporting Host Communities in Lebanon funded by Italy) to establish “Creative Lebanon Centre” (see 2.2), managed by the “Rural Delights Cooperative” (a hub of associations and SMEs across Lebanon that promoted agro-based products under the accredited brand “Lebanese Village Products).	
2.1.5 Provide extensive capacity building to the relevant agencies and institutions	Cluster Development training from 5-7 September 2017	
2.1.6 International exposure for beneficiaries by visiting countries with similar initiatives	Study tour to Milan (2015) by one member (staff of Badguèr) to visit to Jewellery cluster	Obtained from NPC (furniture cluster) in Palestine a detailed market research study (purchased by project), covering demands and trends of furniture in Gulf Region.
2.1.7 Prepare a phasing-out strategy for handing over project activities at completion	2017 action plan refers need for definition of a cluster management entity and legal structure Phasing out/up-scaling strategy not yet available; see output 3 for the preparation of up-scaling	
<b>2.2 Cluster Support Service Platforms (CSSPs) created or established within existing institutions to act as service providers for cluster development; CCI product and service development, strategic business advice and market penetration</b>		
2.2.1 Set up of at least 5 (regional) CSSPs (earlier labelled Cluster Support Centres/CSC)	2016: establishment of the “Creative Lebanon Centre” in Gemayze (Beirut) inaugurated on 12/13 July 2016; it covers an exhibition space cum boutique. The space was offered by its owner, the installation was funded by both the project and another project executed by UNIDO (Supporting Host Communities in Lebanon by the high influx of Syrian refugees/CELEPIII; funded by Italy), and it is managed by the Rural Delights Cooperative that also sells agro-based products in the boutique. Purpose: showcase in a “pilot” boutique the design and innovative products of Lebanese craftsmen, foster business linkages between participating craftsmen and the local market and improve the visibility of their production; also; provide platform for technical assistance on product development. UNIDO refers in its reporting to a “Design Hub established at the Creative Lebanon Centre”. It was planned to organize monthly events/exhibitions; the exhibition of products was to be on rotation bases to give opportunity to various cluster members (both jewellery and furniture cluster). Reports refer to events such as Fashion Show (Armenian Fashion Designer), July 2016; Fashion Documentary Night, Sept 2016; Painting Exhibition, French artist, Sept. 2016; event at occasion of International Women’s Day, 2017.	

<b>Implementation Phase</b>		
2.2.2 Train in entrepreneurship and marketing skills	<p>2016: Business skills training over a two months period, 22 participants</p> <p>2016: Business development training by known local jewellery entrepreneur (Yeprem) to assist in preparation of business strategy for cluster members, share information on potential clients, brand building/coaching, market information (trends; exhibitions; traders)</p>	<p>2016: Business skills training over a two months period at Chamber of Commerce/ 15 participants</p> <p>2016: 30 day technical training on furniture production (in cooperation with the Furniture Association in Tripoli) for 30 unemployed youth by 6 masters in furniture, which resulted in the hiring of 15-17 youth (of which 3 by the cluster members) –</p>
	Planned for 2017 (workplan): organization of advanced business management training (incl. export procedures)	
2.2.3 Train in product development through design workshops and direct interventions in each cluster	<p>3D matrix Rhino training/master class (software to facilitate design/prototyping) from 30 April – 14 May 2016 (15 participants) by two trainers of JWM 3D jewellery and watch modelling school; examination at the end; covered theoretical and practical part and certificates at the end of the training</p> <p>May 2015, Workshop on design, ALBA University (50 participants)</p> <p>May 2015, visit to museums as source of inspiration/design(25 participants)</p> <p>July 2015, Creativity workshop (7 designers) and development of first collection with lead designer</p> <p>Dec 2015, Organization of Jewellery Design workshop/students and jewellers; ALBA University (40 participants)</p> <p>2016/17: Jewellery expert supported the design of a new collection with jewellery cluster members</p> <p>One-week training on Z-brush design requested by enterprises but not implemented for lack of funding/project; attempt to raise funding locally for this training (costing approx. €10,000 including cost-sharing by enterprises) was not success</p>	<p>Development of prototypes of modern furniture with arabesque style with support of international designer (in preparation for fair participation and also for production of samples for potential buyers – reference made to Habitat in this regard)</p> <p>Interior architect supported the preparation of business strategy for each enterprise and engaged in fostering linkages with local/international potential buyers (market research; organization of B2B meetings; participation in local fairs; identification of regional/international exhibitions for furniture; links with construction projects/architects as potential buyers, monitoring the quality of production of prototypes; provision of information on international standards and trends</p>
	Planned for 2017(workplan): organization of advanced technical training	



<b>Implementation Phase</b>		
<b>2.3 Market penetration strategies elaborated for the development of domestic, regional and eventual export markets</b>		
2.3.1 Develop a branding strategy and product branding linked to countries' images and market demands	Marketing and branding workshops: support in creation of new brand names; new brand identity used in the cluster members' communication tools (logos; business cards, brochures, collection brochure, website – with support of graphic designer). Reference made to branding coaching – see also 2.2.2	Marketing and branding workshops and follow-up support; graphic designer worked with 4 cluster members (logos; websites; business cards); New brand names/identity used in communication tools (brochure, website)
2.3.2 Develop products' collections in line with the branding strategies	Development of two collections that reflect Armenian cultural heritage features; items of first collection exhibited at Creative Lebanon centre (see above) and national events yet no/few sales. Second collection developed with jewellery designer with greater market potential including for exports.	Development of new collections with support of international design expert; also, collection of wooden gift and promotional items (small wooden home accessories). Product sample (table) sent to Habitat yet allegedly no response from Habitat; item not returned
2.3.3 Expose to the international markets through relevant trade fairs	Establishing links with potential buyers (Lebanon, region and Europe) through participation in: <ul style="list-style-type: none"> <li>• Beirut Design Week, May 2017 (organized by MENA Design Centre)</li> <li>• Participation in Vicenza Oro (gold version of Bookrah collection) and Super Petit/Milan (silver version of Bookrah collection), Italy end September 2017</li> </ul>	Participation in: <ul style="list-style-type: none"> <li>• UNIDO General Conference, Dec 2015: display of prototype tables/chairs</li> <li>• Maison &amp; Objet, Paris, January 2017</li> <li>• HORECA Beirut (professional trade show/restaurants/ hotels/food industries/Lebanon and Arab Region), 5-8 April 2016 (pavilion for cluster; 6 enterprises)</li> <li>• Beirut Design Week, May 2017 (6 enterprises)</li> </ul>
2.3.4 Assist in post-trade fairs follow-up	Follow-up of contacts made at events; no indication yet of orders following participation in international fairs	

<b>Scaling up &amp; Dissemination Phase</b>	
<b>3.1 Results disseminated throughout the Southern Mediterranean region, strategies for CCI clusters developed and CCI approach integrated in policies (cluster; agri-business; MSME)- in cooperation with counterparts including financial institutions</b>	
3.1.1 Assist the local counterparts in preparing strategies for CCIs development	<p>The Cluster Mapping exercise (2014) was reported to have been used by several organizations (including UNIDO itself; reference was made in this regard to Cutlery cluster/Jezzine now being supported with Austrian funding)</p> <p>The diagnostic study (furniture) was reported to have facilitated the development of new projects, in particular</p> <ul style="list-style-type: none"> <li>• Additional funding by Japan (USD1.5 million phases 1 and 2 “Creating sustainable livelihoods for communities affected by the influx of Syrian refugees through improving job opportunities in the furniture industry, North Lebanon); it is a different project in the same sector covering the upgrading of an existing training centre for carpentry, the organization of training courses, including attention to design issues and purchase of equipment not only for the training centre but also for selected enterprises)</li> <li>• The new EU project for (among other value chains) the wood sector that was planned since several years but started in 2016 and is implemented by Expertise France (and currently managed by the former UNIDO expert who led the cluster diagnostics in Lebanon); as mentioned by one of the counterparts, the experience of the cluster project allowed for better understanding of the furniture industry in Tripoli and facilitates decision making on priority actions under this new project</li> </ul> <p>It is to be noted that the NSC/2017 put emphasis on the need for more cooperation with related projects in the same sector (the case of the furniture industry in North Lebanon).</p>
3.1.2 Organize at national level workshops on the importance of developing CCIs for job creation	Cluster Development training from 5-7 September 2017 (25 participants)
3.1.3 Organize study tours for key stakeholders to the pilot success stories for replication purposes	--
<b>3.2 A 3-year communication and visibility plan for the project highlighting the importance of CCI's cluster development and the support provided by the EU intervention prepared and implemented</b>	
3.2.1 Elaborate 3-year communication and visibility plan and continuously update	Project wide activity, not Lebanon-specific
3.2.2 Implementation of the communication and visibility plan including the preparation of promotion materials, videos, organization of	Visibility of project work in Lebanon through the preparation of communication tools (with support for graphic designer) used in the participation in local/international events; local press releases; social media (Facebook page); collection catalogue.

<b>Scaling up &amp; Dissemination Phase</b>	
press releases etc.	A film (2017) was made under the leadership of Badgèr that was used in the participation of the jewellery cluster (Italy fairs) As regards the Creative Lebanon Centre, reference was made in reporting to a fashion show giving visibility to the products of the two clusters and the “fashion documentary night” bringing together designers and design students at Creative Lebanon Centre. For observations on the current role/significance of the Centre, reference is made to the Assessment (below).
3.2.3 Organize a 3-day conference at regional level to disseminate project experience and results	Regional activity planned for 14-15 November 2017 in Algeria (bringing together all 7 partner countries including participation from Lebanon)
3.2.4 Prepare and publish a comprehensive report highlighting the success stories, lessons learned etc.	Project wide only; no consolidated national report envisaged It is to be noted that the NSC/2017 referred to the need for guidelines/a “lessons learned” document for ongoing and future interventions based on the project experience
3.2.5 Monitor and evaluate report submitted and distributed to the stakeholders	Independent evaluation report a priori part of documentation for next NSC

#### 6.4.2 Cluster snapshot overview (before and after)

<b>1. Jewellery Cluster – Bourj Hammoud</b>		
<b>Dimensions<sup>15</sup></b>	<b>at start of project</b>	<b>at present (September 2017)</b>
<b>Problems/constraints/opportunities</b>		
Main challenges as per cluster analysis	market being flooded with ordinary/cheaper products; need to focus on stimulating demand for quality and innovative design-led jewellery and allied products (both local market and need for increase in exports); increase in unemployment of skilled workforce; need to search for and exploit links with other local clusters (need for more outward looking focus of cluster)	too early to assess to what extent the project activities (cluster/product/market development and training) generated substantial changes in the sector; however, expected to constitute first steps towards addressing these challenges
<b>Cluster governance</b>		
Leader of cluster support services platform	Badguèr (NGO)	Badguèr (NGO)

<sup>15</sup> Using several of the criteria used by the project in selection of the proposals

<b>1. Jewellery Cluster – Bourj Hammoud</b>		
<b>Dimensions<sup>15</sup></b>	<b>at start of project</b>	<b>at present (September 2017)</b>
Degree/type of cluster governance	No formal structure	No formal structure
<b>Critical mass</b>		
Number of enterprises within the cluster	About 15 cluster members	Core group of 3-4 enterprises and Badguèr
Weight of enterprises in terms of jobs	n.a.	6 (based on 3 enterprises); no reference to additional jobs
Weight of enterprises in terms of turnover	n.a.	n.a.
Types of actors represented (MSMEs, support institutions, universities, other)	enterprises, Badguèr	enterprises, Badguèr
<b>Differentiation through cultural heritage &amp; competitive advantage</b>		
Uniqueness/elements of heritage/culture	Traditional know - how and symbols of Armenian culture; reputation for skill-based products	Development of two collections reflecting symbols combined with (for second collection "Bookrah") modern touch
Competitive advantage	both local market and exports (dominated by large traders that subcontract artisans for stages in process)	Artisans aim at engaging in final products (greater value added) rather than segments of the production process; development of collection allowing for exposure of their know-how/skills in search of business linkages to engage in final products
<b>Indication of cluster cooperation</b>		
Joint efforts among cluster members	Working individually	Development of 2 collections; joint participation in fairs (first time ever present in international fair - Italy/end September 2017).
Joint efforts of cluster with actors outside the cluster	the proposal refers to the need to seek cooperation opportunities with other local clusters	n.a.
<b>Value chain coverage</b>		
Value chain coverage (enterprises)	Some degree of specialization (techniques/stages of production/finishing)	
Value chain coverage (support entities)	different actors in Bourj Hammoud dealing with different segments of the chain; big traders dominating sales of finished products	

1. Jewellery Cluster – Bourj Hammoud		
Dimensions <sup>15</sup>	at start of project	at present (September 2017)
Access to markets		
Local	typically workshop cum shop	No indication to what extent participation in local events generated sales; hardly any sales of first collection nor through Creative Lebanon show room
Regional/International	Exports by mainly large traders	Too early to assess results from international market exposure
Environmental and social impact		
Environmental issues	n.a.	n.a.
Social issues (inclusiveness/women, youth, handicapped; labour conditions; training of workers)	The initial proposal refers to “a considerable percentage of women in the cluster workforce, especially in drawing, moulding and administration” No indication in progress reporting to what extent project activities contribution to strengthening the position of women working in the cluster or increasing their number Organization of Jewellery Design workshop brought together students and jewellers (ALBA University); no information on follow-up cooperation with University/to what extent it encouraged students to choose jewellery as a career.	
Perception of main milestones/value added/results of project		
• as per NSC members	Cluster mapping	
	Diagnostics (even though latter was for sector at large and not covering reality of enterprise operations on the ground)	
	Effort (not easy) to forge cooperation among individual artisans incl. joint market exposure	
• as per cluster members	Technical training	
	Joint market exposure (first time in international exhibition) and better communication tools	
	Lessons learned from joint development of collections	

<b>2. Furniture Cluster - Tripoli</b>		
<b>Dimensions<sup>16</sup></b>	<b>at start of project</b>	<b>at present (September 2017)</b>
<b>Problems/constraints/opportunities</b>		
Main challenges as per cluster analysis	Sector being “down” resulting from competition from imports and security situation; need for revival/rescuing of furniture as symbol of Tripoli and source of	Limited number of enterprises engaged in cluster/product/market development activities Use of project's sector analysis (Japan; EU) for large scale support to sector focused on capacity building at micro and meso levels;

<sup>16</sup> Using several of the criteria used by the project in selection of the proposals

<b>2. Furniture Cluster - Tripoli</b>		
<b>Dimensions <sup>16</sup></b>	<b>at start of project</b>	<b>at present (September 2017)</b>
	job opportunities for youth; upgrading of technology; training needs; cooperation among enterprises and role of the sector association	
<b>Cluster governance</b>		
Leader of cluster support services platform	Association of Wood & Craft Furniture Industries, Tripoli-North – originator of proposal submission	A priori the same Association, reported to have at present between 300-400 members, yet 8-10 come regularly to meetings and none pay membership. Confusing situation, as there are reported to be two sector associations in Tripoli and some of the enterprises that were involved in project activities are not member of the Association of Wood & Craft Furniture Industries. The other association was recently revived. Some cluster members were previously members of the Association of Wood & Craft Furniture Industries.
Degree/type of cluster governance	No structure other than Association that faces challenges in terms of organization/service offerings other than lobbying	Definition of cluster management entity and structure included In 2017 work plan; not evident to implement this activity with small number of enterprises (no critical mass)
<b>Critical mass</b>		
Number of enterprises within the cluster	10 enterprises	5 enterprises of which a core group of 4 active ones (Okajian, Toros, Bouchra, Elie Mechaham).; not all members of Association
Weight of enterprises in terms of jobs	--	19 (based on 3 enterprises); no reference to additional jobs
Weight of enterprises in terms of turnover	n.a.	n.a.
Types of actors represented (MSMEs, support institutions, universities, other)	enterprises, Association, Chamber	mainly enterprises and association; start of linkages with local designers/architects
<b>Differentiation through cultural heritage &amp; competitive advantage</b>		
Uniqueness/elements of heritage/culture	Traditional know -how	Development of new prototypes for fairs – some with traditional touch; some modern touch
Competitive advantage	Loosing market position (competition from imports)	Exposure (events) and better communication tools (such as company profiles); linkages with new clients/local market (first orders)

<b>2. Furniture Cluster - Tripoli</b>		
<b>Dimensions <sup>16</sup></b>	<b>at start of project</b>	<b>at present (September 2017)</b>
<b>Indication of cluster cooperation</b>		
Joint efforts among cluster members	Working individually	Development of prototypes for events/samples (mainly individually); some joint participation in events
Joint efforts of cluster with actors outside the cluster	--	Contacts with local designers
<b>Value chain coverage</b>		
Value chain coverage (enterprises)	no information on degree of specialization; no mention of growing specialization	
Value chain coverage (support entities)	Association	Training of trainers/training of youth/equipment (Japan funded project); trainers include cluster members; some cluster members benefitted from equipment/Project funded by Japan
<b>Access to markets</b>		
Local	workshop often also shop; some have own shop/showroom	No indication to what extent participation in local events (exhibiting prototypes developed) generated sales; no sales through Creative Lebanon show room. Connection with local designers/interior architects resulted in first orders (approximately 50,000 USD in sales generated for the cluster)
Regional/International (specify countries)	most: local some: exports (Gulf)	no indication of orders after participation in international events exhibiting prototypes developed
<b>Environmental and social impact</b>		
Environmental issues	n.a.	not addressed so far in project (e.g., resource efficiency issues/machines)
Social issues (inclusiveness/women, youth, handicapped; labour conditions; training of workers)	n.a.	2016: 30 day technical training on furniture production (in cooperation with the Furniture Association in Tripoli) for 30 unemployed youth resulted in the hiring of 15-17 youth (of which 3 by the cluster members) No indication of women (entrepreneurs/workers) in this sector
<b>Perception of main milestones/value added/results of project</b>		
• as per NSC members	Cluster mapping	
	Diagnostics (even though latter was for sector at large and not covering reality of enterprise operations on the ground)	
	Lessons learned from project implementation guiding the approach for the new EU project to sector	
• as per cluster members	Business skills training	
	Market exposure and better communication tools	
	Lessons learned from prototyping experience	

### **6.4.3 Assessment**

#### **6.4.3.1 Relevance and ownership**

##### **Relevance**

The project focus was relevant as it covered two sectors that have weakened over time as a result of loss of internal market through competition from foreign imports following free trade agreements with EU, Turkey etc. as well as the security situation and loss of market in Syria (the case of furniture). Whereas the enterprises were earlier on producing in series, changes in the context (competition) made them engage in custom made production, with reduced levels of capacity utilisation and less employees. For the jewellery sector there was reported to be growing competition from new jewellery hubs in Dubai and the need to look for new markets such as in Asia. In brief, the project found the sectors in a state of operations below capacity or even closed workshops (particularly as regards furniture). The aim was therefore to assist in survival and development of the two sectors including, in the short run, both maintaining employment and traditional know-how and encouraging youth to opt for working in these sectors. With regard the jewellers, those supported by the project are the small artisans (to be distinguished from "*les grands commerçants*" that control the market. The small artisans work for them as subcontractors (not finished products) yet are seeking to get a bigger share/value addition by engaging themselves in making finished products rather than mainly engaging in segments of the production as sub-contractors of the large local traders.

The launching of the project mobilized many people (140 participants) and there were high expectations as regards the purpose of the project, using design as a development tool (which was reported to have already spin-off effects in that other UNIDO projects also started looking at design dimensions).

Whereas the project's relevance is still valid today in general terms in Lebanon, better understanding of the reality on the ground as a result of the efforts undertaken during implementation generates the impression that the initial approach was very ambitious. For now, the core group of actors involved in project activities is small in the case of both clusters; as there is not yet enough critical mass, ways and means need to be found to imply a larger group of enterprises/artisans in joint efforts - requiring repeated sensitization to the advantages of working together. As one stakeholder put it (regarding the furniture sector): "we were on Mars when talking too early about clustering, design and selling possibly to big buyers", as enterprises are trying to survive, are not yet exposed to quality requirements, competitive pricing and strict delivery schedules and need capacity building in these fields to prepare them for that route. Indeed, review of the diagnostics and action plans and a visit of the workshops gave the impression that there is a gap between the vision and what could be realistically achieved in a relatively short time span with limited resources. It was therefore both risky and ambitious to explicitly refer at that stage to potential large buyers such as (in the case of furniture) Habitat to enterprises that were not necessarily export ready.

##### **Ownership**

The process to identify clusters and selection of the two clusters was open. The choice of the jewellery cluster was not unanimously clear, as some considered its potential for job creation and for poverty reduction was expected to be limited and as many of the operators in that sector are already engaged in exports. However, its selection is explained by the quality of the proposal submitted and marks given following a ranking process - that was stated to be driven by the international consultants. The selection process generated some frustration at the level of clusters that were not retained, some of whom engaged in CCI would have likely not submitted a proposal if it would have been made clear from the outset that focus was on handicraft/home decor. Related to this point, the idea raised in the start of the project (in fact



in several countries) that non-selected clusters could possibly also benefit from project support and that resources would be set aside to this end, was not pursued or forgotten as time went by (in any event difficult to implement given available resources).

The action plans were confirmed to have been prepared with the targeted enterprises. The Ministry of Industry considers itself a co-owner of the project yet expressed regret about the gap between the planned actions and the project amounts invested so far and the lack of information at the start on the overall budget available for Lebanon. Other counterparts including some NSC members drew attention that they sometimes felt as if the project “ran on its own”, with experts selecting and working with few individual enterprises (bypassing the lead organizations in the clusters and also other project partners) or not following their advice.

This being said, there are many illustrations of initiatives of beneficiaries and project partners that are an indication of stimulating and showing ownership, such as cluster members engaging in the production of prototypes based on proposed models/designs, paying for the printing of company profiles developed with project support, attending international fairs at their own cost (case of *Maison & Objet*), as well as the case of Badguèr producing a short video on the jewellery sector as a promotional tool.

#### **6.4.3.2 Efficiency in implementation**

The start-up process was considered long by several stakeholders, even though the mapping exercise was considered extensive work and being highly relevant (the results of which stated to having been used by other organizations). The assistance was found to have become more tangible in 2016/17.

Concerning the diagnostic studies, some stakeholders were of the opinion that there would have been scope for better capitalizing on the diagnostic studies (converting them into publications, once cleared by UNIDO, which would have also given more visibility to the results at that stage of the project). Review of the studies shows that they have a sector-wide focus, are somewhat theoretical in that the analysis is not close enough to the precise situation of the enterprises in Lebanon with which the project ended up working. In fact, there was no baseline diagnostic of these enterprises. Along the same line, the initial action plan was considered by some of the local stakeholders to be not sufficiently focused, with widely spread interventions that were not realistic enough given the situation on the ground as regards the targeted enterprises.

Whereas initially in principle 1 cluster was planned to be supported (as per the project document), the decision to cover 2 clusters per country (with the same budget) came as a surprise to some stakeholders. As already mentioned above, the budget was questioned by several. Reference was made to a promise of only some €40,000 per cluster (direct support, excluding budget items such as coordination and international expertise), to the clear gap between the budget and the resources needed to implement the action plan and to the need to find local sponsors to finance some of the activities. The importance for seeking additional funding was also stressed by UNIDO in several NSC meetings. Whereas a cost-sharing approach is appropriate, also for the sake of sustainability, it should have been made clear from the start, i.e., in the project document, that mobilisation of additional resources - also for the pilot experience - was among the guiding principles of the project approach.

There seems to have been some mismatch between what enterprises expected and what the project could offer in terms of design in the furniture cluster (the latter referred to getting designs and then executing the models). For the furniture cluster there was no collection as such but a series of pieces produced for events.

Emphasis was put by several parties on the need to put more emphasis on involving national designers rather than bringing in international designers for short missions – as design support is considered to require proximity over a period in order for artisans and designers to work together to engage in prototyping and development of new products. As someone put it (strongly): designers were imposed on us (parachuted), whereas Lebanon is known to have many designers including renowned ones who have good understanding of the local context. The approach adopted in 2017 to create linkages with local designers and galleries, providing guidance in how to approach them, providing enterprises with lists of relevant international and local fairs, etc. reflects a longer-term vision (going beyond “one chair/one fair”, as one stakeholder summarized it).

The enterprises of both clusters were very appreciative of the practical training organized (business skills training; technical training such as on design software), even though would have liked to receive it over a longer period (less condensed). Adapting the training schedule to the working hours of the enterprises was an appropriate approach. There appears to be a “hunger for training” which can be explained by the fact that the artisans often obtained their skills on the job/through their involvement in the family business. It was mentioned by some of the enterprises (furniture cluster) that in the case of the business training the promised certificates were not provided (the latter being important for them). As regards the coaching of jewellers by a local jewellery enterprise, there was reported to have been a problem with the implementation of this support and the coaching was not implemented as planned and did not meet the expectations.

#### **6.4.3.3 Project coordination and management including M&E system**

Staff turnover was high in Lebanon, which may have affected consistency in monitoring. The current NPC is the third one since the start of the project, joined the project quite recently i.e., early 2017 and is working at present alone (from home, as no office in UNIDO or in a counterpart institution). As in the other 6 countries, contracts of national project staff in Lebanon have tended to be short term (3-6 months), which is not assuring for project experts who are expected to be committed and loyal to the project. While this is not the only reason explaining past turnover, it certainly was not conducive to stability in the local coordination team.

Whereas the counterparts asked (in the NSC) UNIDO HQ for budget details early on in the project, there is no indication that this was provided (to the extent the same issue was raised to date). With respect to the question also raised at NSC level of strengthening cooperation with related UNIDO projects (in particular the Japan funded project in the North), there were found to be synergies. This project covers the establishment of an important centre focused i.a. on training in woodworking skills (using some of the cluster entrepreneurs as master trainers) and is likely to add other common services for the sector in search for ensuring the sustainability of the training centre. It is this type of interventions that is indeed important for the furniture sector's revival for which the CCI project did not have the resources anyway. The same need for (mutual) complementarity and synergies is expected with the newly started large scale EU project that also supports the furniture sector and can/should build on the analysis of the sector and the implementation experience of the CCI project.

Finally, the M&E tools were used in Lebanon but it was reported to be a lengthy process implemented in a rather ad hoc manner whenever requested by UNIDO HQ (linked in essence to progress reporting). Training on the system was limited to the first coordination team. It emerged from the discussions with local stakeholders that project wide progress reports were not systematically shared by UNIDO HQ with the local partners (in particular the NSC members) nor with the local project coordination team. It appears the representatives of the donors (EU, Italy) were expected to receive these reports from their respective HQ in Brussels and Rome.

#### **6.4.3.4 Effectiveness and actual/likely impact**

As repeatedly mentioned in all countries covered, there was stated to be reluctance for enterprises to work together in Lebanon (“it is not in our culture”). Challenges to convince enterprises/artisans to change their way of working were underestimated. Whereas the cluster development training (September 2017) was considered a good training, it was mentioned that it was organized late in project implementation and should have been at the beginning. It is argued here that there could have been periodic sessions during implementation to reflect on the experience and as source of taking decisions to adapt/refocus the strategy. At present the project has worked more on product development/design and market exposure, and so far few actors engaged in inter-enterprise cooperation around joint efforts aimed at sector revival/development.

Formalization of the clusters proved to be difficult, probably linked to the relatively small number of enterprises engaged in the project activities so far. Legal advice has been sought but for now there is no cluster governance structure other than the entities that submitted the initial proposals. Clarity on cluster governance is essential, especially once promotional efforts start bearing fruits and orders are received.

In line with the project’s design focus, emphasis was put on developing and presenting jointly collections in fairs. Relatively easier collaborative projects were not pursued, such as the collective purchase of raw materials. The development of collections is considered a high goal, especially in the absence of a cluster governance structure that would own and facilitate the marketing of such collections once buyers showed interest. Also, as the diagnostics were sector wide, this analysis did not throw light on the issue if the targeted enterprises were export ready in terms of their technical and business skills (including costing/pricing). In brief, the pre-conditions for targeting in particular the export market were not necessarily in place and the need for improved and/or new designs was/is in this regard only part of the efforts needed to support the survival and development of the targeted clusters.

UNIDO has been up to now at the centre of operations, such as sharing in the costs for the development of collections that are a priori owned by few enterprises (that are however expected to involve other enterprises whenever orders are obtained). In this regard it is to be mentioned that it should not have been the project staff that is listed on the latest collection brochure (jewellery cluster) as contact address for potential buyers but the cluster lead organization/association. Taking into consideration that such brochure is meant first and foremost to showcase products and workmanship and facilitate contacts of the cluster with buyers, the prominence of logos of donors and other project partners in such catalogues aimed at sales is considered not appropriate.

The marketing strategy of the project was driven by participation in fairs to present collections and newly developed prototypes prepared by individual enterprises. This encouraged the development of catalogues, brochures, company profiles, logos, business cards, web sites etc., which are and remain important and relevant tools for both the individual enterprises and group level market development efforts. The marketing approach was not without challenges. In the case of the furniture cluster the items developed with international designer support got international exposure (produced with short deadlines, shipped to events in Paris, Vienna and returned to Lebanon for the Beirut Design Week) but did not generate sales so far. However, it was observed that local B2B efforts enabled cluster members to start discussions with local designers and architects, which lead already to firm cooperation and sales. One enterprise referred to the participation in the Maison & Objet international fair as being more “for the media” (referring to the project and its donors) rather than for enterprises to expect sales from such events (which is considered a poignant observation). The items developed based on designs proposed by the project are at present not prominently exposed neither in the “design hub” (see below) nor are they readily visible in the workshops/showrooms of the enterprises.

The promise apparently made at the start that “there were interested buyers” proved risky, as attempts at the level of for example Habitat proved frustrating (no response from the potential buyer and sample items pre-financed by enterprises and sent were not returned to its producer). As regards the jewellery cluster, the first collection developed seems pretty much forgotten. The second collection developed with the support of a jewellery designer (“*Bookrah*”) was showcased at the Beirut Design Week and also recently in Italy (September 2017). The approach to have a gold and silver version of the collection and to present the same in two different fairs was promising. It is too early to assess to what extent the collection raised interested of buyers in cooperating with jewellers in Bourj Hammoud. As regards intellectual property rights/patents, it is not clear if this was dealt with for the jewellery collections (in any event not done for the furniture items developed).

Focus was mainly on fairs in Europe (other than participation in local fairs that allowed for local visibility/contacts, even if no major sales), whereas, depending on the sector, there are also specialized fairs in the region. As one stakeholder put it: Europe is our inspiration but not necessarily our market and markets such as Dubai cover both traditional and modern designs. Also, an “obsession” with exports (for which counterparts and donors may have pressed) is to be avoided, as B2B linkages with local buyers are also important (as the local market potential may be an easier opportunity for the clusters in the short/medium term). In this regard the project is to be commended on refocusing the marketing strategy by undertaking since 2017 efforts to forge such local linkages such as with designers (including exporters) and architects in Beirut. This has started to show tangible results. To illustrate, one enterprise referred to a new local order obtained with a value of some €23,000; another one secured a first local order of some €5,000 and is expecting new orders (noting that earlier on they had no clients in Beirut).

The last project brochure (June 2017) refers to a “design hub established at the Creative Lebanon Centre”. This result statement is questioned for the following reasons: (i) at this stage there are no services offered other than the boutique selling in particular agro-based products; (ii) the exhibition space is no doubt attractive, yet is de facto not used by neither of the two clusters (the items are the same as the ones put at the launching, whereas there was planned to be rotation; the furniture cluster/Tripoli does not seem to consider it an important “vitrine” for them in Beirut. For the jewellers, the location is questioned as well as the limited opening hours; in general, they do not consider it appropriate to sell jewellery next to say olive oil. In brief, the centre is perhaps useful for the other partners using the space, but for the two clusters it has not fostered sales nor is a platform through which services are provided to the sectors (be it design or other services).

The above indicates that there is scope for reviewing the marketing strategy of both clusters and possibly consider pursuing multiple strategic tracks, also deciding which markets are to be targeted and how. To take the example of the jewellery cluster: is the aim to pursue high end international markets (through B2B meetings, bringing in potential buyers) and/or to pursue medium end markets (local/international, also via new avenues such as e-commerce)? Do the artisans want to become subcontractors of big brands and/or bring their own collections/new or improved designs on the market and on which market? These are some of the questions to refine the marketing strategy, based on the project experience as regards its product/market development efforts undertaken.

#### **6.4.3.5 Sustainability prospects**

With respect to the furniture cluster, the component of the new large-scale EU project that deals with furniture in North Lebanon is able to build on better understanding of that sector at large and of its enterprises in particular generated through the CCI project. Moreover, as it is endowed with sizeable funding, it will be able to engage in upgrading of enterprises and

strengthening of support services, in synergy with the Japanese funded project for which the training centre (and the sustainability thereof) is at the core.

It appears “cluster development” is not a priority of either one of these projects. In this regard, an extension of the support to the furniture cluster through the CCI project could focus on the dimension of cluster governance (creating a legal structure), provided there is a critical mass of enterprises interested in and engaged in pursuing the search for joint efforts generating collective efficiencies and win-win results for all involved. In this regard further training on cluster development tools (especially to keep momentum after the first training of this type organized in September 2017) would be needed. Moreover, as the business skills training activities were appreciated by the enterprises (albeit considered too much material in a too short time period), follow-up training may be one way of contributing to bringing the enterprises closer together. The same applies to follow up technical training (Zbrush design, gems) for which there is demand and also willingness to pay.

#### **6.4.3.6 Cross-cutting issues**

It is not possible to assess in precise terms to what extent women (entrepreneurs; workers) benefitted from project activities. Their involvement is mainly found in the jewellery sector. Even if there are no women among the core members of the cluster, the team of Badguèr (two women) is actively following the project's activities and was also represented in the recent participation in the international fair in Italy. In the beginning of the project one of Badguèr's female staff also visited a jewellery cluster in Italy. In terms of the local coordination team and also project experts (national/international), there was a gender balance (several female experts).

As regards youth, some project activities were focused on this group, in particular youth targeted by training on furniture production (2016). The jewellery design workshop at ALBA University (Dec. 2015) involved both students and jewellers (and was reported by the enterprises to be new to mainly the students). There is no indication of follow-up of this event in terms of further cooperation with the University/students at the level of project activities.

As far as environmental issues are concerned, there is no indication of attention to aspects such as awareness on resource efficiency and occupational health and safety (expected to be mainly relevant to the furniture sector). This is likely related to the need for the project to prioritize its support considering available resources.

## 6.5 MOROCCO

### 6.5.1 Planned results and activities versus achievements

Inception Phase: mapping of clusters and value chains in the cultural and creative industries	
<i>Output 1.1 Existing clusters and value chains per sub-sector mapped, analyzed and selected, M&amp;E and project management structure set up</i> <sup>17</sup>	
<i>Planned activities</i> <sup>18</sup>	<i>Achievements</i>
1.1.1 Initiate interactions in the target countries and organize a regional project launching workshop	Bilateral meetings (June 2014) followed by launching workshop, 29 Sept 2015 (65 participants) - latter later than foreseen at the request of the Govt. Participation in regional launching workshop, Tunis, 17 October 2014
1.1.2 Setting up a monitoring and evaluation mechanism to be implemented throughout the project	Use of M&E framework: business surveys and clusterometer; challenges to get data from enterprises (survey format not user friendly); no clarity on use of data beyond project wide reporting
1.1.3 Setting up a Programme Steering Committee and of a Programme Advisory Committee (PAC) at regional level	National Steering Committee (NSC) operational and 3 meetings held so far: 14 November 2014; 13 November 2015; 9 December 2016. Participation of Morocco in PAC 1 (Ministry of Industry, private sector confederation/CGEM and PAC 2 (CGEM)
1.1.4 Conduct a CCI mapping in each country including the identification of the CCI value chains to be covered and corresponding SWOT analysis	Cluster mapping (2014) : identification of 22 clusters across the country in the field of handicrafts, textile and leather, and culture: (in alphabetical order) carpets/Rabat; ceramic building materials/Casablanca; ceramic and pottery decoration/Salé; cinema/Ouarzazate; copper ware/Fes; copperware/Marrakech; decoration-furniture/Fes; decoration-furniture/ Marrakech; decoration/Casablanca/Kénitra; decoration/Tétouan/Tanger; denim textile/Casablanca; furniture/Casablanca; home textile/Casablanca/Rabat; leather/Marrakech; marble/Kénitra-El Jadida; pottery/Safi; shoes and leather goods/Casablanca; shoes and leather goods/Fes; silver jewellery/Tiznit; wood decoration-marquetry/Essaouira; ceramics/Fes
1.1.5 Invitation to the most promising clusters identified in the map to respond to a call for expression of interest	Workshop to present the approach (September 2014); publications of call for proposals ( <i>Le Matin</i> , 12 August 2014). Assistance provided by project experts in preparation of proposals.
1.1.6 Selection by UNIDO in association with relevant national coordinator and taking	Receipt of 26 proposals; reviewed and ranked by UNIDO; "top 5": Home Textile/Casablanca; Decoration and Furniture/Marrakech, Denim/Casablanca, Decoration and Furniture/Fès, Leather/Fès. Selection by

<sup>17</sup> As formulated in the project inception report, revised framework (March 2015); latter does not specify the activities under each of the outputs, hence reference is made in this matrix to the specific activities listed in the initial project document (see footnote below).

<sup>18</sup> As formulated in the project document.

Inception Phase: mapping of clusters and value chains in the cultural and creative industries	
Output 1.1 Existing clusters and value chains per sub-sector mapped, analyzed and selected, M&E and project management structure set up <sup>17</sup>	
Planned activities <sup>18</sup>	Achievements
account of the opinion of the PAC on the pilot cluster(s) to be supported	NSC; selection endorsed by PAC
Summary of proposal "Home Textile Cluster", Casablanca	Proposal submitted by Association Marocaine des Industries du Textile et de l'Habillement (AMITH); cluster initiative signed by 12 enterprises and three training centres ( <i>Ecole Supérieure des Industries du Textile et de l'Habillement/ESITH</i> ; Casa Moda Academy and <i>Centre Technique Textile et Habillement/CTTH</i> ; another 30 enterprises expected to be interested. Some 80% of enterprises in this sector are in Casablanca; clear majority of (diverse) production is for local market. Cluster planned to target "l'Univers Salon Marocain" (60% of production) given opportunities and need to focus cluster coverage. Vision/purpose: consolidate local market position; innovate by adapting products to modern trends combined with Moroccan culture; promote exports from less than 10% to 20%; improve industrial organization including qualitative aspects; undertake communication to be known at level of major buyers. Support priorities for cluster: training and coaching; innovation/design; branding and support to marketing; market information; market access.
Summary of proposal "Decoration and Habitat Cluster", Marrakech	Proposal submitted by "Les Artisans Créateurs" (private entity on behalf of group of enterprises), co-signed by 12 enterprises. Another 30 enterprises expected to be interested; large product range and more than 50% is exported. Vision/purpose: to improve production, productivity and competitiveness and seek solid linkages with buyers (in particular, export). Desire to create a label/identity for this cluster; to create a product range adapted to the target markets; better understanding of these markets and market requirements/expectations; and establishing link with R&D centres. Reference to employment opportunities (youth; subcontracting to small producers). Support priorities for cluster: training and coaching; innovation/design and improvement of productivity and quality; participation in trade fairs; common purchasing; logistical support/distribution.

Implementation Phase		
Output 2.1 Selected CCI clusters assisted through specific technical assistance programmes to serve as pilot models		
2.1.1 Set up project management/coordination structure	Mapping expert from May-October 2014; first NPC from May-December 2014; second NPC from Jan 2015 to date. CDA/Marrakech cluster from May 2015 to date and CDA/Casablanca (part time) from June 2015 to date.	
2.1.2 Support cluster development - linkages between enterprises in networks and pilot clusters in selected countries	<b>Casablanca Home Textile cluster (CHTC)</b>	<b>Marrakech Creative Interiors Cluster (MCIC)</b>
	*Cluster analysis and diagnostics (report, mid 2015) *Vision building/strategic analysis (report, Sept 2015)	*Cluster analysis and diagnostics (report, mid 2015)

Implementation Phase		
	<p>*Action Plan (report, Nov 2015)  Priorities: product development/design/innovation; sourcing; business cooperation (<i>co-traitance</i>); branding; marketing; communication; label "<i>Textile de Maison Maroc</i>"; training/design; cluster governance/promotion/linkages and common activities (logistics; sales)</p>	<p>*Vision building/strategic analysis (report, Sept 2015)  *Action Plan (report, Nov 2015)  Priorities: communication tools and marketing; product upgrading/quality; product development/design; business cooperation (<i>co-traitance</i>); matchmaking; branding and visibility (Creative Marrakech, e-commerce); cluster governance/ promotion/linkages and common activities (such as logistics), awareness building/training of youth</p>
2.1.3 Training of entrepreneurs including women and youth in networking and clustering	<p>Organisation of meetings bringing together students/Casa Moda Academy and enterprises to explore career opportunities, May 2016; with the same purpose (design related): presentation of the sector at Ecole des Beaux Arts de Casablanca, May 2016</p>	<p>Recognition in action plan of the need to attract youth to training in field of handicrafts  Training on branding/marketing (in premises of the <i>Institut des Arts Traditionnels</i>) involving enterprises, students and students  Plan of above Institute to establish agreement with cluster (internships for students; insertion opportunities thereafter)</p>
2.1.4 Review of relevant partner agencies and institutions which can create policy linkages to promote the CCI sector	<p>Casablanca cluster included by Min of Industry in its programme "<i>Fonds d'Appui aux Clusters</i>" (FAC) after acceptance of its submission (based on call for proposal with detailed guidelines); Other partner agencies: Association Marocaine des Industries du Textile et de l'Habillement (AMITH); <i>Ecole Supérieure des Industries du Textile et de l'Habillement/ESITH</i>; <i>Centre Technique pour l'Habillement (CTTH)</i>; Casa Moda Academy (CMA); Maroc Export.  Possibility for enterprises to benefit from other EU programmes (Competitiveness and growth via <i>Maroc PME</i> (for upgrading of individual enterprises) as well as support schemes to professional training.  Partnership possibilities with distributor KITEA being explored/under discussion  Reference made in reporting to EBRD and World Bank as associated financial institutions</p>	<p><i>Ministry of Artisanat</i>  <i>Maison de l'Artisanat</i>  <i>Institut des Arts Traditionnels</i>  Emerging Business Factory  <i>Maroc PME</i> (for upgrading of individual enterprises)  <i>Maroc Export</i></p>



Implementation Phase		
2.1.5 Provide extensive capacity building to the relevant agencies and institutions	Cluster Development Training 31 Oct – 2 November 2017 – covering not only the counterparts and clusters involved in the CCI projects but also the managers of other clusters previously accepted under the cluster support programme of the Ministry of Industry	
2.1.6 International exposure for beneficiaries by visiting countries with similar initiatives	No indication of such exposure beyond cluster visit in the margin of the first PAC; participation of 2 MCIC members to the 3 <sup>rd</sup> PAC in Algiers	
2.1.7 Prepare a phasing-out strategy for handing over project activities at completion	Phasing out of project support to this cluster is enabled through the approval of the proposal (prepared with project support) submitted to the Ministry of Industry under FAC (see above) that is integral part of Morocco's innovation strategy (approval of max. two proposals per year) Convention between Casablanca Home Textile Cluster and Min. of Industry pertaining to support <i>through Fonds d'Appui aux Clusters</i> for 5 yrs (with possibility for three more years if encouraging results). Prerequisites: statutes of the association, list of cluster members, members of board, general strategy of the cluster, action plan and 5 yrs budget. Support covers annual subsidy of €200,000 for organisation (cluster coordination) and support to collective actions such as communication, participation in fairs etc.; first tranche of funds released in July/August 2017	As in the case of the Casablanca Home Textile cluster, a proposal was submitted for support under FAC (but not retained) Desire of Ministry of Handicrafts to do same for the Marrakech cluster (development of support programme to clusters in handicraft sector) No phasing out strategy yet, although cluster development has been retained in the Handicraft Strategy that is expected to be announced in December 2017. Also, commitment of Ministry to provide support to consolidation of the Marrakech cluster pending the operationalisation of the new strategy The Ministry of Handicraft will allocate funding in beginning of 2018 to support MCIC's Creative Hub
	NSC of December 2016 mentioned the need to communicate based on results and extract lessons in view of replication (other sectors; other regions)	
<b>2.2 Cluster Support Service Platforms (CSSPs) created or established within existing institutions to act as service providers for cluster development; CCI product and service development, strategic business advice and market penetration</b>		
2.2.1 Set up of at least 5 (regional) CSSPs (earlier labelled Cluster Support Centres/CSC)	Initially a Creative Hub was planned within <i>Casa Moda Academy</i> (2017); the approach was changed following the local initiative to deal with design in another manner (diagnostic of design function in the participating enterprises; follow up envisaged in context of collaborative project (action plan approved under FAC)	Emerging Business Factory in Marrakech decided on as partner/home of the future design hub (incubation services; new products development and prototyping; BDS in general); renovation works of space envisaged not yet started at the time of the evaluation; some equipment ordered by project to start the operation (such as 3D printer)

<b>Implementation Phase</b>		
2.2.2 Train in entrepreneurship and marketing skills	No indication of specific activities in these two areas other than support to the development of promotional tools	Training on branding/marketing (in premises of <i>Institute des Arts Traditionnels</i> ) involving enterprises, students and students
2.2.3 Train in product development through design workshops and direct interventions in each cluster	Design workshop, 9-10 June 2015 (organized at <i>Casa Moda Academy</i> ); 36 participants incl. 10 enterprise owners as well as their personnel/design and students Second design workshop, 26 May 2016 2017: Diagnosis of each company's design department To address problem of training adapted to needs of enterprises <i>Casa Moda Academy/CMA</i> (in cooperation with AMITH) envisaged to start a 2-year diploma <i>course/stylisme</i> – textile design; not yet implemented (funding reasons)	Workshop on design, Oct 2016 (participation of 8 cluster members) organized at level of EBF (incubator for innovative start-ups); workshop followed by enterprise visits by design expert Reference made in reporting to partnership established with international interior designer ( <i>Elisabeth Stuart Design</i> ); no information on focus/status/results
<b>2.3 Market penetration strategies elaborated for the development of domestic, regional and eventual export markets</b>		
2.3.1 Develop a branding strategy and product branding linked to countries' images and market demands	No project activity in this field	Training on branding (3 days spread over one day each in June, July and Oct 2016)
2.3.2 Develop products' collections in line with the branding strategies	Purchase of patterns by project Brand collection in 2017 work plan but not certain if still priority under project (as ESITH organises courses on branding and as there <b>is planning</b> to establish brand/common outlets (yet outside the project)	Reference to one new collection/Marrakech ("Electronics and design"), with participation of six enterprises Mission planned of International designer (November 2017) to work with 5 enterprises on second collection (with subsidy of €2000 per enterprise)
2.3.3 Expose to the international markets through relevant trade fairs	Envisaged in 2017 (project) but not certain this will be implemented; enterprises already participating in specialized trade fairs	Presentation of cluster, Marrakech Biennale April 2016 Presentation of cluster products, UNIDO 50 <sup>th</sup> Anniversary, Vienna, November 2016 Participation in Minyadina trade fair during COP22, Nov 2016 (11 enterprises – co-financing from <i>Maison de l'Artisanat</i> ) Participation in <i>Maison &amp; Objet</i> , Paris, Jan 2017 (5 enterprises represented; 3 participated on behalf of cluster)

<b>Implementation Phase</b>		
2.3.4 Assist in post-trade fairs follow-up	--	Follow-up of contacts made at events; some enterprises referred to orders; no indication of follow-up of first collection

Scaling up & Dissemination Phase		
3.1 Results disseminated throughout the Southern Mediterranean region, strategies for CCI clusters developed and CCI approach integrated in policies (cluster; agri-business; MSME)- in cooperation with counterparts including financial institutions		
3.1.1 Assist the local counterparts in preparing strategies for CCIs development	Morocco has Cluster Policy since 2011 (Min. of Industry, Trade, Investment) – see above	Reference to request for additional support to Marrakech cluster and for replication/other handicraft sectors in other regions
3.1.2 Organize at national level workshops on the importance of developing CCIs for job creation	No indication of such workshops organized by/with involvement from the project	
3.1.3 Organize study tours for key stakeholders to the pilot success stories for replication purposes	No indication of such exposure beyond cluster visit in the margin of the first PAC; no indication of study tours from other countries under the CCI project to Morocco to learn about Morocco's policy instruments/approach to cluster development	
3.2 A 3-year communication and visibility plan for the project highlighting the importance of CCI's cluster development and the support provided by the EU intervention prepared and implemented		
3.2.1 Elaborate 3-year communication and visibility plan and continuously update	Project wide activity; no Morocco-specific	
3.2.2 Implementation of the communication and visibility plan including the preparation of promotion materials, videos, organization of press releases etc.	Visibility of project work in Morocco through communication tools (brochures; web site); in particular in the case of the Marrakech cluster; CDA at core of production of on-line periodic newsletter and monthly short videos via social media (called “Minutes créatives”) featuring individual actors (enterprises; support institutions). Preliminary cluster catalogue for event around COP 22; updated version under preparation.	
3.2.3 Organize a 3-day conference at regional level to disseminate project experience and results	Regional activity planned for 14-15 November in Algeria (bringing together all 7 partner countries including participation from Morocco)	
3.2.4 Prepare and publish a comprehensive report highlighting the success stories, lessons learned etc.	Project-wide only; no consolidated country-specific report envisaged	
3.2.5 Monitor and evaluate report submitted and distributed to the stakeholders	Independent evaluation report a priori part of documentation for next NSC	

### 6.5.2 Cluster snapshot overview (before and after)

1. Casablanca Home Textile Cluster		
Dimensions <sup>19</sup>	at start of project	at present (September 2017)
Problems/constraints/opportunities		
Main challenges as per cluster analysis	Difficulties of sector related to free trade agreements (imports from Turkey labelled dumping); illegal imports (Spain; Mauretania) and informal sector; resulted in loss of revenues and loss of jobs. Risk of enterprise closure	
Cluster governance		
Leader of cluster support services platform	Proposal submitted by AMITH on behalf of enterprises, training institutions and support structure	Ministry of Industry as main actor in the follow up of the support to the cluster that is now accredited under its FAC scheme
Organisation of cluster /type of cluster governance	No organization	Association formally established; its first General Assembly was held 24 February 2016, including inter alia the election of its President and of the Presidents of its three thematic commissions (marketing and trade; design and product development; competitiveness)
Critical mass		
Number of enterprises within the cluster (of which women entrepreneurs and youth <24)	The cluster analysis of 2015 refers to 120 enterprises. The proposal submitted by AMITH was signed by 12 enterprises (other than the participating institutions) and referred to another 30 potentially interested enterprises	According to the March 2017 progress report the cluster has 25 members (20 enterprises; one professional association; two universities; two technical centres). There were initially a few more enterprises interested, yet they hooked off when formalization required a membership fee. Current core group is at present thus composed of 20 enterprises.
Weight of enterprises in terms of jobs	n.a.	According to the progress report of March 2017 10 jobs were created
Weight of enterprises in terms of turnover	n.a.	n.a.
Types of actors represented	Enterprises; business association; training institutions; technical centre/sector; SME development agency	
Differentiation through cultural heritage & competitive advantage		
Uniqueness/elements of heritage/culture	Know-how/expertise/international reputation	
Competitive advantages	Quality recognized yet increased competition as result of trade agreements	
Indication of cluster cooperation		

<sup>19</sup> Using several of the criteria used by the project in selection of the proposals

1. Casablanca Home Textile Cluster		
Dimensions <sup>19</sup>	at start of project	at present (September 2017)
Joint efforts among cluster members	n.a.	Formalization of cluster organisation (association created); joint preparation of proposal (with support of project team) meanwhile approved by Ministry of Industry under FAC (first <i>tranche</i> of support received in July/August 2017) Cluster coordinator recruited (September 2017) Participation in training courses organized by the project Cluster communication tools under preparation; awareness raising events regarding the sector's opportunities in terms of design and creativity in design/art schools
Joint efforts of cluster with actors outside the cluster	n.a.	Cluster accredited under FAC Contacts established with other clusters/Morocco, such as in the context of the Cluster Development Training organized by the project (end Oct/early Nov 2017)
Value chain coverage		
Value chain coverage (enterprises in cluster)	Integrated process in Morocco (not specialization), with heterogeneity of enterprises in terms of capacity; product ranges and market (high end; other)	
Value chain coverage (cluster support entities)	Training of labour force (different specializations/levels); sector representation; sector focused technical services	
Access to markets		
Local market	Primarily local market, with increased competition from imports	n.a.
Regional/international market	Some engaged in exports (less than 10% of production). As per proposal submitted: target to increase to 20% of production	n.a.
Environmental and social impact		
Environmental issues - positive/negative effects (resource utilisation, waste, other)	n.a.	n.a.
Social issues (information on inclusion of women and youth; working conditions; training of workers)	Candles developed with the project's support, using sustainable raffia produced by a cooperative engaged for women empowerment	

<b>1. Casablanca Home Textile Cluster</b>		
<b>Dimensions<sup>19</sup></b>	<b>at start of project</b>	<b>at present (September 2017)</b>
<b>Perceptions of main milestones/value added/results of the project</b>		
as per NSC members	Support to formal establishment of two clusters (one in industrial/one in handicraft sector)	
	Support to development of proposal approved under PAC	
	Engagement of project staff to foster linkages among enterprises	
as per cluster members (enterprises)	Guidance in process of formalization of cluster	
	Support to development of proposal approved under PAC	
	Engagement and availability of project staff	

2. Marrakech Creative Interiors Cluster		
Dimensions <sup>20</sup>	at start of project	at present (September 2017)
Problems/constraints/opportunities		
Main challenges as per cluster analysis	non-optimal production techniques; access to raw materials (price; quality); cost of transport and other logistics; competition from imports and from informal production; scope for product development in accordance with standards, need for improving communication/visibility	
Cluster governance		
Leader of cluster support services platform	Proposal submitted by “Les Artisans Créateurs” (private enterprise) on behalf of 12 enterprises	No formal lead organization, other than the role of the Ministry of Handicrafts. At the operational level, the Emerging Business Factory (EBF) appears to become the main leader, as meeting location of the cluster and structure where the design hub is under establishment (MoU signed by UNIDO with EBF)
Organisation of cluster /type of cluster governance	No organization	According to the March 2017 progress report the cluster had 24 members (initially more, but some enterprises withdrew due to the establishment of financial contributions and lack of conviction to the initiative). It also reported to include one professional association, two educational institutions, one export support organization and one start-up incubator  Association formally established and first General Assembly held 19 January 2016, covering the election of the President of the cluster and the Presidents of its four thematic commissions (promotion and communication; design and product development;

<sup>20</sup> Using several of the criteria used by the project in selection of the proposals

2. Marrakech Creative Interiors Cluster		
Dimensions <sup>20</sup>	at start of project	at present (September 2017)
		marketing and trade; competitiveness and training). Formal presentation of Association at 2016 edition of <i>Biennale d'Art</i> , Marrakech
Critical mass		
Number of enterprises within the cluster (of which women entrepreneurs and youth <24)	The cluster analysis of 2015 refers to some 200 SMEs. The proposal was submitted on behalf of 12 enterprises, with reference to another 30 potentially interested enterprises	At present the cluster group is stated to cover 19 formal members, among which 15 are considered as the core group. These constitute a mix of SMEs, some engaged in production, others focused on product development, with production as such subcontracted such as to local workshops/women's groups; it also covers a mix of Moroccan/foreign owned enterprises
Weight of enterprises in terms of jobs	n.a.	n.a. ; according to the progress report of March 2017 and brochure of June 2017 additional 30 jobs were created
Weight of enterprises in terms of turnover	n.a.	n.a. ; reference is made in reporting to €26,000 direct increase in sales; it is not known if this is related to the results of fair participation organized through the project.
Types of actors represented	In particular: enterprises; training institution; business incubator	
Differentiation through cultural heritage & competitive advantage		
Uniqueness/elements of heritage/culture	Connection with heritage/culture and local identity; design being adapted to more modern tastes, depending on market targeted	
Competitive advantages	Importance of Marrakech in terms of Morocco's handicraft sector production including exports	
Indication of cluster cooperation		
Joint efforts among cluster members	n.a.	Formalization of cluster organisation (association created); joint preparation of proposal (with support of project team) unfortunately rejected by Ministry of Industry under FAC Participation in training courses organized by the project including in first effort to develop a collection (which is going to be repeated in November 2017) Participation in several trade fairs
Joint efforts of cluster with actors outside the cluster	n.a.	also with Ministry of Handicrafts/Maison de l'Artisanat; cooperation with EBF in the context of preparing the establishment of a design hub within the premises of EBF; also cooperation with training institution in Marrakech (agreement planned regarding internships); cooperation with Ministry of Handicrafts for the implementation of the design hub .

2. Marrakech Creative Interiors Cluster		
Dimensions <sup>20</sup>	at start of project	at present (September 2017)
Value chain coverage		
Value chain coverage (enterprises)	Wide range of different products under the heading “creative interiors”	
Value chain coverage (cluster support entities)	Design, business incubation, training of labour force (different specializations/levels)	
Access to markets		
Local market	50% local market (many with showrooms/shops	too early to assess changes (increase) in local market one case of joint showroom (shared by two cluster members)
Regional/international market	50% exports according to proposal	too early to assess changes (increase) in export market
Environmental and social impact		
Environmental issues -	n.a.	one of cluster members uses waste material as main input (case given visibility)
Social issues (information on inclusion of women/youth...)	no details to this end in reporting	
Perceptions of main milestones/value added/results of the project		
as per NSC members	Support to formal establishment of two clusters (one in industrial/one in handicraft sector)	
	Demonstration case that needs consolidation, while encouraging upscaling (through new handicraft strategy that includes cluster development)	
	Engagement of project staff to foster linkages among enterprises	
as per cluster members (enterprises)	Guidance in process of formalization of cluster	
	Project activities facilitating the forging of linkages among enterprises that did not know one another (stated to already result in sharing opportunities)	
	Engagement and availability of project staff	



### 6.5.3 Assessment

#### 6.5.3.1 Relevance and ownership

The support was/is fully aligned to Morocco's policy priorities in the field of industry and handicraft. With regard to the Ministry of Industry, cluster development is integral of its approach to foster innovation. Within the context of its Plan Emergence and follow-on *Plan d'Action pour l'Industrie* (PAI), the Ministry has a cluster policy since 2011, including a support instrument in the form of its *Fonds d'Appui aux Clusters* (FAC). The project could build on prior GIZ support (2011-2015) to cluster development. To date a total of 11 clusters have been accredited by the Ministry of Industry and supported under the FAC scheme (max. 2 new ones per year). Of these 11 clusters 10 are now operational, including among the last round of approvals the Casablanca Home Textile Cluster. At present there is, other than the CCI project, no effort to support clusters *en amont* i.e., cluster that are in an "embryonic" stage, including in terms of their degree of readiness to apply to the FAC scheme).

The Ministry of Industry was appreciative of the project efforts, based on its experience that it is not easy to foster cooperation among enterprises. Along the lines of this recognition that it takes time for clusters to take off and develop, its scheme allows for support of 5 years (with annual audits) with the possibility of extension for another 3 years (based on evaluation of the results).

Support to the Casablanca cluster was a relevant choice, as linked to the Plan Textile 2025 (targeting the development of both the local and export market), particularly as it concerns a sector facing difficulties in terms of sales and, accordingly, employment. According to its cluster members, the support of the Ministry of Industry added to the credibility of the project.

With respect to the Ministry of Handicrafts, the latter confirmed that cluster development is included in the Handicraft Sector Development Strategy that is expected to be validated in December 2017 at the *Assises de l'Artisanat*. This is envisaged to result in support measures (planned in the 2018 budget). As the support programme has not yet been defined, the Ministry indicated that it would welcome external support to develop such a support programme in the handicraft sector (similar to the tools of the Ministry of Industry for the manufacturing sector).<sup>21</sup> The choice of the Marrakech cluster was considered vital, given the current importance and further potential of handicraft production/trade in this city and the benefits expected from enterprise cooperation. The Ministry wants to build on this demonstration case that covers some 19 persons and engage in upscaling, given the needs of the sector that is reported to encompass some 900 PME artisans.

The cluster mapping was considered an important exercise and covered a mix of clusters (some classified as industrial, others as handicraft). It was regretted by some stakeholders that only two clusters could be selected, yet it was understood that the limited ambition in terms of number of clusters targeted was related to the size of available funding.

The Ministries were involved in all stages and feel co-owners of the project. Some stakeholders among the Ministries and participating enterprises stated to be reluctant about the project at the beginning, yet were/are convinced of its relevance in the meantime and highlighted the role played by the project coordination team ("engine") to bring enterprises together. A participatory approach was followed in the diagnostics and development of the action plans.

In terms of cost-sharing, reference is to be made to the significant follow-on support of the Ministry of Industry and the planned engagement of the Ministry of Handicrafts (that stated to

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<sup>21</sup>Such policy support thus to be included as an area for attention in the upscaling strategy of the CCI project.

be ready to provide support to cluster development prior to the approval of its new strategy and envisaged support programme). Moreover, there has been cost-sharing of the *Maison de l'Artisan* (subsidies for stands/fair participation), the participation of enterprises at their own costs in fairs and their engagement in the initial effort pertaining to product development/design (latter in the case of the Marrakech cluster).

There are also other incentives schemes /subsidies for enterprise development and exports in Morocco (*Maroc PME; Maroc Export*) that are expected to be relevant for the clusters/its members.

### **6.5.3.2 Efficiency in implementation**

As in the case of other countries, there were questions on the budget allocation (informally announced to be around €60,000 -€ 70,000 per cluster (in precise terms, the initial budget allocation was respectively € 61,720 and € 72,750 for Casablanca and Marrakech, excluding coordination and international experts). Subsequent allocations were decided on by activity (on a case by case basis). To the extent there was mention at the start of the project of one cluster, this was an indication/stimulus to mobilize additional funds (cost-sharing being reflected in the action plans). The Marrakech cluster received additional funding to support in particular the establishment of the Design Hub (i.e., reallocation from the Casablanca cluster budget after the latter obtained its approval and was integrated under FAC).

It is not understood why, at the start of the project, UNIDO referred in the NSC to the intention to working with also clusters that were not selected (indicating that 20% of the budget would be put aside to provide assistance to non-selected clusters). This promise was surprising after the rigour followed in cluster selection, seemed difficult to implement given the limited resources and was for that reason probably forgotten as time went by.

The duration of the diagnostics phase was considered too long, and it was reported to explain why some enterprises hooked off. There was no “carrot” when starting (combining the diagnostic with already some early deliverables/quick wins), which could have kept more enterprises on board. Alternatively, the duration of the training activities (such as marketing, branding) was assessed as useful but short. Some stakeholders referred to the need for other training, such as on export procedures (customs).

With respect to design related missions, the approach followed raised several questions by the stakeholders. In the case of the Marrakech cluster a first collection was developed, implying efforts spent on prototyping, but there was no result (no indication of follow-up). Enterprises highlighted the importance of being realistic in terms of which product can “fly” at what price (avoiding taking more an “art development” than business development route). Involvement of a renowned local designer (2016 workshop) turned out not having the intended result. Without reflecting on the results of the first collection yet at the request of 5 enterprises, the project is launching in November 2017 - at the tail end of the project- again a collection development effort. The 5 enterprises will receive an estimated max. of €2,000 to engage in this process/prototyping (covering the project contribution to the costs of raw material inputs). Delays in organizing this activity (stated to be planned since the beginning of 2017) related to availability of experts could/should have resulted in deciding to cancel this activity, but there was common agreement (enterprises; UNIDO) to maintain the development of a second collection at *this stage of the project*. Instead of developing a second collection, focusing the use of resources mainly on further reinforcing support to setting up a range of common services in the design hub under establishment (see 6.5.3.4) would have seems a more justified/justifiable approach.

In the case of the Casablanca, the first design related mission was assessed as too general and less useful. The cluster opted instead for an analysis of the design function at the

enterprise level. This was conducted in July 2017 by two experts with sector experience identified and recommended by the cluster itself (i.e., by one cluster member). The report of the experts was not finalized at the time of the evaluation mission. Its follow-up is envisaged in the context of the collaborative services included in the action plan approved under FAC. The purchase of designs for the cluster (March 2017) was appreciated although quite late in implementation. It could have been an example of the type of “carrot” to be given at the start of the project to bring and keep enterprises together (if identified as an early deliverable in the action plan).

Several stakeholders referred to the need to look for designers (that are to work with the enterprises over a longer period rather than short missions as organized under the project). Evidently, mobilizing international designers over a period of 2-3 years (the desire of the enterprises) would not have been feasible within the context of the project. Even though local designers were considered ‘expensive’, this approach is more sustainable, in line with the needs of the enterprises based on the notion that design support requires cooperation over a longer period, which requires proximity, also for the sake of costs. Moreover, enterprises are expected to pay for such (local) services when convinced of their importance for the business operations/performance. To this end, actively involving local designers would have facilitated linking enterprises and designers.

Cluster development training was organized late in the project (end October - early November 2017). The decision to focus this training on cluster support entities and cluster coordinators was appropriate (targeting some 30 participants involving also the other clusters under FAC). Although ex ante review of the programme of this training gave the impression that the content of the training was rather generic, feedback obtained from the participants after the training confirmed their appreciation of the issues covered and opportunity provided to share experiences/lessons/tools.

Participants in Maison & Objet of January 2017 (who paid themselves for travel and stay) appreciated the opportunity of a common stand (some reported to have made contacts and even subsequent sales). However, they also indicated that the stand was “overcrowded”, drawing more attention to information on the project than to the (multitude of) products. No special collection was prepared for Maison & Objet although this seemed initially planned. Within the spirit of cluster development, it is assumed that the sub-set of cluster members who participated represented the group as a whole.

In the case of the Marrakech cluster the CDA started an interesting promotional effort – that may interest also other clusters, including in other countries: the production and diffusion of short videos on individual enterprises/support providers (“*Minutes Créatives*”) spread out over a period. It was appreciated and stated to have enhanced visibility (triggering in the case of one enterprise interest of a national TV channel to feature the enterprise).

#### **6.5.3.3 Project coordination and management including M&E system**

The NPC (who took part in the diagnostics phase) is based in the UNIDO Office/Rabat, but is, like the two CDAs (who work from home in respectively Marrakech and Casablanca) mainly “on road” to work with enterprises and project partners. In terms the contractual situation, like in other countries the contracts have been short, particularly for the CDAs; yet currently one year for the NPC.

The project team is recognized as being at the core of project support, given the need to continuously motivate/push/remind enterprises. In brief, the team has a doer role, particularly in the case of the Marrakech cluster. Regarding the Casablanca cluster, the fact that a cluster manager was recently identified and selected will allow for moving from core facilitator/doer to coach role (stepping back within the spirit of phasing out). Still, the cluster expects the project

to continue to be involved by providing guidance to the newly appointed cluster coordinator, as the cluster is considered to be in a fragile state (“just starting”).

As far as M&E is concerned, the training in Barcelona (2015) covered presentation of the matrix of indicators/other tools. These have been used in Morocco, selecting each time a different sample of enterprises for the survey. It was said to be not evident to engage enterprises in fully completing the survey (that was considered lengthy). The same applies to the use of the clusterometer. Moreover, enterprises were stated to be reluctant to provide information on sales and employment, and (if provided) it is not sure the information provided is correct. As there are many indicators and given the length of the survey, the need for “lighter tools” was emphasized, focusing on the most pertinent indicators and also communicating on its purpose and use (for now mainly for reporting).

#### **6.5.3.4 Effectiveness and actual/likely impact**

Several important milestones have been reached: the two cluster core groups are formally established (as association) and the support proposal of the Casablanca cluster has been accepted by the Ministry of Industry (under FAC). As representatives of the Casablanca cluster put it: “*we are now concretely starting and are optimistic*”. Whereas the proposal of the Marrakech cluster was not retained by the Ministry of Industry<sup>22</sup>, the Ministry of Handicrafts is likely to support this cluster (even prior to developing its support programme to clusters in the handicraft sector), as it is seen as a demonstration case that is promising. In fact, it was reported that the Ministry recently (after the evaluation mission) confirmed its financial support to the establishment of the Design Hub.

While mentioning that in the beginning there were mainly “a lot of visits/meetings”, enterprises said to have become more interested when the activities started (referring to 2016). Emphasis was put on the fact that the project was instrumental in bringing enterprises together (with some of them now engaging in subcontracting or sharing clients), highlighting its “*effort fédérateur*”. It proved to take time (and thus patience) to bring enterprises together, given different degrees and speed of engagement. In the case of the Marrakech cluster, mention was made of the fact that “the core group consists always of the same enterprises”. Whereas commission meetings were foreseen each month, the frequency of meetings was less, and some committees are not kicking off (resulting in the auto-evaluation of the core group if not too many commissions were put in place). Still, there is a strong belief, at least by the enterprises in the core group of the cluster, in the need for cooperation – even if some are competitors. To this end the joint participation at the COP 22 event (common stand - first time ever - that was labelled as attractive) was considered a good experience and important for cluster visibility, even if (beyond the control of the project) the location of the stand was unfortunate, and sales were not good. Attention was drawn by some enterprises to the case of a large buyer/US (who recently ordered items equivalent to 2 million Dinars in Marrakech) identified via channels outside the project. As one of the enterprises put it: “*the fact that we were grouped facilitated proper handling of such a precious buyer*”.

The support to develop communication tools to facilitate promotional efforts was appreciated. It was done in a sustainable manner, in that the project facilitated the link of enterprises with service providers (photographs of products; graphic design) whom the enterprises paid for services provided. Attention is drawn to a tendency towards “over visibility” of donors/agencies

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<sup>22</sup> As per its response letter (early 2017), the cluster does not have a technological/R&D purpose. This rejection was stated to have frustrated and “calmed” the Marrakech cluster (less commission meetings), not understanding why enterprises engaged in the handicraft sector are considered a-technological (as if all working with hand tools) and not aware ex ante that handicrafts related activities are excluded under FAC.

on the promotional brochures developed with project support (it is not considered good practice to put all logos on such brochures – used to first and foremost attract business opportunities; in the same vein, the cluster contract address on the back page of such brochures should not be the project staff nor UNIDO Rabat office).

Targeting exports was considered by some stakeholders an incomplete marketing strategy, as there are opportunities to further development the local market (including, for example for the Marrakech cluster, reaching out to selling in other cities as well as hotels/holidays and also promoting handicraft products in public offices). Some would like to see more emphasis on seeking B2B opportunities than on participation in international trade fairs. Especially as several enterprises already participate on their own in such fairs, support to fair participation is not where the project is expected to generate most value addition. Reference was made to a prior US funded project that focused mainly on fairs.

Seeking to develop together a common collection was questioned by several stakeholders (“we all have our identity/product range”) from which they expected limited results. In this regard also, lessons are to be extracted from a design experience of the Ministry of Handicrafts in the period 2010-2013, covering the payment of designers who worked with a group of enterprises engaged in jewellery, ceramics and weaving to develop a collection. It resulted in an attractive collection that was presented in fairs/exhibitions, yet did not generate sales and enterprises were not interested in reproducing the items. (hence the importance of product development with product marketability in mind).

The decision to purchase designs for the Casablanca cluster compensated for less attention to design in this cluster under the project compared to support in this regard to the Marrakech cluster (the enterprises rather wanting longer term cooperation with designers having home textile experience to reinforce the design function in their operations). Some enterprises were reported to have recruited designers (graduates from *Casa Moda/Ecole des Beaux Arts*). Notwithstanding good intentions and unlike stated in the June 2017 project brochure, so far, no budget was secured for *Casa Moda* to introduce a diploma course “*textile maison*” in its curriculum.

Experience of the country in the field of cluster development, also prior to the CCI project, included vital lessons learned, in particular

- their legal establishment as an indication of the credibility of the cluster;
- such legal foundation as a precondition for support as “one cannot assist a handful of enterprises just like that”);
- the choice of the President of the cluster with the right profile (ability to federate enterprises);
- the importance of a dedicated core team engaged in the day-to-day activities of the cluster, covering among others the development of services (some for free; others against payment) for the cluster
- the choice of the cluster coordinator with a profile that not necessarily covers sector experience but particularly experience in management and marketing;
- an action plan agreed upon by the cluster members;
- in the case of public support to clusters (as is the case under FAC), the need for annual audits and periodic evaluations.

The project team has played so far, a day-to-day coordination role and is able to phase out this role as regards the Casablanca cluster (that selected in September 2017 its manager). However, as far as the Marrakech cluster is concerned, the latter relies mainly on the CDA – an issue the Ministry of Handicrafts is fully aware of and seeking to address. The existing public support scheme does not cover assistance to get cluster type activities to the stage of

maturity to be able to meet the preconditions of, in the case of the industrial sector, FAC. The project played this role, as emerging clusters need an *accompagnement* in the process of their “solidification”.

According to the latest project brochure (June 2017), a Design Hub has been established with the Emerging Business Factory (EBF) – a private incubation type facility that is also the meeting space of the Marrakech cluster. To date the hub is *under establishment*, as renovation work of the space allocated by EBF had not yet started at the time of the evaluation mission. In this sense it is not possible to assess at this point in time the results of this hub. There are high expectations with respect to the design hub (common facilities and services including design related, among others) and the project financed some equipment (such as 3D printer) that will be among the common services to be established. As the agreement signed between EBF and UNIDO does not include the cluster association as co-signatory, the role of the latter in decision making on the hub services and their management is not clear.

“Quality” and related labelling adapted to market requirements was listed by the Ministry of Handicrafts among the issues to be further addressed (possibly among the functions of the above-mentioned services platform that is being established). In fact, there are already several labels including Made in Morocco; Morocco Handicrafts; Morocco Hand Made. Some said there are “too many”) such labels. It is not yet clear how Creative Morocco - the project’s own branding - is positioned in this regard and how it is expected to be used beyond the project life.

Regarding employment, the Marrakesh cluster was reported to have generated 30 direct jobs. In this context it is to be noted that the *Institut des Arts Traditionnels* in Marrakech plans to establish an agreement with the Marrakech cluster to facilitate (compulsory one-month/year) internships for its students (at present total of 60 students each in year 1 and year 2 of the training). This is expected to also facilitate their insertion in the labour market once they completed the training. For the Casablanca the progress report of March 2017 refers to 10 jobs were created. Reference was made to some enterprises having recruited designers, but it is not clear to what extent this was done prior the project or if it was related to project activities. As it is a sub-sector in difficulty as explained (see: Relevance), *maintaining* employment appears among the most important challenges for the enterprises at this stage.

Finally, there is need for deepening cooperation and synergies with related schemes and programmes and need to increase synergies (as already observed during the NSC). For example, notwithstanding awareness building efforts (bringing *Maroc PME* to the clusters to explain its support offerings), the enterprises did not yet approach this programme (which may be related to the pre-requirement of 50% cost-sharing). Also, it was envisaged for the CCI project to facilitate linkages with clusters “in the North”. However, it is recognized that this is probably too early – as the clusters need to first be solid entities before engaging in partnerships. For the Casablanca cluster such effort seems envisaged in its action plan under the FAC scheme.

#### **6.5.3.5 Sustainability prospects**

At the very first NSC UNIDO spoke about “the need to further replicate the project as to account for the very high demand for related TA”. As there is now experience with the two “pilot” clusters, many stakeholders emphasized the need to consolidate efforts. As some put it: *we played the first match* (referring to the formalisation as associations); *the baby is born, but there is need for continued support for it to walk on its own*. In brief, the situation is considered still fragile.

In the case of the Casablanca cluster funding allotted under FAC and the recent recruitment of a cluster coordinator is a key step towards sustainability, yet even there more remote support (coaching) was said to be needed. The Ministry of Industry did not yet submit a request for extension yet said to be in favour of starting discussions to ensure consolidation of two clusters. In this regard it would be of interest to establish linkages among the cluster coordinators of all clusters (including the 11 ones under FAC), possibly through the creation of a multi-cluster federation/association. Another area of attention is the scope for fostering cooperation between universities and clusters, in line with emphasis on the technological/R&D purpose of clusters of the current cluster policy.

The members of the Casablanca home textile cluster gave examples of several potential new clients of cluster support in other sub-sectors of the garment sector. Suggestions were made to adjust the future cluster development approach by shortening the time for sector diagnostics, with a less standardized and more flexible method (including analysis at enterprise level of the cluster core group and listening to their needs) and building in “a carrot” (early concrete deliverable) from the beginning to facilitate adhesion.

Pending the establishment of a scheme dedicated to clusters in the handicraft sector, the Ministry indicated its readiness to engage in support to the consolidation of the Marrakech cluster (using its own budget support). Some drew attention to the existence of several actors/national schemes, including also donors such as MCC/US - that already supports the handicraft sector; BERD - that is engaged in also technical assistance to enterprises; and AfDB - that was reported to have included CCIs among its targets).

#### **6.5.3.6 Cross-cutting issues**

Regarding the gender dimension, particularly the core group of the Casablanca cluster includes women entrepreneurs. Several work with women and women associations. One woman, cluster member, seeks to engage in fair trade (textile).

As regards to youth, this was addressed in particular through cooperation efforts with Casa Moda Academy in Casablanca and with the *Institut des Arts Traditionnels* in Marrakech (the latter envisaging an agreement with the Casablanca cluster pertaining to the organization of internships).

There was no reference made to environment related concerns and related activities in either of the two pilot clusters. In the home textile one, there could be scope for analysing energy efficiency issues (but the project did not have the resources to this end). In the Marrakech cluster there is one enterprise (or perhaps more cases) using waste material as main material input (meanwhile featured *inter alia* in “*Minutes Créatives*”).

## 6.6 PALESTINE

### 6.6.1 Planned results and activities versus achievements

Inception Phase: mapping of clusters and value chains in the cultural and creative industries	
<b>Output 1.1 Existing clusters and value chains per sub-sector mapped, analysed and selected, M&amp;E and project management structure set up</b>	
<b>Planned activities</b>	<b>Achievements</b>
1.1.1 Initiate interactions in the target countries and organize a regional project launching workshop	24/06/2014: National Launching workshop (25 participants); 17 /10/2014: participation in regional launching workshop in Tunis
1.1.2 Setting up a monitoring and evaluation mechanism to be implemented throughout the project	Frame for M&E is UNIDO Cluster Development Methodology; ; 05-10/2014: Data collection instruments designed by Project Coordination Team (PCT) at UNIDO H/Q: Baseline Mapping Analysis carried out; 4 different collection Tools designed: BLS, SPS, clustero-metro and (RK); in 2015: M&E framework approved by PAC; 2-7/06/2015 in Barcelona (regional): Training and introduction to M&E provided by PCT and for NPC/CDA; Data collected by NPC/CDA and Aggregated / analysed by PCT (UNIDO H/Q/field); NPC/CDA Trained national stakeholders (Focus group discussions (FGD), cluster members / entrepreneurs); Cluster ground level information collected by NPC/CDA at institutions, enterprises, artisans, partners; Planned: Training on qualitative information data end 2017 for SMEs workers.
1.1.3 Setting up a Programme Steering Committee and a Programme Advisory Committee (PAC) at regional level	NSC set up and operational (co-chaired by MNE, UNIDO), donors (EU Delegation and Italy), private sector (representatives with voting rights). Other public and private partners/projects, NPC /CDA as observers. NSC meetings held on: 6/11/2014(for clusters' selection); 7/10/2015 (adoption of Action Plans);12/01/2017 (for 2016 on results and way forward). PAC: 29/11/ 2016; 30/01/2017. 25/02/2016 (Palestine represented by MNE (high level) + PFI+FPCCIA)),NPC (observer). MNE also coordinator Euro-med Chart SMEs.
1.1.4 Conduct a CCI mapping in each country including the identification of the CCI value chains to be covered and corresponding SWOT analysis	Mapping conducted in the West Bank <sup>23</sup> from May -July 2014. 10 clusters identified: Pottery in Hebron; Religious gifts in Bethlehem (Beit Sahour); Furniture in Nablus; Furniture in Salfit; Leather shoes in Hebron; Stone and Marble in Bethlehem & Hebron; Embroidery in Hebron; Garments in the North of West Bank; Textile and garments in Beit Jala& Bethlehem, In Ramallah: 3 non-applicable groups in terms of scope (critical mass and mainly local demand) were also identified.
1.1.5 Invitation to the most promising clusters identified in the map to respond to a call for expression of interest to receive support	6/11/2014: Workshop on UNIDO approach. Call was open from 8/08/ to 15/10/2014. on 12/08/ and 11/09/2014: Publications of the call made through Al Quds newspaper); also via <a href="http://www.cci-clusters.org">www.cci-clusters.org</a> . Assistance given by project experts.

<sup>23</sup> The mapping was conducted only in the West Bank, as access the Gaza strip was problematic.



Inception Phase: mapping of clusters and value chains in the cultural and creative industries		
Output 1.1 Existing clusters and value chains per sub-sector mapped, analysed and selected, M&E and project management structure set up		
Planned activities	Achievements	
1.1.6 Selection by UNIDO in association with relevant national coordinator and taking account of the opinion of the PAC on the pilot cluster(s) to be supported	Proposals assessed by UNIDO: 14 proposals received (2 out of scope of work, 2 no critical mass); proposals submitted by Chambers of Commerce and Industry of Bethlehem and Nablus (NCCI and BCCI), NGO/associations, among others 2 private companies. Predominance: handicrafts; approach: tourism market, related to cultural heritage and traditional historical production. On 6/11/2014 the NSC reviewed the expressions of interest; 10 proposals evaluated, the 2 best cluster initiatives shortlisted; main strengths and weakness evaluated: PAC validated the 2 short-listed clusters, namely Nablus Furniture Cluster (NFC) and Bethlehem Treasures Cluster (BTC).	
<p>Summary of proposals:</p> <p>*Bethlehem Treasures Cluster (BTCCI)</p> <p>*Nablus Furniture Cluster (NCCI)</p>	<p><i>Proposal submitted by BCCI: Founded in 2015 and leaded by the Bethlehem Chamber of Commerce and Industry (BCCI): Very linked to cultural heritage, traditional knowhow, Uniqueness of brand Holy Land. 206 registered workshops: Olivewood (160), Mother of Pearl (3), Embroidery (30); the remaining are ceramic &amp; glass, jewellery, beds rosaries, stone carving (20). Informal high ≈70%; micro (≈ 2-5 employees); small workshops (≈ 5-15 employees); ≈ 853 workers; widely employing women; turnover: 29,074 M US \$; Export: 13,492M US \$; Profitability ≈ 15-20%; Wood, Mother of pearl and embroidery bring (50, 30 and 7.1% of total revenues and almost 70% jobs). Exports High: 45% (55% local tourism &amp; buyers). 15% - 35%, olive wood carvings exported to Jordan and Gulf; 30% exported to Europe and USA.</i></p> <p><i>Support requested (based on diagnosis and strategic analysis conducted): market research, design training and development, hub creation, joint store in Bethlehem, networking event, identification of tourist stakeholders and connection, joint positioning in a target Christmas market, linking with existing donor programs/ local banks</i></p>	<p><i>Proposal submitted by NCCI: Founded in 2015 and leaded by the Nablus Chamber of Commerce and Industry (NCCI). 340 registered workshops: 36 showrooms, small enterprises (5-15 workers); medium-sized (20-70 workers), few medium-sized (20-70 workers). Informal sector ≈ 30%. 1300 jobs. Export mainly Israel (55%- 80%). Profitability ≈ 15%-40% mid-high quality &amp; modern. Turnover 114 MUS \$; style products, no creativity linked to heritage components.</i></p> <p><i>Support requested (based on diagnosis and strategic analysis conducted): market research, design Hub, Training new interior designers, development of a temporary exhibition in west Bank, knowledge of new materials and techniques, linking with existing donor programs / local banks.</i></p>

<b>Implementation Phase</b>		
<b>Output 2.1 Selected CCI clusters assisted through specific technical assistance programmes to serve as pilot models</b>		
2.1.1 Set up project management/coordination structure	NPC/ CDA; Mapping Expert; Project Assistant (03/05/2015-31/12/2015), Local Expert on CI design; CDA-Nablus, CDA Focal-point-Bethlehem, National focal point nominated. Actual NPC on post since 01/2015.	
2.1.2 Support cluster development, build linkages between enterprises in networks and pilot clusters in selected countries.	<b>Bethlehem Treasures Cluster</b>	<b>Nablus Furniture Cluster</b>
	Cluster analysis/diagnostics (event April 20 <sup>th</sup> , 2015) Vision building/strategic analysis (event 13-15 Jun 2015) <i>Action plan</i> (event 29/09-1 <sup>st</sup> October 2015) named: Action plan for 2015-2017. 27 actions identified comprising 7 priorities and 7 prerequisites (see report). <i>Priority actions</i> : Market research (international+ Christmas market), ideation, prototyping & new product lines, business plan & new store in Bethlehem, Networking event (selective souvenir shops), identification of tourist market, joint positioning (Christmas market).	Cluster analysis/diagnostics (event April 13th, 2015) Vision building/strategic analysis (event 16-17 June 2015) <i>Action plan</i> (October 2015): 23 actions identified, 6 priorities and 4 pre-requisites (see report). <i>Priority actions</i> : market research, training designers, training of designers and promoting collaboration, temporary exhibition in the West Bank, assessment of technical capacities and identification of new machinery, Linkages with donor programs and local bank
2.1.3 Training of entrepreneurs including women and youths in networking and clustering	2 workshops launched direct project support to clusters were organized on 29/01/2015 (support for the NFC), and on 10/02/2015, (support for the BTC).	
	51 members/entrepreneurs were trained (37 women; 4 youth)	61 members/entrepreneurs were trained (5 women, 5 youth)
2.1.4. Review relevant partner agencies and institutions which can create policy linkages to promote the CCI sector in the Southern Mediterranean Region	<i>Only at national level</i> Total 10: University of Al-Najah (Nablus), Al-Quds University (Abu Dis); Dar AlKalimeh College; Art Academy in Ramallah (including a network of local and international designers) Support institutions : BCCI, TIU, FPCCI.	<i>Only at national level</i> <i>NFC: total 8: Universities</i> : University of Al-Najah (Nablus), Al-Quds University (Abu Dis); Art Academy in Ramallah (including a network of local and international designers); <i>Funding opportunities</i> : Italian Development Cooperation (credit line), Bank of Palestine (loan facility for SMEs), EU-Palestinian Loan Guarantee Scheme. <i>Business Support institutions</i> : NCCI, PFI, PalTrade, FPCCI.

Implementation Phase		
2.1.5 Provide extensive capacity building to the relevant agencies and institutions	5 trainings: 2 targeted at chambers of commerce, 2 at academia, 1 at business association.	
2.1.6 International exposure for beneficiaries by visiting countries with similar initiatives (Trade Fairs, B2B, linkages, etc.)	6 cluster members participated in International trade fairs.	14 cluster members participated in 6 trade fairs in other countries including 8 in Jordan Furniture Expo (fully funded by participating cluster members).
2.1.7 Prepare a phasing-out strategy for handing over project activities at completion	CCB and CCN are part of the cluster; they are playing a lead role. The CDA in Bethlehem is already working under complete administration of the CCB. The CDA in NCC, is still paid by project; suggestion was made that the CDA be paid by the members of the NCC. 3 replication initiatives ongoing: Textile Cluster project (North West Bank) submitted to Japan by Ministry of Foreign Affairs, leather footwear cluster in Hebron submitted to Italian Cooperation (approved 500K Euro), PMDP EU funded with British DFID: providing ≈70% cost of implementation of selective market access activities.	
<b>2.2 Cluster Support Service Platforms (CSSPs) created or established within existing institutions to act as service providers for cluster development; CCI product and service development, strategic business advice and market penetration</b>		
2.2.1 Set up at least 5 regional CSSPs (earlier Cluster Support centres CSC)	1 CSSP: AnNajah University / Chamber of Commerce and Industry in Nablus (virtual Design Hub)	1 CSSP: Chamber of Commerce and Industry in Bethlehem in cooperation with Dar Al-Kalima College of Arts and Culture (virtual Design Hub)
2.2.2 Train in entrepreneurship and marketing skills	8 members of NFC trained in entrepreneurship on communication and marketing with one on one coaching for enhanced visibility and marketability. Participation in 13 clusters meetings and workshops= opportunity for MSMEs to exchange/learn from others and interact with Support providers). 30 cluster members trained in costing and pricing; >60 participants mainly youth and women trained in design and creative product development with links to market demand analysis;	
2.2.3 Train in product development through design workshops and direct interventions in each cluster	≈60: artisans trained, craftsmen and young designers (38 women: 60%). 7 creative workshops for Furniture and Artefacts (including Contract Market, temporary exhibition, tourism market, and Christmas market): 2 –12/12/2015: (30 participants); 19 - 06/2/2016: (35 participants); 4-6/3/2016: (30 participants). 19-24/02/2017 (24 participants); March 2017 Khan Wakalah Collection (12 participant); August-Sept 2017 NFC new collection (10 participants); Sept-November 2017 BTC new collection (14 participants).	
	≈83% cluster members: 25 entrepreneurs (15 women) +BCCI and Design NGOs	25 (4 women) and NCCI and An Najah University (≈ 91% of cluster members were trained)

<b>Implementation Phase</b>		
<b>2.3 Market penetration strategies elaborated for the development of domestic, regional and eventual export markets</b>		
2.3.1 Develop a branding strategy and product branding linked to countries' images and market demands	<p>Virtual Design Hub established "Creative Palestine"<sup>24</sup>: Coaching young designers from university arts faculties; electronic platform serving as a virtual address and depository for the Design Hub (sketches to prototypes); communication via private group Facebook page. Collection owned by all cluster members (no formal agreement yet, signed declaration exist). A local designer and a communication consultant are leading under project support (in connecting with funding sources). Costs for designers and prototypes are included in product price (contracts i.e. Khan Wakalah Contract).</p>	
	<p>1 new visual identity and communication chart developed. "This is not"</p> <p>2 new collections created and branded.</p> <p>1 new baseline: "From the Heart of Nativity".</p> <p>1 new logos created.</p> <p>Branding strategy linked to country's image for market (Christmas &amp; Arabic touch).</p> <p>2 collection catalogues designed and printed (Christmas and Tourism)</p>	<p>3 new collections created and branded 24 collections created (individually branded) by Creative Palestine's Nablus Furniture DESIGN HUB* 'Nablus the Oldest Furniture Hub in Palestine'.</p> <p>1 new logos created: Branding strategy linked to country's image for market (Palestinian Heritage and Icons).</p> <p>1 new website designed and developed (<a href="http://www.nablusfurniture.com">www.nablusfurniture.com</a>)</p>
2.3.2 Develop products collections in line with the branding strategies	<p>Development &amp; branding: 2 new collections (Christmas and Tourism).</p> <p>Christmas decoration items developed (sold at the Vienna Christmas market, 2016)</p> <p>Wooden arts developed; Arabic couch developed with creative Palestine Design Hub</p> <p>11 new individual products (branded under the Bethlehem Treasures and directly under individual producers)</p>	<p>With support of Creative Palestine's Design Hub<sup>25</sup> – 25 new products developed. Thus, making possible the participation of Furniture designers and Cluster enterprises in the project in Nablus (Exposure).</p> <p>Reinterpretation of traditional features in modern design (Arabic coffee tables and Kuffieh armchair, reinterpreting the traditional Palestinian Kuffieh); first collective contract: refurbishing Khan Al Wakaleh's caravanserail in the Old City/Nablus</p> <p>In progress: promoting collaboration &amp; training on interior design; knowledge of new materials and techniques and audit of processes in local and external markets.</p>
2.3.3 Expose to the international markets through relevant trade fairs	<p>3 international trade-fairs: Viennese Christmas markets and European Day 2016 in Jerusalem, Maison &amp; Objet, Paris; Italy.</p>	<p>3 international trade-fairs: exhibited at Maison &amp; Objet Paris (01/ 2017); Regional trade fair "Palestine Industry Fair of Nablus"; Salone del mobile and</p>

<sup>24</sup> Virtual Furniture Design hub composed of the national design expert and young designers from various academia, established within the frame of the project. The Hub is supported by the project through the expertise of a national expert and basic supply of materials for the prototyping of new collections.

<sup>25</sup> As above (footnote 24).

Implementation Phase		
	Preparation for next fairs: Christmas world in Frankfurt, 2018/2019.	machinery, Italy.
2.3.4 Assist in post-trade fairs follow-up	See 2.3.2 and 2.3.3 NPC, CDA, national designer and BCCI and NCCI assisted in the follow-up and exploration of new potential buyers; requests for sample products have been fulfilled in case of 4 interested buyers; support to cluster members to satisfy orders	
Scaling up & Dissemination Phase		
3.1 Results disseminated throughout the Southern Mediterranean region, strategies for CCI clusters developed and CCI approach integrated in policies (cluster; agri-business; MSME) - in cooperation with counterparts including financial institutions		
3.1.1 Assist the local counterparts in preparing strategies for CCIs development	MNE has no specific cluster policy but has cluster development experience, i.e. through a project funded by the French Agency (AFD 2012-2016 "PSDCP") and discussions on 3 other project initiatives are actively ongoing: see: 2.1.7. Project worked closely with the MNE to develop its industrial cluster policy with focus on CCIs. MNE drafted the strategy for discussion with the relevant stakeholders.	
3.1.2 Organize at national level workshops on the importance of developing CCIs for job creation	No information at this stage on a specific training, but there was cluster development training on CCIs in October 2017.	
3.1.3 Organize study tours for key stakeholders to the pilot success stories for replication purposes	no information at this stage	
3.2 A 3-year communication and visibility plan for the project highlighting the importance of CCI's cluster development and the support provided by the EU intervention prepared and implemented		
3.2.1 Elaborate 3-year communication and visibility plan and continuously update	Only at project wide (Communication plan and visibility prepared and adopted, New visual identity and communication chart developed; New strategy developed "This is not": a story unveiling the inspirations (stories of the new collections produced))	
3.2.2 Implementation of the communication and visibility plan including the preparation of promotion materials, videos, organization of press releases etc.	In German, English, Arabic, Italian: Website ( <a href="http://www.cci.org">www.cci.org</a> ) ( <a href="http://www.cluster-development.com">www.cluster-development.com</a> ), Facebook / twitter, printed materials and videos and animations. Coverage by separate press organs and social networks: Euro news; Palestine (Al Quds); Social net: Facebook, national sites, YouTube, Steller, public sites.) Vogue Italia, web visibility; "PalästinensischeHerstellerstellenKunsthandwerk auf Wiener Weihnachtsmärktenaus" Unis Vienna, Vienna Unwrapped; Tiroler Tageszeitung; Arab Today, 12/2016; Vienna Online Palestinemission.at, 12/2016; Unido.org, 12/2016.	
3.2.3 Organize a 3-days conference at regional level to disseminate project experience and results	Regional envisaged Q4/2017	

<b>Implementation Phase</b>	
3.2.4 Prepare and publish a comprehensive report highlighting the success stories, lessons learned etc.	Project wide only (Periodical reports have been issued and presented to key stakeholders in Palestine)
3.2.5 Monitor and evaluate report submitted and distributed to the stakeholders	Project wide only including reach out and dissemination to stakeholders in Palestine

## 6.6.2 Cluster snapshot overview

<b>1. Bethlehem Treasury Cluster (BTC)</b>		
<b>Dimensions</b>	<b>At project start</b>	<b>At present (as of November 2017)</b>
<b>Problems/constraints/opportunities</b>		
Main challenges as per cluster analysis	<i>8 Mains challenges:</i> Predominance of small workshops; Instability of political and security conditions in the region and its negative impact on tourism prevent export; Diminished expenditure on religious souvenir products; Low marketing, packaging capacity, difficulty to respond to large orders; Redundant design and products; Lack of innovation centres; Lack of regulation for design protection; Youth shifting interest into new modern	<i>3 Mains challenges:</i> Defusing skills in the market through well positioned training centers; Enhancing production capacities and processes (including product innovation and creativity) ; Establishment of link to better / direct access tour operators/souvenir shops circuit (planned)
<b>Cluster governance</b>		
Leader of cluster support services platform	BCCI	Bethlehem Chamber of Commerce and Industry (BCCI)
Degree/type of cluster governance	Founding group of applicants: BCCI and few craftsmen.	Core Group (30 enterprises) lead by the BCCI and includes Dar Al-Kalima College of Arts and Culture in Bethlehem (part of CSSP) and Federation of Palestinian Chambers of Commerce and Industry, PALTRADE, PFI, Relation with MNE (who's representative (Deputy Minister) Co-Chair of actual NSC). <i>No formal institutional separate cluster structure due to Absence of a legal scheme for the creation and governance of clusters*. <u>Government cluster development policy is highly demanded.</u></i>
<b>Critical mass</b>		

<b>1. Bethlehem Treasury Cluster (BTC)</b>		
<b>Dimensions</b>	<b>At project start</b>	<b>At present (as of November 2017)</b>
Number of enterprises within the cluster	20 (9 woman)	30 (16 women) as of 09/2017. + group of 20 young women designers supporting.
Weight of enterprises in terms of jobs	100 (35 women and youth);	180 (80 women and youth)
Weight of enterprises in terms of turnover	Economic reality: \$30 Million USD	Economic reality: \$40 Million USD
Types of actors represented (MSMEs, support institutions, universities, other)	No cluster	MSMEs, Chambers, Design Hub, university (Dar Al-Kalima College of Arts and Culture), New design hub is almost (~90% young women). (Same for Nablus).
<b>Differentiation through cultural heritage &amp; competitive advantage</b>		
Uniqueness/elements of heritage/culture	Very unique Palestinian Identity, link to religion	Very unique Palestinian Identity, Well present, visible, and documented, link to Holy sites.
Competitive advantage	Custom handmade and authentic artefacts	Custom handmade artefacts, trendy, creative, religious (linked to Holy sites) and non-religious handmade artefacts (from the heart of nativity)
<b>Indication of cluster cooperation</b>		
Joint efforts among cluster members	No joint efforts	8 joints actions: Joint export activity to international markets: Xmas markets in Vienna 2016; Europe Day Exposure: joint cost sharing and presentation; B2B actions; 4 Direct orders for sample products fulfilled; Common Story development and Common Catalogue produced; Design Hub joint activities; Deign and Product Development Training and Prototyping; Common services: Printing, Logistics, Representation for Xmas Market in Vienna, contribute to 35% of the cluster budget.
Joint efforts of cluster with actors outside the cluster	(0) No joint efforts	2 actions: Design Hub activities with designers from the University of Al Najah including students, and graduates; Joint application to Palestine Market Development Program (PMDP) for additional 73 000 US \$ for market access activities submitted, accepted, and implemented.
<b>Value chain coverage</b>		
Value chain coverage (enterprises)	Very Fragmented	Covers parts of value chains of the key subsectors included with active members including producers of Olive wood, Mother of pearls, ceramics,

1. Bethlehem Treasury Cluster (BTC)		
Dimensions	At project start	At present (as of November 2017)
		embroidery, jewellery, and glass Good awareness among local actors (16 members) + strong private leadership (Chamber and Federation) (Good market segmentation approach (embroidery, mother of pearl, olive wood carving)
Value chain coverage (support entities)	Absent	<i>The value chain support institutions were identified.</i> Most important being: Business Services institutions (BCCI, UTI, Pal trade, PMDP), local government, banks and financial services. Bethlehem Chamber plays a major role as a support entity and representative of the interests of the cluster. Government and traditional industry union to pay closer attention to the demands and potentials of the cluster.
Access to markets		
Local (specify: wholesale; retail; own shop(s); own brand)	Individual sales local tourist markets through souvenir; shops, Trade fairs, Institutions	Individual sales local tourist markets through souvenir shops, Trade fairs, Institutions; EU-Day in Palestine, planned local distributors network (special corners for BTC in leading souvenir shops in Bethlehem, Jerusalem, Nazareth). Brand already established, presented, and documented.
Regional/International (specify countries)	limited	Worldwide Online sales access; Regional: Israel, Jordan (Amman, EU-MED Ministerial meeting); International fairs: Austria, Vienna; France, Paris. Europe Xmas markets through B2B follow up and linkages (International demand oriented).
Environmental and social impact		
Environmental issues	No reference to clean production, waste treatment, health information	subject not tackled although identified as an area of intervention: enterprises have a very limited effect on environment (+ limited budget to cover all priorities)
Social issues (inclusiveness/women, youth, handicapped; labour conditions; training of workers)	No	The BTC majority members are women entrepreneurs, Design and business activities aligned to the action plan provided opportunities for direct empowerment of women, youth and low producers in the business, culture and heritage. Introduction of women / youth design talents as part of the Design Hub and offering design services / talent to Cluster members; Needs assessment for skills development to ensure new generations of workers are on board including design professional and technical producers; BCCI has a special unit for women business. BDS for youth and a Special agreement for disadvantaged groups (for inclusion): Lifegate specialised in dealing with people with special needs. Project CDA has great experience in gender aspect. Cluster created link between youth/women and enterprises. Limited



<b>1. Bethlehem Treasury Cluster (BTC)</b>		
<b>Dimensions</b>	<b>At project start</b>	<b>At present (as of November 2017)</b>
		resources
<b>Perception of main milestones/value added/results of project</b>		
• as per NSC members	1. Tangible results produced	
	2. Enhancing positioning and upgrading creative industries at local levels	
	3. Instilling CCI approach as a key MSME development tool (with potentials to establish south-south and south-north collaboration)	
• as per cluster members	1. Direct coaching and support opening new horizons for the cluster through networking with relevant institutions	
	2. Product development and enhanced positioning of the cluster members and products	
	3. BDS and Market Access activities on both individual and collective levels	
• as per cluster members (support providers)	1. Enhanced services and support to key economic players at locality level	
	2. Linkages among institutions for supporting a collective strategic vision and plan (bottom up)	
	3. Access to additional resources (financial and non-financial including training)	

<b>2. Nablus Furniture Cluster (NFC)</b>		
<b>Dimensions</b>	<b>At project start</b>	<b>At present (as of November 2017)</b>
<b>Problems/constraints/opportunities</b>		
Main challenges as per cluster analysis	<p><i>6 Mains Challenges:</i> Range of SMEs oriented toward Israeli market; The political and economic instability hinders internationalization; Lack of advanced technology for mass and standard production; Lack of specialized skills of authentic Palestinian Designs; High local competition based on price, a limited cooperation among players; High costs of exports through Israel/Jordan to other countries; Sensitivity of the demand regarding prices</p>	<p><i>3 Mains Challenges:</i> Upgrading production (machinery); Access to new regional and international markets (ongoing); - Access to facilitated finance (in the pipeline)</p>

<b>2. Nablus Furniture Cluster (NFC)</b>		
<b>Dimensions</b>	<b>At project start</b>	<b>At present (as of November 2017)</b>
<b>Cluster governance</b>		
Leader of cluster support services platform	Nablus Chamber of Commerce and Industry (NCCI)	Nablus Chamber of Commerce and Industry (NCCI)
Degree/type of cluster governance	Founding group of applicants.	Core Group (25 enterprises/ 10 core group) lead by NCCI, Federation of Palestinian Chambers of Commerce and Industry (FPCCI), AnNajah University (part of CSSP), PALTRADE, PFI, Relation with MNE (who's representative Co-Chair of NSC). <i>No formal institutional separate cluster structure due to Absence of a legal scheme for the creation and governance of clusters*. Government cluster development policy is highly demanded.</i>
<b>Critical mass</b>		
Number of enterprises within the cluster	NA	+25 members (2 women); + a group of 20 women young designers supporting.
Weight of enterprises in terms of jobs	200 (1 woman);	225 (2 women)
Weight of enterprises in terms of turnover	NA	<i>(in thousands)</i> : Manufacturer (+77 820 KUSD); Manufacturer Showroom (+26 500USD); Supplier (+36 820 KUSD); w/Showroom (+36 300 KUSD) Total + 177,440 K USD (177 million USD)
Types of actors represented (MSMEs, support institutions, universities, other)	No cluster	280 actors (mostly youth, very few women) including Academia: University of All-Naja, Art academy in Ramallah, Dar-el-Kalemeh Art and Design college in Bethlehem Faculty of Fine Arts Nablus. New design Hub.
<b>Differentiation through cultural heritage &amp; competitive advantage</b>		
Uniqueness/elements of heritage/culture	Modern, quality not systematic	Very unique Palestinian Identity, well present, visible, and documented Nablus is known for furniture manufacturing since many years ago (Touqan), especially renown for high carpentry and custom-made products.
Competitive advantage	Custom handmade furniture,	Trendy, creative, demand driven custom handmade furniture Competitive advantage: High quality; wide product range; custom-made products, modern.
<b>Indication of cluster cooperation</b>		
Joint efforts among cluster members	No joint actions	6 joint actions : Khan Wakalah Joint Business Contract (54K USD): joint fulfilment of the contract ; Europe Day Exposure & Joint Catalogues (NFC 2017 and 2018 Collections): joint cost sharing and presentation; Joint representation at M+O Paris Jan 2017: Cost contribution and selection of 2 reps to travel to

<b>2. Nablus Furniture Cluster (NFC)</b>		
<b>Dimensions</b>	<b>At project start</b>	<b>At present (as of November 2017)</b>
		Paris; Design Hub joint activities; Design and Product Development Training and Prototyping; contribute 20% of the cluster's budget; Joint business mission in Italy (salone del mobile and machinery provides): cost sharing and participation, joint market development and B2B setup in Jordan and Gulf States.
Joint efforts of cluster with actors outside the cluster	(0) No joint actions:	7 actions: Design Hub activities with designers from Al Najah (students, graduates, and professors); Joint application for market access activities submitted with NCCI and accepted by the Palestine Market Development Program (PMDP); Contract Business local market (i.e. Khan Wakalah (local buyer) and Nabi Musa (in pipeline); applying collective brand (newly developed) 54 000 US \$; Planned common gallery in Nablus Area for wholesale buyers; Joint business mission in Italy (Salone del mobile and machinery provides): cost sharing and participation; joint furniture exposition in Amman, Jordan; Meetings with similar organizations in Amman, Jordan. Currently a major wholesale buyer is in business negotiations with the NFC for representation in Jordan and beyond.
<b>Value chain coverage</b>		
Value chain coverage (enterprises)	Fragmented	Covers all parts of value chain with active members including producers of wood and upholstery furniture, fabrics, and wood providers Good awareness among local actors (10 members) +strong private leadership (Chamber and Federation)
Value chain coverage (support entities)	Absent	The value chain support institutions were identified; most important is NCCI that plays a major role as a support entity and representative of the interests of the cluster. Government pays closer attention to the demands and potentials of the cluster.
<b>Access to markets</b>		
Local (specify: wholesale; retail; own shop(s); own brand)	Individual sales local market & Few members have their own showrooms in Nablus	Individual sales local market & Few members have their own showrooms in Nablus; 1 <sup>st</sup> local market Business Contract (Khan Wakalah, Nabi Musa, ...) applying collective brand (newly developed); Planned common gallery in Nablus Area for wholesale buyers (local, regional, and international).
Regional/International (specify countries)	Wholesale Israeli Market	Regional Israeli market developed; <i>Ongoing</i> : Region: Showroom with potential buyers in Amman, Jordan; Development of business in Gulf markets (mainly Kuwait& UAE); Italy (Salone del mobile and machinery provides).
<b>Environmental and social impact</b>		
Environmental issues	No Clean production, wastes	subject not tackled although identified as an area of intervention: enterprises

<b>2. Nablus Furniture Cluster (NFC)</b>		
<b>Dimensions</b>	<b><i>At project start</i></b>	<b><i>At present (as of November 2017)</i></b>
	treatment, health information, any training related to environmental issues?	have a very limited effect on environment (+ limited budget to cover all priorities)
Social issues (inclusiveness/women, youth, handicapped; labour conditions; training of workers)	No: Almost exclusive men activity. Youths are present as workers and not owners of workshops/enterprises.	Design and business activities aligned to the action plan provided opportunities for direct empowerment of women, youth and low producers in the business, culture and heritage. Introduction of women / youth design talents as part of the Design Hub and offering design services / talent to Cluster members; Needs assessment for skills development to ensure new generations of workers are on board including design professional and technical producers; BDS for youth and a Special agreement for disadvantaged groups (for inclusion): Lifegate specialised in dealing with people with special needs. Cluster created links between youth/women and enterprises. Limited resources
<b>Perception of main milestones/value added/results of project</b>		
• as per NSC members	1. Tangible results produced	
	2. Enhancing positioning and upgrading creative industries at local levels	
	3. Instilling CCI approach as a key MSME development tool (with potentials to establish south-south and south-north collaboration)	
• as per cluster members	1. Direct coaching and support opening new horizons for the cluster through networking with relevant institutions	
	2. Product development and enhanced positioning of the cluster members and products	
	3. BDS and Market Access activities on both individual and collective levels	
• as per cluster members (support providers)	1. Enhanced services and support to key economic players at locality level	
	2. Linkages among institutions for supporting a collective strategic vision and plan (bottom up)	
	3. Access to additional resources (financial and non-financial including training)	

### 6.6.3 Assessment

#### Relevance

The relevance of this pilot project for Palestine is obvious: Palestine's internal political and economic situation is unstable, due to long standing conflict with Israel. Palestine (OPT) faces the highest unemployment rate in the region (29 %, including 46,3 % for youth). The overall context directly affects the economy in general and MSMEs in particular. Job creation is an important factor for social inclusion and political stability. Consequently, the National Policy Agenda (NPA) 2017-2022 focuses on supporting cultural innovation, handicrafts, and the creation of job opportunities by supporting start-ups and SMES, improving the business environment, expanding exports, promoting gender equality, placing focus on youth, as well as reducing and controlling pollution.

Palestine has a rich and well-preserved tradition of arts and crafts. This unique cultural heritage is an important source of revenues for a large part of the population including women. In the search for new market opportunities, innovative product development is essential for all sub-sectors (furniture, embroidery, mother of pearl and olive wood carving). Linking cultural heritage and creativity to business development was missing in Palestine and there was a need for craftsmen/women, workshops, designers to share common services and new designs, with a view to widen and diversify local and international markets.

MNE and the participating Chambers foresaw in the project a chance for exchanges and more integration, and for creating conditions of a stimulating and competitive environment for CCIs. The cluster approach has shown its relevance in Palestine with the experience with the AFD (French cooperation) project. *"We were confident the challenges were to move from regional to national frame, and from national level to direct beneficiaries, as well as from one cluster to two. We knew the budget would be tight. CCIs Clusters Development Project is an opportunity to operate at regional and micro level, thus linking business support, advisory institutions, national and international financial institutions, manufacturers, educational institutions (local art schools, opening new opportunity for young designers, initiating access to international market while improving national market potential, creating sustainable environment for CCIs development and addressing the need of the NCCI and the BCCI and Chambers of Crafts in strengthening their own capacity and the capacity of CCIs-MSMEs".* Interviewed enterprises and support institutions rated the project alignment with beneficiaries' needs as very high (ranging between 70-100%).

Finally, the project is an appropriate response towards the objective of the local development forum (established in 2008, by the Chambers and Government) namely promoting cluster development and sustainable employment for youth and women.

#### Ownership

Although not involved in the initial project design, supporting institutions and beneficiaries fully participated from the launching onwards. Several meetings were organized including NSC meetings, complemented by continuous exchanges among stakeholders. Participation in meetings was always high (90-100%). During the inception phase, focus groups were formed for each of the strategies for the different types of activities. Through the NPC, the project led a focus group on market access and the movement of supplied/goods, a common challenge for all stakeholders.

All local actors (MNE, MSMEs, craftsmen, support institutions, services providers and project experts) took part in the analysis of situation, problems, needs and gaps. The process resulted in a clear mapping of the related CCIs segments, a clear vision of planned actions

for implementation in long and short terms, definition of priorities not only for the project but for the all segment. During this process stakeholders were also identified.

The beneficiaries consider that their participation in this process was regular and high, and estimated at 70-90%. The role of major umbrella private organizations (NCCI, BCCI, Federation of Chambers of Commerce and Industry, Palestinian Federation of Industries (PFI)), increased substantially during implementation. Other organizations such as Palestine Trade Centre (PalTrade), Traditional Industry Union (TIU)) also participated. BCCI and NCCI showed a sustained interest in the establishment of the 2 clusters. Furthermore, Nablus Chamber was ready to invest in common facilities.

The beneficiaries demonstrated ownership by taking new initiatives, by preparing their participation in forthcoming events, , engaging in joint activities expanding markets and production, by linking with financial partners and service providers to access new resources and services.

Cost sharing in the form of financial contribution was low because of limited resources (beneficiaries and country) and insufficient time for the beneficiaries to reallocate resources to the new opportunities brought by the project. Cluster members participated in fairs and other events (in Austria, France, Italy, and the Gulf Countries), bearing 35% of the entire cost of their participation. They shared the cost with the Chambers of Commerce and Industry for hosting meetings, workshops, and providing working space for CDAs (focal point of the cluster). NCC and the BCC managed the contributions of cluster members and ensured their disbursement in due time. In addition, Chambers contributed to this financial effort and offered work space and modest office equipment to the 2 CDAs.

BCCI and NCCI showed a sustained interest in the establishment of the 2 clusters. Furthermore, Nablus Chamber ready to invest in common facilities.

Furthermore, efforts were made by the project and the national counterparts to mobilize additional funding (under discussion with Italy, Japan, EU). Also, some market development activities both outside and inside Palestine were funded through other ongoing projects of UNIDO, DFID and €73 000 – from EU funded Palestine Market Development Program (PMDP).

#### **6.6.3.2 Efficiency in implementation**

The evaluation mission occurred before project end. Nearly all planned actions had already been implemented. Very few activities remained to be implemented at country level: a study tour (scheduled for the last quarter of 2017), a training on entrepreneurship and a national workshop on CCIs. The results achieved are visible and assessable.

A clear picture of the CCIs clusters in Palestine was drawn through mapping, awareness on CCIs and cluster approach was created. Baseline was set up. Analyses and common vision building were undertaken. This process allowed widely shared decision making on the project actions to be implemented, on the establishment of a representative National Steering Committee (NSC) led by Ministry of National Economy (MEN), UNIDO, EU, Private Sector Organizations (FPCCI, PFI, and PalTrade) and the transparent selection of the two best cluster initiatives (Furniture Cluster in Nablus (FCN) and Traditional Handicrafts Cluster in Bethlehem called “Bethlehem Treasures Cluster, BTC” submitted by NCCI and BTCCI). The Nablus cluster had a market (local and export) oriented approach; the Bethlehem cluster had a tourism-oriented approach. An M&E mechanism based on UNIDO cluster development methodology was set up, approved and implemented.

There is a common belief that approximately € 200, 000 were spent for the two clusters. Difficulty of splitting the budget of a regional project between countries as the costs include the national staff and international experts, contributions to various events (fairs, workshops), travels, communication, studies, etc. (a very quick estimation shows at € 800,000). The Shared decision (NSC, PAC, beneficiaries) to withdraw equipment was considered right, as there was insufficient time for beneficiaries to reach agreement to find facilities, and to proceed with an agreement for the use of equipment (land is expensive, determine type and quantity, where to place the equipment in addition to ownership complexities). Supporting two clusters increased project efficiency (targeted more segments, lowered “pressure” on project management and counterpart of having only one cluster).

Following, their participation in various events outside the country, the Nablus Furniture cluster members are in search of new additional production techniques and related equipment to improve and diversify their furniture models. Had the planned resources been used for the purchase of the equipment, there would have been no second cluster and it would have been necessary to organize the participations in fairs from the beginning of the first year of the implementation phase. This option was difficult to organize, because there was a strong necessity of training the members of the cluster in design, costing and pricing and to register their participation in any fairs in Europe well before the events.

Gaza could not be targeted because of security issues. As to the West Bank, where the project is implemented, constraints on movements hindered travels, slowed down exports and project activities. No other major changes happened in the country context since the beginning of the project.

The project demonstrated flexibility by adapting its intervention logic to circumstances, covering 2 clusters, addressing the need for additional funds (succeeded in negotiating and approving complementary funds from donors and institutions). The project carried out its activities normally by adapting its staff profile in terms of number and expertise, but, could do little about the short implementation time.

This was achieved thanks to the efficiency of project staff (national, UNIDO/HQ and experts), beneficiaries and support providers and established links within and outside the cluster.

It is crucial that the anchorage of the Clusters (including virtual Hub) to the Chambers be monitored closely during an adequate period.

#### **6.6.3.3 Project coordination and management including M&E system**

The project records show changes in project staff all along project implementation. The initial team consisted of 1 NPC/CDA (2014-2015), 1 project assistant (05/-12/2015) and 2 local experts (design and mapping). A mapping expert hired for 3 months in 2014. The team in place consists of: 1 NPC (01/2015-12/2017), initially hired as NPC/CDA; 2 CDA (in 2017); 1 local design expert. It appears that the CDAs (one for NFC (01/-11/2017), and one for BTC) were hired rather late in the implementation phase. The National design expert, directly overseen by NPC, dedicated to training oversaw product development and boosting creativity of craftsmen, women and youth. The Nablus CDA needs some training in gender approach, as the Nablus cluster is predominantly male. One CDA position was opened by BCCI and became the cluster focal point. The BCCI CDA has valuable experience in gender, more useful that this cluster has most women. The record shows some personnel turnover. Project team and counterpart have been efficient in running the project, in mobilising additional funding for project activities (€ 190 000) and replication.

Anchorage: The project office is in the UNDP's main building in Ramallah. This is a proper location, given the security context and NPC's role of coordinating with other UN institutions

and partners in Palestine. The location of the two CDAs within the Chambers (BCCI and NCCI) is positive, as they are in permanent contact with cluster leaders, MSMEs and cluster support institutions. Salary already being paid by BCCI, may create ties of subordination to BCCI (before project ends) instead of the project.

Project coordination with UNIDO HQ is good and enriching for the national staff. The contact between the national and international project coordinators is permanent. The Palestine NPC and CDA also exchange with project staff in other countries during various events (trainings, fairs, workshops) and on a need and opportunity basis. The contact/exchange between NPC in Palestine and NPCs in Jordan and Lebanon resulted in initiating a partnership between the clusters of the two countries, covering exchange, organization of events and opening space for sales.

The NSC was set up by governmental decision. It is representative of the stakeholders; it is functional (three meetings held). Palestine participated in PAC meetings. The NSC and PAC decisions are appropriately implemented. The interactions among different stakeholders at the level of the NSC helped efforts of the project to mobilise additional resources for project activities and for replication.

M&E mechanism was defined and implemented. The mechanism is functioning adequately. There is a need for an upgrading of the initial M&E training in data collection approach. Restitution of information collected by the project to stakeholders (MSMEs, BCCI, NCCI) could be improved. This would contribute to building trust with information sources.

Project beneficiaries consider that the project team and the international experts *“did a very good job; they knew exactly what to do; they were objective driven and mastered the context”*.

#### **6.6.3.4 Effectiveness and actual/likely impact**

For the first time, a clear picture of the Palestine CCIs has been drawn and MNE has integrated support to CCIs as a new strategy. The diagnostic was pragmatic. Stakeholders became more aware of their possible complementarities and synergies. This facilitated the move towards cluster development and establishment of common facilities (CSSP including AnNajah University, the virtual design hub with students (the majority of whom are women). Additional valuable services were provided to cluster members by the Chambers.

There is a gap between the potential clusters and the actual ones. The gap is due to the limited resources (insufficient to provide services for all), the time required for a stakeholder to decide to be a more active member of the cluster.

The project interventions focused on the initial core group ready to cooperate (namely MNE, MSMEs, Chambers and Dar Al-Kalima College of Arts and Culture in Bethlehem, AnNajah Art academy in Ramallah, Faculty of Fine Arts in Nablus), rather than all stakeholders of the potential/initial cluster.

From now on, importance is given to all the elements of the value chain. Initially elements such as design and marketing were little considered. Cluster members are now paying high attention to creation, design, improvement of commercial and marketing tools (website, social media (Facebook). Cluster members are replicating for themselves some of the communication and marketing tools produced by the project (such as brochures, Facebook, flyers, in particular the furniture catalogue for 2017). The CDA is managing the website. The developed material will remain with each of the clusters (original files, passwords, are held within the cluster). New design furniture hub (≈90% young women), virtual Design Hub.



In terms of market, this translated into an increased interest from local consumers and generated important new local markets (Khan Wakalah for furniture), and better prospects for regional (ongoing discussion with Jordan and improved offer to Israel) and international markets (EU and Gulf countries for furniture and artifacts, USA for Bethlehem gifts) by improving the offer (reflected in the new catalog for 2017 and upcoming for 2018).

Beneficiaries indicated that *“the project has changed the way we work, widened market access, brought new techniques, exposed us to new trends, including the visit to Italy that was very important to us. In light of the above, we have developed our own marketing support and products”*. MSMEs have become positive towards service providers and more concise in their service requests. They indicated that they now receive improved services; the various organizations of the private sector (Chambers) and the authority (MNE) are more receptive to their requests and needs. *“For the first time a sectoral committee was established for furniture and the export of gift has become a national issue”*.

*“The project approach was pragmatic, enabling stakeholders ready to work together to do so effectively”*. As the cluster becomes an important social and economic force, the so-called “politicization” (more in Bethlehem than in Nablus), indicative of a process of emerging leadership within the clusters, may impact cluster cohesion. As cluster members are gaining in recognition and the cluster is growing, existence of internal conflicts among institutions has been mentioned by the stakeholders. However, this can hardly be avoided, because it reflects the preparation of leadership inside of the cluster.

There were a few unforeseen positive effects, such as an increased interest in a resilient local market, both from local consumers (who discovered new products and improved quality) and from craftsmen themselves, as they no longer overlook the local market and secured important contracts locally (Khan Al Wakaleh for furniture). The prospects for the regional and international markets are better. Another point to be highlighted is the level of mobilisation of additional resources both for project activities and replication efforts while the project still is undergoing.

Negative effect: as cluster members are gaining in recognition, as the cluster growing, so called “Politicization” might polarise cluster members. However, this can hardly be avoided, because it reflects the preparation of leadership inside of the cluster.

Lessons learned: Leadership, guidance, coaching and team-work combined with high interest of youth and women in design is a key component in CCI clusters development and a spring-board to growth.

Although encouraging, these results are still fragile and must be quickly consolidated to preserve the impact.

#### **6.6.3.5 Sustainability prospects**

The MNE’s engagement in the elaboration of a strategy for CCI development and the continued interest of partners contribute to a framework for sustainability and dissemination of the strategy.

Prospect for technical, organizational and financial sustainability of the support are real as partners expressed interest in the replication. There is already a first replication case with Hebron leather footwear (Italy, UNIDO: 500 000 €) while the project is still undergoing. Italy representative in Jerusalem found the project feedback very positive. Furthermore, the two CCI clusters (Bethlehem and Nablus) are led by important institutions (BCCI and NCCI) at the heart of the private sector and with adequate links with MNE and other public and private entities. BCCI is already paying for the CDA; the latter is well embedded in the Chamber and

already assumes the role of focal point for the BTC cluster. As for Nablus Furniture cluster, the CDA is also being integrated in the Chamber. The Cluster members MSMES have an internal proposal of considering paying salary of the CDA. However, the roles of the CDA and the focal point (representing the Chamber) must be clarified. However, there is a need for a clear organisational structure of the clusters and preparing a smooth anchorage.

The Virtual Design Hub provides an important frame for linking youths (boys and girls) with CCI MSMEs. The Hub is becoming a well consolidated virtual structure, with big potential, they were able to establish solid links with the two CSSPs established with engagement of AnNajah University, Dar Al Kalima College of Arts and business ties with the MSMES in the 2 clusters. Thus, participated in furniture bids with the cluster members gained contracts and direct market exposures (Khan Wakalah, EU-day, Xmas markets, and others). The prospects of sustainability are good because, payment for designers is part of the costs reflected in the furniture business contracts.

Links with the local business support organizations with focus on cluster development, which includes members from the government, promotes cluster development and sustainable employment for youth and women is also contributing an asset towards sustainability.

Materials developed by the project (prototypes, brands, collections, etc., which will eventually be entrusted with the cluster) together with gained capacities represent an asset towards sustainability. The materials could be translated into paid services available to cluster members and other MSMEs and be delivered as services either by the Chambers or the CSSPs or Hub, or all three.

The NFC bid and accessed to local market Business Contract (Khan Wakalah (local buyer)/NabiMusa, ...) for 254 000 US \$, important prospect for sustainability. Early, decision to create a second cluster is an early expression of the stakeholders' will to replicate. The new Hebron leather cluster is also another illustration of this will (Italy – 500 000 US \$).

Long-term sustainability requires monitoring the achievements beyond the project end, capacity building (cluster management and resource mobilisation), partnerships, trustful relationships, lobbying capacity, further clarification of the CCI cluster policy within the country SME policy. Foundations of long and short-term sustainability will need to consolidate the important achievements the Clusters within the two Chambers and the design Hub.

#### **IV.6.3.6 Cross-cutting issues**

Cross-cutting issues were considered in every phase of the project, including through gender and youth analyses in baseline studies. These issues were also reflected in monitoring and reporting.

From start, in the project identification phase, it was indicated that these dimensions deserved specific attention and actions. At inception phase, activities matching identified needs related to cross-cutting issues figure in the different plans of action: Plan Action n°23 (Training on decent labour and implementation of work improvements in small enterprises), Plan Action n°24 (Environmental assessment and recommendations in production process and waste management). Nablus Plan Action n°20 (Environmental assessment and recommendations in production process and waste management) together with Plan Action n°19 related to work conditions (Training on decent labour and implementation of work improvements in small enterprises).

The project dealt with sectors traditionally dominated either by women (in Bethlehem particularly) or men (in Nablus). The project succeeded in fostering interest in mixed working groups. New niches of employment (created and promoted by the project) are being seized

by youth and women. In Nablus, women entrepreneurs' participation increased with the 2 new women enterprises joining the cluster through project activities. Majority of the students and junior designers involved were women.

This experience has not been sufficiently highlighted in the different project reports. The project gender approach and success story deserve to be highlighted to inspire other actors involved in women employment and empowerment. Ties with BCCI special unit for women business to be consolidated by project end. The CSSPs engaging the two universities have attracted many youths in addition to the ones already involved in MSMEs and cluster development activities.

Issue of environmental impact was duly raised, and some actions were planned as mentioned above, but no project resources were specifically allocated to environmental issues. The project was not able to mobilize additional resources because the activities of both clusters have a minor environmental impact.

## 6.7 TUNISIA

### 6.7.1 Planned results and activities versus achievements

Inception Phase	
<b>Output 1.1 Existing clusters and value chains per sub-sector mapped, analyzed and selected, M&amp;E and project management structure set up</b> <sup>26</sup>	
<b>Planned activities</b> <sup>27</sup>	<b>Achievements</b>
1.1.1 Initiate interactions in the target countries and organize a regional project launching workshop	National launching workshop, 23 June 2014 (60 participants); Regional launching workshop held in Tunis, 17 October 2014 (over 150 participants, including participation of donors - EU; Italy - and other development partners, namely EBRD and AFD). Regional workshop organized in cooperation with APII and in partnership with EuroMed Invest project during Business and Technology Exchange Convention (CAT 2014)
1.1.2 Setting up a monitoring and evaluation mechanism to be implemented	M&E framework: 2006 business survey and clusterometer. Challenges to get data from enterprises
1.1.3 Setting up a Programme Steering Committee and of a Programme Advisory Committee (PAC) at regional level	National Steering Committee (NSC) operational and 3 meetings held so far: 12 November 2014; 29 October 2015; 14 December 2016. Participation of Tunisia in PAC 1 (representatives of API and UTICA)
1.1.4 Conduct a CCI mapping in each country including the identification of the CCI value chains to be covered/SWOT analysis	Cluster mapping (2014) resulted in the identification of 25 clusters across the countries in a wide range of fields, among which ceramics, carpets, embroidery, decoration and “ <i>art de la table</i> ”, fashion clothing, furniture, jewellery, mosaics, leather
1.1.5 Invitation to the most promising clusters identified to respond to call for expression of interest	Workshop to present the approach; publications of call for proposals (La Presse, 13 August 2014 and 10 September 2014 as well as via the industry portal/APII). Assistance provided by project experts in preparation of proposals
1.1.6 Selection by UNIDO in association with relevant national coordinator and taking account of the opinion of the PAC on the pilot cluster(s) to be supported	Receipt of 24 proposals; reviewed and ranked by UNIDO; selection by NSC (numbers 1 and 3 from the ones with highest rating; second one considered not a cluster and already receiving support); selection endorsed by PAC
<i>Summary of proposal “Mosaic El Jem” cluster</i>	Proposal submitted by the Regional Delegation/Mahdia of <i>the Office National de l'Artisanat</i> (public support organization under Ministry of Trade and Handicrafts); cluster initiative signed by 24 producers (several engaged in exports – about 50% of production involves direct or indirect exports), 3 financial institutions, and other organizations including protection of heritage (Museum El Jem; <i>Agence National du Patrimoine</i> ),

<sup>26</sup> As formulated in the project inception report, revised framework (March 2015); latter does not specify the activities under each of the outputs, hence reference is made in this matrix to the specific activities listed in the initial project document (see footnote below).

<sup>27</sup> As formulated in the project document.

Inception Phase	
Output 1.1 Existing clusters and value chains per sub-sector mapped, analyzed and selected, M&E and project management structure set up <sup>26</sup>	
Planned activities <sup>27</sup>	Achievements
	training institutions (Centre Professionnel El Jem, <i>Institut d'Arts &amp; Métiers Mahdia</i> , <i>Organisation des Handicapés</i> ); other support institutions ( <i>Chamber of Commerce du Centre</i> , <i>Centre d'Affaires Mahdia</i> ). Vision/purpose: market development (increase of product range); export development including market diversification; common marketing efforts (show room/El Jem, participation in specialized trade fairs, including construction related); market access (target: 70% exports); marketing support; training of workers; enterprise development in the region; creation of label for cluster/region; organisation of inputs (sales points/El Jem); employment generation. Support priorities: training and coaching; innovation/design; market access; support to export; common marketing efforts.
Summary of proposal "Art de la Table Nabeul" cluster	Proposal covering ceramic tableware and embroidery submitted by the Regional Delegation/Nabeul of the <i>Office National de l'Artisanat</i> (public support organization); cluster initiative signed by 38 tableware producers; 6 embroidery producers; 3 exporters; 4 institutions (ONA; Training Centre; Chamber of Commerce; UTICA) and 2 designers; another potential of some 50 expected to be interested. Majority of enterprises being micro enterprises (1-10 employees) and small enterprises (50-100 employees). Vision/purpose: safeguarding and promotion of local identity (Nabeul region); improve competitiveness of enterprises; improve labour conditions; create a brand; introduce new technologies; call upon foreign designers; introduce new marketing techniques; motivate youth to engage in the profession and foster adaption of training programmes to enterprise needs; common purchase of raw material inputs. Support priorities for cluster: training and coaching; innovation/design; productivity improvement/production efficiency; participation in trade fairs; access to finance.

Implementation Phase		
Output 2.1 Selected CCI clusters assisted through specific technical assistance programmes to serve as pilot models		
Planned activities <sup>28</sup>	Achievements	
2.1.1 Set up project management/coordination structure	National mapping expert from May-October 2014; NPC cum CDA/Nabeul from May 2014 – present. Two CDAs/El Jem, first one from Feb 2015 – May 2017, with (part time) support of national expert over period October 2016 – May 2017 (latter continues to follow to date project activities/El Jem). National focal point: APII	
2.1.2 Support cluster development - linkages between enterprises in networks and pilot clusters in selected countries.	<b>Les Mosaïstes d'El Jem Cluster</b>	<b>Art de la Table Nabeul Cluster</b>
	*Cluster analysis and diagnostics (report, June 2015)	*Cluster analysis and diagnostics (report, mid 2015) *Vision building/strategic analysis (report, July 2015)

<sup>28</sup> As formulated in the project document.

Implementation Phase		
	*Vision building/strategic analysis (report, July 2015) *Action Plan (report, September 2015) validated by cluster members in October 2015	*Action Plan (report, October 2015) validated by cluster members in October 2015
2.1.3 Training of entrepreneurs including women and youth in networking/clustering	Awareness raising and on-the-job coaching of enterprises on the importance of networking and clustering; for other training activities targeted at enterprises, students/youth, see outputs 2.2 and 2.3	
2.1.4 Review of relevant partner agencies and institutions which can create policy linkages to promote the CCI sector	ONA as main partner; CEPEX through FAMEX (that supports the development of clusters by cost sharing of market studies and participation in fairs) and its TASDIR PLUS programme (Fund/subsidies); APII for e.g. visibility; ATEP (for training of labour force); Ministry of Culture ( <i>patrimoine</i> ); UTICA (sector representation); INNORPI (standards; industrial and intellectual property rights), EBRD (through its enterprises upgrading and e-commerce support); local banking system (BTS); reference to Italy's SME credit lines	
2.1.5 Provide extensive capacity building to the relevant agencies and institutions	Cluster Development Training, 4-6 July 2017 covering range of counterpart organizations and, also, clusters covered by project (35 participants)	
2.1.6 International exposure for beneficiaries	-- <sup>2</sup>	--
2.1.7 Prepare a phasing-out strategy for handing over project activities at completion	Illustration of efforts undertaken towards phasing out *Clusters already included in TASDIR PLUS programme (subsidy/CEPEX) *Cluster will be covered by EBRD technical assistance (enterprise upgrading) support - for now in inception stage - under Programme d'Activités d'Appui à la Compétitivité de Services/PACS, that includes inter alia handicrafts *Search for including the El Jem cluster in tourism development/patrimoine preservation related initiatives For upscaling see also activity 3.1.1	
<b>2.2 Cluster Support Service Platforms (CSSPs) created or established within existing institutions to act as service providers for cluster development; CCI product and service development, strategic business advice and market penetration</b>		
2.2.1 Set up of at least 5 (regional) CSSPs (earlier labelled Cluster Support Centers/CSC)	--	Support to ONA/Nabeul in development of new services: "Design Hub" under creation, together with ONA, ISBAN ( <i>Institut Supérieur des Beaux Arts Nabeul/ISBAN</i> ) and the cluster enterprises; Purpose: co-working space; incubator; library; concept store; common services including equipment and vocational training Building allocated by ONA and funding for implementation of building renovation under discussion (latter not yet finalized at moment of evaluation mission, as amount required higher than initially approved estimate). Some project funding for equipment (such as 3D printer).

<b>Implementation Phase</b>		
2.2.2 Train in entrepreneurship and marketing skills	<p>February 2016: training and support in export business planning/cluster (2 business plans) – enabling participation in TASDIR PLUS programme (CEPEX) and resulting in subsidy of TND 68,000</p> <p>Feb 2017: training of producers on enterprise creation and market development</p> <p>March 2017: guidance in development of product packaging</p> <p>Planned/2017: organisation of event “des <i>Journées Romaines</i>” in cooperation with the associations of the region (exhibition of products, 7 producers; workshops on the use of mosaics in construction incl. prototype development, costing, pricing)</p>	<p>February 2016: training and support in export business planning/cluster (7 export business plans for 7 enterprises Participation was individual as the cluster was not yet legally established at that stage; one enterprise retained by TASDIR PLUS)</p>
2.2.3 Train in product development through design workshops and direct interventions in each cluster	<p>Design workshops in view of development of new articles/ collections and integration of design (targeting the construction sector; museums), in cooperation with ONA and <i>Alliance Tunisienne de Designers</i> (120 participants; 50 articles developed)</p> <p>Design workshop in cooperation with <i>Ecole des Métiers d'Arts/Mahdia</i> to spread design culture (targeting students) and stimulate cooperation between the school and enterprises (70 participants)</p>	<p>Participation of cluster in setting up 2 master specializations (“céramique”/current total of 44 students and “<i>creation artisanale</i>”/current total of 22 students) with the <i>Institut Supérieur des Beaux Arts de Nabeul</i></p> <p>Complementary training for student/master ceramics focused on enterprise creation</p> <p>Design workshops, November 2015 and January 2016 (to stimulate design culture/artisans and linking 10 designers and cluster producers; reference made in reporting to the development of 15 new collections (enterprise specific; not common collections); 3 enterprises recruited designers</p> <p>Workshops (respectively September and November 2016) on: production techniques (glazing/colours/effects with <i>Institut Supérieur des Beaux Arts de Nabeul/ISBAN</i> and Italian supplier (Colorobia); on raw materials and tools including use of “grès = stoneware” clay (more resistant) with ISBAN and Portuguese expertise (Pastceram); 80 participants including enterprises, students, designers (5 enterprises started using grès clay)</p> <p>Seminar on “social design” (<i>Ecole des Beaux Arts/Nabeul</i>) to stimulate design of other items than</p>

<b>Implementation Phase</b>		
		tableware (400 participants) March 2017: training on 3DMAX software, 30 persons (enterprises; designers)
<b>2.3 Market penetration strategies elaborated for the development of domestic, regional and eventual export markets</b>		
2.3.1 Develop a branding strategy and product branding	see 2.2.3	
2.3.2 Develop products' collections in line with the branding strategies	1 new collection created and branded	15 producer-designer linkages for development of new collections; 15 new collections created and branded (for individual enterprises); note: some cluster members engaged in development of collections with their customary buyers
2.3.3 Expose to the international markets through relevant trade fairs	Dec 2015 (also planned for Dec 2017): Participation in DAR & DECO Trade Fair – Tunis April 2016 and 2017: Participation in: <i>Salon National de l'Artisanat</i> (idem in April: entire stock of micro-mosaic purchased for TND 50,000); May 2015: <i>Salon Bâtiment Construction</i> (reference to possible cooperation with Dorémail, combination mosaic-ceramic tiles but proved not feasible); April 2017: <i>Salon Bâtiment Construction</i> (4 producers); Sept 2016: Strasbourg trade fair –direct sales event (2 enterprises); Other events 2015/2016/2017 : <i>Sfax capitale de la culture arabe</i> , Sousse, <i>La terre de la paix</i> universelle exhibition ; Hammamet fair/August ; Jan 2017: Museum Connect /Paris (4 enterprises)	Dec 2015 (also planned for Dec 2017): Participation in: DAR & DECO Trade Fair – Tunis (reproduction of factory on stand) and in 2016 (11 enterprises); April 2016: <i>Salon National de l'Artisanat</i> (idem in April 2017); Aug 2016: trade fair/Nabeul (12 enterprises.); Sept 2016: Strasbourg trade fair – direct sales event(3 enterprises); reference to sales of €18,000; Jan 2017 : Maison et Objet, Paris (12 enterprises.) ; Feb 2017 : Ambiante, Frankfurt (10 enterprises); 2017: B2B meetings Planned for Dec. 2017: 4 enterprises in Artijiano Fair, Milan (self-financed by enterprises; preferential rate/stand negotiated by NPC)
2.3.4 Assist in post-trade fairs follow-up		B2B with Algerian buyer; selling first collection (one enterprise) As at Dec 2016: 3th order/HABITAT (reported to cover TND 120,000) – note: involves one enterprise - not ceramics but (one) olive wood producer among cluster members) Prototype development/sales under discussion via local Bureau DZETA (interior design/concept store; min. 500 pieces per collection)



<b>Scaling up &amp; Dissemination Phase</b>		
<b>3.1 Results disseminated throughout the Southern Mediterranean region, strategies for CCI clusters developed and CCI approach integrated in policies (cluster; agri-business; MSME)- in cooperation with counterparts including financial institutions</b>		
3.1.1 Assist the local counterparts in preparing strategies for CCIs' development	Project brochure (June 2017) refers to El Jem cluster having received €28,000 and the Nabeul cluster €16,000 from Government sources (CEPEX) for export activities ONA requested support in view of the replication of the initiative to cover three additional creative industries value chains (part of its National Plan for development of the handicraft sector (to be validated by end October 2017). UNIDO approached Japan for consideration of funding of project to upscale the efforts under the CCI project (no information on feedback/Japan to date). Other development partners were reported to have started to work with clusters based on the project's methodology, in particular GIZ; AFD; EBRD and Anima (Cooperation Platform for Economic Development in Mediterranean); reference has been made in this respect to the development special financial instruments for cluster development. Attention is drawn to the preparation of a case study (mid 2017) featuring the Nabeul cluster, aimed at highlighting the context and history of the sector including the challenges of the enterprises, the path followed to constitute a core group of enterprises (current cluster association), including support provided through the project, results so far testimonials. The main purpose of the case study (of which draft version was received in September 2017) is to facilitate the mobilisation of additional funding (local and external) for consolidation and upscaling	
3.1.2 Organize at national level workshops on the importance of CCIs for job creation	--	--
3.1.3 Organize study tours to the pilot success stories for replication purposes	--	--
<b>3.2 A 3-year communication and visibility plan for the project highlighting the importance of CCI's cluster development and the support provided by the EU</b>		
3.2.1 Elaborate 3-year communication and visibility plan and continuously update	Project-wide activity, not Tunisia specific	
3.2.2 Implementation of the communication and visibility plan	Development of communication tools such as web site, cluster catalogues, support of graphic designer to development enterprise-specific communication tools; media coverage of trade fair participation. Also: case study prepared (see 3.1.1)	
3.2.3 Organize a 3 day regional conference	Regional activity planned for 14-15 November 2017 Algeria (including participation from Tunisia)	
3.2.4 Prepare and publish a comprehensive report (success stories/lessons learned etc.)	Project-wide only; no consolidated country report envisaged; for case study/Nabeul cluster: see 3.1.1	
3.2.5 Monitor and evaluate report submitted	Independent evaluation report a priori part of documentation for next NSC	

## 6.7.2 Cluster snapshot overview

1. “Les Mosaïstes d’El Jem” Cluster		
Dimensions <sup>29</sup>	at start of project	at present (September 2017)
Problems/constraints/opportunities		
Main challenges as per cluster analysis	Problems regarding market, marketing approach, product upgrading/design, cooperation with support structures	Persisting needs cover: the diversification of products including product design, the development of both local and export markets, better costing/pricing, certification (as regards use in construction/buildings),
Cluster governance		
Leader of cluster support services platform	Regional Delegation of ONA/Mahdia	
Organisation of cluster /type of cluster governance	--	Association covering enterprises and support institutions; first General Assembly held
Critical mass		
Number of enterprises within the cluster	Initial proposal refers to 24 producers, 3 financial institutions, 3 training institutions; two organization regarding heritage (including museum/El Jem) and 3 support institutions (ONA, Chamber of Commerce/Centre and Business Support Centre/Mahdia).	Reporting refers to 10 enterprises; 2 support institutions (ONA and <i>Centre d’Affaires</i> Mahdia); 1 Arts & Crafts school/Mahdia; 1 training centre; <i>Association/Alliance Tunisienne de Designers</i> (that covers some 15 designers and interior design architects) At present reference made to 15 formal members of association, with core group of 4 enterprises (two micros; 2 SMEs) and one support structure; contribution of members to cluster budget estimated at 10%
Weight of enterprises/jobs	--	Reference to additional 10 direct jobs created (June 2017 brochure)
Weight of enterprises in terms of turnover	--	-- Reference to €20,000 of direct increase of sales(June 2017 brochure)
Types of actors represented	enterprises and support institution	
Differentiation through cultural heritage & competitive advantage		
Uniqueness/elements of heritage/culture	Connection with heritage; unique know-how/skills; local identity/specificity	
Competitive advantages	Traditional designs	Attempt to encourage product diversification including also other materials in mosaics (such as glass; wood; iron) in prototypes developed
Indication of cluster cooperation		

<sup>29</sup> Using several of the criteria used by the project in selection of the proposals

1. “Les Mosaïstes d’El Jem” Cluster		
Dimensions <sup>29</sup>	at start of project	at present (September 2017)
Joint efforts among cluster members	--	Joint participation in fairs Effort towards common collection for participation in fairs Business plan in view of support TASDIR/CEPEX Definition of priorities of cooperation of EBRD project with cluster Search for cooperation to establish boutique (Bardo Museum)
Joint efforts of cluster with actors outside the cluster		With Mahdia School of Arts and Crafts – enterprise-student linkages With Tunisian Alliance of Designers: preparation for participation in Museums Connection/Paris, Jan 2017 With TASDIR/CEPEX: support for export development activities With EBRD: priority setting of its support to cluster
Value chain coverage		
Value chain coverage (enterprises in cluster)	Across the value chain; design segment not developed	
Value chain coverage (cluster support entities)	Across the value chain; design segment not developed	
Access to markets		
Local market	Some have shops; direct sales via fairs/events	Now also pursuing idea of common shop (Bardo Museum)
Regional/international market	Exports (some 50% as per the proposal)	No precise information
Environmental and social impact		
Environmental issues	no information on this dimension	
Social issues (information on inclusion of women/ youth...)	no information on this dimension	
Perceptions of main milestones/value added/results of the project		
as per NSC members	Bringing individually operating enterprises together around common activities including formalization of cluster organization	
	Start of support to product diversification	
	Market exposure	
as per cluster members (enterprises)	Market exposure	
	Coaching of group towards formalization	
	Sensitization towards product development/diversification	

2. « Art de la Table Nabeul » Cluster		
Dimensions <sup>30</sup>	at start of project	at present (September 2017)
Problems/constraints/opportunities		
Main challenges as per cluster analysis	Problems regarding quality of raw materials, finding trained labour, market, marketing approach, modernization of design, cooperation with support structures	Persisting needs cover: the need to increase local inputs, deepening cooperation with support structures/services(including designers), the development of both local and export markets, enterprise coaching
Cluster governance		
Leader of cluster support services platform	Regional Delegation of ONA/Nabeul	
Organisation of cluster /type of cluster governance	--	Association covering enterprises and support institutions; first General Assembly held; legal establishment being validated by authorities
Critical mass		
Number of enterprises within the cluster	Initial proposal refers to 47 enterprises (38 tableware; 6 embroideries; 3 exporters), 4 support institutions and 2 designers  In the beginning of project core group of 10 enterprises (7 micro-enterprises; 3 SMEs), among which 2 women owned enterprises	Reporting refers to 22 enterprises (ceramics/18; olive wood/2; glass blowing/2), 2 support institutions (ONA and CCICAP), <i>Institut des Beaux Arts</i> , Training Centre and 10 designers  At present reference made to 20 enterprises being formal members of association (among which 3 women owned enterprises) covering 10 micro-enterprises, 10 SMEs, in addition to support institutions among the members; contribution of members to cluster budget estimated at 50%
Weight of enterprises in terms of jobs	--	Reference to additional 50 direct and indirect jobs created (June 2017 brochure)
Weight of enterprises in terms of turnover	--	Reference to €100,000 of direct increase of sales(June 2017 brochure)
Types of actors represented	Enterprises and support institutions	
Differentiation through cultural heritage & competitive advantage		
Uniqueness/elements of heritage/culture	Connection with heritage/local identity	Adapting design to more modern tastes (as compared to traditional design)
Competitive advantages	Skills/know-how	Challenge to find qualified labour

<sup>30</sup> Using several of the criteria used by the project in selection of the proposals

2. « Art de la Table Nabeul » Cluster		
Dimensions <sup>30</sup>	at start of project	at present (September 2017)
Indication of cluster cooperation		
Joint efforts among cluster members	n.a.	Joint participation in fairs (regional/national/international) Negotiation of price/stand as a group Enterprises working together based on market opportunities New collections (albeit at level of individual enterprises) Planned Design Hub (with ONA) Common purchase of inputs (first trial) Business plan in view of support TASDIR/CEPEX Definition of priorities of cooperation of EBRD project with cluster
Joint efforts of cluster with actors outside the cluster	n.a.	Cooperation with: *enterprises (Colorobia, Italy; Pastceram, Portugal) on respectively glazing and clay (gré) covering training; 5 enterprises started to use “gré”; *ONA (sponsoring of cluster participation in trade fairs) *Fine Arts School/Nabeul: enterprise-student linkages *Development of master’s programme/ceramics (ISBAN) *cooperation with other such as BTS (Financing); INNORPI (standards/property rights)
Value chain coverage		
Value chain coverage (enterprises in cluster)	Across the value chain	
Value chain coverage (cluster support entities)	Across the value chain	
Access to markets		
Local market	Some have shops; direct sales via fairs/events	
Regional/international market	Exports covering more than 50% of turnover (2013)	Reference in reporting to partnerships with Casa, Habitat, Casa Viva, Carrefour, Luisa Via Roma, Concept Store/Tunis but no precise information (other than one cluster member/olive tree wood); selling to Habitat; start of branding
Environmental and social impact		
Environmental issues - positive/negative effects	n.a.	Awareness raisins resulted in more attention to standards (encouraging use of good quality raw material inputs and use of dyes allowed in food industry)
Social issues	no information on this dimension	

<b>2. « Art de la Table Nabeul » Cluster</b>		
<b>Dimensions<sup>30</sup></b>	<b>at start of project</b>	<b>at present (September 2017)</b>
<b>Perceptions of main milestones/value added/results of the project</b>		
as per NSC members	Fostering of mentality change (more cooperation among enterprises; less conflicts)	
	Market exposure	
	Attention to product development/design	
as per cluster members (enterprises)	Market exposure/new business contacts	
	Sensitization to give more attention to product development/design	
	Coaching and linkages with upgrading support	

### 6.7.3 Assessment

#### 6.7.3.1 Relevance and ownership

As indicated in the cluster mapping report (2014), the Tunisian authorities have encouraged cooperation among enterprises for many years already, using different concepts/instruments, among which export consortia (with UNIDO involvement), *Technopoles* – including cluster development related to the *Technopoles* in particular in the industrial and renewable energy fields. Reference was also made in the mapping report to an earlier EU-financed programme PASRI (*Programme d'Appui au Système de Recherche et d'Innovation* that aimed at establishing 10-15 clusters in both the technological and more traditional sectors, covering also disadvantaged regions. Cluster development was reported to be since 2012 also integral part of UTICA's strategy (with focus on efforts in (agro-industry, such as textiles; dates; mecatronics).

The relevance of the CCI project lies in its efforts to (i) demonstrate the approach in the handicraft sector (to the extent the two pilot cases did not cover the manufacturing sector) and (ii) involve relevant institutions. The project could build on lessons learned from the PASRI programme as its coverage included also traditional sectors (by starting with gaining trust of enterprises and focusing on formalization later on and not at the start of the initiative, as was the case in PASRI). There is no indication how the project could benefit from prior experience in Tunisia regarding export consortia (a variation to the cluster development theme) as well as from UNIDO's prior work in the handicrafts sector. As regard the prior assistance of AFD (*Technopoles*), its reliance on external support and ensuing sustainability concerns were mentioned as a lesson; moreover, its focus was in essence on enterprises (not on involvement of institutions). A new AFD project under preparation in the technical textile field (*Pole de Compétitivité/Sousse*) was stated to have adopted the approach of the CCI project to start with a call for proposals.

The relevance (and also ownership) of the project is shown in particular by the fact that it encouraged ONA to include cluster development among the strategic pillars of ONA, namely its *Programme National de Développement de l'Artisanat* (PNDA) that is expected to be validated by end October 2017 (the evaluation has no information if the PNDA has been meanwhile formally launched). In brief, it confirms that the approach of “working together” is considered appropriate in Tunisia, including for the development of its handicraft sector. In anticipation of the launching of the PNDA, ONA is already searching for funding to upscale efforts to other sub-sectors (such as, for example, garden pottery in Moknine, Berber pottery in the North West, as well as cluster support opportunities identified in handicraft activities related to weaving, use of natural fibres and of olive tree wood (for which the findings of the mapping exercise remain pertinent).

There were several changes in the institutional environment (reconfiguration of Ministries; ONAS initially being under the Ministry of Commerce and currently under the Ministry of Tourism and Handicraft), including a turnover of DGs (3 DGs in the case of ONAS; 2 in the case of both APII and ATPF). However, fortunately project Focal Points in these organizations remained in place and priorities (hence also relevance) were not affected.

With respect to the choice of the two clusters, some stakeholders referred to a pilot experience “at two speeds” (Nabeul versus El Jem). The challenge in the case of the latter was the need to understand the reality (not deep enough covered in the diagnostics as regard the enterprise level situation), including the majority of enterprises in El Jem being informal sector operations. Based on the principle that it is wiser to focus on clusters that are most ready in order to succeed in a pilot phase (as they need to accomplish results in order to generate a snowball effect), the choice of “El Jem” (even though endorsed by the NSC and

later also PAC) seems not to have been based on full concord and was perhaps driven by the need to ensure regional spread (coastal/interior regions).

This does not take away the importance and relevance of support to both selected sectors. In the case of El Jem, it concerned an important and key handicraft activity that characterizes economic activities in the city, yet is a sector that suffered from the slowdown in the tourism sector, with reportedly many enterprises closing and, corresponding, job losses. Regarding Nabeul, the mere size of ceramics production in this city (estimated at some 650 enterprises) is a justification for support to enhancing its performance, including in terms of exports.

Zooming in on the CCI project activities after the mapping phase, a participatory approach was followed in the development of the action plans. During implementation additional actions were added, showing that the approach was not static. Nevertheless, some stakeholders labelled the action plans as rather theoretical, requiring further priority setting in line with the needs of the enterprises.

Regarding cost-sharing, it was mentioned it should have been more explicit from the start which contribution was expected from whom (project; enterprises; ONA). In the beginning it was said to be not clear what the project would provide in terms of hard/soft support. It was however reported that at present the stakeholders are involved in the planning of actions and their budgeting. Also, it took time to convince enterprises, many of whom seem to recognize now that soft support is more important than money/equipment.

There are several examples of cost-sharing by the Government of Tunisia and by enterprises. The precise contribution of ONA to the project (including to the current establishment of the design hub - discussed below) is not known but is expected to exceed the size of project inputs. As regards enterprises, the workshop on production techniques (Colorobia/Pastceram) was organized based on a contribution of enterprises (the project did not pay for this training). Also, large enterprises were reported to finance themselves participation in trade fairs; in some cases, they both took part in the common stand and also had their own.

#### **6.7.3.2 Efficiency in implementation**

The local stakeholders considered the call for proposals to constitute a fair process (a priori chosen based on best potential job creation, maturity and critical mass – albeit with some questioning on the choice of the El Jem cluster), the time taken for the diagnostics was found to be long. As regards the ensuing actions plans, it is observed that the action plans includes budget estimate and reflect a cost-sharing approach from the start (not the case in all seven countries). Still, reports do not compare planned versus actual inputs of the different parties.

Questions were raised by local stakeholders about the budget. According to the EU/UNIDO approach in this regional programme, there were no separate envelopes announced per country/cluster, which thus varied according to cluster needs and support interventions. It was made clear that the project could only finance priority actions in this stage (TA related to cluster organization, product development, branding, market access, visibility). Given the availability of resources, the UNIDO comment (NSC) that expressed the aim to work with all clusters including those not selected (setting aside 20% to provide assistance to the clusters that were not selected) was surprising. The evaluation mission has no precise figures, but the Nabeul cluster is expected to have received 3-4 times the allocation to the El Jem cluster (which is understandable, considering major differences in terms of the number and size of enterprises of the two clusters). In any event, limited funding encouraged the local team to look for complementary funding (be it by enterprises, counterpart institutions and/or development partners), which it did fruitfully.



Inclusion of olive wood enterprises in the Nabeul ceramics cluster is not fully understood, as the issues/challenges are not at all the same and as one can wonder what to share among enterprises other than an overlap in potential clients and space on a stand in a fair. In any event, the olive wood sub-sector was not covered by the diagnostics. However, it was justified by the project team with in particular the following arguments: (i) 95% of the cluster members are indeed operating in the ceramics sector; (ii) the buyers of the different products converge and (iii) the combination of different materials in new collections is an approach towards value addition. Reporting on the ceramics includes reference a large buyer (Habitat) that in facts involves so far not ceramics but olive wood. Some cluster members mentioned the difficulty to get responses from large buyers (including Habitat) after sending them samples and drew also attention to challenges regarding their expectations, in particular pricing (low margins).

As far as design support as key entry point of the project is concerned, there were mixed observations. First, the choice of the first designers was not in accordance with needs and far too short. As one enterprise put it: *it delayed us*. Time for preparing samples (including for the participation in fairs) was considered short. In the case of the El Jem items designed followed three routes: for construction, art/artistic focus and functional products. The observations on the results of fairs/events in which the El Jem cluster participated are also mixed: the 2017 stand (Tunis fair/Kram) was considered good (well located, attractive presentation and more space) and sales were good. In the Strasbourg event there was little space, but sales were good, and contacts were made. Finally, the event *Musée Connect* (a side event to *Maison&Objet*) was a small exhibition, with quite some “made in China” small gadgets and small prices. Still, contacts were made with representatives of boutiques of museums and participation in this event was good for visibility, even though there is no feedback of contacts so far. It was reported that Participation in *Maison&Objet* would have been better if the stand would have been less crowded.

Enterprises stated that design support was needed over longer period and not during just few days (as was reported to be case). Not satisfied with the project support in this regard, there was emphasis on the need to involve local designers and also students of fine arts schools. Among the challenges faced in the education system are gaps such as fine arts students lacking practical training (which justifies the strengthening of linkages between, inter alia, fine arts schools/students/designers and enterprises). There is also need for clarity on ownership (property rights) and, in this regard, formalization of the relationship between enterprises and designers. There were reported to be some 15 designers involved earlier on, now reduced to only 3; as the link is not formalized. It is not clear if/how they will be motivated/paid by enterprises (to the extent they were involved in the preparation of the participation in international fairs).

Another area requiring more support is capacity building of the main counterpart (ONA) whose staff is expected to deal with the management of the Design Hub (see below) and, in general, play a core role in pursuing and expanding cluster development to other emerging clusters. Notwithstanding the organization of events at the start of the project to explain the concept and methodology, the first (3 days) cluster development training targeting counterpart organizations was organized late in the project (July 2017) and could have also been an activity organized more regularly in the life of the project, each time building on the state of development of the pilot clusters and their support needs.

As also observed in several other countries, referring to the UNIDO Office as contact address at back of cluster brochures is considered not appropriate, to the extent it is a promotional tool for the clusters. In the same vein, there is “overcrowding” in terms of logos put on brochures that are promotional and first and foremost to be used by and for the clusters’ market development efforts. Another point regarding the catalogues concerns the observation of some enterprises that they attach more importance to individual (i.e., enterprise specific)

and complete catalogues rather than “picking some pieces” for presentation in a joint catalogue. The project covered in fact both types of catalogues, i.e., a common one for the visibility of the cluster and collective promotional activities as well as individual catalogues per enterprises focusing on their individual product range and its technical details).

#### **6.7.3.3 Project coordination and management including M&E system**

The NPC (only staff remaining at present) is based in the UNIDO Office but is mainly “on the road” to work with the clusters). The contract durations of staff varied anywhere between 1 to (at present) 10 months. The contract of the interior design expert (de facto part time CDA for El Jem) ended since May 2017 for budget reasons and slow period of project activities (summer). This being said, the person seems to continue her involvement, as the situation of the El Jem requires indeed follow-up to keep the enterprises together around joint activities.

In one of the NSC meetings in particular, the EU emphasized the need for complementarity of the programme with ongoing cooperation and importance need to increase synergies. This has been pursued by the team, as illustrated by the cooperation with the newly starting BIRD (EU financed) project that is focused on one-to-one individual enterprise support but has accepted to cover also the two pilot clusters of the CCI project. It is important that the NPC is invited to participate in priority setting of EBRD activities at the level of the two clusters, with a view to building on prior information and experience with the two clusters, ensuring synergies and avoiding duplication/overlapping of support.

Regarding the M&E system, the Barcelona training/ 2015 was mentioned to have covered a long list of indicators that are not all easily measurable neither precise. Completing the M&E requirements (requested in an ad hoc manner, in line with overall progress reporting) was considered a slow and tedious process, without it being clear for what purpose some of the data were collected and how they were used. Like in other countries, the receipt of progress report was not routine.

The matter was discussed in the regional meetings in Brussels and Cairo, indicating that the system was heavy. There was no decision to make it “lighter” and staff had to “live with it”. Adherence to the system was accordingly mechanical (such as completing the clusterometer with a sub-group of cluster members).

#### **6.7.3.4 Effectiveness and actual/likely impact**

The project brought together under one umbrella a diverse group of enterprises (in the case of the Nabeul cluster ranging from very small to medium/large and the El Jem cluster encompassing small/medium size operations, both formal and informal). The clusters engaged in formalization (opting for association as legal form), which is finalized as regards the El Jem cluster (11 signatories) and has been deposited for public clearance in August 2017 regarding the Nabeul cluster (19 enterprises). Still, the latter is more advanced on the cluster development path. To this end reference was made to different size of operations, different business mentalities, different market experiences and also the proximity of support institutions (close in Nabeul; more remote in the case of El Jem that is covered from Mahdia).

The project team is commended on the mobilization of additional funding, such as: ONA’s contribution to the design hub; the subsidies through TASDIR PLUS, forthcoming enterprise support via EBRD’s upgrading project in the services sector, financing of 2 enterprises by BTS Bank: training on standards and intellectual property (designs/models) and related procedures (with INNORPI/Tunisia, participation of 50 enterprises; 15 new collections reported to be registered with INNORPI).

Joined efforts covered so far (for example being in the same stand at a fair, having the same business plan) developed in the context of support under the TASDIR project/CEPEX). It also linked the participating enterprises to designers – few enterprises having designers among their staff or linkages with external designers. It meant contributing to forging a link between the education and business worlds that tend to be apart.

There is recognition that it takes time to get results (including from B2B contacts). Enterprises do not tend to share precise figures about their sales but mentioned to have « well sold” at the National Handicraft fair (2017), as the stand was well located, its set up attractive and as better clay was used for the products exhibited (affecting the quality of the final product). In search for maintaining the equilibrium between large(r) enterprises and small ones, the choice of fairs was adapted (such as a fair focused on sales for the small enterprises - the case of Strasbourg - and specialized fairs for the larger ones). The project cluster facilitated participation in fair such as in Frankfurt (through space, production of enterprise catalogues); contacts were made but there are no orders yet. The value added of the project as regards cost-sharing in fair participation (especially in the case of medium/large enterprises) was not always clear, as several in any event tend to attend specialized fairs (with or without the project). The planned participation in December 2017 of 4 enterprises from the Nabeul cluster in Artijano Fair (Milan) is a case in point, as entirely self-financed by the enterprises (with a preferential rate for the stand negotiated by the project team). Also, there are several national support schemes to sharing in the cost of export development related activities.

There was mention of a first test of common purchase activities (white clay) in November 2016 and February/March 2017 involving 6-7 enterprises. However, to minimize imports/costs, there is interest in using more local clay in the input formula to improve the quality of clay and thus of the final products. It is a sensitive issue as involving “enterprise secrets” and only some enterprises having access to/exploiting local inputs in their formulas. The need for international expertise was highlighted, working with each cluster member on this matter (most likely not possible under the CCI project but possibly under the EBRD support). Another issue affecting performance relates to cost structure (not analyzed in the diagnostic phase). One of the large enterprises estimated this as follows: 1/3 labour; 25-30% energy; 10-15% raw materials. The share of energy indicates it is a field requiring attention in terms of potential energy efficiency and cost-saving (latter particularly regarding the regulation/insulation of the ovens).

The initial design efforts (several international designers; several enterprise-specific designs) have had limited results so far in the case of the Nabeul, with few local designers remaining involved and no information on the market uptake of the collections developed at the level of individual enterprises. There is need to formalize the cooperation between enterprises and designers (could be case by case, depending on the product/respective inputs).

It is to be highlighted that the project activities triggered the development of a master’s programme/ceramics at Nabeul’s Fine Arts School, now in its second year; its graduates are expected to find employment opportunities in the sector (addressing also the need reinforcing attention to design at the enterprise level). Moreover, it is expected that the Design Hub (see below) will address also these issues (including sensitization on the need for close cooperation between designers and sales managers). Regarding the El Jem cluster, design support resulted in new items produced in particular in preparation for the different fairs in which the cluster participated following three tracks (utilitarian, artistic and construction/building). Whereas there have been reported to be good sales (in particular the 2017 national handicraft fair), there is no clear evidence that this has resulted in the uptake of new items, be it their production or sales beyond such events. Some marketing routes are considered interesting but ambitious, such as relating to the use of mosaics in construction/building (involving the cluster in specialized fairs to this end). Whereas of interest in terms of exposure, the readiness of the sector to target this market is for now an obstacle

given the problem of certification (such as pertaining to resistance to humidity/frost). Pricing was mentioned to be another obstacle in the El Jem cluster, as analysis of costing/pricing was not addressed in the diagnostics yet found to be an issue in market development efforts (unrealistic pricing).

With respect to the Design Hub in Nabeul: according to the June 2017 project brochure it has been established, which requires some further qualification, in the sense that it is *under establishment*. The building has been allocated by ONAS – ONAS is planning to also upgrade the infrastructure, thus covering an impressive engagement of the national counterpart in this initiative. Once the physical works are completed (a priori in the course of the fourth quarter of 2017), the project's contribution, covering equipment in support of the common facilities (already ordered) can be installed once received. The next steps are crucial, i.e., putting in place the actual services and engaging in the planned awareness building/training activities, for which staff needs to be recruited and trained.

Expectations of stakeholders regarding the Design Hub are high. It is also seen as a service platform that is to pay attention to the need for training of workers (a problem/issue in the ceramics sector). In general, training in field of handicraft is said to be not promoted as a career path and the hub is seen as provider of “training à la carte” services, also in other fields considered crucial, such as the quality of raw materials and firing (to foster quality and energy efficiency of ovens).

In terms of other results generated, project reporting (June 2017) refers to additional 10 direct jobs created in the El Jem cluster. This is most likely an underestimation, as not including the jobs that were preserved as a result of product and market development support including increase in sales reported at additional €20,000 – which is also a likely underestimation, as enterprises are reluctant to share such information. Concerning the Nabeul cluster, the project is reported to have generated the creation of 5 enterprises (not sure about the involvement of the project to this end, nor if these involve cluster members), 50 additional direct and indirect jobs as well as an additional €100,000 increase in sales. Also, these figures are likely an underestimation, particularly taking into consideration that one enterprise found an important client in Algeria (through participation in the Frankfurt fair) and has increased capacity and sales in major way, other than the business results of participation in direct sales fairs (such as Strasbourg).

There were so far no efforts to create linkages between the Tunisian clusters and clusters in the North Mediterranean (for example, in Italy). This is understandable to the extent such forging efforts with clusters in other countries are expected to be more fruitful once the clusters (in this case two pilot clusters under the CCI project) have gained more experience in working together (first internally). As regards cooperation of Tunisia with the clusters in the 6 other countries participating in the CCI project, there was/is active exchange with the other coordination teams, but no indication of cluster level linkages other than some having met in the context of joint participation in some fairs/events).

#### **6.7.3.5 Sustainability prospects**

Several stakeholders highlighted that “the train just left the station”, and that there is need to consolidate the project's pilot efforts, such as the operationalisation of the design hub, the training of local designers and the clarification of their linkages with enterprises. Other areas that are equally important relate to the solidification of the cluster governance structure. There are challenges in this regard in the case of the El Jem cluster (obstacles to open a bank account affecting the possibility to receive support allocated by CEPEX' TASDIR scheme). In the case of Nabeul, the association is nascent and will require coaching in its start-up phase.

At present the NPC is actively involved as “engine” to overcoming obstacle and also accompanying the clusters in their market development efforts (such as pertaining to the attempt of El Jem cluster members to have boutique space in the Bardo Museum/Tunis and to Nabeul cluster members participating in an important fair in Milan in December 2017, this time at their own cost). Moreover, the NPC is involved in defining follow-on support (such as being part of EBRD’s activity planning for the clusters; seeking their inclusion in other initiatives). For this coordination cum support function “*animateur*” to be gradually taken over as part of a phasing out approach there will be need for further on-the-job training /coaching of the project partners (requiring more time and complementary funding). It is to be noted that the existence of “other support instruments/other projects” however important is an incomplete exit strategy, to the extent also these projects are limited in time (TASDIR covering 18 months), may/may not have a built-in sustainability strategy (BIRD support not being anchored to a local support entity), or have preconditions that are not easy to meet (cost-sharing, obligation to employ after pre-financing – reported to be the case in a USAID funded project).

The evaluation mission learned from representatives of the Italian cooperation that it is in the process of preparing a project to support mosaic and pottery sub-sectors (process of call for proposals for project execution is expected to be launched soon). It concerns a project that has been in the pipeline since 2010 (request by Ministry of Tourism and Handicrafts). There is no indication to what extent the CCI project is aware of this new bilateral project) how this project will build on the CCI project in which Italy is also a partner. In the spirit of the need to ensure synergies, the new project is an opportunity in the sense of the need for consolidation of pilot efforts and the request for up-scaling (already made by ONA) provided it is designed and planned with this precise purpose. At this stage, there is no information on the likelihood of funding to expand support to additional clusters (including the request for support in this regard submitted by UNIDO to Japan in August 2017).

#### **6.7.3.6 Cross-cutting issues**

With respect to gender, the El Jem cluster did not include women entrepreneurs, although women constitute an important part of the work force engaged in mosaics. One entrepreneur mentioned to engage women who work at home and are paid on a piece by piece basis. The project did not have the means or mandate to look into working conditions. In the case of Nabeul the cluster includes three women entrepreneurs. One was among the participants in the Strasbourg fair (it is of interest to mention that the link with the Ecole des Beaux Arts encouraged this entrepreneur to enrol again as student in the school – without abandoning her enterprise activities).

Regarding youth, stakeholders referred to challenges in the education system, including the situation that apprenticeships cannot start before the age of 17. Another issue raised is that the graduates of fine arts schools lack practical experience.

Finally, as far as environmental issues are concerned, the diagnostic did not cover an analysis of the cost structure of the ceramics sector. Based on information provided by one enterprise, energy constitutes a substantial portion in this sector (estimated at 25-30%) and there were reported to be likely opportunities for enhancing energy efficiency (improved ovens). Whereas the project did not have the means to engage in assistance in this thematic field, it is considered important and is expected to be covered under related one-to-one assistance (under the EBRD project).