



## **Industrial Development Board**

### **Forty-eighth session**

Vienna, 23–25 November 2020

Item 16 of the provisional agenda

### **Evaluation and internal oversight activities**

## **Evaluation activities**

### **Report by the Director of the Office of Evaluation and Internal Oversight**

The present document provides information on the activities of the evaluation function in 2019 in accordance with decision IDB.44/Dec.3, and updates the previous report contained in [IDB.47/23](#).

## **I. Background**

1. The Office of Evaluation and Internal Oversight (EIO) oversees the oversight functions, which include the internal audit, investigation, and evaluation functions. The mandate of EIO is to provide independent and objective assurance, advice, investigation, and evaluation for the purpose of adding value to and improving the efficiency and effectiveness of UNIDO's operations, internal control framework, risk management, results-based management and governance processes. In addition, EIO is also the focal point for coordinating the activities of the Joint Inspection (JIU), and serves as the Secretariat to the Independent Audit Advisory Committee (AAC).
2. EIO is composed of two divisions: the Independent Evaluation Division (EIO/IED) and the Internal Oversight Division (EIO/IOD).
3. The **evaluation function** is governed by the EIO Charter and the UNIDO Evaluation Policy<sup>1</sup>. The evaluation function manages, conducts and provides quality assurance to different kinds of independent evaluations within UNIDO and monitors the management response to such evaluations. EIO ensures also the effective dissemination of evaluation results and lessons learned throughout UNIDO and to external stakeholders.
4. The current EIO Charter was approved by the Director General, promulgated in the Director General's bulletin DGB/2019/07 on 26 March 2019 and circulated to all

<sup>1</sup> As per Director General Bulletins DGB/2019/07 and DGB/2018/08, respectively.

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Permanent Missions. A further revision is being submitted to the present session of the Industrial Development Board in a separate document (IDB.48/25) for consideration and approval.

5. In 2019, the EIO evaluation function's budgeted posts comprised of three Professional, including Chief and two General Service staff.

## II. Overview of evaluation work in 2019

6. During the year, the evaluation function has further aligned its work plan to address and provide evidence-based information at a strategic level and to contribute to UNIDO's management priorities and strategy with timely findings, recommendations and lessons learned from evaluations for a more effective and impactful Organization.

7. The EIO Evaluation work plan 2018–2019 as approved by the Executive Board allocated a budget of €260,000 for the implementation of the work programme in 2019. These resources were used to conduct strategic or corporate-level evaluations and activities, (country-level evaluations, thematic evaluations, evaluation synthesis, evaluation capacity development, participation in United Nations Evaluation Group (UNEG) activities; and support for the management of project and programme evaluations and to other evaluation-related activities).

8. Quality assurance for independent project and programme evaluations continued to be provided. Project and programme evaluations were financed from the respective project/programme budgets.

9. In 2019 the following strategic evaluations were conducted, finalized and/or issued:

- (a) Impact evaluation of UNIDO's industrial energy efficiency programme;
- (b) Independent thematic evaluation of the UNIDO Field Network;
- (c) Synthesis of UNIDO independent evaluations 2015-2018;

(d) Independent terminal evaluation of the Programme for Country Partnership in Ethiopia, 2015-2019.

10. In addition, 26 independent project evaluations were managed, for which quality assurance was provided and evaluation reports were issued.

11. All UNIDO independent evaluation reports are available on the UNIDO website ([www.unido.org/resources/evaluation](http://www.unido.org/resources/evaluation)).

12. Acceptance and implementation of evaluation recommendations continued to be monitored. During 2019, a total of 230 recommendations were issued. The acceptance rate of recommendations remained high at 94 per cent. The one year follow-up on the implementation of recommendations as of end 2019 showed the implementation of a total of 83 per cent of recommendations as ongoing or completed.

13. As a contribution to building and strengthening national evaluation capacities in Member States, a regional evaluation workshop was held in Istanbul, Turkey, from 22 to 27 September 2019, with 14 representatives of UNIDO counterpart ministries in seven European countries.

14. Briefings to Member States were held to continue the direct dialogue, present evaluation activities and the work plan, and to share key findings of strategic evaluations (thematic and country-level evaluations).

15. EIO confirms that in performing its evaluation activities during 2019, it functioned independently and objectively without any interference and/or influence from any internal or external parties. However, due to budget constraints, operational limitations should be noted.

### Evaluation funding

16. Following IDB.47/Dec.8 (to explore “synergetic approaches to ensure adequate operational funding for evaluation and internal oversight”) and to address and mitigate to some extent financial operational limitations, EIO has been exploring the possibilities for the establishment of an Evaluation Fund or similar mechanism with the purpose of further strengthening the operational independence of the evaluation function by merging allocated evaluation budgets of projects and programmes. Furthermore, the proposed funding mechanism would facilitate the creation of synergies and increase the operational capacity of EIO with the pooling of project evaluation budgets. This proposal has been welcomed in principle by UNIDO senior management, Member States and the external auditor. However, certain financial and administrative constraints, including specific donor requirements, may present barriers to the establishment of such a mechanism, and need further consideration.

## III. Key findings from strategic evaluations from 2019

17. **Impact Evaluation on Industrial Energy Efficiency (IEE):** The analysis of 21 evaluations of recently (or nearly) completed UNIDO projects implemented between 2012 and 2018, revealed that projects in the three IEE related programmes: (i) often share similar approaches and components, (ii) broadly address the same stakeholder groups and (iii) approach the promotion of industrial energy efficiency in a similar fashion. The review indicates that UNIDO projects led to implementation of energy-efficiency measures, and resulted in measurable energy savings and greenhouse gas emission reductions. It also found that UNIDO interventions influence energy efficiency markets for services and equipment positively. The evaluation detected room for improvement with regard to monitoring, in particular of behavioural changes in companies. It also produced concrete recommendations with regard to strengthening project design.

18. **UNIDO Field Network:** the thematic evaluation found that significant progress had been made in improving the coordination, communication, execution and reporting mechanisms between headquarters and the field network. It also highlighted the representation, commitment and participation of UNIDO in United Nations country teams and United Nations cooperation frameworks through the field network, which also opens up opportunities for further valuable engagement in delivering UNIDO’s inclusive and sustainable industrial development (ISID) mandate. On the other hand, the evaluation found persisting divergent perspectives on UNIDO Field Offices in terms of mandates, resources and expected results and that UNIDO’s contributions at the country level vary widely by office type and resource availability. A mismatch between the assigned duties of Field Offices and the availability of resources was highlighted as in need for improvement together with more results-oriented monitoring and better access to technical expertise on the ground.

19. **Synthesis of UNIDO independent evaluations 2015-2018:** On the basis of 53 evaluated projects in 2015-2018, it was found that from 77 per cent (n=41) to 100 per cent (n=53), were rated as satisfactory across the different evaluation criteria, namely: relevance, effectiveness, efficiency and sustainability. Overall, UNIDO projects were rated strong in terms of relevance and partial effectiveness, but weak in efficiency and sustainability. UNIDO’s organizational performance in terms of project design, management and backstopping was also assessed satisfactorily. The synthesis analysis suggests that the likelihood of contributing to impacts tended to be higher in economic and environmental areas, but lower in the social sector. Local-scale results for direct beneficiaries have emerged from some projects upon completion, yet limited system-scale impact was reported. Of the three areas corresponding to UNIDO’s thematic priorities – advancing economic competitiveness, safeguarding the environment and creating shared prosperity – 78 per cent of the evaluated projects indicated some positive local-scale contributions to economic results, 65 per cent showed environmental impact, and 43 per cent showed social impact. The synthesis

identified critical areas for improvement and formulated recommendations in the corresponding areas, among them: to further focus on replication and scale up, better incorporation of the local context in project design, better approaches to co-finance, and improved project-level and corporate results monitoring.

20. **Programme for Country Partnership (PCP) in Ethiopia, 2015–2019:** The evaluation found good progress of the PCP towards the establishment of agro-industrial parks along with high relevance of the PCP for the ISID agenda. The PCP Ethiopia has been successful in mobilizing significant resources from the public sector and donors. Private investments have not yet been mobilized to a significant extent and remain the key challenge for the future. Furthermore, the success of the agro-industrial strategy depends on external factors beyond what can be addressed within the PCP, in particular efforts linked to increased smallholder farming productivity. The evaluation recommends to continue UNIDO's involvement in the PCP with a stronger focus on private investment and a stronger involvement of partners in the management and monitoring of the PCP. The good results of the PCP Ethiopia need to be seen in the light of existing success factors, such as a high level of Official Development Assistance and a continued high-level commitment from the Government of Ethiopia to industrial development, demonstrated by an explicit national industrial development programme and allocation of financial resources at the country level.

#### **IV. Cooperation with United Nations and other evaluation bodies**

21. Throughout 2019, the EIO evaluation function was actively involved in the activities of the United Nations Evaluation Group, including active participation in the development of the United Nations system-wide evaluation policy. A presentation of innovative evaluation approaches applied by UNIDO generated very positive feedback during the Global Assembly of the International Development Evaluation Association in Prague, Czechia, in September 2019.

#### **V. Strengthening governance of the evaluation function**

22. During 2019, consultations were held to incorporate the evaluation function into the mandate of the AAC, in order to further strengthen the structural independence of the evaluation function and in line with relevant JIU recommendations.

#### **VI. Outlook**

23. EIO conducted a systematic strategic planning process, which produced Office of Evaluation and Internal Oversight (EIO) Strategy 2020–2024 that was issued in February 2020. The EIO Strategy provides all stakeholders with an explicit road map of how EIO would further add value to UNIDO's organizational performance and governance, and ultimately contribute to the achievement of the institutional goals and objectives. The EIO Strategy also provides the basis for further aligning the biennial work plans 2020-2021 for the respective EIO functions.

24. EIO prepared the evaluation work plan for the biennium 2020-2021 on the basis of an evidence-gap analysis. The work plan foresees strategic evaluations such as the UNIDO gender policy, the UNIDO formulation, appraisal and approval function, and UNIDO's capacity to contribute to transformational change, broader adoption, replication and long-term impact. Furthermore, more than 30 mandatory project terminal evaluations are expected to be managed and conducted.

25. EIO will work on updating and further improving its guiding frameworks and documents in order to adapt to the evolving requirements from donors, the United Nations reform and international evaluation standards.

26. EIO's evaluation function will continue efforts to fulfil its mandate and continuously improve its ability to provide services that lead to enhancing UNIDO's oversight, management decision-making, learning and accountability.
27. The operational resource situation continues to represent a scope limitation. No significant resource increase is foreseen to allow the conduct of more strategic evaluations; therefore, the evaluation function is not in a position to fully cover through its work plan all identified high-priority evidence gaps comprehensively.
28. Lessons learned and knowledge generated from the COVID-19 pandemic are being gathered, consolidated and validated, inter alia through the sharing of experiences in United Nations system-wide oversight networks, and will be used by EIO to contribute to its incorporation in UNIDO strategic decision-making.
29. As ever, the impact of evaluation and internal oversight, through its effective independent, credible and objective functions assisting the Organization in achieving its goals depends ultimately on the continuous support received from UNIDO's senior management and its Member States.

## VII. Action required of the Board

30. The Board may wish to consider adopting the following draft decision:
- “The Industrial Development Board:
- (a) Takes note of the report on evaluation activities (IDB.48/24);
  - (b) Reiterates its support to the evaluation function for accountability, learning and contribution to development effectiveness;
  - (c) Encourages further outcome- and impact-driven strategic evaluations and the incorporation of its findings on performance and lessons learned into management actions and strategic planning processes;
  - (d) Encourages further exploring synergetic approaches, such as the creation of an evaluation fund, or other possibilities, to ensure adequate operational funding for evaluation and internal oversight activities, for increased coverage and enhanced independence of oversight functions.”
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