

Independent UNIDO Country Evaluation

The Democratic Socialist Republic of Sri Lanka



UNIDO OFFICE FOR INDEPENDENT EVALUATION

Independent

UNIDO Country Evaluation

**The Democratic Socialist
Republic of Sri Lanka**



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Contents

Abbreviations and acronyms	iv
Glossary of evaluation-related terms	vii
Executive summary	ix
1. Introduction and background	1
1.1 Introduction	1
1.2 Evaluation purpose, scope and methodology	1
1.3 Country context	5
1.4 Poverty	10
1.5 Millennium Development Goals	12
1.6 Government policies, strategies and initiatives	13
1.7 United Nations Development Assistance Framework (UNDAF) 2013-2017	15
1.8 Development Assistance to Sri Lanka	15
1.9 UNIDO interventions in Sri Lanka	18
1.10 Collaboration Agreement and Field Presence	22
2. Technical Cooperation -Evaluation findings	27
2.1 Poverty reduction through productive activities	27
2.2 Trade Capacity Building (TCB)	36
2.3 Energy	49
2.4 Environment	55
3. Conclusions	70
4. Recommendations	75
5. Lessons learned	78
Annex 1: Terms of Reference	79
Annex 2: List of people met	131
Annex 3: Bibliography	137

Abbreviations and acronyms

ADB	Asian Development Bank
BOI	Board of Investment
CCI	Ceylon Chamber of Industry
CEB	Ceylon Electricity Board
CINCA	Cinnamon Cultivators Association
CNCI	Ceylon National Chamber of Industries
COP	Conference of Parties of the Stockholm Convention
CP	Cleaner Production
CTA	Cinnamon Training Academy
DEVCO	Directorate General of Development Cooperation
EDB	Export Development Board
EOP	End Of the Project
EST	Environmental Sound Techniques
EU	European Union
FAO	Food and Agriculture Organization
FCCISL	Federation of Chambers of Commerce & Industry of Sri Lanka
FDI	Foreign Direct Investment
FY	Financial Year
GCI	Global Competitiveness Index
GDP	Gross Domestic Product
GEF	Global Environment Facility
GHG	Green-house gases
GI	Geographical Indication
GII	Gender Inequality Index
GIZ	Gesellschaft für Internationale Zusammenarbeit
GMP	Good Manufacturing Practices
GoSL	Government of Sri Lanka
HACCP	Hazard Analysis and Critical Control Points
HDI	Human Development Index
IDB	Industrial Development Board
IDP	Internally-Displaced Persons
IndExpo	IndExpo Certification (Pvt) Ltd
IOs	International Organisations

IP	Industrial Development Programme
ISID	Inclusive and Sustainable Industrial Development
ISO	International Organization for Standardization
ITI	Industrial Technology Institute
JICA	Japan International Cooperation Agency
LED	Local Economic Development
LKR	Sri Lankan Rupee
LTTE	Liberation Tigers of Tamil Eelam
MCIP	Mahinda Chintana Industrial Policy
MDG	Millennium Development Goals
MoIC	Ministry of Industry and Commerce
NCE	National Chamber of Exporters
NCPC	National Cleaner Production Centre
NEPS	National Energy Policy and Strategy
NGOs	Non-Governmental Organisations
NIP	National Implementation Plan
NORAD	Norwegian Agency for Development Cooperation
NQS	National Quality System
NVQ	National Vocational Qualifications
ODA	Official Development Assistance
ODG/EVA	Office for Independent Evaluation
PCB	Polychlorinated Biphenyls
PCC	Pure Ceylon Cinnamon
PEB	Project Execution Body
POPs	Persistent Organic Pollutants
PSC	Project Steering Committee
PTC/AGR/AIT	Agro-industries technology unit (UNIDO)
PTC/ECC/RRE	Renewable and Rural Energy Unit (UNIDO)
RECP	Resource Efficiency and Cleaner Production
SA	Social Accountability standard
SEM	Social Economic Measures
SGS	Société Générale de Surveillance
SLAB	Sri Lanka Accreditation Board for Conformity Assessment
SLSI	Sri Lanka Standards Institute
SMART	Specific Measurable Accepted Realistic Timely
SMED	Small & Medium Enterprise Developers

SMTQ	Standards, Metrology, Testing and Quality
STDF	Standards and Trade Development Facility (WTO)
SWEDAC	Swedish Board for Accreditation and Conformity Assessment
TCB	Trade Capacity Building Branch (UNIDO)
TSC	The Cinnamon Council
TTSC	Textile Training and Support Centre
TVEC	Tertiary and Vocational Education Commission
UNDAF	United Nations Development Assistance Framework
UNDP	United Nations Development Programme
UNEP	United Nations Environment Program
UNICEF	United Nations Children's Fund
UNIDO	United Nations Industrial Development Organization
UNOPS	United Nations Office for Project Services
USAEP	United States-Asia Environmental Partnership
USAID	United States Agency for International Development

Glossary of evaluation-related terms

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

Country map



Executive summary

Introduction and background

An independent evaluation of the activities and involvement of the United Nations Industrial Development Organization's (UNIDO) in the Democratic Socialist Republic of Sri Lanka was proposed and included in the UNIDO Office for Independent Evaluation (ODG/EVA) Work Programme 2014/2015.

The country evaluation assessed the efficiency, effectiveness, impact and sustainability of the UNIDO interventions, implemented as of 2007, in Sri Lanka. The major focus of the country evaluation was the ongoing UNIDO Country Programme. Moreover, the country evaluation reviewed the management and coordination of UNIDO interventions in Sri Lanka.

UNIDO has a long history of collaboration with Sri Lanka. The first UNIDO project in Sri Lanka started in 1969. Since then, UNIDO has implemented around 240 projects with a total budget of more than US\$ 52 million. An important part of the portfolio has been in the area of trade capacity building. Two Integrated Programmes were set up, the first from 1999 to 2005 and the second from 2005 until 2008. The Country Programme was launched in 2010 and will be going on until end of 2015.

The country falls under the responsibility of the UNIDO Regional Office in India. There is a national focal office point at the Ministry of Industrial and Commerce and a UNIDO national country programme coordinator, on board since 2010.

The country evaluation was conducted between August and December 2014, with field work in Sri Lanka in September 2014. The evaluation team was composed of Margareta de Goys, Director of Evaluation, UNIDO, Javier Guarnizo, Senior Evaluation Officer, UNIDO, Andreas Tarnutzer, International Evaluation Consultant and Selyna Peiris, National Evaluation Consultant.

The country portfolio

The purpose of the Country Programme 2010-2015 is to promote industrial development, employment generation and competitiveness and to lay the foundation for the graduation of the country from a low-middle income to a newly industrialized country. It has two main components:

- Support sustainable livelihood and productive activities through private sector development.

- Increase the competitiveness of industries and reduce poverty through the introduction of environment-friendly technologies and quality infrastructure related services¹.

The Country Programme document was well drafted and encompassed a good situation analysis was developed at the preparatory stage. At the same time consultations, with beneficiaries, at the design stage were at times suboptimal. Financing was secured for the National Cleaner Production Centre, livelihood projects in the East, Trade Capacity Building and environmental projects, including for the bamboo sector but other identified areas were not funded. Despite mixed successes in funds mobilization the Country Programme document was not revised. A County Programme Steering Committee was foreseen but not put in place and ownership of the County Programme diminished over time.

The GEF portfolio is expanding and, in terms of budget, the Ministry of Environment has become the largest counterpart ministry. At the time of the country evaluation, the overall project portfolio in Sri Lanka amounted to around USD 15 million.

Evaluation findings

There had been a good level of cooperation between UNIDO and relevant public and private actors. UNIDO is an appreciated partner and its technical expertise relevant and valued. However, cooperation with other UN agencies has been at a low level and UNIDO has not been a member of the United Nations Country Team (UNCT) and only marginally contributed to UNDAF. UNIDO's services and competence are in high demand and there is a potential to do more. A gender dimension was found in a few projects but the promotion of gender equality has not been systematically mainstreamed.

The results-orientation of many UNIDO projects is weak and this concerns both the design and reporting stages. Relevance was high for the Country Programme and individual projects. Many projects have encountered delays in implementation. Some projects benefitted for Public Private Partnerships and an active participation of private partners provided value added and contributed to effectiveness. A long-term collaboration between the Government and UNIDO in areas such as Cleaner Production and Trade capacity Building has yielded positive results. More specific information on sectors/projects is provided below.

¹ Programme document of the Country Programme of technical cooperation with Democratic Socialist Republic of Sri Lanka, 2010-2015

Poverty reduction through productive activities

The project “Support for sustainable livelihood recovery among the conflict affected population in the north and east regions through improved agricultural productivity and community-based entrepreneurship” had a clear poverty focus. The evaluation team came across several cases where the project had impacted on the life of individuals. At the same time, the project had operated on a too small scale to have had an impact on the economic recovery of the region.

Undoubtedly, however, the project developed capacities for promoting rural entrepreneurship in the Eastern Province and the capacities developed, for instance business counsellors, have since been used by other development projects. Many of the trainers met by the evaluation team were still active.

To the identified success factors belong the fact that a variety of technical skills were promoted. On the negative side figure the sub-optimal involvement of the Districts Chamber of Commerce, identified as one of the factors which had hindered upscaling and after project monitoring.

The overall assessment of the project was that it was too ambitious considering the budget, duration and local context but that you can actually develop entrepreneurship with small budgets/means. The project has been very successful in imparting skills to rural entrepreneurs and to capacitate women’s groups and farmers organizations in implementing productive income generating activities. Many of the established women producers groups are still active and some have been supported by new projects. The project has been particularly successful in demonstrating how simple tools and equipment can be used for income generating activities. It also demonstrated the need to have technical skills development go hand in hand with business management training.

In addition, the project promoted the establishment of Business Development Services (BDS) and developed individual capacities in enterprise promotion and support and in the conducting value chain analysis. No sustainable institutional capacities were established, however, and no national/local partner brought the project forward. Clearly, the project managed to contribute to the reintegration of displaced persons, facilitating the resettlement process and the economic empowerment of women. Considering the difficult conditions the project was working in, the results are satisfactory.

Trade Capacity Building

Since 1999, the Trade Capacity Building (TCB) branch of UNIDO has been implementing projects in Sri Lanka. The past and present TCB portfolio was/is as follows: (1) Building up of a national Standard, Metrology, Testing and Quality (SMTQ) system in Sri Lanka, consisting of six projects that were implemented from 1999 to 2007; (2) Strengthening international certification capability in Social Accountability and Food Safety, a private sector-oriented project, implemented

from 2007 to 2013; as well as (3) Support to promote the cinnamon value chain, through a project that is implemented from 2012 to 2015.

Standards Metrology, Testing and Quality (SMTQ)

UNIDO implemented a sequence of six consecutive projects that supported three government institutes in upgrading seven laboratories to become the first labs in the country to achieve international accreditation: (1) Industrial Technology Institute (ITI), a multidisciplinary scientific research and technical service organization: upgrading of the (i) chemical, (ii) microbiological and food, (iii) calibration, and (iv) rubber laboratories. (2) Sri Lanka Standards Institute (SLSI), the national standards body: upgrading of (v) chemical and (vi) microbiological laboratories. (3) Textile Training and Support Centre (TTSC), a service provider to the textile and clothing industry: upgrading of (vii) textile testing laboratory.

The present Country Evaluation confirmed the main findings of the Impact Evaluation of UNIDO's SMTQ projects conducted in 2009. Seven years after the last support was rendered, the laboratories continue to provide essential services to the Sri Lankan industry. UNIDO supported the right interventions with the right partners at the right time. It contributed substantially to building the present national quality regime from scratch and with a comparatively modest budget.

Certification Capabilities in SA8000 and ISO 22000

IndExpo Certification Ltd. is a certification and training organization, owned by the Ceylon National Chamber of Industries and the National Chamber of Exporters and was the first private sector based certification initiative supported by UNIDO.

It has evolved into an efficient and effective certification alternative. The organization faces two challenges: first, it has to ensure its financial sustainability by substantially widen its current client base during the next couple of years. However, this is impacted directly by the ongoing practice of certificate buying from unfair competitors. As IndExpo is a comparatively small player in the certification market; it is foremost the government that must address related governance and regulatory problems.

Cinnamon Value Chain Project with the Spice Council

Since 2012, UNIDO implements the project "Enhancing the compliance and productive capacities and competitiveness of the cinnamon value chain in Sri Lanka" (STDF/PG/343; UNIDO SAP 100208). The project is funded by the Standards and Trade Development Facility (STDF) of the World Trade Organization (WTO) and UNIDO, and is implemented through the Spice Council (TSC) as counterpart.

It consists of three components: (1) Construction and operation of the Cinnamon Training Academy (CTA) and the related development of a training system and training curricula; (2) obtaining the Geographical Indication (GI) for the Pure Ceylon Cinnamon mark (PCC); and (3) promotion of Good Manufacturing Practices (GMP).

The project benefits from a very high level of ownership by the Spice Council, in particular its chairman and this evident commitment is certainly the biggest asset of the collaboration. Equally positive are the engagement of the donor (STDF) and the present good project management by UNIDO.

The training academy buildings are under construction and a Strategic Plan has been drafted for the organization. The core medium-term challenge will be the financial sustainability of the academy. The training material and curricula are being drafted; however, the relevance of schoolroom-type training material for peelers should be revisited. Upgrading the Pure Ceylon Cinnamon (PCC) mark to a Geographical Indication (GI) has been mandated to the Export Development Board. The introduction of Good Manufacturing Practices in five production units is pending. However, in order to achieve the envisaged systemic change, the Sri Lanka Standard Specification for cinnamon conformity certification must be implemented throughout the country.

A key problem of the cinnamon industry at present is a serious lack of peelers, who are indispensable in the production process. Traditionally, peelers have organized in so-called *kalli* (gang, group). In recent years, the new "line system" has been slowly gaining ground as innovative method of organizing peeling. Unlike in the traditional system, sufficient (female) labour is available in the line system, as it offers secure and stable factory jobs with regular working hours and a clean environment.

Energy

The project "Establishing sustainable, economical and secure local based renewably energy backed community development centres with ICTs for post conflict and remote rural areas of Sri Lanka" had experienced severe delays in implementation, achieved few concrete results and the foreseen IT-based Renewable Energy Community Development Centres were not established and neither did the project foster rural entrepreneurship.

The main result of the project has been the establishment of a micro-hydro system providing electricity to rural households in the village of Meemure. Local technicians have been receiving basic training in operating the system. However, the project has not been able to demonstrate a sustainable model for energy provision and community development. The provided gasifier (dendro) system

has not been properly tested, is not in operation and averred too complicated for a remote rural setting.

The evaluation validates the findings of the Independent Thematic Review – UNIDO Projects for the Promotion of Small Hydro Productive Uses (2010) in that the effectiveness and efficiency has been low. The remoteness of the pilot site has hampered efficiency. The project was overambitious considering its size. Relevance has been reduced due to expected grid connection during 2015.

Moreover, there was confusion in relation to the purpose and objective of the project. What did the project really set out to do? Promote energy access? Foster productive activities? Pilot renewable energy technologies? Or, establish an IT-based community centre? A project document of low quality and the absence of a log frame with clear outputs and indicators have contributed to this confusion.

Environment

The **environment portfolio** in Sri Lanka includes four main project areas:

- Set-up and expansion of the National Cleaner Production Centre (NCPC);
- Development of bamboo processing industry;
- Review and update of the Persistent Organic Pollutants' (POPs) national implementation plan; and
- Management and disposal of Polychlorinated Biphenyls (PCB) and PCB's containing equipment in the country.

The institutionalization of the **NCPC** was finally accomplished, and the next 2 to 3 years will be crucial to validate the new business model, which is based on a mix of funding from implementing projects to providing CP/EST services. So far the NCPC has achieved positive results at the company level; however impact at country level will only be visible if NCPC manages to “sell” CP/EST services to big polluters. For this purpose, national CP policies and regulations are in place, but further government actions in terms of enforcement is clearly needed.

The project “**Development of Bamboo Processing Industry in Sri Lanka**” funded by GEF was seen as having a high risk profile. The project objective seems very ambitious given the constraints at hand and resources allocated to the project. Moreover, project results will be hard to assess as they are not “SMART” enough.

The UNIDO GEF portfolio in Sri Lanka has increased and will entail the biggest share of the UNIDO interventions in the next few years.

Field presence

The National Focal Point Office, hosted at the Ministry of Industry and Commerce (MOI) contributes to project management and implementation but the role could be enlarged and the cooperation with the MOI deeper. UNIDO's representation is confusing, with an Official Representative, based in India, and National Director, who is not UNIDO staff and formally not representing UNIDO and a National Country Programme Coordinator.

Key Recommendations to the Government and UNIDO

- Local partners should be directly involved in implementation of projects aiming at up-scaling and replication, for development impact.
- Direct beneficiaries should be involved in decisions on equipment to be purchased.
- UNIDO should strengthen its presence in Sri Lanka and replace the FP Office/National Director with a Head of UNIDO Office.
- UNIDO should take steps to integrate the UNCT and become an active contributor to UNDAF.
- The Agreement between the MOI and UNIDO should be revised.
- A new UNIDO Country Programme should be developed based on national needs and priorities and linking up with strategies and programmes of Sri Lankan stakeholders. This should take place once the new Agreement is in place and be aligned to the preparation of the next UNDAF, expected to start in 2016.
- In order for the NCPC to position itself throughout the country as a valued service provider, and to ensure long term technical and financial sustainability the NCPC should implement its business plan and conduct a review after the first year. The NCPC should also consider a more targeted marketing approach, including towards main polluters.
- GEF-Bamboo project management should conduct a market analysis for bamboo and related products in Sri Lanka (other than biomass), in order to assess the real and potential demand and refocus the project scope as needed.
- The financial viability and, consequently, institutional sustainability of supported (semi-) private sector organisations, like IndExpo and the Cinnamon Training Academy, have emerged as challenge. UNIDO is therefore advised to conduct, whenever feasible, sound feasibility studies for planned organisations or businesses, preferably as part of the

inception phase of projects. The feasibility studies must contain realistic market analyses, market penetration strategies, financial viability/cash flow analyses, etc.. Should such inception studies show that ventures might not be viable, the project concepts and designs should be adapted accordingly.

- UNIDO should aim for systemic change in a given sector or sub-sector, rather than implementing isolated/ad hoc interventions. This is exemplified by the cinnamon project, where enforcing the existing standard in the entire industry will have a systemic impact in terms of enhanced quality and food safety compliance needed to meet European and North American market requirements.

Lesson learned

- Livelihood projects have a higher likelihood of success when a variety of skills are promoted.
- Triangular partnerships, including with the private sector promotes efficiency, effectiveness and development impact.
- Clear objectives at the outcome level and attention to proper project design are a prerequisite for successful project.

1. Introduction and background

1.1 Introduction

An independent evaluation of the activities and involvement of the United Nations Industrial Development Organization's (UNIDO) in the Democratic Socialist Republic of Sri Lanka was proposed and included in the Office for Independent Evaluation's (ODG/EVA) Work Programme 2014/2015.

The country evaluation assessed the efficiency, effectiveness, impact and sustainability of the UNIDO interventions in Sri Lanka implemented between 2007 and 2014. This included re-examination of the relevance of the objectives and the appropriateness of the design, specifically in regards to inclusive and sustainable industrial development (ISID). The major focus of the country evaluation was the ongoing UNIDO Country Programme. Moreover, the country evaluation reviewed the management and coordination of UNIDO technical cooperation (TC) interventions in Sri Lanka as well as Global Forum activities covering Sri Lanka. Findings from past evaluations were considered.

The evaluation team was composed of Margareta de Goys, Director of Evaluation, UNIDO, Javier Guarnizo, Senior Evaluation Officer, UNIDO, Andreas Tarnutzer, International Evaluation Consultant and Selyna Peiris, National Evaluation Consultant. The members of the evaluation team had not been involved in the design nor in the implementation of the programme/projects in Sri Lanka. The evaluation was conducted between August and December 2014, with field work in Sri Lanka in September 2014.

1.2 Evaluation purpose, scope and methodology

Evaluation purpose

The evaluation entails an independent assessment of UNIDO's interventions in Sri Lanka, with 2007 as a starting point. It was designed as a forward-looking exercise seeking to identify best practices and areas for improvement in order to draw lessons to enhance the UNIDO presence and programme in Sri Lanka. Major emphasis of the evaluation has been effectiveness (achievement of results) and efficiency (delivery of inputs) with specific attention to procurement. It sought to identify factors that have facilitated or impeded the achievement of the objectives. Moreover it tried to assess development impact and, in some cases, projects that had terminated were re-visited. Gender and environmental sustainability were mainstreamed in the evaluation.

The main purposes of the evaluation were the following:

- To assess the relevance of UNIDO's interventions in relation to national needs and national and international development priorities;
- To assess the progress of Technical Cooperation (TC) interventions towards the expected outcomes outlined in UNIDO project and programme documents;
- To assess the efficiency of UNIDO Technical Cooperation projects;
- To assess contributions to the achievement of national development and UNDAF objectives;
- To assess synergies between UNIDO projects;
- To assess adequacy of coordination and management systems and functions;
- To generate findings and draw lessons that can feed into future UNIDO projects and programmes in Sri Lanka;
- To assess contributions of Global Forum functions;
- To serve as an input to the Thematic Evaluations to be conducted in 2015:
 - UNIDO interventions in the area of enterprise/job-creation and skills development, including for women and youth;
 - UNIDO procurement process.

Evaluation scope

As per the Terms of Reference (included as Annex A) the evaluation covered the full range of UNIDO's activities in Sri Lanka, including UNIDO representation, technical cooperation projects and programmes and global forum functions. It went beyond a mere documentation of results by trying to assess why projects/programmes have succeeded or failed and to identify best practices and lessons learned. The evaluation reviewed major projects within the Integrated Programme II and the ongoing Country Programme, as well as other UNIDO projects implemented in Sri Lanka (since 2007).

The country evaluation also reviewed pipeline projects that are likely to obtain funding within the time frame of the present Country Programme. Where programmes or projects had been subject to prior evaluations, these evaluations were used as inputs into the current evaluation. The following project evaluations were used:

- UNIDO independent evaluation - Strengthening international certification capacity in Sri Lanka with particular reference to social accountability standard (SA 8000) and food safety (HACCP/ISO 22000) standard (2014);

- End Review of UNIDO – National Cleaner Production Center, Sri Lanka (LKA 3124-08/048), NORAD (2013);
- UNIDO independent evaluation - Support for sustainable livelihood recovery among the conflict affected population in the north and east regions through improved agricultural productivity and community-based entrepreneurship (2011);

Also relevant thematic evaluations and reviews were considered and reference is made to these evaluations/reviews under the assessment of the specific project. The country evaluation took the following UNIDO thematic evaluations covering Sri Lanka or which addressed issues relevant to the country into consideration:

- Independent Evaluation - Impact of UNIDO projects in Sri Lanka in the area of standards, metrology, testing and quality (SMTQ) (2010);
- Independent thematic evaluations of UNIDO's Post-crisis interventions, and UNIDO post-crisis projects (2010) and (2014);
- UNIDO projects in the area of Standards, Metrology, Testing and Quality - SMTQ (2010);
- Independent Thematic Review - UNIDO Projects for the Promotion of Small Hydro Power for Productive Use (2010).

In particular, the country evaluation reviewed to what extent recommendations have been implemented.

Assessments of individual projects are synthesized in Chapter 2. Assessment.

Of the 15 UNIDO projects identified for review and assessment, four fall in the area of trade capacity building, nine within energy and environment and two within the poverty reduction through productive activities area. The evaluation furthermore, reviewed UNIDO's presence, coordination and management arrangements and functions.

Evaluation methodology

The evaluation was participatory and involved stakeholders, including national counterparts (government as well as private sector), donors and beneficiaries as well as UNIDO and project staff. It was conducted in line with the ToR for the evaluation and due attention was given to the evaluation issues and questions developed in the ToR.

In terms of **data collection** the evaluation team used a variety of methods ranging from desk review (project and programme documents, progress reports, mission reports, Agresso/SAP search, evaluation reports, etc.) to individual interviews, focused group discussions, statistical analysis, a survey (Cleaner Production programme) and direct observation at project sites. To the extent

possible information was validated through secondary filtering and cross checks by a **triangulation** of sources, methods and data.

Assessment of projects included an assessment of project design and intervention logic, a validation of available progress information through field visits, interviews with key stakeholders and beneficiaries, a context analysis of the project to validate implicit and explicit project assumptions and risks and interviews with government agencies and donors regarding the developments and tendencies in the project-specific environment.

The evaluation team reviewed but did not come across any substantive Global Forum activity that had been implemented in Sri Lanka.

The following projects were assessed individually:

- TF/SRL/07/001 - Sri Lanka National cleaner production centre (NCPC);
- TF/SRL/09/003 - Phase II - Up-Scaling of the activities/services provided by the national cleaner production centre (NCPC) in Sri Lanka;
- US/SRL/05/001, TF/SRL/06/002 - Establishing sustainable, economical and secure local based renewable energy backed community development centres with ICTs for post-conflict and remote rural areas of Sri Lanka;
- GF/SRL/09/002, GF/SRL/12/002, GF/SRL/12/A02 - Bamboo processing for Sri Lanka (GEF project);
- TF/SRL/11/001 - Preparation of project proposal to enhance food safety and product quality in the Sri Lanka Cinnamon sector through the establishment of a national cinnamon training academy (NCTA);
- TF/SRL/12/004, TF/SRL/12/001 - Enhance the compliance, productive capacities and competitiveness of the cinnamon value chain in Sri Lanka.
- 120545 - Sri Lanka National Implementation Programme (NIP) Update (GEF project);
- TE/SRL/06/004 - Strengthening international certification capacity in Sri Lanka with particular reference to social accountability standard (SA 8000) and food safety (HACCP/ISO 22000) standard (2014);
- TF/SRL/06/005, TF/SRL/06/006 - Support for sustainable livelihood recovery among the conflict affected population in the north and east regions through improved agricultural productivity and community-based entrepreneurship (2011);
- 130004 - Sri Lanka: Environmentally sound management and disposal of PCBs wastes and PCB contaminated equipment in Sri Lanka (in pipeline - GEF project).

The Country evaluation took place between September and December 2014. Initial interviews were conducted with the UNIDO Representative and UNIDO project managers prior to the evaluation mission. A two-week field mission was

conducted in September 2014. The evaluation team started the field work together and had a number of joint meetings. Thereafter the team divided the work according to sectors and projects to be covered. The team split in two and Team 1 travelled Kandy, Meemure, Madulkelle, Kandalama, Batticaloa & Trincomalee and Team 2 travelled to Matara, Hambantota, Kosgoda and Ratnapura. Interviews were semi-structures and qualitative allowing for follow-up questions and inputs from the interviewees.

Presentation of preliminary findings took place in Sri Lanka and at UNIDO Headquarters. The list of persons consulted is attached as Annex 2 while Annex 3 provides a list of documents consulted. The draft report was shared with internal and external stakeholders for comments and factual validation.

The overall times schedule is presented in the table below:

Activity	Estimated month
Collection of documentation by ODG/EVA	May, July 2014
Desk review by members of evaluation team	August, September 2014
Interviews at HQ	September 2014
Field work in Sri Lanka (2 weeks)	Second and third week of September 2014
Presentation of preliminary findings at HQ	October 2014
Drafting of report	October/November 2014
Collection and incorporation of comments into report	December/January 2014
Issuance of final report	January 2015

Limitations

Reporting in relation to the Country Programme was weak and monitoring data in relation to individual projects were not always available or up to date and when available varied greatly in quality and coverage. The evaluation team is, never the less, of the opinion that the findings are reliable.

1.3 Country context

General background

The Democratic Socialist Republic of Sri Lanka is an island nation-state, with a surface of 65,610 km², situated in the Indian Ocean. It has a population of 20.4 million people. The Human Development Index (HDI) of Sri Lanka was 0.75 in 2014 positioning the country 73rd out of 187 countries (a rise up from 75 in 2012-

2013) and the highest in South Asia². The unemployment rate is low at 4.4% and the poverty rate is at 6.7%, a decrease by 2.2% from 2009-2010. Sri Lanka is ranked 65 on 148 on the Global Competitiveness Index (GCI) and is also ranked positively in terms of institutions, health and primary education indicators. It is ranked number 75 in the gender inequality index (GII) 2013 with an index value of 0.383, which is better than the world's average.

The Island of Ceylon gained its independence from Great Britain in 1948 and became a republic in 1972 under the name of Sri Lanka. The country has a multiethnic, multi-religious and multicultural society, made up with 75% Sinhalese, 11% Sri Lankan Tamils, 4% Indian Tamils, 9% Sri Lankan Moor and 0.5% of other minority ethnic groups. Buddhists make up 70% of the population while 13% are Hindus, 10% follow Islam and 7% are Christians. The national languages are Sinhala and Tamil; the former spoken by approximately 74% of the population and the latter by approximately 18% of the population, mostly Tamils and Muslims. English is commonly used in government and the private sector and is spoken competently by about 25% of the population.

Historically, Sri Lankan Tamils are concentrated in the Northern and Eastern parts, Muslims in the Eastern and Western provinces and Tamils of Indian origin have settled in the Central Province. The majority of Sinhalese are concentrated in Southern Sri Lanka but are found in the entire Island. Since the outbreak of hostilities between the Government of Sri Lanka (GoSL) and the Liberation Tigers of Tamil Eelam (LTTE) in the mid-1980s, these patterns have become less fixed due to movements caused by conflict. Several thousand Sri Lankans (mostly Tamils) have fled the island and sought refuge in other countries. The conflict ended in 2009, with the military defeat of the LTTE by the GoSL and many thousands of persons being internally and externally displaced. The conflict directly affected the political context and socio-economic development of the country especially in North and the East. Moreover, the devastating tsunami of 2004 took around 40,000 lives and left severe economic and social damages in its wake, especially in the Southern, Eastern and Northern coastal areas of Sri Lanka.

Development efforts

Post-war Sri Lanka has benefitted from numerous development efforts, both of the GoSL and the international donor community, the former mainly focusing on infrastructure development and the latter, mostly but not exclusively, on humanitarian and/or technical grant-based assistance. Infrastructure development reconnects the post-war regions with the rest of the island and has progressed at an impressive pace. Even though former war areas were recipients

² United Nations Development Program (2014) Human Development Report retrieved from <http://hdr.undp.org/sites/default/files/hdr14-report-en-1.pdf>

of large-scale humanitarian and grants-based assistance in the immediate aftermath of the war, there is still a need for assistance as the regions are lagging behind in terms of housing, water and sanitation, accessible educational and health services, employability and entrepreneurial skills and industrial development

It is also important to note the changing landscape of development cooperation, not least due to the fact that the country has achieved middle-income status. This means that Sri Lanka is no longer a priority country for some traditional donors. At the same time, donor nations such as Japan, China, Korea and India have been increasing official development assistance. The overall result is, however, that the resource- base for international organisations (IOs) and non-governmental organisations (NGOs) working in Sri Lanka is declining and is likely to continue to decline in the coming years.

Economic development and challenges to growth

The economic situation of the country is good. The GDP of Sri Lanka reached almost \$US 60 billion in 2012. It had an 8% growth rate in 2010 and 2011 and a 7% one in 2012. The foreign direct investment (FDI) represents only 1.5% of the GDP³. In 2012, Sri Lanka had a trade balance of \$USD-8.7 billion, exporting 9.2 and importing 17.9⁴.

In 2012, services constituted 59% of the GDP, whereas the industry and agriculture represented respectively 30% and 11% of the GDP⁵. The principal industrial products are textiles and petroleum products and the major agricultural exports are tea, rubber and coconut. The services are mostly constituted of wholesale and retail trade, tourism, transport, communication and banking.

Concerning the energy sector, 45% of Sri Lanka's primary energy supply is provided by imported oil, 47% by the burn of waste and biofuels, 4% by hydropower, 4% by coal and peat and only 0, 1% by solar, wind and geothermal energy.

Sri Lanka is a lower middle-income country. With an economy valued at \$67.18 billion (2013) and a per capita GDP of USD\$ 3,280 (2013); Sri Lanka has experienced strong growth rates in recent years. Since the end of the war, GDP has risen by 8%, largely represented by a "peace dividend", and supported by strong private consumption and investment. While growth was mostly private

³ The World Bank. Data. Foreign direct investment, net inflows.

<http://data.worldbank.org/indicator/BX.KLT.DINV.WD.GD.ZS>

⁴ Sri Lanka department of Commerce. Trade statistics.

http://www.doc.gov.lk/web/index.php?option=com_content&view=article&id=68&Itemid=83&lang=en

⁵ Central Bank of Sri Lanka. Economic and social statistics of Sri Lanka 2013.

http://www.cbsl.gov.lk/pics_n_docs/10_pub/docs/statistics/other/econ_&_ss_2013_e.pdf

sector driven, public investment contributed through large infrastructure investments, including post war reconstruction projects in the North and Eastern provinces. Growth was around 7.3% in 2013, mostly driven by a rebound in the service sector, which accounts for 58% of GDP. Agriculture accounts for 13% of GDP and industry for 29%. Overall Sri Lanka's growth rates are well above that of its geographical region.

The main economic sectors of the country are textile & apparel, tourism, tea, rubber, rice and other agro-based products. Exports increased by 6% in 2013, with earnings from textiles and garments, the country's main export products, rising at 13%. This sector employs about 15% of the country's workforce and accounts for about half of the country's total exports. Higher tourist arrivals saw earnings from tourism increase by 35% to reach US\$1.4 billion (2013), a four-fold increase over tourism earnings in 2009. "Ceylon Tea" is one of the main sources of foreign exchange and contributed US\$153 million (2014) to the economy. Export of rubber products, which is the second major contributor to industrial exports, grew by 11% (2014). Out of the total population in Sri Lanka, 32% engages in agricultural activities and this sector accounts for 13% of GDP (2013). Agricultural exports recorded a healthy performance growing by around 33% including earnings from tea exports, which grew by 31.5% (2014). In addition to these economic sectors, overseas employment contributes highly to foreign exchange earnings (90% of expatriate Sri Lankans reside in the Middle East) and worker remittances topped US\$6.8 billion (10% of GDP).

Sri Lanka has embarked on an ambitious mega development drive and is actively pursuing its goal to become the "Wonder of Asia" by placing priority and focus on infrastructure development; including building of a new airport, a seaport, toll highways and tourist hotels. Sri Lanka is on the rise and aims to reach US\$150 billion GDP and surpass US\$7000 GDP per capita by 2020.

In this journey some key challenges exist and include ensuring that growth is inclusive, realigning public spending and policy with the needs of a middle income country, ensuring appropriate resource allocations for the various tiers of government and enhancing the role of the private sector, including providing appropriate incentives for increasing productivity and exports. In addition, although unemployment is low at 4%, and has declined by 1.4 points since 2009; youth unemployment (ages 15-24) is at around 17% and the low female labor force participation, at 30%, poses a significant challenge especially in a post-war nation such as Sri Lanka.

Industry

Sri Lanka's industries include processing of rubber, tea, coconuts, tobacco and other agricultural commodities; textiles & apparels; cement and petroleum refining. Since 1977, the government's market-oriented economic policies have

encouraged industrial growth in the private sector but state ownership continues to dominate in basic industries such as oil refining and electric power generation. Challenges are many. Most importantly, Sri Lanka's growth and competitiveness are constrained by a skills gap that has emerged with the changing labor market conditions and employment patterns have shifted significantly from agriculture to industry and services. There is also a mismatch between graduates and private sector needs particularly with regard to "soft skills" and a severe brain drain also contributes to this mismatch. Improving the quality of human capital through effective education and skills development is central to Sri Lanka's economic growth and competitiveness and to the government's aspiration of becoming a knowledge-based economy.

The Ministry of Economic Development and the Ministry of Industry and Commerce along with the Board of Investment (BOI), Export Development Board (EDB) and the Industrial Development Board (IDB) are the authorities primarily engaged in promoting economic and industrial development in Sri Lanka.

Energy

The energy supply of Sri Lanka consists of biomass, hydro-electricity and petroleum, contributing respectively 47%, 8% and 45% of total energy use respectively⁶. The use of non-conventional energy resources in Sri Lanka is of a relatively smaller scale.

Electricity generation in Sri Lanka is primarily run by hydropower and thermal heat, with sources such as photovoltaic and wind power in early stages of deployment. Although potential sites are currently being identified for other power sources, it is still not used in the current power generation process for the national grid⁷. The installed generating capacity for electricity generation stands at around 3,362 m kW (2013 est.) and over 96% of the households are enjoying the grid-connected electricity while around another 2% of households are provided with basic electricity connection through off-grid systems⁸.

The 10-year horizon development framework of the GoSL⁹ emphasizes the sustainable development of energy sources & delivery systems at competitive prices. It targets at increasing fuel diversity and security through investing in both

⁶ Ceylon Electricity Board (2012) Sri Lanka Energy Balance 2012: An Analysis of the Energy Sector Performance retrieved from <http://www.info.energy.gov.lk/content/pdf3/2012%20Energy%20Balance.pdf>

⁷ Ceylon Electricity Board (2013) Statistical Digest Report retrieved from <http://www.ceb.lk/sub/publications/statistical.aspx>

⁸ Ibid.

⁹ Mahinda Chinthana 10 Year Horizon Development Framework 2006-2016 retrieved from <http://www.treasury.gov.lk/depts/npd/publications/MahindaChintanaTenYearDevelopmentPlan.pdf>

conventional sources and non-conventional renewable energy. The grid and off grid energy systems are planned to ensure the access to electricity to 98% of the households by 2016. Together with economic benefits, renewable resources provide the advantage of achieving ecological efficiencies as minimizing pollution and mitigating adverse climatic factors through the provision of clean environment friendly energy.

Challenges are ever present however; Sri Lanka has managed a strategic balance between indigenous energy resources and imported fossil fuels, while ensuring a continuous supply of electricity and petroleum products. The challenge now is to continue to place greater focus on renewable energy sources while diverting from conventional sources. The Ministry of Environment and Renewable Energy, the Ministry of Power and Energy, the Ministry of Petroleum and Petroleum Industries and Ceylon Electricity Board are the most important authorities engaged in this sector.

Environmental challenges

Sri Lanka faces environmental challenges in the form of deforestation, soil erosion and dam siltation, coastal degradation, disposal of garbage, urban and industrial waste, wild life poaching, air and freshwater pollution and, erosion of bio-diversity. Although being an early achiever on the Millennium Development Goals (MDG) indicators of protected area, ozone depleting substance consumption, safe drinking water and basic sanitation, it has stagnated on forestry coverage and Co2 emissions.

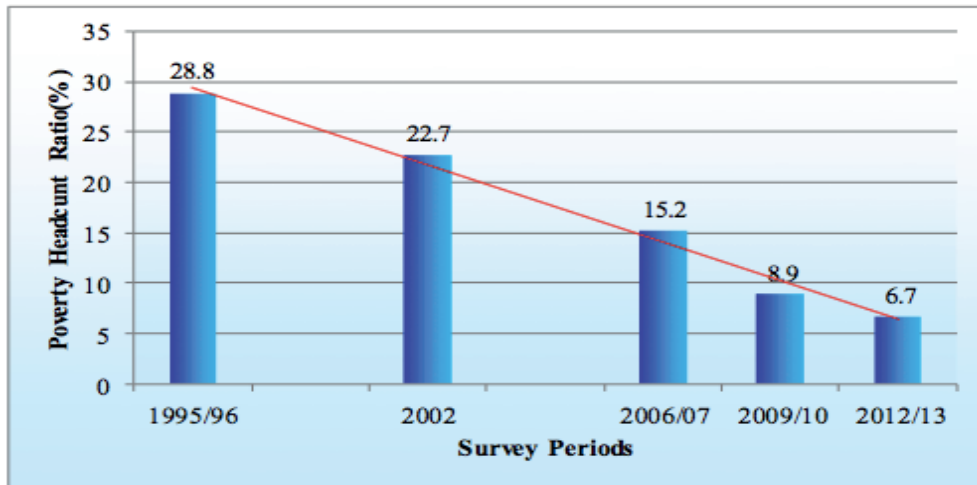
The Ministry of Environment and Renewable Energy and the Central Environmental Authority are the public authorities in this sector.

1.4 Poverty

Sri Lanka has met the MDG target of halving extreme poverty. The national poverty headcount ratio has declined from 8.9% in 2009/10 to 6.7% in 2012/13¹⁰. This is a dramatic decrease from 28.8% in 1995/96 as illustrated in Table 1 below:

¹⁰ Department of Census and Statistics Ministry of Finance and Planning - Sri Lanka (2014) Poverty Headcount Ratio: Decomposition of Consumption Poverty retrieved from <http://www.statistics.gov.lk/poverty/HIES-2012-13-News%20Brief.pdf>

Table 1: Poverty headcount ratio by survey periods



Source: Department of Census and Statistics

UNIDO projects operate mostly within the Western, Southern, Central and Eastern Provinces of Sri Lanka. Table 2 illustrates the poverty ratings within the districts in these provinces. It can be seen for instance that the Eastern Province (and in particular Batticaloa) still has the highest poverty ratings in the country. Thus despite decreasing poverty levels, important development challenges remain in Sri Lanka and pockets of poverty continue to exist. In particular and in addition to Batticaloa, Jaffna (in the Northern Province), Moneragala (in Uva Province) and the plantation sector (Central Province) are among the poorest regions of Sri Lanka. An estimated 9% of Sri Lankans who are no longer classified as poor live within 20% of the poverty line and are, thus, vulnerable to shocks which could cause them to fall back into poverty.

Table 2: Poverty headcount ratio by districts- 2009/10, 2012/13

	Survey Periods	
	2009/2010	2012/2013
Western Province		
Colombo District	3.6	1.4
Gampaha	3.9	2.1
Kalutara	6.0	3.1
Central Province		
Kandy	10.3	6.2
Matale	11.5	7.8

	Survey Periods	
Nuwara Eliya	7.6	6.6
Southern Province		
Galle	10.3	9.9
Matara	11.2	7.1
Hambantota	6.9	4.9
Eastern Province		
Batticaloa	20.3	19.4
Trincomalee	11.7	6.5
Ampara	11.8	5.4

Source: Department of Census and Statistics

In relation to gender equality, Sri Lanka compares favorably with other countries in its income band. In 2012 Sri Lanka ranked 75th out of 186 countries on the UNDP Gender Inequality Index (2013). On the OECD's Social Institutions and Gender Index, Sri Lanka scores highest among all South Asian countries. The main gender challenges relate to women's access to employment opportunities, gender-based violence and nutritional status of women and children. Sri Lanka hosts the 20th largest gender gap in labor force participation globally, which presents significant challenges to its growth and equity goals. In 2010 the labor force participation rate among women over age 15 in Sri Lanka was 41%, compared to 82% for men of the same age¹¹.

1.5 Millennium Development Goals

As stated above, Sri Lanka has met the MDG target of halving extreme poverty and is on track to meet most of the other MDGs, outperforming other South Asian countries. Whereas South Asia as a whole is on track or an early achiever for nine of the 22 MDG indicators, Sri Lanka manages this for 15 indicators. Among the targets achieved early are those related to universal primary education and gender equality. Sri Lanka is expected to meet the goals of maternal health and HIV/AIDS. Indicators are mixed on the environment: while Sri Lanka is an early achiever on indicators on protected areas, ozone depleting substances, safe drinking water and basic sanitation. As mentioned above it has stagnated or is slipping backwards on forestry coverage and CO2 emissions¹².

¹¹ World Bank (March 2014) Sri Lanka: Country Snapshot retrieved from <http://siteresources.worldbank.org/SOUTHASIAEXT/Resources/223546-1398285132254/Sri-Lanka-Country-Snapshot-Spring-Meetings-2014.pdf>

¹² Economic and Social Commission for Asia, ADB & UNDP (2012): Accelerating Equitable Achievement of the MDGs: Closing Gaps in Health and Nutrition Outcomes.

1.6 Government policies, strategies and initiatives

The *Mahinda Chinthana*, a 10 Year Horizon Development Framework 2006-2016¹³ derived from the Presidential Election Manifesto and is the foundation for most development work in Sri Lanka. It focuses primarily on increasing private public partnerships, Foreign Direct Investment (FDI), infrastructure development, productivity and creates marketable skills for employment generation. Focus on livelihood development, strengthening the agriculture sector, including value-addition with “attractive producer prices, provision of seeds and planting material, credit and fertilizer, at affordable, and storage and marketing arrangements and elevating the primary agriculture into a processing stage including high quality rice milling are equally given high priority”.

The vision for the industrial sector is to create “a large base of vibrant and competitive world class manufacturing industrial firms to generate higher value added, higher profitability and sustainable employment in order to alleviate poverty”. In order to do this the proposed Mahinda Chintana Industrial Policy (MCIP) advocates an approach where “domestic enterprises can be supported while encouraging foreign investments. The proposed paradigm is a shift from the import-based industries to higher value added industries with backward linkages.”

The MCIP focuses on the following:

- Assisting small and medium industry sector, micro enterprises and self-employment ventures to promote inclusive growth;
- Creating a sound incentive structure, including incentives for new investment;
- Facilitating the access to technology and credit;
- Developing skills and entrepreneurship; and
- Maintaining standards and performing regulatory functions.

The MCIP also proposes that thrust industries will be developed as industrial sub-sector clusters which include a) resource based Industries, for example, ceramics, rubber, coir, gems & jewelry, leather, and spice based industries and processed food industries and b) technology intensive industries for example, apparel, electric/electronic, plastic, machinery, chemicals and pharmaceutical products.

Asia-Pacific Regional MDG Report 2011/12 retrieved from
<http://www.zaragoza.es/contenidos/medioambiente/onu/804-eng.pdf>

¹³ Mahinda Chinthana 10 Year Horizon Development Framework 2006-2016 retrieved from
<http://www.treasury.gov.lk/depts/npd/publications/MahindaChintanaTenYearDevelopmentPlan.pdf>

Since 2009 and in addition to national infrastructure projects, the GoSL is conducting industrial development projects based on the above objectives including but not limited to:

- 23 industrial estates have already been set up and more recently the Industrial Development Board (IDB) has announced the set up of three industrial estates within the next three years in the North, North Central and Southern provinces;
- Promotion of FDI through tax incentives and subsidies;
- Studies have been conducted and land identified for setting up investment promotion zones in Trincomalee, Puttalam, Hambantota and Ampara districts; and
- Assistance addressing SMEs' lack of access to markets, technology and finance. For the Northern and Eastern provinces, the GoSL is intensifying reconstruction efforts. In the Eastern Province, *Negenahira Udanaya* (Eastern Revival), a comprehensive development initiative by the government, has been initiated. The basic strategy for the development of the Eastern Province focuses mainly on three different aspects:
 - *First, restoring and guaranteeing socio-economic and personal stability and safety to the people and communities of the Region through resettlement of displaced persons, building reconciliation, and consolidating the capacities and fundamental rights and responsibilities all people and institutions;*
 - *Second, revitalizing basic livelihoods through revival and expansion of the productive sectors and the regional economy; and*
 - *Third, improving economic infrastructure, strengthening social infrastructure and fostering social services and development of human settlements and improving the internal and internal connectivity of the Region.*

Industry related projects are implemented in the areas of:

- Development of industrial estate;
- Modernization of handloom centers;
- Promotion and facilitation of enterprise development- workshops and seminars;
- Establishment of garment factories

1.7 United Nations Development Assistance Framework (UNDAF) 2013-2017¹⁴

In the UNDAF 2013-2017, the Government's vision as articulated in the Mahinda Chintana (as was the case in the UNDAF 2008-2012) is at the centre. The pillars of the ongoing UNDAF are closely aligned with UNIDO's mandate and mainly through its focus on economic recovery and environmental sustainability.

UNDAF Pillar 1: Equitable Economic Growth and Sustainable Livelihoods

UNDAF Pillar 2: Disparity Reduction, Equitable and Quality Social Services

UNDAF Pillar 4: Environmental Sustainability, Climate Change and Disaster Risk Reduction

The third UNDAF Pillar relates to crosscutting issues namely Governance, Human Rights, Gender Equality, Social Inclusion and Protection.

1.8 Development Assistance to Sri Lanka

According to World Bank indicators, net official development assistance and official aid received into Sri Lanka between the periods 2010-2104 amounted to a figure of US\$487,500,000. This is a drop from US\$607,520,000 from the period 2005-2009¹⁵.

Major donors and lenders of bilateral assistance into Sri Lanka are China, India, Japan to the European Union (EU), the United States of America (USA), Australia and Canada. Traditional donors such as Norway/Norad and Sweden/Sida, among others, are downsizing their portfolios in Sri Lanka. Elaborated below is information on the portfolio of some of the most prominent donors and lenders of development assistance to Sri Lanka.

China's financial commitments to the island nation have increased dramatically in recent years. Since ending the civil war in 2009, Sri Lanka has received an estimated US\$4 billion worth of loans, grants and aid from China. Nearly 70% of Sri Lanka's infrastructure projects; including expressways, road networks, a

¹⁴ United Nations Development Assistance Framework (UNDAF) 2013 – 2017 retrieved from <http://un.lk/wp-content/uploads/2013/02/UNDAF-2013-to-2017.pdf>

¹⁵ World Bank Indicators (2009-2013) Retrieved from <http://data.worldbank.org/indicator/DT.ODA.ALLD.CD/countries/LK?display=default>

deep-sea port in the southern coastal town of Hambantota and an international airport in Mattala were built with Chinese financial assistance¹⁶.

Sri Lanka and India have had a long relationship of mutual assistance and the former has been the recipient of humanitarian assistance, for internally-displaced persons (IDP's) at the immediate aftermath of the war) and grant assistance (mostly for the construction of housing and smaller development projects in areas like education, health, small and medium enterprise development and trainings) of around US\$348 million of financial grants (FY 2013). India has also given development credit of around US\$968 million (FY2014) mostly for infrastructure development especially railway lines¹⁷. For instance, in terms of industrial development India has contributed approximately US\$4.5 million to complete industrial estates and handicraft villages in Jaffna and Hambantota. Additionally, in relation to livelihood development approximately US\$27 million has been contributed in terms of providing 95,000 starter agricultural packs for IDPs and 500 tractors for agro-centres. A further US\$3.2 million, has been contributed for programs for the empowerment of women through sustainable livelihoods.

Japan and Japan International Cooperation Agency (JICA) focuses its support on accelerating economic growth, poverty alleviation, improving living conditions of conflict-affected populations in the North and the East and disaster management and climate change. Japan's ODA in Sri Lanka (FY2012) amounted to grant aid of US\$36.22 million, technical cooperation of US\$27 million and loans of US\$117 million. In particular Japan focuses on improving the productivity and profitability of the agriculture and fishing sector, promoting rural development to prevent widening of the domestic economic disparities and responding to environmental and other changing needs in the agricultural/fishing sector. Further, they are providing assistance to improve tourism related infrastructures and its accessibility¹⁸.

The Asian Development Bank (ADB) has worked closely with the GoSL since it joined ADB as a founding member in 1966. As of 31 December 2013, ADB has approved a total of 176 loans (both sovereign and non-sovereign), with cumulative lending of US\$6.17 billion to Sri Lanka. In addition, ADB has provided US\$358 million in grant assistance (including ADB-administered, co-financed grants) for projects, and US\$122.8 million in 259 technical assistance grants. Their focus is on energy, roads, water supply and sanitation, education and skills

¹⁶ Institute of Policy Studies (Sep 2014) Aid and Trade Between Sri Lanka and China Retrieved from <http://www.ips.lk/talkingeconomics/2014/09/17/aid-and-trade-between-sri-lanka-and-china-a-snapshot-of-ips-insights/>

¹⁷ Retrieved from High Commission of India (July 2014) http://www.mea.gov.in/Portal/ForeignRelation/Sri_Lanka.pdf

¹⁸ JICA Profile (March 2014) based on JICA Annual Report 2013 Retrieved from http://www.mea.gov.in/Portal/ForeignRelation/Sri_Lanka.pdf

development, and post-conflict reconstruction of the north and east. ADB is also involved in water resource management¹⁹.

Over the years the EU has allocated an overall sum exceeding Euro 388 million for assistance in Sri Lanka. From 2007-2013, the allocation was valued at Euro 112 million. The EU has focused its assistance in the North and East as well as in neighboring districts supporting projects promoting skills development for sustainable livelihoods for women and youth in particular. In line with Sri Lanka's economic growth, there has also been an increased focus on economic cooperation between Sri Lanka and the EU. Since the Tsunami of 2004, the EU has contributed significantly to relief efforts and reconstruction projects in the disaster struck areas. Thematic support was also offered in the areas of human rights, good government and rule of law. In the years ahead, the EU will focus its assistance on supporting sustainable resettlement of displaced populations, in the North and East of the country, through an integrated approach that will ensure alignment with the national development priorities.

The EU will also continue to support good governance and human rights protection initiatives. Further under the Multi Annual Indicative program from 2011-13 the EU has made available to Sri Lanka a sum of Euro1.1 million through the Directorate General of Development Cooperation (DEVCO). Under the broader mechanism of Social Economic Measures (SEM), DEVCO is supporting the FAO and UNDP in implementing projects which includes construction of storage and irrigation facilities, providing equipment, providing dairy and livestock development facilities and marketing facilities to the communities. It also covers restoration of health centres, water treatment plants, primary and secondary schools etc. DEVCO also funds UNOPS and UNICEF for constructing and implementing solid waste management systems, drainage systems and sanitation facilities. Under the Local Economic Development (LED) programme, DEVCO provides funds for private sector development projects in the North and East of Sri Lanka²⁰.

Through the U.S. Agency for International Development (USAID), the USA has provided US\$8.7 million to support the post-conflict humanitarian situation in Sri Lanka (FY 2013)²¹. USAID focuses on the thematic areas of: a) working in crises and conflict; where they supports a variety of social services including psycho-social support, assistance reuniting children with their families, rehabilitation services for people with disabilities, skills training for youth and employment opportunities for war widows and female heads of households, b) democracy and

¹⁹ ADB Sri Lanka Fact Sheet (April 2014) retrieved from

<http://www.adb.org/sites/default/files/publication/27797/sri-lanka-fact-sheet.pdf>

²⁰ Development and Cooperation Europeaid – Sri Lanka (2014) Retrieved from

https://ec.europa.eu/europeaid/countries/sri-lanka_en

²¹ US Dept of State - Bureau of South and Central Asian Affairs, Fact Sheet

- U.S. Relations With Sri Lanka (November 2013) retrieved from

<http://www.state.gov/r/pa/ei/bgn/5249.htm>

governance; where they provide management support, organizational development, proposal development, financial and project management, and monitoring and evaluation training to local organizations such so that they may extend much-needed services to communities, advocate for citizen needs and be sustainable in such service provision, and c) economic growth and trade; providing support to create employment opportunities, promote investments and improve business climate within the dairy, poultry, horticulture, leather products, handicraft, pottery and food sectors. USAID also support projects promoting economic stability for war widows, female heads of households, the disabled and resettled families by providing financial assistance, equipment, tools and training while promoting market access²².

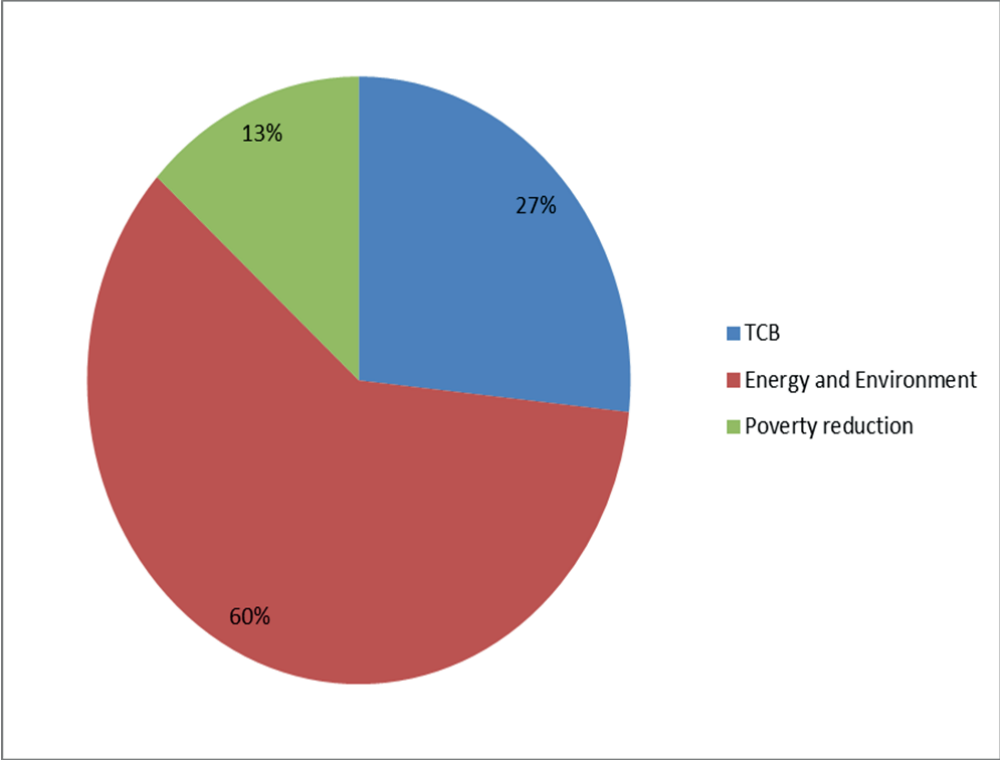
1.9 UNIDO interventions in Sri Lanka

The first UNIDO project in Sri Lanka started in 1969. Since then, UNIDO has implemented more than 240 projects with a total budget of more than US\$ 52 million. An important part of the portfolio has been in the area of trade capacity building. Two Integrated Programmes were set up, the first from 1999 to 2005 and the second from 2005 until 2008. A Country Programme was launched in 2010 and will be going on until the end of 2015. A few projects initiated under IP II were carried over to the Country Programme. The last UNIDO country scale evaluation covering Sri Lanka concerned the first Integrated Programme and was conducted in 2003.

The figures 1 and 2 below show that most of the projects implemented since 2007 are related to Energy and Environment and that the funds allotted to this sector is also the most important. The trade capacity building portfolio is the second largest one.

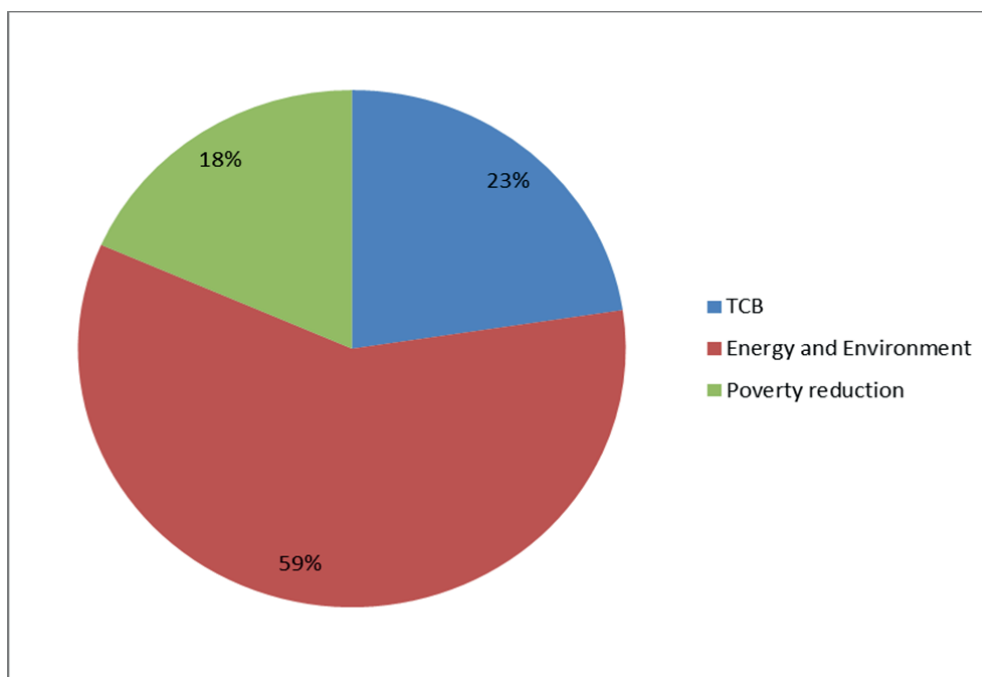
²² USAID Sri Lanka Country Profile (2014) retrieved from http://www.usaid.gov/sites/default/files/documents/1861/091114_Sri_Lanka_FINAL_CLEARED.pdf

Figure 1: Repartition of UNIDO projects in Sri Lanka according to thematic area and implemented between 2007 and 2014



Source: InfoBase/SAP

Figure 2: UNIDO project allotments per thematic area



Source: InfoBase/SAP

Integrated and country programmes

The first UNIDO Integrated Programme for Sri Lanka started in 1999 and covered two main areas; 1) competitiveness improvement and development of a quality infrastructure, and 2) environment. The original IP budget amounted to US\$ 14.5 million (excluding support costs) but was revised downward to US \$ 12.9. Out of this amount, US\$ 6.1 million were mobilized which represent 50% of the original programme budget.

Integrated Programme of cooperation between the Government of Sri Lanka and UNIDO 2005-2008 – Phase II

The second phase of the integrated programme, which was partly covered by this evaluation, started in 2005 with a duration of 4 years. It had an approved budget of USD 8,3 million but was only funded to the level of USD 4,1 million. The Norwegian Agency for Development Cooperation (NORAD) was a major donor for the “Sri Lanka National Cleaner Production Centre - NCPC” and “Strengthening international certification capacity in Sri Lanka” projects. United Nations Trust Fund for Human Security (UNTFHS) financed a “Support for sustainable livelihood recovery among the conflict affected population in the

northern and eastern regions". An "Establishing sustainable, economical and secure local based renewable energy..." project was equally implemented.

The Integrated Programme – Phase II - had the following objectives:

- a. increase the competitiveness of the Sri Lankan industry, to facilitate its entry into global markets by improving quality, standardization and metrology capabilities
- b. increase the competitiveness of the agricultural sector
- c. to further develop the leather-based industry
- d. to establish sustainable, economical and secure local resource- based renewable energy stations
- e. to increase the competitiveness, performance, and growth of the country's small and medium enterprise (SME) sector
- f. to assist Sri Lanka's Board of Investment (BOI) to attract foreign direct investments
- g. to contribute to the socio-economic stability of the north-east regions
- h. to provide assistance to SMEs affected by the 2004 tsunami²³

However, as stated above only part of the foreseen funding was secured and, for instance, envisaged support to the leather industry and the fisheries industry was not implemented.

The IP II project: "TE/SRL/06/004 - Strengthening international certification capacity in Sri Lanka with particular reference to social accountability standard (SA 8000) and food safety (HACCP/ISO 22000) standard" was carried over to the County Programme. This was also the case for the project "TF/SRL/06/005 - Support for sustainable livelihood recovery among the conflict affected population in the north and east regions through improved agricultural productivity and community-based entrepreneurship.

Country Programme of Technical Cooperation with Democratic Socialist Republic of Sri Lanka 2010-2015

The purpose of the programme is to promote industrial development, employment generation and competitiveness and to lay the foundation for the graduation of the country from a low-middle income to a newly industrialized country. The Country Programme has two main components:

- Support sustainable livelihood and productive activities through private sector development
- Increase the competitiveness of industries and reduce poverty through the introduction of environment-friendly technologies and quality infrastructure related services²⁴

²³ Programme document of the Integrated programme of cooperation between the government of Sri Lanka and UNIDO phase II 2005-2008

The Country Programme can be seen as a successor of the Integrated Programmes and was originally planned for four years; 2010-2014. It was recently extended for one year. The budget of the Country Programme was USD 8.8 million but it was not clear, from the Country Programme document how this was to be distributed.

Norway has financed the second phase of the National Cleaner Production Centre (NCPC) while Japan was supporting the livelihood project in the East. A project supporting the establishment of the National Cinnamon Training Academy (NCTA) is financed by the Standard and Trade Development Facility (STDF). The Global Environmental Facility (GEF) funds the “Bamboo processing in Sri Lanka” together with the Sri Lankan government. GEF also finances the “Project Preparation Grant (PPG), Environmentally Sound Management (ESM), and the Polychlorinated Biphenyl (PCBs)” projects.

Overall, the GEF portfolio allotment amounts to US\$ 2,550,870. Most of the GEF money is invested in the country programme including the bamboo processing project and the Sri Lanka: PPG, ESM, PCBs adding up to US\$ 2,496,870. GEF, moreover, finances one stand-alone project in Sri Lanka: “Sri Lanka National Implementation Programme (NIP) Update” for an amount of US\$ 54,000.

Overall project portfolio

The project portfolio in Sri Lanka is expanding and mainly due to the expanding GEF portfolio. This means, that in terms of budget, the Ministry of Environment has become the largest counterpart ministry. At the time of the country evaluation, the overall project portfolio in Sri Lanka amounted to around USD 15 million.

The list of projects covered under this country evaluation, including their financial status (allotments, disbursements and funds availability), implementation location, donor, project manager, thematic area, and ongoing or closed status can be found in Annex E of the Terms of References.

1.10 Collaboration Agreement and Field Presence

UNIDO presence and representation

Sri Lanka is covered by the UNIDO Regional Office in India and the Head of this Office is UNIDO's official representative to the country. The Ministry of Industry

²⁴ Programme document of the Country Programme of technical cooperation with Democratic Socialist Republic of Sri Lanka, 2010-2015

and Commerce (MOI) is the official counterpart ministry of UNIDO in Sri Lanka. The collaboration is guided by an Agreement signed by the MOI and UNIDO, in 1999. It can be terminated by either party with a one month prior notice.

Among other items, the Agreement provides for the provision a UNIDO Focal Point Office. According to the Agreement the Focal Point Office should be responsible for:

“developing, coordinating and actively supporting the overall cooperation between UNIDO and the Government, the academic community, the private sector and the civil society of the country for promoting industrialization. This will include the development of the country programme for sustainable industrial development, support to the provision of UNIDO services and the mobilization of resources for financing of projects.” (Item 1)

Furthermore,

“2. The Office shall be headed by a National Director (ND). In the performance of his/her duties the ND shall, subject to the applicable/existing laws of Sri Lanka and in accordance with policy and procedures related to UNIDO national focal point offices under the guidance and supervision of UNIDO HQs and the UNIDO Representative in India, and with support of the UNDP Office in Colombo,

- (i) Act as a representative of UNIDO in the country*
- (ii) Promote UNIDO services in the country*
- (iii) Develop a strategic framework of cooperation, annual work programme and active partnerships between the country and UNIDO, fruitful relationships and communication with the Government, business associations, enterprises, NGOs, all other UN agencies and the RC of the UN System and representatives of other multilateral and bilateral organizations.*
- (iv) Coordinate the overall programme and project development and mobilize related financial resources in the country.*
- (v) Support and monitor the implementation of UNIDO projects and programmes and contribute to the management of all other UNIDO activities in the country*
- (vi) Manage the office and its resources and ensure its suitability and accountability, in particular through mobilization of the country's in kind and financial contributions*
- (vii) Contribute to a smooth and effective integration with Headquarters and UNIDO's field office network*
- (viii) Inform/advise UNIDO headquarters on changing patterns of demand in the country.”*

The UNIDO Focal Point Office is located at the MOI and jointly financed by UNIDO and the MOI. UNIDO makes an annual contribution (Regular Budget

funded) of USD 20,000, handled by Headquarters, covering operational costs of the Focal Point Office, while the MOI is providing the office space and furniture. In addition, the UR is handling the budget for country programme support. A UNIDO Imprest account has been established for Sri Lanka and is managed by the UNIDO Regional Office in India in order to ease the handling of financial and administrative processes.

Attached to the UNIDO Focal Point Office is, as mentioned above, a National Director, appointed by the MOI and there is also a national Country Programme Coordinator, the latter on a UNIDO post, financed by the Country Programme Support Facility (XP project). An administrative assistant and a driver, were at the time of the evaluation, paid for by ongoing TC projects.

The latest national country programme coordinator was appointed by UNIDO in August 2014 but had, at the time of the evaluation, not been able to integrate into the Focal Point Office since the individual had not been cleared by the MOI. The contract of this recently appointed person is coming to an end 31 March 2015. The previous national country programme coordinator was, at the time of the evaluation, working out of the office but paid for by the Bamboo project. This contract was coming to an end at the end of 2014.

Plans for a UNIDO Desk

In 2010/11 consultations took place between UNIDO and the GOSL on ways of strengthening UNIDO's field presence in Sri Lanka and possibly through a UNIDO Desk (Head of UNIDO Office), thus a national UNIDO staff member but no agreement was reached.

Assessment

Sri Lanka is the only country where UNIDO still operates a UNIDO Focal Point Office (FPO) whereas in some other countries the FPO has been successfully converted and upgraded into UNIDO Desks. In 2011 the Director-General of UNIDO sent a letter to the MOI proposing the establishment of a UNIDO desk and that the current presence through a UNIDO Focal Point be discontinued. However, this proposal, which would have strengthened UNIDO's presence and cooperation, was never endorsed by the Government and the Agreement was not revised. In 2012 the HOU recruitment was suspended due to budgetary constraints of the organization.

The National Director (ND), appointed by the MOI, has been providing support to UNIDO's programmes and has been active in liaising with national partners, facilitating project implementation and monitoring. However, as this person is not a UNIDO staff member, nor on a UNIDO contract, he/she doesn't report to

UNIDO, cannot formally represent UNIDO. As a consequence, UNIDO has not, until recently and through the recruitment of the CP Coordinator, had neither an official representative nor a staff member in the country, and has not been represented in the UN Country Team (UNCT). As a result UNIDO's cooperation with other UN agencies and involvement in the UNDAF is marginal. Moreover, as the ND does not have a contractual relationship with neither the MOI nor UNIDO, he assumes the functions at the Focal Point Office on a voluntary basis. The present incumbent of this position is, in addition, serving as the President of the Industrial Development Board (IDB), which falls under the Ministry of Traditional and Small Industries and is thus "wearing two hats".

Another issue has been the absence of a clear distinction between the Focal Point Office/National Director and the National Country Programme Coordinator/support staff. In fact, the Agreement did not foresee the co-existence of a National Focal Point/Director and an Integrated Programme/country programme coordinator. Neither were the tasks of the National Director revised with the coming on board of a national country programme coordinator.

There seems to be confusion as to the function, selection and recruitment process as well as of the reporting lines of the UNIDO Country Programme Coordinator. This concerns both the recently selected and the previous one. These aspects are presently not covered in the Agreement. It is also obvious that the continued presence of UNIDO at the level of the FPO is made possible due to the goodwill of project managers, who are willing to take on the costs of the national personnel.

Thus the representation of UNIDO is somewhat complicated with a Regional UNIDO Director and official UNIDO Representative (UR) to Sri Lanka based in Delhi – India; a National Director appointed by the MOI but working on a honorary basis, attached to the Focal Point Office in Colombo, a recently appointed National Country Programme Coordinator under a UNIDO national staff arrangement, who has not been able to integrate the Focal Point Office and the previous national country programme coordinator still working out of the UNIDO Focal Point Office but on a short term project consultant basis.

Many stakeholders met by the evaluation team found the situation confusing and that there was uncertainty as to who was officially representing UNIDO in Sri Lanka. The lack of clarity is also evident reading the Report of the UNIDO External auditor of May 2014, where certain observations were made following an audit of the Sri Lankan Focal Point Office (FPO) and where the FPO was reviewed in terms of adhering to the Operational Manual for UNIDO field offices.

Reviewing the various tasks that, according to the Agreement, should be undertaken by the Focal Point Office, it became obvious that some are performed but others are not.

To the tasks performed belong; promote UNIDO services in the country, support and monitor the implementation of UNIDO projects and programmes and manage the office and its resources. To foresee tasks that are not undertaken belong; act as a UNIDO representative in the country, develop strategic framework of cooperation, annual work programme and active partnerships, develop fruitful partnerships with other UN agencies and the resident Coordinator of the UN system and representatives of other multilateral and bilateral organizations and coordinate the overall programme and project development and mobilize related financial resources.

The assessment of the evaluation team is that the UNIDO programme in Sri Lanka is below potential and both as concerns scope and size. In particular there seems to be a potential for increased cooperation with the counterpart ministry in fostering industrial development.

The finding is also that funding opportunities are not tapped and that the country could benefit from a stronger involvement of UNIDO in UNDAF. Furthermore, UNIDO is not a partner of the UN executed EU-funded North rehabilitation project (with a budget of Euro 60 million) although it has relevant expertise. In view of these realities the evaluation team identified a need to review/alter the agreement, in order to allow for a more optimum presence in Sri Lanka.

The evaluation mission equally identified some issues in relation to the appointment of the UNIDO national country programme coordinator. In this respect it should be noted that as the incumbent would be a UNIDO staff member, it is UNIDO's role to select and appoint the person and that, in line with UNIDO rules and procedures, the recruitment process cannot be influenced by external partners. When it comes to clearing a person to work from within the Ministry this power rests with the counterpart ministry.

Furthermore, country level reporting has been a weak area and no country level progress reports have been issued since 2010 and the start of the Country Programme. The conclusion is that UNIDO has, presently, a sub-optimal field presence in Sri Lanka.

2. Technical Cooperation –Evaluation findings

2.1 Poverty reduction through productive activities

- a) TF/SRL/006/005 (and subcomponent TF/SRL/06/A05) Support for sustainable livelihood recovery among the conflict affected population in the north and east regions through improved agricultural productivity and community-based entrepreneurship, and TF/SRL/06/006 – Support to the revival of the rural community-based self-help initiative of women in the tsunami and conflict affected region in Sri Lanka**

Background

The projects were implemented as one, between 2007 and 2011. The original project had a budget of USD 1.7 million and was financed by Japan through the United Nations Trust Fund for Human Security. Zonta was a partner for the TF/SRL06/006 project and contributed USD 250,000 to support the Women in Development (WED) component. The project had a planned duration from 2005 to 2008 but was severely affected by armed conflict and at a later stage by flooding due to heavy rains. The project was initially meant to be implemented in also the Northern Province but this was dropped for security reasons. In the East the project was implemented in two districts, Batticaloa and Trincomalee. Requests to donors for follow-up projects/funding did not yield any result.

The project was subject to an independent terminal evaluation at the end of 2010/beginning of 2011. Many of the findings presented in this report stems from this terminal evaluation but the country evaluation team also collected up-to-date information on effectiveness, impact and sustainability aspects.

Beneficiaries of the project have been farmer's organisations (FOs) and individual and groupings of entrepreneurs as well as trainers/counsellors. Women, including disadvantaged women, were specifically targeted.

Design and ownership

The project document was analytical and included a poverty mapping and situation analysis but no assumptions and risks related to external factors. In light of the reappearance of armed conflict there were, in fact, high risks.

The objective of the project was to contribute to the revival of the livelihoods of the affected (by war and tsunami) and most vulnerable population groups, defined as subsistence farmers, internally displaced people (IDPs), returnees and female headed households (FHHs). There were three main components of the project; 1) Sustainable Agricultural Projects (SAP) (supply of tractors and other farming equipment), 2) Women Entrepreneurship Development (WED) and 3) Business Development Support (BDS). The project had a well-elaborated logical framework with indicators but the indicators were vaguely formulated; “increased agricultural productivity” and were not quantified nor systematically reported on.

The project partners were Ministry of Industry and Commerce (MOI) and the District Chambers of Commerce & Industry (DCCI) in the two districts. The project was hosted by the district chambers and supported by the latter and by the Agrarian Service Department of the Ministry of Agriculture. There could, however, have been a larger substantial role of the chambers and lack of closer cooperation resulted in missed opportunities to strengthen the capacities of the chambers to promote or implement livelihood projects in the long run. The district chambers were paid an administrative fee for handling the tractor loan scheme, see below.

The agreement with the DCCI could have been clearer about the roles and responsibilities of different parties. As a result of limited ownership, many of the activities ended with the project and as a result the project achieved only limited outreach and development effects. The evaluation team was surprised to find that the partnering chambers had not been provided with a copy of the report of the independent terminal evaluation. The project went through many volatile situations but proved to be flexible and able to adapt.

Relevance

The project was in line with the UNDAF Peace, Economic growth and Women Empowerment pillars but was not included in the UNDAF. It was relevant to the Government priority of promoting equitable and sustainable pro-poor growth and promoting the peace process. There is clear alignment to *Mahinda Chintana* and its focus on livelihood, skills and agricultural development. To explicitly target returnees, IDPs, and FHHs was appropriate for the time and the context. The project was also in line with UNIDO strategic priorities and competence base.

The project was particularly relevant in that it targeted a conflict/tsunami effected population whose livelihoods had been lost. A high percentage of the direct beneficiaries were displaced persons. 28 per cent of the beneficiaries came from FHHs and the WED component clearly targeted the poorest segment of the population. The project’s focus on sustainable livelihood development was highly relevant due to high levels of poverty.

Effectiveness

The SAP component

The first objective of the SAP component was to revitalize agriculture through mechanization and other technologies and increase value addition in 30 villages. The second objective was to upgrade skills of farmers and rural technicians and provide essential services for community building and farming.

The SAP component mainly provided 4 and 2 wheel tractors to farmers groups and strengthened the capacity of small rural workshops by providing tools and basic training. In addition to the DCCIs, the Ministry of Agriculture was also involved in this component; for instance in selecting and liaising with the FOs partnering with the project. Supported FOs assigned the tractor to an individual, who was supposed to pay for it by making instalments into a revolving fund. The tractors were to be paid back in four years and when all instalments had been made the designated individual/user of the tractor would become the owner. The credit scheme, which was operated as a revolving fund, was managed by the respective DCCI. The approach had mixed results and as only a few tractors had been paid for at the time of the country evaluation thus there had not really been a *revolving* fund.

This said, the project was one of the first to introduce mechanized agriculture in the district and had an important demonstration aspect. It also introduced credit for agricultural machinery at a time when this was not available. However, the extent to which the demonstration aspect served this purpose has never been assessed and as very few of the tractors have actually been paid for, the project was not able, within its lifetime, to demonstrate that a revolving tractor fund can work. However, presently banks are providing credits for tractors.

FOs was also provided with tools, such as pumps, ploughs and other farm implements. Moreover, women were provided with equipment such as rice flour grinders and parboiling vessels. In all, almost 900 persons underwent training on how to use the equipment and tools supplied by the project. Furthermore, a pilot centre for micro-irrigation was established and was found to still exist and many farmers have benefited from irrigation technology.

This component seems to have benefited already relatively well-off individuals (with a capacity to pay) thus the poverty component was less pronounced than for the WED component (see below). It met with various challenges such as breakdowns, natural disasters and unavailability of spare parts and service. As mentioned above, only a minority of the tractors had been paid for at the time of the country evaluation. One reason was that the product was expensive, beyond

the means of farmers in the area and the income generated by hiring out the tractor was not enough to generate the necessary income to pay for it.

The demonstration effect, for the revolving fund did not materialize and nobody has used this model, in Sri Lanka, after UNIDO and there is nothing to prove that this is a good model for agricultural mechanization. As concerns the demonstration aspect (demonstrating the value of mechanized agriculture in order to promote the use of tractors) the evaluation team got mixed feedback. While some respondents confirmed that the project had played a role in this respect others stated that tractors already existed before the project or were introduced, at about the same time, by other actors.

As mentioned earlier, so far only very few tractors have been paid for and ownership handed over. The situation is not made easier by the fact that the tractors are now a few years old and in used condition. It is doubtful that farmers will continue to pay for tractors that are not in good condition. The DCCIs were assigned the responsibility to monitor the repayment of the tractors and this has continued after the project. However, in Batticaloa, the latest monitoring sheet was prepared in 2013. In this context it was noted that the farmers usually do not pay monthly but by season/harvest. More information about the results in the respective districts is provided below.

In **Batticaloa**, four 4-wheel tractors and twenty 2-wheel tractors provided. Two tractors have been fully paid for and transferred to farmers and the funds were revolved, within the FOs but used rather for implements than machines. This should be seen in the light of the various challenges that have faced the district. For instance, the district has been declared a dry zone the last 2 years and it has been difficult for farmers to generate enough income to pay for the tractors. Moreover, heavy floods in 2010, affected beneficiaries and damaged some tractors. As a result, many farmers are behind in payment and have needed longer time to pay back, than originally foreseen.

The four 4 wheel tractors are all working. As regards the 2 wheel tractors there have been problems and six of the tractors are not in working condition, having been damaged by floods. Thus, out of twenty tractors provided, fourteen are working and six of those are in good condition. The 2-wheelers are considered as problematic and to have been too weak for the environment. One problem has been non-availability of spare parts and, another, the lack of service in Batticaloa. Also harvesting machines were furnished and are being leased. The FOs, reactivated by UNIDO, is still functioning. It was also argued that what was demanded for the 2-wheelers is a lot of money for a product of bad quality and above price. Related to this issue was the fact that the beneficiaries had not been involved in the selection of the tractors to be purchased and some beneficiaries interviewed were of the view that it had not "received" the best product on the market and considering the local conditions.

In **Tricomalee** there were also four 4-wheel tractors and twenty 2-wheel tractors provided. All 4-wheel tractors are working but also here there have been problems with the 2-wheelers and not all are working. Four persons completed paying for the tractors and bought a new one. Issues have been the non-availability of funding to service the tractors and difficulties to source spare parts, aggravated by the fact the supplying company ceased to operate in Sri Lanka. Farmers conveyed the opinion that they should have had a say in the choice of equipment and that the tractors selected were not optimum and that better ones existed on the market. The revitalized FOs function well and was in itself a good development.

One farmer had been provided with two tractors and had bought three new ones. One had tractors before and felt that those were of a better quality. The funds being paid into the revolving fund had been used for spare parts and service which was useful but not in accordance with the original purpose. The demonstration of implements such as sprinklers and water pumps were found to have been useful.

There were also upgrading of mechanical workshops, to service the tractors but also other machines and vehicles and at least some of these seem to be operating today but seem to have lacked the capacities or not been supported enough for any substantial expansion/upgrading.

The conclusion is that the provision of tractors/machines/tools were useful and increased the productivity of the supported FOs and communities but was not on a big enough scale to revitalize agriculture and enhance rural development and community stabilization in the districts. The increase in agriculture productivity was not assessable but likely for individual farmers. The expected upgrading of rural workshops suffered from resources being spread too thinly. The demonstration effects are uncertain since tractors seem to have existed before the project and the model had some sustainability problems and has not been replicated.

The WED component

The WED component focused on promoting the creation of small businesses using simple technologies and covered various aspects from production, packaging to marketing and business management. It promoted community-based entrepreneurship and mainly for women. A value chain approach was adopted and this methodology was also imparted to the consultants/trainers. The goal was that community-based initiatives and productive activities would be promoted as means for sustainable livelihoods and social stabilization. The stated objective was that 2300 rural household will actively participate in the organization and management of community groups for collective self-help

activities. The main beneficiaries were Women Rural Development Societies (WRDS).

Access to markets for women's and other productive groups has been enhanced through various promotional activities and joint marketing. Trade fairs were instrumental in this respect and only in Batticaloa, about 7000 people attended the organized trade fair, which led to many business linkages with private companies. Among trades/skills promoted were papaya cultivation, palmyrah products, potted agriculture, food processing, hand loom weaving and handicrafts production. The support incorporated the furnishing of simple equipment and the introduction of new innovative technologies. In all 456 women benefitted from training and the provision of tools, equipment and cash grants. The opportunity for women to produce at home was gender sensitive and provided value addition.

About 20 women groups were established and are still in existence. The groups have subsequently been benefiting from other projects and further strengthened in terms of equipment and training. The Zonal Bank assisted with identifying the women to be supported. The district chambers have benefitted in terms of expanding membership.

The country evaluation found good use of the provided food processing equipment and technical training and that many individual women had benefitted from the training. As an example, a small-scale sweet producing factory had, at the time of the evaluation, 8 employees and a basket weaving company had 20 employees. Small scale rice milling/grinding establishments were equally doing well. There had also been training in fruit and vegetable processing and potted agriculture.

One papaya farm supported by the project has done very well and, not the least through a functioning irrigation system. 250 people were benefiting from this venture and the papaya cultivation was complemented with additional machines for food processing, such as drying the fruit or making pickles. The evaluation team also learned that small scale papaya plantations experienced set-backs due to visits by elephants and only some trees survived. UNIDO brought a new type of papaya but no hand tools, which were found to have been a limiting factor. Training on how to make natural fertilizers was provided as well as in how to develop nurseries.

Generally, women entrepreneurs met by the country evaluation team conveyed positive developments and results, for instance in terms of better packaging, time management, technical capacities and, not the least, income generation. They also conveyed that they did not have any entrepreneurial activities before the UNIDO project.

In addition to technical training, 500 entrepreneurs were trained in business management using the CEFE methodology. The business management training included developing a marketing strategy, book keeping, keeping a ledger and invoicing. There have also been training in hygiene standard and support in registering a business. A constraint seems to be that many of the entrepreneurs have remained at a very small scale and have not had the premises nor capital needed to expand their businesses.

The trade fairs that were organized in the last year of the project were a big success and attracted a large number of participants. Many of the women entrepreneurs found clients through this fair, which served as an important platform and established contacts with banks, buyers, marketing and even export companies. The event has been repeated by both chambers in subsequent years.

A general impression is that the women supported by the UNIDO project are doing well and that viable self-help production groups and small scale companies were established. The component supported 28 production groups while the target was 50. Individual women, although far below the target of 2300, were also assisted and introduced to new technologies and products and endowed with skills.

The BDS Component

The goal of this component was that the capacity of local institutions for small scale business development would be strengthened and community-based small enterprises developed. This component supported the two other components. An important feature was raising awareness of the value chain approach.

At the time the project started the capacity to provide BDS services, in the two districts, was very weak, if not non-existent. A pool of business counsellors was developed by the project to provide Business Development Services (BDS), to support small scale entrepreneurs. In all, about 60 small business counsellors were trained and about 25 were still active. The active ones work for ongoing projects in the two districts and continue to provide Business Development Services (BDS). One trainer met by the mission claimed he had trained as many as 200 persons in business start-up and that they all started micro-businesses. At the same time the advisors do not have any incentive, at present, to continue to monitor the entrepreneurs supported by UNIDO and there is no reliable tracking system or monitoring data.

The BDS providers were trained by the CEFE Sri Lankan programme on the CEFE methodology. The counsellors received basic computer training as well as knowledge about livelihood development, bookkeeping, business planning and

business registration. Many of the trainers got publicity and found clients through the trade fairs.

The outcome of creating a business support structure/system was not fully achieved but capacities of individual counsellors were built and BDS services have been provided to small scale entrepreneurs and on a continuous basis. A large number of beneficiaries have been women, often heading households and/or Tamil & Muslim and many were internally displaced.

A pool of qualified business counsellors was developed and extended their services to entrepreneurs and self-help groups. Furthermore, community based enterprises and self-help groups were developed and endowed with skills and equipment and linked with the market. However, the project fell short of establishing a local institutional structure for BDS service provision

Efficiency

Main efficiency issues were delays in implementation, often for reasons beyond the control of the project but there were, in addition, issues related to the quality of inputs (agricultural machinery). A closer consultation with end-users would have contributed to higher efficiency. The 4 wheel tractors, provided by the project, under the SAP component, are all working and were of good quality. As regards the 2 wheel tractors, there have been repeated problems and a number are not in working conditions. The 2 wheelers were considered to have been too weak for the environment. Moreover, 6 were seriously damaged by the floods and not operational. Another problem has been non-availability of spare parts and the lack of needed service. Some smaller equipment, such as threshers and de-stoners were found unsuitable and returned to the supplier but there was also equipment of high quality provided. The time lapse between technical training and arrival of (beneficiary) equipment was often long and reduced the efficiency of the training.

About 70 workshops (mechanic, blacksmith, carpentry) were provided with tools but the distribution assessed as being too thinly spread and with limited impact. The tools were rather simple and provided for free. Procurement of equipment, such as project vehicles took very long. Generally, UNIDO procurement procedures were perceived as slow and cumbersome. Local procurement was appropriately used in many cases.

The project had a good level of cooperation with the Ministry of Agriculture, which was involved in selecting and liaising with the farmer organizations (FOs). The involvement of local institutions was rather widespread and considered good practice.

A study tour was organized to Thailand for a group (15 persons) of beneficiaries but it is not sure for what purpose. Probably study tours in Sri Lanka would have been more cost effective for this target group.

Sustainability

A pool of competent business counsellors continues to assist small-scale entrepreneurs and the project was effective in creating sustainable business development services. The DDCIs were also strengthened through the project but not enough attention was given to develop capacities or empower the DDCIs to implement similar projects in the future. A deeper involvement in project implementation is likely to have led to strengthened capacities.

The project strategy of providing hand outs (equipment/tools and starting capital) was controversial but probably the only way considering the circumstances of a post-war and post-crisis environment with high prevalence of poverty. However this did not foster sustainability or copy-cattng. At the same time, many of the self-help production groups or individuals who were trained by the project are still active and producing and using the technical or business skills that were imparted. Many micro enterprises visited by the evaluation team were doing well but for lack of monitoring data it was not possible to get the full picture (how many of the supported groups/enterprises are still in operation).

The SAP component tested a model for agricultural mechanization but this model did not turn out to not be financially sustainable as the majority of the loans have not been paid and thus the fund did not revolve. The absence of spare parts and adequate services also negatively affected sustainability of this component. There have, nevertheless, been important demonstration effects and today the banking system is awarding credits for agricultural equipment.

Most importantly, many of the small scale businesses developed through the project still exist and are generating employment and income.

Project management and implementation

The project has been jointly implemented and managed by two branches; the Agro-industry and the then Private Sector Development (now Business Innovation and Technology – BIT) branches and constitutes a good example of inter/branch collaboration and synergies. The main allotment holder was the Agro-industry Branch, which managed the SAP component.

Decentralized project offices, headed by national project managers were established in each district and housed at the DCCIs. This ensured a smooth

implementation of day to day activities. The DCCIs supported project implementation and were active in selecting FOs, women entrepreneurs and trainers.

Regular progress reports were produced and provided updated information on the status of implementation. It was noticed, however, that the reporting was mainly on the implementation of activities and not sufficiently on the production of outputs and achievement of outcomes.

2.2 Trade Capacity Building (TCB)

Since 1999, the Trade Capacity Building (TCB) branch of UNIDO has been implementing projects in Sri Lanka. The past and present TCB portfolio was/is as follows:

1. Building a national Standard, Metrology, Testing and Quality (SMTQ) system in Sri Lanka, consisting of a sequence of six projects that were implemented from 1999 to 2007.
2. Strengthening international certification capability in Social Accountability and Food Safety, a private sector-oriented project, implemented from 2007 to 2013.
3. Support to promote the cinnamon value chain, through a project that is being implemented with The Spice Council (TSC) from 2012 to 2015.

The country programme evaluation has put the main focus on the on-going cinnamon value chain project. In case of the two already finished interventions, the review revisited and validated the findings of the two external evaluations that had been conducted earlier.

a) SMTQ Cooperation with ITI, SLSI and TTSC

Background

UNIDO successfully carried out six consecutive projects in the area of Standards, Metrology, Testing and Quality (SMTQ) in Sri Lanka between 1999 and 2007²⁵. The projects had an overall budget of about US\$ 2.75m. The Norwegian Agency for Development Cooperation (NORAD) financed the largest two projects with about US\$ 2m; the four smaller projects were funded by UNIDO, Government of Korea and UK Intellectual Property funds.

²⁵ UNIDO projects XP/SRL/99/049; TF/SRL/99/003; UB/SRL/00/001; US/SRL/01/108; TF/SRL/01/001 and US/SRL/04/059.

The projects supported three government institutes in upgrading seven laboratories to become the first laboratories in the country to achieve international accreditation:

- **Industrial Technology Institute (ITI)**, a multidisciplinary scientific research and technical service organization: upgrading of the (1) chemical, (2) microbiological and food, (3) calibration, and (4) rubber laboratories.
- **Sri Lanka Standards Institute (SLSI)**, the national standards body: upgrading of (5) chemical and (6) microbiological laboratories.
- **Textile Training and Support Centre (TTSC)**, a service provider to the textile and clothing industry: upgrading of (7) textile testing laboratory.

The projects successfully strengthened capacities in the seven testing laboratories at the three partner institutes. All laboratories subsequently did reach ISO 17025; the Swedish Board for Accreditation and Conformity Assessment (SWEDAC) granted the accreditations.

In 2009/10, UNIDO conducted a comprehensive impact evaluation²⁶ of the six SMTQ projects. The evaluation concluded that UNIDO's support was highly relevant and had made substantial contributions to sustainable capacity building at the seven public testing laboratories. The expected outcome at laboratory level had been achieved and the number of clients of the seven supported laboratories as well as the revenue generated by testing and calibration services had increased considerably, also after the projects had come to an end.

Further, the evaluation found that UNIDO's capacity building at the public laboratories had led to a more competitive market for testing services. In particular, spill overs were identified in terms of (i) a more competitive market for laboratory services with positive effects on prices and quality; (ii) increased capacities to address challenges related to new food tests; (iii) knowledge flows from the supported institutes to other parts of the national quality system, in particular to private sector labs, as well as (iv) to other countries in the region.

Current situation

The present Country Evaluation can confirm the main findings of the 2009 Impact Evaluation. **ITI**, the main beneficiary of the projects with around US\$ 2.2m of direct assistance, obtained the first SWEDAC accreditation in 2002. In 2008, it also became accredited for calibration and traceability by the Sri Lanka Accreditation Board for Conformity Assessment (SLAB) in 2008.

²⁶ UNIDO (June 2010): Independent Evaluation Report; Impact of UNIDO SMTQ projects in Sri Lanka.

ITI assumes that it has a 50% share of the market today, the remaining half being serviced by private sector labs. The income generated from testing and calibration services allows the organisation to cover operational deficits of its research section.

Currently, three senior former ITI experts, who had been actively involved in the UNIDO projects, are engaged in building up the quality regimes in Pakistan, Laos and Bangladesh, among others as consultants to related UNIDO projects.

In **SLSI**, the laboratory services division is the largest technical division with six laboratories (chemical, electrical, food, materials, microbiology and textile). In 2012, laboratory testing and calibration generated 31% of the organisation's overall income. In order to economise expenditures, SLSI has switched to accredit the UNIDO supported chemical and microbiology laboratories from SWEDAC to the Sri Lanka Accreditation Board (SLAB), due to the lower costs involved when compared to international accreditation.

TTSC, finally, continues to renew its SLAB accreditation for 14 identified tests, which are in good demand by the export garment industry for product development as well as product conformity verification to buyers' specifications.

b) Certification Capabilities in SA8000 and ISO 22000

Background

IndExpo Certification Ltd. is a certification and training organisation, owned by the Ceylon National Chamber of Industries (CNCI) with 55% of shares, and the National Chamber of Exporters of Sri Lanka (NCE), with 45%. IndExpo was established in March 2007 and incorporated as a public not-for-profit limited liability company. IndExpo was supported by UNIDO under the project "Strengthening international certification capability in Sri Lanka with particular reference to Social Accountability (SA8000) and Food Safety (HACCP/ISO 22000) standards" (TE/SRL/06/004). The project was implemented from 2007 to 2013, with a budget of US\$ 1.27m, financed by NORAD.

The project aimed at addressing standard- and conformity-related issues of trade capacity building (TCB). Its overall objective was to facilitate international market access of Sri Lankan exporters by enabling them to comply with food safety and social standards required by importing countries and their buyers. Unlike its predecessor projects in SMTQ, which were partnerships with government institutes (see chapter above), the new project followed – as a first for UNIDO – the innovative approach of partnering with the private sector, and more precisely CNCI and NCE.

The intervention strategy was to establish and strengthen IndExpo as an independent, private sector driven certification body in order for it to provide affordable, credible and internationally recognised certification services to companies. IndExpo was also to host a national conformity mark for the food and catering sector (the so-called CROWN scheme). Between 2007 and 2010, UNIDO provided support to the establishment of IndExpo and general capacity building for ISO 22000 certifications. Two subsequent phase extensions, from 2011 to 2013, focused on providing tailored support to ensure IndExpo's institutional sustainability as service provider.

In late 2013, UNIDO commissioned an independent terminal evaluation of its support to IndExpo²⁷. The main findings of the evaluation were as follows:

- IndExpo's system certification services developed with UNIDO's assistance are of high relevance and resulted in tangible benefits for client companies.
- Strengthening IndExpo, owned by two member-driven business associations, was an innovative approach to provide companies with access to high quality certification at an affordable price. An IndExpo certification costs around SLR 175,000 while international certifiers ask for around SLR 350,000, i.e. roughly double the price.
- The evaluation was critical of the first years of UNIDO support: while the concept of strengthening a private sector institution had been new, the original project design implemented from 2007 - 2010 was a generic replication of standard TCB projects. In particular, project preparation had not included a market study nor business plan.
- The CROWN Scheme – modelled along the lines of an existing system in the UK where it is owned by municipalities – provided IndExpo with initial visibility and a revenue source through training services during the start-up period while preparing to develop its certification services. Although companies highlighted substantial benefits from their participation in the CROWN Scheme, its sustainability was questioned. Demand of hotels and restaurants to participate in the CROWN Scheme was too low, as the scheme is not mandatory and essentially duplicated inspections required by law. Also, unlike in the first round under UNIDO, companies now have to pay the cost of obtaining the CROWN certificate.

The evaluation concluded that, while IndExpo was institutionally and technically sustainable, achieving financial sustainability would require doubling the number of certifications, which was seen as ambitious. Consequently, the evaluation recommended that IndExpo develop a full and detailed business plan.

²⁷ UNIDO (February 2014): Independent Final Evaluation; Strengthening international certification capability in Sri Lanka with particular reference to Social Accountability standard (SA8000) and Food Safety (HACCP/ISO 22000) standard (TE/SRL/06/004).

Current situation

Following this business plan recommendation, IndExpo has developed a Strategic Plan 2014 to 2016. The Strategic (Business) Plan envisages that, in 2016, the required annual income of around SLR 12.5m would be covered by 80% from certifications, 13% from the CROWN scheme and 7% from trainings.

The target for certifications, the main income source, has been set at 45 companies for 2014; however, up to September IndExpo could certify only 13 companies. 10 companies have undergone the CROWN certification process in 2014 and little training could be conducted. Consequently, the organisation foresees a deficit of up to LKR 2m for the current year. Part of the IndExpo capital stock of approximately LKR 7m will be used to cover this deficit.

IndExpo faces serious competition in its core certification market, where at least 15 companies are active;

- The SLSI (Sri Lanka Standards Institute) operates with the somewhat unfair advantage of being a regulatory and certification body at the same time, which gives it a strong position in the market.
- Professional international certifiers, like SGS (formerly Société Générale de Surveillance), Bureau Veritas, etc., have a high credibility in the more advanced destination markets and are therefore often favoured by exporters, despite their substantially higher prices.
- However, widespread 'foul play' in the certification sector is clearly the core problem for IndExpo – and the certification market as a whole –, as it is apparently quite easy to obtain a certificate through illegal means without actually investing in improvements that would be required to obtain the certificate through proper channels.

c) Cinnamon Value Chain Project with The Spice Council

The project in brief

Since 2012, UNIDO implements the project "Enhancing the compliance and productive capacities and competitiveness of the cinnamon value chain in Sri Lanka" (STDF/PG/343; UNIDO SAP 100208). The project started in July 2012 with a short inception phase until September 2012 and a resulting Inception Report that was approved in the first Steering Committee meeting²⁸. Actual project implementation began in October 2012 and is expected to last until October 2015.

²⁸ UNIDO (September 2012): Inception Report STDF/PG/343; Competency development scheme for the cinnamon sector in Sri Lanka.

As per the Inception Report, the overall project objective is to support the competitiveness of the cinnamon value chain in Sri Lanka to enable access to global markets. The direct project objective is to support the industry in partnership with the counterpart, The Spice Council (TSC), to enhance quality and food safety compliance to meet European and North American market requirements. In addition, the project aimed to assist processing technology development and to increase value addition in the cinnamon value chain.

The total project budget is US\$ 830,000, to which the Standards and Trade Development Facility (STDF) of the World Trade Organization (WTO) contributes US\$ 630,000 and UNIDO US\$ 200,000. The Government of Sri Lanka (GoSL) has committed to provide funding for the construction of the Cinnamon Training Academy (CTA) in Galle District.

The project implements three main components or action lines:

- A. The first training component can be divided into two sub-components:
 - 1) Construction and operation of the **Cinnamon Training Academy** (CTA);
 - 2) Development of a **Training System and Training Curricula**, to be endorsed by the Tertiary and Vocational Education Commission (TVEC) under its National Vocational Qualifications (NVQ) framework.
- B. Obtaining the **Geographical Indication** (GI) for the Pure Ceylon Cinnamon mark (PCC) to prove the specific geographical origin and qualities of PCC, exclusively attributable to Sri Lanka.
- C. Promotion of **Good Manufacturing Practices** (GMP) in the cinnamon industry, in order to conform to guidelines as minimum requirements that cinnamon manufacturers must meet in order to export to more advanced markets.

Unfortunately, funding could not be secured for the originally planned mechanisation and value addition Component 4, as the envisaged JICA support did not materialise.

Before the UNIDO project became operational, earlier efforts to develop the cinnamon industry had been undertaken with The Spice Council as active partner. From 2006 to 2008, GIZ supported – under its Promotion of Medium and Small Scale Enterprises (PMSME) project – nine large producers to build new processing factories and obtain the ISO 22000 certificate. As of today, three factories continue to renew their certification; six factories let theirs lapse, as they could not obtain a price premium against non-GMP produce in the market and could therefore not recover the added costs of certification and related

requirements. In addition, the Export Development Board (EDB) supported 20 smallholders to build medium scale GMP compliant processing factories in Galle and Matara districts.

Status

A1) Cinnamon Training Academy (CTA)

The Spice Council has formed the Cinnamon Training Academy Ltd. (CTA) and registered it under the companies act, giving it total ownership and management. To set up the CTA, TSC has secured LKR 28.5m from the government (EDB) and a cinnamon grower has donated two acres of land in Kosgodia. Based on a turnkey contract the academy buildings are currently under construction and should be finalised in spring 2015.

Discussions with a wide range of actors revealed that the envisaged function as well as the underlying concept and the detailed plans of the CTA are largely unknown outside of the 'insider circle', consisting mainly of TSC and the project. This relates in particular also to the Department of Export Agriculture (DEA) of the Ministry of Minor Export Crop Promotion, which runs the National Cinnamon Research and Training Centre where, next to research, training programmes are run for several hundred trainees every year.

External business consultants from EY (formerly Ernst and Young) have recently drafted a Strategic Plan for the CTA²⁹. However, the plan still remains vague in important aspects and some strategic choices seem difficult to implement: "CTA should first prepare a detailed budget for the company covering costs relating to marketing, recruitments, building construction, etc., to identify the estimated costs. Once the estimated costs are identified, it should be evaluated with the funds available and identify the fund requirement. CTA could then seek for additional sources of funds to meet the fund requirements." The plan is thus but an initial step towards a proper operational and financial analysis, as the financial implications of running the CTA have still not been analysed in detail.

In addition, the Strategic Plan is quite ambitious: "The CTA will require large amount of funds at this stage to proceed with the aggressive marketing campaigns to build a strong brand name for CTA." Finally, it is probably also somewhat unrealistic: "Once CTA established a good brand name, they could enhance the capital base by listing in the stock market."³⁰

In a good recent move, the TSC and the project took the decision to employ a full-time CTA coordinator in order to ensure leadership in the organisation. The

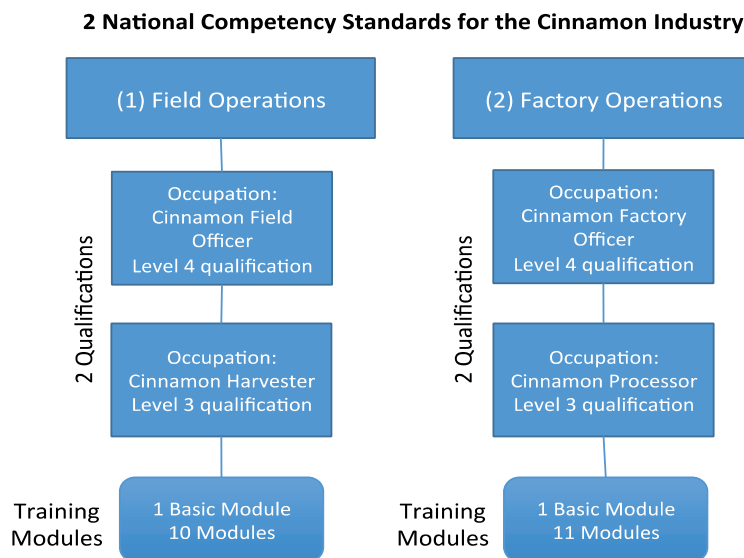
²⁹ EY (April 2014): Strategic Plan 2014-2019; Cinnamon Training Academy PLC (CTA).

³⁰ Op. cit.: Part B; Finance Strategy, p. 53/54.

coordinator will be directly contracted by the CTA but receive the salary from project funds for the time being. It is expected that the coordinator can join office by January 2015.

A2) Training curriculum and material

Next to the training academy, TSC and the project are also in the process of developing a training programme, consisting of curricula and modules, including audio-visual material, following the requirements of the TVEC's NVQ framework. The illustration below depicts the two competency standards (field and factory operations) and the related qualifications as well as the training modules.



The Spice Council and the project went off to a good start in designing and setting-up the challenging new training system. However, later on the process got delayed, as the university that was initially identified to produce the training material required under the NVQ framework did not perform as expected. Now, the training materials are about to be completed. The CTA has furthermore plans to establish a model growing unit for demonstration purposes on land of the academy.

The national competence standards, curriculum/ training modules, trainer and learner guides have been validated and endorsed by the Tertiary and Vocational Education Commission under the Ministry of Youth Affairs and Skills Development. Currently, the project is placing emphasis on completing the lessons plans and teaching aids on which an expert has already started working (expected completion date is January 2015).

In parallel, TSC has formed an expert panel of 12 experienced practitioners to screen the proposed training materials to ensure their feasibility and practicability.

B) Geographical Indication for the Pure Ceylon Cinnamon mark

The Sri Lankan *cinnamomum zeylanicum* Blume or true cinnamon faces increasing international competition from the cheaper *cinnamomum cassia* or Chinese cinnamon, which is mostly produced in India, Indonesia, Laos, Malaysia, Taiwan, Thailand, and Vietnam.

Consequently, upgrading the PCC mark to a Geographical Indication has been a long-term aspiration of TSC in order to strengthen its international market position. The project supported an awareness mission by TSC and the Export Development Board (EDB) to meet with relevant EU bodies in Brussels and gain a clear understanding on the best way forward to successfully obtain the GI for the PCC.

Recently, however, a decision by the Cabinet of Ministers has given the mandate of organizing the further steps related to obtaining the GI to the EDB, which is moving ahead with GI application process. A recent workshop at the EDB supported by consultants from WTO discussed the process for developing a dossier. The TSC was invited and attended the meeting and the project provided the required information to the counterpart. According to officials at EDB the process is continued with consultants from WTO with cost sharing funds expected from Common Fund for Commodities (CFC).

In this context, it is certainly positive that the sulphur content problems with EU exports, which the Sri Lankan cinnamon industry faced some years back, has been resolved in the meantime and exports now remain well within the sulphur limit set by the Codex Alimentarius.

C) Good Manufacturing Practices

The introduction of GMP in cinnamon processing has been supported in the past by several organisations and projects. EDB, DEA, as well as the GIZ funded project for Promotion of Medium and Small Scale Enterprises (PMSME) provided substantial grants for upgrading production facilities and preparing them for GMP, as well as, in some cases, HACCP and ISO 22000.

The core challenge, however, when introducing GMP with cinnamon producers is the fact that demand in the industry is low for the simple reason that exporters do not give a price premium to suppliers with GMP certification. Consequently, the project required considerable efforts to identify beneficiaries. Initially, it approached 75 producers, of which 25 attended the first information workshop

and only two agreed to take part; later three more TSC members agreed to participate.

The project has decided to provide US\$ 5000 to each beneficiary for the necessary investments in infrastructure. According to the project, this is to be given on a reimbursable basis³¹; however, the GMP candidate visited by the mission did clearly not understand the support as being reimbursable. Furthermore, he complained of not being informed on the next pending steps, needed in order to prepare his factory and workers.

The traditional kalli system versus the new line system

Cinnamon has a long history in Sri Lanka and is intricately linked with the social and cast system, which has existed and evolved over centuries. Cinnamon peeling in particular is a highly skilled technique, handed over almost unchanged from ancient times. In Sri Lanka it is still the exclusive occupation of the *Salagama* caste or community, a socio-occupational group that follows a trade prescribed by tradition, and quite separate from the growers/owners.

The traditional way peelers organise their work is the so-called **kalli** (gang, group) **system**, whereby two or three peelers (most often with family links) conclude a contract for peeling a given amount of fresh wood in the workshop of the producer. Work starts at five in the morning when male *kalli* members cut fresh wood for peeling during the day, with work often going on until late at night. The main shortcoming of the traditional production system is the fact that Sri Lanka's cinnamon industry currently lacks some 10,000 peelers, as the young generation apparently does not like to take up this hard job with its low social status. Consequently, the remaining peelers have started to demand a higher share of the proceeds above the traditional one-third that has been their due in the past.

Due to these developments, the so-called **line system** has been slowly gaining ground in recent years, and has also been promoted by the GIZ PMSME project. The mission was able to visit three production units that successfully operate the line system (Batuhena Estate, Hunuwala Estate, Eastern Spice).

Briefly summarised, the new line system is organised as follows: peeling is done only by teams of women (earlier attempts with mixed teams have failed) who work regular shifts from eight to five in clean and spacious workshops. Men are only contracted to cut the daily requirements of fresh wood in the morning and deliver it to the factory before eight.

³¹ See Minutes of the Monthly Project Team Meeting, 8 August 2014.

The factory jobs are secure and women receive a basic daily salary (between LKR 350 to LKR 400) plus a performance related bonus. Expert women peelers are able to earn between LKR 25,000 to as much as LKR 36,000 per month. In addition, they are part of the government's social security net, as they pay into the Employees Provident Fund (EPF) and the Employees Trust Fund (ETF).

All three units visited have long lists of local women who applied for joining the factories. Unlike in the traditional system no labour shortage seems to occur with the line system. The evaluation mission was told that women would perceive peeling cinnamon in the line system as any other secure and stable factory job like, for instance, garment production. Consequently, the social stigma associated with the *kalli* system would not exist for women working regular hours in a secure job and in a clean environment. In addition, line system factories with sufficient production capacities have started to buy so-called wet wood (i.e. daily cut fresh branches) from smallholder producers who have problems in getting peelers under the *kalli* system and consequently prefer to sell their raw material directly.

Project management, reporting and expenditures

Project management went through a difficult period during the first half of 2014. The counterpart TSC as well as project staff have communicated to the mission that the change in Project Manager in early 2014 resulted in considerable delays, as decisions in Vienna were unduly postponed. However, the original PM has since been reinstated and operations have consequently returned to normal.

In addition, the post of National Project Coordinator (NPC) was left vacant for more than one year; consequently, the chairman of TSC had to fill the vacancy. Since September 2014, a new NPC is in place and has taken over the lead of the project team, presently consisting of Technical Analyst, Technical Expert, Administrative and Gender Coordinator, Project Secretary and Financial Coordinator.

The latest progress report provides information on progress the project has achieved and issues it has faced during the reporting period³². The information provided is largely of a qualitative nature and discusses the core developments. However, the progress report does not discuss achievements related to the project objective and the outcomes, but only reports on outputs and activities. Also, output achievements are given as percentages, without further explanations on how these have been calculated, and many activity level targets still remain "to be defined" even now.

³² STDF Project Progress Report (draft), Part B: Status of the outputs and activities; dated 31 July 2014.

Consequently, while progress is acknowledged in conducting activities and producing outputs, the evaluation mission was not in a position to assess in how far activities and outputs have led to achieving the project outcomes and ultimately the project objective.

At the time of the mission, i.e. after roughly two thirds of the project period, accounted expenditures were approximately US\$ 243,000, or some 30% of the budget of US\$ 830,000. Reasons given for this underspending were (i) that spending will pick up once the training academy will be up and running and the training material finalised, as well as (ii) general underspending during the period of the 'interim' PM, as discussed above.

Several discussions were held on the current project staff strength, which TSC considers to be too high, as the office acts mostly as contracting agency by outsourcing work to external consultants. The TSC requested UNIDO to adjust staff structure accordingly in order to provide additional funds for field activities.

Sustainability

Cinnamon Training Academy: The CTA buildings are currently under construction and consultants have drafted a Strategic Plan for the CTA. The core medium-term challenge will be the sustainability of the venture. This refers foremost to the degree of utilization of the facility that will be required in order to generate the income required for break-even operations of the academy.

At this stage it is neither clear what the annual fixed and variable costs will be for running neither the academy nor who will actually use it and pay how much for it. Are trainees to pay for themselves? Will companies send their staff and pay for training? If yes, how many and at what rates per year? How much funding will the government provide? Will donors be willing to provide support in the medium term? And, finally, how much net benefit can be generated from the training plantation?

The citations from the CTA Strategic Plan given above demonstrate that these essential questions have not been analysed yet to the extent required; so far, the project has only made a preliminary cash flow analysis which, however, has not been scrutinised and tested yet.

Efficiency

By and large, the project has been managed and implemented efficiently so far. This is in particular due to the close involvement and leadership by the counterpart TSC who has successfully lobbied with various institutions and government bodies. It has been mentioned that efficiency was low during the period when an interim project manager was in charge in the first half of 2014,

foremost due to delays in decision taking. Also, the long vacancy of the NPC post could only be counterbalanced by increased involvement of the chairman of TSC. Currently, project management is back on track and the new NPC has taken up his post. Consequently, implementation efficiency has again reverted to the previous level.

As stated above, a substantial amount of project work is outsourced to external experts. The efficiency of these arrangements is judged as mixed, as illustrated by the EY consultants, which produced the rather vague Strategic Plan for the training academy, as well as the suboptimal performance of the initial experts for training material development, which needed expertise in the NVQ framework as well as agriculture, a combination difficult to come by.

Effectiveness and impact

Training curriculum and material sub-component: this sub-component constitutes the core challenge in terms of effectiveness of project interventions. It first has proven to be a rather complicated venture, given the strict requirements of the TVEC's NVQ framework. The project is unique and pioneering efforts to establish a NVQ framework based qualifying and certifying system as learning experience in the agriculture sector. Potentially, this may be the basis for promoting more NVQ levels in the agriculture sector.

A good initiative to ensure practical effectiveness of the training has been the constitution of the expert panel of experienced practitioners to screen the proposed training material. Close involvement of the DEA and screening its existing and tested training material for its usefulness should further improve effectiveness.

In addition, the evaluation team would like to highlight one particular issue in relation to the training curriculum and material sub-component. The chosen approach of a TVEC approved training system means that concepts, materials, etc., are almost by definition oriented towards schoolroom- and lecture-type trainings. While this approach may be appropriate for Field and Factory Officers (level 4 qualifications, see illustration above), doubts emerged whether this is also the case for Harvesters and Processors, i.e. de facto peelers (level 3 qualifications).

Interviewed practitioners (large and small producers, line system factory managers, peelers and master peelers) maintained that peeling is a sophisticated but manual skill that takes up to six months of daily practice before somebody is fully competent and efficient. Line system factories train new entrants on-the-job, by pairing them with experienced peelers; in the *kalli* system, the skill is mostly passed on from parents to children. The point to be made is that both the line and

kalli systems have learned by experience to rely on extensive manual on-the-job practice and not on classroom-type training for developing the peelers' skills.

Good Manufacturing Practices: related to the direct project objective of enhancing quality and food safety compliance, the question can be raised if five additional companies that will become GMP compliant will indeed make a difference, in particular given the fact that at present exporters pay no GMP price premium to their suppliers.

If the overall project objective – to support the competitiveness of the cinnamon value chain in Sri Lanka to enable access to global markets – is to be achieved, systemic change is required beyond a few more but still isolated processors adhering to GMP. And, in order to achieve systemic impact, the root cause of why exporters do not pay a premium price for certified products has to be tackled. At present, this foremost means to lobby with the government to implement the existing, but not presently enforced, Sri Lanka Standard Specification for Ceylon Cinnamon (SLS 81/2010) conformity certification in the industry.

2.3 Energy

US/SRL/05/001 and TF/SRL//06/002 – Establishing sustainable, economical and secure local based renewably energy backed community development centres with ICTs for post conflict and remote rural areas of Sri Lanka (SAP project number 103126)

Background

The project started in 2005 with an expected completion in 2007 and a budget of USD 336,096, jointly financed by the Government of India and Austria. The Government counterpart ministry was the Ministry of Industry and Commerce and there has been some involvement by Ministry of Power and Energy. Moreover, the Ministry of Environment and Renewable Energy has since then been created and also had a role. There have been severe delays in implementation and the project was ongoing at the time of the evaluation mission but was to be closed before the end of 2014.

The purpose of the project was to establish Renewable Energy Community Development Centres (IT-based), foster rural enterprises and rural energy access. Another aim was to demonstrate a model for replication. The Meemure village was selected for pilot activities/ implementation, being off grid and with mini hydro potential.

Status of implementation

A mini grid with a hybrid renewable energy system has been installed consisting of a biomass gasifier system with output capacity of 18 kW (Dendro plant), and a small hydropower unit with the output capacity of 63 kW and irrigation canal system. About 2km of transmission lines have been donated and installed on concrete poles by the Sri Lanka Sustainable Energy Authority in order for the village to be able to contribute electricity. The Dendro plant was furnished in 2006 and the construction of the small-hydro plant started in 2009. The project was in final stages of implementation at the time of the evaluation mission.

The purpose of the **Dendro plant** was mainly to complement the micro-hydro system during the dry season. However, the Dendro/gasifier system for base-load power generation had still not been appropriately tested, was not in operation and was not expected to become operational by the end of the project. There are various reasons for this. Some, external to village stakeholders, argued that the villagers “did not want to run the plant” while village stakeholders argued that “it had never been working properly and we do not know how to operate it”. Many informants interviewed by the evaluation team stated that the Dendro technology is not simple to operate and “get right” and that many Dendro plants in Sri Lanka have had technical problems. In particular it is difficult to get the right quality (in terms of size and dryness) of the raw material. The mission was informed that this kind of projects needs a high level of technical supervision and maintenance and that the needed expertise would normally not be available in a remote rural village. It was also argued by government officials that solar energy would have been a more appropriate technology to use to complement micro-hydro technology in the dry months.

Initial tests of the Dendro plant were done in 2008 and a variety of problems were detected; including with the wood chopper, the wood dryer and the water pump, equipment missing and needed inputs (saw dust) not being available. It is important to note that the system only seems to have been tested once; during the wet season and the raw material needed (wood) was then found to be too humid for successful operation. This was done many years back and since then not much progress, if any, had been made. The 2008 tests confirmed the complexity of the Dendro technology.

Efforts were also made, in 2013 and 2014, to repair the Dendro plant. It was cleaned and some parts were refurbished but it was never put into operation. One reason given for this was that the raw material (wood) stock was not sufficient due to the inability and/or lack of interest of the villagers in providing the same while the villagers argued that raw material would be forthcoming if the plant was operational.

In November 2012, the **small hydro pant** was started but met with problems. At the end of 2013, efforts were made to repair/ the system and it was re-

commissioned on the 23rd of December in the same year. Since the small-hydro plant was providing enough electricity to provide the village with electricity in the evenings and to provide water to paddy through rehabilitated irrigation canal, there was little incentive to get the dendro system working. In particular, as the small-hydro plant also has functioned during seasons with low water in 2014, although this is not considered as a “dry” year. The fact remains, however, that the Dendro system has still not been operated or properly tested in the village. The evaluation found that the approach had been supply driven in that the availability of a Dendro plant was the reason for promoting this technology rather than a selection of the most appropriate technology.

The small-hydro plant is, however, in operation and supplying electricity (about 13 kW at power house output), in the evenings to the community. Estimations are that 65 out of 115 houses in the village have been benefitting from the electricity supply. The electricity is mainly used for lighting, television and cooking needs. Local technicians have been receiving basic training in operating the system.

Credit should be given to the present project manager, UNIDO focal point office team, and the national expert, who have made sincere efforts, during the last year, to revitalize the project. At the same time, to have both a contractor; an engineering company on board as well as a national expert to oversee the company seems an overkill, considering that there is also a project manager (based in Vienna) and a national country programme coordinator (based in Colombo). The engineering company was, at the time of the evaluation contracted to do repair work of the installations, which had, originally, been of sub-standard quality.

Relevance

At the time of inception the project was aligned to the Government’s efforts to provide electricity to remote areas/poorer parts of the population, who were not connected to the grid. The project was also considered as relevant as the quality of life is estimated to considerably improve with access to electricity and lighting and particularly so for women and children. The relevance of the project, in terms of promoting rural energy access, had, however, been partly lost with grid connectivity expected, for the village, in 2015. With the arrival of the grid, electricity will be available on a 24-hours basis. The evaluation team noted that construction is already well underway to realize this expectation.

Considering other efforts previously undertaken to promote renewable energy, for instance the Renewable Energy for Rural Economic Development (RERED), funded by the World Bank, the need for UNIDO to implement a pilot project is doubtful. In fact, at the time the project started there were hundreds of village-based small-hydro schemes in operation, in Sri Lanka.

Sustainability and ownership

Ownership by the villagers of the small-hydro plant is clear and villagers were actively engaged in maintaining the plant. However, there was some uncertainty as to what extent the village will have the capacity to operate the system after the handover, foreseen at the end of 2014.

Three village based technicians have been trained in operating the small-hydro plant but not on all aspects, hence the technical sustainability of the project was uncertain. This principally concerned repair and maintenance. Moreover the three technicians servicing the small-hydro system had not been provided with needed tools and spare parts. Also somewhat surprising, one of the technicians did not know that the plant was going to be handed over to the village society in one month's time.

The village society was committed to manage the small-hydro plant and to generate income by selling excess electricity once the village becomes connected to the grid. Villagers volunteer and take turn to supervise the small-hydro system during the evenings which indicates beneficiary ownership. UNIDO has prepared a tariff model for cost recovery, including maintenance. With regard to the Dendro system, there seems to be poor prospects for sustainability.

There had also been a good level of ownership of the national counterpart agency, the Sri Lanka Sustainable Energy Authority (SEA), when the project funding was insufficient to complete the installations; the SEA provided supplementary funding for cabling and rehabilitation of the building.

Efficiency

Due to the remoteness of the village (2 hours off main roads), access to technical services has been and is difficult and costly. The implementation structure of a project manager in Vienna and expert and contractor in Colombo (about 5 hours away) is not suitable for this kind of small-scale community based project. Also, considering that Sri Lanka has many professional energy- and environment-focused NGOs, the appropriateness of having an agency such as UNIDO implementing this kind of a project is questionable.

The remoteness of the site has, beyond doubt, hampered the efficiency and prevented the continuous support needed to operate a system as technically complicated as a Dendro plant. Further, it has also been difficult and expensive to have technical services for the small-hydro plant and as a result there have been frequent delays. It should be kept in mind that Meemure is a remote village, located within the Knuckles national park, with 150 inhabitants and weak technological capacities.

As mentioned, there have been severe delays and technical problems. The construction of the micro-hydro plant started in 2009 but met with various

challenges. The Dendro never operated satisfactorily and was found to have suffered from inadequate engineering work but despite the almost immediate breakdown the contractor was paid.

Furthermore, the consultant contracted by UNIDO to install the plants was not attached to one of the companies that had been quality ensured, to implement and supervise small-hydro projects, by the World Bank. It was also noticed that the project costs were considerably higher than the average small-hydro village system, which had been estimated at about USD 40 000 (2010). Additionally, in this respect, the choice of a hybrid system can be questioned since these are more costly and complicated than a simple energy system.

Another finding is that the small-hydro technology was appropriate and working, but that the choice to import a turbine from China was surprising, since turbines are also available locally. In 2008, there were five turbine manufacturers in Sri Lanka. This said, the fact that the turbine was a donation from China is important. India provided the alternator. The choice of imported equipment became an additional challenge when the GoSL decided to levy taxes on all equipment imported by UN projects and there was no budget for these taxes. The Sri Lanka Customs & Port Authority held the consignment for nearly 10 months and asked UNIDO to pay customs duty and taxes. Fortunately, the counterpart ministry, the Ministry of Industry, accepted to pay the taxes but this caused a 12-month delay. In addition, the amount of the taxes (USD 32,000) almost equaled the cost of a Sri Lankan micro-hydro plant, equipped with a turbine.

The fact that, initially the project hired a national project manager on a full time basis and for a period of three years was not cost-effective considering the outputs produced. The present national consultant and contractor (contracted in late 2013) were found to be of high quality.

Other efficiency issues have been the delay of customs clearance of imported equipment and the procurement of mini-hydro equipment prior to site identification. The latter meant that the provided equipment did not match the site potential and characteristics and that there was a need to replace part of the equipment.

Effectiveness and impact

According to the project document the project objective was to uplift the people in off-grid villages with the help of renewable energy systems, including small hydro power and the establishment of Community Development Centres, which would facilitate the growth of industry, sustainable agriculture, education through ICT facilities and serve as a demo project for duplication in other areas of the country. The project document does not have precise outcome/outcomes and no indicators. Although the project went through substantial changes, there were never any changes made to the project document.

There is only one project output mentioned; implement model hybrid renewable energy systems including micro-hydro power units, biomass and biogas system for powering Community Development Centres, along with training and capacity building of local personnel.

The main result of the project is an operational small-hydro system, generating electricity. Thanks to the small-hydro plant, the Meemure village has electricity in the evening, for home use and irrigation systems. The electricity supply has been steady since December 2013 and the site has thus proved to be appropriate with adequate head/fall. The village uses the electricity for lighting and television but apart from a sewing machine used by a carpenter and irrigation, productive use has not materialized. This confirms a finding of the UNIDO Independent Thematic Renewable Energy Review that, “although electricity is an enabling factor for the development of village industries, the availability of electricity alone is not sufficient for such industries to emerge on a significant scale”.

The Dendro plant is not operational. The key finding is that the village does not have technicians with the technical competence needed to operate this relatively complex system. The technology had been tested by other projects in Sri Lanka and not found to be viable solution for village electricity.

The IT-based community centre has not been established and the project target of five established Community Development Centres was not met. The project had purchased a few computers to be handed over to the Meemure village but these have been lying around for about six to seven years in the Focal Point office in Colombo. The reason for not establishing the ICT centre was that there had not been any need or demand for this and that the project budget was spent on the energy systems, which were more costly than planned. Neither were foreseen activities to promote cottage industries implemented.

The pilot has not served as a demo project and there has not been replication in any other place in Sri Lanka. It is difficult to make any assessment as to the uplifting of people, since it is not clear how this is defined, but without any doubt having electricity in one’s house must be rewarding. Contrary to what was foreseen in the project document, the project did not have any tangible results in terms of enhancing the competitiveness of rural youth, employment or empowerment.

The project was overambitious and technically complicated. It promoted a technology (dendro), which was not appropriate for a remote rural setting. The small-hydro technology was found to be appropriate but also this component has suffered from various delays and inefficiencies. The remoteness of the village hampered efficiency, as technical expertise was not available close by. Many of the foreseen results of the project have not been achieved. The evaluation team was surprised to be provided with a copy of a letter, where the Chairman of the

village society was to sign off that the dendro power plant is handed over to the society, in good conditions after maintenance work.

The project has experienced severe delays in implementation, achieved few concrete results and the foreseen IT-based Renewable Energy Community Development Centres were not established; neither did the project foster rural entrepreneurship. The main result of the project has been the establishment of a small-hydro system providing electricity to rural households in the village of Meemure. Local technicians have been receiving basic training in operating the system. The project was not able to demonstrate a sustainable model for energy provision and community development. The foreseen gasifier (dendro) system has not been properly tested, is not in operation and averred too complicated for a remote rural setting.

The evaluation validates the findings of the Independent Thematic Review – UNIDO Projects for the Promotion of Small Hydro Productive Uses (2010) in that the effectiveness and efficiency has been low. The remoteness of the site has hampered efficiency. The project was overambitious considering its size. Relevance has been reduced due to expected grid connection during 2015.

There was confusion in relation to the purpose and objective of the project. What did the project really set out to do? Promote energy access? Foster productive activities? Pilot renewable energy technologies? Or establish a IT-based community centre? A project document of low quality and the absence of a log frame with clear outputs and indicators have contributed to this confusion.

2.4 Environment

The environment portfolio in Sri Lanka covered by this evaluation included four project areas:

- Set-up and expansion of the National Cleaner Production Centre (NCPC);
- Development of bamboo processing industry;
- Review and update of the Persistent Organic Pollutants' (POPs) national implementation plan; and
- Management and disposal of Polychlorinated Biphenyls (PCB) and PCB's containing equipment in the country.

a) Set-up and expansion of the National Cleaner Production Centre (NCPC)

Phase I Project: TF/SRL/01/001 and TF/SRL/07/001 “Sri Lanka National Cleaner Production Centre (NCPC)” - (started 2002, ended 2009), expenditures: USD 1.3 Million.

Phase II Project: TF/SRL/09/003 “Up-scaling of the activities/services provided by the National Cleaner Production Centre (NCPC) in Sri Lanka” - (started 2009 – end 2014), allocation USD 1.5 Million, funds available USD 30 000.

The introduction of Cleaner Production (CP) concepts in Sri Lanka started in 1993, through a UNDP/UNIDO Programme with the Central Environmental Authority of Sri Lanka, with the purpose of reducing the pollution caused by industries.

In 1998, the United States-Asia Environmental Partnership (USAEP) and UNIDO, in association with the Small & Medium Enterprise Developers (SMED) of the Federation of Chambers of Commerce & Industry of Sri Lanka (FCCISL) trained 22 experts as well as national consultants/auditors, on cleaner production and cleaner production assessment methodologies. That programme included a pilot project to demonstrate CP in 5 industrial enterprises, carrying out CP assessment in those selected industries.

In 2001, UNIDO in cooperation with SMED/FCCISL, decided to establish a National Cleaner Production Centre (NCPC) as part of the UNIDO Integrated Industrial Development Programme (IP) for Sri Lanka. The FCCISL hosted the NCPC, and the Royal Norwegian Government, through **NORAD (Norwegian Agency for Development Cooperation)** agreed to provide funds to start-up the centre and to run it for 5 years; this was formalized under the UNIDO project TF/SRL/01/001 “Sri Lanka National Cleaner Production Centre”, with an allotment of USD 1 million.

The project started in March 2002, when the director of the centre and two support staff were recruited and the Minister of Industry officially launched the centre in May 2002. In 2007, USD 500 000 were made available from NORAD, as additional funds, through the UNIDO project TF/SRL/07/001 - Sri Lanka National Cleaner Production Centre, to continue the operations of the NCPC and to prepare a business plan and a strategy for its sustainability.

By 2008, the Centre had grown to 15 staff (10 managerial/technical and 5 administrative staff members) being active in conducting training and awareness raising to industry, universities and schools, as well as providing policy advice and conducting assessments and demonstrations in some industries³³. The NCPC was also actively participating in the global UNIDO-UNEP CP Programme.

A NORAD mid-term evaluation of the project TF/SRL/07/001 was carried out in 2006, and an UNIDO Independent Thematic Evaluation of the UNIDO-UNEP Cleaner Production Programme was conducted in 2007. In the thematic evaluation, it was recognized that the Sri Lankan Centre had created a basic level of national capacities, understanding and awareness of CP. However, all

³³ Independent Evaluation of the UNIDO-UNEP Cleaner Production Programme – Country Evaluation Report for Sri Lanka. July 2007.

evaluations also found that the Centre still needed to define its own strategy for long term sustainability and for the uptake of CP in Sri Lanka. It was also recommended to address the issue of Institutional uncertainty which was hindering the operation of the NCPC.

In 2008, the NCPC and UNIDO prepared a new project proposal, for additional NORAD funds, which was approved in 2009 under project TF/SRL/09/003 - "Phase II - Up-scaling of the activities/services provided by the National Cleaner Production Centre in Sri Lanka", with a USD 1.5 million allotment and an expected duration of 3 years.

The purpose of phase II was to consolidate the NCPC and the results from the previous projects (Phase I), through the achievement of the following expected outcomes³⁴:

- Outcome 1: All beneficiaries recognize and appreciate CP, Environmental Sound Techniques (EST) and CP plus activities for efficiency improvement, competitiveness increase and pollution prevention, and NCPC achieve long term sustainability
- Outcome 2: Enterprises implement CP, EST and CP plus
- Outcome 3: Enterprises use financial tools/mechanism to finance investment in CP, EST and CP plus activities
- Outcome 4: Relevant national regulatory framework and CP conducive policies strengthened and enforced (e.g. environmental, industrial and labour policies)

During Phase II, the NCPC reached its current size of 19 staff (2 top management, 11 technical and 6 administrative staff), and continued to provide training, awareness and CP assessments to around 40 selected companies, on a free-of-charge basis or with subsidized rates.

The project also contributed to the preparation of a National Cleaner Production policy, which was formally adopted. Additional 5 sectorial policies (Tourism, Health, Fisheries, Agriculture and Plantations) have also been put in place and one more (Water) is drafted and expected to be approved in 2015.

Formal institutionalization of the NCPC has been a longer process and was only achieved in May 2013. The Centre has now the status of a private/non-profit institution (Guaranteed Limited, according to Sri Lanka regulations), and is governed by a Board of Directors (where relevant government ministries, chambers of commerce, and universities are represented).

³⁴ TF/SRL/09/003 "Phase II - Up-scaling of the activities/services provided by the National Cleaner Production Centre in Sri Lanka" (project document)

In December 2013, NORAD conducted a Final Evaluation of the project TF/SRL/09/003 and the key findings and conclusions reflected that project efficiency was low mainly due to the approach of NCPC services being subsidized while project effectiveness was recognized as good, however the absence of systematic monitoring at outcome and impact levels were noticed. The main risk pointed out was related to the NCPC sustainability. At about the same time NORAD announced that no further funding would be provided to the NCPC.

The findings and recommendations of NORAD's final evaluation were for the most part accepted by the NCPC management and actions were taken to address outstanding issues, in particular the need to ensure technical and financial sustainability of the Centre. A strategic plan was developed by the NCPC in 2013, the financial statements for 2013/14 were audited, and a business plan prepared. The plan foresees that during the next 3 years the NCPC will keep its operations at the same level, focusing on the most profitable services (energy auditing, training), moving to a less expensive office and bidding for international funding/projects (e.g. USAID, GIZ), implementing projects of multilateral agencies (UNEP, GEF, UNIDO), and providing specific services/studies to the Government.

According to the statement of financial position as of 31/03/2015, the forecasted income cover(s) the operational forecasted expenses, and by 31/03/2016 the income is expected to produce a net profit of around 20%. There is no mention whether this trend is likely in the long run.

UNIDO has also been providing value added in terms of sharing knowledge in chemicals management. The chemicals management programme in cooperation with Finlay's tea company is highly innovative and have made substantial progress. The intervention fits into the sustainability strategy of the company. The chemical leasing project is piloted on one estate, with the objective to reduce chemicals with 10- per cent as well as, indirectly, carbon emissions and pollution.

The potential impact is large as Finlay's, in Sri Lanka, operates 31 estates, employs 14 000 workers and have 60 000 workers and family members living on the estates. It is expected that the company will adopt the chemical management practice in other plantation and the findings will be disseminated, for uptake by the sector, at various conferences and through journals.

Relevance

Cleaner Production (CP) and Environmental Sound Technologies (EST) are highly relevant to Sri Lanka, the donor and to UNIDO, and it was relevant to the government priorities at the start of the project and during the first phase. However, the government priority related to the environment is not totally clear, and its main priority has moved towards infrastructure development during the

next 6 years. This is reflected in the Government's road map for 2015-2020 "SRI LANKA: The Emerging Wonder of Asia; Mahinda Chintana, Vision for the Future".

Project design

The project document for TF/SRL/09/003 (phase II) provides a comprehensive needs assessment and background. It presents good analyses and information on the issues and challenges to be addressed in the country, e.g. inefficient use of materials (waste), energy and natural resources (water) due to the use of obsolete and not environmentally friendly processes and technologies.

However an explicit theory of change is not presented and the Log Frame elements are mixed-up. For instance some outputs represent more activities' level and the indicators at the outcome level do not provide targets and are not sufficiently SMART.

Efficiency

The project was originally planned to be implemented from 2009 to 2012 but will only be closed by the end of 2014, which entails a significant delay. The delay was mainly related to the institutionalization of the Centre, which only happened by mid-2013, much later than expected. The main reason for this delay was the difficulty in finding the most adequate type of institutional set up for the NCPC, taking into consideration that government support had diminished over the previous years. Finally the NCPC was established as a guaranteed limited institution (equivalent to private/non-profit).

The NCPC management and staff were found to be highly committed and to have developed a strong ownership of the institution. After the institutionalization of the centre in 2013, a new organizational structure was established in order to have more flexibility in the technical operations, for the provision of services. A positive and participatory working environment was also found and all NCPC staff was involved to some extent in the preparation of the NCPC strategic planning process.

NCPC management acknowledged a high level of satisfaction with UNIDO inputs and support provided through the projects implemented. (E.g. experts, training, access to NCPC network).

Effectiveness

Overall project effectiveness at the output level is assessed as good. Achievement of outputs related to outcome 1 (All beneficiaries recognize and appreciate CP, Environmental Sound Techniques (EST) and CP plus activities for efficiency improvement, competitiveness increase and pollution prevention, and NCPC achieve long term sustainability) were mixed.

Beneficiaries interviewed were highly satisfied with the services provided by the NCPC. The Centre had been involved in promoting and implementing CP/EST in around 40 companies on a free-of-charge basis or with subsidized rates. Awareness campaigns, dissemination of CP/EST and training of national experts were achieved to a large extent. In 2013, 10 awareness events were conducted with a total participation of 454 persons out of which 45% were female participants. In the same period, 11 training events were conducted with 276 participants and a 40% female participation. This represents around 75% of the planned outputs for the year.

The NCPC institutionalization was only achieved in May 2013 and a new structure adopted. The business plan was drafted in 2014 and is expected to be finalized and approved by end of the year. The recognition of NCPC as a main institute for supplying CP/EST services has not been systematically measured by the project and this country evaluation has not assessed the NCPC positioning outside the current beneficiaries' roster.

Achievement of outputs related to outcome 2 (Enterprises implement CP, EST and CP plus) was also good. In 2013, 6 comprehensive Resource Efficiency and Cleaner Production (RECP) audits were conducted and 11 additional audits were continued from 2012, to four selected sectors (plantation based industries, agro based industries, textiles and tourism). These represented around 90% of the planned figures.

Achievement of outputs related to outcome 3 (Enterprises use financial tools/mechanism to finance investment in CP, EST and CP plus activities) was low. Financial mechanisms for CP/EST investment still need to be further explored and identified, and the capacity of financial institutions to assess and approve CP investment projects needs development, both in the private and public sectors.

Achievement of outputs related to outcome 4 (Relevant national regulatory framework and CP conducive policies strengthened and enforced - e.g. environmental, industrial and labour policies), is generally good.

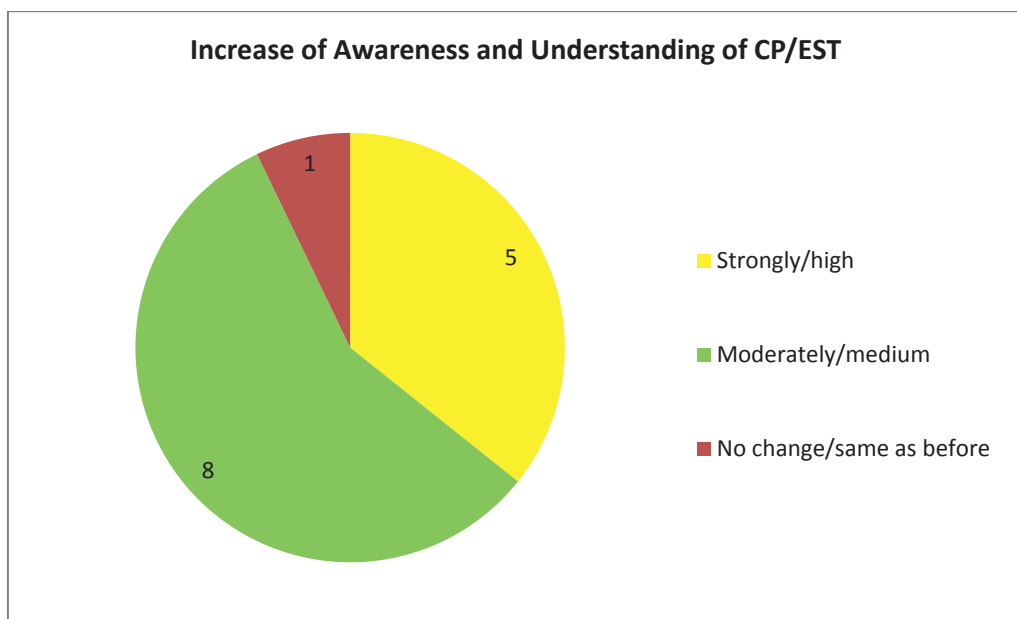
The National CP policy is now in place and 5 additional sectorial policies (Tourism, Health, Fisheries, Agriculture and Plantations) have been approved, and one more (Water) is drafted and expected to be approved in 2015. The purpose of the CP policies is to provide a national framework and guidance for the adoption of CP mechanisms across the country. However, a drawback is that the government's enforcement mechanisms for compliance with national policies is very weak, which provides a challenging aspect for the NCPC sustainability and demand of services.

In addition to field visits to several NCPC beneficiaries' sites, the evaluation team conducted an electronic survey to all the 38 beneficiary institutions with which the NCPC has worked so far. The purpose of the survey was to get additional

feedback from beneficiaries to validate and complement the findings of the field visits and to have some indication of the achievement of the project's outcome. The survey response rate was at a rather low level of 37% and the findings can only be regarded as indicative.

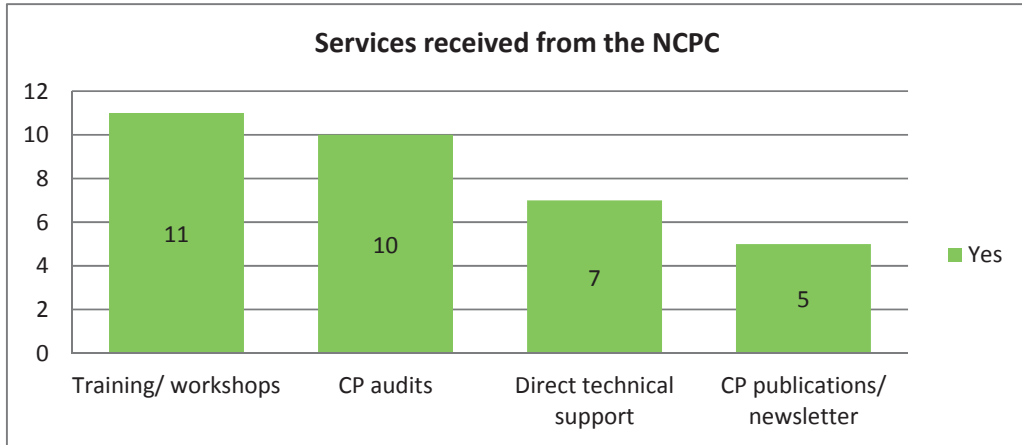
Out of the 14 respondents, 13 beneficiaries indicated that their institution increased its awareness and understanding of CP/EST as result of the UNIDO projects (rated as strongly/high and moderately/medium), as presented in Figure 3.

Figure 3: Results of the Survey to NCPB beneficiaries: Increase of Awareness



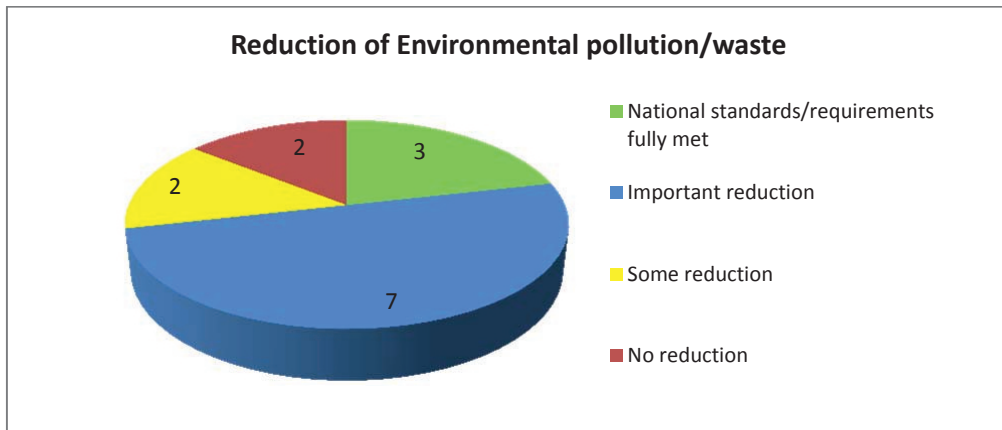
Respondents also indicated that the main services received from the NCPB has been training (11 beneficiaries), followed by CP audits (10), direct technical support (7 and information through publications/newsletters (5), as shown in Figure 4.

Figure 4: Results of the Survey to NCPC beneficiaries (type of services received)



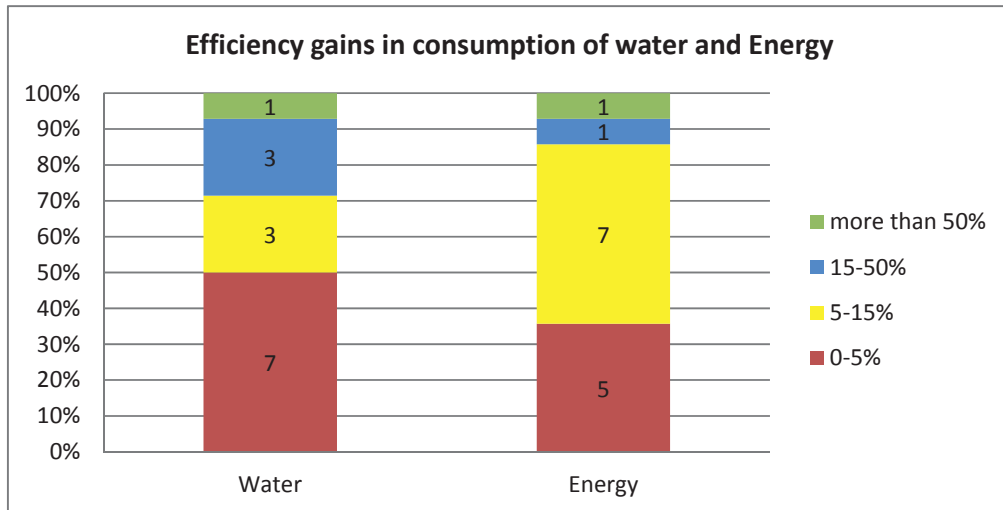
12 respondents declared that thanks to the NCPC services, the institution is now meeting national standards or have achieved an important or some level of reduction of environmental pollution/waste as shown in Figure 5.

Figure 5: Results of the Survey to NCPC beneficiaries (pollution/waste reduction)



In terms of efficiency gains (in consumption of water and energy), more than 5% of efficiency gains in water were achieved for 7 institutions/respondents, and for 9 institutions/respondents there were energy efficiency gains, as presented in Figure 6.

Figure 6: Results of the Survey to NCPC beneficiaries (efficiency gains)



Overall, the achievement of outcomes is assessed as positive, however limited to the relatively small number of beneficiaries in the country. No collaboration has been initiated with big polluters (e.g. mining, and big-scale agro industries).

Sustainability and Impact

During its 12 years of operations, the NCPC has been running under a “project mode”, mainly funded by an external donor (NORAD) and technically backstopped by UNIDO. One of the key objectives of the current project (Phase II) was to get NCPC institutionalized in terms of technical and financial sustainability by the end of the project. However, the NCPC will still need to address the challenge of achieving long term sustainability and in a difficult context (little direct government support, no main donor, weak enforcement for compliance with national environmental regulations and policies, etc.).

The NCPC management is fully aware of the situation and has prepared a strategic plan, where the strengths and weaknesses of the Centre are analysed, and the contextual opportunities and threats considered. On this basis a business plan has been drafted and is now being finalized and cleared by the NCPC Board of Directors. According to the business plan, the next 2/3 years show positive prospects if the operational level of the Centre can be kept and there is focus on the most profitable services. However, the Centre will still be in a “project mode” (e.g. getting projects and funds from national programmes, other international agencies/donors, such as UNEP/GEF), and will need to reduce high fixed costs (such as office rent). Long term sustainability still needs strong attention in the next coming years.

In terms of project impact stated in the project document (to reduce environmental pollution and consumption of natural resources of enterprises; and to enhance efficiency, competitiveness and environmental friendliness of local industries to access global markets through CP/EST), the evaluation cannot make an assessment, as the project has not provided concrete measurable targets in terms of quantity and time. Anyhow, activities would need to be up-scaled and regulation enforced in order for the Centre to have an impact on the environment.

b) GF/SRL/09/002 and GF/SRL/12/002 –“Development of Bamboo Processing Industry in Sri Lanka”

This project has started in 2013, and is planned to end in 2019. The total allotment is USD 2.7 Million, and USD 610 000 were disbursed so far. The idea of developing a bamboo processing industry in Sri Lanka was conceived by UNIDO in 2009, and a preparatory assistance mission funded by GEF (project preparatory grant, PPG, GF/SRL/09/002) was conducted and a project concept and document submitted to GEF for funding.

In 2012, GEF approved a full-sized project (FSP): GF/SRL/12/002 **Development of Bamboo Processing Industry in Sri Lanka**, with a total GEF financing of USD 2.7 million and expected co-financing of USD 21 million (cash and in-kind from the government, UNIDO and private sector). The project was planned to start in June 2012 and to be finished in May 2019.

The project objective is *“to develop a Bamboo supply chain and product industry in Sri Lanka, leading to reduced global environmental impact from green-house gases (GHG) emissions and a sustainable industry base”*. To achieve this objective, six main project components/outcomes have been envisaged, as per the project document:

- Component 1: Policy Framework, Outcome 1: Assessment of existing framework and shortcomings and a supportive framework adopted.
- Component 2: Bamboo Tissue Production, Outcome 2: Bamboo reproduction technology transfer - National capacity to provide bamboo planting material on a large scale.
- Component 3: Plantation establishment, Outcome 3: Plantations established to provide feedstock for bamboo industry.
- Component 4: Plantation operation, Outcome 4: National know-how for maintaining bamboo plantations.
- Component 5: Bamboo processing equipment, Outcome 5: Bamboo processing technology transfer to Sri Lanka.
- Component 6: Pelletizing / briquetting / chipping, Outcome 6: Biomass pelletising / briquetting / chipping technology transfer and development.

The overall project justification for GEF funding was the GEF focal areas of Climate Change/Technology Transfer, and the GEF strategic programme for Promoting Sustainable Energy Production from Biomass.

The main government counterpart of this project is the Ministry of Industry and Commerce, which coordinates with the GEF focal point in the Ministry of Environment. The main national stakeholder institution is the Mahaweli Authority of Sri Lanka (under the Ministry of Irrigation and Water Resources Management). UNIDO technical backstopping is under the Agro-industries technology unit (PTC/AGR/AIT) and the Renewable and Rural Energy Unit (PTC/ECC/RRE) with an allotment of around 85% and 15% respectively.

So far, the project has been implemented for about 1.5 years and total expenditures were around USD 610 000 by October 2014, representing around 25% of the total allotment, as presented in Table .

Table 3: Status of expenditure for Project GF/SLR/12/002

Budget Line		Allotment (USD)	Expenditure (USD)	Expenditure (%)
1500	Local travel	3,476	3,476	0.1%
1600	Staff Travel	32,402	20,001	0.8%
1100	Staff & Intern Consultants	880,893	493,572	20.6%
1500	Local travel	347,471	23,394	1.0%
1700	Nat.Consult./Staff	331,853	54,078	2.3%
2100	Contractual Services	390,122	122	0.0%
3000	Train/Fellowship/Study	59,512	9,437	0.4%
4300	Premises	34,400		0.0%
4500	Equipment	134,030		0.0%
5100	Other Direct Costs	176,719	7,062	0.3%
TOTAL		2,390,878	611,142	25.6%

(*) Data from UNIDO SAP system as of 10/10/2014

The main item of expenditure has been project staff and national and international consultants (~20%).

The deliverables that the project has produced so far are the following documents:

- Technical Report: Bamboo processing in Sri Lanka – preparatory assistance road map for bamboo development (2010).
- Study in Sri Lanka forest wood and paper (incl. bamboo) product sector and industrial opportunities (2011).
- Study on Land Availability and identification of potential sites for energy plantations (2012).
- Market and economic study of the biomass energy sector in Sri Lanka (2011).
- Non-grant instruments – Their use in UNIDO’s energy and climate change programme (2012).
- Draft report on land availability and suitability (May 2014).
- Establishment and design of financial model for bamboo plantations (August 2014).

In terms of field site activities, a pilot demonstration site in Paddukka Sudahariha (close to Colombo) has been supported through bamboo plantation experts and small tools for handicraft processing. This site is run by an association of 30 handicraft workers where they are cultivating bamboo, and producing and selling handicraft products on a very small scale and mostly to local visitors.

Relevance

The project objectives are to some extent relevant to the government and certainly to the GEF environmental objectives. The project aims to address soil erosion issues, development of a bamboo industry, and biomass energy technology transfer. However, there is no concrete national (governmental or private) programme for bamboo industry and the main national stakeholder, the Mahaweli Authority, is mostly interested in the potential benefit of growing bamboo for controlling soil erosion in the river basins.

There is also a clear relevance to the National Energy Policy and Strategy (NEPS) of Sri Lanka, adopted by the parliament in 2008, which provides emphasis to the promotion, development and use of renewable energy, including the biomass option. The Government’s road map for 2015-2020 “SRI LANKA: The Emerging Wonder of Asia - Mahinda Chintana. Vision for the Future”, makes only a slight reference to possible opportunities for private sector investment in bamboo related industries, in Mahaweli & Kotmale river basins.

Project design

The project document for GF/SRL/12/002 provides main elements of information, justification and background. The project results framework (LogFrame) in the project document establishes several indicators for Project objectives at the outcome and output level, including baselines and targets for the indicators. However, the objective of this project seems to be overambitious - *“to develop a Bamboo supply chain and product industry in Sri Lanka, leading to reduced*

global environmental impact from green-house gases (GHG) emissions and a sustainable industry base” -, taking into consideration that the project’s total budget is USD 2.4 million from GEF funds, plus a promised national co-financing of USD 10 million in cash.

The six components/outcomes stated in the project document don’t clearly lead to the project objective, and the hidden assumption of bamboo market availability establishes a considerable risk for achieving the objective. The indicators under the project results framework in the project document are not SMART, as they don’t provide timing or clear sequence for outputs delivering during the project implementation, and some are declared to be achieved only at the end of the project (EOP). This aspect will reduce the value of project monitoring.

Efficiency

The project was originally to start in June 2012 but actually began only in mid-2013, due to delays in the government clearance and the GEF approval process.

The project steering committee (PSC) is composed by representatives of the Ministries of Industry and Commerce (Chair), Environment, Irrigation, Power and Energy, Land and Land Settlement, Plantation and Agriculture. A first PSC meeting was conducted in November 2012 (project kick-off meeting) and the second PSC meeting was hold only in May 2014. Cost effectiveness is assessed as poor in terms of output delivery so far. The technical reports produced by the project are too few considering the resources already spent (USD 610 000).

Effectiveness

It is not possible at this time to fully assess project effectiveness. However, according to the project document, the project should have, at this point in time, established the “project management structure”, including a project execution body (PEB) and project staff experts in the field for:

- Project coordination
- Policy development (component 1)
- Bamboo Plantation and tissue culture (component 2,3,4)
- Engineered Bamboo application (component 5,6)

The approach used so far has been to hire experts/consultants for specific studies or tasks who have produced the deliverables mentioned in the project background above.

The project document did not foresee any revolving fund. However, after the first year of implementation the project management decided to include a revolving fund as an incentive to farmers and producers to adopt bamboo related technologies which was approved by the PSC in its 2nd meeting. The revolving

fund is expected to be furnished with USD 600 000 from the project budget (50% for bamboo growers and 50% for bamboo product developers).

The project is planned to deliver 14 outputs, however at the time of this evaluation no output has been achieved, and it was not clear which outputs should have been delivered.

Sustainability and Impact

The project seems to be focused on the bamboo supply aspect (agricultural driven), and it is not clear to what extent a bamboo market (for bamboo and bamboo products - e.g. demand-driven) would exist. There is no market analysis for bamboo and bamboo products in Sri Lanka.

In addition, there is a national legal and regulatory framework in Sri Lanka that puts strong constraints on a possible bamboo market, for example as regards difficulties in changing the use of land or the transport of bamboo within the country. Under component 1, it was foreseen that the project would address this issue but no activity has been implemented nor is the related output in place yet.

c) SAP ID: 120445 –“Review and update of the Persistent Organic Pollutants’ (POPs) national implementation plan”

This project started in 2013, and is planned to finish by end of 2014. Total allotment is USD 225,000 and current expenditure level is USD 175,000).

This project is funded by GEF under the category of “enabling activities”. Its purpose is to support Sri Lanka to fulfil the country obligation under article 7 of the Stockholm Convention, which is to review and update the National Implementation Plan (NIP), and to submit it for its endorsement by the Government and the Conference of Parties of the Stockholm Convention (COP). It is being executed by the Ministry of Environment.

This enabling activity is **relevant** to the country and its obligation to adopt a plan for POPs phase-out and management in the future, and in order to protect human health and the environment from the harmful impact of these substances.

The project follows a GEF guideline for review and update of national implementation plans. It has so far provided national and international experts for conducting the planned activities, such as mapping the national inventories of the 12 POPs, creating awareness and informing stakeholders of new POPs risks and policy implications, as well as identifying national and institutional capacities for POPs management and priority settings for new POPs risk reduction options.

The project experienced delays in its beginning and was extended until July 2015 (one more year). Main causes of the delays were slow government procedures for establishing the counterpart personnel to start the project implementation.

A self-evaluation will be conducted at the end of the project implementation to take stock of lessons for similar projects. In addition, UNIDO is now conducting an independent evaluation for a cluster of NIP update projects, which will also provide findings, recommendations and lessons in this area.

d) “Environmentally sound management and disposal of PCBs wastes and PCB contaminated equipment in Sri Lanka” (In GEF pipeline)

This project is planned to start in 2015, for duration of 5 years, with a planned budget of USD 4.7 Million.

The main objective of this project is to build national capacity for the introduction and implementation of a PCB management system in Sri Lanka, aiming to reduce and/or eliminate releases from PCB waste stockpiles and PCB-containing equipment. The project is also expected to dispose at least 1000 tonnes of PCBs, PCB-containing equipment and waste in an environmentally sound manner and will maximize opportunities for public-private partnership through development of conducive policies and regulations.

At this time, the **project relevance** to the country and to the environmental challenges is clear and strong, in terms of its potential contribution to the mandates of the Ministry of Environment of Sri Lanka, who is the main government counterpart.

This project will, moreover, support the Ministry of Industry’s plans for meeting the Stockholm Convention obligations and to contribute to the global efforts to eliminate PCBs. The project is still under formulation stage and would be submitted for approval by early 2015.

3. Conclusions

Poverty reduction through productive activities

Beyond any doubt, vulnerable groups had been targeted by the livelihood project and the project had a clear poverty focus. The project had impacted on the life of individuals. At the same time, the project had operated on a too small scale to have had an impact on the economic recovery of the region.

The project was one of the first to introduce mechanized agriculture. It also introduced credit for agricultural machinery at a time when this was not available. However, as very few of the provided tractors had been paid for, the project was not able, within its lifetime, to demonstrate that this kind of revolving tractor fund actually works.

The project has been very successful in imparting skills to rural entrepreneurs and to capacitate women's group and FOs in implementing productive income generating activities. Many of the established women producers groups are still active and some have been supported by other projects. The project has been particularly successful in demonstrating how simple tools and equipment can be used for income generating activities. It also demonstrated the utility of having technical skills development go hand in hand with business management training.

In addition, the project promoted the establishment of BDS and developed individual capacities in enterprise promotion and support and in the conducting value chain analysis. The project had developed capacities for promoting rural entrepreneurship in the Eastern Province and capacities developed, for instance business counsellors, have since been used by other development projects. Many of the counsellors/trainers were still active.

To the identified success factors belongs the fact that a variety of technical skills had been promoted. On the negative side figure the sub-optimal involvement of the DCCIs, identified as one factor hindering upscaling and dissemination of the WED and BDS components and after project monitoring. No sustainable institutional capacities were established no national/local partner brought the project interventions forward.

The overall assessment of the project was that it was too ambitious considering the budget, duration and local context but that you can actually develop entrepreneurship with small budgets/means. Clearly, the project managed to contribute to the reintegration of displaced persons, facilitating the resettlement process and the economic empowerment of women. Considering the difficult conditions the project was working in, the results are satisfactory.

Trade Capacity Building

a) SMTQ Cooperation with ITI, SLSI and TTSC

Seven years after the last support was provided, the UNIDO supported laboratories are continuing to function as per their mandate and provide essential services to the Sri Lankan industry. Also, the TCB branch of UNIDO has made good use of the learnings from the Sri Lanka projects to successfully implement similar SMTQ projects in a range of other countries.

The current review **concludes** that the findings of the 2009 evaluation were correct in that UNIDO supported the right interventions with the right partners at the right time. It contributed substantially to building the present quality regime from scratch and with a comparatively modest budget.

The only point to be made is the de facto subsidising of the institutes by the government through funding of capital investments and equipment as well as the salaries of employees. This can be seen as market distortion, as the private sector laboratories do not receive such support.

b) Certification Capabilities in SA8000 and ISO 22000

IndExpo was the first private sector based certification initiative, in Sri Lanka, supported by UNIDO. The relevance of the intervention remains undisputed and today the organisation continues to be an efficient and, given the context mostly effective, good certification alternative to other public and private providers. IndExpo's prices are competitive, especially if compared with international agencies, and its certification process is professional and credible.

The next couple of years will be decisive to ensure the financial sustainability of IndExpo, which, in order to survive needs to widen its client base and realise the targets set in the Strategic Plan.

c) Cinnamon Value Chain Project with The Spice Council

The project is relevant, as exemplified by the very high level of ownership and commitment by The Spice Council. Equally positive are the engagement of the donor STDF and the present good project management by UNIDO.

The project is well under way, the training academy buildings are under construction and a Strategic Plan has been drafted for the organisation. The core medium-term challenge will be the financial sustainability of the academy. The upgrading of the Pure Ceylon Cinnamon (PCC) mark to a Geographical Indication (GI) has been mandated to the Export Development Board. The

introduction of Good Manufacturing Practices in five production units is, however, pending. Moreover, in order to achieve the envisaged systemic change, the Sri Lanka Standard Specification for cinnamon conformity certification must be implemented throughout the country.

A core problem of the cinnamon industry at present is a serious lack of peelers and these are indispensable in the production process. Traditionally, peelers have organised in so-called *kalli* (gang, group). In recent years, the new "line system" has been slowly gaining ground as innovative method of organising peeling. Unlike in the traditional system, sufficient (female) labour is available in the line system, as it offers secure and stable factory jobs with regular working hours and a clean environment and these aspects needs to be taken on board by the project.

Energy

a) Establishing sustainable, economical and secure local based renewably energy backed community development centres with ICTs for post conflict and remote rural areas of Sri Lanka

The project has experienced severe delays in implementation, achieved few concrete results and the foreseen IT-based Renewable Energy Community Development Centres were not established; neither did the project foster rural entrepreneurship. The main result of the project has been the establishment of a small-hydro system providing electricity to rural households in the village of Meemure. Local technicians have been receiving basic training in operating the system. The project was not able to demonstrate a sustainable model for energy provision and community development. The foreseen gasifier (dendro) system has not been properly tested, is not in operation and averred too complicated for a remote rural setting.

The evaluation validates the findings of the Independent Thematic Review – UNIDO Projects for the Promotion of Small Hydro Productive Uses (2010) in that the effectiveness and efficiency has been low. The remoteness of the site has hampered efficiency. The project was overambitious considering its size. Relevance has been reduced due to expected grid connection during 2015.

There was confusion in relation to the purpose and objective of the project. What did the project really set out to do? Promote energy access? Foster productive activities? Pilot renewable energy technologies? Or establish a IT-based community centre? A project document of low quality and the absence of a log frame with clear outputs and indicators have contributed to this confusion.

Environment

a) Set-up and expansion of the National Cleaner Production Centre (NCPC)

After 12 years of operations, the NCPC has moved from a one main Donor direct support and funding to a business model and financial sustainability is a challenge. The institutionalization of the NCPC has finally been accomplished.

The NCPC has been able to make a difference at the company level but impact at country level will only be visible if NCPC manages to “sell” CP/EST services to big polluters. For this purpose, national CP policies and regulations are in place, but further government actions in terms of enforcement is needed.

b) Development of Bamboo Processing Industry in Sri Lanka”

Monitoring and reporting are weak, which makes it difficult to assess progress in terms of achieving concrete results. Moreover, project results will be hard to assess as they results are not specific or quantified. Project implementation modalities (such as technical project staff and a project execution board) are not yet in place.

It is not clear how the project objectives of reduced soil erosion and the development of a bamboo industry and biomass energy will be achieved and the project has a high risk profile. Furthermore, the project objective was found to be ambitious, given the constraints at hand and the resources allocated.

Overall conclusions

The conclusion of the evaluation team is that the UNIDO programme in Sri Lanka is below potential, both as concerns scope and size. In particular there seems to be a potential for increased cooperation with the counterpart ministry in fostering inclusive and sustainable industrial development. The UNIDO GEF portfolio has increased and is now the largest UNIDO portfolio in Sri Lanka.

Moreover, funding opportunities are not tapped and the country could benefit from a stronger involvement of UNIDO in UNDAF. Furthermore, UNIDO is not a partner of the UN executed EU-funded North rehabilitation project (with a budget of Euro 60 million) although it has relevant expertise. UNIDO’s presence is confusing and needs to be further streamlined. In view of these realities the evaluation team identified a need to renegotiate the present Agreement between the MOI and UNIDO, in order to allow for a more optimum presence in Sri Lanka.

Furthermore, country level reporting has been a weak area and no country level progress reports have been issued since 2010 and the start of the Country

Programme. The conclusion is that UNIDO has a sub-optimal field presence in Sri Lanka.

4. Recommendations

Poverty reduction through productive activities

- Local partners should be directly involved in implementation of projects aiming at up-scaling and replication, for development impact.
- Direct beneficiaries should be involved in decisions on equipment to be purchased.

Trade Capacity Building

a) SMTQ Cooperation with ITI, SLSI and TTSC

- Government-affiliated and supported laboratories should focus on the more costly high-end testing and continue to push the frontiers in terms of new challenges and parameters. Standard and commercial mass testing, on the other hand, should be left to the numerous private sector laboratories in the country.

b) Certification Capabilities in SA8000 and ISO 22000

- Thorough market and economic viability analyse should, in the cases of future similar projects, be undertaken during the inception phase.
- The government, should address, the core governance and regulatory problems in the certification market (in order to fight against the practice of certificate buying).

c) Cinnamon Value Chain Project with The Spice Council

- The Spice Council and the project should promote what is termed the '21st century' **line system** rather than in prolonging the life-span of the '19th century' *kalli* system.

In order to concretise this recommendation, The Spice Council and the project should:

- Conduct, a thorough analysis of past and current experiences made with the line system; this should include studying the existing successful line system factories, but also a look back at outcomes achieved and challenges faced by the other projects.

- If the results of this assessment are positive, a seminar should be organised, with key industry players, to promote the line system.

Specific recommendations to the three main action lines are the following:

- Cinnamon Training Academy: TSC and the project should (i) conduct a thorough feasibility and viability analysis; and consequently (ii) concretise the Strategic Plan 2014/19; as well as (iii) initiate a dialogue with DEA with the aim of aligning both training programmes and avoid duplications.
- Training Concept and Material should be finalised and official accreditation obtained; however, it is recommended to clearly focus on the 'higher level skills', i.e. the level 4 qualifications for Field and Factory Officers.
- Geographical Indication: TSC and the project should continue to follow the EDB lead and contribute their specific expertise on demand.
- Good Manufacturing Practices: The five planned GMP schemes, for which commitments have been made, should be finalized and the government solicited to address, in a systemic manner, the core issue of non-compliance with the Standard Specification for Ceylon Cinnamon by exporters.
- The project should revisit the past mechanisation efforts and a small budget should be reallocated for pilot ventures.
- The project staffing and office set-up should be reassessed and possibly reduced³⁵. Funds economised should be reallocated, for instance to conduct the above proposed line system analysis and the subsequent seminar with key industry players.
- The monitoring system should be improved as well as the reporting on the achievement of project results.

Environment

NCPC

- The Government of Sri Lanka (Ministry of Environment) should establish the necessary mechanism to monitor and enforce compliance with the national environmental policy and regulatory framework in place.
- In order for the NCPC position itself as a credible service provider, and to ensure long term technical and financial sustainability, the NCPC should review the implementation of its 3 year business plan, after one year.

³⁵ After the evaluation mission, at end October 2014, staff strength has already been reduced to two experts.

- The NCPC should develop a more systematic marketing approach, for better positioning and for targeting main polluters.

Bamboo

- The project should conduct a market analysis for bamboo and its related products (other than biomass) in Sri Lanka and adapt the project if necessary.
- The project manager should formalize/revise the project design in order to improve the formulation of results and indicators, develop clearer objectives/targets in relation to the revolving fund and adapt the scope to the budget and time frame.

Recommendations related to UNIDO's presence

- UNIDO should strengthen its presence in Sri Lanka and replace the FP Office/National Director with a Head of UNIDO Office.
- UNIDO should take steps to integrate the UNCT and become an active contributor to UNDAF.
- The Agreement between the MOI and UNIDO should be revised.
- A new UNIDO Country Programme should be developed based on national needs and priorities and linking up with strategies and programmes of Sri Lankan stakeholders. This should take place once the new Agreement is in place and be aligned to the preparation of the next UNDAF, expected to start in 2016.

5. Lessons learned

- Livelihood projects have a higher likelihood of success when a variety of skills are promoted.
- The main **lesson learned** for UNIDO is that SMTQ projects must consider the wider context in which the supported organisations are to operate. In the case of Sri Lanka, this refers in particular to a governance issue: supported laboratories should join forces with relevant regulatory bodies to combat the continuing 'foul play' in the certification sector in order to strengthen the credibility of the entire national quality system as well as their interests in specific markets (see next chapter for more on the governance and regulatory issues in the national quality system).
- That economic feasibility and financial viability calculations and considerations must precede the start of project activities and, on a more general level.
- That working with the private sector requires a different approach than generic replication of 'standard' TCB projects.

Annex 1: Terms of Reference

TERMS OF REFERENCE FOR THE INDEPENDENT COUNTRY EVALUATION IN SRI LANKA

INTRODUCTION

An independent evaluation of the activities and involvement of the United Nations Industrial Development Organization's (UNIDO) in the Democratic Socialist Republic of Sri Lanka was proposed and included in the UNIDO Office for Independent Evaluation (ODG/EVA) Work Programme 2014/2015.

The country evaluation will assess the efficiency, effectiveness, impact and sustainability of the UNIDO interventions in Sri Lanka implemented in 2007 until now. This will include re-examination of the relevance of the objectives and the appropriateness of the design, specifically in regards to inclusive and sustainable industrial development (ISID). Moreover, the country evaluation will review the management and coordination of UNIDO intervention in Sri Lanka as well as Global Forum activities covering Sri Lanka. Findings from past and current relevant evaluations will be considered. The country evaluation is planned for the third quarter of 2014 and will be conducted by ODG/EVA staff in collaboration with external independent evaluators.

BACKGROUND

Country context

Sri Lanka has a population of 20.3 million people and a surface of 65,610 Km². The Human Development Index (HDI) of Sri Lanka was 0.7 in 2012 positioning the country at the 92th place out of 187 countries. The unemployment rate is low (4.9%) and the poverty rate is of 8.9%³⁶. Sri Lanka is ranked 65 on 148 on the Global competitiveness Index (GCI)³⁷ and is also ranked positively in terms of institutions, health and primary education. The gender inequality index (GII) was 0.4 in 2012 which is better than the world's average.

Historical and political aspects

The Island of Ceylon gained its independence from the United Kingdom in 1948 and became a republic in 1972 under the name of Sri Lanka. In the beginning of the 1980s, the country faced a serious ethnic conflict between the Sinhalese majority and the Tamil minority which led to a 30 years long civil-war in the northern and eastern regions of the island. The conflict ended in 2009 after the

³⁶ UNDP. About Sri Lanka. Retrieved from <http://www.lk.undp.org/content/srilanka/en/home/countryinfo/>.

³⁷ World Economic Forum. Retrieved from <http://www.weforum.org/issues/global-competitiveness>.

final victory of the central government over the Liberation Tigers of Tamil Eelam. The conflict caused more than 80,000 casualties and made hundreds of thousands internally and externally displaced. Moreover, the devastating tsunami of 2004 caused 40,000 losses of life and had a great political, social and economic impact.

Economic aspects

The economic situation of the country is good. The GDP of Sri Lanka reached almost \$US 60 billion in 2012. It had an 8% growth rate in 2010 and 2011 and a 7% one in 2012. The foreign direct investment (FDI) represents only 1.5% of the GDP³⁸. In 2012, Sri Lanka had a trade balance of \$USD-8.7 billion, exporting 9.2 and importing 17.9³⁹.

In 2012, services constituted 59% of the GDP, whereas the industry and agriculture represented respectively 30% and 11% of the GDP⁴⁰. The principal industrial products are textiles and petroleum products and the major agricultural exports are tea, rubber and coconut. The services are mostly constituted of wholesale and retail trade, tourism, transport, communication and banking.

Concerning the energy sector, 45% of Sri Lanka's primary energy supply is provided by imported oil, 47% by the burn of waste and biofuels, 4% by hydropower, 4% by coal and peat and only 0.1% by solar, wind and geothermal energy.

Sri Lankan government priorities

According to the Country Programme 2010-2014 document⁴¹, Sri Lanka's overall country strategy is based on "Mahinda Chintanaya" which aims at raising the GDP growth rate over 8% for the six years from 2006 and 9-10% thereafter. This led to a development framework for 2006 to 2016 created by the government of Sri Lanka in 2006. Concerning the industry sector, this framework envisages increases in contribution from this sector to GDP from 27% in 2006 to 34% in 2016.

The plan for industrial development aims at creating a dynamic and globally competitive industrial sector including important employment opportunities and

³⁸ The World Bank. Data. Foreign direct investment, net inflows.

<http://data.worldbank.org/indicator/BX.KLT.DINV.WD.GD.ZS>

³⁹ Sri Lanka department of Commerce. Trade statistics.

http://www.doc.gov.lk/web/index.php?option=com_content&view=article&id=68&Itemid=83&language=en

⁴⁰ Central Bank of Sri Lanka. Economic and social statistics of Sri Lanka 2013.

http://www.cbsl.gov.lk/pics_n_docs/10_pub/docs/statistics/other/econ_&_ss_2013_e.pdf

⁴¹ Programme document of the Country Programme of technical cooperation with Democratic Socialist Republic of Sri Lanka, 2010-2015

supporting a rapid growth in export earnings. To achieve these objectives, industrial policy focuses on the following:

- Assisting small and medium industry sector, micro enterprises and self-employment ventures to promote inclusive growth;
- Creating a sound incentive structure, including incentives for new investment;
- Facilitating the access to technology and credit;
- Developing skills and entrepreneurship; and
- Maintaining standards and performing regulatory functions.

The Sri Lankan government is conducting industrial development projects based on the objectives including:

Development of industrial estates - 23 industrial estates have been set up;

Promotion of foreign direct investment (FDI) - US\$889 million worth of FDI was attracted to manufacturing, services, infrastructure, and agriculture sectors. Tax incentives and subsidies are provided by the government;

Basic research for the investment promotion zones - studies are conducted and identified lands in Trincomalee, Puttlam, Hambantota and Ampara districts; and SME development- assistances addressed SMEs' lack of access to markets, technology and finance. The projects covered industries including apparel and textiles, footwear, die & mould, and food processing.

For the Northern and Eastern provinces, the government is intensifying reconstruction efforts. In the Eastern Province, Negenahira Udanaya (Eastern Revival), a comprehensive development initiative by the government, has already been initiated. The basic strategy for the development of the Eastern Province focuses mainly on three different areas:

First, restoring and guaranteeing socio-economic and personal stability and safety to the people and communities of the Region through resettlement of displaced persons, building reconciliation, and consolidating the capacities and fundamental rights and responsibilities all people and institutions;

Second, revitalizing basic livelihoods through revival and expansion of the productive sectors and the regional economy; and

Third, improving economic infrastructure, strengthening social infrastructure and fostering social services and development of human settlements and improving the internal and internal connectivity of the Region.

Under these main focuses, projects are conducted for the following areas in agriculture and industry:

Agriculture

- Production and productivity enhancement (for non-plantation and plantation crops)
- Crop diversification
- Promotion of industrial crop and, agro-based industries
- Farm mechanization and post-harvest technology
- Agricultural marketing

Industry

- Development of industrial estate
- Modernization of hand loom centres
- Promotion and facilitation of enterprise development- workshops and seminars
- Establishment of garment factories

United Nations Development Assistance Framework (UNDAF)

UNDAF Sri Lanka 2008-2012

The Common Country Assessment (CCA) published in 2006, and the Government's National Development Strategies including the "Mahinda Chintana" provided analytical inputs into the UNDAF formulation process. The UNDAF has been developed within the overarching context of the 2005 World Summit, the Millennium Declaration (MD) and the Millennium Development Goals (MDGs), and other internationally agreed treaty obligations and development goals⁴².

The UNDAF results matrix contains four main themes and a number of crosscutting issues identified in the CCA. One of these themes is directly related to UNIDO's work:

Economic growth and social services are pro-poor, equitable, inclusive and sustainable in fulfilment of the MDGs and MDG plus, and focus in particular on the rural areas;

And a second one is related to one of UNIDO's cross-cutting issue:

⁴² United Nations Development Assistance Framework (UNDAF) Sri Lanka 2008 – 2012
<http://www.undg.org/docs/8494/UNDAF-2007.pdf>

Women are further empowered to contribute and benefit equitably and equally in political, economic and social life.

A strong commitment to rigorous monitoring and evaluation of the programme has been made in the UNDAF. Thematic working groups have defined a set of realistic indicators to measure results for each UNDAF outcome and these are outlined in the monitoring and evaluation matrix. The matrix can be found in the UNDAF in Sri Lanka 2008-2012 document.

UNDAF Sri Lanka 2013-2017

In the UNDAF 2013-2017⁴³, the Government's vision is still articulated in the Mahinda Chintana. It envisages that by 2020, every Sri Lankan family will enjoy decent and healthy living conditions in culturally vibrant, multilingual, environmentally sustainable and economically productive human settlements.

The pillars of this UNDAF are even more closely linked to UNIDO's objectives than the previous UNDAF. This is due to the end of the civil-war in 2009.

UNDAF Pillar 1: Equitable Economic Growth and Sustainable Livelihoods

UNDAF Pillar 2: Disparity Reduction, Equitable and Quality Social Services

UNDAF Pillar 4: Environmental Sustainability, Climate Change and Disaster Risk Reduction

The third UNDAF Pillar is closely related to UNIDO's cross-cutting issues: Governance, Human Rights, Gender Equality, Social Inclusion and Protection.

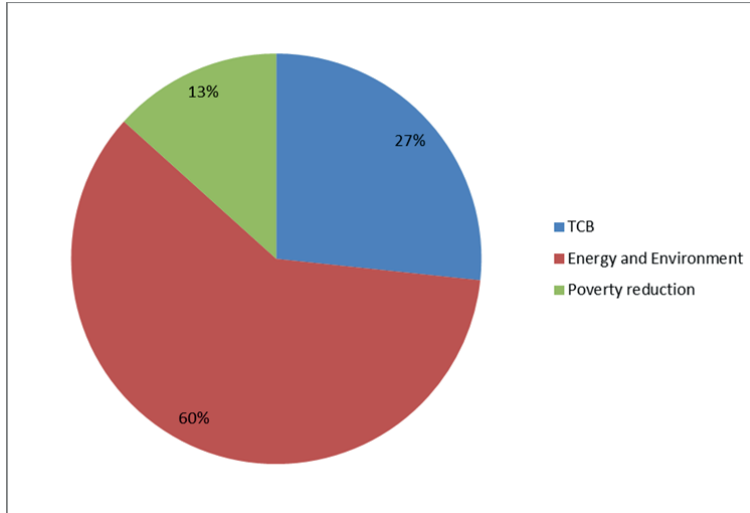
UNIDO's presence in Sri Lanka

The first UNIDO project in Sri Lanka started in 1969. Since then, UNIDO has implemented more than 240 projects with a total budget of more than US\$ 52 million. An important part of the portfolios have been in the area of trade capacity building. Two Integrated Programmes were set up, the first from 1999 to 2005 and the second from 2005 until 2008. A Country Programme was launched in 2010 and will be going on until 2015. The last country scale evaluation conducted in Sri Lanka concerned the first Integrated Programme in 2003.

The figures 1 and 2 below show that most of the projects are related to Energy and Environment and that the money allotted to this sector is also the most important. The trade capacity building projects come right after the energy and environment projects in terms of number of projects and money allotted.

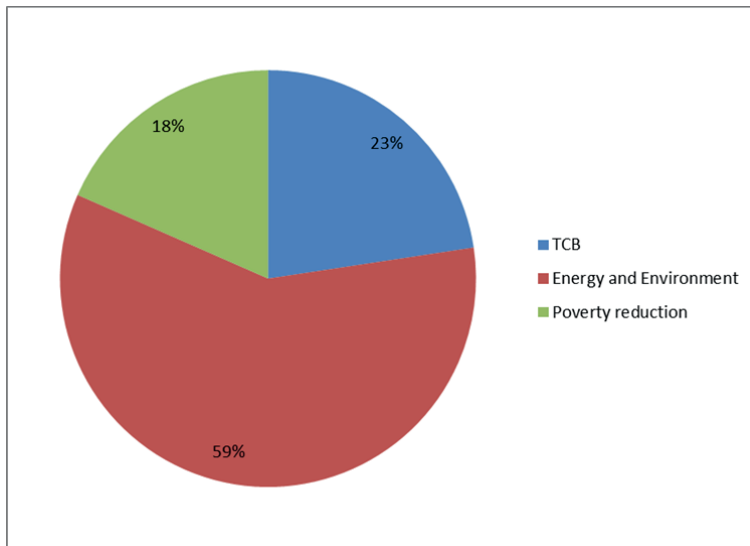
⁴³ United Nations Development Assistance Framework (UNDAF) 2013 – 2017. <http://un.lk/wp-content/uploads/2013/02/UNDAF-2013-to-2017.pdf>

Figure 1: Repartition of UNIDO projects in Sri Lanka according to thematic area and implemented between 2007 and 2014



Source: infobase/SAP

Figure 2: UNIDO projects allotments per thematic area



Source: infobase/SAP

Coordination, operations and management arrangements

The country falls under the responsibility of the UNIDO Regional Office in India. There is a local focal point at the Ministry of Industrial Development⁴⁴. The UNIDO regular budget grant (FF63H) covers the Focal Point Office's operation with the amount of US\$ 20,000 per annum. To converting the National Focal point into a UNIDO desk has been on the agenda but has, so far, not been decided upon. There is as well a national coordinator for the country programme in Sri Lanka established since 2012. He is working within the focal point and is financed through the Grant: 4000267 (XPSRL10001: Country Programme Support Facility).

Integrated and country programmes

The first UNIDO Integrated Programme for Sri Lanka started in 1999 and covered two main areas; the competitiveness improvement and development of a quality infrastructure, and environment. The IP budget amounted originally to US\$ 14.5 million (excluding support costs) and was revised downward to US \$ 12.9. Out of this amount, US\$ 6.1 million were mobilized which represent 50% of the original programme budget. After six years a second phase of the Integrated Programme started, and in 2010 a Country Programme was launched.

Integrated Programme of cooperation between the Government of Sri Lanka and UNIDO 2005-2008 – Phase II

The second phase of the integrated programme, which will be partly covered by this evaluation, started in 2005 with duration of 4 years. It had an approved budget of USD 8.3 million but was only funded to the level of USD 4.1 million. The Norwegian Agency for Development Cooperation (NORAD) was a major donor for the "Sri Lanka National Cleaner Production Centre - NCPC" and "Strengthening international certification capacity in Sri Lanka" projects. United Nations Trust Fund for Human Security (UNTFHS) financed a "Support for sustainable livelihood recovery among the conflict affected population in the northern and eastern regions. An "Establishing sustainable, economical and secure local based renewable energy..." project was equally implemented.

The Integrated Programme – Phase II - had the objectives to:

- increase the competitiveness of the Sri Lankan industry, to facilitate its entry into global markets by improving quality, standardization and metrology capabilities
- increase the competitiveness of the agricultural sector
- to further develop the leather-based industry

⁴⁴ Agreement between the United Nations Development Organization and the ministry of industrial development to establish the National Focal Point Office in Colombo, Sri Lanka.

- to establish sustainable, economical and secure local resource- based renewable energy stations
- to increase the competitiveness, performance, and growth of the country's small and medium enterprise (SME) sector
- to assist Sri Lanka's Board of Investment (BOI) to attract foreign direct investments
- to contribute to the socio-economic stability of the north-east regions
- to provide assistance to SMEs affected by the 2004 tsunami⁴⁵

However, as stated above only part of the foreseen funding was secured, for instance the support to the leather industry was not implemented.

The IP II project: "TESRL06004 - Strengthening international certification capacity in Sri Lanka with particular reference to social accountability standard (SA 8000) and food safety (HACCP/ISO 22000) standard" was evaluated recently, in early 2014. And the IP II project "TFSRL06005 - Support for sustainable livelihood recovery among the conflict affected population in the north and east regions through improved agricultural productivity and community-based entrepreneurship" was evaluated in 2011.

Country Programme of Technical Cooperation with Democratic Socialist Republic of Sri Lanka, 2010-2015

The purpose of the programme is to promote industrial development, employment generation and competitiveness and to lay the foundation for the graduation of the country from a low-middle income to a newly industrialized country. The Country Programme has two main components:

Support sustainable livelihood and productive activities through private sector development;

Increase the competitiveness of industries and reduce poverty through the introduction of environment-friendly technologies and quality infrastructure related services.⁴⁶

The Country Programme can be seen as a successor of the Integrated Programmes and was originally planned for four years; 2010 to 2014. It was recently extended for an extra year. The Country Programme is severely underfunded with an approved budget of \$7.8 million but a current allotment of only \$1.7 million. The current disbursement is \$1.3 million.

⁴⁵ Programme document of the Integrated programme of cooperation between the government of Sri Lanka and UNIDO phase II 2005-2008

⁴⁶ Programme document of the Country Programme of technical cooperation with Democratic Socialist Republic of Sri Lanka, 2010-2015

UNIDO finances the second phase of the National Cleaner Production Centre (NCPC). It is also financing the National Cinnamon Training Academy (NCTA) project together with the Standard and Trade Development Facility (STDF). Global Environmental Facility (GEF) funds the “Bamboo processing in Sri Lanka” together with the Sri Lankan government. GEF also finances the “Project Preparation Grant (PPG), Environmentally Sound Management (ESM), and Polychlorinated Biphenyl (PCBs)” project. Overall the GEF portfolio allotment is about US\$ 2,550,870. Most of the GEF money is invested in the country programme including the bamboo processing project and the Sri Lanka: PPG, ESM, PCBs resulting to US\$ 2,496,870. GEF finances one stand-alone project in Sri Lanka: “Sri Lanka National Implementation Programme (NIP) Update” for an amount of US\$ 54,000. The list of projects to be covered under this country evaluation, including their financial status (allotments, disbursements and funds availability), implementation location, donor, project manager, thematic area, and ongoing or closed status can be found in Annex E.

Stand-alone, regional and global projects

In addition to the integrated and country programmes, two regional and one global project will be included in the evaluation and will be assessed in terms of relevance to Sri Lanka and how Sri Lanka has benefitted. The regional projects are the “Regional network on pesticide for Asia and the Pacific” financed by the Regional Network on Pesticide for Asia and The Pacific (RENAP) member countries, and the “Implementation of ISO 9001 quality management system in Asian developing countries” financed by NORAD. The global project to be assessed is the “Follow-up and implementation of green industry initiative”, financed by the Regular Programme of Technical Cooperation.

The only stand-alone project included in the country evaluation is the “Sri Lanka National Implementation Programme (NIP) Update”, financed by GEF. The project list is available in annex E.

PURPOSE OF THE COUNTRY EVALUATION

The evaluation was included in the ODG/EVA Work Programme for 2014. It will be a forward-looking exercise and seek to identify best practices and areas for improvement in order to draw lessons to enhance the performance of UNIDO’s programme in Sri Lanka.

The country evaluation will attempt to assess in a systematic and objective manner the relevance, efficiency, effectiveness (achievement of outputs and outcomes), impact and sustainability of UNIDO’s interventions. The evaluation will assess the achievements of the interventions against their key objectives, including re-examination of the relevance of the objectives and the appropriateness of the design. It will identify factors that have facilitated or

impeded the achievement of the objectives. Gender and environmental sustainability will be mainstreamed in the evaluation.

The main purposes of the evaluation are the following:

- To assess the relevance of UNIDO's interventions in relation to national needs and national and international development priorities;
- To assess the progress of Technical Cooperation (TC) interventions towards the expected outcomes outlined in UNIDO project and programme documents;
- To assess the efficiency of UNIDO Technical Cooperation projects;
- To assess contributions to the achievement of national development and UNDAF objectives;
- To assess synergies between UNIDO projects;
- To assess adequacy of coordination and management systems and functions;
- To generate findings and draw lessons that can feed into future UNIDO projects and programmes in Sri Lanka;
- To assess contribution of Global Forum functions;
- To serve as an input to the Thematic Evaluations to be conducted in 2015:
- UNIDO interventions in the area of enterprise/job-creation and skills development, including for women and youth;
- UNIDO procurement process.

SCOPE AND/OR FOCUS

The evaluation will cover the full range of UNIDO's activities in Sri Lanka, It will go beyond a mere documentation of results by trying to assess why projects/programmes have succeeded or failed and identify best practices and lessons learned. The evaluation will review major projects within the Integrated Programme II and the ongoing Country Programme, as well as other UNIDO projects implemented in Sri Lanka (since 2007).

The evaluation will, furthermore, review coordination and management arrangements and functions.

The evaluation will review the performance and impact of individual projects and the contribution of UNIDO to the development goals of Sri Lanka. It will focus on projects of a certain size or considered strategically important. Based on the structure and content of the Integrated Programme II and the Country Programme the projects included will fall into the following thematic areas:

- Poverty Reduction through Productive Activities;
- Trade Capacity Building;
- Energy and Environment.

Of the 15 UNIDO projects identified for review and assessment, four fall in the area of trade capacity building, nine within energy and environment and two within the poverty reduction through productive activities area.

In addition, given the importance and budget allocated to the Energy and Environment portfolio, as well as the importance of energy to the national development goals, the evaluation will include a significant focus on projects within this theme.

The country evaluation will take into consideration the following UNIDO past thematic evaluations covering Sri Lanka or which addressed issues relevant to the country:

- Independent Evaluation - Impact of UNIDO projects in Sri Lanka in the area of standards, metrology, testing and quality (SMTQ) (2010);
- Independent thematic evaluations of UNIDO's Post-crisis interventions, and UNIDO post-crisis projects (2010);
- UNIDO projects in the area of Standards, Metrology, Testing and Quality - SMTQ (2010);
- Independent Thematic Review - UNIDO Projects for the Promotion of Small Hydro Power for Productive Use (2010).

The country evaluation will also take into consideration the following UNIDO evaluations that covered Sri Lanka or addressed issues relevant to the country:

UNIDO independent evaluation - Strengthening international certification capacity in Sri Lanka with particular reference to social accountability standard (SA 8000) and food safety (HACCP/ISO 22000) standard (2014);

End Review of UNIDO – National Cleaner Production Center, Sri Lanka (LKA 3124-08/048) (Donor evaluation) (2013);

UNIDO independent evaluation - Support for sustainable livelihood recovery among the conflict affected population in the north and east regions through improved agricultural productivity and community-based entrepreneurship (2011);

UNIDO independent evaluation - Support for sustainable livelihood recovery among the conflict affected population in the north and east regions (2011).

In particular, the country evaluation should review to what extent recommendations have been implemented.

The exact scope of the country evaluation will be decided during the inception period. The evaluation will be participatory and involve stakeholders, including national counterparts, donors and beneficiaries as well as UNIDO and project staff.

EVALUATION ISSUES AND KEY EVALUATION QUESTIONS

General evaluation criteria and cross-cutting issues

The country evaluation will use the DAC Criteria (relevance, efficiency, effectiveness, sustainability and impact). In addition, South-South Cooperation, gender and environmental sustainability will be mainstreamed.

More specifically the evaluation will assess the IP II, the CP and individual projects and try to answer the questions below.

Relevance

The degree to which the design and objectives of UNIDO's integrated and country programmes is consistent with the needs of the country and with development plans and priorities as well as with UNIDO's strategic priorities.

The extent to which the integrated programme and the country programme were relevant to:

the development challenges facing the country;
the UNDAF objectives⁴⁷;

Government strategies and priorities (Eradication of Poverty, Ensuring competitiveness of economy, Improving Social Development, Ensuring Good Governance, Ensuring a Clean and Healthy Environment)⁴⁸;

UNIDO's strategic priorities (Programme and Budget, Medium Term Strategic Framework, ISID);

UNIDO's policy on Gender Equality (GE) and the Empowerment of Women;
the green industry agenda;
the beneficiaries.

⁴⁷ United Nations Development Assistance Framework (UNDAF) Sri Lanka 2008 – 2012
<http://www.undg.org/docs/8494/UNDAF-2007.pdf>

⁴⁸ Sri Lanka - Information on National Sustainable Development Strategy or Equivalent -
<http://www.un.org/esa/agenda21/natinfo/countr/slanka/nsds.pdf>

Efficiency

Efficiency measures the outputs - qualitative and quantitative - in relation to the inputs.

The extent to which:

UNIDO provided high quality services (expertise, training, equipment, technologies, etc.) that led to the production of outputs;

The resources and inputs were converted to results in a timely and cost-effective manner;

Coordination amongst and within components of the programmes lead to collaboration and cooperation among stakeholders and to the production of outputs;

The same results could have been achieved in another, more cost-effective manner;

Women and men benefitted equally from the projects/programmes;

There were synergies and coherence between different UNIDO projects.

Outputs were produced in a timely manner.

Efficiency of procurement process/services. (Specific questions are provided as reference and guidance in the Annex G: UNIDO Procurement Services Generic Approach and Assessment Framework).

Effectiveness

The extent to which the programmes achieved their objectives and major factors influencing the achievement or non-achievement of the objectives.

The extent to which:

Objectives/Results (outcomes and outputs) established in programme/project documents were achieved/produced;

Major factors influencing the achievement or non-achievement of the objectives are identified.

Sustainability

Sustainability is concerned with assessing whether the benefits of a project are likely to continue after the project has ended. Projects need to be environmentally as well as financially sustainable.

The extent to which:

there is continued commitment and ownership by the government and other national stakeholders; and
changes or benefits can be maintained in the long term.

Impact

The positive and negative changes produced by a development intervention, directly or indirectly, intended or unintended.

The extent to which the programmes contributed:

- to the promotion of sustainable industrial development, employment generation and competitiveness, and lay the foundation for the graduation of the country from a low-middle income count to becoming a newly industrialized country (Integrated programme objective);
- to the promotion of inclusive growth (including for youth and disadvantaged groups) through the enhancement of productive activities and introduction of environment-friendly technologies (Country programme objective);
- to developmental results (economic, environmental, social);
- to the achievement of the MDGs and national development goals;
- Gender Equality (GE) and Empowerment of Women.

Integrated and Country Programme management

The extent to which:

- efficient cooperation arrangements were established between the Headquarters and project staff, the national focal point and with the UNIDO Regional Office in India;
- UNIDO's Regional Office in India and the national focal point supported coordination, implementation and monitoring of the programmes;
- UNIDO HQ based management; coordination and monitoring have been efficient and effective;
- Management and monitoring systems were adequate.

Partnership and coordination

UNIDO's contribution to coordinating external assistance and to building government and country ownership

The extent to which:

- effective coordination arrangements with other development partners were established;
- the United Nations Development Assistance Framework (UNDAF) Sri Lanka 2008 – 2012 and other UN coordination mechanisms were respected;
- UNIDO contributed to UNDAF outcomes;
- the UNIDO integrated programme and CP adhered to the principles of the Paris Declaration on Aid Effectiveness (i.e., government ownership, alignment with government strategies, results orientation, program approaches, use of country systems, tracking results, and mutual accountability).

Review of individual projects and regional project components

Project design

The extent to which:

a participatory project identification process was instrumental in selecting problem areas and counterparts requiring technical cooperation support;
the project has a clear thematically focused development objective, the attainment of which can be determined by a set of verifiable indicators;
the project was formulated based on the logical framework approach;
the project/programme appropriately reflected the needs and priorities of women, youth and minorities in the design.

Relevance

The extent to which:

- the project/component was formulated with participation of the national counterpart and/or target beneficiaries, in particular the industrial stakeholders.
- the counterpart(s) has (have) been appropriately involved and was (were) participating in the identification of their critical problem areas and in the

development of technical cooperation strategies, and were actively supporting the implementation of the component.

- the project/component is relevant to the higher-level programme-wide objective
- the project/component is relevant to national and international strategic priorities the outputs as formulated in the project document are necessary and sufficient to achieve the objectives

Efficiency of implementation

The extent to which:

- UNIDO and Government/counterpart inputs have been provided as planned and were adequate to meet requirements;
- UNIDO provided high quality services (expertise, training, equipment, methodologies, etc) that led to the production of outputs;
- operationally completed projects are closed in a timely manner; and
- resources and inputs were converted to results in a timely and cost-effective manner.

Effectiveness of the project

The extent to which:

- outputs and outcomes established in the project document were achieved;
- women and men benefitted equally.

Sustainability

- Assessment of the probability of continued long-term benefits.

Impact

- Assessment of the developmental changes (economic, environmental, social) which have occurred or are likely to occur.

E. Evaluation of Global Forum activities

Global Forum (GF) activities will also be addressed as part of the country evaluation. GF activities are those which are initiated by UNIDO (or the United Nations system) to exchange and disseminate knowledge and information, as well as facilitate partnerships. They intend to produce an “output”, without a pre-identified client, which increases understanding of sustainable industrial

development issues. Global forum activities have informative, advocative and normative functions.

The assessment of global forum activities will include: UNIDO GF activities nurturing national knowledge and dialogue globally and with regard to industrial development and, at the same time, activities at the national level, including TC projects, forming part of or contributing to UNIDO GF activities and products

The evaluation will assess global forum activities implemented in Sri Lanka or in which Sri Lanka has participated.

EVALUATION APPROACH AND METHODOLOGY

These Terms of Reference (ToR) provide some information as regards the methodology but this should not be regarded as exhaustive. It is rather meant to guide the evaluation team in elaborating an appropriate evaluation methodology that should be proposed, explained and justified in an inception report.

In terms of data collection the evaluation team should use a variety of methods ranging from desk review (project and programme documents, progress reports, mission reports, Agresso search, evaluation reports, etc.) to individual interviews, focused group discussions, statistical analysis, surveys and direct observation at project sites.

The evaluation team should ensure that the findings are evidence based. This implies that all perceptions, hypotheses and assertions obtained in interviews will be validated through secondary filtering and cross checks by a triangulation of sources, methods, data, and theories.

While maintaining independence, the evaluation will be carried out based on a participatory approach, which seeks the views and assessments of all stakeholders. These include government counterparts, private sector representatives, other UN organizations, multilateral organizations, donors, beneficiaries as well as UNIDO and project staff.

Depending on formal requirements, the complexity and the strategic importance of each project/activity, different approaches can be used for the individual project assessments which will be included in the evaluation:

Assessment of the project documentation: including an assessment of project design and intervention logic; a validation of available progress information through field visits and interviews with key stakeholders and beneficiaries and review of progress and terminal reports; a context analysis of the project to validate implicit and explicit project assumptions and risks, interviews with

government agencies and donors regarding the developments and tendencies in the project-specific environment.

Reviews: For projects that are likely to start soon, that have started very recently or that are considered important for other reasons a review will be carried out. The following methodology will be applied: a review of the available documentation; a validation of the foreseen intervention logic/design with a special focus on the relevance to national priorities and to the country programme or UNIDO's strategic priorities.

Non-TC evaluation issues: The evaluation issues for global forum, Field Office/UNIDO Desk and/or any cross-cutting issue will use several sources of information such as observations during field visits, interviews with key UN partners of UNIDO and bilateral donors, interviews with national partner institutions, review of available evaluations and studies, interviews with UNIDO HQ staff and project managers. Additional methodological components can be defined in the inception report.

The IP II and CP projects having an important budget allotment and expenditure enough to measure the outputs, or that are judged relevant for evaluation, will be assessed individually:

TF/SRL/07/001 - Sri Lanka National cleaner production centre (NCPC);
TF/SRL/09/003 - Phase II - Up-Scaling of the activities/services provided by the national cleaner production centre (NCPC) in Sri Lanka;
US/SRL/05/001, TF/SRL/06/002 - Establishing sustainable, economical and secure local based renewable energy backed community development centres with ICTs for post-conflict and remote rural areas of Sri Lanka;
GF/SRL/09/002, GF/SRL/12/002, GF/SRL/12/A02 - Bamboo processing for Sri Lanka (GEF project);
TF/SRL/11/001 - Preparation of project proposal to enhance food safety and product quality in the Sri Lanka Cinnamon sector through the establishment of a national cinnamon training academy (NCTA);
TF/SRL/12/004, TF/SRL/12/001 - Enhance the compliance, productive capacities and competitiveness of the cinnamon value chain in Sri Lanka.

A global UNIDO global project is going to be assessed as well as 2 other UNIDO regional projects:

- XP/GLO/10/005 - Follow-up and implementation of green industry initiative;
- TE/RAS/09/003 - Implementation of ISO 9001 quality management system in Asian developing countries: survey covering system development, certification, accreditation and economic benefits;

- TF/RAS/09/004 - Regional network on pesticide for Asia and the Pacific
- TF/RAS/09/A04 - Neem, phase II - Coordination and technical support services provided by the RENPAP team.

One stand-alone project is going to be assessed:

120545 - Sri Lanka National Implementation Programme (NIP) Update (GEF project).

These two additional CP and IP II projects will be reviewed:

- TE/SRL/06/004 - Strengthening international certification capacity in Sri Lanka with particular reference to social accountability standard (SA 8000) and food safety (HACCP/ISO 22000) standard (2014);
- TF/SRL/06/005, TF/SRL/06/006 - Support for sustainable livelihood recovery among the conflict affected population in the north and east regions through improved agricultural productivity and community-based entrepreneurship (2011);
- XP/SRL/10/001 - Country programme Support Facility;
- 130004 - Sri Lanka: PPG, ESM, PCBs (GEF project).

Some projects have already been evaluated by UNIDO or by the donor. The evaluation findings will be reviewed or assessed and will feed into the country evaluation:

TF/SRL/06/005 - Support for sustainable livelihood recovery among the conflict affected population in the north and east regions through improved agricultural productivity and community-based entrepreneurship (2011);

TF/SRL/06/006 - Support for the revival of the rural community-based self-help initiative of women in the tsunami and conflict affected region in Sri Lanka (included in the TF/SRL/06/005 evaluation report together with the sub-component TFSRL06A05) (2011);

TF/SRL/09/003 (Phase II) - Phase II - Up-Scaling of the activities/services provided by the national cleaner production centre (NCPC) in Sri Lanka (Donor evaluation) (2013);

TE/SRL/06/004 - Strengthening international certification capacity in Sri Lanka with particular reference to social accountability standard (SA 8000) and food safety (HACCP/ISO 22000) standard (2014).

TIME SCHEDULE

The Country evaluation is scheduled to take place between August and November 2014. A two-week field mission is planned for September 2014. The overall times schedule is presented in the table below:

Activity	Estimated month
Collection of documentation by ODG/EVA	May, July 2014
Desk review by members of evaluation team	August, September 2014
Interviews at HQ and development of inception report	September 2014
Field work in Sri Lanka (2 weeks)	Second and third week of September 2014
Presentation of preliminary findings at HQ	October 2014
Drafting of report	October 2014
Collection and incorporation of comments into report	November 2014
Issuance of final report	November 2014

EVALUATION TEAM COMPOSITION

The evaluation team will include:

One Senior International Evaluation Consultant with extensive experience in evaluating trade capacity building projects;

One ODG/EVA staff member who will also act as evaluation manager.

One Senior International Evaluation Consultant with experience in Environment and Energy related projects;

One National Evaluation Consultant;

The international and national consultants will be contracted by UNIDO. In addition, a junior consultant will be hired for the preparation of relevant documents and coordination before the field mission. The tasks of the consultants are specified in their respective job descriptions, attached to this ToR as Annex A.

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

One member of UNIDO Office for Independent Evaluation will manage the evaluation and act as a focal point for the evaluation consultants. Additionally, the

National Focal Point in Sri Lanka and the Regional Office in India will support the evaluation team and assist in planning and coordinating the evaluation mission.

A proactive involvement of the national counterpart ministry could be envisaged through a secondment of its own evaluators as members of the evaluation team. The national counterparts will be informed that such a joint evaluation is a possibility. The necessary funding should be set aside by the national counterpart in advance and outside the UNIDO evaluation budget.

EVALUATION PROCESS AND REPORTING

The evaluation team will use a participatory approach and involve various stakeholders in the evaluation process. The responsibilities for the various evaluation stages and outputs are outlined below:

	ODG/ EVA	PTC	Regional Programme	Government of Sri Lanka and national counterpart s	Evaluation team
Selection of consultants	X			X	
Review of background documentation					X
Interviews at UNIDO HQ		X	X		X
Inception report					X
Evaluation mission				X	X
Presentation of preliminary findings in the field					X
Presentation of preliminary findings at HQ					X
Drafting of evaluation report					X
Comments on draft report	X	X	X	X	

Final evaluation report					X
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Evaluation deliverables such as the Inception Report and the Evaluation Report will be approved by the Evaluation Manager.

The evaluation team will present its preliminary findings to the Government and other key national stakeholders to programme and project staff and staff at UNIDO Headquarters and at the Regional Office in India. A draft evaluation report will be circulated for comments and factual validation. The reporting language will be English.

The ToR and the draft report will be shared with the national counterparts, the main donors and relevant UNIDO staff members for comments and factual validation. This consultation also seeks agreement on the findings and recommendations. The evaluators will take comments into consideration when preparing the final version of the report. The final evaluation report will be submitted 6-8 weeks after the field mission, at the latest, to the Government of Sri Lanka and other national stakeholders, to donors and to UNIDO.

DELIVERABLES

The following deliverables will be produced by the evaluation team;
 Inception report
 Draft report
 Final report

QUALITY ASSURANCE

All UNIDO evaluations are subject to quality assessments by the UNIDO Office for Independent Evaluation. Quality control is exercised in different ways throughout the evaluation process (briefing of consultants on EVA methodology and process, review of inception report and evaluation report). The quality of the evaluation report will be assessed and rated against the criteria set forth in the Checklist on evaluation report quality in Annex B.

ANNEXES

Job descriptions for team members
 Checklist on evaluation report quality
 Tentative evaluation report outline
 Reference documents
 List of UNIDO projects in Sri Lanka

Map with project locations
Framework for assessing Procurement-related issues

Annex A of Terms of Reference: Job descriptions for team members



INDEPENDENT UNIDO COUNTRY EVALUATION – SRI LANKA

Job description

Post title: Senior International Evaluation Consultant

Post number:

Duration of contract: 36 days spread over 4 months

Entry on duty date: October 2014

Duty station: Home-based, Sri Lanka and Vienna HQ

Duties:

The senior international evaluation consultant will carry out the review of UNIDO's trade capacity building interventions in Sri Lanka according to the terms of reference. In addition she/he will be contributing to the preparation of the evaluation report. The senior international evaluation consultant will perform the following tasks:

Duties	Duration	Location	Results
Preparatory phase Study related programme and project documentation (including progress reports and documentary outputs) Study relevant background information (national policies, international frameworks, etc.) Study available evaluation reports and self-evaluation reports	5 days	Home-based	Analytical overview of available documents and of UNIDO activities in Sri Lanka

Annex 1: Terms of Reference

Duties	Duration	Location	Results
Briefing with Evaluation Group at HQ Inputs to methodology and interview guidelines Interviews with project managers and key stakeholders at HQ Inputs to the inception report	2 days	Vienna, UNIDO HQ Vienna	Key issues of evaluation identified; Scope of evaluation clarified; Inception report, including the proposed methodology, approach and evaluation programme
Field mission to Sri Lanka Carry out meetings, visits and interviews with stakeholders according to the evaluation programme Drafting the main conclusions and recommendations, and present them to stakeholders Inputs to draft evaluation report outline/structure	14 days (incl. travel)	Sri Lanka with in-country travel	Information gathered on issues specified in TOR Draft conclusions and recommendations Agreement on structure and content of evaluation report; distribution of writing tasks
Debriefing at UNIDO HQ, Vienna Present preliminary findings and recommendations to the stakeholders at UNIDO Carry out additional interviews if necessary	1 day	Vienna, UNIDO HQ	Feedback on preliminary findings
Drafting of evaluation report Provide inputs to the evaluation report, and drafting sections/chapters under his/her scope. Review/Adapt the evaluation report in light of additional evidence presented or factual corrections made; integrate comments from UNIDO Evaluation Group and stakeholders Final inputs to evaluation report	10 days	Home-based	Draft report Feedback on draft report Final report
Total	32 days		

Qualifications

Advanced university degree in economics, development studies or other fields related to industrial development;

Experience in evaluation and coordination of evaluation teams;

Knowledge in the field of Trade Capacity Building projects

Knowledge about multilateral technical cooperation and the UN, international development priorities and frameworks (Paris Declaration, One UN, etc.) desirable;

Knowledge of issues related to sustainable industrial development, knowledge of UNIDO activities an asset;

Working experience within the UN system an asset;

Working experience in Sri Lanka an asset.

Languages: English

Background information: see the terms of reference

Impartiality: According to UNIDO rules, the consultant must not have been involved in the preparation, implementation or supervision of any of the programmes/projects under evaluation.



INDEPENDENT UNIDO COUNTRY EVALUATION – SRI LANKA

Job description

Post title: National evaluation consultant

Post number:

Duration: 30 days spread over 4 months

Date required: 1 September 2014

Duty station: Home-based and various locations in Sri Lanka

Duties:

As a member of the evaluation team and under the supervision of the evaluation team leader, the consultant will participate in the independent country evaluation in Sri Lanka according to the terms of reference attached. He/she will participate in all evaluation activities and contribute to the assessments in particular with a view to assessing the UNIDO activities in the field of private sector development, micro enterprise and livelihood development.

Duties	Duration	Location	Results
Study relevant programme and project documentation including progress reports and documentary outputs and TOR. Study relevant background information (national policies, international frameworks, etc.) Assist in the preparation of the evaluation mission in close consultation with the UNIDO Focal Point in Sri Lanka.	5 days	Home-based	Analytical overview of available documents; list of issues to be clarified; background data needed for evaluation collected at field level; inputs to inception report.
Briefing with Evaluation Group in Sri Lanka Participate actively in meetings, visits and interviews according to the evaluation programme; assist with translation if required. Participate in the evaluation of	12 days	Sri Lanka with in-country travel	Notes, tables; information gathered on issues specified in ToR; Draft conclusions and recommendations.

Duties	Duration	Location	Results
private sector development and livelihood projects Participate in drafting the main conclusions and recommendations, and present them to stakeholders in accordance with the instructions of the team leader.			
Participate in the preparation/review of the report according to the instructions of the team leader, and providing country specific background information and national context inputs to the report. Draft inputs based on evaluation to the evaluation report. Incorporate comments received and assist with finalizing the evaluation report, including annexes	13 days	Home-based	Inputs to the report.
Total	30 days		

Qualifications:

University degree in a field relevant to economics, development, law or public administration;

Knowledge of Sri Lanka's industrial development situation, institutions and programmes;

Knowledge of UNIDO

Knowledge of livelihood projects in Sri Lanka

Evaluation experience.

Languages: Fluency in oral and written English and preferably good knowledge in Sinhalese and Tamil

Impartiality: According to UNIDO rules, the consultant must not have been involved in the preparation, implementation or supervision of the project subject to this evaluation.



INDEPENDENT UNIDO COUNTRY EVALUATION – SRI LANKA

Job description

Post title: Senior International Evaluation Consultant

Post number:

Duration of contract: 36 days spread over 4 months

Entry on duty date: 1 September 2014

Duty station: Home-based and various locations in Sri Lanka

Duties:

The Senior international evaluation consultant will carry out the review of UNIDO's portfolio in Sri Lanka according to the terms of reference. In addition, he/she will be contributing to the preparation of the evaluation report. The Senior international evaluation consultant will perform the following tasks:

Duties	Duration	Location	Results
Preparatory phase Study related programme and project documentation (including progress reports and documentary outputs). Study relevant background information (national policies, international frameworks, etc.). Study available evaluation reports and self-evaluation reports.	6 days	Home-based	Analytical overview of available documents and of UNIDO activities in Sri Lanka
Briefing with Evaluation Group at HQ Inputs to methodology and interview guidelines. Interviews with project managers and key stakeholders at HQ. Inputs to the inception report.	2 days	Vienna, UNIDO HQ Vienna	Key issues of evaluation identified; Scope of evaluation clarified; Inception report, including the proposed methodology, approach and evaluation programme

Duties	Duration	Location	Results
Field mission to Sri Lanka Carry out meetings, visits and interviews with stakeholders according to the evaluation programme. Drafting the main conclusions and recommendations, and present them to stakeholders. Inputs to draft evaluation report outline/structure.	14 days (incl. travel)	Sri Lanka with in-country travel	Information gathered on issues specified in TOR Draft conclusions and recommendations Agreement on structure and content of evaluation report; distribution of writing tasks
Debriefing at UNIDO HQ, Vienna Present preliminary findings and recommendations to the stakeholders at UNIDO. Carry out additional interviews if necessary.	2 days	Vienna, UNIDO HQ	Feedback on preliminary findings
Drafting of evaluation report Provide inputs to the evaluation report, and drafting sections/chapters under his/her scope. Review/Adapt the evaluation report in light of additional evidence presented or factual corrections made; integrate comments from UNIDO Evaluation Group and stakeholders Final inputs to evaluation report.	12 days	Home-based	Draft report Feedback on draft report Final report
Total	36 days		

Qualifications

Advanced university degree in economics, politics, public administration, development studies or other field's related to industrial development;

Experience in evaluation and coordination of evaluation teams;

Knowledge in the field of Energy and Environment;

Knowledge of issues related to sustainable industrial development, knowledge of UNIDO activities an asset;

Working experience within the UN system an asset;

Working experience in Sri Lanka an asset.

Languages: English

Impartiality: According to UNIDO rules, the consultant must not have been involved in the preparation, implementation or supervision of any of the programmes/projects under evaluation.



**INDEPENDENT UNIDO COUNTRY EVALUATION – SRI LANKA
(SAP ID 140150)**

Post title: Junior Consultant

Duration: 1 w/m (1 w/m over period 2 July to 30 September 2014)

Date required: Early July 2014

Duty station: UNIDO HQ, Vienna

Duties of the consultant: The Junior Consultant will assist with the conduct of the Sri Lanka Country Evaluation; he/she will carry out the following duties:

Duties	Duration (work days)	Deliverables
Participate in the preparation, including mission planning and background research of the independent UNIDO country evaluation of Sri Lanka.	10 days	Mission programme and desk review document, providing information according to the needs identified in the ToR
Data collection and statistical analysis needed for the preparation of the evaluation report.	8 days	Statistical tables and analyses to be used in the report.
Preparation of annexes of the evaluation report.	3 days	Bibliography and list of person consulted.
Carry out other related duties and assignments as and when required.	Throughout	

Qualifications:

University degree in evaluation, business/public administration, economics, engineering and science or other relevant degree.

Knowledge of evaluation and UN/UNIDO projects and programmes.

Competencies: Proven conceptual analytical skills and ability to conduct independent research and analyse data.

Languages: Fluency in oral and written English and preferably good knowledge in Sinhalese and Tamil

Annex B of Terms of Reference: Checklist on evaluation report quality

Checklist on evaluation report quality:
Independent Terminal Evaluation of the UNIDO Project
“title.....”
(Project Number:)
Evaluation team leader:
Quality review done by:
Date:

Report quality criteria	UNIDO Office for Independent Evaluation: Assessment notes	Rating
Report Structure and quality of writing		
The report is written in clear language, correct grammar and use of evaluation terminology. The report is logically structured with clarity and coherence. It contains a concise executive summary and all other necessary elements as per TOR.		
Evaluation objective, scope and methodology		
<p>The evaluation objective is explained and the scope defined.</p> <p>The methods employed are explained and appropriate for answering the evaluation questions.</p> <p>The evaluation report gives a complete description of stakeholder’s consultation process in the evaluation.</p> <p>The report describes the data sources and collection methods and their limitations.</p> <p>The evaluation report was delivered in a timely manner so that the evaluation objective (e.g. important deadlines for presentations) was not affected.</p>		
Evaluation object		
<p>The logic model and/or the expected results chain (inputs, outputs and outcomes) of the object is clearly described.</p> <p>The key social, political, economic, demographic, and institutional factors that have a direct bearing on the object are described.</p> <p>The key stakeholders involved in the object implementation, including the implementing</p>		

<p>agency(s) and partners, other key stakeholders and their roles are described.</p> <p>The report identifies the implementation status of the object, including its phase of implementation and any significant changes (e.g. plans, strategies, logical frameworks) that have occurred over time and explains the implications of those changes for the evaluation.</p>		
<p>Findings and conclusions</p>		
<p>The report is consistent and the evidence is complete (covering all aspects defined in the TOR) and convincing.</p> <p>The report presents an assessment of relevant outcomes and achievement of project objectives.</p> <p>The report presents an assessment of relevant external factors (assumptions, risks, impact drivers) and how they influenced the evaluation object and the achievement of results.</p> <p>The report presents a sound assessment of sustainability of outcomes or it explains why this is not (yet) possible.</p> <p>The report analyses the budget and actual project costs.</p> <p>Findings respond directly to the evaluation criteria and questions detailed in the scope and objectives section of the report and are based on evidence derived from data collection and analysis methods described in the methodology section of the report.</p> <p>Reasons for accomplishments and failures, especially continuing constraints, are identified as much as possible.</p> <p>Conclusions are well substantiated by the evidence presented and are logically connected to evaluation findings.</p> <p>Relevant cross-cutting issues, such as gender, human rights, environment are appropriately covered.</p>		
<p>Recommendations and lessons learned</p>		

<p>The lessons and recommendations are based on the findings and conclusions presented in the report.</p> <p>The recommendations specify the actions necessary to correct existing conditions or improve operations ('who?' 'what?' 'where?' 'when?').</p> <p>Recommendations are implementable and take resource implications into account.</p> <p>Lessons are readily applicable in other contexts and suggest prescriptive action.</p>		
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Rating system for quality of evaluation reports

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

Annex C of Terms of Reference: Tentative evaluation report outline

Acronyms and Abbreviations

Glossary of Terms

Executive Summary

MAIN REPORT:

I. BACKGROUND

Background and introduction

- evaluation objectives
- methodology
- evaluation process
- limitations of evaluation
- Country context
- historical context
- brief overview of recent economic development
- industrial situation and relevant sector specific information
- development challenges facing the country
- relevant Government policies, strategies and initiatives
- initiatives of international cooperation partners
- Description of UNIDO activities in the country
- major TC components, main objectives and problems they address
- brief overview of other important activities

II. ASSESSMENT

Performance of TC activities

Poverty Reduction through Productive Activities

Trade capacity building

Energy and Environment

Performance in cross-cutting issues

gender

environment

South-South cooperation

III. MAIN CONCLUSIONS AND RECOMMENDATIONS

Main conclusions from section II will be used as a basis for recommendations.

IV. LESSONS LEARNED

V. ANNEXES

Annex A: Terms of Reference

Annex B: List of persons met

Annex C: Bibliography

Annex D: Project Assessments and reviews

Annex E: Country Map and project sites

Annex F:

Annex D of Terms of Reference: Reference documents

UNDAF. United Nations Development Assistance Framework (UNDAF) Sri Lanka 2008 – 2012.

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UNIDO Independent thematic evaluations - UNIDO's Post-crisis interventions, and UNIDO post-crisis projects (2010)

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UNIDO, independent evaluation - Strengthening international certification capacity in Sri Lanka with particular reference to social accountability standard (SA 8000) and food safety (HACCP/ISO 22000) standard (2014)

UNIDO, Independent evaluation - Support for sustainable livelihood recovery among the conflict affected population in the north and east regions through

improved agricultural productivity and community-based entrepreneurship, (2011).

UNIDO, Independent evaluation - Support for sustainable livelihood recovery among the conflict affected population in the north and east regions, (2011).

ANNEX E of Terms of Reference: List of UNIDO projects in Sri Lanka

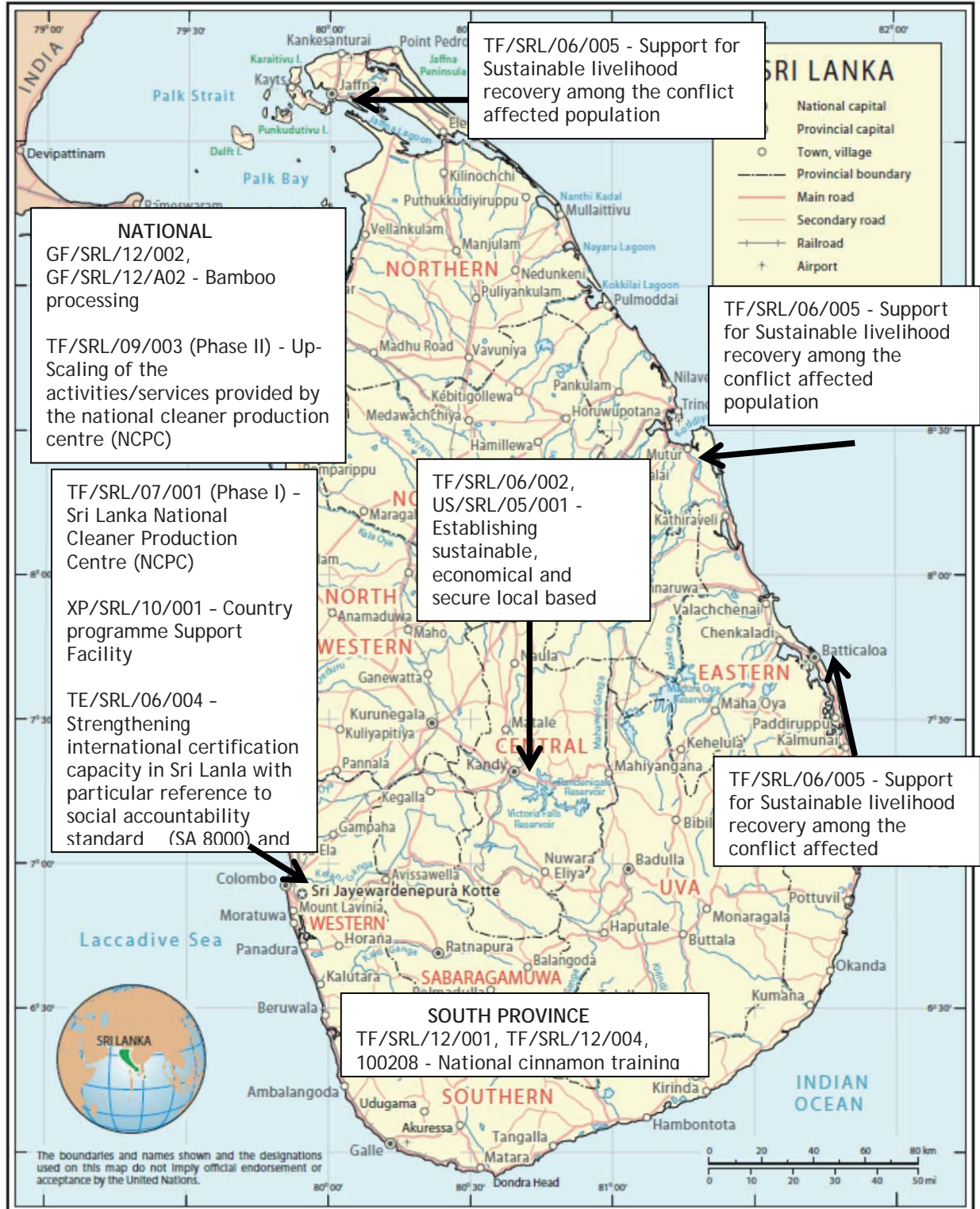
Table 1: Projects proposed for project assessment							
Project number	SAP	Status	Project name	Region of implementation	Budget Info (USD\$): Allotment	Budget Info (USD\$): Disburse	Donor
IP II			Integrated programme of cooperation between the government of Sri Lanka and UNIDO 2005-2008				
TFSRL07001 (Phase I)		C	Sri Lanka National cleaner production centre (NCPC)	Colombo	\$532 935	\$532 935	NORAD
USSRL05001	103126	C	Establishing sustainable, economical and secure local based renewable energy backed community development centres with ICTs for post-conflict and remote rural areas of Sri Lanka	Kandy	\$150 516	\$150 580	gov india 50% UNIDO US fund 50%
TFSRL06002	120393	C			\$185 516	\$178 952	
					\$336 032		
CP			Country programme of technical cooperation with Democratic Socialist Republic of Sri Lanka, 2010-2014				
TFSRL09003 (Phase II)	104091	O	Phase II - Up-Scaling of the activities/services provided by the national cleaner production centre (NCPC) in Sri Lanka	National level	\$1 361 429	\$22 886	TF NORAD
GFSRL09002	100043	C	Bamboo processing for Sri Lanka - Preparatory assistance	National level	\$100 000		GEF + Govt of Sri Lanka + private sector
XPSRL09001	100043				\$68 800		
GFSRL12002	100043	O	Bamboo processing for Sri Lanka	National level	\$668 350		
XPSRL12003	100043				\$6 440		
GFSRL12A02	100043				\$1 686 650	\$187 577	
XPSRL12A03	100043				\$3 220		
					\$2 364 660		
TFSRL11001		C	Preparation of project proposal to enhance food safety and product quality in the Sri Lanka Cinnamon sector through the establishment of a national cinnamon training academy (NCTA)	South province	\$30 000		STDF + UNIDO
TFSRL12004	100208	O	Enhance food safety and product quality in the Sri Lanka Cinnamon sector through the establishment of a national cinnamon training academy (NCTA)	South province	\$315 000		
TFSRL12001	100208				\$160 800		
X	100208	O	Enhance the compliance, productive capacities and competitiveness of the cinnamon value chain in Sri Lanka	Galle, Matara and Hambantota Districts in the Southern Province, Ratnapura District	\$143 931	\$16 170	
X	100208	O	SRL - Cinnamon	in Sabaragamuwa Province and Kalutara District in Western Province.	\$139 534	\$55 176	

Table 1: Projects proposed for project assessment (continuation)							
Project number	SAP	Status	Project name	Region of implementation	Budget Info (USD\$): Allotment	Budget Info (USD\$): Disburse	Donor
Regional and global projects							
XPGLO10005		C	Follow-up and implementation of green industry initiative	The project is of global nature and has no single	\$372 000		Regular Programme of Technical Cooperation
TERAS09003		C	Implementation of ISO 9001 quality management system in Asian developing countries: survey covering system development, certification, accreditation and economic benefits	?	\$429 706		NORAD
TFRAS09004		O	Regional network on pesticide for Asia and the Pacific	?	\$274 174		RENAP Member Countries
TFRAS09A04		O	Neem, phase II - Coordination and technical support services provided by the Renpap team	?	\$103 560		
					\$377 734		
Stand-alone projects							
X	120545	O	Sri Lanka National Implementation Programme (NIP) Update	Not implemented yet	\$54 000	\$11 433	GEF

Annex 1: Terms of Reference

Table 2: Projects proposed for project review							
<	SAP		Project name	Region of implementation	Budget Info (USD\$): Allotment	Budget Info (USD\$): Disburse	Donor
IP II			Integrated programme of cooperation between the government of Sri Lanka and UNIDO 2005-2008				
TESRLO6004		O	Strengthening international certification capacity in sri lanka with particular reference to social accountability standard (SA 8000) and food safety (HACCP/ISO 22000) standard	Colombo	\$964 255	\$1 019 632	NORAD
TFSRLO6005		C	Support for sustainable livelihood recovery among the conflict affected population in the north and east regions through improved agricultural productivity and community-based entrepreneurship	North and East Regions of Sri Lanka, specifically the districts of Jaffna, Trincomalee and Batticaloa	\$633 091	\$635 570	United Nations Trust Fund for Human Security (UNTFHS)
TFSRLO6A05		C	Support for sustainable livelihood recovery among the conflict affected population in the north and east regions		\$831 401	\$831 401	
TFSRLO6006		C	Support for the revival of the rural community-based self-help initiative of women in the tsunami and conflict affected region in Sri Lanka		East region	\$227 299	
					\$1 691 791		
CP			Country programme of technical cooperation with Democratic Socialist Republic of Sri Lanka, 2010-2014				
XPSRLO10001	107087	O	Country programme Support Facility	Colombo	\$86 365	\$1 741	programmable funds
X	130004	O	Sri Lanka: PPG, ESM, PCBs	Not implemented ye	\$132 210	?	GEF

Annex F of Terms of Reference: Map with project locations



Annex G of Terms of Reference : Procurement process

UNIDO Procurement Process-- Generic Approach and Assessment Framework --Introduction

This document outlines an approach and encompasses a framework for the assessment of UNIDO procurement processes, to be included as part of country evaluations as well as in technical cooperation (TC) projects/programmes evaluations.

The procurement process assessment will review in a systematic manner the various aspects and stages of the procurement process being a key aspect of the technical cooperation (TC) delivery. These reviews aim to diagnose and identify areas of strength as well as where there is a need for improvement and lessons.

The framework will also serve as the basis for the “thematic evaluation of the procurement process efficiency” to be conducted in 2015 as part of the ODG/EVA work programme for 2014-15.

Background

Procurement is defined as the overall process of acquiring goods, works, and services, and includes all related functions such as planning, forecasting, supply chain management, identification of needs, sourcing and solicitation of offers, preparation and award of contract, as well as contract administration until the final discharge of all obligations as defined in the relevant contract(s). The procurement process covers activities necessary for the purchase, rental, lease or sale of goods, services, and other requirements such as works and property.

Past project and country evaluations commissioned by ODG/EVA raised several issues related to procurement and often efficiency related issues. It also became obvious that there is a shared responsibility in the different stages of the procurement process which includes UNIDO staff, such as project managers, and staff of the procurement unit, government counterparts, suppliers, local partner agencies (i.e. UNDP), customs and transport agencies etc..

In July 2013, a new “UNIDO Procurement Manual” was introduced. This Procurement Manual provides principles, guidance and procedures for the Organization to attain specified standards in the procurement process. The Procurement Manual also establishes that “The principles of fairness, transparency, integrity, economy, efficiency and effectiveness must be applied for all procurement transactions, to be delivered with a high level of professionalism thus justifying UNIDO’s involvement in and adding value to the implementation process”.

To reduce the risk of error, waste or wrongful acts and the risk of not detecting such problems, no single individual or team controls shall control all key stages of

a transaction. Duties and responsibilities shall be assigned systemically to a number of individuals to ensure that effective checks and balances are in place.

In UNIDO, authorities, responsibilities and duties are segregated where incompatible. Related duties shall be subject to regular review and monitoring. Discrepancies, deviations and exceptions are properly regulated in the Financial Regulations and Rules and the Staff Regulations and Rules. Clear segregation of duties is maintained between programme/project management, procurement and supply chain management, risk management, financial management and accounting as well as auditing and internal oversight. Therefore, segregation of duties is an important basic principle of internal control and must be observed throughout the procurement process.

The different stages of the procurement process should be carried out, to the extent possible, by separate officials with the relevant competencies. As a minimum, two officials shall be involved in carrying out the procurement process. The functions are segregated among the officials belonging to the following functions:

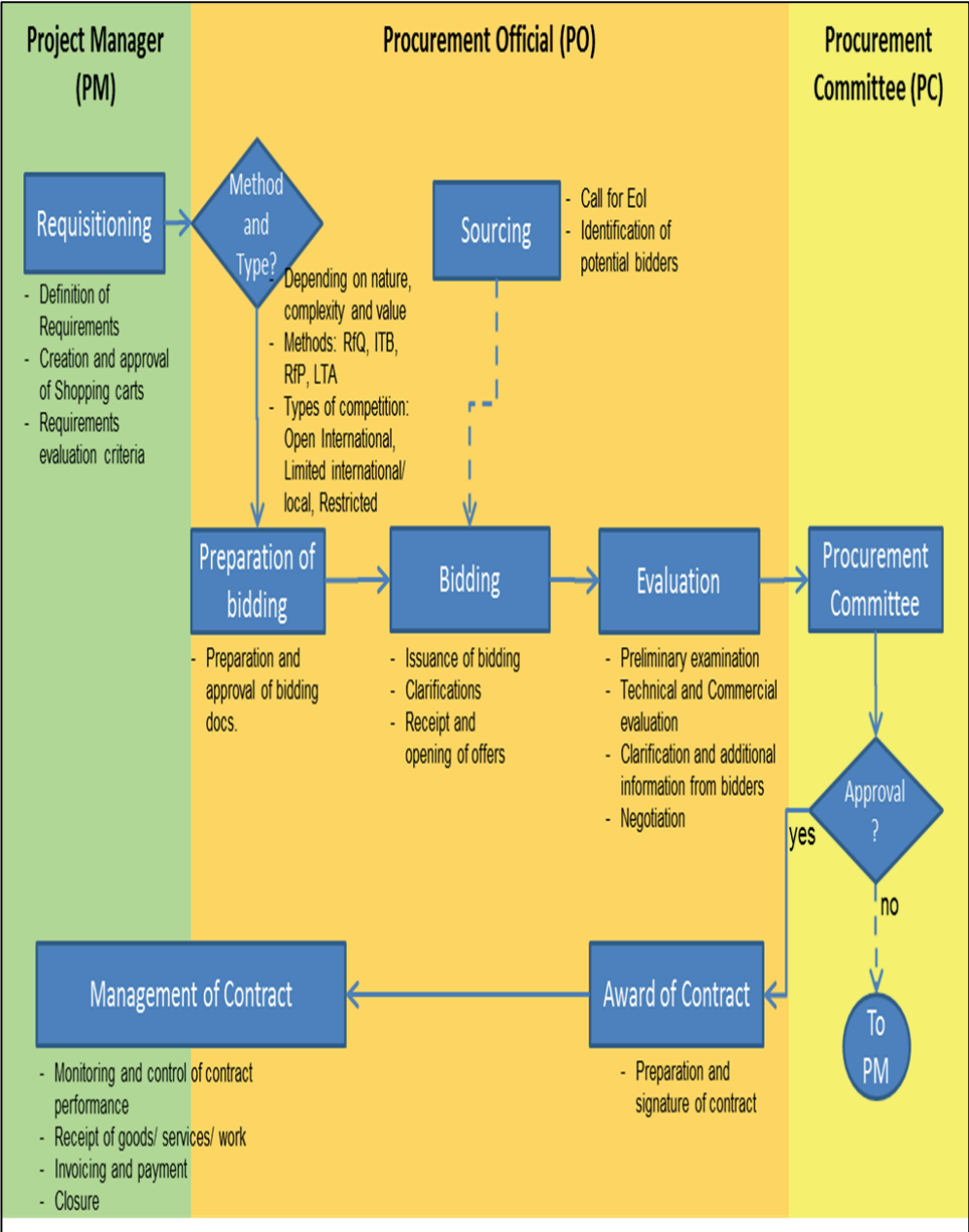
Procurement Services: For carrying out centralized procurement, including review of technical specifications, terms of reference, and scope of works, market research/surveys, sourcing/solicitation, commercial evaluation of offers, contract award, contract management;

Substantive Office: For initiating procurement requests on the basis of well formulated technical specifications, terms of reference, scope of works, ensuring availability of funds, technical evaluation of offers; award recommendation; receipt of goods/services; supplier performance evaluation. In respect of decentralized procurement, the segregation of roles occur between the Project Manager/Allotment Holder and his/her respective Line Manager. For Fast Track procurement, the segregate on occurs between the Project Manager/Allotment Holder and Financial Services;

Financial Services: For processing payments.

Figure 1 presents a preliminary “Procurement Process Map”, showing the main stages, stakeholders and their respective roles and responsibilities. During 2014/2015, in preparation for the thematic evaluation of the procurement process in 2015, this process map/ workflow will be further refined and reviewed.

Figure 1: UNIDO Procurement Process Map



Purpose

The purpose of the procurement process assessments is to diagnose and identify areas for possible improvement and to increase UNIDO's learning about strengths and weaknesses in the procurement process. It will also include an assessment of the adequacy of the 'Procurement Manual' as a guiding document.

The review is intended to be useful to managers and staff at UNIDO headquarters and in the field offices (project managers, procurement officers), who are directly involved in procurement and to UNIDO management.

Scope and focus

Procurement process assessments will focus on the efficiency aspects of the procurement process, and hence it will mainly fall under the efficiency evaluation criterion. However, other criteria such as effectiveness will also be considered as needed.

These assessments are expected to be mainstreamed in all UNIDO country and project evaluations to the extent of its applicability in terms of inclusion of relevant procurement related budgets and activities.

A generic evaluation matrix has been developed and is found in Annex B. However questions should be customized for individual projects when needed.

Key Issues and Evaluation Questions

Past evaluations and preliminary consultations have highlighted the following aspects or identified the following issues:

Timeliness. Delays in the delivery of items to end-users.

Bottlenecks. Points in the process where the process stops or considerably slows down.

Procurement manual introduced, but still missing subsidiary templates and tools for its proper implementation and full use.

Heavy workload of the procurement unit and limited resources and increasing "procurement demand".

Lack of resources for initiating improvement and innovative approaches to procurement (such as Value for Money instead of lowest price only, Sustainable product lifecycle, environmental friendly procurement, etc.).

The absence of efficiency parameters (procurement KPIs).

On this basis, the following evaluation questions have been developed and would be included as applicable in all project and country evaluations in 2014-2015:

- To what extent does the process provide adequate treatment to different types of procurement (e.g. by value, by category, by exception)?

- Was the procurement timely? How long did the procurement process take (e.g. by value, by category, by exception)?
- Did the good/item(s) arrive as planned or scheduled? If not, how long were the times gained or were the delays. If delay occurred, what was the reason(s)?
- Were the procured good(s) acquired at a reasonable price?
- To what extent were the procured goods of the expected/needed quality and quantity?
- Were the transportation costs reasonable and within budget. If not, please elaborate.
- Was the freight forwarding timely and within budget? If not, please elaborate.
- Who was responsible for the customs clearance? UNIDO FO? UNDP? Government? Other?
- Was the customs clearance handled professionally and in a timely manner? How long did it take?
- How long did it take to get approval from the government on import duty exemption?
- Which were the main bottlenecks / issues in the procurement process?
- What good practices have been identified?
- To what extent are roles and responsibilities of the different stakeholders in the different procurement stages established, adequate and clear?
- To what extent is an adequate segregation of duties across the procurement process and between the different roles and stakeholders in place?
- Evaluation Method and Tools
- These assessments will be based on a participatory approach, involving all relevant stakeholders (e.g. process owners, process users and clients).

The evaluation tools to be considered for use during the reviews are:

Desk Review: Policy, Manuals and procedures related to the procurement process. Identification of new approaches being implemented in other UN or international organizations. Findings, recommendations and lessons from UNIDO Evaluation reports.

Interviews: to analyze and discuss specific issues/topics with key process stakeholders

Survey to stakeholders: To measure the satisfaction level and collect expectations, issues from process owners, user and clients

Process and Stakeholders Mapping: To understand and identify the main phases the procurement process and sub-processes; and to identify the perspectives and expectations from the different stakeholders, as well as their respective roles and responsibilities

Historical Data analysis from IT procurement systems: To collect empirical data and identify and measure to the extent possible different performance dimensions of the process, such as timeliness, re-works, complaints, etc.

An evaluation matrix is presented in Annex A, presenting the main questions and data sources to be used in the project and country evaluations, as well as the preliminary questions and data sources for the forthcoming thematic evaluation on Procurement process in 2015.

Annex H of Terms of Reference: Evaluation Matrix for the Procurement Process

No.	Area	Evaluation question	Indicators ⁴⁹	Data Source(s) for country / project evaluations	Additional data Source(s) for thematic evaluation of procurement process in 2015
	Timeliness	Was the procurement timely? How long the procurement process takes (e.g. by value, by category, by exception...)?	(Overall) Time to Procure (TTP)	Interviews with PMs, Government counterparts and beneficiaries	Procurement related documents review
		Did the good/item(s) arrive as planned or scheduled? If not, how long were the times gained or delays. If delayed, what was the reason(s)?	Time to Delivery (TTD)	Interviews with PM, procurement officers and Beneficiaries	SAP/Infobase (queries related to procurement volumes, categories, timing, issues) Evaluation Reports Survey to PMs, procurement officers, beneficiaries, field local partners.
		Was the freight forwarding timely and within budget? If not, please elaborate.			Interviews with Procurement officers

⁴⁹ These indicators are preliminary proposed here. They will be further defined and piloted during the Thematic Evaluation of UNIDO procurement process planned for 2015.

Annex 1: Terms of Reference

No.	Area	Evaluation question	Indicators ⁴⁹	Data Source(s) for country / project evaluations	Additional data Source(s) for thematic evaluation of procurement process in 2015
		Was the customs clearance timely? How many days did it take?		Interviews with PMs, Government counterparts and beneficiaries	
		How long time did it take to get approval from the government on import duty exemption?	Time to Government Clearance (TTGC)	Interviews with beneficiaries	
	Roles and Responsibilities	To what extent roles and responsibilities of the different stakeholders in the different procurement stages are established, adequate and clear?	Level of clarity of roles and responsibilities	Procurement Manual Interview with PMs	Procurement related documents review Evaluation Reports Survey to PMs, procurement officers, beneficiaries, field local partners. Interviews with Procurement officers
		To what extent there is an adequate segregation of duties across the procurement process and between the different roles		Procurement Manual Interview with PMs	

Annex 1: Terms of Reference

No.	Area	Evaluation question	Indicators ⁴⁹	Data Source(s) for country / project evaluations	Additional data Source(s) for thematic evaluation of procurement process in 2015
		and stakeholders?			
		How was responsibility for the customs clearance arranged? UNIDO FO? UNDP? Government? Other?		Procurement Manual Interview to PMs Interviews with local partners	
		To what extent were suppliers delivering products/ services as required?	Level of satisfaction with Suppliers	Interviews with PMs	
	Costs	Were the transportation costs reasonable and within budget. If no, please elaborate.		Interviews with PMs	Evaluation Reports Survey to PMs, procurement officers, beneficiaries, field local partners. Interviews with Procurement officers
		Were the procured goods/services within the expected/planned costs? If no, please elaborate	Costs vs budget	Interview with PMs	
	Quality of Products	To what extent the process provides adequate treatment to		Interview with PMs	Evaluation Reports Survey to PMs,

Annex 1: Terms of Reference

No.	Area	Evaluation question	Indicators ⁴⁹	Data Source(s) for country / project evaluations	Additional data Source(s) for thematic evaluation of procurement process in 2015
		different types of procurement (e.g. by value, by category, by exception...)?			procurement officers, beneficiaries, field local partners.
		To what extent were the procured goods of the expected/needed quality and quantity?	Level of satisfaction with products/services	Survey to PMs and beneficiaries Observation in project site	Interviews with Procurement officers
	Process / workflow	To what extent the procurement process if fit for purpose?	Level of satisfaction with the procurement process	Interviews with PMs, Government counterparts and beneficiaries	Procurement related documents review Evaluation Reports Survey to PMs,
		Which are the main bottlenecks / issues in the procurement process?		Interviews with PMs, Government counterparts and beneficiaries Interview with PMs	procurement officers, beneficiaries, field local partners. Procurement related documents review Evaluation Reports Survey to PMs,
		Which part(s) of the procurement process can be streamlined or simplified?			procurement officers, beneficiaries, field local partners. Interviews with Procurement officers

Annex 2: List of people met

Name	Job title/Position in company/organization
UNIDO HQ	
Antonios Levissianos	Project Manager, UNIDO
Namal Samarakoon	Project Manager, UNIDO
Christiane Schimeck	Industrial Development Officer, UNIDO
Steffen Kaeser	Unit Chief, UNIDO
Barbora Kousalova	Assistant of Steffen Kaeser, UNIDO
Margareta de Goys	UNIDO Evaluation Team
Javier Guarizo	UNIDO Evaluation Team
Andreas Tarnutzer	UNIDO Evaluation Team
Selyna Peiris	UNIDO Evaluation Team
UNITED NATIONS SRI LANKA	
Jorn Sorensen	Country Director , UNDP Sri Lanka
Nawaz Rajabdeen	National Director, UNIDO Sri Lanka
Sarath Abeyesundara	National Coordinator – CP Sri Lanka, UNIDO Sri Lanka
Loganathan Vijayanathan	National Coordinator – CP Sri Lanka, UNIDO Sri Lanka
Niroshini Pieris	Programme Secretary – CP Sri Lanka, UNIDO Sri Lanka
GOVERNMENT	
Knut Nyflot	Counsellor, Royal Norwegian Embassy
T.Gz. Meenilankco	Senior Advisor Development, Royal Norwegian Embassy
Kiichiro Iwase	First Secretary (Head of Economic Cooperation) Embassy of Japan
Yasuaki Ito	Second Secretary, Embassy of Japan
J. Justin Mohan	First Secretary (Development Cooperation) High Commission of India
Anura Siriwardena	Secretary MoIC, Ministry of Commerce & Industry (MoIC)
Asitha Seneviratne	Additional Secretary MoIC, Ministry of Commerce & Industry (MoIC)
A.H.M.U. Aruna Bandara	Director - Planning MoIC, Ministry of Commerce & Industry (MoIC)

Name	Job title/Position in company/organization
SRI LANKA	
B.M.U.D Basnayake	Secretary Ministry of Environment and Renewable Energy
Senarath Mahinda Werahera	Air Resource Management & International Relations Division Ministry of Environment and Renewable Energy
Thusitha Sugathapala	DG Sri Lanka Sustainable Energy Authority
Sena Peiris	Chief Executive Officer (CEO) National Cleaner Production Centre (NCPC)
Samantha Kumarasena	Chief Operating Officer (COO) NCPC

Name	Job title/Position in company/organization
SRI LANKA	
M.B. Imran Khan	IT Technician NCPC
Dinesha Nimali Mendis	Accountant NCPC
Preethi de Silva	Senior Secretary NCPC
Lakmiki Edinrayha	Senior RECP Expert NCPC
Harshini Kumarapeli	RECP Expert NCPC
Susanaha Udagedora	RECP Technologist NCPC
Hatupa Gamdunawatha	CP Expert NCPC
Uthpaia Sankalpani	RECP Technologist NCPC
Upandra Arjeewani Weerathunga	RECP Technologist NCPC
Sachira Vilochoni	RECP Technologist NCPC
Danushi Perera	Trainer and CP Expert NCPC
Iresha Gurusinghe	RECP Expert NCPC
Nihal Jayaweera	Plant Manager Union Chemicals Lanka PLC
Nishan Martinus	Environment, Health and Safety Officer Union Chemicals Lanka PLC
Sriyanka Mendis	R&D Manager Union Chemicals Lanka PLC
Jude Rodrigo	Managing Director Bopotiya Auto Enterprises
Ranjith Abeysundara	Executive Officer Peacock Beach Hotel Ltd
U.C. Liyanaarachchi	Ex. House Keeper Peacock Beach Hotel Ltd
Rohitha Amarasekera	General Manager ACL Cables PLC
Padmana C. Wijesundara	Quality Assurance Manager ACL Cables PLC
Manjula Welihinda	Plant Manager ACL Cables PLC
R.A. Arunajith Perera	Electrical Engineer ACL Cables PLC
Refhan N. Razeen	Executive General Manager Heritage Hotel
Harsha Dissanayayabe	Brandix Finishing Ltd.
Sadeep Madhashanka	Brandix Finishing Ltd
Manori Gunaratne	Sustainability Manager - Finlays Tea Estates Lanka (Pvt) Ltd
Naresh Sahabandu	Senior Assistant Superintendent Madulkelle Estate Finlays Tea Estates Lanka (Pvt) Ltd
Rienzie Rambukwella	Manager Community Development & Management Systems Heritage Kandalama
Asanka Wattedgedera	Chief Engineer Heritage Kandalama
A.H.D.S Laxman	Assistant Director Department of Export Agriculture Matara
Muditha Liyanagedara	Director/CEO ITI
A.S. Pannila	Addl DG Technical Services ITI
Gamini Gunasekera	Chairman Ceylon National Chamber of Industries
Abeyratne Muthugala	Secretary General Ceylon National Chamber of Industries
Ananda Kularathne	MD Citro Essential Oils (Pvt) Ltd.
Bandula W Senewirathne	Eastern Spice (Pvt) Ltd.
Chandani Dias	CEO IFCO Holdings (Pvt) Ltd.

Name	Job title/Position in company/organization
SRI LANKA	
Mark Sylvester	Director Operations SDS Spices PLC
Champika Amarasekara	MD Batuhena Estate
Indrajith Rukmal	Manager Hunuwala Estate
Wijitha De Zoysa Jayatillake	MD Dassanayake Walauwa Plantation
Piyatissa Runage	Manager Carlton Estate
B.M. Ranjani Indralatha	Hunuwal Estate Kahawatte Plantations
Sarada da Silva	Chairman The Spice Council
Jayasiri Lankage	General Secretary The Spice Council
KGG Wijesinghe	Head of Research Station/Training Centre DEA
M.Z.M. Farad	National Project Coordinator Cinnamon project
Kirushinee Satheykumaran	Project Secretary and Financial Coordinator Cinnamon Project
Nilanthi Wijewickrema	Administrative and Gender Coordinator Cinnamon Project
Shanka Dharmapala	Technical Analyst (CTA) Cinnamon project
Roshini Gunaratne	Tech Expert (FS & GMP) Cinnamon Project
L.A.A.M. Munasinghe	Factory Manager Batuhena Estate
Nalaka Mendis	Cinnamon grower
Jayantha Peiris	Cinnamon Producer
Shantha Kurrupumullage	Director IndExpo
Nimal Perera	Chairman IndExpo
Nimal Perera	Chairman IndExpo
Subadra Jayasinghe	International expert chemical analysis for TRTA II Pakistan
Sujatha Weerakoon	DG Export Development Board (EDB)
Winter Perera	President CINCA
Ruwan Nagahawatte	Chief Estimating Engineer, International Construction Consortium (Pvt) Ltd.
Hemantha Gunasekara	Managing Director UK Engineering (Pvt) Ltd.
H M Wijekoon	Chief Engineer (Transmission Planning) Ceylon Electricity Board
M.K.M Imali	Staff Coordinator, Ceylon Electricity Board Kundasale
Navaratne Banda	Chairman Village Society Meemure
H.N.P.K.G.Siriwardena Banda	Person-in-Charge Plant Site Meemure
H.N.P.K.G.Jayasinghe Banda	Person-in-Charge Plant Site Meemure
K. Kugathash	CEO Batticaloa District Chamber of Commerce and Industry
S. Ahilan	President, Batticaloa District Chamber of Commerce and Industry
N. Sunthareasan	Founder & Former President, Batticaloa District Chamber of Commerce and Industry
M.I.M Faiz	Divisional Officer/Executive Secretary Agrarian Services Centre Kokkaddicholai

Name	Job title/Position in company/organization
SRI LANKA	
T. Ampayapathy	Beneficiary Paddippalui FO Kokkaddicholai
K. Thiviarajah	Beneficiary Mauadimumari FO Kokkaddicholai
L. Abirami	Proprietor Abirami Rice Four Mill Munaikkadu South Kokkaddicholai
K. Sujatha	Proprietor Luxmi Sweet Center Puddapuram Parathivy
V. Vishvalingam	SAP Beneficiary Kalawanchikudy
Rajendran Krishnaverni	WED Beneficiary Maramutti
K. Sharmila	WED Beneficiary Mylampaveli
Anthony George Mary	WED Beneficiary Batticaloa
M.N. Ramesh	Rural Business Counsellor Sandeevali
V. Kalaichelvan	Chairman Chamber of Commerce and Industries Trincomalee District (CCITD)
K.Kulatheepan	Secretary CCITD
A.S.Nazeer	Senior Vice Chairman CCITD
K.Rajeshwaran	Board Director CCITD
S.H.M.Niyas	Board Director CCITD
S.Uthayanan	Treasurer CCITD
R.M.Dinusha Navodani	Admin & Finance officer CCITD
K.Ajanthan	Trainee Commercial Credit Trincomalee
F.Leddamakanthan	Secretary Kumburupitiya Farmer Organization (FO)
S.Kurukulasingam	Chairman Kumburupitiya South FO
S.Karunanithy	Beneficiary Kumburupitiya South FO
E.Nithikethu	Treasurer Kumburupitiya South FO
Sathkunaratanam	Beneficiary Valarmathy FO Muttur
M.S.Ansar	Beneficiary AL-Hutha FO Muttur
M.A.M.Rizwan	Chairman AL-Hutha FO Muttur
T.Panchawarnan	Beneficiary Vegetable Production Society Kayamunthan Kattaparichchan
S.Sachchithananthan	Beneficiary Vegetable Production Society Kayamunthan Kattaparichchan
M.F.M.Rizwi	Beneficiary Vanniyanarmadu FO Kinniya
S.Jazeer	Beneficiary Vanniyanarmadu FO Kinniya
W.M.Muthubanda	Former Chairman Meegaswewa FO Vanela Kanthale
B.W.Sumanadasa	Chairman Meegaswewa FO Vanela Kanthale
A.Mohamed	Beneficiary Rotawewa Fo
W.G.R.Karunaratna	Beneficiary Galmatiyawa FO
E.M.A.Punchibanda	Beneficiary Sewa FO Padavisripura
H.M.Muthubanda	Chairman Pansalgodalla FO Vanela
H.A.Dharmasiri	Beneficiary Pansalgodalla FO Vanela
M.A.Ibnoos	Beneficiary Rotawewa FO
K.Ramyalatha	Chairman D 1-3 FO Kanthale
J.S.Pushpalatha	Trainer Dept. of Agriculture Trincomalee

Name	Job title/Position in company/organization
SRI LANKA	
M.P.Rohini Mallika	Chairman Thirukadaloor Womens Development Society WDS
A.T.Janaki Swarnamalini	Beneficiary Thirukadaloor WDS
K.Firoosa	Beneficiary Summaya WDS Kinniya
A.H.Risaya	Chairman Summaya WDS Kinniya
Sinoon Bevi	Beneficiary Summaya WDS Kinniya
M.I.A.Lathif	Chairman Vanniyanarmadu FO
M.B.M.Farook	Beneficiary Vanniyanarmadu FO
A.Ibmat	Rotawewa FO, Morawewa
K.W.Punchibanda	Chairman, Seenipura FO
K.Perinbarasa	Beneficiary Srisithriwelauthaswami

**Participant list: Presentation of preliminary findings - 19th September 2014
at 02.00 pm at the Auditorium of Ministry of Industry & Commerce**

Name	Designation, Organization Sri Lanka
Anura Siriwardena	Secretary Ministry of Industry & Commerce
Asitha K. Seneviratne	Additional Secretary Policy Development Ministry of Industry & Commerce
Yasuaki Ito	Second Secretary Embassy of Japan
Thusitha Sugathapala	Director General Sri Lanka Sustainable Energy Authority
J.K.A.Bandula Wijegunasekara	Head Chemical Microbiological Laboratory Industrial Technology Institute (ITI)
Sarada de Silva	Chairman Spice Council
D.N.S.Kuruppumullage	Director /CEO Indexpo Certifications Limited
Nimal Perera	Chairman Indexpo Certifications Limited
Sena Pieris	CEO National Cleaner Production Centre (NCPC)
Samantha Kumarasen	Deputy COO, NCPC
Nawaz Mustapha	Director General Sri Lanka Institute of Textile & Apparel (SLITA)
G.K.K.S.Kumara	Technical Manager Sri Lanka Institute of Textile & Apparel (SLITA)
D.P.L.Jayaweera	Director, Training & Technology Sri Lanka Institute of Textile & Apparel (SLITA)
H.G.S.Sooriyaarachchi	Director Product Certification Division Sri Lanka Standards Institute (SLSI)
M.Z.M.Farhad	National Project Coordinator UNIDO Cinnamon Project
Shanka Dharmapala	National Technical Analyst UNIDO Cinnamon Project
Kirushnee Sathayakumaran	Project Secretary and Financial Coordinator Cinnamon project
Roshini Gunaratne	National Expert for FS and GMP UNIDO Cinnamon Project

Annex 2: List of people met

Name	Designation, Organization Sri Lanka
Nilanthi Wijewickrema	Institutional & Gender Coordinator UNIDO Cinnamon Project
Subadra Jayasinghe	Former UNIDO Consultant
Sena Pieris	CEO National Cleaner Production Centre (NCPC)
Nawaz Rajabdeen	National Director UNIDO Focal Point Office
Sarath Abeyesundara	National Coordinator UNIDO Focal Point Office
Niroshini Pieris	Programme Secretary UNIDO Focal Point Office

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