

Independent Evaluation
ETHIOPIA

UNIDO Integrated Programme



UNITED NATIONS
INDUSTRIAL DEVELOPMENT ORGANIZATION

UNIDO EVALUATION GROUP

Independent evaluation
ETHIOPIA

UNIDO Integrated Programme



UNITED NATIONS INDUSTRIAL DEVELOPMENT ORGANIZATION
Vienna, 2009

Distr. GENERAL

OSL/EVA/09/R.5

22 July 2009

The designations employed and the presentation of the material in this document do not imply the expression of any opinion whatsoever on the part of the Secretariat of the United Nations Industrial Development Organization concerning the legal status of any country, territory, city or area or of its authorities, or concerning the delimitation of its frontiers or boundaries.

Mention of company names and commercial products does not imply the endorsement of UNIDO.

The views and opinions of the team do not necessarily reflect the views of the Government of Ethiopia and of UNIDO.

This document has not been formally edited.

Contents

Abbreviations	iv
Executive summary	v
1. Introduction	1
2. The Ethiopia Integrated Programme in context	4
3. Assessment of programme design, implementation arrangements and funds mobilization for the IPE	10
4. Assessment of components	15
<i>Component 1: Private sector-led enhancement of manufactured products</i>	15
<i>Component 2: Poverty alleviation – through improvements in the efficiency of primary agro-based resources in rural areas</i>	29
<i>Component 3: Special initiatives and regional activities – bamboo</i>	43
<i>Ongoing activities from phase I: Establishment of the Ethiopian Cleaner Production Centre (ECPC)</i>	57
5. Assessment of the programme	63
6. Lessons and recommendations	67
<u><i>Annexes</i></u>	
Annex 1: Terms of Reference for the independent evaluation	73
Annex 2: Organizations visited and persons met	79
Annex 3: UNIDO technical cooperation activities	81

Abbreviations

ADLI	Agricultural Development Led Industrialisation
AGOA	African Growth and Opportunity Act
CDA	Cluster Development Agent
CFC	Common Fund for Commodities
CWG	Cluster Working Groups
CDCG	Cluster Development Coordinating Groups
DFID	United Kingdom Department for International Development
EABP	East Africa Bamboo Project
ECPC	Ethiopian Cleaner Production Centre
EIC	Ethiopian Investment Commission
EU	European Union
EIDS	Ethiopian Industrial Development Strategy
FAO	Food and Agriculture Organization
FeMSEDA	Federal Micro and Small Enterprises Development Agency
GDP	Gross Domestic Product
GMP	Good Manufacturing Practices
GNP	Gross National Product
HACCP	Hazard Analysis and Critical Control Points
INBAR	International Network for Bamboo and Rattan
IP	Integrated Program
IPE	Integrated Program for Ethiopia
LLPTI	Leather & Leather Products Technology Institute
M&E	Monitoring and Evaluation
MDGs	Millennium Development Goals
MoARD	Ministry of Agriculture and Rural Development
MoTI	Ministry of Trade and Industry
MSE	Micro & Small Enterprises
MSMEs	Micro Small and Medium Enterprises
NGOs	Non-Governmental Organizations
OOPP	Objective Oriented Project Planning
PASDEP	Plan for Accelerated and Sustained Development to End Poverty
PHL	Post Harvest Loss
QSAE	Quality and Standards Authority of Ethiopia
ReMSEDA	Regional Micro & Small Enterprises Development Agencies
SNNPRS	Southern Nations Nationalities and Peoples Regional State
TET	Training of Entrepreneur Trainers
TGSI	Textile and Garment Industries Support Institute
UNIDO	United Nations Industrial Development Organization
UR	UNIDO Representative
WED	Women Entrepreneurship Development

Executive summary

Objective of the evaluation

This independent evaluation examines the activities of the UNIDO Integrated Programme for Ethiopia (IPE) Phase II over the period October 2004 to October 2008. It has three key objectives:

- To provide an account of the performance of the programme,
- To draw conclusions and identify lessons from the projects so far, and
- To formulate recommendations with a view to refining the programme for the future.

The evaluation is intended to inform UNIDO, the Government of Ethiopia, donors and other stakeholders about the activities, outputs and potential outcomes of phase II of the Ethiopia Integrated Program.

In terms of methodology, the evaluation has followed the methodology prescribed in the Terms of Reference issued by the UNIDO Evaluation Group. The evaluation was conducted at two levels: the performance of the IPE at the programme level and the performance of the programme at the level of individual projects. It was undertaken in the months of October/November, 2008 and draws on the information gathered from desk reviews, stakeholders meetings, interviews and selected site visits.

Country and industrial context

Ethiopia has the second largest population in sub-Saharan Africa. Its per capita GDP is one of the lowest in the world. In the last two decades the country has seen significant expansion in schooling, roads and other services but little growth in productivity. This has been a disappointment particularly for the agriculture sector which still accounts for 85% of employment and is the cornerstone of the Government's development strategy, Agricultural Development Led Industrialization (ADLI).

Ethiopia's industrial base is extremely narrow. The share of large and medium scale manufacturing industries in GDP was 3.4 percent in 2006/2007 and that of small scale and cottage manufacturing industries 1.6 percent. The manufacturing sector is dominated by light manufacturing such as food processing, textiles and leather which account for nearly 70% of manufacturing value added. It is characterized by low productivity and weak competitiveness resulting from low skills and shortage of capital. Yet this sector could be a major source of export led growth if the enabling environment for investment and skills improvement is improved. The Government's Industrial Strategy has identified the leather and leather products, textiles and garments and food processing sectors. It is

against this background that UNIDO has selected the leather and leather products, textile and garments and food processing sectors as three priorities for its intervention.

Main findings

Programme design finalized after wide consultation

Following the request by the Government of Ethiopia to formulate phase II of the IPE, UNIDO started working on the essential elements of the programme early in 2004. This was followed in March 2004 by an Objective Oriented Project Planning (OOPP) workshop with the participation of senior officials from the Ministry of Trade and Industry (MoTI), representatives of major counter part agencies and UNIDO staff. Subsequently a draft document was prepared by the IP team leader in close consultation with project managers. The draft document was presented to the Ambassador of Ethiopia to UNIDO in April 2004. UNIDO's Project Approval Committee cleared the programme in July 2004 and later in August 2004 the Government of Ethiopia formally approved the programme. The programme document was officially signed by the Minister of Trade and Industry in September 2004.

Three observations can be made with respect to the preparation and design of the second phase of IPE. First, it was prepared on the basis of a good consultation process and it is a collection of projects and activities that fall within priority sectors of the country's industrial development strategy. Second, it appears that a sizeable number of projects in the IPE did not get the attention of donors. Third, for one important component where donor funding was available there was some weakness observed in terms of counterpart absorptive capacity. The effectiveness of the technical assistance to the LLPTI could have been enhanced had the appropriate structure for the institute been in place before or at the time of project implementation.

Implementation arrangements: Strong ownership and coordination by Government

The three major components of the programme came under the responsibility of different counter part agencies with the MoTI assuming the role of national coordinator.

Even though, all of the implementation arrangements specified in the IP document, such as a functioning national steering committee, were not in place, there was a fairly good level of involvement and coordination by MoTI. Based on interviews and reports, the evaluation team concluded that the performance of the national project officers was excellent. Additionally, a good understanding of issues and close relationship with officials by the field office has allowed the UNIDO team to play a valuable role throughout the process of developing and implementing the IPE. National partners have acknowledged the importance of working with UNIDO to access international knowledge networks and markets.

Overall, the implementation arrangement had flexibly responded to the demands in the field, enabled decisions closer to the ground and allowed active involvement of counter part agencies in the implementation of projects. As a neutral development partner, in spite

of the small size of the IPE relative to other support programmes, UNIDO has established good visibility in Ethiopia. It has been effective in influencing sectoral policies and strategies, in particular in the leather sector.

Funds mobilization: Various planned interventions not implemented due to lack of funds

The fundamental challenge facing the IPE has been the lack of resources to cover all identified interventions. This has resulted in lack of continuity across thematic areas, which negatively influenced effectiveness. It also did not allow UNIDO to leverage its small resource base, relative to other donors, into significant macro impact in poverty reduction. This is especially true for planned interventions in poverty alleviation through improvements in the efficiency of agro-based resources in rural areas. Many interventions that would have contributed to the strengthening of linkages between agriculture and industry such as, reduction of post harvest losses, introduction of agro-machinery and safe-use of pesticides, promotion of rural entrepreneurship for the development of MSMEs through technical and managerial training, Women Entrepreneurship Development (WED), etc. were not or only partially carried out due to lack of funds.

Assessment of individual projects

As part of the IP evaluation a desk review of all key interventions under the three components was implemented carried out and the team also collected evaluative evidence from field visits and interviews with stakeholders and project staff. Regarding the Leather & Leather Products Technology Institute (LLPTI), the team drew heavily on the 2008 independent evaluation of the project. The leather and leather products, MSME and Bamboo projects utilized most of the IPE resources.

With the Bamboo project in the lead in terms of performance, the implementation results of all components were found satisfactory. Interventions at the policy level, in particular the master plan study for leather, were relevant, timely and able to influence policy decisions. The Master Plan and Business Plan for the Leather and Leather Products Industry are now the official policy documents of the Government. There is similar expectation for the outcome of the ongoing Agro-processing master plan study. The Bamboo project has been able to show that local capacities can be strengthened to exploit and add value to available natural resources and at the same time address critical environmental issues through public/private partnerships. The Bamboo project however has a weakness often observed in other projects. It did not have a clearly spelled out exit strategy to provide a sound framework for scaling up the project once the pilot activities are completed.

The institutional capacity building, particularly that of the LLPTI, was moderately successful in spite of the significant delay in creating the necessary institutional environment by approving the appropriate structure for the institute proposed by the project evaluation. With respect to the benchmarking exercise for shoe and textiles, the process is not complete. The Government has found the preliminary results of the exercise instructive and intends to take action to disseminate the findings and implement the identified interventions. One other project closely linked to leather and leather products is the 'Made in Ethiopia' project. Through the project twelve firms were able to come together to form a company to produce and market exportable goods.

The cluster development programme has made significant contributions in raising the awareness of the cluster-based approach for the development of MSMEs. Through the project, the institutional arrangements for cluster development in the four selected locations has been strengthened and progress has been made towards the effective functioning of clusters, in terms of improved access to public services, raw materials, micro finance and even product diversification in some cases. It is clear that the process of cluster development is still in its infancy stage and in future the strong focus on production needs to be complemented by adequate attention to the demand/markets for products.

One common weakness of IPs, which is also true for the Ethiopia IP, is the fact that monitoring of project implementation does not extend beyond administrative control over project expenditure. Critical progress reports on activities and results are missing. In the absence of quantitative and qualitative follow-up on emerging outcomes, informed decision making for strategic management becomes a challenge. Where progress reports are available, they do not systematically include planned and actual outputs deliveries with outcome indicators associated with output deliveries.

Assessment of the programme

Broadly in line with Government priorities, fair degree of integration but poor evaluability

Two broad conclusions can be drawn from the team's assessment of the programme. The first is that there is evidence to suggest that there has been a fair amount of internal and external integration. For example, there was complementarity between the activities of the cleaner production center and the food and leather sector interventions. Similarly, there were synergies between the leather and textile components and the cluster project. Externally there was collaborative work and close consultation with USAID and GTZ with respect to leather sector (export promotion and hides and skins improvement) and the bamboo project interventions (GTZ).

The second conclusion is that, even though programme components were relevant and consistent with Government priorities and objectives, it was not possible to comprehensively verify their effectiveness at outcome and impact levels because of the absence of evaluative evidence. If we limit our assessment to activities and outputs, however, the IP has been largely successful.

Recommendations to UNIDO

1. For the next IPE phase, UNIDO should focus its resources in its area of comparative advantage. In the area of policy advice, it should continue its support to strategic studies and master plans and their implementation, in particular for the agro- processing sector. At the sector-level level it should focus on either institutional capacity building of key sectoral institutions like the LLPTI and the newly established Leather and Textile Development Center and, supporting the implementation of recommendations from the ongoing benchmarking exercise across the textile and shoe industry sectors.

2. The next IPE should have a clear resource mobilization strategy. A coordinated effort between Headquarters, the Regional Office and the Government of Ethiopia will be required to get buy-in for the programme by donors. UNIDO seed money, if granted, should be used for preparatory activities and to attract donor funding and should not be used as a substitute for donor funding.
3. The programme document of the next phase should properly elaborate and require the implementation of a monitoring and reporting system that would track outputs and outcomes using appropriate indicators and periodically compare with the baseline data established in advance.
4. The independent evaluation of LLPTI has recommended that UNIDO consider further institutional capacity building assistance to the institute and this IP evaluation endorses this. To that end experts with adequate language skills should be fielded for longer periods to allow time for a more effective transfer of know-how.
5. LLPTI has a good potential to disseminate technology, provide carry out applied research, education and service provide training and services to the leather industry. To exploit this high potential the active involvement in- and ownership of the work plan of the institute by the private sector should be encouraged. In connection with this UNIDO and the Government should also build and expand partnership with the private sector and, identify and expand opportunities for cost-sharing.
6. Continued assistance to the 'Made in Ethiopia' initiative is recommended and linkages to the LLPTI should be considered possibly under the umbrella of a new technical assistance programme to LLPTI.
7. With respect to the bamboo project, there is a need to institutionalize the project management unit within the Government structure to ensure the continuity and sustainability of project results and, for this, UNIDO's assistance might be necessary. UNIDO also needs to consider joint work with FAO to help propagate bamboo in as many areas as possible focusing its support on core competence areas such as bringing about regular supply of raw materials and processing and marketing of bamboo i.e. along the entire value chain. It should encourage the Ministry of Agriculture and Rural Development (MoARD) to carry out a fresh inventory of bamboo resources.
8. With regard to the Cluster (MSME) activities the monitoring needs to be improved in order to produce consolidated information on results at the cluster level. M&E systems applied by Cluster programmes in other countries (India, Nicaragua) should be used as models. The next phase should emphasize more the leading role of local partner institutions in cluster development (e.g. qualifications and assignment of co-CDAs). Emphasis should be also put on the development of vertical linkages (backward – raw materials, forward – markets) and the combination of Cluster initiatives with value chain approaches should be explored.

9. The support to the Ethiopian Cleaner Production Centre (ECPC) should be fully integrated into the next phase of the IP or Country Programme. Consideration should be given to create a separate legal entity for the ECPC to enhance the responsiveness of the Centre to the needs of the private sector. Working more with SMEs using collective approaches and links to clusters should be considered. UNIDO should ensure that donors are more involved in project monitoring.

Recommendations to the Government

1. The success of a future IPE will depend to a large extent on a successful funds mobilization effort. The Government and UNIDO should be committed to a joint funds mobilization strategy and jointly make sure that resource mobilization is an integral part of their partnership.
2. The Government should strengthen the national co-ordination of the programme by reinstating and encouraging regular meetings of the steering committee at the national level.
3. The Government should expand ongoing efforts to strengthen the governance structure and staff of LLPTI with emphasis on an increased involvement of the private sector. Dealing with bottlenecks in terms of material resources and technical skills alone is unlikely to yield sustainability of institutional capacity.
4. The MoARD, MoTI and donors need to join hands to carry out a fresh inventory of bamboo resources in Ethiopia, as current estimates are outdated (GTZ undertook a survey in 1997). In carrying out such an inventory, criteria such as the number of potential rural & urban beneficiaries, accessibility of the bamboo culms for potential investors, characteristics of the available bamboo species, etc need to be considered.

Lessons learned of wider applicability within UNIDO

1. The multi-sector nature of the integrated programme and the size and complexity of the country requires strong leadership and coordination at the field office level. Building strong coordination mechanisms through national and project specific steering committees is important not only for the successful implementation of the programme but also for sustainability long after UNIDO has pulled out.
2. Strengthening UNIDO's contribution to development effectiveness is only possible if there is rigorous use of available evidence about what works and what fails. Even successful programmes need evidence to identify the extent of benefits and potential areas of improvements in future implementation. To this end the evaluation team believes that existing monitoring systems must be systematically improved and expanded to cover outcomes and, where possible, their association with output delivery.

3. The lesson of the MSME project shows the relevance of South-South cooperation for UNIDO initiatives. Ethiopian experts and CDAs were able to acquire knowledge from study tours to India and from the Indian consultant in charge of the initial cluster mapping and sensitization process.

QUALITY MATRIX

	Identification	Formulation	Implementation	Follow-up
Policy Relevance	Aligned to Government policies and strategies; Focus on priority sectors has enhanced the relevance of the programme	Converges with national and sector strategies	The National Steering Committee overlooks policy relevance	Future phase should identify indicators to measure the extent of alignment to IP objectives
Counterpart Ownership	Consultation with Government officials at many levels through OOPP	Meetings with counterpart agencies and donors	Strong coordination role played by MoTI	The national steering committee should be reconstituted and be made operational
Sustainability of the Intervention	Sustainability was not used as a criterion during the identification of activities of IPE	The need to monitor costs and benefits not foreseen during formulation stage	Exit strategies and sustainability issues not sufficiently addressed	Future IPs should require that sustainability issues be addressed at all stages
Reaching Target Groups	There was an OOPP with all stakeholders	No evidence of consultation with target groups	There is evidence of consultation with target groups but their influence not clear	Need to follow up outcome and impact on target groups such as groups reached by cluster approach and village groups in the case of the bamboo project.
External Coordination	The IP is consistent with UNDAF and some of the components coordinated with other donors	Need was recognized	There was a fair amount of external coordination	More effort needed to forge strategic partnership with other agencies and donors.
IP Integration		IP touched on the issue but did not go into detail as to how integration would be achieved Not specific enough	There is a fair amount of internal and external integration	Pro-active role of the team leader and UNIDO Office in Ethiopia to inform team members on Ethiopian industrial sector. This will facilitate identification of activities that are mutually supportive/promote integration.
Results Based Management	The objectives established were too ambitious and the targets set not realistic even if full funding is made available	No baseline data to start with	Performance indicators not monitored	There is a need to establish a monitoring and evaluation system that can track outcomes
Funds Mobilization	Funds mobilization strategy not properly articulated		Various planned activities were not implemented due to lack of funds	Systematic fund mobilization strategy is needed for each IP
UNIDO Corporate Strategy	The IP and its components are in line with UNIDO Corporate Strategy			
Innovation and Lessons Learned	Previous experience in working in the country was helpful	Some of the components are from phase I IPE	Close working relations with the Government and ownership of programme by the Government was very helpful	

1

Introduction

Objective

This evaluation is intended to provide an overall assessment of key development results achieved through the Ethiopia IP II. It seeks to identify lessons that can guide current and future UNIDO programmes and recommends actions to enhance the development effectiveness at the country level. It has three key objectives:

- To provide an account of the performance of the programme,
- To draw conclusions and identify lessons from the projects so far, and
- To formulate recommendations with a view to refining the programme for the future.

Rationale for the evaluation

The timing of the evaluation was opportune for many reasons. First, with the exception of two, all the projects under the programme are complete or nearing completion. It is now time to start the preparation of a new programme and an evaluation of the current programme will help drawing lessons for the new one. Second, a new UNIDO Representative (UR) was appointed towards the end of 2008. This evaluation will create an opportunity for the UR to dialogue with the Government and will offer both a chance to review past experience and to identify activities and projects for the next programme. Third, although the industrial sector has been growing in the recent past, the sector remains relatively small and dominated by firms with low productivity. The development of an industrial sector capable of competing in the global economy will require among other things an active role of the Government to remove impediments and foster development of the domestic private sector. UNIDO can play an important role in this effort through a careful review and selection of activities that are efficiently executed and produce the expected results.

Scope of the evaluation

The evaluation covers the Ethiopia IP II portfolio implemented during the period 2005-08 and includes:

- An outline of the key features of context within which the IPE has been designed and implemented,

- An assessment of the design, management and coordination of the programme including the resource mobilization efforts,
- An assessment of the performance of individual projects, and
- An assessment of the performance of IPE as a programme and its degree of integration internally and externally.

It attempts to answer key evaluation questions:

- Do the needs that gave rise to the projects still exist? Have they changed or are there new needs that should be addressed? In other words answer to the question of relevance,
- To what extent has the project achieved its immediate objective? In other words how effective IPE has been towards meeting its objectives,
- Do the expected project results continue to justify the costs incurred? In other words how efficient it has been, and
- Do conditions exist to ensure that the project results have lasting effects after the termination of the project? In other words the question of impact/sustainability.

Methodology

In terms of methodology, the evaluation has followed the terms of reference issued by the UNIDO Evaluation Group. The evaluation was conducted at two levels: the performance of the IPE at the programme level and the performance of the programme at the level of individual projects. It draws on information gathered from desk research, interviews, and selected site visits and stakeholders meetings as well as previous evaluations undertaken, in particular the recent one on the LLPTI.

The evaluation mission was undertaken in the month of October 2008. The program of interviews and field visits was facilitated by the UNIDO Regional Office (RO) and the project staff. The field mission was conducted over a period of two weeks. A list of the persons met and organizations visited in Ethiopia is given in Annex II.

A wrap-up meeting took place in the conference room of MoTI. The meeting was chaired by the State Minister of MoTI and participants included staff of MoTI, national project coordinators and UNIDO RO staff. The meeting offered an opportunity to exchange views on the preliminary findings of the team and clarify matters arising from the presentations.

The evaluation team consisted of Getinet W. Giorgis, independent international consultant and team leader, Johannes Dobinger (UNIDO Evaluation Group), and Tsegaye Teklu, independent national consultant. Mr. Carlo Pietrobelli was the lead evaluator of the MSME project, which was evaluated at the same time within the framework of the ongoing thematic evaluation of UNIDO's Cluster and Networking Development Initiatives. The MSME project will be covered in more detail by a separate evaluation report.

Structure of the report

The report is structured as follows. Following this section the context under which the IPE has been implemented is discussed. The aim of the section is to understand the country, industry and UNIDO context under which the IPE has been designed and implemented. Section 3 assesses the programme design and its implementation arrangements including the fund mobilization efforts and highlights key findings. Section 4 reviews the performance of individual projects using the standard evaluation criteria of relevance, efficiency, effectiveness and sustainability. Section 5 presents an assessment of the performance of the IP as a programme. The final section (6) draws recommendations from the various sections and summarizes the major lessons learned.

2

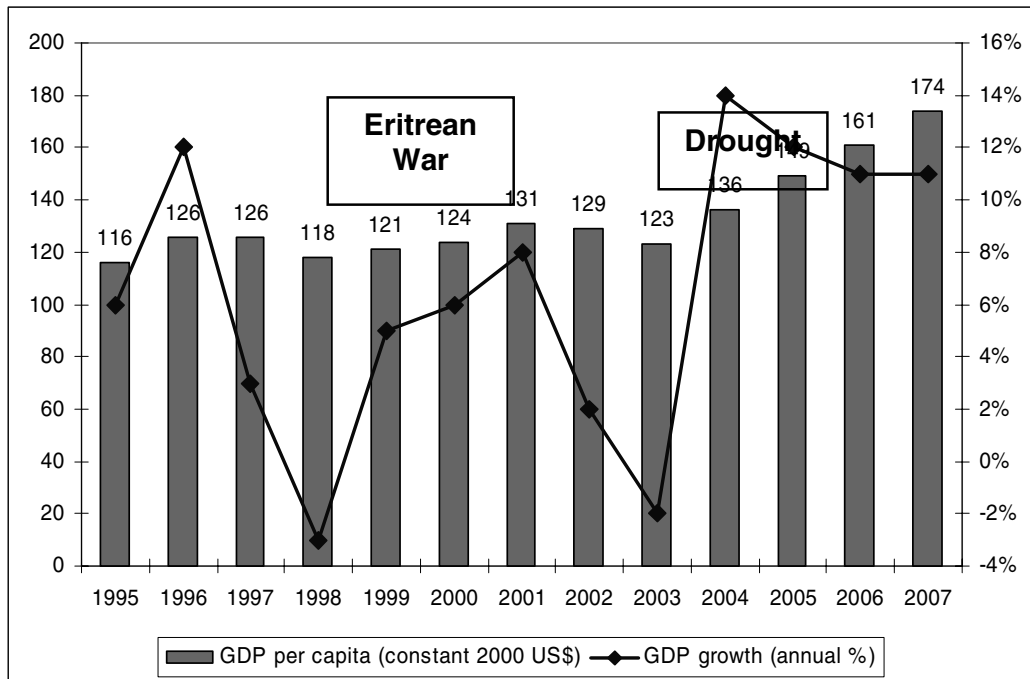
The Ethiopia Integrated Programme in context

Country context

Ethiopia is the second most populous country in sub-Saharan Africa with a rich history and culture but still ranking among the poorest in the world. Ethiopia has a distinctive history and culture and is the only country in Africa that has not been colonized. It is located in the horn of Africa and is at a crossroads between the Middle East, Asia and Africa. The population size of Ethiopia was estimated at 79.2 million in 2008: classified into 83% rural and 17% urban.

Despite high economic growth in recent years, the structure of the economy is unchanged. Lack of productivity growth in the agriculture sector is the key constraint. Ethiopia still ranks among the poorest countries in the world and its drought-proneness makes it very vulnerable. Since 1995 the country experienced a rise in GDP that was interrupted by the Eritrean War and a serious drought.

Figure 1: GDP per capita and GDP growth (in per cent)



Source: The World Bank.

Agriculture, the mainstay of the economy and leading source of employment, remains dominated by small-holder farming. There is high dependence on rain fed, low productivity agriculture. Agricultural productivity is low by world standards.

The Government has adopted the Agricultural Development Led Industrialization (ADLI) as a strategic framework for development. This strategy echoes the dual role of rural productivity growth and urban industrial and service sector takeoffs that were so important to the successes of some Asian countries. However, past experience shows that this approach is insufficient as agricultural productivity increases and linkage with industry were not so evident in Ethiopia as in the case of East Asia. The Government's current development plan, known as the Plan for Accelerated and Sustained Development to End Poverty (PASDEP) reflects a new thinking on growth driven by the private sector and diversification of and commercialization of small farms.

The Ethiopian Economy has undergone two rounds of reform since 1991. The reforms have significantly improved the business environment. It can be said that at the most general level the country has a 'pro poor national policy' framework. However development observers still point to policy-level deficiencies that constrain the effectiveness of national development efforts.¹

Industry context

Ethiopia's industrial base is extremely narrow. The share of large and medium scale manufacturing industries in GDP was 3.4 percent in 2006/2007 and that of small scale and cottage manufacturing industries 1.6 percent². The manufacturing sector is dominated by light manufacturing such as food processing, textiles and leather which account for nearly 70% of manufacturing value added. It is characterized by low productivity and weak competitiveness resulting from low skills and shortage of capital. Yet this sector could be a major source of export led growth if the environment for investment and skills improvement is improved.

The most common problems faced by manufacturing enterprises, including large- and small-ones are the following:

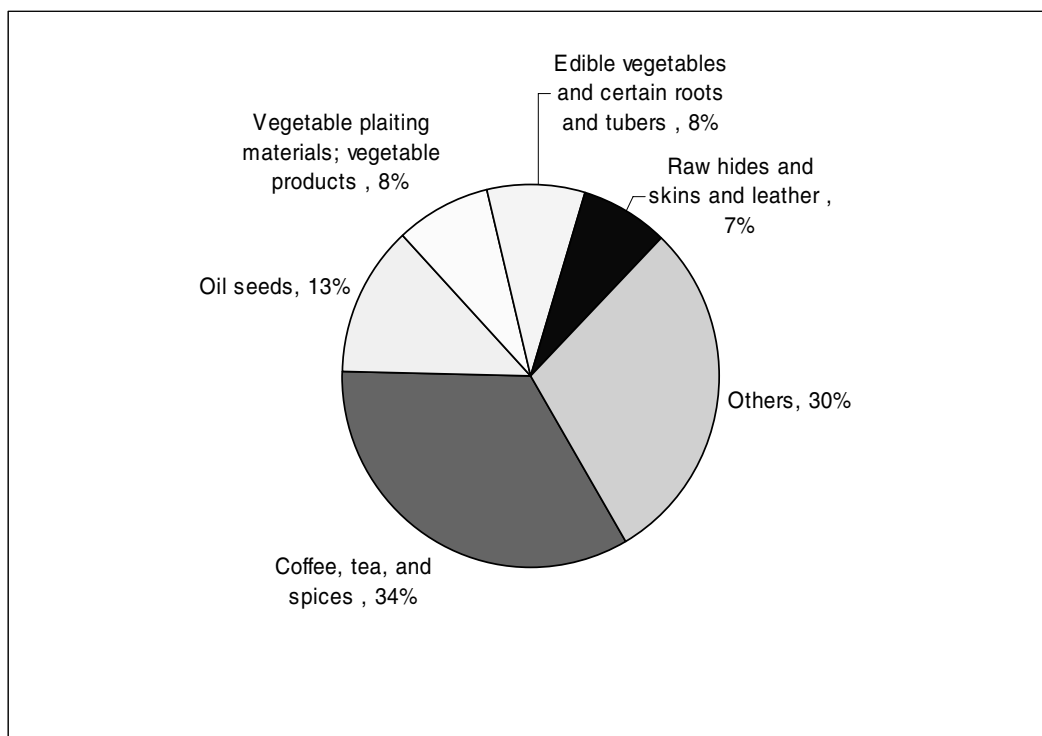
- Shortage of raw materials in the required quality and quantity;
- Shortage of foreign exchange;
- Lack of domestic or export market/demand;
- Lack of working capital;
- Power and water supply interruptions;
- Machinery breakages and shortage of spare parts;
- Lack of skilled human resources.

¹ Country Evaluation: Assessment of Development Results Ethiopia 2006 UNDP

² World Bank Group

The share of manufactured exports to total exports of the country remains low and only leather and leather products as well as textiles contribute to the country's export performance, the two accounting to about 10 percent of the aggregate export earnings in 2007/8. Figure 2 illustrates that leather constitute an important share of the main agricultural export commodities. Overall export performance is highly dependent on global commodity markets and value-added is still rather low.

Figure 2: Top exported commodities



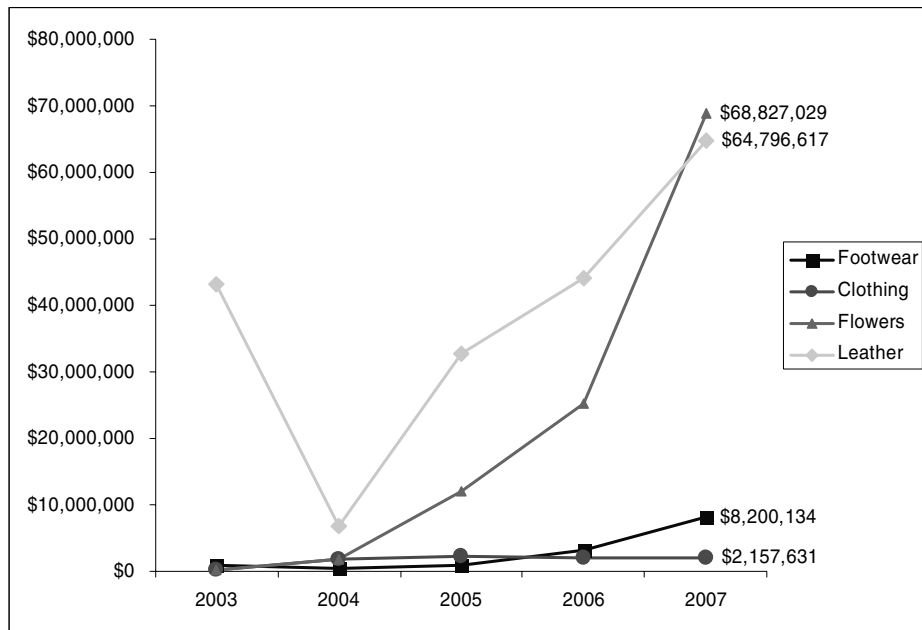
Source: UN Comtrade.

Priority sectors

Consistent with the Ethiopian Industrial Development Strategy the IPE focused on the following sectors: Leather and leather product, Textiles and garments, food and Horticulture.

Figure 3 below shows the export performance of the four main sectors that the IPE addressed directly or indirectly (in the case of the horticulture sector, UNIDO engaged in capacity building for greenhouse production and thus only indirectly influenced export performance of flowers). The only sector covered by the IPE that started from a relatively high level is the leather sector which is composed of hides and skins as well as leather products. The floriculture sector showed impressive growth and while in 2003 only flowers worth \$US 300 thousand were exported, in 2007 exports accounted for more than \$US 68 million. However, the export performance in the garment and footwear sectors is slightly different and until now has shown a rather modest rise.

Figure 3: Development of Exports (SITC Rev. 3)



Source: UN Comtrade.

The leather industry has historically been one of the leading foreign exchanger earners. There are about 20 tanneries and at least 12 mechanized medium to large shoe factories.³ At the present time most tanneries export mainly semi-processed leather but there has been a progressive increase of exports of higher value added products; a development probably related to new taxes on pickled and wet blue exports. About ten tanneries are producing and exporting finished leather. Five shoe factories have sub-contracting arrangements for export of shoes. Despite its size and potential for high value addition the sector is highly constrained by quality raw material supply, market and skilled labor constraints.

The donor environment

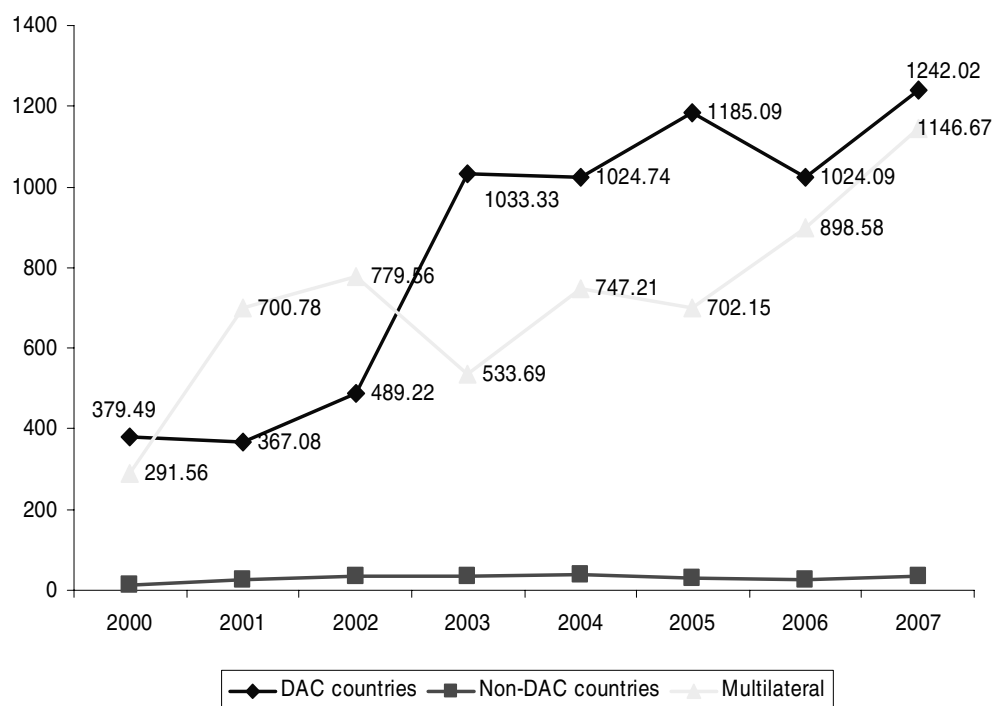
The World Bank, the EU and the African Development Bank are the major multilateral donors in Ethiopia. The World Bank focuses on sector programmes in education and health, HIV/AIDS, agricultural production, human capacity development, and Ethiopia's rehabilitation and reconstruction programme along the Ethiopia/Eritrea border. The United States and Japan are the two biggest bilateral donors, followed by Italy, Ireland, Germany, and Great Britain. In the following chart we see that since 2000 official development aid in Ethiopia has been increasing significantly and reached more than \$US 2.2 billion in 2007.

³ UNDP: Final Report on Value Addition in the Leather and Leather Products Industry: 2008

There is a donor assistance group (DAG) comprised of 25 bilateral and multilateral donors, including UNIDO. Through the PRSP process, the DAG has moved from being a forum for information sharing towards a donor community speaking with one voice in the partnership with Government of Ethiopia. UNIDO is a member of the DAG on private sector and participates in regular meetings. A subgroup on Cluster and value chain is also established, here UNIDO co-chairs with the Dutch Embassy.

The current UNDAF II (2007 – 2011) covers five priority areas, one of them being enhanced economic growth. This priority area emphasizes the importance of alignment with PASDEP, similar to the emphasis that UNIDO IPs give to the alignment with Government priorities. The general thrust of the UNDAF is on capacity building and technology transfer with UNIDO being included in most of the relevant areas of intervention.

Figure 4: Official Development Assistance to Ethiopia (in \$US million)



Source: OECD.

The IPE Second Phase

By the end of 2008 not all programme components had been implemented in full, with an average financial implementation rate of only 45% (expenditures vs. planning figures). The original programme planning figure excluding bamboo was USD 9.8 million out of which only USD 5.4 million was made available. Total expenditure was USD 4.4 millions which represents about 81% of available funds.

Table 1: Expenditures versus planning figures in IPE Second Phase

Programme Component	Current Planning Figure	Total Allotment	Total Expenditure
Multipurpose		2243,079	142,694
Private sector led enhancement of competitiveness of manufactured products	7,315,694	3,641,336	3,096,052
Poverty alleviation through improvements in the efficiency of primary agro-based resources in rural areas	2,178,000	1,111,260	835,942
General Management	322,000	367,115	287,646
Total	9,815,694	5,362,790	4,362,333

3

Assessment of programme design, implementation arrangements and funds mobilization for the IPE II

Programme preparation and design

Programme prepared by the IP Team Leader in close consultation with Government officials and benefited from an OOPP workshop. Following the request by the Government of Ethiopia to formulate phase II of Ethiopia IP, UNIDO started working on the essential elements of the programme early in 2004. This was followed in March 2004 by an “Objective Oriented Project Planning” (OOPP) workshop with the participation of senior officials from MoTI, representatives of major counter part agencies and UNIDO staff. Subsequently a draft document was prepared by the IP team leader in close consultation with project managers. The draft document was presented to the Ambassador of Ethiopia to UNIDO in April 2004. UNIDO’s Project Approval Committee cleared the programme in July 2004 and later in August 2004 the Government of Ethiopia formally approved it. The programme document was officially signed by the Minister of Trade and Industry in September 2004.

Coherent Programme structure is based on two main pillars: The first pillar is the enhancement of competitiveness of manufactured products while the second groups activities that fall under poverty reduction through the efficient use of agro-based resources. Outside the two pillars a separate programme of activities was included to accommodate the continuation of projects not completed in Phase I (in the field of Cleaner Production and Energy) and a regional project on Bamboo plantation and processing in Kenya and Ethiopia. The main features of the Bamboo project were not elaborated at the time of the formulation of the programme.

Various interventions were identified to fall under the two pillars. Overall, the two-pillar structure was coherent, with each component containing projects and activities designed to contribute to the component objectives. However, with both components targeting different beneficiaries, cooperating with different counterparts and having substantively very different development objectives, the potential for integration of different UNIDO services into one package was rather limited from the beginning.

Programme document of limited use for implementation. The programme logic, describing a causal chain from development objectives down to the activity level was developed in great detail. However, in only few cases the programme document served as a reference for implementation, since the individual sub-components were funded by different donors, each requiring a fully fledged project document. The terminology used in the programme document does not clearly distinguish between outputs and outcomes.

Programme benefited from an independent evaluation of Phase I. Phase I of the Ethiopia IP was the subject of an independent evaluation carried out in July 2003. The evaluation recommended that Phase II focus on enhancing the competitiveness of priority sectors (leather and leather products, textile and garments, and food) and in strengthening the institutional linkages with the private sector.

Programme addressed expressed priorities of the Government and made use of long term development partnership arrangements. All the activities included in the IP are in line with PASDEP and the Ethiopian Industrial Development Strategy (EIDS) and were expressly requested by the Government. In the preparation of the programme UNIDO made use of the sectoral knowledge it had as a result of its long term involvement. The key strategic entry points for UNIDO were:

- Use of UNIDO's comparative advantage e.g. expertise in leather and leather products ;
- Policy advice (e.g. Master plan studies) and use of pilot experiences to influence general policies (e.g. Made in Ethiopia);
- Forging partnership with donors (e.g. USAID), private sectors (e.g. Taytu Group) and other stakeholders

Programme well integrated to the overall UN activities in the country. The programme document refers explicitly to the relevant areas of the United Nations Development Assistance Framework (UNDAF) to be addressed by UNIDO's cooperation: sustained economic growth, productive employment, food security, sustainable agricultural development. PASDEP serves as a reference for the UNIDO IPE as well as for UNDAF.

Conspicuous absence of a monitoring and evaluation mechanism. At the programme level, there were no provisions for project monitoring, supervision and evaluation with specific references to indicators that address efficiency and effectiveness of programme activities. Ideally programme design should ensure that programmes are evaluable and require that tracking of development outcomes using appropriate indicators be carried out jointly with the Government and its partners. Process indicators for key principles such as ownership and partnership should also have been included.

Assessment of programme implementation arrangements

The programme implementation arrangements as envisaged in the Programme Document are summarized in Table 2.

Fairly good level of involvement and coordination by MoTI. Even though not all of the implementation arrangements specified in the IP document were in place, there was a fairly good level of involvement of- and coordination with the MoTI. Based on interviews and reports reviewed the performance of the national project officers was found to be good. Added to that, a good understanding of technical issues by the field office has allowed it to play a valuable role throughout the various phases of development and implementation of the IP. National partners have acknowledged the importance of working with UNIDO to access international knowledge networks and markets.

Table 2: Programme management arrangements

Mechanism for Coordinating and Monitoring as Originally Planned	Performance of the Mechanism Observations of the Evaluation Team
A National Steering Committee chaired by MoTI and comprising relevant institutions, Beneficiaries and donors to meet at least four times a year	Although there were few meetings during the initial implementation phase there were no regular national steering committee level meetings for the most part of the implementation period.
UR to be the Team Leader for the implementation of the programme	UR effectively acted as the team leader and his role was made easy by the placement of the IP first phase team leader as a senior development officer in the Addis Ababa field office.
Backstopping Officers in Vienna to manage project implementation	Backstopping officers played the technical coordination roles from Vienna.
A National Programme Coordinator to be recruited for day to day management of programme	An NPC coordinator was in place but left the field office few months after the start of the second phase. A new NPC was appointed soon after.
Tripartite Review Meetings for each programme component at least once a year	Regular Steering Committee Meetings held and national coordinators played useful roles in managing and coordinating assigned projects
National counter part agencies – <ul style="list-style-type: none"> ▪ MoTI for the main component, ▪ Ministry of Agriculture and Rural Development (MoARD), ▪ Ministry of Health, ▪ FeMSEDA, ▪ Quality and Standards Authority of Ethiopia (QSAE), ▪ Ethiopian Investment Commission (EIC) ▪ LLPTI ▪ Textile and Garment Industries Support Institute (TGISI) ▪ Ethiopian Cleaner Production Centre (ECPC) 	With MoTI as the lead counter part agency all other agencies were actively involved in the implementation of the IP

IP implementation arrangement made use of decentralized decision making structure under country based leadership. The role played by the UR as a team leader and the fielding of the former team leader as a senior development officer with experience in the

leather sector allowed the field office to play a valuable role throughout the preparation, presentation and implementation of the IP.

Overall, the implementation arrangements helped the IPE to respond flexibly to the demands in the field, enabled decisions closer to the ground and allowed active involvement of counter part agencies in the implementation of projects consistent with the principle of national ownership.

Assessment of funds mobilization efforts

The question of resource mobilization is an important aspect of programme context and quality since it is closely linked to UNIDO's capacity to provide effective technical assistance and to seize opportunities as they arrive.

The Financial Resource Mobilization Unit of UNIDO (FRM) has a set of instructions for fund mobilization which is summarized in Table 3. The guidelines call for three main objectives to be aspired to: programmes to be funded by a single budget with flexibility to specific objectives; full national ownership and commitment and an agreed fund raising approach. Measured against these guidelines the Ethiopia IP can not be seen as one that has strictly followed the guidelines.

Table 3: Funds mobilization efforts

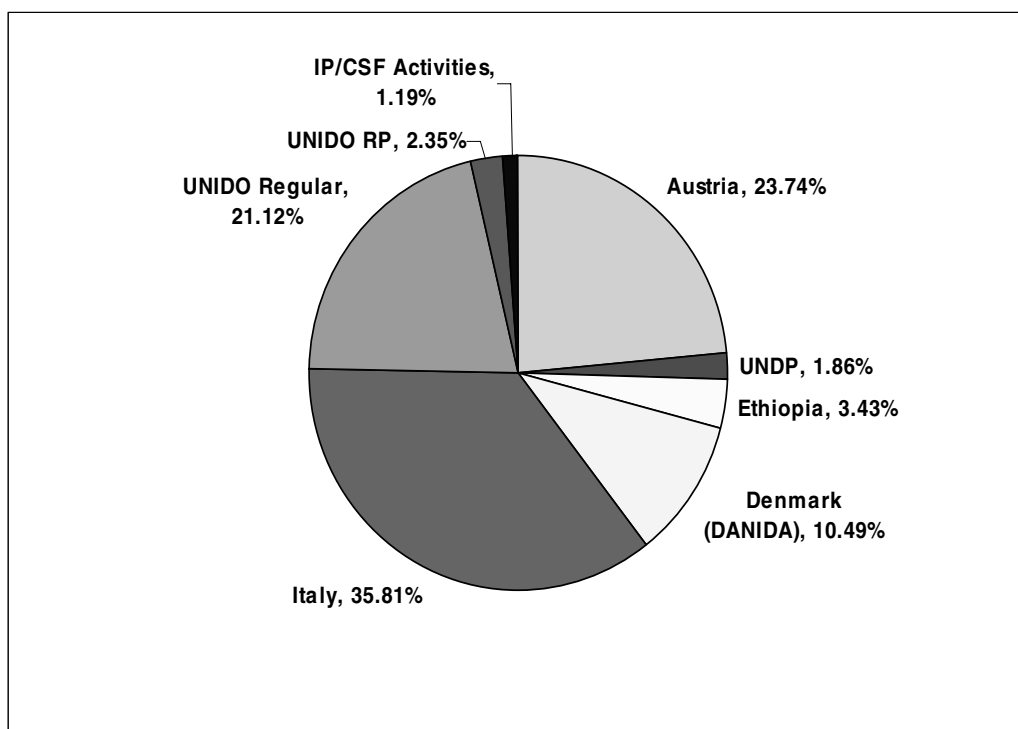
Fund Mobilization Guide	Ethiopia IP II Fund Mobilization Effort
IP to be funded by a single budget with flexibility in the allocation of funds to specific activities	This was not possible. Experience of this and other IPs has shown that programmes are funded by different donors, each funding specific components or projects, which have to be managed separately.
Government Ownership and Commitment as demonstrated by : <ul style="list-style-type: none"> ▪ Co-funding ▪ Presentation of programme by the Minister of Industry and Trade ▪ Involvement of counterpart agency or the MoTI in fund mobilization activities 	There has been Government contribution in kind eg staff, office and recurrent expenditures, but there is no evidence of involvement of counterparts in organized joint fund raising activities.
Fund Mobilization Approach <ul style="list-style-type: none"> ▪ Consultation with local donors during the programme formulation phase ▪ A formal presentation of the programme by the Government to 	The evaluation team was informed that consultation meetings were held with Austria and Italy and that a special consultation meeting was arranged by Mr. de Groot at HQ. Norway, UK and Japan were approached but due to the political situation following the May 2005 elections

Fund Mobilization Guide	Ethiopia IP II Fund Mobilization Effort
donors <ul style="list-style-type: none"> ▪ A special fund mobilization mission to individual donors 	they were not able to consider the request.

Various interventions identified in IPE e.g. textile and garments, post harvest losses programme, agro machinery, safe use of pesticides, support to TGISI, were not implemented due to lack of funds. Unpredictability of availability of funds constrained the full implementation of the programme thus negatively influencing effectiveness.

Figure 5 shows donor participation excluding the bamboo project in funding the IP. Italy is the biggest donor followed by Austria. The contribution of UNIDO from its regular budget was substantial and is mostly used for studies of strategic importance to MoTI in response to special requests by the Government. While this increased the responsiveness of the IP to the demands and priorities of the Government, it limited significantly the usefulness of UNIDO financial contributions as seed money for the identification and preparation of new initiatives within the IP framework.

Figure 5: Donor participation in funding EIP 2



Source: UNIDO Infobase.

4

Assessment of components

Component 1: Private sector-led enhancement of competitiveness of manufactured products

Objectives

The objective of this component is to enhance the competitiveness of selected sub-sectors: leather, textile and food products through a combination of institutional support, training and studies. The sub-sectors selected are priority sectors identified by the Government's Industrial Development Strategy. The component has been divided into five "outputs" or sub-components. The objectives and planned strategies of the five sub-components are briefly discussed below.

Sub-component 1.1: Institutional support of cross-sectoral institutions

The objective of this sub-component is to strengthen the capacities of institutions that support agro-industries. The institutions to be supported are the Ministry of Trade and Industry (MoTI), the Quality and Standards Authority of Ethiopia (QSAE) and the Ethiopian Investment Commission (EIC) currently the Ethiopian Investment Agency (EIA). The expected outcome was an improved environment for Ethiopian firms to access technology, standards and markets.

Sub-component 1.2: Strengthening institutions that support three selected agro-industries

The leather and leather products, textile and garment, and food industries have been identified by the Ethiopian Government as priority sub-sectors. This sub-component aims at strengthening the capacity of three key institutions that give support to these sub-sectors. The institutions identified are the Leather and Leather Products Technology Institute (LLPTI), the Textile and Garment Industries Support Institute (TGISI) located at Bahir Dar University and the Department of Food Science and Technology Established at Awasa College and a Food Technology Support Centre. While the selection of institutions to be supported corresponds to the overall programme logic, the programme document does not include an assessment of the specific advisory and support needs of these institutions.

Sub-component 1.3: Support to food safety and consumer protection activities

Food borne illnesses are very common in Ethiopia just as they are in other LDCs. Global standards for food safety quality and operational criteria are essential to promote food

safety and facilitate international trade. The objective of this sub-component is to promote food safety and standards conformity by the food industry. Activities under this sub-component included strengthening capacities to assess conformity to standards and the introduction of Good Manufacturing Practices (GMP) and Hazard Analysis and Critical Control Points (HACCP) as well as clean technologies in selected food industries.

Sub-component 1.4: Improve the competitiveness of selected agro-industrial enterprises

No single factor explains the low competitiveness of the Ethiopian manufacturing sector but rather a range of factors, including skills, management and a set of issues related to the investment environment. The objective of this sub-component is to enhance the competitiveness of selected agro-industry enterprises by identifying constraining factors at the enterprise level. Activities under this sub-component include benchmarking exercises to identify actions to improve competitiveness of selected enterprises. The sub-component also aims to identify and create awareness on corrective actions that need to be taken, such as implementing cleaner production techniques. However, the strategy for this sub-component does not explain how measures taken in selected companies would lead to overall sectoral performance improvements.

Sub-component 1.5: Exports and investment promotion

Ethiopia's exports are relatively low as a share of GDP and remain concentrated in raw materials. The IP has identified lack of knowledge of markets, inefficient production practices and poor international networks for products with export potential as constraints. The objective of this sub-component is to try to remove some of these constraints by introducing a 'territorial marketing' concept for 'Made in Ethiopia' product lines as well as by participating in and/or organizing international trade fairs. The expectation is that this pilot experience would be replicated by other groups of entrepreneurs.

Overall it can be noted that, while the objectives and expected outcomes of the different sub-components were relevant, they were too ambitious given the small size and limited duration of the planned interventions. As a result it could be argued that, from a planning perspective, it would have been more appropriate to focus on a smaller number of less ambitious objectives and expected outcomes, in particular on those with good chances for funding. Such a focused approach could have been complemented by more explicit partnerships with other multilateral and bilateral cooperation initiatives.

Overview of progress to date

In Table 4 we present an assessment of the performance of the activities under these sub-components against the outputs outlined in the Integrated Programme (II) document.

Table 4: Outputs, activities and performance of the technical skills upgrading component

Sub-Component	Expected Outputs	Activities	Status	Completion Rate
1.1 Institutional strengthening of the technology and innovation support system of cross-sectoral institutions	Master plan studies in Leather and Leather Products and in Textile and Garments	Assisting MoTI in preparing Master-plans for the development of :		
		1. Leather and leather products industry,	Master plan for leather and leather goods (LLPI) and Business Plan completed – Plan has been approved by EG and currently under implementation.	LLPI 100% completed
		2. Food Processing Industries, and	A 'Master Plan' study for the agro-industry is nearing completion. Final report expected to be reviewed by EG before the end of 2008.	Agro-Industries Master Plan Study underway . 90%
		3. Textile and garments	The Textile and Garment Sector Master Plan Study was undertaken by EG with the help of the Chinese Government	Textile master plan not implemented by UNIDO
	A strengthened QSAE	Assisting QSAE in developing standards following international good practices	Not implemented	Not implemented
EIA capacity in investment promotion strengthened	1. Assisting EIA in the creation of an Aftercare Service Unit	An international consultant was deployed in May and July of 2005 to train and advise staff to develop an effective aftercare service	100%	

Sub-Component	Expected Outputs	Activities	Status	Completion Rate
		<p>2. Based on findings of FDI survey undertaken in 2003 assisting EIA in designing an investment promotions strategy</p>	Activity covered under the FDI Survey of 2005	Completed
<p>1.2 Institutional capacity building for three focus sectors; Leather, Textile and Food</p>	Strengthened LLPTI	1. Assisting in capacity to manage human resources	With respect to activities 1-3 a separate independent evaluation has concluded that the project has 'only marginally developed general management capacities of the Institute'.	30%
		2. Assisting to manage material resources and carry out financial control and management accounting.		
		3. Developing capacities to manage services reviewing procedures with end users.		
		4. Improving capacity to give basic trainings		
			The training that has been initiated under activity 4 was highly appreciated. More than 200 persons from the industry and the informal sector were trained. The needs survey was found very useful. The expatriate staff that came for short missions was appreciated but the duration of their stay was too short to carry out training. A major project activity was the preparation of training manuals.	100%

Sub-Component	Expected Outputs	Activities	Status	Completion Rate
		5. Improve the capacity to operate the four pilot plants.	Even though not all of the four plants and the equipment of the Institute are fully operational as envisaged by the project, activities have enabled a substantial number to be fully operational. The mechanical workshop can now cut dies and provide service to enterprises	90%
		6. Training in Italy for four staff members	Staff members of the institute have been sent to Italy for training but unfortunately only two came back to the Institute.	100%
		7. Strengthen testing and certification laboratory for accreditation	The strengthened capacity of the laboratory has specially been highly appreciated. The laboratory has now been accredited.	100%
		8. Create capacity to manage and operate the CAD/CAM department	Not implemented	
		9. Improve coordination with donors and other projects		
		10. Co-management of the Institute		

Sub-Component	Expected Outputs	Activities	Status	Completion Rate
1.3 Strengthening of the Food Safety System for consumers	Strengthened Textile and Garment Industry Support Institute (TGISI) in Baher Dar	Assessing status of existing institute, identifying gaps in infrastructure and curriculum. Assisting in procurement of equipments, training of trainers and setting up a new curriculum	Not implemented	
	Strengthened Department of Food Science and Technology at Awash Agricultural College	Evaluating existing facilities and curriculum and proposing new equipment and curriculum	Not implemented	
	Food Technology Support Center	Preparing TOR, legal framework, specification of new equipment including a pilot plant and training programme for staff.	Not implemented	
	Accredited QSAE laboratories	Identifying gaps, preparing action plans for industrial and metrological services for international recognition	Not implemented	
	Strengthened National Food Safety and Quality Control System	Assessing current food safety and quality control system. Identifying gaps and proposing update of regulations in compliance with international requirements	Not implemented	

Sub-Component	Expected Outputs	Activities	Status	Completion Rate
	An accredited microbiological laboratory under the Ethiopian Health and Nutrition Research Institute.	Establishing a Central Food Laboratory	Microbiological laboratory strengthened – new lab equipment in place and in use. Training to staff given and laboratory officially inaugurated in March 2005. The process for international accreditation has started. Laboratory has taken corrective measures to satisfy the requirements of auditors	95%
1.4 Improve the competitiveness of selected agro-industrial enterprises	Increased competitiveness of products of selected enterprises and information disseminated to others.	Conduct benchmarking exercise, promote selected enterprises, create awareness on the requirements of international competition and implement cleaner production techniques.	A background document on assessing the competitiveness of the Ethiopian shoe manufacturing was prepared in June 2007 and following that a decision was made to test the benchmarking in five companies. The exercise was not carried out in full due to lack of funds. Benchmarking exercise on an export oriented shoe factory was however completed for shoe upper cutting and stitching which represent 60% of shoe manufacturing process. Exercise has been useful. Already helped enterprise to make 5% savings on material input. Effective knowledge dissemination to other enterprises to ensure effects at an (export-) sector-wide level remains pending.	40%

Sub-Component	Expected Outputs	Activities	Status	Completion Rate
1.5 Export and Investment	Strengthened capacity on Hazard Analysis and Critical Control Point (HACCP) of food industries	Give support for HACCP certification	Advisory support given to food industries (Modjo Edible Oil, FAFA and Merti Fruits and Vegetable processing) on Hazard Analysis and Critical Control Point (HACCP)	100%
	Trainers in textile and garment trained and training manuals prepared	Design and implement training programmes for the textile and garment industry	An international expert in textile and garment industry was fielded for three person months. His work focused on training and producing training manuals. The expert was highly appreciated by MoTI	100%
	Investment in export oriented projects in the leather and leather products promoted	1. Identification of investment opportunities	Information on investment size, type, employment, estimated export not available	Reported to have been completed -100%
		2. Preparing promotional materials and undertaking road shows	Sixty potential investors identified. Information on how many investment agreements signed not available	Reported to have been fully implemented 100%
		3. Organizing an international investment forum in Addis Ababa	Investment forum was organised with UNIDO support. Sixty foreign firms reported to have been present and conducted initial discussions with 60 local entrepreneurs	Reported to have been fully implemented 100%
		1. Assistance in actual negotiations for investment/partnership	Not completed	Not implemented

Sub-Component	Expected Outputs	Activities	Status	Completion Rate
		2. Assisting textile and leather products enterprises in exporting their product lines	Twelve enterprises came together to form a trading company named TAYTU. The company displayed its products in three exhibitions – Paris and USA - sold goods valued at USD 150,000 in 2007 and 2008.	100%
	Footwear export market study in selected COMESA countries completed	Assisting in undertaking the study	Study was completed	100%

Assessment of performance of component 1

Relevance of sub-components

All interventions under component I are aligned to key aspects of the Government's national and sectoral development strategies: the Plan for Accelerated and Sustained Development to End Poverty (PASDEP) and the Ethiopian Industrial Development Strategy (EIDS). The three sectors of focus; leather and leather products, textile and garment and food-industries are given priority because of their potential for value addition and exports. The master plan study on leather and leather products and the ongoing master plan on food processing were important components of the work programme of MoTI. The institutional support activities for LLPTI are intended to enhance the capacity of the institute to provide services to firms at all levels of the value chain within the leather sub-sector. Activities to enhance the competitiveness of product lines of the three priority sectors and the export and investment promotion interventions are relevant and consistent with the industrial development strategy. The relevance of the programme has to some extent been undermined by inadequate funding for interventions in sectors other than the leather and leather products. Several support activities to the food and textile industries identified by the IP document never got off the ground due to lack of funds.

The relevance of the component 1 for UNIDO can be regarded as high for several reasons. First, the priority sectors (leather, textile, food) are sectors where UNIDO has long standing experience and competence. Second, Ethiopia has yet to take a number of steps for the private sector to play a key role in economic development. UNIDO's corporate strategy clearly sees private sector development as one of the pillars of sustainable industrial development. Third, the long-term partnership with MoTI and the high degree of ownership of MoTI and other counterpart organizations constitutes a good basis for relevant technical assistance. Fourth, the selected sectors seem to have a good potential for industrialization related rural development and poverty reduction, especially if a value chain approach is applied (as in the case of leather). Other sectors, such as production of flowers, should be analysed carefully with regard to its overall socio-economic and environmental impact before further cooperation is envisaged.

With privatization gaining ground and private actors taking care of productivity at enterprise level, support to individual companies will become less relevant and hence less a priority area for UNIDO cooperation. On the other hand, support to and strengthening of institutions that create an enabling environment for the private sector, will remain an important area of UNIDO cooperation in Ethiopia for the coming years.

The question has been raised whether it is still relevant to provide support to the leather value chain, in particular the footwear sector, given the negative effects of trade liberalization on the general viability of a small-scale industrial activity. The most cited example here is the cheap shoes coming from China, creating strong competition for the local shoe makers. The evidence here is partially contradictory. A relatively recent study⁴ suggests that Chinese and to some extent also Indian imports are crowding out local producers, undermining local efforts to use the leather value chain and other sectors as a

⁴ The Developmental Impact of China and India on Ethiopia with Emphasis on Small Scale Footwear Producers, Gebre Egziabher, Addis Ababa University (Paper prepared for the OECD), 2006

basis for agro-based industrialization. On the other hand, some studies and interviews of shoe makers of the Addis Ababa shoe cluster (Merkato) suggest that local producers have managed to respond to the threats of foreign products due the positive effects of specialization and networking within a cluster, proximity to market and innovation lead by a few innovative and educated entrepreneurs⁵, suggesting a high potential for industrial development in the leather value chain. Success cases, like the Taytu export consortia, support these claims. The evaluation team believes that there is sufficient evidence that UNIDO's support to the Ethiopian Government's and the private sector to develop the leather and leather products industry is still relevant. However, it will be important to monitor closely the sectoral level. This could be done by developing a few critical assumptions to be monitored needs of the sector, the enabling environment and global market trends.

Effectiveness

It was difficult to measure the effectiveness of most interventions under component 1 due to the poor tracking of results at outcome and impact levels. At the project level indicators are often given, but without baseline, milestone, targets or means of status verification. In spite of that, based on the partial evidence collected by the evaluation team, some of the interventions under the various sub-components achieved their objectives to a significant extent. These are the master plan study on leather and leather products (under component 1.1), and the advisory service given by the international expert on textile and garment industry (component 1.4). The recommendations of both activities are under implementation. The establishment of a central food laboratory and the training of the laboratory staff (component 1.3) were also successfully undertaken even though the accreditation process is still not complete.

The attainment of the objective of the benchmarking exercise for footwear, textiles and garments is difficult to determine as the exercise was not complete at the time of the evaluation. The benchmarking exercise was intended to assess how the industry positions itself compared to some of its competitors. The exercise for textiles and garments is ongoing and will cover a fairly large number of enterprises, all in all seventeen. For the footwear however a decision was made to undertake the benchmarking exercise in five enterprises. So far UNIDO was able to undertake the benchmarking for one factory only. The exercise focused only on cutting and stitching operations. Cutting and stitching constitute 60% of shoe manufacturing operations. As the specialization of the UNIDO expert fielded for the assignment was stitching and cutting she did not look into other aspects of shoe manufacturing operations. It is expected that other shoe enterprises will benefit from the exercise by disseminating the good and bad practices identified by the exercise through LLPTI. The report of the consultant will however be available to all. The evaluation team was informed that the benchmarking exercise was beneficial for the selected factory and that as a result of the exercise the firm was able to save approximately 5% of material input.

The agro-industrial master plan study was not complete at the time of the evaluation and its scope has been reduced first from agro- to food industry and then from a food-sector wide plan to three product groups (cereals, oilseeds and coffee) primarily because of lack of funds. If the final report meets the requirements of MoTI it would be a significant

⁵ The Development of the Footwear Industry in Ethiopia: How Different Is It from the East Asian Experience?, Sonobe, Akoten, Otsuka, Foundation for Advanced Studies on International Development, 2006

contribution to the efforts of the Government to promote the development of the sector. Given the strong ownership by the Government and the participatory approach used to develop the master plan the final report is expected to produce the intended results.

The 'Made in Ethiopia' concept has been introduced with some success, but it would require a lot of effort and commitment on the part of the 12 enterprises that have formed the Taytu group to make it sustainable and, more importantly, to replicate it for other groups.

The biggest intervention under Component 1 is the institutional support to LLPTI. It was the subject of an independent evaluation in December 2007. The evaluation report identified various factors that limited the effectiveness of the project; the main ones being issues related to the management and structure of the institute. High staff turnover was also found to be an impediment. Since the evaluation however, there has been positive developments. A new management structure has been approved and put in place and a training needs assessment has been completed by UNIDO. The Institute has now a new Director with knowledge and experience in the leather industry and the laboratory was able to get accreditation and, therefore, is now able to serve the industry effectively. The Government recently entered into a twinning arrangement with a European firm with the intention of further strengthening its capacity. It is clear now that LLPTI has a potential to play a bigger role in acting as a catalyst for the expansion of the leather industry through a programme of applied research in product development and information dissemination on technologies starting from animal husbandry practices to tanning technologies and, leather products shoe and garment manufacturing.

Overall, it can be concluded that component 1, despite receiving less than 50% of the originally planned budget, has produced some valuable outcomes in the area of capacity building and institutional strengthening. To look for impact in terms of increased competitiveness of the industrial sectors covered would be unrealistic given the small size of UNIDO interventions. But most of the interventions contributed effectively towards the overall goals set out in the IPE document. It should be noted that the main focus sector of component 1, the leather and leather products industry, has experienced unprecedented growth in export earnings in the last few years; reaching an all-time high of USD 100 million in 2008.

Efficiency

Total resources mobilized and expended for Component 1 amounted to US\$3,096,052; most of it for LLPTI. There is clear sense from the major stakeholders that the outputs have been of good quality.

While a detailed cost-benefit analysis of the inputs was not possible the team observed the following on use of resources for specific outputs.

- The Leather and leather products master plan was undertaken with the intellectual input of UNIDO staff using less consultant services and in close consultation with MoTI. This represents a cost-effective approach of TC delivery.
- Decentralization of project management activities to the field has helped in the decision making process and technical backstopping by UNIDO, increasing the responsiveness of UNIDO to counterpart requirements and improving overall efficiency of delivery.

- Efficiency of use of international experts for LLPTI has been compromised by lack of strong ownership and commitment on the part of the management of the institute. Experts were supposed to co-manage the institute and transfer management know how. This was not implemented.
- LLPTI consultants were mostly of a short term nature – this did not create a good basis for on the job staff training
- Insufficient language skills of some of LLPTI consultants was a constraining factor
- There were some difficulties in getting the right type of consultants for benchmarking exercises and to some extent for the agro-industry master plan study as well.

Overall, the efficiency of the IPE was above average, due to the positive effects of a strengthened field office, but also as a result of strong counterpart ownership.

Impact and sustainability

IP evaluations do not provide for fully fledged impact studies. Impact evaluations demand substantial amount of information, time and resources. Hence, assessment of impact here is narrowed down to potential impact based on outcome indicators where available and perceptions of stakeholders.

Key to sustainability is the degree of ownership and commitment of programme activities. In general the evaluation team has observed keen interest and commitment by the Government. Programme ownership was above average. The major focus of component one was on strengthening institutions (MoTI, LLPTI, etc.) to enable them to deliver better services and improve the competitiveness of companies in the target sectors. In this respect, the following can be observed:

LLPTI is an institution with the potential to provide training and services to firms at all levels of the value chain within the leather sub-sector. Evidence exists that this is already occurring. So far, however, the institution has not been able to use its full potential for a number of reasons. The follow-up of the benchmarking exercise, for example, was supposed to have been implemented by LLPTI but the institute was not staffed with the right skills mix to undertake the assignment. The active involvement and programme ownership by the private sector is extremely important for the long term impact and sustainability of the institute. The Government plans to make a significant investment in the institute through a twinning arrangement, which is hoped will enhance the sustainability of the institution.

The master plan studies were coordinated and supervised by MoTI with a steering committee that has been meeting periodically to review the various phases of the studies. Counterpart agencies have mainstreamed the recommendations of the studies in their operations and donors (e.g. USAID) are aligning their sectoral support to the plans. Hence, there is a good likelihood that the intervention will contribute to a positive impact on the competitiveness of firms in the future.

Conclusions

Based on a review of the component, the team concludes the following:

- The activities under Component I are relevant and well aligned with the national priority areas emerging from the Government's Industrial Development Strategy. It

can also be regarded as relevant to UNIDO, acting as a long term partner of Ethiopia on its path towards private sector led industrial development.

- With some exceptions, the effectiveness of component 1 was good, producing valuable outcomes in terms of capacity building and institutional strengthening. There is also a good chance of future impact and sustainability.
- A strong Government ownership and leadership of the programme has greatly facilitated the successful implementation
- UNIDO has built and managed good working relationship with all the important stakeholders; government, the private sector and other donors.
- The field office has made positive contributions in key policy areas particularly in the leather, food safety and agro-processing. The two master plan studies, one complete and the second nearly completed, have been received very well and have benefited from the intellectual input of UNIDO staff thus using less consultant time and making the study cost effective. Thus, the strengthened office, equipped with technical competence in the important priority sectors, has contributed to increased efficiency of TC delivery.

Some areas where performance could have been improved are:

- Important activities of the component in the textile and food industries have not been implemented due to lack of funds.
- The institutional strengthening activities for LLPTI could have been more effective and efficient if the appropriate management structure had been in place at the time of project implementation.

The overall assessment of the evaluation team with respect to this component is positive measured against UNIDO's evaluation criteria (relevance, effectiveness, efficiency, impact and sustainability).

Recommendations for component 1

Agro Industry Master Plan:

- UNIDO should support the Government in the implementation of the Agro Industry Master Plan, special attention might be given to the aspects of cereals farming and production, given the high poverty relevance of this sector
- Depending on the outcome of the studies of the 3 product groups, UNIDO should continue to support the development of similar studies in other important product groups in the agro industry sector on a phase by phase basis.

LLPTI:

- The focus and future direction of the LLPTI needs to be more needs based and private-led.

- Several of the recommendations emanating from the project evaluation have been or are being implemented. This should be continued and the IP management should monitor the process.

Food Safety System:

- The issue of independence of the food safety lab represents a barrier for accreditation and has not yet been resolved. This should be looked into by the Government.
- Better enforcement of food safety standards should be explored.
- Enabling environment should be created to facilitate the establishment of other private / public laboratories

Productive performance in selected sectors:

- UNIDO should give continued assistance to the leather and leather products sectors.
- Periodic progress reports should be made available to all stakeholders on the implementation of the Master Plan and the corresponding outcomes.
- Steps should be taken to ensure that the footwear benchmarking study is of benefit also to other companies. Lessons should be compiled and disseminated.
- Technology development and transfer activities should be strengthened at LLPTI.
- Future UNIDO assistance to LLPTI should be complementary to the Twinning arrangement the LLPTI has concluded with a German institute.
- There is a need for enhanced cooperation with other agencies, in particular with FAO. For example, synergies with FAO regarding hides and skins improvement should be explored And cooperation between UNIDO and FAO to undertake a Fibre and Cotton Master Plan might be explored.
- Continued cooperation of UNIDO in benchmarking the textile and garments sector is recommended.

Component 2: Poverty alleviation – through improvements in the efficiency of primary agro-based resources in rural areas

Objectives

The objective of this component is to contribute to the alleviation of poverty in rural areas. Expected outcomes include generation of employment and improved livelihoods. This is to be achieved through increased efficiency in the use of rural (agricultural) resources (reduced post harvest losses and increased value added) and the strengthening of entrepreneurial capacities in rural areas.

This component has two sub-components, which are briefly discussed below:

Sub-component 2.1: Reduction of post-harvest losses (PHL), introduction of agro-machinery and safe-use of pesticides

UNIDO has been implementing a project on post-harvest losses reduction during phase I of the IPE. The IPE II project document indicates that eighty-two Pilot Demonstration Stations (PDS) were established in five regions (Tigray, Amhara, Oromia, SNNPRS and Harari) in food transportation, storage, and primary processing (milling). The project provided demonstration equipment such as shellers, threshers, carts, wheel barrows, fruit/vegetables boxes, honeys extractors, millers, grinders, grain and potato stores, etc.

The evaluation of IP phase I raised a number of issues regarding the relevance and effectiveness of the first phase of the project. The design of phase II does not seem to have taken evaluation findings and recommendations into account. Especially solutions to the issue of too high equipment cost, leading to almost no replication and uptake of innovative equipment by farmers, have not been built into the design of the next phase.

The **objectives** of Sub-Component 2.1 in Phase II of the IPE are the following:

- Fostering the integration of small agro-food industries into market-oriented systems;
- Development and up-take of innovative post-harvest technologies/techniques in food processing, packaging, labeling, testing standards, agro-machinery and by-products utilization;
- The promotion of Micro- and Small- Enterprises (MSEs) sector seen as an important factor in achieving the MDGs of poverty reduction, through its instrumental role in creating employment and generating income, particularly by creating sustainable livelihood for the rural population.

Expected outcomes

- Reducing post-harvest losses from 30% to 15% for cereals and from 70% to 35% for fruit and vegetables;
- Enabling rural entrepreneurs to penetrate the market place with value-added processed products;
- To prod more regions to demand participation in the programme.

Sub-component 2.1. was not implemented due to lack of funding.

Following a request of MoTI, a relatively small preparatory project (EURO 26,000) was implemented to strengthen the local capacities to design and fabricate greenhouses for the export oriented floriculture sector. So far the preparatory activities have not led to a fully fledged technical assistance project. The evaluation team noted that the floriculture sector, due to its strong growth and importance for export earnings of Ethiopia, has a potential for important economic, social and environmental impacts. Not all of these impacts seemed to have been addressed in the project planning.

Sub-Component 2.2: Promotion of rural entrepreneurship for the development of MSMEs through technical and managerial training in selected fields

The objective of this sub-component was to enable micro, small and medium enterprises, especially rural women in selected districts to access hands-on technical and managerial advisory services on a sustainable basis with the aim of making the enterprises more profitable and more competitive leading to improved livelihoods and social development. To achieve its objectives four activities were envisaged in the programme document:

a) Assistance to FeMSEDA

The mandate of FeMSEDA is to encourage, coordinate and assist institutions engaged in service provision to the development and expansion of micro-and small enterprises in the country. In order to promote micro & small enterprises, the agency establishes a coordinated working relationship with regional government organs, regional agencies responsible for MSE development, NGOs and the private sector.

The objectives of sub-component 2.2 are the following:

- Assisting FeMSEDA in its restructuring process and business -related advisory services;
- Finalizing and marketing the Training of Entrepreneur Trainers (TET) package;
- Training sessions for FeMSEDA & ReMSEDA's and partner institutions;
- Prepare work plans for the ReMSEDA's, etc.

b) Women Entrepreneurship Development (WED)

Women are considered crucial employers and entrepreneurs, particularly in rural areas, but face formidable constraints: including the lack of skills to establish and run enterprises, lack of knowledge and managerial skills, limited access to support services and markets, etc.

Reportedly, a WED training package was developed during phase I of the IPE and has been refined on the bases of feedback from trainers and trainees as a result of field testing and pilot training courses.

- The objective of this sub-component is to finalize, promote and conduct sessions and workshops for women entrepreneurs.

c) Provision of support to entrepreneurs in selected handicrafts

The objective of this output is to provide skills development to entrepreneurs in selected handicrafts. Handicrafts are considered to be a highly valuable sub-sector regarding the potential they carry to generate income for example from the fast developing tourism as well as from export. Documents indicate that activities started in basic leather handicrafts during phase 1 of the IPE, with positive results. The objectives are to organize basic training in leather handicrafts in new regions and advanced training in formerly assisted regions. The ultimate strategy is to expand the training to include other sub-sectors such as: food processing, wood works, small scale textiles, etc. in accordance with Government priorities.

d) Cluster development for selected sectors

Clusters have proven to contribute positively to the economic development of other countries. The Objectives of this sub-component under the Ethiopian context are the following:-

- To under-take diagnostic studies in order to identify sectors with potential for cluster development;
- To formulate cluster pilot projects;
- Where feasibility is identified, to provide support for the development of relevant clusters.

Comments on the design of component 2

Overall, it is noted that for the post-harvest-losses component the strategy to achieve the very ambitious goals (100% reduction of post harvest losses in selected sectors) was not clearly described. Conceived as pilot initiatives, the mechanisms and assumptions for replication should have been spelled out explicitly. This would allow project stakeholders to monitor these assumptions and to adapt project implementation if assumptions are not met.

Overview of progress to-date

Table 5 indicates the assessment made regarding performance of activities under each sub-component against outputs envisaged in the IPE II document for each sub-component.

Table 5: Outputs, activities, and performance of the component on improving efficiency of primary agro-based resources for alleviation of poverty with emphasis on rural areas

Sub-Component	Expected Outputs	Activities	Status / Assessment Milestones	Completion Rate
2.1 Improving efficiency of primary agro-based resources for alleviation of poverty (with emphasis on rural areas)	Post- harvest losses reduced, agro-machinery introduced and safe-use of pesticides ensured	1. Establish commercial food processing pilot centers (strengthen existing centers established in phase I emphasis on priority sectors such as honey, livestock products, etc)	Not undertaken because of lack of funds	
		2. Training of entrepreneurs in processing technologies, business management	“	
		3. Establish market linkages/support mechanisms	“	
		4. Create 15 repair and maintenance workshops within selected pilot P/H centers established in Phase I	“	
		5. Carry-out an assessment of micro and small-scale irrigation practices and implement a pilot project at selected locations that can be replicated in other locations with specific attention to drought-affected regions	“	

Sub-Component	Expected Outputs	Activities	Status /Assessment Milestones	Completion Rate
		6. Promotion of pre-and post-harvest reduction, equipment and machinery and moisture retention technologies in the intervention areas	Not undertaken because of lack of funds`	
		7. Training of trainers in operation and maintenance of agro-machinery, P/H equipment, irrigation equipment and water pumps	“	
		8. Strengthening the capacity of BMEPA and the Agricultural Research and Implements Manufacturing Center to design and develop Pre-and Post-harvest machinery, equipment as well as water lifting devices.	“	
		9. Capacity- building of the agro-related metal-working industries to fabricate pre-and Post harvest equipment and irrigation equipment.	“	
2.2 Rural Entrepreneurship strengthening	FeMSEDA capacitated to produce marketable promotional materials & data base	1. Assisting FeMSEDA through a long-term expert (UNV) to be financed separately by Austria in its restructuring process and business related advice	Plan for restructuring activities finalized	

Sub-Component	Expected Outputs	Activities	Status /Assessment Milestones	Completion Rate
		2. Finalizing the package of Training of Entrepreneurship Trainers (TET), prepare & distribute CD- ROMs, translate into Amharic	TET package ready on CD- Rom	
		3. Marketing of TET package, print brochures, promotional materials	Promotional materials ready	
		4. Organize TOT sessions for FeMSEDA , ReMSEDAs and partner institutions	Not undertaken	
		5. Assess the needs of ReMSDAs in regions UNIDO is involved in	Not undertaken	
		6. Prepare work plan for ReMSEDAs	Not undertaken	
		7. Organize work shops, sensitization sessions, study tours acquire equipment as required	No information available	
		8. Install UNIDOs monitoring and impact assessment data-base and initiate impact measurement with the inception of the project	Data-base operational and staff able to use it	

Sub-Component	Expected Outputs	Activities	Status /Assessment Milestones	Completion Rate
	Women Entrepreneurship Development (WED)	1. Finalize the package of WED training manual and prepare and distribute CD-ROMs or print manual	Package finalized	
		2. Prepare brochure and other promotional tools	Not undertaken due to lack of funds	
		3. Organize additional TOT sessions and training workshops for women	“	
		4. Follow-up towards trainees with counseling services provided by the same trainers	“	
		5. Monitor and assess impact; prepare case studies	“	
	Provision of support to entrepreneurs in selected sectors (Handicrafts)	1. Organize basic training in leather handicrafts in new regions and advanced training in formerly assisted regions	“	
		2. Acquire basic hand tools for new trainees	“	
		3. Assist trainees in marketing and design improvement	“	
		4. Expand activities to other handicrafts, as required	“	

Sub-Component	Expected Outputs	Activities	Status /Assessment Milestones	Completion Rate
	Other Sectors	<ol style="list-style-type: none"> 1. Provide business management and marketing training to trainees from other projects in the IP to complement their skill enhancement 	“	
		<ol style="list-style-type: none"> 2. Link those trainees to support institutions which are partners of the MSE project 	“	
		<ol style="list-style-type: none"> 3. Monitor/assess impact and prepare case studies 	“	
	Cluster Development for selected sectors	<ol style="list-style-type: none"> 1. Identify clusters, select key facilitators in the area 	Clusters & facilitators identified On-the-job training conducted	100%
		<ol style="list-style-type: none"> 2. Organize a workshop among the stakeholders to present the cluster development approach and present the results of the diagnostic study 	-Diagnostic study workshop, promotional campaign carried out	100%
		<ol style="list-style-type: none"> 3. Undertake promotional campaigns and workshops in the communes to discuss the concept of the cluster. 	Not yet undertaken in an organized manner and in tandem with the value chain approach	

Sub-Component	Expected Outputs	Activities	Status /Assessment Milestones	Completion Rate
		4. Adapt UNIDO training guides and manuals on cluster and network development to the specification of the manufacturing industries for the selected sector	UNIDO Training guides and manuals ready	100%
		5. Translate UNIDO training guides and manuals	Manuals & guide translated	100%
		6. Provide on-the-job training to the field team	On-the-job training conducted	100%
		7. Prepare the cluster development action plan with the involvement of all key stakeholders (entrepreneurs, ReMISEDAs, etc) strategic planning work-shop & visioning exercise. Develop quarterly action plans on the basis of this cluster development strategic action plan	Cluster development action plans prepared	100%
		8. Implement cluster development training	Trainings were implemented at level of individual clusters. Institutional capacity building in cluster development was undertaken through a two week CDA training for 20 participants.	100%

Sub-Component	Expected Outputs	Activities	Status /Assessment Milestones	Completion Rate
		9. Assist the cluster in the formulation and implementation of pilot projects	Pilot projects in the area of micro-finance, sub-contracting, marketing, etc.	100%
	Identification of Cluster pilot projects	1. Organize promotional workshops among key stakeholders on clusters & self-help entrepreneurial groups in the selected sector in the selected area	Strategic projects identified	90%
		2. Identify the core enterprises operating in this sector in the area, key cluster stakeholders, facilitators	done	
		3. Organize a strategic planning workshop & visioning exercise among key cluster stakeholders	Strategic planning workshop organized	
		4. Identify short-term projects, workshops, study tours for bench-marking trade fairs, etc for the core enterprises and other key stakeholders. Conduct training & organize joint actions	done	
		5. Conduct extension services or training programmes as required by the joint projects	done	

Assessment of performance of component 2

Relevance

All interventions under the poverty alleviation component are aligned to the major thrust of the Government's national and sectoral development strategies primarily, the Plan for Accelerated and Sustained Development to End Poverty (PASDEP) and the Industrial Development Strategy. The interventions are also relevant from the point of view of achieving the MDG objectives of halving poverty by 2015 and the economic empowerment of women in general and rural women in particular.

UNIDO has experience and competence in both of the two major areas of component II: Post harvest losses (PHL) and Clusters. The improvement of agricultural productivity and reduction of post-harvest losses through introduction of improved agricultural tools and equipment has been applied in a number of UNIDO projects (AMIS approach). The inclusion of irrigation schemes seems to be further away from UNIDO's core mandate. The predominantly agricultural nature of this component would have called for a more explicit strategy to cooperate with FAO or other agencies involved in agriculture.

The introduction of the Cluster approach in IPE II was based on an explicit request of the Ethiopian Government and counterparts. As in many developing countries a number of local agglomerations of productive activities exist in Ethiopia. The Government has taken a number of important steps to support Clusters (e.g. investments made in building infrastructure for small producers in different sectors) and the UNIDO activities are well aligned with these initiatives. Thus the cluster component can be regarded a highly relevant UNIDO intervention in Ethiopia.

Effectiveness

Out of the seven outputs envisaged to be carried out under this component only the cluster development pilot project was carried out within the period of time allotted for it. Many critical interventions that would have contributed to the linkage between agriculture and industry, such as reduction of post harvest losses, introduction of agro-machinery and safe-use of pesticides, promotion of rural entrepreneurship for the development of MSMEs through technical and managerial training, WED, etc were not carried out due to the lack of funds. The fate of the 82 Pilot Demonstration Centers established during the IPE phase I is not clear. So the overall effectiveness, as a measure of attainment of objectives, has been low, given that a significant part of the planned interventions was not carried out due to lack of funding. However, effectiveness also needs to be measured for those parts of the IPE that received funding in order to determine whether activities and inputs led to outputs and outcomes. In the following only the Cluster-related interventions are referred to.

Four pilot cases for Cluster development in Ethiopia have been established: diagnostic studies were undertaken to identify potential clusters and four pilot clusters (the Merkato Leather Footwear cluster; the Addis Ababa Ready-Made Garment cluster; the Gullele Handlooms Cluster and the Mekele Metal and Wood Works Cluster) were established, facilitators i.e. Cluster Development Agents (CDAs) recruited, trained and fielded and cluster promotional workshops and trainings were conducted at the local level.

Progress has been made towards the effective functioning of Clusters: the CDAs assisted the Clusters to prepare strategies and action plans and implementation of these plans have resulted in some progress in terms of improved access to public services (e.g. working

premises in Addis Ababa), raw materials and micro finance. In some cases product diversification and new products could be observed. Sub-contracting arrangements between Mesfin Industrial Engineering plc and the Mekele Metal and Wood Works Cluster is an example of direct results of relations established within a Cluster. Cooperation between Mekele University for design development and the Mekele Metal and Woodworks Cluster for fabrication of various products is another positive outcome of the clustering approach.

The institutional environment for Cluster development was strengthened: four cluster working groups (CWGs) one for each cluster were organized and are operational at cluster level and two cluster development coordinating groups (CDCGs) composed of relevant stakeholders were established in Addis Ababa and Mekele. The project's main counterpart, FEMSEDA, has been strengthened and the counterparts at local level (BOTI, Remseda) have demonstrated a good level of ownership of the Cluster approach.

Training approach effective: a series of awareness creation and training workshops was organized to inform the stakeholders about the UNIDO CD project, its implementation and its impact in MSMEs development. The type of training imparted to cluster members has been effective and participants are appreciative of the role of UNIDO in such useful training. Furthermore, UNIDO project staff usually carries out trainings in cooperation with local partners (e.g. Mekele University), which increases capacity building effects.

The support provided to Clusters has been catalytic in nature: support is usually provided on a cost-sharing basis with UNIDO's inputs leveraging contributions of other partners (e.g. local Government, enterprises themselves, international donors).

The role of MSMEs in bringing about linkage between agriculture and industry is well-established in the Industrial Development Strategy of Ethiopia. This is also recognized by stakeholders including cluster members of the four pilot cluster projects, individual operators, enterprises as well as regional governments, not only for their role in economic development, but also for alleviation of poverty.

The cluster development approach is bringing about benefits in terms of improved access to raw materials and finance, access to common facilities; product diversification; cost-sharing amongst UNIDO, MSMEs and regional governments, etc. Similarly, networking amongst clusters, institutes of higher learning and regional governments is being realized.

Efficiency

As usual in UNIDO Cluster projects, the bulk of project activities was carried out by a team of local consultants with international consultants supporting the local team in a complementary and advisory role (no international long-term CTA was employed by the project). Local consultants were well selected and the professional qualifications as well as their dedication to the work was found to be excellent, contributing significantly to the overall efficiency of project implementation.

The M&E system of the project was not implemented as planned, which resulted in a lack of reliable and systematic information regarding the outcomes and impact of Cluster initiatives at the level of target groups.

Impact and sustainability

82 Pilot Demonstration Stations (PDS) for reduction of post-harvest losses, use of agricultural machinery and equipment and safe use of pesticides were established and operational during IPE phase I. The IP phase II has not followed up on these activities and no reports on the current status are available, hence the fate of these PDSs and their sustainability is not clear.

On the other hand, sustainability perspectives for cluster development seem promising because of a good level of ownership and leverage funding from the Federal and regional governments, donors as well as stakeholders.

Conclusions for component 2

In spite of the fact that the IPE phase II mobilized significant amounts of funds from development partners, some fundamental parts of component II which could have significantly contributed to poverty alleviation through initiatives such as post-harvest loss reduction, WED, etc did not find funding hence could not be implemented as envisaged in IPE phase II.

This clearly shows that IPE, despite its relatively large size, is no exception from the general poor fund raising performance of IPs. The IP as a whole and as an integrated package of services did not materialize.

Nevertheless, the main intervention under component II, the Cluster project, can be regarded a highly relevant and effective initiative as far as the pilot phase and the initial institutional strengthening is concerned.

Recommendations for component 2

Development of the floriculture sector:

- Explore possible links with the metal works clusters to enhance local production of green houses
- If continued, UNIDO to ensure that cooperation with the floriculture sector takes also into account issues of environmental sustainability and corporate social responsibility

Cluster development (Unleashing the potential of MSME in Ethiopia):

- Monitoring needs to be improved in order to produce consolidated information at cluster level, M&E systems applied by Cluster programmes in other countries (India, Nicaragua) should be used as models
- Next phase should emphasize more the leading role of local partner institutions in the cluster development (e.g. assignment and training of co-CDAs to work in teams with UNIDO CDAs).
- UNIDO should aim at supporting the MoTI in exercising its coordinating role in Cluster development in Ethiopia

- Put more emphasis on the development of vertical linkages (backward – raw materials, forward – markets) and explore the combination of Cluster initiatives with value chain approaches.
- A separate project evaluation report will be released shortly. The recommendations there will be more specific and should be taken into account by project and IP management.

Component 3: Special initiatives and regional activities - bamboo

Introduction

The Eastern African Bamboo Project (EABP) falls under the special initiatives and Regional Activities of IPE 2.

The EABP is funded by the Common fund for Commodities (CFC); executed by UNIDO and implemented in Ethiopia by the Ministry of Agriculture and Rural Development (MoARD) and the Federal Micro and Small Enterprises Development Agency (FeMSEDA) in the MoTI, under supervision of the International Network for Bamboo and Rattan (INBAR).

Bamboo is a commodity, indigenous to various countries in Africa; Ethiopia for example hosts a total area of about one million hectares of Bamboo representing the largest bamboo source in Africa. The economic and development potentials of bamboo as an alternate “Cash“ crop are numerous, but, in spite of some traditional uses and applications, the enormous potential nevertheless remains nearly untapped due to lack of skills and technology.

The direct beneficiaries of the project are envisaged to be rural communities in marginalized areas of the region with particular focus on farmers and small entrepreneurs who shall be enabled to generate additional income by cultivating bamboo shoots and by selling and (semi-) processing bamboo culms.

Urban micro enterprises shall also be enabled to add higher value to the raw materials by producing marketable bamboo products like furniture and shoots or by producing semi-processed inputs for industrial manufacturers (e.g. of bamboo flooring).

The counterpart agencies for the project in Ethiopia are:-

- FeMSEDA Technology Centre (under MoTI), for the creation of pilot and demonstration units for bamboo processing technology including a product design centre and entrepreneurship development and,
- The Ministry of Agriculture and Rural Development of Ethiopia for promoting diversification of bamboo species and establishing seedling nurseries for farm-based micro-plantations.

Objectives

The special initiative on bamboo aims at “employment and income generation for poverty alleviation through market-based development of bamboo in East Africa (Ethiopia, Kenya as main beneficiaries; Tanzania, Uganda as secondary beneficiaries).

The long-term objective is to promote the development of the sustainable production and use of bamboo products in East African countries, with a focus on markets as the driving force.

- The reduction of poverty in rural, degraded and marginalized areas by turning bamboo – the “Poor man’s timber “ – into a cash crop;
- Creating rural and urban employment and value-addition to ultimately improve the economy

The specific objectives are the following:

- Improving the technological and skills inputs in bamboo processing;
- Developing capacity for the sustainable supply of raw bamboo materials;
- Improving technical, functional and aesthetic aspects of bamboo products and diversifying into new markets.

Expected outputs

- Rural and urban pilot bamboo-processing centers established for demonstration, technology transfer and capacity-building;
- Entrepreneurship capacities of rural and urban beneficiaries and beneficiary groups enhanced;
- Local and eventually export markets for bamboo products and linkages created between rural and urban producers and processors;
- Cooperative society-like associations and village group capacities’ strengthened to promote bamboo plantation and utilization at the community level. Small-scale bamboo plantations and cultivation incorporated into rural-community-based land management plans for economic and environmental purposes;
- Home-consumption of bamboo shoots adopted in communities contributing to rural food security.

Comments on the design

As in some of the other interventions, the original design described in the IP document was replaced by a much more detailed project document following the format of the Common Fund for Commodities (CFC). The project document comprised 3 components: technology transfer and skills development, capacity building for the sustainable supply of raw materials and increasing market access. The interventions included several lines of activities originally not part of the IP document, such as feasibility studies for medium sized manufacturing and policy advice.

Overall, the project has been well designed, representing an integrated approach to the development of the bamboo value chain. The combination of supply and demand side interventions as well as the cooperation with both ministries involved in the bamboo chain also adds to the coherence and integration of the project.

The following assessment of the status of project implementation in Table 6 is based on the project document, not the IP document.

Table 6: Outputs, activities and performance of the technical skills upgrading component

Sub-Component	Expected Outputs	Activities	Status / Assessment	Completion Rate
Sub-component 2.1 Technology transfer and skills development for increased productivity	1. Training -and skills- needs of rural and urban beneficiary groups identified	1. Selecting 3 rural target villages using PRA.	150 community members in three target villages identified(Injibara/ Amhara) : Hagere Selam /SNINPRS/ : Assossa / Benishangul-Gumuz/	100% Completed
		2. Setting up national project offices	103 urban target beneficiaries selected in Addis Ababa, Awasa, Injibara and Bahr Dar Towns,	
		3. Exchange of experiences between Ethiopia and Kenya.	Training needs assessed	
			Project office set-up with equipment , a vehicle and 5 staff members	
			Three motor bikes for villages deployed	
			1. Undertake experience- sharing exchange of visit & RPSC meetings in Ethiopia & Kenya & NPSC meetings.	-3 meetings of the Regional Project Steering Committee (RPSC) conducted, one in Kenya, two in Ethiopia & four meetings of the National Project Steering Committee (NPSC) undertaken
	-Progress evaluated; - Work plans endorsed; -Scaling-up project proposal initiated; - Shared experience and achievements of the visited countries introduced; -innovative approach in project implementation learnt			

Sub-Component	Expected Outputs	Activities	Status / Assessment	Completion Rate	
	1.2 Productivity of rural and urban micro-bamboo producers for culm-based products like furniture enhanced	2. Upgrade bamboo processing equipment at FeMSEDA	<ul style="list-style-type: none"> -16 High-tech bamboo processing machinery installed; -Hand-operated equipment & hand-tools made available at FeMSEDA -The civil work for the workshop is completed and machinery installed. -FeMSEDA capacitated to function as a Bamboo Training and Demonstration Centre for East Africa. 	100% Completed	
		3. Conduct training of trainers for FeMSEDA staff in China & Ethiopia by means of industry immersion for hands-on training.	<ul style="list-style-type: none"> -15 FeMSEDA technicians attended TOT in Ethiopia, China, India on bamboo industrial processing technologies; on modern furniture making & preservation techniques; on new design development & diversification of products as well as on operation and maintenance of bamboo-working machinery & equipment 		
		4. Upgrade existing FeMSEDA bamboo training curriculum and manuals and translate into Amharic	<ul style="list-style-type: none"> -5bamboo handicraft-making graphical training manuals produced in English and Amharic - Bamboo training curriculum is under preparation -The guidelines were used as training materials 		90%
		5. Provision of product-oriented technical training for rural and urban bamboo producers			<ul style="list-style-type: none"> - Bamboo handicraft making & preservation techniques training conducted for 150 rural beneficiaries and 3 Extension Agents in the three target villages
		Level of income improved; -Cooperatives formed ,			95%

Sub-Component	Expected Outputs	Activities	Status / Assessment	Completion Rate
	pressure on natural resources such as forest, land, etc in the project areas reduced			
	-Business skills of urban and rural entrepreneurs enhanced	6. Provide entrepreneurship training for rural and urban bamboo producers	-Entrepreneurship training conducted for 63 rural beneficiaries & Extension Agents & 103 urban MSE owners in the three target villages	80%
	- Basic hand-tools for training & demonstration purposes produced; -The production capacities of the target farmers upgraded	7. Produce basic set of bamboo hand-tools and distribute to successful graduates; Upgrade technology in selected villages	-60 sets of bamboo-making hand-tools have been replicated at FeMSEDA and local metal workshops - hand tools sets from Ethiopia, Indonesia, China and India procured, out of which 150 sets distributed to the beneficiaries	98%
Com.2 Developing capacity for the sustainable supply of raw materials	2.1 Technical capacity for bamboo propagation enhanced on the institutional level	2.1.1 Transfer bamboo propagation and technology experience and management to Ethiopia	- Feasibility study on commercial bamboo plantation and biomass production completed - Innovative approach employed in project implementation based on shared experiences	100%

Sub-Component	Expected Outputs	Activities	Status / Assessment	Completion Rate
	Regular supply of bamboo culms ensured	2.1.2 Transfer KFRU's long experience in bamboo propagation and management to MoARD. Introduce new mother planting stock to start bamboo nurseries to provide bamboo seedlings to farmers and producers from indigenous and exotic bamboo species	<ul style="list-style-type: none"> - Guidelines for growing bamboo has been prepared in English and Amharic. Guidelines are used as training material. - Over 40,000 indigenous bamboo seedlings macro proliferated from wildings and being nurtured and partly distributed to farmers and producers; - 3 nurseries established in project villages and three upgraded; - More than 10,000 new species seedlings were raised in the nurseries; - 7000 indigenous seedlings raised in the nursery were sold to the private sector in Benishangul-Gumuz Regional State by the beneficiary farmers 	100%
	2.2 Capacity of rural farmers & producers developed in the management of natural bamboo stands & micro-plantations	2.2.1 Train Ethiopian extension workers in bamboo plantation, propagation and management	21 Extension agents from project and non-project areas received TOT on bamboo propagation, plantation management & harvesting.	100%
	Supplementary income for rural communities generated	2.2.2 Conduct community-based training on bamboo propagation, stand management and harvesting	-150 rural beneficiaries in the three target villages & 9 development workers trained twice on bamboo cultivation/propagation, stand management, harvesting and post-harvest treatment	100%

Sub-Component	Expected Outputs	Activities	Status / Assessment	Completion Rate
	<p>-The quality and quantity of bamboo planted in the homesteads enhanced & increased</p>	<p>2.2.3 Create micro-plantation demonstration sites in target (pilot) villages, which are already involved as bamboo producers at least one hectare in each target village</p>	<p>- Micro plantation sites established on farm lands of each of the 3 target villages on more than one hectare of land</p>	<p>100%</p>
	<p>-Bamboo plantation expanded beyond project target villages</p>	<p>2.2.4 Create rural pilot plantation plots on government land; particularly on degraded land to be managed by local communities and NGO's at 3 villages each on at least one hectare each</p>	<p>- Micro plantation sites on more than six hectares established on community/Government lands at target villages</p>	<p>100%</p>
	<p>2.3 Policy dialogue on the potential of bamboo to contribute to sustainable development initiated</p>	<p>2.3.1 Analyze forestry and other relevant laws in Ethiopia; Develop policy recommendations ensuring sustainable resource management and industrial development of bamboo</p>	<p>-The study on Legal Environment Assessment, Policy and Strategy submitted to MoTI. - In response to policy & strategy suggestions submitted to the government, bamboo is now a stand alone commodity separated from wood- based products - Study tour to China conducted for policy makers - The government is showing increased commitment and is providing assistance to the sub sector</p>	<p>90%</p>

Sub-Component	Expected Outputs	Activities	Status / Assessment	Completion Rate
	2.4 Feasibility studies for medium scale bamboo industries conducted	<p>2.4.1 Test African bamboo species for new uses including study tour to China for two people per country</p> <p>- Test two Ethiopian bamboo species for use as charcoal</p>	<p>- Testing of African bamboo species for new uses finalized in Malaysia & Ethiopia</p> <p>- Test finalized at the Ethiopian Rural Energy Development & Promotion Center (EREDPC)</p>	70%
Comp.3 Increase market access	<p>3.1 Potential markets & trade barriers analyzed</p> <p>3.2 New and improved bamboo product designs according to market demand developed;</p> <p>-FeMSEDA capacitated in bamboo products design development</p>	<p>3.1.1 Conduct domestic and export markets for bamboo products</p> <p>3.2.1 Enhance the product design center of FeMSEDA & up-grade capacity of staff</p>	<p>- Domestic & international studies conducted</p> <p>- Two bamboo processing companies established and operational</p> <p>- Ten other companies in the pipe line.</p> <p>- Procurements of equipment for design room including computer, scanners, different software etc for the design of new products underway</p>	90%
				80%

Sub-Component	Expected Outputs	Activities	Status / Assessment	Completion Rate
	Innovative bamboo designs developed	3.2.2 Conduct SWOT analysis for current bamboo products	<ul style="list-style-type: none"> - SWOT analysis undertaken for current bamboo products; Designs for more than 20 bamboo product lines completed & different bamboo & other input mixes being developed 	70%
	Bamboo mix structures/products produced based on Ethiopian traditional designs	3.2.3 Provide hands-on training to bamboo products producers at FeMSEDA to develop innovative designs & products	<ul style="list-style-type: none"> - Bamboo experimentation and material combination workshop conducted at FeMSEDA for 20 participants - Simple & functional designs developed for 9 products 	90%
	3.3 Bamboo product activities improved			50%
	Mutual understanding developed amongst stakeholders	3.3.1 Conduct BAMTECH meetings in Ethiopia to disseminate findings of feasibility & marketing studies	BAMTECH workshop conducted for 35 participants for two days	
Bamboo development strategies for the respective three regions developed in collaboration with the regional stakeholders after awareness raising workshops		3.3.2 Under take national workshops to draft country –specific marketing strategy incorporating stakeholders	<ul style="list-style-type: none"> - Three stakeholder –awareness workshops conducted at Regional capitals (Awassa, Bahr Dar & Assosa) on bamboo development conducted for 30-40 decision-makers and other stakeholders. 	100%

Sub-Component	Expected Outputs	Activities	Status / Assessment	Completion Rate
	Public awareness about bamboo created and enhanced.	3.3.3 Conduct "BANFAIRS" in Ethiopia to raise public awareness for bamboo products	<p>-BAMFAIR exhibition organized and provided exposure to three participating big enterprises and five small micro entrepreneurs for 15 days</p> <p>- Bamboo products exhibited during the Ethio-Millennium Fair and Bazaar in Addis Abeba as the "Millennium Grass"; About 280,000 people are estimated to have visited the millennium BAMFAIR</p>	50%

Assessment of performance of component 3

Relevance

All interventions under sub-component 3.1 (technology transfer and skills development for increased productivity); sub-component 3.2 (developing capacity for sustainable supply of raw materials); and sub-component 3.3 (increasing market access) are consistent with the Ethiopian Government's national and sectoral development strategies, the Plan for Accelerated and Sustained Development to End Poverty (PASDEP); the MDGs and the Industrial Development Strategy.

Moreover, in view of the challenges of deforestation and environmental degradation the country is facing, the bamboo initiative has invaluable and multi faceted roles to play, including rehabilitation of the environment, serving as a raw material base for the domestic construction industry; as well as micro, small and medium processing industries, as foreign exchange earner with higher value addition, as a source of food (bamboo shoots), as well as a source of bio-energy (bamboo charcoal with its multipurpose end uses, etc). As such, its relevance cannot be over-emphasized.

A short field visit was undertaken by the evaluation team to one of the project demonstration villages and discussions were held with farmers and people trained in bamboo processing with support of the project. The feedback from beneficiaries clearly demonstrated the relevance of the project's activities in the area of skills development as well as in the area of sustainable supply of raw materials. Furthermore, some promising developments in the area of industrial bamboo applications (two operational manufacturing firms, several investments in pipeline) have been reported by authorities, which underlines the overall relevance of support to the bamboo sector's development. A number of bottlenecks will have to be removed (available information on bamboo resources, build up a sustainable raw material supply, semi-processing capacities at village level, etc.) before private investment can flow at a significant scale.

UNIDO has been providing assistance to the bamboo sector in several countries: there is HQ based in-house expertise and a network of partnerships with leading developing countries in bamboo processing such as China and India. Stimulating the industrial use of bamboo is also clearly in line with UNIDO's mandate and with its priority on agro-industry promotion. Thus, the initiative can be regarded relevant to UNIDO. However, with regard to the development of a sustainable supply of raw materials it should be noted that the corresponding activities do not fall within UNIDO's core competence. Nevertheless, the evaluation team concluded that the integrated approach of the project justifies UNIDO's pioneering role in the area of bamboo propagation. In the medium to long term though, the agricultural part of the cooperation activities should be taken over by other international partners such as FAO.

Effectiveness

Though on a pilot project level, most of the activities under each sub-component (technology transfer and skills development for increased productivity; developing capacity for the sustainable supply of raw materials ; improving technical, functional and aesthetic aspects of bamboo products for diversifying into new markets) have been carried out. In this regard, the following outcomes have been observed:

- FeMSEDA is now established as a center for bamboo processing training for Eastern Africa. The project has achieved an important effect on the capacities in Ethiopia for the transfer of technology and the development of the necessary skills to make better use of the bamboo resources.
- Through the assistance and training provided to 3 target villages and 150 rural beneficiary farmers as well as 103 urban bamboo micro entrepreneurs the viability of the integrated project approach has been demonstrated. First links have been established between farmers / rural communities and manufacturers and positive effects can be expected on both sides. However, the mechanisms that would lead to replication of the experience of the three target villages in other parts of Ethiopia, which is an important step towards overall impact of the project, remains to a large extent unclear.
- Pilot nurseries, introduction and testing of new species and the development of new bamboo propagation methods have significantly contributed to the future goal of a sustainable supply of raw materials. The project has accumulated a pool of know-how on bamboo supply and achieved good results in pilot plantations. To some extent the know-how has been passed on to agricultural extension workers, creating some capacity. However, also in this area the mechanisms that will lead to up-scaling and replication need to be better defined.
- Some preliminary results have been achieved towards improved market access for bamboo products. New products have been developed, producers have been exposed to clients in trade fairs and awareness has been created among the wider public regarding the usefulness of bamboo products. However, this is the project areas where many activities remain to be completed and tangible results in terms of an improved market cannot yet be observed.
- One of the expected outputs of the project was the adoption of bamboo shoots for home consumption as rural food security. There is no indication whether or not this aspect has been addressed.

Efficiency

Total project cost for the special initiative on bamboo as a regional project covering Ethiopia and Kenya amounted to US\$ 2,571,588 out of which CFC financing on grant basis was US\$ 1,686,188. Co-financing by UNIDO was US\$ 50,000 and the remaining US\$ 835,400 was envisaged to be counterpart contribution in-kind.

Total expenditure (CFC funding only) up to September 30/2008 was US\$ 1,163,635. This expenditure covered both, Ethiopia and Kenya. It is difficult to segregate the expenditures between the two countries, as for instance, most international consultants are fielded to the two countries on the same leg of a journey. With a rough assumption of 50% of project cost relating to Ethiopia it can be said that the project has been cost-effective.

Impact and sustainability

As far as the development objective of the project is concerned the evaluation team concludes that the project has been contributed significantly to the promotion of sustainable production and use of bamboo in Ethiopia. Whether this will lead to the sustainable exploitation of bamboo resources of the country is yet to be seen. However,

evidence from interviews of beneficiaries suggests that the project's assumption that improved skills and products will be taken up by local markets is materializing.

Currently, the project management unit (PMU) of the EABP is within the MoARD Head office, making use of facilities and human resources of MoARD, MoTI, FeMSEDA, in addition to EABP project personnel and vehicles. In order to ensure sustainability of the initiative there is a need for institutionalizing the commendable work of the EABP project management unit. The evaluation team observed that MoTI, MoARD, Regional Government officials as well as rural and industrial beneficiaries (Hagere selam) are very much convinced of the tremendous potential in the bamboo initiative. This is a good basis to build up ownership which could lead to sustainability.

As a special initiative, the bamboo project is currently implemented in three pilot villages only. In order to ensure its sustainability, the project needs to be scaled-up so as to ensure replicability of the positive impacts observed so far. Mechanisms of transferring the project experience to local and international partners need to be devised and implemented.

On the positive side it should be noted that the synergy of operations of EABP with that of the Ethiopian Environmental Protection Agency (EPA), the Ethiopian Rural Energy Promotion and Development Center (EREPCD), the Forest Research Center (FRC), academic institutions, NGOs like GTZ, Farm Africa, World Vision International/Ethiopia and the World Agro-forestry center in bamboo development as part of their respective integrated humanitarian activities is likely to contribute to the sustainability of the bamboo initiative.

Conclusions

- Overall, the project can be regarded as having met its objectives and positive effects of bamboo interventions were observed in the pilot villages. As a pilot project it is yet too early to assess impact beyond the demonstration sites.
- More attention needs to be paid to the aspects of up-scaling and sustainability.

Recommendations

- UNIDO needs to consider joint work with FAO to help propagate bamboo in as many areas as possible.
- Along the value chain UNIDO should consider focusing its support on core competence areas related to processing and manufacturing.
- The MoARD, MoTI and UNIDO need to join hands to carry out a fresh inventory of bamboo resources in Ethiopia, as current estimates are out-dated (GTZ undertook a survey in 1997). In carrying out such an inventory, criteria such as the number of potential rural & urban beneficiaries' accessibility of the bamboo culms so produced to potential investors, characteristics of the bamboo species being promoted, etc need to be considered.
- As the foregoing recommendations presume the continuation of the special initiative on bamboo, MoARD, MoTI and UNIDO need to initiate mobilization of funds for a second phase as soon as possible.

- To ensure sustainability of project there is a need for institutionalising the work of the project management unit by incorporating the work in the structure of counterparts.

Ongoing activities from phase I: Establishment of the Ethiopian Cleaner Production Centre (ECPC)

Objectives

The project is a continuation of prior UNIDO support initiatives, in particular the Dutch funded (USD 1.3 million) Ecologically Sustainable Industrial Development Programme, which aimed at strengthening the policy environment and regulatory/enforcement capacities of authorities and the first project to establish the Ethiopian Cleaner Production Centre (ECPC) with funds from the Government of Italy (USD 0.7 million).

The IPE document does not establish clear objectives for the continuation of these efforts. Instead, it mentions that a proposal for a next phase would be prepared by the ECPC Director. Such a document was prepared (project number US/ETH/06/002) for a transition period of 18 months. Implementation of the project started end of 2006.

The overall objective of the project is to contribute to enhanced productivity, competitiveness (including improved access to international markets) and environmental performance of Ethiopian companies.

The expected outcomes of this project are stated in the project document (under “objective”) as follows:

- To achieve sound institutional form and a resource base enabling the provision of credible and efficient services in a sustainable manner
- Develop and provide demand driven and effective CP and other environmental services focusing in the priority sectors on cost sharing basis.

Comments on the design of the project

Overall, the project was well designed, including a clear description of the approach, the counterpart agency and a logical framework. Some of the indicators, however, were found to be not really measurable and useful and objectives could have been formulated in a more coherent way. The project document contains a table of financial contributions from counterparts, which represents a good practice (in fact counterpart contributions to the ECPC were above average when compared to other NCPCs).

The planned outputs and activities seem to be too ambitious when related to the relatively small project budget.

Overview of progress to date

Table 7 presents an assessment of the performance of these sub-components against the outputs outlined in the project document.

**Table 7: Objectives, outputs, activities, and performance of the ECPC
(project UE/ETH/06/002, Transition Period)**

Sub-Component	Expected Outputs	Activities	Status/ Assessment	Completion Rate
<p>Immediate Objective 1 To achieve sound institutional form and a resource base enabling the provision of credible and efficient services in a sustainable manner</p>	<p>Sound institutional form and resource base enabling the provision of credible and efficient CP related services in a sustainable manner</p>	<p>Implementation of new organizational structure including better staffing of ECPC Procurement of testing equipment COMFAR training</p>	<p>The ECPC has received new and adequate premises from ESTA. Staff of the ECPC is funded from Government resources, but continuous budgeting has not yet been secured. The Centre does not yet have its own legal status. Better access to testing equipment through ESTA Laboratory. No evidence of COMFAR Training</p>	<p>60%</p>
<p>Immediate Objective 2 Develop and provide demand driven and effective CP and other environmental services focusing on the priority sectors on cost sharing basis</p>	<p>Building the technical capacity of the ECPC for developing and providing new CP services</p>	<p>Provide training to ECPC staff and selected stakeholders on: EMS, Environmental Impact Assessment and Energy Efficiency</p>	<p>Capacity building for EMS advisory services has resulted in enhanced EMS advisory services, but has been partly ineffective due to staff fluctuation and delayed implementation.</p>	<p>50%</p>

Sub-Component	Expected Outputs	Activities	Status/ Assessment	Completion Rate
	<p>Develop, market and provide demand driven and effective CP services on cost sharing basis to ensure financial sustainability of ECPC</p>	<p>CP audit and related services to 12 companies on a cost sharing basis Training workshop on CP on cost sharing basis Dissemination workshops Training for officers from financial institutions Training for EMS implementing companies</p>	<p>EMS has been introduced as a new service of the ECPC during the first phase (2003-2005) 7 enterprises and strengthened during the current phase (2006/2007) 13 enterprises. By now a total of 11 enterprises has been certified in ISO 14000. Income from EMS related services reached 40 to 50% of cost sharing.</p>	70%
	<p>Transfer ECPC into a highly networked organization that creates new development opportunities through strategic partnership.</p>	<p>CP audit in cooperation with one sector association Strategic alliances and international workshops organized Project document for next phase</p>	<p>ABREW project to assess water consumption in Ethiopian breweries implemented Some workshops, but no significant progress in the area of networking and strategic alliances Project document for the next phase prepared by ECPC director (no inputs from UNIDO project manager)</p>	70%

Assessment of performance

Relevance

The concept of Cleaner Production (CP), including energy efficiency, and the provision of services in the area of environmental management systems (EMS) are clearly relevant in the Ethiopian context. However, the relevance of the project approach to promote CP by providing services to organisations and companies is less evident. While the strong ownership and commitment of the ECPC counterpart, the Ethiopian Science and Technology Agency (ESTA), provides a good basis for a relevant project, the still weak enforcement of relevant regulations (Environmental Pollution Control Proclamation and Environmental Impact Assessment Proclamation) reduces the actual demand for services from the beneficiaries' side.

However, this situation is expected to improve with the planned introduction of pollution standards for several industrial sectors. The Ethiopian Environmental Protection Agency is foreseeing these standards to enter into force in the near future.

The overall relevance for the CP activities to UNIDO is high, given the long experience of UNIDO in the CP field, especially in the establishment and strengthening of national cleaner production centres, and taking into account that UNIDO is one of the few international cooperation partners active in Ethiopia in the CP field.

Effectiveness

An assessment of the overall effectiveness of the ECPC was not within the scope of this evaluation. The effectiveness of the support provided through the current support project can be regarded as relatively limited. This is due to two main reasons. First, the problems the ECPC faces in terms of demand for its services. Reduced demand for services of course reduces the effectiveness of the capacities created in the ECPC. Second, the high staff turn over rate has reduced the effectiveness of training provided to ECPC staff.

The evaluation team observed that the ECPC so far has focused on provision of services to larger companies. The ECPC has not yet generated experience in applying group approaches, such as "Ecoprofit", to work with MSMEs.

Furthermore, as noted in the comments on the design of the project, the planned intervention was too ambitious in magnitude to be actually implemented with the relatively small project budget.

Given these constraints (yet limited demand for services, staffing problems, small resource base) the results achieved by the ECPC in the field of EMS services can be regarded as very encouraging. Thus, despite the limited effectiveness of the transition phase project, it should be noted that the ECPC and its staff have achieved to maintain the momentum for CP in Ethiopia. This represents a valuable investment in the overall enabling environment for CP.

Efficiency

The project funds totaled **EURO 177,000**, out of which approximately **EURO 140,000** had been used at the time of evaluation. Funds were mainly used for

national consultants (48%) and international consultants (22%). The remaining balance was used for administrative support and project travel.

The quality of inputs provided by UNIDO was generally high. International experts contributed significantly to the work done at the enterprise level, thereby also increasing the perceived value of services rendered by the ECPC, which helps the Centre to generate a trust-relationship with clients.

The technical input from UNIDO HQ was relatively limited (e.g. a project document for the follow up phase was prepared by the ECPC without inputs from UNIDO staff) and the provision of up-to-date information on project progress to the donor (e.g. through donor involvement in project monitoring) was insufficient.

Impact and sustainability

Data on impact at enterprise level is available for some of the implemented CP options. These data show that there is a potential for economic as well as environmental gains in many companies in different sectors such as leather, pulp & paper, ceramics, textile. However, it is not clear how the services rendered to these companies will be effectively up-scaled to contribute to the process of improving productivity and environmental performance in general. A few visits to firms in the leather sector showed that this sector, despite having received services from the ECPC, is yet far away from an acceptable environmental performance. It appears that, as in many other National Cleaner Production Centres (NCPCs), the impact in terms of transferring Environmentally Sound Technologies (EST) has been limited even in the pilot cases subsidized by international funds.

Some stakeholders have expressed that the ECPC was instrumental to achieve the progress in environmental regulations. As described in the relevance section, whether the new standards and regulations will become effective remains to be seen. But the ECPC seems to be well positioned in Ethiopia to contribute to further progress in the policy and legislative environment, which can be considered most important for future impact and sustainability of CP in Ethiopia.

In terms of institutional sustainability the ECPC has received above average support from the Ethiopian Government, which provided for most of the operating expenses and a considerable portion of expenditures for staff. However, while the current funding of the ECPC as part of the public budget of the host institution (ESTA) ensures continued operations of the ECPC, it limits the responsiveness of the Centre to private sector demands since income generated by the provision of services cannot be used by the Centre. It is noted that the ECPC does not have its own legal entity. Establishing a legal entity for an NCPC has proven useful in many other countries (see Thematic Evaluation of UNIDO UNEP Cleaner Production Programme, www.unido.org).

Conclusions

The ECPC appears to have a comparatively sound resource base (staff and infrastructure provided by ESTA) and has positioned itself well in Ethiopia. The investment made so far to build up the ECPC represents a good basis for CP promotion in the country.

The long term vision of the ECPC is to become a second level provider of services to private consultants and firms involved in CP. Currently the ECPC is far away from this goal, since a demand/market for CP services has not yet sufficiently emerged in Ethiopia.

The project to support the ECPCP transition period was not very effective; the reason for this being a number of constraining factors. These factors (yet limited demand for services, staffing problems, small resource base) need to be taken into account when designing the future support to CP in Ethiopia and should be monitored closely using verifiable indicators.

Recommendations

- Integrate the ECPC into next phase of country programme
- Continue support to the ECPC with a strong emphasis on the development of a demand/market for CP services
- Consider work with MSMEs using collective approaches and links to clusters
- Consideration should be given to create a separate legal entity for the ECPC in order to make the Centre more responsive to market demands
- Donors should be more informed about the ECPC activities and results and, if interested, donors should be involved in project monitoring & steering (e.g. Steering Committee).

5

Assessment of the programme

Results and evaluability of the IPE

Measurable outcomes, targets and baselines not set at the programme level. Similar to the findings of other evaluations of IPs⁶, the team has observed a fundamental weakness in the evaluability of the UNIDO IP in Ethiopia with regard to the effectiveness at outcome and impact levels. In this respect the problems detected can be summarized as follows:

- In many cases, the definition of objectives in broad terms make it almost impossible to ascertain or measure their attainment;
- Absence of outcome indicators;
- Absence of baseline data for output and outcome indicators; and
- For the reasons mentioned above, the monitoring mechanisms established (e.g. steering committees at project level) could not apply monitoring and (self-) evaluation in a systematic manner, based on outcome indicators and following the intervention logic of the IP and its components.

As a consequence, project documents, reports and self evaluations lack a thorough analysis of factors that could help or hinder the achievement of objectives. This, in turn, reduces the degree of evaluability of IPs.

Assessment of the programme against IP principles

According to UNIDO guidelines Integrated Programmes should:

- be used as a planning and management tool,
 - be internally integrated - interrelated services at policy, institutional and enterprise levels, and
 - be externally integrated - seeks cooperation and synergies with other international agencies and local development partners.
-

⁶ See: Comparative review of lessons learned from 20 UNIDO integrated programmes (March 2007), (www.unido.org)

Overall a fair amount of integration observed. There is evidence that the Ethiopia IP was implemented in a coordinated manner. The periodic meetings of project coordinators were a useful forum for reviewing and coordinating programme activities. With respect to the degree of integration between components and projects, the team observed a fair amount of integration. For example, the leather and food industries have benefited from the activities of the National Cleaner Production Center for the improvement of effluent treatment plants. Similarly through the cluster project that is supporting the informal sector small leather and leather products manufacturers have benefited from training programmes at the LLPTI.

The evaluation team has also observed good collaboration with other donors particularly with USAID on export promotion of leather products and hides and skins improvement. On bamboo development there is a strong coordination of activities with GTZ. There was also a fair amount of cooperation with other UN agencies through the participation in the UN Country Team (UNCT) and the UNDAF I and UNDAF II. UNIDO is also actively participating in the Donor Assistance Group (DAG), taking the lead in the area of private sector development.

Overall, the IP had a fair level of integration internally as well as externally.

Relevance of the programme

Well aligned with national priority areas. The IPE was structured around two primary development challenges: (i) the imperative to improve the competitiveness of manufactured products and (ii) the need to improve the efficiency of use of agro-based resources in rural areas. All the activities of the IPE aim to support the Government in facing these challenges and can be regarded consistent with the Ethiopian Industrial Development Strategy. The strategy has this to say on competitiveness *'Our products whether sold locally or abroad should be competitive internationally in terms of quality, price and timeliness of supply. This should be the starting point for our efforts to attain industrialization.'*... Further the strategy emphasizes that *'...in order to ensure rapid industrial development, industry following the determination by agriculture, should produce inputs and consumption goods suitable for agriculture, market agricultural products after adding value to them and operate mutually supportive way with agriculture. The industrial development strategy also puts great importance and focus on 'agriculture development led industrialization.'* It is therefore clear that the various interventions under the IPE are aligned to the Government's national and sectoral strategies.

Programme and individual interventions relevant to UNIDO cooperation. The overall objectives, the two main components and their objectives and the projects implemented to achieve them are found fully compatible with UNIDO's mandate and corporate strategy.

On the other hand the team observed the limited scope and breadth of the interventions and the many planned but unfunded interventions which have reduced the relevance of the programme seen in the context of the overall objectives and expectations set out for the programme.

Efficiency of programme delivery

The evaluation was not able to get data that compares programme costs with associated benefits, or, comparison of costs and benefits with other similar projects to assess how efficiently resources have been utilized. But the team observed that UNIDO has built and managed good working relationships with all the important stakeholders from the government, the private sector and other international partner organisations and as a result the field office has made a positive contribution to the IP efficiency and effectiveness. Overall there was a relatively high degree of intellectual inputs from backstopping officers (leather, bamboo, cluster) and local expertise was used wherever available. This has reduced the cost of project implementation, contributing to a good level of overall programme efficiency.

International and national short term consultants were used for various activities. These experts were for the most part highly appreciated. In some cases however too short missions of international consultants reduced the efficiency of this key UNIDO input.

Study tours arranged for staff and senior government officials were mostly useful and can be considered an efficient instrument to ensure support and follow up to UNIDO interventions at the policy level.

Effectiveness of the programme

Overall good level of effectiveness of the implemented interventions: those parts of the IPE that were funded have produced most of the expected outputs.

Partial **implementation of IP components has limited effectiveness:** As the IPE was implemented only partially, the achievement of the component goals (manufacturing competitiveness and efficiency of rural agro processing) was limited. However, the inclusion of the special initiative on bamboo has contributed positively to both components' objectives.

Difficult to measure effectiveness at outcome and impact levels: It was difficult to measure the effectiveness at outcome and impact levels of most interventions due to the poor tracking of results attributable to the interventions. The general view of national counterparts and agencies, however, is that the objectives of the IPE to support implementation of the Ethiopian Industrial Development Strategy has been achieved to a significant extent, whether it is through policy advice, studies, institutional capacity building or pilot activities.

Sustainability and ownership

Key to sustainability is the degree of ownership and commitment to programme activities from local stakeholders. In general the evaluation has observed keen interest and commitment by the Government.

The programme has assumed that the Government and beneficiaries of the programme would ensure the financial and institutional sustainability of programme activities. The evaluation team cannot confirm that this is the case with all projects. The evaluation team has observed that the projects that fall under MoTI have a high degree of ownership and

commitment for sustaining activities. The same observation can be made for ECPC. The Science and Technology Commission is committed to the Center's activities and is supporting the Centre by providing office space and staff. The Bamboo project on the other hand is largely dependent on technical assistance. There is no exit strategy in place to ensure continuation of project activities. One other project where sustainability was a concern was the support provided to the Central Food Laboratory. Both the evaluation team and the backstopping officer for the project recommend some kind of autonomy for the laboratory and improved access to resources for its operating expenses.

Assessing sustainability is in general an exercise in risk analysis. For the next phase of UNIDO/IPE, at the time of project document preparation, a sustainability/risk analysis should be made mandatory and the analysis should consider the institutional capacity/arrangements and the financial resources required to sustain project results.

6

Lessons and recommendations

Lessons in project design and formulation

Strong alignment of the IP with the Government's Industrialization Strategy provides a good basis for ownership, Government commitment and the build up of a long-term partnership between UNIDO and the Government. The IPE has been designed in close consultations with the Ethiopian Government. Areas that combined the priorities of the EIDS with the competences of UNIDO were identified and included in the IPE. This turned the IPE into an important tool for the Government to support implementation of EIDS. As a result, commitment and support of the Government, especially the Ministry of Trade and Industry, was above average.

It is essential to invest sufficient time in programme design, formulation and preparation. Two broad lessons can be drawn from the analysis of project design and formulation.

The first lesson to be drawn is when a programme for capacity building like the technical assistance for LLPTI is being considered, it would be useful to establish the conditions necessary for absorption of the technical assistance prior to start of project activities. The independent evaluation of the technical assistance (TA) to LLPTI concluded that the effectiveness of the TA was reduced because 'the necessary conditions for the successful realization of the project objectives have not always been in place'.

The second lesson is the risk of establishing a parallel project implementation unit independent of existing government structures without firm plans to integrate project activities to existing structures. It is a risk that the bamboo project is facing. The project is now nearing completion and there is no firm plan for the extension of its activities which means that soon after the end of the current phase of the IPE the effectiveness of project activities and the sustainability of results would be at risk because Government has not made plans for internalizing project activities in its normal work programme.

The usefulness of an IP as a programming and management tool is significantly reduced whenever a significant part of the IP is not funded. Usually, for the formulation of an IP a lot of efforts are made to develop a coherent and comprehensive programme with complementary actions and synergies among components and projects. In the case of IP Ethiopia the two main components were implemented only partially, making the originally envisaged synergies impossible to materialize. Thus it might have been useful to reduce the scope of the IP including only those parts of it that are complementary (e.g. same counterpart, same target group, same region, same implementing partners, etc.) and make this reduced IP part of the overall UNIDO country programme. The IP could then be enlarged whenever new projects that are mutually supportive are approved. New projects that do not fit into the IP would then be stand alone projects, but still be part of the country programme.

It is necessary to have an M&E tool kit to guide programmes. The team has observed a fundamental design weakness of not incorporating a monitoring and evaluation mechanism for into programme design. There was no guidance to project coordinators to monitor and evaluate outputs and especially outcomes in terms of clear and verifiable indicators. As a result, information or regular reports on progress of project execution, their efficiency (both financial and temporal), and results achieved (both during execution and after execution) were hard to come by.

Lessons in project management and implementation

Pilot projects require in-depth evaluations at completion. The pilot activities in three target villages for Bamboo plantation, training in harvesting, post harvest treatment and crafts if successful are to be scaled up. Before scaling up, however, the results at the pilot level have to be verified, analyzed and disseminated. This will require an in-depth evaluation, or better still an impact evaluation, that can convincingly demonstrate the costs and benefits of scaling up. In addition, the project should be linked to broader policy goals for alignment with Government priorities and should establish clear replication strategies in order to promote sustainability and ownership.

Recommendations to UNIDO

A) Programme-wide recommendations

1. For the next IPE phase, UNIDO should focus its resources in its area of comparative advantage. In the area of policy advice, it should continue its support to strategic sectoral studies and master plans and their implementation, in particular for the agro-processing sector. At the sector-level level it should focus on either institutional capacity building of key sectoral institutions like the LLPTI and the newly established Leather and Textile Development Center and, supporting the implementation of recommendations from the ongoing benchmarking exercise across the textile and shoe industry sectors.
2. The next IPE should have a clear resource mobilization strategy. A coordinated effort between Headquarters, the Regional Office and the Government of Ethiopia will be required to get buy-in of the programme by donors. UNIDO seed money, if granted, should be used for preparatory activities and to attract donor funding and should not be used as a substitute for donor funding.
3. If the prospects for funding all envisaged activities are not good, due considerations should be given to the formulation of a country programme instead of an integrated programme. An IP of reduced scope but good chances for comprehensive funding (e.g. IP for leather) could form part of the wider Country Programme.
4. The programme document of the next phase (either IP or Country Programme) should properly elaborate and require the implementation of a monitoring and reporting system that would track outputs and outcomes using appropriate indicators and periodically compare with the baseline data established in advance.

B) Recommendations for component 1

Agro Industry Master Plan:

5. UNIDO should support the Government in the implementation of the Agro Industry Master Plan, special attention might be given to the aspects of cereals farming and production, given the high poverty relevance of this sector
6. Depending on the outcome of the studies of the 3 product groups, UNIDO should continue to support the development of similar studies in other important product groups in the agro industry sector on a phase by phase basis.

LLPTI:

7. The focus and future direction of the LLPTI needs to be more needs based and private-led.
8. Several of the recommendations emanating from the project evaluation have been or are being implemented. This should be continued and the IP management should monitor the process.
9. Technology development and transfer activities should be strengthened at LLPTI.
10. Future UNIDO assistance to LLPTI should be complementary to the Twinning arrangement the LLPTI has concluded with a German institute.
11. The independent evaluation on LLPTI has recommended that UNIDO consider further institutional capacity assistance to the institute and this IP evaluation endorses this. To that end experts should be fielded for longer periods to allow time for a more effective transfer of know-how.
12. LLPTI has a good potential to disseminate technology, carry out applied research, provide training and services to the leather industry. To exploit this high potential the active involvement and ownership of the work plan of the institute by the private sector should be encouraged. In connection with this UNIDO and the Government should also build and expand partnership with the private sector and, identify and expand opportunities for cost-sharing.
13. Continued assistance to the 'Made in Ethiopia' initiative is recommended and linkages to the LLPTI should be considered.

Food Safety System:

14. The issue of independence of the food safety lab represents a barrier for accreditation and has not yet been resolved. This should be looked into by the Government.
15. Better enforcement of food safety standards should be explored.
16. Enabling environment should be created to facilitate the establishment of other private / public laboratories

Productive performance in selected sectors:

17. UNIDO should give continued assistance to the leather and leather products sectors.
18. Periodic progress reports should be made available to all stakeholders on the implementation of the Master Plan and the corresponding outcomes.
19. Steps should be taken to ensure that the footwear benchmarking study is of benefit also to other companies. Lessons should be compiled and disseminated.
20. There is a need for enhanced cooperation with other agencies, in particular with FAO. For example, synergies with FAO regarding hides and skins improvement should be explored And cooperation between UNIDO and FAO to undertake a Fibre and Cotton Master Plan might be explored.
21. Continued cooperation of UNIDO in benchmarking the textile and garments sector is recommended.

C) Recommendations for component 2

Cluster (MSME) project:

22. Monitoring needs to be improved in order to produce consolidated information at cluster level, M&E systems applied by Cluster programmes in other countries (India, Nicaragua) should be used as models
23. Next phase should emphasize more the leading role of local partner institutions in the cluster development (e.g. assignment and training of co-CDAs to work in teams with UNIDO CDAs).
24. UNIDO should aim at supporting the MoTI in exercising its coordinating role in Cluster development in Ethiopia
25. Put more emphasis on the development of vertical linkages (backward – raw materials, forward – markets) and explore the combination of Cluster initiatives with value chain approaches.
26. A separate project evaluation report will be released shortly. The recommendations there will be more specific and should be taken into account by project and IP management.

D) Recommendations for other initiatives

Bamboo project:

27. UNIDO needs to consider joint work with FAO to help propagate bamboo in as many areas as possible.
28. Along the value chain UNIDO should consider focusing its support on core competence areas related to processing and manufacturing.

29. The MoARD, MoTI and UNIDO need to join hands to carry out a fresh inventory of bamboo resources in Ethiopia, as current estimates are out-dated (GTZ undertook a survey in 1997). In carrying out such an inventory, criteria such as the number of potential rural & urban beneficiaries' accessibility of the bamboo culms so produced to potential investors, characteristics of the bamboo species being promoted, etc need to be considered.
30. As the foregoing recommendations presume the continuation of the special initiative on bamboo, MoARD, MoTI and UNIDO need to initiate mobilization of funds for a second phase as soon as possible.
31. To ensure sustainability of project there is a need for institutionalising the work of the project management unit by incorporating the work in the structure of counterparts.

Ethiopian Cleaner Production Centre (ECPC):

32. Integrate the ECPC into next phase of country programme
33. Continue support to the ECPC with a strong emphasis on the development of a demand/market for CP services
34. Consider work with MSMEs using collective approaches and linkages to clusters
35. Consideration should be given to create a separate legal entity for the ECPC in order to make the Centre more responsive to market demands
36. Donors should be more informed about the ECPC activities and results and, if interested, donors should be involved in project monitoring & steering (e.g. Steering Committee)

Other recommendations:

37. As for the support to the floriculture sector, if continued, the possible links with the metal works clusters to enhance local production of green houses should be explored and UNIDO should ensure that cooperation with the floriculture sector takes also into account issues of environmental sustainability and corporate social responsibility.

Recommendations to the Government of Ethiopia

1. The success of a future IPE will depend to a large extent on a successful fund mobilization effort. The Government and UNIDO should be committed to a joint funds mobilization strategy and jointly make sure that resource mobilization is an integral part of their partnership.
2. The Government should strengthen the national co-ordination of the programme by reinstating and encouraging regular meetings of the steering committee at the national level.
3. The Government should expand ongoing efforts to strengthen the governance structure and staff of LLPTI with emphasis on an increased involvement of the private sector. Dealing with bottlenecks in terms material resources and technical skills alone

is unlikely to yield sustainability of institutional capacity. Enabling policy and institutional environment are key prerequisites.

4. The MoARD, MoTI and potential donors like GTZ need to join hands to carry out a fresh inventory of bamboo resources in Ethiopia, as current estimates are outdated (GTZ undertook a survey in 1997). In carrying out such an inventory, criteria such as the number of potential rural & urban beneficiaries, the accessibility of the bamboo culms for potential investors, characteristics of the available bamboo species being promoted, etc need to be considered.

Annex 1: Terms of Reference for the independent evaluation

UNIDO INTEGRATED PROGRAMME IN ETHIOPIA

“Integrated Programme for Private Sector Development and Enhanced Competitiveness with Special Emphasis on Textile & Garments, Leather & Leather Products and Food Processing” (IP ETHIOPIA Phase II)

I. Background

The “Integrated Programme for Private Sector Development and Enhanced Competitiveness with Special Emphasis on Textile & Garments, Leather & Leather Products and Food Processing” is the second UNIDO Integrated Programme in Ethiopia.

It was formulated during the first half of 2004 after an evaluation of the IP Phase I in 2003. It was then approved in July 2004. Some of the currently ongoing activities are continuations of projects started under IP I, others are new initiatives. When IP II initiated operations, some activities of IP I was still ongoing. The present evaluation will focus on the ongoing activities, but will also take into account prior assistance under IP I wherever this is relevant and necessary to reach coherent conclusions and recommendations. So far, the IP Ethiopia II has not been subject to an independent evaluation.

II. Budget information

Current Planning Figure (incl. psc):		\$11,092,299		
Current Planning Figure (excl. psc):		\$9,816,694		
	Component	Current Planning Figure	Total Allotment	Total Expenditure
0.0.00	Multi-purpose	\$0	\$232,883	\$101,465
1.0.00	Private sector led enhancement of competitiveness of manufactured products	\$7,315,694	\$2,553,407	\$2,047,978
2.0.00	Poverty alleviation through improvements in the efficiency of primary agro-based resources in rural areas	\$2,179,000	\$1,061,435	\$584,418
99.0.00	General Management	\$322,000	\$211,431	\$142,735
	Total	\$9,816,694	\$4,059,156	\$2,876,596

Source: Programme Progress Report, May 2007

III. Purpose

The purpose of the independent evaluation of the Integrated Programme in Ethiopia Phase II is to enable the Government, UNIDO and donors to:

- Assess the outputs produced and outcomes achieved as compared to those planned and to verify prospects for development impact and sustainability.
- Assess the efficiency of implementation: quantity, quality, cost and timeliness of UNIDO and counterpart inputs and activities.
- Provide an analytical basis and recommendations for the focus and design for the possible continuation of the project in a next phase (if applicable).
- Draw lessons of wider application for the replication of the experience gained in this project in other projects/countries.

The evaluation is conducted in compliance with UNIDO evaluation policy.

IV. Evaluation method and reporting

The evaluation is conducted in compliance with UNIDO evaluation policy as an Independent mid-term Evaluation.

Independent evaluation is an activity carried out during the project cycle, which attempts to determine as systematically and objectively as possible the relevance, efficiency, achievements (outputs, outcomes and impact) and sustainability of the project. The evaluation assesses the achievements of the programme against its key objectives, as set in the project document, including re-examination of the relevance of the objectives and of the design. It also identifies factors that have facilitated or impeded the achievement of the objectives.

The evaluation will be conducted at two levels: evaluation of selected IP components and evaluation of the programme as a whole.

The evaluation will be carried out through analyses of various sources of information including desk analysis, survey data, interviews with counterparts, beneficiaries, partner agencies, donor representatives, programme managers and through the cross-validation of data. While maintaining independence, the evaluation will be carried out based on a participatory approach, which seeks the views and assessments of all parties.

The evaluation report shall follow the structure given in annex 1. While maintaining independence, the evaluation will be carried out based on a participatory approach, which seeks the views and assessments of all parties. It will address the following issues:

A) Evaluation of (sub-) components

Ownership and relevance

The extent to which:

- i. The component was formulated with participation of the national counterpart and/or target beneficiaries, in particular the industrial stakeholders.
- ii. The counterpart(s) has (have) been appropriately involved and were participating in the identification of their critical problem areas and in the development of technical cooperation strategies, and are actively supporting the implementation of the component.
- iii. A logically valid means-end relationship has been established between the component objective(s) and the higher-level programme-wide objective.
- iv. Changes of plan documents during implementation have been approved and documented.
- v. The outputs as formulated in the IP document are still necessary and sufficient to achieve the component objectives.
- vi. Coordination envisaged with other components within the IP or with any other development cooperation programmes in the country has been realized and benefits achieved.

Efficiency of implementation

The extent to which:

- i. UNIDO and Government/counterpart inputs have been provided as planned and were adequate to meet requirements.
- ii. The quality of UNIDO services (expertise, training, equipment, methodologies, etc.) was as planned and led to the production of outputs.

Effectiveness of the component

Assessment of:

- i. The relevance of the outputs produced and how outputs are used by the target beneficiaries.
- ii. The outcomes, which have been or are likely to be realized through utilization of outputs.

Impact

Identify what developmental changes (economic, environmental, and social) at the target beneficiary level (industry) have occurred or are likely to occur.

B) Programme-wide evaluation

Relevance and ownership

The extent to which:

- i. The IP was jointly identified and formulated with the central coordinating authority, as well as with the involvement of programme counterparts and their target beneficiary groups.

- ii. There is an agreement among the stakeholders that the objectives of the IP are still valid and that the programme supports the country industrial strategy.
- iii. The programme did and continues to meet the MDGs and other international targets and is related to UNIDO's corporate strategy.
- iv. The programme is complementary with relevant bilateral and multilateral cooperation and coordination programmes (especially UNDAF and CCA).

Funds mobilization

The extent to which:

- i. The central national management and counterparts were able and willing, to contribute (in kind and/or cash) to IP implementation and in taking an active part in funds mobilization.
- ii. UNIDO HQs and the Field representation paid adequate attention to and were effective in funds mobilization.
- iii. The IP team and its stakeholders were in a position to participate in the process of allocation of seed money.

Programme coordination management

The extent to which:

- i. The central national management and overall field coordination mechanisms of the Programme have been efficient and effective.
- ii. The UNIDO HQ based management, coordination, monitoring of its services have been efficient and effective.

Programme identification and formulation

The extent to which:

- i. A participatory programme identification process was instrumental in selecting problem areas and counterparts requiring technical cooperation support.
- ii. The IP has a clear thematically focused development objective, which will contribute to goals established by the country, the attainment of which can be determined by a set of verifiable indicators.
- iii. The project/programme was formulated based on the logical framework approach

Synergy benefits derived from programme integration

The extent to which:

- i. Coordination amongst and within components led to benefits (such as cost saving in implementing UNIDO services; increased effectiveness resulting from providing different services to the same target group; increased effectiveness resulting from interventions aiming at strengthening linkages within a system;

improved effectiveness due to services provided simultaneously at the level of policies, support institutions and enterprises).

- ii. The transaction costs of the IP (management and coordination of many stakeholders, complexity in funds mobilization, etc.) were commensurate to the benefits of integration.

Results at the programme-wide level (contribution to industrial objectives of the country)

Assessment of:

- i. The results achieved so far at the output, outcome and whenever possible impact level.
- ii. If the IP has, or is likely to contribute indirectly to the achievement of the Millennium Development Goals (indicate which ones).

Result indicators were developed and facilitated the assessment of progress towards national and international development targets.

V. Evaluation team

The evaluation team will be composed of one international evaluation consultant acting as team leader, one UNIDO staff member of UNIDO Evaluation Group and one national evaluation consultant (to be selected jointly by UNIDO and the Government of Ethiopia).

The staff member of UNIDO evaluation group will act as a member of the evaluation team and will participate in the evaluation mission in order to ensure the usefulness of the evaluation for UNIDO organizational learning.

Within the framework of the thematic evaluation of UNIDO Cluster and Networking initiatives, the ongoing project on Micro, Small and Medium sized enterprises (UE/ETH/05/007) will be evaluated in parallel to the IP evaluation by a specialist consultant. The results of this project evaluation will be used as input into the IP evaluation.

UNIDO evaluation group will be responsible for the quality control of the evaluation process and report. It will provide inputs regarding findings, lessons learned and recommendations from other UNIDO evaluations, ensuring that the evaluation report is useful for UNIDO in terms of organizational learning (recommendations and lessons learned) and its compliance with UNIDO evaluation policy and these terms of reference.

All consultants will be contracted by UNIDO. The tasks of each team member are specified in the job descriptions attached to these terms of reference.

Members of the evaluation team must not have been directly involved in the design and/or implementation of the programme/projects.

UNIDO Field Office in Ethiopia will support the evaluation team. Donor representatives from the bilateral donor representations will be briefed and debriefed.

VI. Timing

The evaluation is scheduled to take place in the period September to December 2008. The field mission for the evaluation is planned to take place in October 2008.

After the field mission, the international team members will come to UNIDO HQ for debriefing. The final version of the evaluation report will be submitted 6-8 weeks after the debriefing.

VII. Reporting

The evaluation report shall follow the structure given in annex 1. Reporting language will be English.

Review of the Draft Report: *Draft reports submitted to UNIDO Evaluation Group are shared with the corresponding Programme or Project Officer for initial review and consultation. They may provide feedback on any errors of fact and may highlight the significance of such errors in any conclusions. The consultation also seeks agreement on the findings and recommendations. The evaluators will take the comments into consideration in preparing the final version of the report.*

Quality Assessment of the Evaluation Report: *All UNIDO evaluations are subject to quality assessments by UNIDO Evaluation Group. These apply evaluation quality assessment criteria and are used as a tool for providing structured feedback. The quality of the evaluation report will be assessed and rated against the criteria set forth in the Checklist on evaluation report quality (annex 3).*

Annex 2: Organizations visited and persons met

MoTI	H.E. Tadesse Haile, State Minister of Trade and Industry Sileshi Lemma, Director, Leather and Textiles Sector Dendena Chemedo, Head of Agro-Industry Department
UNIDO Regional Office	David Tommy, UR Aurelia Calabro, SIDO Asegid Adane, IPE Coordinator Yitbarek Fantahun, National Expert Tsegabu Teka, CDA Netseha Sequar, National Expert
EABP	Melaku Tadesse, National Project Coordinator Mismak Zena, Curriculum Specialist Belete Baatero, Technical Project Officer
FEMESEDA	Yaregal Misikir, Director General Masresha Armidie, Trainer in Bamboo Beletu Teferr, Trainer in Bamboo Tewodros Abera, Trainer in Bamboo
Village Center	Memuru Moke, Head of District Agricultural Office Tafesse and group of farmers
ECPC	Lelisa Daba, Director Melaku Mengistu, D/Director Alemayehu Zelleke, Expert Getahoun Gezahegne, D/D Training Promotion and
Development	
ESTA	Shimu Teferra, D/Director General
EPA	Mehari Wondimagegn, Pollution Control Department Head
MoARD	H.E. Ahmed Nasir, State Minister, MoARD
Microbiology Lab	Samson Girma, Laboratory Head Ferehiwot Aberra, Laboratory analyst
Ethio-Leather PLC	Daniel, Manager
EIA	Abi Wolde Meskel, General Manager
LLPTI	Solomon Getu, Director General Michele Boario, Senior Economic Advisor
FAO	Mafa E. Chipeta, Sub-regional coordinator for Eastern Africa
Peacock Shoe Factory	Yohannis Mandefro, Technical Manager
UNDP	Alessandra Tisot, Country Director Yemmisrach Assefa, UNDP
Adal Ind PLC	Adane Berhe, General Manager
Tayitu Group	Salpi Nalbandian, General Manager
BOTI	Fitsum Arega, Head of Trade and Industry

	Wondatir Abay, PSC Member
	Shimelis Getachew, Head of TIDO
	Belete Mengistu, Focal person for ready made
	Daniel Ebba, Head of TIDO
	Abebaw Tekle, Focal Person Gulele
	Tadelle Dinku, Head of Bureau for MSE Development
	Ibrahim Ahmed, Focal person for Merkato Leather cluster
Gulele Cluster	Fekadu Mesfin, BDS facilitator
	Desalegn Bayu, Chairman of Tebabren Enisra
	Feyissa Ayele, Tebabren Inisra
BoTIT	Abadi Zemo, Head of Bureau of Trade, Industry and Transport
Mekele University	Gebremeskel, Head of Industrial Engineering Department
	Bereket Araya, Industry Linkage with Mekele University
Mesfin Ind. Eng. LC	Amanuel G Kidan, Deputy General Manager
	Zemenfese Gebre, Engineer
QSAE	Deressa Fufa, Head of Certification

Annex 3: UNIDO technical cooperation activities

Value of net approvals in 2006 (In thousand of US dollars)

Source of Funds	Africa (excluding African Arab States)	African Arab States	Total
UNIDO regular budget	436	77	2,555
UNDP funds	1,190	.49	572
Industrial Development Fund	2,410	526	15,007
Montreal Protocol	3,948	8,844	34,655
Self financed trust funds	1,036	.12	1,694
Third party financed funds	4,108	1,872	27,153
Global Environment Facility	3,679	150	15,166
Other trust funds	368	0	6,388
European Union	453	0	1,181
TOTAL	17,628	11,408	104,371

Source: UNIDO 2006 Annual Report.



UNITED NATIONS INDUSTRIAL DEVELOPMENT ORGANIZATION

Vienna International Centre, P.O. Box 300, 1400 Vienna, Austria

Telephone: (+43-1) 26026-0, Fax: (+43-1) 26926-69

E-mail: unido@unido.org, Internet: www.unido.org