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UNIDO INTEGRATED PROGRAMME FOR ERITREA:

Sustainable and Competitive Industrial Development

Report of the independent evaluation*

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This document has not been formally edited.

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Glossary

Conclusions	Conclusions point out the factors of success and failure of the evaluated intervention, with special attention paid to the intended and unintended results and impacts, and more generally to any other strength or weakness. A conclusion draws on data collection and analyses undertaken, through a transparent chain of arguments.
Effectiveness	The extent to which the development intervention's objectives were achieved, or are expected to be achieved, taking into account their relative importance.
Efficiency	A measure of how economically resources/inputs (funds, expertise, time, etc.) are converted to results.
Impacts	Positive and negative, primary and secondary long-term effects produced by a development intervention, directly or indirectly, intended or unintended.
Indicator	Quantitative or qualitative factor or variable that provides a simple and reliable means to measure achievement, to reflect the changes connected to an intervention, or to help assess the performance of a development actor.
Institutional Development Impact	The extent to which an intervention improves or weakens the ability of a country or region to make more efficient, equitable, and sustainable use of its human, financial, and natural resources, for example through: (a) better definition, stability, transparency, enforceability and predictability of institutional arrangements and/or (b) better alignment of the mission and capacity of an organization with its mandate, which derives from these institutional arrangements. Such impacts can include intended and unintended effects of an action.
Lessons learned	Generalizations based on evaluation experiences with projects, programs, or policies that abstract from the specific circumstances to broader situations. Frequently, lessons highlight strengths or weaknesses in preparation, design, and implementation that affect performance, outcome, and impact.
Logframe	Management tool used to improve the design of interventions, most often at the project level. It involves identifying strategic elements (inputs, outputs, outcomes, impact) and their causal relationships, indicators, and the assumptions or risks that may influence success and failure. It thus facilitates planning, execution and evaluation of a development intervention. Related term: results based management.
Outcome	The likely or achieved short-term and medium-term effects of an intervention's outputs. Related terms: result, outputs, impacts, effect.
Outputs	The products, capital goods and services which result from a development intervention; may also include changes resulting from the intervention which are relevant to the achievement of outcomes.
Recommendations	Proposals aimed at enhancing the effectiveness, quality, or efficiency of a development intervention; at redesigning the objectives; and/or at the reallocation of resources. Recommendations should be linked to conclusions.
Relevance	The extent to which the objectives of a development intervention are consistent with beneficiaries' requirements, country needs, global priorities and partners' and donors' policies. Note: Retrospectively, the question of relevance often becomes a question as to whether the objectives of an intervention or its design are still appropriate given changed circumstances.
Results	The output, outcome or impact (intended or unintended, positive and/or negative) of a development intervention. Related terms: outcome, effect, impacts.
Sustainability	The continuation of benefits from a development intervention after major development assistance has been completed. The probability of continued long-term benefits. The resilience to risk of the net benefit flows over time.

Map of Eritrea

Acronyms and Abbreviations

ADB	African Development Bank
AGOA	Africa Growth and Opportunities Act
AGIS	Advanced Government Information System
AMIS	Agricultural Machinery Industry System
BDS	Business Development Services
DANIDA	Danish International Development Assistance
EIC	Eritrean Investment Centre
ELAIA	Eritrean Leather and Allied Industries Association
ENCC	Eritrean National Chamber of Commerce
EPZ	Export Processing Zone
ESI	Eritrean Standards Institution
FAO	Food and Agriculture Organization
GHP	Good Hygiene Practice
GEIS	Government Economic Information System
GMP	Good Manufacturing Practice
HACCP	Hazard Analysis of Critical Control Points
IBAS	Industrial Business Advisory Services
IBDS	Industrial Business Development Services
IDF	Industrial Development Fund
IDSC	Industrial Development and Service Centre
IHRD	Industrial Human Resource Development
IP	Integrated Programme
MDG	Millennium Development Goals
MEM	Ministry of Energy and Mines
MND	Ministry of National Development
MoA	Ministry of Agriculture
MoE	Ministry of Education
MoF	Ministry of Fisheries
MoH	Ministry of Health
MSME	Micro, Small and Medium Enterprises
MTI	Ministry of Trade and Industry
MTI/DID	Ministry of Trade and Industry, Dept. of Industrial Dev.
NEX	National Execution
NUEW	National Union of Eritrean Women
PMU	Programme Management Unit
RBM	Results Based Management
SOEs	State-owned Enterprises
ToT	Training of trainers
ToR	Terms of Reference
UNDAF	United Nations Development Assistance Framework
UNIDO	United Nations Industrial Development Organization
UNDP	United Nations Development Programme
VIP	Village Industry Programme
WED	Women Entrepreneurship Development
WID	Women in Industrial Development

Executive Summary

The Integrated Programme for sustainable industrial development in Eritrea was initiated in 2000, only five years after the young nation had joined UNIDO. While the programme started in a period of hope and optimism with regard to the country's development potential and had high initial Government ownership at that time, it has not fully achieved its ambitious goals to accompany Eritrea on its way to economic recovery. Interrelated problems, particularly difficulties in raising the necessary funds, unfavorable framework conditions in the country and certain inefficiencies in the implementation of the funded components, affected its overall outcome and impact.

A difficult environment

Throughout the implementation period, the unresolved border conflict with Ethiopia has negatively affected industrial sector performance and opportunities. Among other consequences, constraints related to the availability of manpower and access to foreign exchange, represented major bottlenecks for most manufacturing firms. A yearlong drought has reduced agricultural output to a level that has raised fears of famine. In this context, also the Government's priorities have shifted away from a private sector driven approach to economic development, to one based on increased direct interventions of the Government in key sectors.

Strengths of the IP

- The design of the IP, its priority areas, corresponding objectives and intended results were highly relevant. There was a close partnership with the Ministry of Trade and Industry, reflecting strong programme ownership at the outset.
- UNIDO's activities in Eritrea focused mainly on areas where the organization has a competitive advantage and is recognized as a competent player.

Some initial achievements

- By supporting the establishment of the Eritrean Leather and Allied Industries Association (ELAIA), one of the first membership based sector associations in Eritrea, the IP contributed to the institutional development of the private sector. The example of ELAIA has the potential to serve as a model for other industrial sub-sectors in the country.
- Significant improvements have been introduced in the quality (testing) support infrastructure for the food industry, including increased know-how regarding standards and food safety requirements.
- A first step has been taken to introduce improved agricultural tools and equipment through improving the prototype development capacities of the Halhale research center.
- Start of entrepreneurship development training targeting women through a Train-the-Trainers approach ;
- Technical advice and hands-on guidance in supporting decision making in the field of export processing zones (EPZ) led to the establishment of an EPZ regime in Eritrea.

Weaknesses of the IP

- Limited institutional outreach: emphasis on ownership of and interventions with the key counterpart, the Ministry of Trade and Industry, and restricted involvement of other public and private organizations. A strong central counterpart is not enough to achieve impact in terms of capacity building at the institutional level.
- Relatively few results in terms of outcomes and impact: even if, in several cases, the intended outputs have been produced, no significant improvements were reported at the level of the beneficiary enterprises or at the sectoral level.
- Implementation was characterized by a rather supply and product driven instead of a demand and process driven approach. As a result of this the implementation was found to be fragmented, i.e. services were provided with lack of follow up and continuity. No clear after-assistance scenarios

were developed, which could have led to a more focused implementation strategy.

- Low funding rate (with only 35% of the planned budget mobilized): there is no indication of joint efforts (UNIDO together with Government) to raise funding. A strategic approach to fund raising was not applied: UNIDO seed money constituted a significant portion of available funding, yet its availability was fragmented, which affected planning and scope of interventions. As funding was limited, sizeable efforts went into formulating project documents to be used in funds mobilization efforts covering individual sub-projects. Most of these efforts were not successful.

The future of the IP in Eritrea

- Opportunity for second phase: considering the initial achievements of the IP and taking into account the positive feedback from many beneficiaries about the potential of a more focused UNIDO cooperation, a second phase of the IP should be envisaged. However, given the complexity of the overall situation of the country at present (including funds mobilization opportunities), it is recommended to carefully monitor and review the framework conditions, as they affect industry and UNIDO's ability to support the country's development efforts.
- An explicit and realistic risk-assessment should be part of the formulation of the next phase. In particular the risks posed by foreign exchange and manpower shortages should be taken into account and their possible effects on the outcomes of training and capacity building described.
- The second phase of the IP is recommended to be built on those areas of cooperation where initial achievements have been made, namely women entrepreneurship, leather- and food industries and agro-machinery. This would need to be validated in discussions between UNIDO and the Ministry of Trade and Industry on priorities of future cooperation, already initiated in 2004/05;
- The design of the next phase should carefully re-assess the capacities and the commitment of the different counterpart institutions. New stakeholders should be involved in the IP to broaden the institutional base.

Some important lessons learned

- The potential of IPs for a more strategic approach to fund raising is frequently not exploited. A likely reason for this is that responsibilities for fund raising are divided between the Funds Mobilisation Department of UNIDO HQ, the Team Leader as the owner of the IP and the project managers of the individual projects. The role of field staff and, more importantly, of the Government and counterpart organizations is not clearly defined.
- The use of programmable funds does not necessarily facilitate strategic direction of an IP. Piece meal funding, due to ad-hoc availability of unspent balances, etc. do produce adverse effects to implementation, rendering it less focused and therefore less effective.
- Project managers should be encouraged to question the relevance of interventions if they have a small likelihood of outcome (see case of textile in the case of this IP). This might also have a positive effect on UNIDO's credibility
- IP management has to be strengthened and endowed with the necessary resources so the Team Leaders can carry out the duties expected from them, including the internal and external integration of interventions. For the same reason, it should be avoided that the Team Leaders manage many IPs in parallel.

Quality Matrix

<table>
<tr><td>Good performance
Mixed results/challenges
Weak performance</td><th>Identification</th><th>Formulation</th><th>Implementation</th><th>Follow-up</th></tr>
<tr><th>Policy relevance</th><td colspan="2">The outputs pertaining to industrial policy formulation under Component 1 were less relevant to the main counterpart (MTI), as policy making responsibilities are rather at level of Ministry of Planning (Macro-Policy); other outputs under that component/other components were relevant</td><td>Relevance decreased during implementation since framework conditions deteriorated</td><td rowspan="2">Next phase should be based on a re-assessment of counterpart capacities</td></tr>
<tr><th>Counterpart ownership</th><td colspan="2">Counterpart capacities not sufficiently assessed</td><td>Strong ownership of central counterpart (MTI) but narrow institutional base</td></tr>
<tr><th>Sustainability</th><td>No after assistance scenarios developed</td><td>Sustainability requirements not explicitly addressed in design</td><td>No significant progress towards sustainability</td><td>Clear after-assistance scenarios should be developed. Replication of positive experiences of support to sector associations</td></tr>
<tr><th>Reaching target groups</th><td>Planned interventions were relevant to target groups</td><td>Needs of target groups were only partly assessed in formulation phase</td><td>No significant outcomes at the level of target groups</td><td>Performance indicators need to be refined to be able to measure outputs and outcomes at the enterprise level</td></tr>
<tr><th>External coordination</th><td colspan="2">Design/planning foresaw too little coordination with external partners; UNDAF was not in place at the time of identification/formulation</td><td>Only some isolated cases of cooperation with other donors/agencies (FAO)</td><td>The next IP should include an explicit partnership strategy</td></tr>
<tr><th>Integration</th><td>IP design/structure did not foster synergies among different components/outputs</td><td>Hardly anz joint activities of different branches were planned</td><td>Even though not explicitly planned, some cases of cooperation and synergy between components were found, (stimulated also by counterparts)</td><td>IP management modalities should explicitly include procedures /activities to stimulate where appropriate joint services</td></tr>
<tr><th>Results Based Management</th><td>Identification based on log-frame, identification of risks somewhat weak</td><td>Indicators not adequate, measurable targets missing, no baseline</td><td>Some efficiency flaws (timeliness of inputs) in implementation, no regular assessment of progress/ outcomes</td><td>Periodic monitoring and self evaluation should be strengthened in next phase of IP</td></tr>
<tr><th>Funds mobilisation</th><td colspan="2">Formulation detached from testing of donor interest; post facto, rather large IP size (design) in light of funding opportunities; no joint (Gvt/UNIDO) fund raising strategy</td><td>Fund raising on a project by project case and not successful</td><td>A joint funds mobilisation strategy should be developed</td></tr>
<tr><th>UNIDO Corporate Strategy</th><td>Priority areas of IP reflected overall UNIDO corporate strategy</td><td>Design of components reflects overall the comparative advantage of UNIDO</td><td>UNIDO's expertise recognized in most of the areas covered by the IP; few exceptions (handicrafts/general MIS)</td><td>Next phase focus on areas where initial achievements have been made,</td></tr>
<tr><th>Innovation and lessons learned</th><td colspan="3">Overall design of the IP conventional; the approach taken in some of the output was more supply/product driven than demand and process driven</td><td>Seek opportunities for new and innovative approaches, look for lessons learned (such as in other IPs), including good practices in the delivery of BDS</td></tr>
</table>

Follow-up Table on Recommendations

Recommendation	Resp.	Timing
Yes Phase II but less ambitious in terms of range of objectives/areas covered and size of budget		
The design of the second phase should start with a concept developed jointly by the Government of Eritrea and UNIDO on the basis of the Phase II summary matrix prepared in July 2005 and the findings and recommendations of this evaluation.	Team Leader, MTI	February/March 2006
Joint fund raising activities by the Government of Eritrea and UNIDO (including a workshop in the country complemented by HQ activities towards donor capitals) should be carried out in parallel with the design of the second phase for a realistic budget target to be established	Team Leader, MTI	March/April 2006
In the second phase a Steering Committee should be established, involving the main counterparts (MTI, MND, MOA, Private Sector) and donor representatives	Team Leader, MTI	Second phase
The second phase of the IP should continue the assistance in those areas where direct activities have started and sustainability and impact is most likely (leather, food safety and quality, agro-machinery and women entrepreneurship.	UNIDO, MTI	Second phase, Three years
Leather: the IDSC is recommended to be established with an emphasis on services and with ELAIA taking over the management of the Centre. Remaining funds of the first phase and Government inputs should be used for making the centre operational, provided that ELAIA contributes to a significant extent (IDSC staff)	Project Manager, Team Leader, MTI	March 2006

as important step towards sustainability. The second phase should include inter alia support to the identification and the development of new markets.		
Food safety and quality: activities initiated in the first phase in the fisheries lab in Massawa and the introduction of HACCP at the plant level should be continued in the second phase.	BSO, Team Leader, MTI	Second phase
Women Entrepreneurship: the lessons learned of the currently ongoing pilot experience should be reflected in the design of the next phase.	BSO, Team Leader, MTI	Mid 2006
Agro-machinery: the component should be redesigned based on the conclusions of this evaluation.	BSO, Team Leader, MTI	February/March 2006
The private sector should be more directly involved in the second phase, in particular through involvement of member based associations like the Chamber of Commerce and sectoral associations. The encouraging experience as regards the development of ELAIA should be replicated in other sectors.	UNIDO, MTI, Head of UNIDO Operations	Second phase
Provided that there is no adequate and practical use in phase II for the industrial sewing machines purchased in phase I, it is recommended that they be awarded to the organisation(s) with the best proposal for their use.	UNIDO Desk Eritrea, MTI	February/March 2006
The second phase should establish a mechanism of periodic joint self evaluation to ensure continuous adjustment of the programme when needed, based on performance .	UNIDO Desk, Team Leader, MTI, other stakeholders	Second phase

Lessons learned

IP identification and formulation

- IP documents should be formulated in a participatory manner, based on common understanding of purpose, priority actions, responsibilities, (including those pertaining to funds mobilization) and establishment of cooperation/collaboration with related interventions of other donors/agencies. Fund raising should not be detached from the design process, with the Government playing a leading role in it.
- Counterpart capacity needs to be assessed more realistically. A standardised mechanism should be established to allow project managers to set specific minimum requirements in terms of staff time and qualification, physical infrastructure, etc for an IP- or project counterpart organisation.

Fund Raising

- IPs are efficient instruments of cooperation only if they establish a partnership between country counterparts, donors and UNIDO, based on a clear and logically sound approach to achieve certain objectives. Contrary to that, it is common practice to use IPs as a mere fund raising instrument, without exploiting the potential of the IP as a tool for integration and cooperation. For such fund raising purposes a lighter document (e.g. a "UNIDO country strategy" or "Cooperation Framework") would be more efficient since it would avoid duplicate and triplicate programming layers.
- There is a need to set realistic budget targets based on likely fund raising opportunities. It is better to have smaller but fully funded IPs than having big ones that have only parts of them funded.

Implementation

- The use of programmable funds does not necessarily facilitate strategic direction of an IP. Piece meal funding, due to ad-hoc availability of unspent balances, etc. do produce adverse effects to implementation, rendering it less focused and therefore less effective.

- When activities have a very small likelihood of outcome/impact, their inclusion in the IP should be avoided. Hence, project managers should be encouraged to question the relevance of interventions if they have a small likelihood of outcome (see case of textile in the case of this IP). This might also have a positive effect on UNIDO's credibility
- In many cases the advice given by international consultants to companies requires plant level follow up by national consultants once the interventions of the international consultants ended, in order to effectively translate know-how transfer into outcomes at the firm level.

RBM and Monitoring

- Self Evaluation should be used more proactively to make IP Documents "living documents" in the sense of continuing improvement. Periodic reviews of results and obstacles, involving all stakeholders should be followed, where needed, by timely updating/refocusing of the IP.
- The monitoring of IPs in terms of outcomes as well as with regard to the required follow up to ensure effectiveness and sustainability needs to be strengthened considerably. The local IP coordinators or UNIDO field staff should be actively involved in this function and given the appropriate guidance/guidelines as well as training, where needed.

IP Management

- IP management has to be strengthened and endowed with the necessary resources so the Team Leaders can carry out the duties expected from them, including the internal and external integration of interventions. For the same reason, it should be avoided that the Team Leaders manage many IPs in parallel.

1. Introduction

1.1. Purpose of the evaluation

This evaluation assesses the Integrated Programme (IP) in terms of

- the relevance of its objectives within the context of Eritrea;
- the efficiency of its implementation as regards quantity, quality, cost and timeliness of UNIDO and counterpart inputs and activities;
- its achievements concerning outputs, outcomes and impact.

The above independent assessment, involving Eritrean counterparts, the donors and UNIDO, takes stock of progress to date and extracts lessons, in particular with a view to providing the basis for joint decision making on the next phase of cooperation between Eritrea and UNIDO. The evaluation was conducted in compliance with UNIDO evaluation policy, i.e., at the end of the first phase of the IP. The summary of the Terms of Reference of the evaluation is attached as Annex I.

The field work was carried out from 15 to 25 November 2005 by a team consisting of Johannes Dobinger (UNIDO Evaluation Group, Team leader), Leny van Oyen (international consultant) and Woldegabriel Tesfamariam (national consultant).

1.2. Methodology of the evaluation

The team collected and analyzed background information and programme specific documentation (cf. list provided in Annex II). Interviews were conducted both at UNIDO Headquarters (project managers and successive IP team leaders) and in the field (covering counterparts, a sample of beneficiaries, donor representatives and the UNIDO desk officer in Eritrea). Field visits were carried out in Asmara, Massawa and Halhale. A list of organizations and persons met is attached in Annex II. At the end of the mission, a debriefing meeting was held with representatives of the chief counterpart organisation (MPI) and UNDP, in which the preliminary conclusions and recommendations of the evaluation were presented. This also provided an opportunity for receiving preliminary feedback on the findings of the mission. Debriefing meetings were also carried out at UNIDO Headquarters to ensure interaction on the findings of the mission with the current team leader and project managers, thereby facilitating follow-up of the recommendations of the evaluation team for the development of the second phase of the programme of cooperation between Eritrea and UNIDO.

1.3. The Evaluation Report

This report follows the following structure: it presents findings for the individual components and subcomponents of the IP as well as for the IP as a whole in line with the project cycle logic (identification, formulation, funds mobilisation and implementation). The presentation of findings is based on a set of evaluation criteria: relevance, efficiency & management, results, sustainability, ownership, and impact. Based thereon, conclusions are drawn, leading to a set of recommendations and lessons learned.

2. Summary of the Integrated Programme and Country Situation

2.1. Summary of the IP

Since Eritrea joined UNIDO in 1995, a number of consultation missions were carried out to Eritrea in the period 1996-1997, leading to the definition of a programme of cooperation. Resumed border conflicts with Ethiopia as well as political and economic changes affected the programme, leading to a request by the MTI in 1998 to reassess the initial programme of cooperation. The subsequent reformulation coincided with UNIDO management's new focus on Integrated Programmes and Eritrea was included on the list of the first generation of "IP countries". The IP formulation mission took place in July 1999, followed by additional programming missions in 1999 covering sectors/themes requiring specialists not included in the core formulation team. The IP was approved by the Eritrean Government in July 2000.

The IP aims to provide support to the attainment of Eritrea's industrial objective to increase the contribution of industry to economic growth and sustainable development. Its targeted interventions are categorized into 4 components pertaining to (i) policy analysis, development and implementation; (ii) MSME development, with focus on women and rural development; (iii) infrastructure for investment and export development (industrial estates/EPZ; quality assurance facilities) and (iv) development of agro-based industries, with focus on leather and leather products; food processing; agricultural machinery & implements and textiles & garment (the last sub-sector was added end 2001).

The programme's main counterparts in Eritrea have been so far: the Department of Industry of the Ministry of Trade and Industry; the Ministry of Fisheries; the Halhale Research Center under the Ministry of Agriculture; the Eritrean Standards Institute; the Ministry of Mines. Beneficiaries include the Eritrean Leather and Allied Products Associations (ELAIA) - created with the support of the programme - as well as enterprises participating in training-cum-advisory support, in particular those operating in the agro-based sectors.

IP-Eritrea had a planned budget of US$ 6,721,000 (excluding support costs) of which $2,345,525 was mobilized (or 34.8% of the planned figure). As at 31 October 2005 total expenditures amounted to US$ 2,158,853 (or 92.04%). In addition to UNIDO's Regular Programme and Regular Budget contributions to the implementation of IP-Eritrea, the donors that supported the programme to date were, in order of the size of their contribution: Italy, UNDP, Denmark and Germany.

As the total initial duration of the programme was three years (2000-2003), discussions were initiated in 2004 in view of an amendment of the IP in line with lessons learned in the implementation phase. A draft programme amendment prepared by the UNIDO IP team was discussed with but not accepted by the MTI. Subsequently, matrices containing priority themes for Phase II were exchanged, but there was no final decision on the focus areas for Phase II. Meanwhile, interventions of Phase I continued, using the available balance of the mobilized resources. It was agreed during a HQ mission fielded to Eritrea in July 2005 that the current evaluation was a necessary condition and input for a second phase, also in line with UNIDO evaluation policy.

2.2. The Country context – evolution of the framework conditions pertaining to industry

Table 1 - Some basic facts on Eritrea

Human Development Index	0.444, rank 161
GDP per capita (PPP US$)	849 (2003)
GDP per capita (US $)	171 (2003)
Average per capita GDP growth rate (1990-2003)	1%
Adult Illiteracy Rate (ages 15 and up)	43.3%
Population	4.4 million
ODA per capita (US$)	70 (2003)

Source: UNDP, Human Development Report 2005

Starting conditions of the IP

The IP was designed and initiated at a time characterised by the emergence of a border conflict with Ethiopia (1998 – 2000) and the entailed negative impacts on the economy. Reflecting the Government's priorities at that time, the IP aimed at strengthening the country's self-reliance, diversification of production, and development of export capacities. These included the creation of an environment that would facilitate the expansion of manufacturing output in sectors where Eritrea could build on/gain competitive advantages (mainly agro-based industries).

At the inception of the IP, the main weaknesses of the economy were: poor infrastructure (including the Masawa and Assab ports), a weak local private sector and lack of FDI, slow progress in the privatization of state-owned enterprises, severe shortages of skilled manpower and weak business support institutions.

Recent developments in Eritrean Industry

In the 1940s Eritrea had one of the most industrialized sub-sectors in Sub-Sahara countries. At independence from Ethiopia (1993), with the economy in general and the industrial sector in particular in shambles, concerted efforts to rehabilitate the once important industrial sector were of highest priority. Shortly after independence, the Eritrean Government declared its national development objective of creating a modern technologically advanced and competitive economy. To this end, the Government declared that the private sector would play a leading role, while the public sector would limit its activities to a facilitating role and fill the gap until the private sector's capacity is developed[1].

In the period 1992-97, the economy showed an average GDP growth rate of 7%, a budget deficit of less than 5%, inflation rate averaging approximately 4% and foreign exchange reserve of five months of imports equivalent [2]. Since then, however, due to the recurrent drought and border conflict with neighbouring Ethiopia, the economy has been greatly affected with real GDP growth falling to 3% and average consumer price inflation rocketing to about 15% in 2005 [3].

The industrial sector currently accounts for 25% of GDP,[4] and 10% of principal exports. Four main problem areas characterize Eritrea's industrial sector: first, industrial production is based on a narrow resource base, centred on few sub-sectors, namely agro-industry (textile, leather-based industries, food processing, beverage and alcoholic drinks), building materials and

[1] National Economic Policy Framework and Program 1999 – 2001 (March 1998)

[2] National Statistics of the Ministry of Finance. 2000

[3] Economist Intelligence Unit, Country Report, August 2005

[4] Economist Intelligence Unit, Country Report, August 2005

chemicals. Secondly, it suffers from old and outdated machineries, underutilised production capacities and shortage of skilled manpower. Thirdly, production is heavily dependent on imported inputs, requiring scarce foreign exchange and, fourthly, the domestic market is relatively small, combined with a lack of diversification of export markets (in the past Ethiopia was the most important export market).

The “no-peace and no-war” situation has forced the Government to gradually shift to an emergency state economic policy, with priority being given to defence issues combined with an adjacent self-sustaining agricultural development spearheaded by the state. It appears that, at present, the Government’s declared commitment to a private sector led economy is on hold.

As a result, and with macro-economic variables deteriorating, the industrial sector is currently in a precarious situation. Factors such as an unattractive investment climate and the consequent fall in capital inflows, shortage of manpower due the mobilization of persons to defence related objectives and its impact on output, price hikes and inflation (15%), disrupted trade relations with Eritrea’s traditional markets (namely Ethiopia and the Sudan), have all negatively affected the performance of the industrial sector.

Currently, problems pertaining to foreign exchange could be singled out as the most devastating factor, given industry’s heavy dependence on imported inputs. Important increases in fuel- and electricity prices since 2000 have also created a bottleneck for the development of industrial activities.

Generally, most of the enterprises (with the exception of food processing sector where the state is major investor in the medium and large ones), are privately owned (95.6%) and located in major urban areas (39.7%). Table 2 below gives an overview of industry’s size, distribution, employment and major economic indicators.

Table 2: Major economic indicators by industrial group, 2002 (000, ERN)

Industrial group	Nr.of est.	Nr. of empl.	Gross output	Gross input	Value added	Fixed assets	Capital formation
Food	65	2,374	380,199	416,742	80,573	135,727	24096
Beverages	13	1,115	459,428	208,072	104,989	450,316	76293
Tobacco	1	49	153,327	67,030	39,216	19,467	1,932
Textile	14	2,970	89,546	45,668	37,121	50,590	4,142
Leather & Shoe	21	926	87,466	58,317	25,731	106,459	7,420
Paper & Printing	10	519	69,721	23,845	43,717	50,543	1,755
Chemical Prod.	14	540	111,635	59,784	48,271	54,778	1,3025
Rubber &Plastic	13	492	46,483	32,043	12,770	52,194	6,869
Non-Metal Min.	46	1,802	126,418	78,539	43,966	158,757	2,6739
Metal Products	28	1,105	112,356	72,627	36,886	98,332	8,517
Furniture	25	1,192	118,528	70,677	43,059	56,801	8,612
Total	**250**	**13,084**	**1,755,108**	**1,133,345**	**516,298**	**1,233,964**	**179,399**

Source: Industrial statistics, Ministry of Trade and Industry, 2004

Table 3: Recent evolution in number of enterprises and employment?

Indicators	2001	2002	2003
Number of establishments	224	250	252
Number of employees	13,434	13,084	13,528

Source: Industrial statistics, Ministry of Trade and Industry, 2004

The agro-based industrial sub-sector has been most affected by the unfavourable conditions for doing business. E.g., the enormous potential of the fishery sub-sector has not been realized mainly because of constraints concerning fishing, processing, quality control including accreditation problems. The textile sub-sector is embedded with structural problems to be competitive both at the domestic and foreign market fronts. and Eritrea is finally not eligible to benefit from AGOA . The leather-based industries sub-sector (in which most companies were privatised after 1998) suffers from poor quality of hides, loss of traditional markets (particularly that of Ethiopia), lack of access to other foreign markets, stiff competition through cheap imports and low quality. Recently, however, the prospects for the sector are perceived to be more favourable. [5]

However, it should be noted that in spite of the unfavourable economic environment the Government has been able to largely maintain economic stability, stable interest rates (12%) and growth (3% GDP growth is estimated for 2006)[6] while keeping external debt low and undertaking large investments in infrastructure, which should lead to long term developmental impacts.

The environment for technical cooperation

As a consequence of the situation described above, projects and programmes of technical cooperation that aim at the development of a strong private sector face obstacles in implementation, considering the overall context in terms of the general environment in Eritrea and also the current policy vision which emphasizes the role of the state. To illustrate, capacity building efforts are affected, as it happens frequently that trained staff is called for national service.

Furthermore, UNIDO's future cooperation in Eritrea will be greatly influenced by the strategies of funding partners, as the availability of funding in general and for support to industry/private sector development in particular appear to have been reduced considerably.

[5] Chinese leather products had swamped the market, but currently due to shortage of foreign currency, Chinese imports have stopped, opening again the market for domestic leather good manufacturers.

[6] Economist Intelligence Unit, Country Report 2005

3. Programme identification and formulation

The original design included four main components, with component four being composed of four sub-components:

Table 4 – Original Programme Overview

(in USD, excluding support cost)

Component 1	Initial Budget	Component 2	Initial Budget	Component 3	Initial Budget
Capacity Building for Industrial Governance and Private Sector Development	1,331,500	Development and Promotion of MSMEs with focus on Women and Rural Development	1,588,000	Industrial Estates for Investment Promotion and Export Development	1,567,000
Component 4: Development of Agro-based Industries					
Component 4A	**Initial Budget**	**Component 4B**	**Initial Budget**	**Component 4C**	**Initial Budget**
Rehabilitation of the Leather-based industry	1,662,000	Food industry sector	819,000	Agricultural machinery and tools	636,000
Total initial budget: 7,603,500					

Source: Original Programme Document

At the end of 2001 an additional component for the development of textile industry was added to the programme. However, activities in this component did not go beyond a preliminary study.

Table 5: Key dates and events of identificaction and formulation

18-Jul-99 - 24-Jul-99	Programming Mission: a core team reviews potential areas of intervention. After supplementary expertise is provided (sectoral issues of leather, food and industrial estates), a programme document is finalized in March 2000.
20-Apr-00	Executive Board Meeting approves IP *Notes*: Border dispute with Ethiopia culminates in war in May 2000 with a cease-fire agreed in June.
31-Jul-00	Ministry of Trade and Industry approves IP *Notes*: Comments for expansion received
22-Dec-00	Executive board approves UNIDO seed funds
15-Jan-01 - 30-Apr-01	Expert and staff missions fielded to complete project documents for components which received funding, as well as to discuss programme management structure *Notes*: Government defines the areas of priority to include: AGIS (governance information system); industrial policy formulation; SME policy framework & support system; industrial estates & MEDEBER; Leather; Food; Agricultural machinery & tools (AMIS)

Source: UNIDO Infobase

3.1. Component 1 - Capacity building for industrial governance and private sector development

Considering the critical problems sought to be addressed by this component (inadequate capacity for industrial policy formulation, implementation and monitoring; lack of skilled human resources; inadequate information for effective industrial governance and weak institutional support services for private sector development; cf. IP document, page 22), the component's immediate objective and corresponding five outputs were relevant. The objective set also reflected the desire of the MTI to complement macro-economic policies with an industry-specific policy framework and sector-specific strategies. The policy formulation work (output 1.1) put emphasis on the analysis of existing policies and of trends in performance of the manufacturing sector etc., which was to culminate in a draft policy document to be discussed in a workshop and subsequently submitted for endorsement by the Government.

There would have been scope for better reflecting country particularities in the approach adopted. Especially the planned involvement of the private sector in an interactive policy formulation process, which by definition depends on strong private sector participation, would have called for a clearer provision how to achieve this in a situation where the private sector is characterised by a very low level of institutional development.

Thus, considering the planned objective to "strengthen the capacity and capabilities of the public and private sector for effective policy development…", the coaching of local working group(s) in the design of a 'homegrown' policy would have been more in line with the ambition to formulate the policy framework in a truly interactive manner. The strategy adopted seems to reflect a rather supply- and product-driven, instead of a demand- and process-driven approach to industrial policy formulation.

The success indicators for this component were formulated inappropriately, since they did not correspond to the component's immediate objectives and the expected outputs or outcomes. For example, output 1.1 "an integrated industrial policy to ensure competitiveness and sustainability" cannot be measured with an indicator as general as "improved performance of the industrial sector". Or, similarly, the success of output 1.2 (IHRD survey) should not be measured in terms of available/trained HR for industry but, rather, the endorsement of the IHRD policy and programme, once formulated, by government.

As regards output 1.3, the industry specific content of the planned Management Information System (MIS) was not specified, which would have clarified UNIDO's role and involvement.

Regarding the budget estimates as per the programme's design, there was heavy involvement of international expertise compared to national expertise. Some 60% of the total initial budget of component 1 were reserved for international experts, while some 20% were planned to be used for national consultants and local subcontracts. While there is no optimum ratio between international and national expertise, it is surprising that only a small fraction of the resources were planned to be used locally to foster policy development capacities at the local level.

3.2. Component 2 - Development and promotion of MSMEs with focus on women and rural industrialization

The component targeted two specific focus groups/themes, namely women entrepreneurs and the creation/strengthening of micro and small enterprises in rural areas.

In principle, the inclusion of a focus on women was very relevant, given the particular situation of women in a country with prevailing post-crisis conditions characterised by a large number of one-parent households.

The support was spread over five different outputs, which also included interventions going beyond the focus groups per se (such as Industrial Business Development Services, IBDS). One would have expected a direct linkage between the SME policy work envisaged under component 1 (output 4) and output 2.1 of component II, which aims at strengthening the capacity of MTI to define programmes to support rural enterprise development. In fact, it would have been more appropriate to reflect these interventions in the same component rather than in two separate ones or, better, to integrate this SME policy/strategy design into one single output.

The selection process/criteria underlying the establishment of Village Industry Programme operations (VIP – output 2.2) were not specified, nor the coverage of the VIP (in terms of number of growth centres targeted to be supported, considering the planned budget). There were also no quantitative targets in output 2.3 in terms of number of women entrepreneurs/producer groups expected to benefit from the training. Output 2.4 constituted a mix of financial and non-financial or business development (BDS) services. It is not evident how, with a limited planned budget of $150,000 which excludes direct financial support, one could engage in guiding and revising the terms of loans, screening applications and awarding loans. Facilitation of access to micro-credit schemes would therefore have been better covered as an activity under the other outputs (as already listed under output 2.3).

Finally, the scope of the IBDS to be established/strengthened (also referred to as IBAS in output 2.5) was too vast, as it envisaged a too wide range of services/areas to be covered (business counselling in the areas of entrepreneurship development, investment and technology promotion, environment and quality management). The training only targeted the involvement of three local counsellors, thus spreading capacity building efforts rather thinly. It would have been desirable to directly link this IBDS output to output 1.5 (Chamber as provider/referral centre for BDS delivery), also separating investment promotion related interventions. The latter should have been linked to the strengthening of the (then) Investment Centre (or whichever institution/department in charge of investment promotion activities), which would have fitted under Component III (output 3.3).

3.3. Component 3 Industrial estates for investment promotion and export based development

Emphasis in this component was on support to the establishment/upgrading of the support infrastructure to promote investment and exports. In this respect, the title of the component was somewhat limited in focus (‘estates’), whereas the strengthening of the Eritrean Standards Institute (ESI) and the (then) Eritrean Investment Centre (EIC) constituted integral part of the component.

The planned interventions were relevant since they addressed priorities of and built on related activities undertaken by the local key stakeholders. They were based on a consistent overall strategy. However, separation of interventions related to industrial estates and the ones related to the development of Export Processing Zones (EPZ), now combined in outputs 3.1 and 3.2, would have been advisable, as the two concepts are different, in spite of some overlapping features.

The inclusion of outputs 3.3 and 3.4 under this component was relevant, in that the capacity building in terms of investment promotion and standards/quality assurance/metrology constitutes integral part of efforts to attract investment and stimulate exports.

It would have been advisable for activities under output 3.4 (strengthening of ESI) to start with a review of available testing facilities in the country (including the ones of the Ministries of Health –MoH-, Agriculture –MoA and Fisheries -MoF), in order to ensure complementarities in terms of laboratory infrastructure.

Finally, it could be argued that support to the rehabilitation of Medebir (the micro industries estate in Asmara) constituted also a dimension of support to MSME development (covered by component 2). However, as that component focused on women and rural industrialization, its inclusion under component III is considered appropriate, also taking into consideration that investment promotion covers both domestic investment (from micro to large) and foreign investment.

3.4. Component 4 Development of agro-based industries

There was no overarching strategy defined for the agro-industry component. It originally consisted of three unrelated focus areas: leather, food and agro-machinery (textile was added at a later stage). From a design point of view, it is not clear why the three sub-components were brought together to form an agro-industry component, since there was neither a common objective formulated, nor were activities or outputs planned to create synergies between the subcomponents. While the combined agro-industry component made the IP’s structure clearer, it could have been enriched by a strategy envisaging cross-cutting interventions (such as business upgrading) and partnerships with other agencies (such as FAO).

3.4.1. Subcomponent 4A: Rehabilitation of the leather sector

The sub-component built on prior studies of and support to this sector in which Eritrea has a long tradition and which is considered vital for the Eritrean economy, as it is resource-based and a source of foreign exchange earnings. In this respect, assistance to this sector is highly relevant as part of an overall strategy to enhance Eritrea’s agro-based industrial potential.

Output 4A could have been formulated in a more streamlined manner (now consisting of no less than 21 activities, some of which are listed twice (cf. 1.8 and 1.13; 1.9 and 1.14; 1.10 and 1.15; 1.11 and 1.16; 1.12 and 1.17).

Support to the establishment of a sector association was an important and highly relevant intervention in a country with few membership-based business organizations; it could in fact have been considered a separate output (rather than an activity under output 4.A.1).

Focus on human resource development (output 4A.2) was coherent with national priorities and constituted a concrete application of policy intentions addressed under Component 1. The envisaged training of trainers (ToT) in the design of this output contributed to establishing the foundation for sustainability of the activities beyond the duration of the programme.

3.4.2. Subcomponent 4B: Food industries sector

The objectives of this sub-component were in line with national priorities related to employment creation, value addition and trade capacity building. However, a number of questions can be raised as regards the likely sustainability of the proposed establishment of 12 pilot operations under output 1 which included only MTI as counterpart organization, without direct involvement of producers/producer groups in the design stage, nor linkage to the agricultural machinery and tools sub-component 4C (the latter is surprising, as activity 1.3 under 4B envisaged training of workshop technicians in equipment design and maintenance).

With a view to creating intra-programme synergies, better coherence between the selection of agricultural sub-sectors/products under sub-components 4B and 4C would have built in opportunities for maximizing impact. Explicit reference was however made to related activities under component 3 (support to ESI).

The choice of products under output 2 (value addition and waste minimization efforts regarding horticultural products and fish) seemed appropriate, as complementary to related interventions in these sub-sectors under respectively outputs 1 and 3.

Finally, the performance indicators and milestones under component IV B were rather general and provided little indication for measuring the performance of the envisaged interventions over the planned duration (particularly as regards outputs 2 and 3).

3.4.3. Subcomponent 4C: Agricultural machinery and tools

The goal of this sub-component - to increase agricultural production and rural prosperity - is relevant, as it reflects national priorities. The same is true for the strategy to build on existing production facilities, although the justification for the planned emphasis on training and equipment of some 300 blacksmiths - rather than foundries and metal workshops - is not clear and not necessarily adapted to the country's situation. A linkage to the planned support to MEDEBIR (component 3), where many of the simple agricultural tools currently used are produced, would have created possible synergies within the IP (while, at the same time, building on local production capacities).

Connection to related interventions of FAO is not explicitly envisaged in the strategy, although UNIDO's preparatory assistance envisaged an analysis of the agricultural system (land preparation and cultivation practices). The only reference made to FAO concerns the utilization of its training materials under output 4C.3 (skill-upgrading).

The planned duration of the baseline assessment (output 4C.1) seems very long (one year), considering the nature of the work at hand and the size of the country. This comment also applies to the analytical and design work envisaged under output 4C.2 (activities 1, 2 and 4). The link between activity 3 (strengthening the network of engineering research institutions and defining research priorities) and its milestone (which refers to prototypes tested and manufactured) was not obvious.

Finally, the skill upgrading envisaged under output 4C.3 seems insufficiently linked to the goal to test and introduce machinery and tools. Emphasis was put on training only, without an explicit link to facilitating the actual introduction and diffusion of new/improved machinery/tools/implements, which is however an essential step to reach the stated objective.

The intended effort to increase the number of agricultural engineering graduates (activity 4.C.3.3) is considered outside the direct scope of the sub-component and would better fit under other programmes that target the strengthening of higher education. The success indicators pertaining to output 3 of sub-component 4C (100 trainers/operators trained) were overly optimistic regarding the number of persons expected to benefit from the training interventions.

The inclusion of post-training plant level support would have made the approach more comprehensive, as it would have provided an opportunity for ensuring impact at the enterprise level (those manufacturing the equipment and tools) and, ultimately, at the farm level, as envisaged.

The strategy omitted attention to a critical condition for success, namely the organization of farmers, who, individually, would very unlikely be able to afford most of the improved machinery.

3.4.4. Subcomponent 4D: Textiles and garments

At the design stage of the IP, no sub-component for textiles and garments was envisaged. This sub-component was added in 2001, based on a request from the Eritrean authorities within the context of its Crash Programme for Export Take-off. Textiles and garments were targeted by this Programme, particularly considering expected opportunities within the context of the Africa Growth and Opportunities Act (AGOA) of 2000. There was no explicit sub-component design prior to fact-finding missions. Therefore, the results of these efforts are assessed under Section 5.4.4 (Implementation).

3.5. Interventions not foreseen in the Programme Document

During implementation, two other themes have been the subject of some activities, namely in the field of (i) non-metallic minerals and (ii) energy efficiency in SMEs. As these were not explicitly envisaged in the initial IP, these interventions will be discussed in Section 5.4.5 pertaining to implementation (as in the case of textiles and garments, see above).

3.6. Programme-wide assessment of design

Looking at the programme design in general, one can conclude that its stated objectives addressed the problems identified by the Government and real needs of the target groups. In that sense, the programme design was *relevant*, as the overall goals coincided with national priorities and the multifaceted needs related to the development of the industrial sector. The inclusion of a background and strategy for each of the components contributed to the overall quality of the logical framework, as general background information was complemented by detailed and pertinent information, justifying the respective components.

Whereas the overall programme structure is considered appropriate, it is rather within the components that a number of design problems were identified, as described in the above. Most importantly, there would have been scope for better reflecting country particularities in the respective component strategies. Also, performance indicators and milestones were found to be often formulated in a general manner, affecting the measurement of performance and hence the management of interventions. Despite the fact that components 2, 3 and 4 had potential to generate important lessons for the overall industrial policy (including the SME strategies and support to be developed in the country), the IP strategy did not foresee any feedback mechanisms to realise such synergies.

The IP lists a number of general *pre-conditions* and *risks* pertaining to the overall programme. Sustained interest of donors and involvement of all major stakeholders were among the pre-conditions and also constituted risk factors. A key *assumption* underlying the IP (albeit implicitly, as not clearly stated in the programme document) concerned the expectation that Eritrea would enter into a period of post-conflict, thus affecting the resource drain resulting from the border conflict. This critical assumption related to demobilisation should have been reflected explicitly in the design as a risk factor.

The programme was designed together with the key national stakeholders, with emphasis on MTI, and, as such, the approach adopted in the design can be considered *participatory*, also building on the results of prior consultations between the national authorities and UNIDO following Eritrea's membership of UNIDO. There is no indication in how far the private sector was involved in the actual design of the IP, even though private sector representatives reported having had series of meetings with UNIDO staff/consultants during programming work. Also, the evaluation mission could not find an indication if and how development partners (particularly potential donors) have been explicitly contacted during the design phase by both the national authorities and UNIDO, with a view to assessing their priorities for funding at an early stage of programme development.

In spite of the IP's overall relevance, the programme *scope* was found to be too broad in terms of the number of cross-sectoral themes and sectors covered which proved to affect the ultimate results and outcome to date. The Eritrea IP was part of the first generation of IPs and, at the time perhaps more than to date, there were no explicit precautions expressed by UNIDO management to keep the size of the IPs reasonable, in line with likely opportunities for funds mobilization. This resulted in a range of IPs varying from "small" to "extra large". IPs then formulated would have benefited from a stricter appraisal, which could have encouraged the design of an IP like the one for Eritrea to be more focused and 'financeable'.

The assessment of *local absorption/implementation capacities* as part of preparatory work --leading to the ultimate design -- seems to have been overly optimistic in the formulation phase. Whereas several objectives focused on capacity building, the number of staff to work with under the different programme activities was limited (e.g., not always available because of obligations related to national service), which affected the chances for capacity building interventions having the widest outreach. Also, there is no indication that preconditions for the effective use of equipment (e.g., upgraded testing facilities) were examined, such as availability of chemicals to ultimately carry out the testing.

In terms of *external coordination,* the design of the programme would have benefited from envisaging stronger linkages with related activities, even though neither conflict nor duplication with related assistance of other development partners was found. In addition to reference to related interventions *within* the programme (as was done in the logical framework), it is not clear to what extent the scope for forging cooperation with related interventions by others at the time (such as in the field of policy advice; rural enterprise development; BDS; fisheries) has been exploited during the design stage. It is to be noted that when the IP was designed, the preparations for United Nations Development Assistance Framework (UNDAF) – focused on building alliances amongst UN agencies and with other development partners within the country – had not yet started.

In May 2002 the UNDAF for the period 2002-2006 was signed, but there is no evidence that UNIDO was participating actively in the UNDAF process until recently. Also, in 2004 an interim PRSP was formulated. Both UNDAF and PRSSP documents emphasise areas addressed by the IP (agricultural productivity, SME support, private sector development, economic governance).

In terms of *cross-cutting issues,* although the programme goals do not explicitly refer to *pro-poor growth***,** interventions at the policy, institutional and enterprise levels were expected to contribute to creating/maintaining employment in key sectors as well as generating income opportunities in both urban and rural areas. *Gender* is addressed explicitly in the IP in the form of planned interventions targeting women entrepreneurs/producer groups across the country. Even though the title of the IP refers to *sustainable* industrial development, environment and energy have no separate component in the IP but are indirectly taken into account, as explained in the programme document (footnote, page 10).

To reflect lessons learned during the period 2000-2003 and thus update the approach to adjust to changed priorities, an *amendment to the IP* was drafted by the IP team and discussed during field visits of the Team Leader in the course of 2004. However, no consensus was reached with MTI as regards this amended IP, which intended to lay the ground for Phase 2 of the IP. The evaluation mission refrains from commenting on the design of this amended IP document that was not cleared by the MTI, yet considers the priority matrix that emerged from consultations held mid 2005 as one of the background documents that, together with the findings of this mission, are expected to guide decision making on the IP's Phase 2.

4. Funds mobilization

Table 6: Funding overview as of November 2005

Title	Current Planning Figure	Total Allotment	% funded	Total Expenditure	% spent
Multi Component	***$0***	***$369,763***		***$352,260***	***95.3%***
Component 1 - Policy	***$1,607,000***	***$409,541***	***25.5%***	***$400,718***	***97.8%***
Component 2 - SME	***$1,818,000***	***$71,707***	***3.9%***	***$71,707***	***100.0%***
Component 3 - EPZ	***$718,000***	***$98,000***	***13.6%***	***$68,694***	***70.1%***
Component 4 - Agro-based Industries	***$2,578,000***	***$1,306,474***	***50.7%***	***$1,142,839***	***87.5%***
General Management	***$0***	***$81,724***		***$81,724***	***100.0%***
TOTAL	***$6,721,000***	***$2,337,210***	***34.8%***	***$2,117,943***	***90.6%***

Source: UNIDO Infobase

As illustrated in Table 6, the four components vary in terms of the ratio of funds mobilized compared to planned figures as per the IP. Component 4 obtained most *external funding* (about half of the planned amount), lead by support to the leather sector and followed by efforts in the food and agricultural machinery sectors. About one fourth of the planned resources for component 1 were mobilised. The least endowed components were components 3 and 2 (respectively about one tenth of the planned allocation and less).

Of the planned budget of US$ 6,721,000 (excluding support costs), a total of $2,345,525 was mobilized, equivalent to about one third of the planned figure. A distinction is to be made between UNIDO's Regular Programme and Regular Budget contributions to the IP and funds mobilized from other donors (as summarized in Table 7 below):

- UNIDO resources were spread across components in the form of 'seed money' and were typically utilized for programming work, leading to project documents for which, ultimately, no funding was secured;

- Given the high proportion of programmable funds utilized in the IP, one might assume that this was an opportunity for a particularly strategic approach to implementation (with UNIDO able to decide on the use of these funds on its own, without having to accommodate donor requirements at the project level). However, this was not at all the case. To the contrary, it was observed that especially the programmable funds were made available in a piece meal manner, thus making a strategically planned project implementation almost impossible (see lessons learned);

- External resources covered funding by UNDP (Core Budget and Support Facility), with UNIDO acting as implementing agency in two nationally executed (NEX) projects (AGIS and AMIS) and Special Purpose contributions (Industrial Development Fund, IDF) by Italy, Denmark and Germany.

Table 7 - Funds distribution by source

Source	Amount (in US$)	% Distribution
Italy	530,854	22.6
UNDP	482,272	20.6
Denmark (DANIDA)	412,059	17.6
Germany	90,000	3.8
UNIDO	830,340	35.4
Total	2,345,525	100.0

Source: UNIDO Infobase

The above illustrates that of the total resources that have been mobilized for the IP, UNIDO itself contributed most. As regards the possible reasons for the relatively low rate of funding of the IP, compared to the planned figures, the following are possible causes for this weak funds mobilization performance:

- “Industry” being a low donor priority for donors active in Eritrea (with focus rather being on food security, health, education);
- Overestimation of the size of the funding that could be raised (UNIDO not having much prior experience with technical assistance in Eritrea, as its membership was quite recent);

- Insufficient involvement of potential donors in the design stage by both UNIDO and the Eritrean counterparts;
- Limited joint funds mobilisation efforts by UNIDO and the Eritrean counterparts (fund raising requiring concerted efforts by both parties);
- Overemphasis on the design of project documents, reducing the opportunities for creating demonstration effects as a result of achievement/lessons of pilot technical assistance activities that could contribute to convincing donors;
- Design of some of the project documents insufficiently reflecting country particularities and/or being too large in size.

5. Implementation of programme components

Table 8 – Ranking of Components*

Component	**Relevance**	**Ownership & Sustainability**	**Results**	**Total**
Policy	4	1	1	**6**
SME	4	2	2	**8**
EPZ	4	3	4	**11**
Leather	5	4	3	**12**
Food	5	2	3	**10**
Agro-machinery	3	2	3	**8**
Total (% of max.)	**83%**	**46%**	**53%**	**61%**
Average	**4.2**	**2.3**	**2.6**	

*1=very low, 5=very high

5.1. Component 1: Capacity building for industrial governance and private sector development

Output 1.1 Integrated industrial policy

Relevance

While there was a common understanding and agreement between the counterparts and UNIDO on the planned strategy pertaining to this component, the results of the work undertaken are below expectations, as there is no indication that they are being used by the beneficiaries.

The interventions were expected to lead to a concrete, industry-specific policy reference, as “industry” was so far mainly indirectly covered in, e.g., macro policy documents and the investment code. The policy framework resulting from the analytical work carried out ended up being more general than was initially envisaged.

It seems to have been underestimated that policy issues are *de facto* decided at higher decision making levels (particularly the Ministry of National

Development – at the time of the signature of the IP called Ministry of International Cooperation, Macro Policy and Economic Co-ordination) and were thus not really a matter to be addressed by MTI with the support of UNIDO. In this sense, the planned intervention seems to have lost relevance during implementation, since it did not include all relevant target beneficiaries.

The proposal for a restructuring of MTI prepared under the component was said to be useful at the time in discussions on improving the institutional set-up, but its adoption was superseded by other reforms.

Efficiency and management of activities

About 90% of the expenditures incurred for this output involved international experts. Alternative approaches (involving less international experts and coaching local teams of stakeholders in designing policy proposals in a truly interactive manner) might have generated more sustainable results.

Also, counterparts felt inadequately involved in the selection of international experts. Particularly in the case of policy work, it is important to allow for learning from experiences that are of direct relevance to the client country (South-African expertise and experience brought in may not be closest to the context of Eritrea). In that respect, the approach adopted could have allowed for more flexibility, better adjusted to the context of Eritrea.

No effort was made to create synergies between this output and the design of an SME policy under the same component 1

Results (outputs and outcomes)

There is no indication that the outputs delivered are being used. The interventions therefore did not really produce outcomes. The exercise could have been more interactive and participatory, involving both public and private sector stakeholders. Little capacity for policy development has been built as a result of the approach followed, as there was no real coaching of working groups, engaging local stakeholders in the design of a ‘homegrown’ policy framework. The Trade and Industrial Performance Review was issued once, with UNIDO support, but the publication, planned to be issued periodically, was not maintained (due to insufficient emphasis on training of counterparts involved and also lack of manpower).

Sustainability, ownership and impact

No long-term impact can be expected, since there is no indication that the beneficiaries use the results as input for policy making. The policy documents prepared did in the end not address the needs of MTI. At present, policy related interventions are not a top priority for MTI as regards UNIDO assistance in an eventual second phase of the IP (based on the above experience and also taking into account that policy making involves levels of decision making other than MTI).

Output 1.2 Industrial human resource survey

Relevance

There is no indication that the outputs of the survey are of practical relevance neither to the Ministry of Education nor to the MTI. In this respect the intended outcome – the recommendations leading to IHRD related policy measures and programmes- was not reached. In particular, the relevance of Part II of the survey report is not evident.

Efficiency and management of activities

The survey was carried out by a team of consultants from the University of Asmara, complemented by international experts. Counterparts questioned the need for/choice of the external expert fielded to contribute to the survey’s preparation, conduct and analysis. Two additional international experts were involved in the design of programme concepts for IHRD (results reflected in Part II of the survey). About 50% of the expenditures covered international experts, with less than 25% devoted to the local subcontractor who de facto managed the survey activities.

Results (outputs and outcomes)

The outputs produced did not lead to desired policies and programmes pertaining to IHRD and there is no evidence that actual use is made of the work undertaken. The purpose of Part II of the report is not clear, especially as the scope of the programme concepts is vast and not fully linked to IHRD *stricto senso*. In this respect, some of the recommendations of Part II of the document are out of place.

Sustainability, ownership and impact

Implementation has not shown which counterpart owns the survey and its recommendations. Even if some of the recommended programme concepts have meanwhile started (such as capacity building in food safety and quality assurance), this cannot be attributed to the mere design of these concepts under this output.

Output 1.3 Management information system in MTI/information networks

Relevance

The establishment of a MIS and information networking among key stakeholders (an “e-governance” system named Advanced Governance Information System-AGIS) was a priority for MTI at the design stage, with funding from UNDP. The focus of the activity however changed during implementation, possibly as a result of changes in counterpart staff within MTI, alleged delays in the implementation of the planned MIS and a new initiative submitted to MTI by UNCTAD (i.e., the establishment of Trade Point, an information service to rationalize the sourcing of imports, costs, and logistics) that was at the time of greater importance to MTI.

From the point of view of UNIDO’s corporate vision, the question can be raised if the basic design and implementation of a general MIS (including training on topics like data base development, web design and web applications) is compatible with UNIDO priorities. The value added of UNIDO's services is expected to be higher, once such a MIS infrastructure is in place (i.e., in its enhancement phase, when industry related studies/analysis, e-training, info, investment promotion, e-conferences can be added to the basic system).

Efficiency and management of activities

The intervention constituted part of a larger UNDP-funded and nationally executed Economic and Financial Management Programme. Initial plans depended heavily on international consultants (10 w/m foreseen); an Eritrean expert was called in once the international expert had already started the work, with a view to ensuring that the design of the system was well adapted to the Eritrean context.

Results (outputs and outcomes)

The governance information system (based on internet and intranet platforms for information storage and networking; website/pages/data bases/e-archives) did not take off. Computer hardware and basic software were provided (from UNDP's NEX budget allocation). The equipment is in place and the overall framework for content development has been designed. However, before the programming of the actual system could take place, implementation was stopped.

The planned AGIS project was considered too ambitious and was renamed by MTI to Government Economy Information system (GEIS). AGIS/GEIS was later frozen by MTI, pending government decision making on its implementation plan. Also its 'off-spring' -Trade Point- is currently not operational.

Sustainability, ownership and impact

Expectations of stakeholders were created as regards the system, as became clear during the interviews during the evaluation. However, interventions did not go beyond the design stage, pending signature of a Letter of Agreement by the then Macro Policy/Office of International Cooperation, confirming the implementation plan. The fact that the Information Act was not promulgated at the time could explain why the implementation was not approved. Should the concept be revitalized, it would be important to clearly specify and agree on the type of information/data the system is to contain, the partners involved, as well clarification on who produces and who owns which information/data.

Output 1.4 SME Policy

Relevance

The expert fielded brought in hands-on experience in MSME promotion policy formulation. While MTI supported the project design work at the time (2001), the relevance of the resulting project proposal is affected by changes in the overall context (see chapter 2.2.)

Also, it should be kept in mind that ultimate policy decisions pertaining to incentives/programmes focused on MSME development are likely taken at the level of Ministry of National Development.

Efficiency and management of activities

A project proposal "Capacity Building in Micro, Small and Medium Enterprise Promotion" was formulated; the project concept foresaw a budget of $294,000 over a total of 12 months. The mission of the expert was funded from seed money allocations. There is no indication to which donor the project proposal has been submitted at the time.

As far as the expected synergy with Component 2 is concerned, there is no evidence that the SME policy related programming would have been linked to the programming work carried out under Component 2.

Results (outputs/outcomes)

The above mentioned project document was prepared, targeting capacity strengthening in MTI to support MSMEs; the development of a national MSME promotion policy proposal through a public-private partnership process; awareness raising about the importance of MSMEs in economic development;

formulation of MSME policies; design of institutional support structures, and recommendations concerning support programmes. As no funding was mobilized for implementing the proposal or parts thereof, the intervention did not produce any direct outcomes nor did it contribute to any known outcomes of other interventions.)

Sustainability, ownership and impact

The recommended actions have not lost their relevance, but the circumstances pertaining to private sector (including MSME) development have changed. This reduces considerably the likelihood that the limited outputs of this component will lead to any future and lasting benefits to the target groups.

1.5 Upgraded Chamber of Commerce (not funded)

Relevance

Given the high relevance of this output and its importance for the IP as a whole it would have been appropriate to dedicate part of the seed money to this output, to facilitate and support private sector involvement in the interventions carried out in the context of Component 1 (as well as to ensure private sector involvement in Components 2, 3 and 4).

The output was based on the assumption that public-private partnership would be a key feature of industry-related policy and programme design. Priorities of the Government seem to have somewhat changed over the past years, as it is taking a more direct role in economic development than initially envisaged in earlier economic policies and programmes (the latter limited the role of the Government to creating a conducive environment for private-sector led development).

5.2. Component 2: Development and promotion of MSMEs with focus on women and rural industrialization

Output 2.1 Capacity strengthening to develop decentralized MSME development schemes

Relevance

Overall, the component suffered from lack of funding, with limited resources allocated to only outputs 2.1 and 2.3. Activities started with an assessment of the handicraft sector by a local consultant (2002). Subsequently, a programming mission was fielded to draft a comprehensive MSME support programme, but no agreement was obtained on the final shape of the programme document proposal, that MTI counterparts considered too much focused on demobilisation of soldiers and too supply oriented. MTI sought a more holistic approach, combining policy guidance, capacity building and direct activities (such as information and training services) at the enterprise level.

There is no evidence how policy work undertaken under component I1has benefited the planning and content of the work under output 2.1. At present there does not seem to be a specific government strategy in place for MSME development.

In addition, a project document was drafted in 2004 for the handicraft sector, but no funding was obtained. It is not clear if this last proposal responded to the priorities of MTI. An issue for discussion would be if focus on handicraft sector development is compatible with the chosen objective of the IP, namely sustainable and competitive industrial development, also considering that several NGOs are already active in this field in Eritrea. UNIDO does not seem to have a competitive advantage in this field.

Efficiency and management of activities

Inputs (mainly short term international consultants) are not commensurate with outputs, in that programming work unfortunately did not culminate in funded project(s). Synergy effects between components 1 and 2 and among programming work within this component seem very limited.

Results (outputs/outcomes)

The intended results were not achieved, as a result of lack of funding and divergence of opinion on the approach to be adopted. The move towards direct interventions, using balance of resources and starting November 2005, was good.

Sustainability, ownership and impact

Given the lack of funding and the reduced set of activities carried out neither sustainability nor impact can be expected.

Output 2.2 Village Industries Programme – not funded

Output 2.3 Technical skills for women producers groups and entrepreneurship development

Relevance

Given the needs of beneficiaries and the overall situation of the country, the overall relevance of this output is still high. However, interviews with counterpart organisations did suggest the need for a more participatory approach to be followed in the next phase of implementation, involving counterparts more directly in planning and implementation.

Efficiency and management of activities

It is not clear to what extent an earlier UNIDO study on women in industry in Eritrea (1997) -which included recommendations on skill capacity building, appropriate technologies etc. - has been useful in the design of the project document under this output.

A total of 18 sewing machines were purchased *ex ante* in 2001, under budget spending pressure, based on the expectation that interventions targeting the garment sector would be developed later on. Whereas spending under pressure entails a risk of less efficient use of resources, the decision taken at the time can be understood, considering the fact that resource endowment in the programme was limited (and thus 'loosing' scarce funds was to be avoided). However, the envisaged garment related interventions never took off and the machines remained idle in their crates. No alternative use of the machines was sought, pending the creation of a multipurpose training center. As there is no practical use for the machine in the IDSC (leather focused), a decision on a new destination for these machines is considered important and urgent.

Results (outputs/outcomes)

The output suffered from lack of funding, with limited seed money; the latter was used for programming work, leading to a project document targeting particularly support to women in food processing (2004). To date no funding was secured for this project. However, using the balance of resources under the IP, it was decided in 2005 (i.e., rather late in the programme) to start a pilot project for the same target group, but on a smaller scale, covering a period of 12 months. The first ToT took place in November 2005. The results of the pilot experience are expected to feed into an update of the larger project proposal designed in 2004. Special reference is made to the lessons to be learned from the capacity of the different counterparts involved in the pilot project to carry out and sustain such training and advisory activities beyond the pilot programme (i.e., in the planned larger scale phase).

It is too early to assess the performance of the pilot project which started in November 2005. The cooperation sought in this pilot project with a range of stakeholders and with donors/agencies with related assistance is expected to provide opportunities for synergy.

Sustainability, ownership and impact

The ownership of this output is considered to be rather weak at present and merits to be strengthened. It is not possible to assess at this point in time the likelihood of continuation of the activities beyond the programme, as the first training event took place only recently (November 2005).

Output 2.4 Outreach support to micro-credit schemes – not funded

Output 2.5 Industrial Business Development/Advisory Services – not funded

5.3. Component 3: Industrial estates, investment promotion, export development

Output 3.1 Capacity of MTI strengthened to manage the industrial estates programme and EPZ development

Relevance

The provision of pragmatic advice and the facilitation of exposure to learn from the experiences of other countries, particularly in the field of EPZ, were appreciated by the counterparts and the UNIDO services have been relevant, in that they enabled the authorities to take informed decisions regarding the establishment of an EPZ regime in Eritrea.

Efficiency and management of activities

The benefits generated by the interventions justified the inputs; work was carried out in close cooperation with the local counterparts who were given practical guidelines that are used to date by the relevant authority. Considering the limited resource availability for this output, it was well justified to focus on advice pertaining to EPZ in particular.

Results (outputs/outcomes)

The assistance provided over the period 1999-2002 helped to prepare the foundation for the Free Zone Proclamation and establishment of Free Zone

Authority (2001) through advice and guidance, covering, in particular, preconditions, successes and success factors; drafting of the law; review of site options; and comparative analysis of costs and incentives, facilities and conditions.

Although its importance had been mentioned by the experts involved, the question of competitiveness of the Eritrean Free Zone v.à.v. other Free Zones (positioning Eritrea as a regional manufacturing and trading centre in the region), seems not deeply addressed by the UNIDO assistance. However, reference was made at the time to complementary market research work expected from a bilateral adviser (India) attached to MTI and possible linkage with World Bank assistance in the field of investment promotion (strengthening of the Investment Centre).

A project document was prepared to support the EPZ programme (covering assistance in setting up the operations, including also investment promotion). Some of the planned assistance was carried out using UNIDO funds, such as the design of operational procedures (application, appraisal, licensing, leasing of buildings etc.); guidelines for, e.g., charges for services; regulations regarding the relations between the Free Zone Authority and investors/other stakeholders; and drafting of a promotional brochure (2002). Emphasis was put on the concern that one needs more than parks to attract investment, such as a conducive environment, covering a favourable economic and political situation, reliable utilities supply, predictable legal environment, and efficient low cost international transport services to major destinations.

As regards industrial estates in general, services have been limited to an initial assessment of the existing estates (complementing an earlier review already carried out in 1997), as basis for a large scale project proposal (not funded, apart from UNDP’s support to the design of a rehabilitation plan for the Medebir estate, see below).

Sustainability, ownership and impact

The work, initially carried out with MTI, was pursued with the Ministry of Finance – MoF (meanwhile responsible for the EPZ programme); both MTI and thereafter MoF can be considered owners of the assistance, as they have used and continue to use the work done under this output.

In this respect, it can be stated that the project (output) had the intended impact and is likely to produce sustainable benefits as well as impact in the future, provided the success of Eritrea's attempts to attract investors to the EPZ.

Output 3.2 Pre-project survey for the establishment of new industrial estates, with focus on EPZ

De facto, outputs 3.1 and 3.2 have been combined in the implementation stage. To that end, it is not relevant to describe separately the implementation of activities under output 3.2, as already covered under output 3.1 above

Output 3.3 Capacity strengthened for the identification of investment opportunities, partnership arrangements and technology development

Relevance

The few activities carried out under this output, while relevant in principle, in particular with relation to the attraction of investors to the envisaged EPZ, did not address the right target groups nor were they carried out in a coordinated way with other activities of the IP/component. Thus the de-facto relevance was very limited.

Efficiency and management of activities

It is somewhat surprising that the COMFAR training (financial appraisal of investment projects) covered only participants from the public sector.

Results (outputs/outcomes)

Basically, there was no funding for the implementation of this output, with the exception of a COMFAR training course (2003). 14 staff from MPI (of which one from the Investment Centre) took part in this two weeks course.

Sustainability, ownership and impact

There is no evidence of the use of the methodology/software; no reference was made to this training course in the discussions with the counterparts.

It seems that no follow up has been made, using the know-how acquired in the training for the preparation of investment proposals or investment promotion efforts. As a consequence, chances for sustainability and impact are very low.

Output 3.4 Quality assurance and management facilities strengthened

Relevance

The microbiology laboratory put in place with the support of the IP filled a gap in the overall facilities of ESI. The interventions were pertinent in view of future accreditation

Efficiency and management of activities

There is no evidence of in-depth analysis/prioritization of needs as regards laboratory facilities (to identify gaps in existing infrastructure in the Ministries of Health, Agriculture and Fisheries). Both the Fisheries Laboratory (Massawa – cf component 4) and ERI were provided with a microbiology laboratory equipment – with some delay in delivery of the equipment.

As regards UNIDO internally, there is an overlap of responsibility between UNIDO's Agro-industry Branch (PTC/AGRO) and the Investment and Technology Promotion Branch (PTC/ITP) with regard to accreditation support of food inspection laboratories. This issue - to be addressed at a strategic level within UNIDO - did however not produce adverse effects in this case, as project managers coordinated their implementation.

Results (outputs/outcomes)

Using limited resources, work under this output mainly covered guidance and on-the-job training pertaining to the planned laboratory set-up. The laboratory was established and it is operational, though to date used on a trial base.

Also, staff has received on the job advice and training from the expert fielded (two missions). It is too early to be able to judge outcome, i.e. actual use of the facilities by the business community.

Sustainability, ownership and impact

Counterparts were actively involved in the work carried out and can be considered owners of the assistance. It is however too early to judge impact and sustainability of the interventions.

Output 3.5 Rehabilitation programme for Medebir (not funded)

UNDP (not UNIDO) financed a study for the rehabilitation and development of an MSME industrial estate at Medebir, which was contracted to a local consortium of consultants (2001/2002). UNIDO advice was limited to some guidance of the estate/EPZ expert who recommended to put in place simple, well planned buildings for micro/small enterprises (linked to vocational training centres and eventual use of abandoned buildings) in the context of demobilisation (rather than large industrial estates/industrial park development which is to attract greenfield investment).

5.4. Component 4: Agro-related Industries

5.4.1. *Subcomponent 4.1: Leather- based industries*

Output 4A.1 Leather-based industry sector developed in a balanced manner, utilizing locally available raw hides and skins; tanning and leather products manufacturing sub-sectors rehabilitated; leather industry representation bodies strengthened

Relevance

The interventions were relevant, since they addressed a number of critical problems faced by this sector related to productivity and quality of final goods.

Efficiency and management of activities

Cost-sharing of initial operations of ELAIA enabled the association to get off the ground.

In general, missions of international experts were rather short and fragmented and beneficiaries would have preferred longer support to enable significant knowledge transfer.

No funding was obtained for the two project documents that were prepared.

Results (outputs/outcomes)

ELAIA was set up with the support of the programme. It is one of the first membership based sector associations in Eritrea. The establishment of ELAIA is considered an important springboard for the overall future development of the sector, as it is expected to organize services and also has an advocacy role to defend the interests of the sector. The organization, albeit young, represents the vast majority of enterprises in the sector and ELAIA is committed to take its responsibilities as regards the IDSC, which constitutes an important common facility for the sector (see output 4A.2)

Emphasis has been put on training related support (cf output 4A.2). To be able to deepen support to upgrade leather-based industries, project documents were developed for respectively the tanning and shoemaking/leather goods industry (in line with the priorities of the IP).

Sustainability, ownership and impact

In spite of the relevance of the work carried out, two factors undermine impact of this output: first, the realization of tangible longer term results to upgrade the sector takes more resources and time than was available; secondly, leather-based industries faced fierce foreign competition (China) during the past years, in addition to having lost traditional markets. Nonetheless, recent changes in the business environment of the leather industry (curtailing imports of Chinese shoes) were said to have somewhat improved the situation and prospects for the industry.

Output 4A.2 Enhanced knowledge base and core system for human resource development for the leather-based industry introduced; institutional support developed

Relevance

Training and know-how are very relevant problem areas of the leather-based industry in Eritrea. However, as long as trained staff frequently has to abandon the factory to report for national service, other measures might have been more directly relevant in supporting footwear and leather companies.

Efficiency and management of activities

The Industrial Development and Services Centre (IDSC) establishment faced hurdles, initially for lack of premises (which constituted a local contribution). Pending the identification of a proper location, the equipment purchased under the programme was installed in two enterprises (members of ELAIA) and used only for training purposes. This implied that the equipment was underutilized, also taking into consideration the missed opportunity to use the same as a common service facility. The same applies to the use of the CAD system (computer and plotter), only accessible so far during the two ToT sessions conducted by an international expert (for a total of six beneficiaries).

Recommendations made end 2003 by a short term consultant as regards the operational set-up of the IDSC could have been followed up more speedily (with the exception of the recommendation on the staffing, which is considered too vast in number and thus non-sustainable). Exposure abroad was limited to one participant attending a training course in UK (considered of interest, though not fully in line with his training needs).

It would have been advisable to introduce, from the start, the principle of enterprises paying a fee for services (training, other).

Results (outputs/outcomes)

Training through a ToT approach and direct training improved the knowledge and skill base of the sector. The establishment of the IDSC was an important step towards improving the support infrastructure to the sector, even through the centre is not fully operational to date. The centre is designed to provide services only for the footwear industry, not for the tanneries.

A location was found for the IDSC and all equipment purchased (so far spread over different locations) was moved there recently (October 05). However, since the centre is not yet operational, decisions need to be taken soonest as regards the completion of the physical set-up (appropriate electricity supply and toilet facilities) and its day-to-day management. The training sessions have created awareness (such as on reducing material/input wastage; quality control) but there was said to be scope for longer training in such fields. The CAD training and planned service is expected to provide important support to the leather-based industries viz. shoe manufacturing.

Sustainability, ownership and impact

ToT capacity building (e.g., leather cutting) has led to the organization of follow-up training courses (by the trained trainers) to widen outreach. The pending decision on how and by who the IDSC will be managed and operated will be a critical step, to ensure appropriate and sustainable use of the facility for the benefit of the sector.

Based on estimates derived from interviews with targeted enterprises (by CAD expert in November 2005), there is real demand for the services that would justify full-time operation of the centre. Emphasis would be on services (use of machinery as common facility), followed by training activities. Management of the centre in a businesslike manner will be a precondition for the centre to become and to remain a relevant service platform for the sector.

The sustainability of the assistance provided to the tanneries is less likely, since the IDSC is not designed to provide services for this sector and no other forms of follow up on initial trainings have been considered so far.

Output 4A.3 Market for Eritrean (semi-)finished leather, footwear and other leather products widened, modern marketing methods introduced; export of selected leather-based commodities increased

Relevance

With footwear companies and tanneries running at a capacity of some 30% and with the local market not providing opportunities for larger expansions of production, the development of new, especially foreign, markets is a critical and very relevant problem for the leather-based industry. Given the long tradition of Eritrean quality footwear and the comparatively good state of the equipment in the factories, the strengthening of export capacities seems feasible.

Efficiency and management of activities

It can be argued that market development merited more support, considering the overall performance of the sector (and need for identification of new potential buyers/contractors).

Results (outputs/outcomes)

Market development support was and remains important, but has not been emphasized in the allocation of available resources, which mainly focused on activities targeting productivity and quality improvements as first priorities.

Inputs into market development activities were limited to the services of a short term marketing expert and related participation in one trade fair (Italy). Participation in the trade fair and marketing related advice did so far not produce results in terms of sales or improved marketing performance of the sector.

Sustainability, ownership and impact

The market related interventions were limited in scope and number and need to be pursued further to be able to show impact. Cost-sharing principles of market promotion efforts should be applied.

5.4.2. <u>Subcomponent 4.2: Food industries</u>

Output 4B.1 12 pilot operations in post harvest, micro and small scale food processing technologies established for demonstration and training purposes (not funded)

Output 4B.2 National capacity and capabilities in upgraded and clean food technology created in the support institutions and food processing enterprises (not funded)

Output 4B.3 A reliable food inspection established and a food safety assurance system introduced in 8 pilot food enterprises

Relevance

The food sector in general is a priority development sector of the Government, given its significance for poverty reduction. Within this sector, the fisheries sector also has potential to address the foreign exchange gap of the country, making it a particularly relevant area for interventions. The problems addressed here, namely support to meet the requirements of European importers, seem well focused and relevant.

Advice given and documentation provided within the context of the support to the ESI as well as equipment purchased for the fisheries laboratory in Massawa and for ESI in Asmara were in line with needs expressed by the targeted institutions. The training sessions on HACCP and GMP (targeting regulatory bodies and food processing enterprises) addressed an important gap in know-how on quality control methods. This has been shown in many occasions, where the companies visited reported that the Government was threatening to close them down if they did not meet food safety standards.

Efficiency and management of activities

The mix of international and national consultants in the training, complemented by plant visits, was a good approach. Delivery of laboratory equipment took relatively long and equipment use was hampered by lack of staff (meanwhile being solved by the counterparts), lack of chemicals for the laboratory (not necessarily a UNIDO input) and some missing equipment and supplies (e.g., glassware).

Missions of international experts to support the laboratories were however rather fragmented and preceded the procurement of the laboratory equipment, thereby reducing on-the-job training opportunities. For reasons of budget availability/timing, the sector overview was conducted at a relatively late stage in the programme and its planned use is not clear. Introduction of HACCP was rather concise (awareness built) and will need follow-up guidance at the plant level.

Results (outputs/outcomes)

Significant inputs have been made with regards to upgrading existing quality infrastructure, namely ESI and MOF's laboratories (equipment; systems; training; standards). Although an important contribution towards the accreditation of in particular the fisheries laboratory, there is still a gap to be filled to obtain accreditation (missing equipment and supplies, funding for accreditation). A real increase in export performance or even in quality control performance could not be observed. However, the likelihood of future results is good, provided that the above mentioned gap can be closed.

Awareness on GMP and HACCP has been strengthened at both the regulatory bodies and food processing enterprises level, but needs pursued support to guide introduction of the systems at the enterprise level across the sector.

The study on the food sector analysis is being used by counterpart organisations as a reference document and was said to be a useful document of good quality.

Sustainability, ownership and impact

ESI, a relatively young institution, is now able to also set and monitor standards for a number of food products (imported/locally manufactured). It can use the advice of the laboratory expert in the planning of the construction/set-up of the envisaged new premises. Knowledge has also been transferred to the fishery laboratory in Massawa and its testing capacity has been strengthened. However, to achieve sustainability some additional support would be required.

In general, the laboratories in Eritrea have difficulty in accessing chemicals needed for testing. It would be advisable for the different laboratories to deepen their cooperation to address this shared problem.

Introduction of food safety systems at the enterprise level is recognized as a priority. However, to make the assistance provided so far lead to sustainable benefits, post-training plant level assistance yet needs to be organized to ensure that the awareness built is translated into implementation of the required systems at the enterprise level.

5.4.3. Subcomponent 4.3: Agricultural machinery and tools

The implementation of this component did not follow the design as envisaged in the IP document. Donor (DANIDA through UNDP) requirements were taken into account when agreement on funding was obtained, resulting in the preparation of a separate project document, which envisaged a new approach and a reduced budget. Instead of the originally budgeted USD 636,000, USD 317,000 were raised, with one third of this amount being reserved for national execution through the MTI. The new approach reduced the number of studies envisaged, while focusing more on direct skill upgrading/training for the development of prototype machinery, the production of tools and training of farmers and technicians. It included most of the activities originally foreseen under output 3 of the IP component, yet did not include most of the initial outputs 1 and 2.

While, in general terms, this change in design improved the coherence of the component, the omission of the planned “mechanism for rural technology transfer”, originally included in output 2, is considered detrimental to the overall design, since no proper alternative implementation vehicle (such as rural extension services) has been included in the project document nor was this envisaged through partnerships with other actors.

Due to the modifications in the design, the original IP document cannot be taken as a basis for the evaluation. Hence this chapter does not follow the originally planned outputs, as has been the case in the previous chapters.

Relevance

The immediate objective of the component (to increase agricultural impact through provision of machinery and related services) was and continues to be relevant with regard to national priorities. Also, the relevance with regard to counterpart organisations, mainly the MOA, is evident.

The significance of the interventions for the farmers, however, is questionable, as the cost of the equipment being introduced will very likely be far beyond the purchasing power of individual farmers, also keeping in mind that the approach followed does not envisage to involve organisations (such as cooperatives) to function as intermediaries to facilitate the diffusion of the improved technology.

Efficiency and management of activities

The project document was approved by the Government in February 2003. Implementation could therefore start only at a rather late stage, almost three years after the IP had initiated.

Difficulties in the implementation resulted from the fact that two ministries, with their respective rules and procedures, were involved. This led to delays in disbursement of the national execution part of the funds, which were administered by the MIT. The national execution mode also caused some delays from the UN side, a situation that deteriorated once the UNIDO JPO had left the country and administration was handled directly by UNDP staff.

Some problems were encountered in the delivery of the equipment for the Halhale workshop. Instead of a Sorghum decorticator, a wheat thresher was delivered. Another piece of equipment came without a fertilizer dispenser. Furthermore the delivery of the equipment was delayed by approx. one year and there is no evidence that possible regional sourcing of for such equipment (e.g. Kenya, Sudan, Uganda) was explored.

Results (outputs/outcomes)

The main outputs of the component can be listed as follows:

- A number of agricultural tools and machinery has been identified and tested for applicability in Eritrea;
- A fully functional metal working workshop was established. at the Halhale agricultural research centre. So far one prototype (thresher) has been produced at this workshop;
- Some 40 people have been trained in the design and production of agricultural tools;
- A study has been carried out analysing the needs and capacities of the foundry sector in Eritrea.

With regard to the outcomes little has been achieved so far. With the exception of a training course for farmers operating with the proximity of the the Halhale center and organised by Halhale staff, activities have not yet reached the ultimate beneficiaries (farmers and producers of tools). New equipment and tools have not yet been promoted and production capacities have not been upgraded so far.

The training activities carried out did not include metal working enterprises nor other producers of equipment/tools that finally will have to be involved in the project. This is considered to be a shortcoming, since the technical know how for the manufacturing of improved tools has to be introduced at different entry points, not only at the research centre. The logic applied throughout project implementation --first introduce prototype development capacities, then create demand from the farmers through training and only then, in a third step, train producers to supply the equipment--, seems not appropriate. This strategy also increases the risk of the intervention not reaching sustainability, since the benefits of the know-how transfer are to be passed on to target groups at a time when the project's implementation phase is over. If no second phase is approved, the initial efforts will hardly bear fruits.

Sustainability, ownership and impact

Ownership by the Halhale research centre and the Ministry of Agriculture Is regarded high However, the project requires a much wider range of stakeholders (farmers, producers of machinery/metal working enterprises, other cooperation agencies), all of which should develop some degree of shared ownership.

The outlook for the project to create sustainable benefits, which depends to a large extent on a high degree of ownership also from other stakeholders, is therefore at the moment not good. The same applies to the likelihood of impact. So far no impact has been achieved and future impact will depend largely on continued assistance with a focus on expanding ownership and reaching ultimate target groups.

5.4.4. Subcomponent 4.4: Textile industry

Activities under this subcomponent were limited to the mission to Eritrea of a staff member and an international consultant. This produced one main output, namely a needs assessment cum action plan (including a project document) on the textile sector in Eritrea.

The study included audits of 15 factories and the outline of a training and technical assistance package to those factories. Results of the Audits and the general appreciation of the textile & garment sector's conditions were discussed with counterparts and a World Bank expert in the field.

As a result of the UNIDO study it was concluded that further assistance to the textile sector was not going to produce results under the circumstances at that time. Since also no funding for a fully-fledged project for training and technical assistance could be mobilised, no further implementation steps were undertaken.

While the activities in this area were rather limited, they form a good example of demand- and results orientation. With limited funds (USD18000) the request of the Government was addressed and activities were stopped immediately after diagnosing a very low likelihood of results of further interventions.

5.4.5. *Other interventions not foreseen in the Programme Document*

a) Capacity building for the promotion of industrial exports and opening of new markets

Three international experts were fielded: one to provide preliminary assistance in the exploitation of non-metallic minerals for export markets and one for the analysis of silica and building/construction materials and the application of marble and granite.

The counterpart for this activity was the Ministry of Mines, which found the assistance provided to be useful for providing potential investors with information. However, it was expressed that further steps of the assistance were expected with regard to production and export, which did not materialise.

With this activity coming under the construction sector rather than manufacturing industry it is questionable whether UNIDO should have been involved in the first place, since the resources of an IP should be focused on the immediate objectives established in the components.

b) Energy Efficiency in SMEs

No information has been presented to the evaluation team on this activity. The MTI informed that an expert has carried out some work on this issue without any follow up nor traceable results. It was felt that one should not engage in such missions/preparatory work, just because of the availability of funds.

6. Programme-wide Implementation

Policy relevance

At the inception phase of the IP the priorities of the Eritrean Government were well reflected in the programme document. The process of formulation was participatory and led to a reasonably coherent programme design. The relevance of the integrated approach was supported by a high degree of ownership of the IP's main Government counterpart, the MTI. During implementation however, the relevance of the IP has suffered from a number of problems, such as deteriorating framework conditions which negatively affected absorption capacities in the enterprises and the counterpart organisations and other obstacles described below.

Counterpart ownership

The IP as a superstructure combining the individual components and its sub-projects found a strong ownership in the MTI. The mission was not in a position to confirm ownership at ministerial level (MTI), Contributions to the IP from the MTI were mainly in-kind (staff time and a reasonably sized office in the Ministry).

Some important other stakeholders (particularly the Ministry of National Development or "Macropolicy", Chamber of Commerce) were not sufficiently familiar with the IP and did not participate in a significant manner in its design, funds mobilisation and implementation.

External coordination

While in some areas the potential for coordination with external players was limited (e.g. leather, industrial estates), others had good potential for the realisation of synergies. Such areas include the agro-machinery component (coordination with FAO regarding technology diffusion in rural areas), the standardisation and food safety areas (a number of donors provided laboratory equipment and training).

There is no indication of active search for coordination of activities with major donors active in the field of private sector development (such as the EU and the WB) .

While the first phase of the IP was designed at a time when there was no UNDAF in place, the recently recruited Head of UNIDO Operations is closely involved in the preparation of the next UNDAF.

Internal integration and management structure of the IP

Synergies emerging from cooperation between projects/components have been observed only to a very limited extent. One of the few examples was the attempt to create a common training and service centre for the leather and the textile industry. However, since the assistance to the textile sector was discontinued, no such synergies materialised. The study carried out on the food sector was used by the project manager of the SME component as a basis for the design of project documents targeting support to women entrepreneurs.

The team leadership of the IP changed twice over the IP programme cycle. While the first Team Leaders could use seed funds to strategically direct the IP, the current Team Leader has no funds to carry out activities to facilitate internal integration and coordination (review missions, etc.).

No active steering committee was put in place to bring together all the major stakeholders of the IP beyond period meetings between MTI and IP management team including two subsequent UNIDO JPOs. This has to be considered a shortcoming in the management structure, since other evaluations have shown that a broad-based steering committee tends to enhance ownership and relevance of IPs.

Efficiency and Results Based Management

A large proportion of the total expenditures of the IP was funded from UNIDO sources (approx. 40%). 15% came from the regular budget and 25% from the Regular Programme of Technical Cooperation. Adding another 20% of the expenditures that came from Danida Sub Saharan Africa funds and Germany, a total of about 60% of the IP was financed with programmable funds.

One might expect this high proportion of programmable funds to result in an increased efficiency in implementation, more synergies and – most importantly – higher effectiveness. Paradoxically this was not the case. Instead, it were mainly the activities that were funded by the programmable sources that suffered from piece meal funding. Funds became available only on an ad-hoc basis and in small portions, which made strategic planning of implementation impossible. On top, late receipt of funds in the calendar year put project managers under spending pressure, leading to implementation approaches that were hardly based on likely results.
Given this situation,, a considerable amount of UNIDO funding went into the formulation of project documents in search for funding of fully fledged projects[7]. None of these documents found a donor and the effectiveness of a such programming work thus has to be questioned.

Monitoring and self evaluation has been insufficient throughout the whole implementation period. The only self evaluation exercise in 5 years was carried out in 2003 (with some of the reports also being incomplete).

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[7] The evaluation team has seen several of such documents, such as on SME policy, Handicraft, Women Entrepreneurship, Export Processing Zones.

UNIDO Corporate Strategy

In general the IP reflected UNIDO's competitive advantage since it focused on industrial policy, SME, industrial estates and agro-industries. Some activities, such as the advice for setting up an export processing zone regime and the support to the leather sector were perceived as unique UNIDO competences by direct beneficiaries and/or counterparts.

However, several interviews carried out with donor organisations that provide technical assistance and/or funding to industry revealed that the UNIDO IP is not sufficiently well known and identified as an integrated initiative carried out in cooperation with the MTI. Players external to the IP are not aware of the main focus area and objectives of the IP.

Furthermore, two of the activities undertaken in the IP did not fully reflect UNIDO's corporate strategy, i.e., the support to the mining sector and the projects designed to support the handicraft sector.

Overall impact of the IP

Considering the overall objective of the IP - to contribute to an increase of industry's contribution to economic growth and sustainable development - the IP has not achieved real impact so far. Given the limited overall size of the IP, impact can be achieved only through ensuring the complementarity of UNIDO's interventions with a set of other activities, be it efforts of the public sector, the private sector, including through cooperation with other donor agencies. Thus, the limited extent of external cooperation of the IP has further reduced the likelihood of its impact and sustainability.

It should also be stressed that the critical assumption of demobilisation and lasting peace, made at the outset of the IP, did not materialise. Since a peace accord had been reached between Eritrea and Ethiopia at an early stage of implementation, it was justified to maintain the initial assumption and to continue implementation.

7. Conclusions

Comp. 1- Capacity Building for Industrial Governance and Private Sector Development

Overall

- The environment for private sector development has deteriorated in the past few years. The dialogue between public and private sector has thus been limited, which reduced the relevance of the component's interventions for the target groups (public and private sectors) significantly. An operational dialogue platform (public and private sector, civil society) that would have been a prerequisite for the successful implementation of this component was not in place.
- A rather supply- and product-driven, instead of a demand- and process-driven approach to industrial policy formulation was reflected already in the design of the component. Unfavourable framework conditions during implementation aggravated this shortcoming and led to poor overall results and low likelihood of impact and sustainability.

Integrated Industrial Policy

- Policy documents were prepared, but their usefulness for the MTI stayed very limited. The involvement of the competent authority for policy making, the Ministry of National Development (formerly "Macro Policy"), would have been necessary in order to ensure impact of UNIDO advice on national policies. It is to be noted tha,t at present, policy advice in the field of economic/industrial development is not a Government priority for UNIDO assistance.
- Staff capacity was not built since the approach of implementation was rather one of policy analysis than one of interactive training of core teams of all sectors involved. No real coaching has been done.

Industrial Human Resource Survey

- The clients of the survey were not properly identified at the identification and formulation stage. The resulting lack of ownership led to a very limited use of documents by relevant stakeholders.

Management Information System for MTI

- A management information system (AGIS/GEIS) has been designed but not implemented. The approach envisaged the establishment of a general (mainly) e-Government type of information system rather than a specific industry related one. No results nor impact have been achieved.
- High expectations have been created among other ministries and institutions but the project was stopped.
- Changes in MTI's senior staff and in priorities affected the outcome and impact of the component.

SME Policy

- Activities haven been limited to programming work. A project document was developed but not funded. While the assistance was of good quality according to beneficiaries (MTI), results and impact of this exercise are very low.

Upgraded Chamber of Commerce

- This output has not been funded and also no seed money was used for it. This has (seriously) affected the success of the whole component, which relies on an active involvement of private sector institutions.

Comp. 2 – Development and Promotion of MSMEs

Overall

- The inclusion of this component was well justified and relevant at the design stage. However, the relations between this component and other components, in particular with respect to the SME policy output under component 1, were not properly planned.

- No results can be reported so far. This is due to a lack of funding on the one hand. On the other hand, available programmable funds were not used --until recently-- for direct activities. Rather, focus was put on the formulation of project documents, which did not find funding. This suggests a weak fund mobilization strategy in this component.

Capacity in MTI for SME development schemes

- One of the projects designed addressed the handicraft sector. It can be argued tgat assistance to the handicraft sector is not really within UNIDO's core competence. This is especially true in Eritrea, where a number of NGOs is providing handicraft related assistance to rural communities.

Women Entrepreneurship Development with focus on food processing

- A large scale project document was formulated in March 2004, but fund raising has not yet been successful. One fifth of the originally planned funding has been provided only recently from UNIDO funds for a pilot project, implementation of which is ongoing. The decision to allocate funds to direct activities was taken at a very late stage.
- Given the needs of beneficiaries and the overall situation of the country,the relevance of this output is still high. However, interviews with counterpart organisations suggest that there is a need for following a more participatory approach in the next phase of implementation, involving counterparts more directly in planning and implementation.

Others

- 18 sewing machines were prematurely bought under budget spending pressure and they remain idle (after 4 years they are still in their crates). While the idea to employ these machines within this component seems to have been justifiable at the time, no justification has been provided as to why no attempts have been made to put the machines to use in some other form (e.g. in partnership with NGOs or vocational schools). UNIDO staff or the national IP coordinator in the field should have tried more proactively to avoid such delays in decision making on this matter and resulting inefficiencies.

Comp. 3 – Industrial Estates, Investment Promotion, Export Development

Overall

- Advice given to the Government has been of good quality and resulted in an improved institutional infrastructure for export promotion, using the free zone policy instrument. However, little attention has been given to the question of competitiveness of the planned Eritrean Free Zones vis-à-vis other countries with EPZ regimes.
- Little has been achieved in the area of industrial parks (a survey was carried out and a project document has been formulated but not funded). However, considering the limited resource availability for this output, it was well justified to focus on advice pertaining to EPZ.

Investment promotion

No results have been achieved in the field of investment promotion. The only activity carried out was a COMFAR training course exclusively for staff of MTI. There is no evidence to what extent the COMFAR tools have been applied in the formulation of investment proposals.

Support to ESI

- This output is considered relevant in the context of the component strategy which focuses on export and investment promotion. Initially, funding was limited to advisory support and on the job training for the layout of laboratories, as well as the supply of a number of ISO publications. However, ESI benefited later also from laboratory upgrading support through the food component and is now equipped with a micro-biology laboratory. Nonetheless, little attention has been given to the prioritization of laboratory equipment needs, especially considering other laboratory capacities in the country (MOH, MOA, MOF). Results in terms of actuel use of the new laboratory facilities cannot yet be reported.

MEDEBIR rehabilitation

- UNIDO support was limited to the formulation of a project document for industrial estates which included the rehabilitation of MEDEBIR. No funding was available for this output. The upgrading of the physical infrastructure is a prerequisite for future effective UNIDO assistance to MEDEBIR.

Comp. 4A – Leather Based Industries

Overall

- This was the most comprehensive assistance given to a representative part of the whole sector, including direct assistance/training to companies as well as institution building.
- The component was and continues to be relevant in terms of needs of the target groups. The design was largely coherent.
- Increased foreign competition and loss of traditional markets have negatively affected the leather sector but recently industry seems to pick up due to favourable changes in the environment. These new conditions would justify providing continued assistance building upon the results achieved so far.

Rehabilitation of the leather industry

ELAIA has been established with UNIDO and Government support. Its strength is however affected by the delicate state of the industry. Two project documents prepared to deepen the assistance to the leather sector have not found funding.

Human resource development (leather)

Local capacity has been built through local training of trainers and training abroad. The envisaged IDSC is not fully operational to-date. Decisions regarding ownership and management are pending. The IDSC still lacks important infrastructure (toilets, right electricity connection). Nonetheless, a relatively small investment coupled with decisions on its management, would enable basic operations of the Centre on a sustainable basis (with more emphasis on services than on training).

Market for leather and leather products

New markets could not be found in spite of the attempts made through participation in a trade fair and marketing advice and training. Given the ambitious objective of this output, the assistance provided was marginal. To achieve impact, a joint effort of the industry combined with more continuous market related assistance, would be necessary.

Comp. 4B – Food Industry

Overall

- The medium to large food industry is dominated by publicly owned companies. Currently large scale (mainly public) investments are underway to upgrade these enterprises. Introduction of food safety systems is recognized as a priority.
- Trade capacity, including quality infrastructure and plant level food safety assurance systems, are still a major bottleneck for the development of the sector.

Food inspection system

- Awareness has been built/improved on GMP/HACCP through two workshops involving regulatory bodies and enterprises. The training was given by a team of international and local consultants and was considered useful. Post training plant level assistance was limited to a few companies and covered only a short period.
- An assistance package of advice, training and equipment was used to enhance the capacity of the fishery laboratory in Massawa towards accreditation. The still missing accreditation of the laboratory represents a bottleneck for development and diversification of export markets for

Eritrean fish. While the assistance so far was effective and useful, important inputs are still missing to achieve accreditation of the laboratory, one of the factors to facilitate subsequent market access.

Others

- A comprehensive food sector study has been carried out at a very late stage of the programme. There are no indications as to the planned use of this study.

Comp. 4C – Agromachinery

Overall

- The design of the component did not take the particularities of Eritrea (in particular the low level of organisation in the farming sector) sufficiently into account.
- The goal of improved agricultural practices through the local production of appropriate equipment and tools cannot be reached by the limited scope of activities envisaged so far. Significant increase in funding and the mobilisation of a network of partner organisations, including FAO, NGOs, etc. would be a precondition to achieve impact.
- Preconditions for the sustainability (especially aspects regarding the organisation of farmers) are currently not given enough attention. This is even more important given the type of equipment being introduced, which is considered quite sophisticated and expensive for individual farmers.
- Some preliminary results have been achieved, establishing a basis for the introduction of farming tools and machinery. Hence, a continuation of the activities seems in principle advisable, although there is a need for comprehensive adjustment of the approach and a partnership strategy.

Outputs

- The capacity of the Halhale research centre to produce prototypes has been strengthened through training and equipment for the workshop. A study of the foundry sector has been carried out and capacity gaps within the sector detected. However, foundries and other producers, like metal workshops, were not involved so far in the capacity building efforts.

Comp. 4D – Textile

- This component was added to the IP at a later stage based on a request from the MTI.
- UNIDO's intervention in the area of textile was limited to a preliminary assessment and the formulation of a project document which envisaged *inter alia* training in conjunction with the IDSC envisaged to be established under the leather component. Due the adverse overall conditions (non eligibility under AGOA, end of the multifibre agreement), support in this field was not retained as a priority.

Programme wide

Design & Formulation, Relevance

- The design was participatory only as far as the Government is concerned. The private sector and other stakeholders including donors were not actively involved.
- The programme was oversized given realistic funding possibilities for UNIDO activities in Eritrea.
- The overall goals coincided with national priorities and the needs of the industry.
- In spite of the IP's overall relevance, the programme *scope* was found to be too broad in terms of the number of cross-sectoral themes and sectors covered, which proved to affect the ultimate results and outcome to date.
- The logical framework was applied but often objectives were too ambitious to be achieved through the planned outputs and success indicators were not defined in a way that facilitates management, monitoring and self evaluation.

- The assessment of *local absorption/implementation capacities* as part of preparatory work, leading ultimately to the original design of the IP, seems to have been overly optimistic.
- The overall environment for technical cooperation, particularly in the field of private sector development, is currently not truly facilitating. This situation affects donor interest and the scope of Donor interventions.

<u>Funds mobilization</u>

- Only a third of the funds needed could be raised and these funds were not made available on a continuous but rather on a piece meal basis, which negatively affected implementation planning.

<u>Efficiency</u>

- UNIDO programmable funds were made available in a fragmented manner which caused delays in some cases and spending pressure in others.
- UNIDO programmable funds were used to a large extent for programming including needs assessments; therefore, limited funds were left for direct technical assistance.

<u>Effectiveness</u>

- Most of the programming activities (formulation of project documents) were not effective since they did not lead to funding. A more strategic approach to such activities is needed.
- In many cases the work of international consultants was insufficiently linked to the work of national consultants who could have absorbed knowledge and provided more continuity and follow up.
- Available resources were spread thinly over all components as initially planned in the IP instead of setting priorities.

<u>Sustainability, Ownership and Impact</u>

- The capacity building effect of most activities was less than planned.
- Ownership is very low in component 1 and 2, very good in component 3 and good in component 4.

- Sustainability has not been achieved in most of the cases, but a basis has been built requiring consolidation through continued cooperation activities in a number of priority areas.
- In some cases there is a small likelihood of impact, in others it is too early to measure impact.
- No after assistance scenarios have been developed.

Management

- The MTI has been actively involved in the management of the IP. However, no multi-stakeholder steering committee was in place. This has considerably reduced the potential of the IP to contribute to bridging barriers between institutions, sectors and enterprises.
- Monitoring and self-evaluation was insufficient. Only one self evaluation exercise was carried out in five years of implementation and parts of it were incomplete.

Annex I: Terms of reference (summary)

The independent evaluation

Independent programme evaluation is an activity carried out during and/or at the end of the cycle, which attempts to determine as systematically and objectively as possible the relevance, efficiency, achievements (outputs, outcomes and impact) and sustainability of the programme. The evaluation assesses the achievements of the programme against its key objectives, as set in the Programme 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.

Purpose

The purpose of the Eritrea Integrated Programme (IP) independent evaluation is to enable the Government, other local stakeholders (e.g. the private sector), UNIDO and donors:

- To assess the relevance of the programme's objectives within the local context and the external environment
- To assess the efficiency of implementation: quantity, quality, cost and timeliness of UNIDO and counterpart inputs and activities.
- To assess the outputs produced and outcomes achieved as compared to those planned and to verify prospects for development impact.
- To provide an analytical and rational basis and recommendations for the future development and formulation of the programme under a Phase II, which is currently under consideration.

The evaluation is conducted in compliance with UNIDO evaluation policy.

Method

The evaluation will be conducted at two levels: evaluation of selected integrated programme 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, consultants and experts 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.

All components will be evaluated, making use of the results of previous evaluations and self evaluation reports, based on the original description of the programme.

The evaluation structure covers two dimensions:

A. Programme-wide evaluation

The programme-wide (IP) evaluation will address the following issues:

- Relevance and ownership
- Funds mobilization
- Programme coordination management
- Programme formulation
- Synergy benefits derived from programme integration
- Results at the programme-wide level (contribution to industrial objectives of the country)

B. Evaluation of (sub-) components

Evaluation of each of the selected components will address the following issues:

- Ownership and relevance
- Efficiency of implementation
- Effectiveness of the component
- Impact
- Sustainability

Composition of the evaluation team

The evaluation team will be composed of the following:

- Mr. Johannes Dobinger, UNIDO OCG/EVG, Team Leader
- Government nominated national consultant, well acquainted with industry-relevant institutional framework of the country.
- Senior Evaluation Consultant (with background in evaluation).
- Optional: representative of the donor community on behalf of the integrated programme's donors

Members of the evaluation team must not have been directly involved in the design and/or implementation of the programme/projects. All members of the evaluation team who are not staff members of UNIDO will be contracted by UNIDO. UNIDO Field Office will support the evaluation team.

Donor representatives from the bilateral donor Embassies will be briefed and debriefed.

The evaluation mission

The evaluation mission will take place during the month of November 2005. The evaluation officer in charge will start preparations at least on month prior to the mission.
The final report will be presented 6-8 weeks after the evaluation mission.
The cost of the evaluation will be covered by UNIDO with a budget assigned for that purpose.
UNIDO field staff and local counterparts will provide logistic support (programme of visits, transport within the country, etc.) to the evaluation mission. The evaluation team is not authorized to make any commitment in the name of UNIDO, the Government of Eritrea or the donor Governments.
At the end of the evaluation mission the evaluation team will present preliminary findings and conclusions to the stakeholders of the programme.

Before the evaluation mission starts the evaluation team will consult with the team leader and the team members of the integrated programme. Prior to that, that the team leader together with the team members will prepare self evaluation reports of the programme and it's components. The self evaluation reports will be sent to the evaluation officer in charge in due time.

The evaluation report

The evaluation report will be prepared according the standard format for evaluation reports of integrated programmes as contained in the UNIDO Guidelines for Technical Cooperation (see UNIDO website, evaluation section). UNIDO Evaluation Group will arrange for the reproduction and distribution of the report to all stakeholders.

As the report is the product of independent team acting in their personal professional capacities, it is up to that team to make use of the comments made by the parties involved and to reflect them in the final report. However, the evaluation team is responsible for reflecting any factual corrections brought to their attention prior to the finalization of the report.

Annex II: List of Organisations and Persons met

Ministry of Trade and Industry (MTI)

Mr. Taddesse Woldeyohannes, Director General

Mr. Abraham Kubrom, Director, Industrial Machinery Development Division (also former acting General Manager of the Eritrean Standards Institute

Ministry of Fisheries

Mr. Andom Ghebtetensae, Director General

Mr. Tecle Alemseghed, Head, Competent Authority

Mr. Georgio, Head, Fisheries Laboratory

Ministry of Health

Mr. Kesete Araya, Head

Ministry of Agriculture, Department of Regulatory Services

Mr. Ukbagabir G/Sellassie

Mr. TesfalemT/Giorgis

Mr. Estefanos Beyen

Mr. Semere G/Hiwot

Ministry of Agriculture, Halhale Research Center

Mr. Teklemariam Berhane, Head, Agricultural Engineering Department

Mr. Abebe Araya, Project Manager

Ministry of Energy & Mines, Department of Mines

Mr. Michael Abraha, Director, Geological Survey

Mr. Asmerom Mesfin, Mines Control

Eritrean Chamber of Commerce

Mr. Akberom Tedla, Secretary General

Mr. Tadesse Beraki, Head, Trade Promotion Department
Head, Research and Training Department

Eritrea Free Zones Authority
Mr. Araia Tseggai, Chief Executive Officer

Eritrean Standards Institution (ESI)
Mr. Beyene Mesghenna, General Manager
Mr. Mussie Jovanni, Head, Laboratory

Eritrean Leather and Allied Industries Associations (ELAIA)
Mr. Semere Petros, Chairman ELAIA
Mr. Dawit Baattai, Board member, ELAIA
Mr. Mebrahtu Haile, Executive Secretary, ELAIA

National Union of Eritrean Women
Mrs. Tsegga Gaim, Head, Social Service & Rehabilitation Department
Mrs. Roza Kflemariam, Project Manager

Eritrean enterprises/beneficiaries
Mr. Ermias Hadera, Shoe Manufacturer (Trainer/leather cutting and CAD)
Keih Bahri Tannery, Mr. Berhane Asfeha (Manager) and Production Manager

Bini Shoe Factory, Mr. Haile Araya (Manager) and Production Manager (Trainer, CAD)

Eri-fish (under renovation/expansion), visited with Mr. Tecle Alemseghed, Head, Competent Authority, Ministry of Fisheries

Marine Product Resources, M. Girmay, Quality Control Manager and Mr. Essaw Tiku, Trainee (component IV- food)

Barka Canneries(under renovation/expansion), Mrs. Almaz, Manager

Asamara Milk Factory, Mrs. Astier Redaezghi, General Manager and three staff (production/quality control) - Trainees (component IV- food)

Independent consultants involved in the IP

Mr. Zerai Abraham, IT expert (Component I, AGIS)

Mr. Eskinder Birhane, food technologist (Component IV – food)

Development partners

Co-operazione Italiana

Mr. L. Larghi, Programme Officer

Embassy of the Kingdom of the Netherlands

Mr. J. Hoenen, Deputy Head of Mission

Mrs. A. van der Heijden, Second Secretary

European Union

Mr. A. Palmero, Head, Economic Governance & Social Sectors Section

Mr. A. Seferiades, Programme Officer, Economic Governance & Social Sectors Section

FAO

Mr. Admir P. Bay, Field Representative

UNDP

Mr. Macleod Nyirongo, Resident Representative

World Bank

Mr. F. Fichtl, Country Manager

Mrs. S. Dhar, Macro-Economics Department/East Africa, Regional Office/Nairobi

UNIDO Field Office

Mr. Zerayacob, UNIDO Desk Officer

UNIDO experts on mission in Eritrea

Mr. P. Smith, CAD – shoe making (component IV)

Annex III: IP Factsheet[1]

Table 1 - Overview

Integrated Programme Monitoring					
ERITREA		**Component 1**	**Component 2**	**Component 3**	**Component 4**
Title:	**Integrated Programme for Sustainable and Competitive Industrial Development**	**Capacity-building for Industrial Governance and Private Sector Development**	**MSME development with focus on women and rural development**	**Industrial estate development for investment and export promotion**	**Agro-related industries**
Status:	ongoing				
Duration:	36 months				
UNIDO's Approval Date:	20-Apr-00				
Government Approval Date:	29-Sep-00				
Start of implementation activities:					
Planned / expected completion date:					
Preparatory Assistance					
Approved Budget Excluding Support Cost:	US$ 6,721,000				
Approved Budget Including Support Cost:	US$ 7,594,730				
Total Allotment	US$ 2,336,180				
Total Expenditures	US$ 2,203,113 *(as of 18 January 2006)*				
Self Evaluation Reports		**24-Oct-03**	**7-Oct-03**	**28-Oct-03**	**21-Oct-03 17-Sep-03 02-Oct-03**
Terminal Project Reports					
Progress Reports	**31-Oct-05**				
	31-May-05				
	30-Sep-04				
	30-Apr-04				
	31-Jul-03				
	31-Oct-02				

[1] All data for the Factsheet were taken from UNIDO Infobase

Table 2 – Projects per Component

Project Number	Title	Starting date of implementation	BSO Name	Total Allotment	Total Expenditure	Current Year Expenditure	Donor Text
	COMPONENT 0: MULTI-COMPONENT						
US/ERI/00/147	Preparatory assistance to collect in-depth information and formulate selected components/sub-components for the Integrated Programme, Eritrea	13-Dec-2000	GREGOR VERA MARIA HELENE	$89,999.99	$88,099.69	$0.00	Germany
US/ERI/00/159	Business development services to stimulate decentralized production systems	05-Jan-2001	WIJNGAARDE INEZ	$222,059.50	$206,457.26	($5,151.00)	Danida-Sub-Saharan Africa
YA/ERI/03/483	Business development services to stimulate decentralized production systems	29-Dec-2003	WIJNGAARDE INEZ	$57,703.18	$57,703.18	$0.00	Regular Budget
	SUBTOTAL			***$369,762.67***	***$352,260.13***	***($5,151.00)***	
	COMPONENT 1: CAPACITY-BUILDING FOR INDUSTRIAL GOVERNANCE AND PRIVATE SECTOR DEVELOPMENT						
NC/ERI/98/005	Formulation of an industrial human resource development programme	26-Apr-1999	TOURE REMIE	$234,000.03	$233,814.60	$0.00	UNDP
US/ERI/00/162	Sustainable and competitive industrial development, (industrial policy)	05-Jan-2001	TOURE REMIE	$95,000.00	$86,361.77	$0.00	Danida-Sub-Saharan Africa
XA/ERI/00/608	Sustainable and competitive industrial development in Eritrea	19-Jun-2000	GREGOR VERA MARIA HELENE	$6,500.31	$6,500.31	$0.00	Regular Programme Of Technical C
YA/ERI/00/441	Sustainable and competitive industrial development - component 1, supplementary budget	05-Jan-2001	TOURE REMIE	$0.00	$0.00	$0.00	Regular Budget
YA/ERI/00/443	Sustainable and competitive industrial development - component I: SME policy framework	05-Jan-2001	GREGOR VERA MARIA HELENE	$34,609.00	$34,609.00	$0.00	Regular Budget
YA/ERI/99/420	Sustainable and competitive industrial development in Eritrea	17-Sep-1999	TOURE REMIE	$39,432.00	$39,432.00	$0.00	Regular Budget
	SUBTOTAL			***$409,541.34***	***$400,717.68***	***$0.00***	
	COMPONENT 2: MSME DEVELOPMENT WITH FOCUS ON WOMEN AND RURUAL DEVELOPMENT						
XA/ERI/00/629	IP Eritrea sustainable and competitive industrial development - central budget	05-Jan-2001	GREGOR VERA MARIA HELENE	$71,707.43	$71,707.43	$0.00	Regular Programme Of Technical C
	SUBTOTAL			***$71,707.43***	***$71,707.43***	***$0.00***	
	COMPONENT 3: INDUSTRIAL ESTATE DEVELOPMENT FOR INVESTMENT AND EXPORT PROMOTION						
NC/ERI/01/005	Capacity building for the promotion of industrial exports and opening of new markets	12-Jul-2001	PIPER DAVID	$38,000.00	$30,767.00	$0.00	UNDP
US/ERI/00/15B	Sustainable and competitive industrial development, central budget	03-Mar-2003	MOLL JOHN PETER	$40,000.00	$17,927.50	$0.00	Danida-Sub-Saharan Africa

YA/ERI/00/415	Integrated Programme: Sustainable and Competitive Industrial Development in Eritrea	19-Jun-2000	GREGOR VERA MARIA HELENE	$19,999.63	$19,999.63	$0.00	Regular Budget
	<u>*SUBTOTAL*</u>			***$97,999.63***	***$68,694.13***	***$0.00***	
	COMPONENT 4: AGRO-RELATED INDUSTRIES						
DG/ERI/01/012	Integrated project to develop the agricultural machinery and tools industry	14-Feb-2003	SAMARAKOON NAMAL	$183,672.00	$114,626.04	$0.00	UNDP
US/ERI/00/141	Rehabilitation of the Leather-Based Industry	06-Nov-2000	SCHMEL FERENC	$530,973.10	$444,004.50	$0.00	Italy
US/ERI/00/15A	Sustainable and competitive industrial development, central budget	03-Mar-2003	SCHEBESTA, Karl	$40,000.00	$39,690.00	$19,000.00	Danida-Sub-Saharan Africa
US/ERI/00/15C	Sustainable and competitive industrial development, central budget	03-Mar-2003	KAESER, Ralf Steffen	$15,000.00	$7,690.00	$0.00	Danida-Sub-Saharan Africa
XA/ERI/03/619	Component IV B -food/fish sector	28-Aug-2003	SCHEBESTA, Karl	$220,360.85	$220,360.85	$0.00	Regular Programme Of Technical C
YA/ERI/00/442	Sustainable and Competitive Industrial Development - Component 4b, Food Industries	05-Jan-2001	HINOJOSA BARRAGAN VICTOR	$3,422.99	$3,422.99	$0.00	Regular Budget
YA/ERI/03/430	Component IV B - food/fish sector	28-Aug-2003	SCHEBESTA, Karl	$74,298.94	$74,298.94	$0.00	Regular Budget
XA/ERI/03/620	Establishment of the Industrial Development Service Centre (IDSC) - Part II	28-Aug-2003	SCHMEL FERENC	$181,157.57	$181,157.57	$0.00	Regular Programme Of Technical C
YA/ERI/03/431	Establishment of the Industrial Development Service Centre (IDSC) - Part 1	28-Aug-2003	SCHMEL FERENC	$57,588.60	$57,588.60	$0.00	Regular Budget
	<u>*SUBTOTAL*</u>			***$1,306,474.05***	***$1,142,839.49***	***$19,000.00***	
	COMPONENT 99: GENERAL MANAGEMENT						
XA/ERI/02/609	Sustainable and Competitive Industrial Development - Central Budget Issuance of new PADs in 2002 for obligations in 2001	03-Apr-2002	GREGOR VERA MARIA HELENE	$28,002.00	$28,002.00	$0.00	Regular Programme Of Technical C
XA/ERI/99/609	Sustainable and Competitive Industrial Development in Eritrea	17-Sep-1999	GREGOR VERA MARIA HELENE	$19,150.00	$19,150.00	$0.00	Regular Programme Of Technical C
YA/ERI/00/440	Sustainable and Competitive Industrial Development - Central Budget	05-Jan-2001	GREGOR VERA MARIA HELENE	$34,572.48	$34,572.48	$0.00	Regular Budget
	<u>*SUBTOTAL*</u>			***$81,724.48***	***$81,724.48***	***$0.00***	
	<u>*TOTAL**</u>			***$2,337,209.60***	***$2,117,943.34***	***$13,849.00***	

** Expenditures as of 12 October 2005*

Table 3 – Summary of Self-Evaluation 2003

	Self-Eval. Report 2003		**Output**	
Component / Subcomponent	**% of completion**	**Self evaluation**	**planned**	**achieved**
Component 1: Capacity Building for Industrial Governance and Private Sector Development	85%	AP	Output 1.1 Integrated Industrial Policy Output 1.2 Industrial Human Resource Survey	▪ Policy workshops to agree on methodology and framework for policy development; ▪ IHRD survey conducted ▪ Industrial enterprises survey conducted to determine the status of Eritrea competitiveness platform
Component 2: MSME development with focus on women and rural development	Information not given	Information not given	Output 2.1 Development and promotion of MSMEs Project document with focus on women and rural industrialization Output 2.1.1 Survey completed on Eritrean handicraft: constraints and attributes and constraints (2002)	Project document to be negotiated with donors for funding. Possible part contributions from Dutch Government expected.
Component 3: Industrial estates for investment promotion and export development	5%	LTP	Output 3.1 Capacity of MTI/DOI strengthened to manage industrial estate and EPZ development	Technical advisory service delivered to the DOI/Ministry of Finance/Free Zone Authority in learning to set up Free Zone, in particular with regard to Massawa Free Zone.
	2%	LTP	Output 3.2 Industrial estate pre-project survey	Pre-project survey delivered to be used as basis for decision-making in establishing industrial estates. Legal framework for EPZ delivered.
	10%	SLP	Output 3.4 Quality assurance and management	Technical assistance provided to Eritrean Standards Institute for the establishment of new facilities for the laboratories A project proposal for the revised IP prepared.
	90%	AP	Output 3.5 Rehabilitation of Medeber Estate, phase 1	An extensive rehabilitation plan for Medeber has been formulated.
Component 4A: Rehabilitation of the leather-based industry	50%	AP	Output 4A.1 Leather-based industry sector developed in balanced manner, utilizing locally available raw hides and skins; tanning and leather products manufacturing sub-sectors rehabilitated; leather industry representation bodies strengthened	▪ Advise on setting Government and sectoral priorities in developing the leather-related trade. ▪ Formation and starting up the operation of the first (and so far only in Eritrea) professional trade association (ELAIA). ▪ Analysis of the local raw hides and
	40%	SLP	Output 4A.2 Enhanced knowledge base and core system for human resource development for the leather-based industry introduced; institutional support developed	

	20%	LTP	Output 4A.3 Market for Eritrean (semi)finished leather, footwear and other leather products widened, modern marketing methods introduced; export of selected leather-based commodities increased.	skins supply, pilot trials with improved flaying and preservation techniques. ▪ Equipping training workshops for genuine leather cutting and shoe upper sewing for use the UNIDO analytical training methodology. ▪ Implementation of practical training courses in leather cutting and shoe upper sewing (both for educating local instructors), leather and its derived products (export) marketing, chemical processes of leather manufacturing, leather finishing. ▪ Opportunity study on starting shoe component manufacturing in Eritrea. ▪ Trial marketing (in an international trade fair at Riva del Garda/Italy) of footwear developed by and to be produced in selected Eritrean (private) shoe manufacturing units.
Component 4B: Food industry	Information not given			
Component 4C: Agricultural machinery and tools	10%	LTP	Output 4C.1 Increase of agricultural impact through provision of machinery, tools and implements as well as related services	Initial assessment on the agricultural machinery system has been completed, agricultural machinery, equipment and tools identified for promotion. In addition to that, a list of machines tools for the newly constructed agricultural engineering workshop has been finalized in consultation with the Ministry of Agriculture and the Ministry of Industry and Trade.
	10%	LTP	Output 4C.3 Skill upgrading programmers for engineers, managers and operators of machining and service workshops designed and implemented. Maintenance programmes in cooperation with technical schools developed (partly funded).	
Other activities: Capacity building for the promotion of industrial exports and opening of new markets	70%	AP	Output 4E Capacity building for the promotion of industrial exports and opening of new markets	Initial assessments of local non-metallic mineral resources and locally established mineral-based industries completed and reported. Initial laboratory evaluation of feldspar, silica sand and kaolin resources completed and reported.

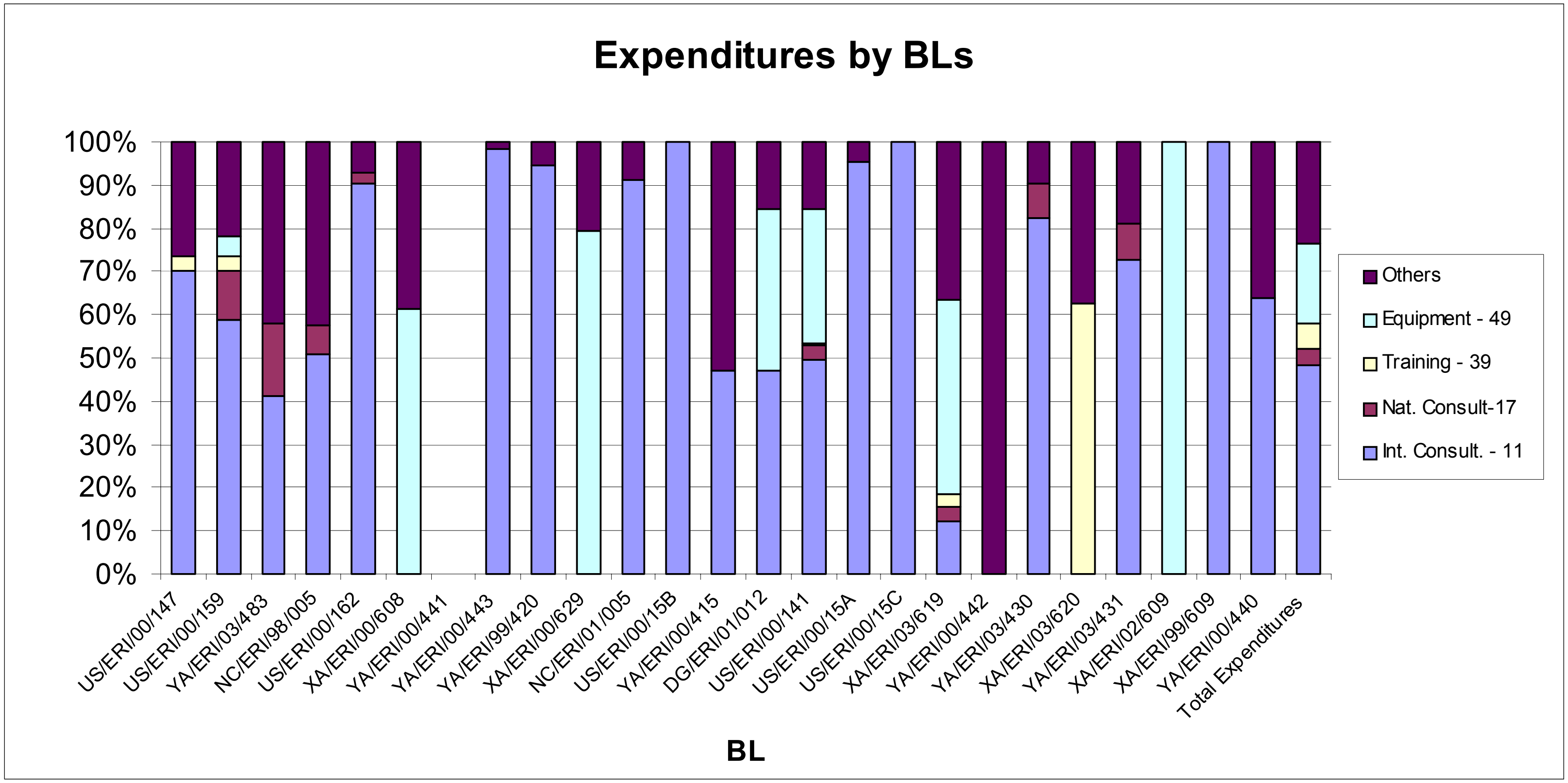
Table 4 - List of Milestones

Date	Milestone	Description / Notes / Remarks
18-Jul-99 - 24-Jul-99	Programming Mission Date	*Description*: A core team reviews potential areas of intervention. After supplementary expertise is provided (sectoral issues of leather, food and industrial estates), a programme document is finalized in March 2000.
20-Apr-00	Executive Board Decision Date	*Description*: Executive Board Meeting approves IP *Notes*: Border dispute with Ethiopia culminates in war in May 2000 with a cease-fire agreed in June.
31-Jul-00	Programme Approval Date	*Description*: Ministry of Trade and Industry approves IP *Notes*: Comments for expansion received
30-Sep-00	Milestone	*Description*: UNDP funds earmarked
13-Dec-00 - 15-Dec-00	Milestone	*Description*: Signature of peace treaty with Ethiopia
22-Dec-00	Milestone	*Description*: Executive board approves UNIDO seed funds
15-Jan-01 - 30-Apr-01	Milestone	*Description*: Expert and staff missions fielded to complete project documents for components which received funding, as well as to discuss programme management structure and issues *Notes*: Government identifies the areas of priority to include: AGIS (governance information system); industrial policy formulation; SME policy framework & support system; industrial estates & MEDEBER; Leather; Food; Agric. machinery & tools (AMIS)
15-Apr-01	Milestone	*Description*: The leather component starts implementation
15-May-01	Milestone	*Description*: AGIS (Governance information system) preparatory workshop in four tracks is scheduled
28-May-01	Milestone	*Description*: Mission for formulation of start-up project for FOOD component is scheduled
15-Jun-01	PAD Date	*Description*: Mission for formulation of start-up project for SME Policy/support system component is scheduled
11-Sep-01 - 13-Sep-01	Milestone	*Description*: Partner meeting, Presentation of Eritrea Transitional Economic Growth and Poverty Reduction Strategy 2001-2002. Presentation of Demobilization and Reintegration Programme, Emergency Reconstruction Programme and Accelerated Export Development Programme.
15-Oct-01 - 30-Jun-02	Milestone	*Description*: Italian-Eritrean relations are strained.
30-Jan-02 - 01-Feb-02	Milestone	*Description*: UNIDO DG visits Eritrea on his East African tour. Peace-keeping operations continue.
01-Feb-02 - 30-Sep-02	Milestone	*Description*: Selected advisory services to MTI/DOI continue.
30-Apr-02 - 31-Dec-03	Milestone	*Description*: DANIDA closes down operations, after change of Government in Denmark.
10-Nov-02 - 31-Jan-03	Milestone	*Description*: Programme refocusing dialogue is started. TPR of leather programme is scheduled for end-November 2002.
27-Apr-05	Executive Board Decision Date	*Description*: New TL approved (transfer of TLship to Regional Bureau)

Table 5- Expenditures by Budget Lines (Status as of 18 January 2006)

Project number	Title	Issue - Expenditures					
		Int. Consult. - 11	Nat. Consult-17	Training - 39	Equipment - 49	Others	Total Expenditures
US/ERI/00/147	Preparatory assistance to collect in-depth information and formulate selected components/sub-components for the Integrated Programme, Eritrea	$61,955	$0	$3,000	$0	$23,144	$88,100
US/ERI/00/159	Business development services to stimulate decentralized production systems	$116,161	$22,790	$6,281	$9,047	$43,444	$197,722
YA/ERI/03/483	Business development services to stimulate decentralized production systems	$23,733	$9,844	$0	$0	$24,127	$57,704
NC/ERI/98/005	Formulation of an industrial human resource development programme	$119,000	$16,061	$0	$0	$98,754	$233,815
US/ERI/00/162	Sustainable and competitive industrial development, (industrial policy)	$78,144	$2,032	$0	$0	$6,186	$86,362
XA/ERI/00/608	Sustainable and competitive industrial development in Eritrea	$0	$0	$0	$4,000	$2,500	$6,500
YA/ERI/00/441	Sustainable and competitive industrial development - component 1, supplementary budget	$0	$0	$0	$0	$0	$0
YA/ERI/00/443	Sustainable and competitive industrial development - component I: SME policy framework	$34,040	$0	$0	$0	$569	$34,609
YA/ERI/99/420	Sustainable and competitive industrial development in Eritrea	$37,250	$0	$0	$0	$2,182	$39,432
XA/ERI/00/629	IP Eritrea sustainable and competitive industrial development - central budget	$0	$0	$9	$56,994	$14,713	$71,707
NC/ERI/01/005	Capacity building for the promotion of industrial exports and opening of new markets	$28,000	$0	$0	$0	$2,767	$30,767
US/ERI/00/15B	Sustainable and competitive industrial development, central budget	$17,928	$0	$0	$0	$0	$17,928
YA/ERI/00/415	Sustainable and Competitive Industrial Development in Eritrea	$9,400	$0	$0	$0	$10,600	$20,000
DG/ERI/01/012	Integrated project to develop the agricultural machinery and tools industry	$99,107	$0	$0	$78,166	$32,999	$210,272
US/ERI/00/141	Rehabilitation of the Leather-Based Industry	$220,223	$15,564	$283	$139,195	$68,738	$444,005
US/ERI/00/15A	Sustainable and competitive industrial development, central budget	$38,100	$0	$0	$0	$1,900	$40,000
US/ERI/00/15C	Sustainable and competitive industrial development, central budget	$7,690	$0	$0	$0	$0	$7,690
XA/ERI/03/619	Component IV B -food/fish sector	$27,299	$6,838	$6,459	$99,317	$80,448	$220,361
YA/ERI/00/442	Sustainable and Competitive Industrial Development - Component 4b, Food Industries	$0	$0	$0	$0	$3,423	$3,423

YA/ERI/03/430	Component IV B - food/fish sector	$61,184	$5,989	$0	$0	$7,126	$74,299
XA/ERI/03/620	Establishment of the Industrial Development Service Centre (IDSC) - Part II	$0	$0	$111,952	$0	$67,153	$179,105
YA/ERI/03/431	Establishment of the Industrial Development Service Centre (IDSC) - Part 1	$41,929	$4,682	$0	$0	$10,978	$57,589
XA/ERI/02/609	Sustainable and Competitive Industrial Development - Central Budget Issuance of new PADs in 2002 for obligations in 2001	$0	$0	$0	$28,002	$0	$28,002
XA/ERI/99/609	Sustainable and Competitive Industrial Development in Eritrea	$19,150	$0	$0	$0	$0	$19,150
YA/ERI/00/440	Sustainable and Competitive Industrial Development - Central Budget	$22,145	$0	$0	$0	$12,427	$34,572
	Total item:	**$1,062,438**	**$83,800**	**$127,975**	**$414,721**	**$514,178**	**$2,203,113**
	Total Expenditures *(all items rounded)*:	**$2,203,113**					


Expenditures by BLs
100%
90%
80%
70%
60%
50%
40%
30%
20%
10%
0%
US/ERI/00/147
US/ERI/00/159
YA/ERI/03/483
NC/ERI/98/005
US/ERI/00/162
XA/ERI/00/608
YA/ERI/00/441
YA/ERI/00/443
YA/ERI/99/420
XA/ERI/00/629
NC/ERI/01/005
US/ERI/00/15B
YA/ERI/00/415
DG/ERI/01/012
US/ERI/00/141
US/ERI/00/15A
US/ERI/00/15C
XA/ERI/03/619
YA/ERI/00/442
YA/ERI/03/430
XA/ERI/03/620
YA/ERI/03/431
XA/ERI/02/609
XA/ERI/99/609
YA/ERI/00/440
Total Expenditures
BL
Others
Equipment - 49
Training - 39
Nat. Consult-17
Int. Consult. - 11

Annex IV: References

Apart from the references given below, project documents, mission reports and progress reports have been analysed by the evaluation team.

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UNIDO, Women in Industry in Eritrea, report by Wudassie Yohannes, May 97 (US/GLO/91/207/17-60)

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