

INDEPENDENT TERMINAL EVALUATION

Phase 2 (extension) of the technical assistance project for the upgrading of the Ethiopian leather and leather products industry

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The Evaluation Team hopes that the findings, conclusions and recommendations will contribute to the successful completion of the Project and to the continuous improvement of similar projects in other countries.

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Abbreviations and Acronyms

Acronym	Definition
AA	Addis Ababa
AALF	All African Leather Fair
BDS	Business Development Services
CBE	Commercial Bank of Ethiopia
CGB	Cluster Government Body
COMESA	Common Market for Eastern and Southern Africa
CDA	Cluster Development Agent
CDP	Cluster Development Program
CPA	Cooperative Promotion Agency
CSC	City Steering Committee
CTC	Cluster Technical Committee
DBE	Development Bank of Ethiopia
EDC	Entrepreneurship Development Centre
EIFCCOS	Ethio- International Footwear Cluster Cooperative Society
ELIA	Ethiopian Leather Industry Association
ETB	Ethiopian Birr
FeSMMIPA	Federal Small and Medium Manufacturing Industry Promotion Authority
GDP	Gross Domestic Product
GoE	Government of Ethiopia
GTP	Growth and Transformation Plan
ISID	Inclusive and Sustainable Industrial Development
LIDI	Leather and Leather Industries Development Institute
LISEC	Leather Initiative for Sustainable Employment Creation
LOMI	LOMI Leather is an association of creative women entrepreneur in leather and garment sector found in Ethiopia.
MDG	Millennium Development Goals
M&E	Monitoring and Evaluation
MFI	Micro Finance Institutions
MoI	Ministry of Industry
MSEs	Micro and Small Enterprises
MSMEs	Micro, Small and Medium Enterprises
NSC	National Steering Committee
PCP	Programme for Country Partnership
PIC	Productivity Improvement Centre
PPP	Public Private Partnership
PSC	Project Steering Committee
PTU	Project Technical Unit
SWOT	Strength, Weakness, Opportunities and Threats Analysis
TVET	Technical and Vocational Education and Training
QSAE	Quality and Standards Authority of Ethiopia
UNIDO	United Nations Industrial Development Organization
WEDP	Women Entrepreneurship Development Programme

Glossary of evaluation-related terms

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

Executive Summary

This independent terminal evaluation assessed the entire intervention from the project's start in January 2012 to its completion in June 2022. Overall performance was reviewed against the standard evaluation criteria of relevance, coherence, efficiency, effectiveness, progress to impact and sustainability. In addition to assessing overall results, the evaluation also aimed at identifying recommendations to inform and strengthen UNIDO's future interventions.

The project development objective was to *"improve the livelihood of the local small leather production units through the development of their business and of their organization in networks"*. The extension of the project maintained the same immediate objective of the first phase: to *"increase the competitiveness and turnover of the Ethiopian Micro and Small Enterprises (MSEs) working on leather footwear and products industry"*. The project was funded by the Italian Development Cooperation Agency (AICS) with a total budget of around Euro 2.8 million.

Key evaluation findings

Relevance and coherence. The project scored well on relevance, as it bore full pertinence to national policy priorities, to Italian AICS goals, to UNIDO¹ mandate, and particularly reflecting needs and priorities of MSEs in Addis Ababa and leather sector stakeholders. The project was designed and implemented within the UNIDO Programme for Country Partnership (PCP). But the PCP's role and approach in supporting the leather sector and concrete mechanisms for the PCP to achieve results for the leather sector were not clarified. Private sector and institutional stakeholders had a strong ownership and commitment to the project. Nevertheless the 100% grant of equipment, input and support services to the private sector may undermine sustainability and commitment in the long run.

Effectiveness. The project delivered a significant number of expected outputs, which were appreciated by targeted associations and institutions. However, it was largely activities and outputs oriented, while outcomes and impact were limited. Some results need to be further developed and consolidated to generate long-term benefits, including cluster development, capacities, linkages, access to finance and the creative hub.

Output 1. Establishing producers' networks. Ethio-International Footwear Cluster Cooperative Society (EIFCCOS) and LOMI Association² have received considerable support to strengthen their networks. To a lesser extent support was provided also to Rediet and Bella associations in Merkato area. Overall, the continued support to strengthen capacities of associations was perceived positively by the beneficiaries. Targeted associations have strengthened their capacities and provided better services to their members, however there was room to improve interactions across associations to strengthen the cluster approach, synergies and economy of scale in specialized areas.

Output 2. Strengthened backward linkages. Linkages for input purchase were successfully established for EIFCCOS and LOMI, resulting in improved access to inputs and quality of raw materials. In some cases, the project purchased inputs as a grant to the network, a practice that can boost production and sales in the short term but risks to undermine sustainability. Nevertheless, the backward linkage, which facilitated the beneficiaries' networks, did not allow to establish direct purchase from tanneries for the associations based in Merkato.

Output 3. Technology upgrading. The project exposed targeted beneficiaries to new technology, provided support to business models and donated new production lines to EIFCCOS and LOMI. This led to a significant increase in production and revenues for both associations and improvement of

¹ United Nations Industrial Development Organization

² LOMI Leather is an association of creative women entrepreneur in leather and garment sector found in Ethiopia.

working conditions in Merkato and Yeka clusters, although the grant mechanism undermined sustainability and replicability.

Output 4. Capacity building. MSEs received 16 trainings which were relevant, useful and efficiently delivered. But the capacity building effort was not strategic enough to contribute to strengthen “*SME competitiveness and turnover*”. A comprehensive sector capacity assessment was not conducted and only few training events supported sustainable mechanisms to develop MSEs capacities.

Output 5. Creation of new markets. The project was active in connecting MSEs associations to the markets through several relevant activities and beneficiaries, mainly from EIFCCOS and LOMI, who found this support useful. Benefits were not so clearly perceived by the associations in Merkato. Given its small scope and budget, the project had a limited capacity to affect broader and sustainable mechanisms aiming at creating new market opportunities at cluster level.

Output 6. Capacity building for supporting institutions. The project established a close partnership with the Leather Industries Development Institute (LIDI) and the Federal Small and Medium Manufacturing Industry Promotion Authority (FEsMMIPA), where it found a committed management and a favourable environment fully embracing project goals and activities. The hand-in-hand work with both institutions over a period of several years, including coaching and support by qualified experts, contributed to the strengthening of the institutions. As the scope of the institutional support was rather limited and did not address specific performance gaps, the project hardly had any effects on the improvement of quantity and quality of services provided to MSEs.

Output 7. Access to loans and premises. A number of interventions were implemented aiming at improving information and awareness about financing and access to finance, linking EIFCCOS and LOMI associations with leasing companies³. These efforts did not result in improving access to finance for MSEs and their associations as the majority of them lacked assets for collateral and had limited financial literacy. Part of the problem was the public ownership of the building provided to MSEs associations, which was not accepted as collateral. Manufacturing premises were significantly improved, including in Merkato area, with high beneficiary satisfaction and improved and healthier working conditions.

Output 8. Establishment of a creative hub. The Creative Hub was set up in May 2021 as a centre of innovation for leather MSEs. However, several key factors need to be addressed to reach its full potential: its purpose, the strategy for service delivery, its sustainability, and how it could create a culture of excellence among public and private sector stakeholders.

Progress towards impact. The project contributed to some positive impacts of targeted associations, mainly through LOMI and EIFCCOS, in terms of saving raw materials, enhancing production and turnover, and improving working conditions for some 300 MSEs and 2,500 sector workers. However, the evaluation did not gather evidence of impacts on turnover and savings for Tesfa, Rediet and Bella associations. The project did not have long term sustainable benefits at sector and cluster level.

Efficiency. The project was implemented efficiently. It has delivered the expected outputs with good quality. The project management team was proactive and committed, with smooth coordination between headquarters and the field. The remarkable relationships between the

³ The project team organized a one-day workshop with MFI and Cluster representative, facilitated the creation of a Technical Committee and the attainment of a guarantee letter from Addis Ababa Trade and Industry Development Bureau as a requirement lease financing. The cluster was waiting for the loan approval (from the DBE) in order to purchase additional machineries. A financial assessment was carried out, peer learning initiatives were supported and linkages promoted with financial institutions as the Yeka Branch office of Addis Credit & Saving Institution S. LOMI associations were linked with World Bank WEDP Programme.

project management team, the donor and national counterparts contributed greatly to the smooth implementation of the project and achievement of expected results. Given the limited project budget of nearly EURO 2.8 million, the project has produced a large amount of relevant outputs. However, it must be noted that the resources were spread too thinly, on too many interventions. Significant delays did occur as the project implementation was planned for three years, but in fact lasted more than seven years. This was due to the short duration planned at project design, and a number of external significant constraints beyond the control of the project management namely the COVID pandemic and the national security crisis in the country.

Sustainability of benefits. Sustainability analysis offered a mixed picture: in some cases, positive contributions to sustainability were established, but substantial sustainability gaps remained. They were closely linked to the project approach of providing direct support through grant (services and equipment) to selected private associations. The project did not focus sufficiently on building mechanisms that could sustain benefits for MSEs and clusters after the project completion.

Crosscutting priorities. Gender sensitive processes were consistently and satisfactorily established throughout the project, including high level of attention in the project document. Indeed the gender marker of the project design was 2A, meaning that the project's expected contribution to gender equity was significant. The project supported gender equity and women empowerment actively in the leather value chain through many activities: targeting LOMI women association as one of its main beneficiaries; supporting women innovators through the Creative Hub; and in coordination with the World Bank Women Entrepreneurs Development Project (WEDP), supporting a women leather coordination platform at national level. A gender analyst was recruited to support implementation and to track project contributions to gender equity. However, gender indicators were used mainly at output level and there was room for further mainstreaming women empowerment across the results.

Working conditions for targeted leather associations (approximately 2500 workers) were significantly improved. Environmental effects of the leather industry were addressed by a new complementary project (Modjo Leather City).

Performances of partners. The UNIDO project management team was efficient and committed, AICS was an engaged donor and national counterparts, LIDI and FEsMMIPA, demonstrated a high sense of ownership and commitment.

Conclusions. The following main conclusions have been derived from the findings of the evaluation:

- C.1 Satisfactory achievements of outputs. The project was successful in implementing the Action Plans for Phase 2, delivering the expected outputs and contributing to establish adequate conditions for targeted leather MSEs associations to improve production, enhance sales and exports. With a limited budget of nearly EUR 2.8 million the project produced a broad range of benefits to targeted MSEs, including better linkages to both input suppliers and markets, improved know-how, access to new equipment and improved working conditions.
- C.2 Limited evidence of outcomes and impacts. The project was more successful to produce benefits for LOMI and EIFCCOS associations, the main beneficiaries of the majority of project activities. It proved less effective in supporting associations based in Merkato area (Tesfa, Rediet and Bella). The continued support received by EIFCCOS over a period of 10 years, with access to a wide range of free assets and services, appeared to have only limited effects on sales and income, with several organizational issues yet to be addressed.
- C.3 Full relevance. The project was fully relevant to needs and priorities of MSEs and their associations, and was fully aligned with UNIDO PCP Ethiopia, and the government priorities for MSEs and the leather sector.

- C.4. Strong relationships among key stakeholders. The strong partnership between the committed project management team, the donor and the national counterparts was instrumental in supporting the project implementation.
- C.5. Creative Hub at starting point. The recently established Creative Hub as a centre of innovation for MSEs in the leather sector offers plenty of potential ahead, but needs additional work and support to tap on this potential and to sustain in the long term.
- C.6. The project experience highlights the limits of a UNIDO model of private sector development based on grants and direct support to selected MSEs associations. The cluster development approach needed as well to be reinforced.
- C.7. The evaluation evidences as well an opportunity for UNIDO to shift from its current focus, i.e. the delivery of activities and services at micro level, to a more strategic role, leveraging changes related to the policy, legislative and institutional environment, improving dialogue, supporting reforms and promoting sustainable mechanisms that can be further upscaled.

Recommendations

- R.1. Assess options to strengthen the Creative Hub, which is not likely to operate on its own at this stage
- R2: Shift to a more sustainable approach in private sector development to cluster development from the direct support in providing grants to selected associations and establish mechanisms for scaling up in future projects.
- R.3. Strengthen the quality of design of future projects, focusing on results-based management at outcome level.
- R.4. UNIDO should shift from the support to MSEs and associations to a more strategic role in promoting sector dialogue, policies, reforms and the enabling environment in future interventions in the country.

Table 1 - Project Ratings;

Evaluation criteria	Rating
Impact	3
Project design	3
Overall design	2
Logframe	3
Project performance	4
Relevance	6
Coherence	5
Effectiveness	3
Efficiency	4
Sustainability of benefits	3
Cross-cutting	4
Gender	5
M&E and design	3
Results-based Management	3
Performance of partners	5
UNIDO	5
National counterparts	4
AICS	5
Overall assessment	4

Table 1 summarizes the evaluation ratings according to UNIDO evaluation guidelines and instructions for rating (see Annex 7). Scores vary between 1 (minimum) and 6 (maximum). The range 1 to 3 is defined as “unsatisfactory” and the range 3 to 6 as “satisfactory”.

1. Introduction

1.1 Evaluation objective and scope

The purpose of the evaluation is to independently assess the project “*Phase 2 (Extension) of the Technical Assistance Project for the Up-Grading of the Ethiopian Leather and Leather Products Industry*” to help UNIDO to improve performance and results of ongoing and future programmes and projects. The evaluation has two specific objectives:

1. Assess the project performance in terms of relevance, effectiveness, efficiency, sustainability, coherence, and progress to impact
2. Develop a series of findings, lessons and recommendations for enhancing the design of new and implementation of ongoing projects by UNIDO

The evaluation embraces the following scope:

Temporal scope: The terminal evaluation covers the entire duration of the project, from its start date (January 2017) to its end date (June 2022). The evaluation considers as well events and context which may have shaped the project before start up (including the design phase). As data collection was implemented in November 2021, the evaluation was able to gather evidence on the achievement of activities and results from field observation up to the end of November 2021.

Geographic scope covers the Project intervention area, set in Addis Ababa in the following locations and sectors: i) Yeka (EIFCCOS) – footwear, ii) Addis Ketema (Merkato: Tesfa, Rediet and Taramaj) – footwear and iii) Kirkos (Bella and LOMI) - leather goods.

1.2 Overview of the context

The leather industry in Ethiopia started some 90 years ago, when the then Asko Tannery, now known as Tikur Abay Shoe Factory, first opened its doors. The success of this factory nurtured a number of shoemakers, who subsequently established their own factories in Addis Ababa and across the country. Today, in the Merkato district of Addis Ababa, a huge marketplace exists for shoemakers serving the domestic market with wholesale shops dealing in leather, soles, shoe accessories, and shoe retail stores. At the same time, a number of factories are active that produce shoes for the export market.

The leather and leather products sector contribute on average about 6-8 per cent of the gross value product of all manufacturing industries and contributes about 6 per cent to national GDP. ⁴

According to the Leather and Leather Industries Development Institute (LIDI) the sector created 22,673 employments and around 6 percent of share from manufacturing GDP (LIDI, 2015). It is identified as one of the potential sectors that could play a crucial role in achieving long-run policy objectives and transforming the country’s development status to a higher level by increasing the foreign currency earning of the country, expanding employment opportunities and attracting foreign direct investment (FDI). This is based on the fact that Ethiopia is Africa’s leading livestock producer ⁵ and the 10th largest livestock producer in the world. It is not only about the sheer

⁴ “Short investment profile of the leather sector in Ethiopia” published by the Ethiopian Chamber of Commerce and Sectoral Associations (2019).

⁵ Ethiopia has the largest number of livestock in Africa, according to the 2020 livestock census statistics conducted on the African continent, leading “with a staggering 60.39 million”

number of cattle, sheep and goats, but also that Ethiopian goat and sheep skins are preferable to other countries' products in terms of quality. ⁶

It is the fifth largest export sector of Ethiopia which is considered as highest priority sector of the government for its increasing value addition. The leather sector accounted for 7.2 percent average exports during 2000-2016 which continues to be an important source of foreign currency earnings. ⁷ Finished leather represents the largest share of Ethiopia's output and export and it accounted for around 60 per cent of total leather-related exports in 2016. Export of leather, which was US\$ 23 million in 2013 reaches US\$ 133 million in 2018. More than 75 domestic and foreign leather and leather product factories have invested in Ethiopia. Although a decade ago there were only few tanneries, nowadays there are 293 tanneries, 21 medium- and large-scale footwear manufacturers and 19 leather products firms. In addition, about 400 small and micro enterprises and a huge number of small workshops are operating in the leather and leather goods sector in the country. ⁸

1.3 Overview of the project

1.3.1 Project overview

For more than three decades, UNIDO has closely collaborated with private and public partners to develop the Ethiopian leather industry in order to capitalize on the country's vast raw material and employment potential. ⁹

UNIDO's activities in support of the leather industry are well embedded within the Programme for Country Partnership (PCP) which is a special cooperation between the government of Ethiopia and UNIDO. In recent years UNIDO involvement in support of the leather industry included: ¹⁰

- Feasibility study, business plan and design for the Modjo Leather City. The study was finalized and endorsed by the Government (2015)
- Funding mobilization for the development of Modjo Leather City infrastructure (August 2017)
- In 2017 the European Union approves a new programme: "Leather Initiative for Sustainable Employment Creation" (LISEC) in Ethiopia" ¹¹

The Phase I of the project "*Technical Assistance Project for the Up-grading of the Ethiopian Leather and Leather Products Industry*" (TE/ETH/08/008)" was implemented by UNIDO between 2009 and 2012 in cooperation with the Ministry of Trade and Industry (MoTI), with a budget of EUR 2.6 million.

Based on the results achieved and on the action plans developed by key leather sector stakeholders, the Ethiopian Ministry of Industry (MoI) presented an official request of follow up and action plans implementation (Phase II, object of this evaluation).

⁶ Ibidem

⁷ Ethiopian Chamber of Commerce and Sectoral Associations(ECCSA), Short investment profile in the leather sector in Ethiopia, 2019

⁸ Ibidem

⁹ <https://www.unido.org/news/unidos-continued-assistance-ethiopian-leather-industry-reaches-new-milestone>

¹⁰ UNIDO, Programme Country Partnership, Ethiopia

¹¹ EU Trust Fund contribution of EUR 15 million.

Table 2: Project Synopsis

Project title	Phase 2 (Extension) of the Technical Assistance Project for the Up- Grading of the Ethiopian Leather and Leather Products Industry (UNIDO Project 101072-TEETH08008)
UNIDO ID	150201
Thematic Area	Poverty reduction through productive activities
Country	Ethiopia
Project donor	Italian Agency for Development Cooperation (AICS)
Project Implementation start date (second phase)	June 2016
Expected implementation end date	June 2019
Actual implementation end date	June 2023
Planned project duration	3 years
Actual project duration	7 years (till evaluation time)
Implementing agency	UNIDO
Government coordinating agency	Ethiopian Ministry of industry (MoI)/Leather Industry Development Institute (LIDI)
Funding	EUR 2,799,236

(Source: Project document)

1.3.2 Project goals and Result Chain

The project goal is “to achieve an increased competitiveness and turnover of the Ethiopian Micro and Small Enterprises (MSEs) working on leather industry”. The previous project designed specific action plans (i.e. one for each selected area) in order to support the Government initiatives and MSEs engaged in manufacturing of leather footwear and leather goods to capitalize the benefit of the economy of scale.

At private level the project is supporting 5 networks/sub-networks ¹² with an average of 377 enterprises (involving 3811 workers). ¹³

At institutional level the project aims to support the major institutional stakeholders operating in the support of Micro, Small and Medium Enterprises (MSMEs) active in the leather sector such as: FeSMMIPA (Federal Small and Medium Manufacturing Industry Promotion Authority), LIDI, Micro Finance Institutions, Cooperative associations and Technical and Vocational Training Centres.¹⁴

The **development objective** is to improve the livelihood of the local small leather production units through the development of their business and of their organization in networks.

- The extension of the Technical Assistance Project maintains the same **immediate objective** of the first phase i.e. to “increase the competitiveness and turnover of the Ethiopian MSEs working on leather footwear and products industry”. The objective is achieved through the implementation of the action plans validated by the industry stakeholders. The project document foresees one outcome, one output and 9 groups of deliverables, also defined as “activities”:

¹² EIFCCOS, Lomi, Bella, Rediet

¹³ Source: Project Document

¹⁴ Ibidem

- **Outcome:** In synergy with the local institutions, MSEs working on footwear and leather products are organized in networks taking advantage of the joint activities and economies of scale.
- **Output:** Sustainable and formally structured MSEs' networks in the field of leather products are established.

Evaluators' note 1: Although the project document identifies this as an output, the evaluation will consider it as an outcome, as it represents expected measurable benefits caused by the sequence of activities and deliverables produced by the project. Also, the 9 items below, listed as "activities" by the project document should be considered as results (outputs or outcomes), as they imply measurable changes produced by project activities.

- **Activities**

1. Establishing and Strengthening of Networks among producers
2. Strengthen Backward Linkages
3. Technology Upgrading
4. Capacity Building conducted
5. Forward Linkages, creation of new markets and Promotion both locally and abroad implemented
6. Capacity-Building for supporting institutions on UNIDO CDP and networking methodology and experiences provided
7. Access to finance and manufacturing premises created
8. Establishment of a creative craft hub
9. M&E ¹⁵

The project logical framework, with a detailed list of activities, is attached in Annex 5.a. The Theory of Change, reconstructed by the evaluation Team, is presented in Annex 5.b

1.3.3 Contract, amendments and project timeline

Table 3 describes important milestones along the timeline of the project implementation.

Table 3: Project milestones

Benchmark date	Event
Project TE/ETH/08/008 (Phase 1)	2009 to 2012
TERMINAL EVALUATION (PHASE 1) evaluation project TE/ETH/08/008 (phase 1)	2012
UNIDO MOU with AICS	23 November 2016
Project start date (phase 2)	1 st February 2017
Initial completion date	23 November 2019
1 st Steering Committee	February 2018
1 st no cost extension	November 2019 (up to November 2020)
2 nd no cost extension	November 2020 (up to March 2021)
3 rd no cost extension	March 2021 (up to December 2021)
2 nd Steering Committee	October 2019
COVID pandemic	March 2020

¹⁵ Note of the evaluator: Technically the project M&E system should not be considered as a project deliverable but rather a management tool supporting the achievement of results and goals.

1.3.4 Budget and financial breakdown by result

The following table shows the project budget. Budget structure and execution are discussed under the efficiency criterion (section 2.3).

Table 4: Project budget (in EUR)

Budget item	Total Agreement Budget
1. Action plans implemented	2,452,200
2. Evaluation	25,000
TOTAL	2,477,200

Source: UNIDO Leather Project 150201, Grant Delivery Report (October 2021)

1.4 Evaluation methodology

The evaluation uses contribution analysis and the theory of change applying mixed qualitative and quantitative methods to collect data. The evaluation framework (see Annex 2) was structured along 7 main questions, aligned to OECD evaluation criteria and informed by the evaluation priorities, as per the evaluation terms of reference. For each question the evaluation framework specifies sub-questions, indicators, sources and data collection tools. Findings have been supported by data triangulation, ensuring a sound evidence-base.

Data collection included the following sources:

- Documentary review, from 50 documents (see list of documents consulted in Annex 3)
- Visit to clusters and project sites
- Interviews with 60 project stakeholders and beneficiaries (see list in Annex 4)
- Organization of 5 Focus Group Discussions with members of associations
- Video Conferences with 15 respondents
- Project monitoring system and data on indicators

2. Evaluation questions and findings

2.1 EQ 1 - project relevance, coherence and quality of design

EQ 1 Project relevance, coherence and quality of design: To what extent project design and strategy support relevance to stakeholders' priorities? Are the quality of design and strategy conducive to support the achievement of project goals and results? To what extent the project design maintains its relevance in light of changed circumstances? How strong is stakeholders' commitment and ownership? How design and strategy should be adjusted accordingly to be on track to achieve expected results?

1.1 Relevance and coherence

To which extent is the project relevant to Ethiopia National Priorities, to Italian Cooperation priorities, to UNIDO approach and to leather value chain stakeholders?

The project scores well on relevance, as it bears full pertinence to national policy priorities, to AICS Cooperation goals, to the PCP-Ethiopia, UNIDO mandate and to leather sector stakeholders needs, reflecting priorities of MSEs in Addis Ababa.

Relevance to Ethiopia National Priorities; The strong relevance of the leather sector and of the project goals to national priorities is confirmed by the sector being recognized as a high priority status both by the first (2010/11 – 2015/15) and the second (2015/16 – 2019/20) Growth and Transformation Plan (GTP). A key component of the growth envisioned by the GTP is represented by the micro, small and medium companies that are working in the leather sector. The government’s industrial development strategy states that sustained industrial development is a fundamental policy direction. Priorities for the leather sector and support to MSEs have not been significantly altered through the years and were not affected by recent government changes. The leather sector is also evidenced as a priority in the Programme Country Partnership (PCP) with UNIDO. This dimension of relevance has been confirmed by interviews with LIDI, AICS and UNIDO.

Alignment to the leather sector policies had already been underscored in 2012 evaluation: *“The project was designed in full compliance with the Master Plan for the leather sector developed by UNIDO under an earlier project. Subsequently, this plan was adopted as official government policy”*.

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Relevance to AICS; The intervention matches Italian Cooperation priorities for Ethiopia, related to economic development and job creation. Traditionally Italian cooperation has been supporting areas of excellence of the Italian industry, including leather but also coffee, wheat processing and tomato processing. Through this project AICS is also promoting the cluster model, which emerged successfully over the past centuries in Italy, leading to a natural specialization of specific geographic areas.¹⁷ Relevance to Italian Cooperation includes a very positive return in terms of political visibility for a relatively contained investment.

Relevance to UNIDO priorities and approach to Value Chain competitiveness; the project bears a strong pertinence to UNIDO mandate to *“Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation”*¹⁸. The leather sector is an area of specialized experience with more than four decades of UNIDO leather-based industry development contributions covering a range of aspects of the leather value chain: *“assistance to small- and medium-scale enterprises in close cooperation with associations in evaluating business opportunities, finding markets niches, building product ranges, improving production methods and product quality, enhancing productivity, and developing labour and managerial skills”*.¹⁹ The project strategy matches well UNIDO approach to value chain development and support to creativity / innovation. To a lesser extent the intervention approach aligns with UNIDO’ guidance on cluster approach.²⁰

Box 1 UNIDO and the leather sector in Ethiopia;

“UNIDO is by far the most important donor organization in the Ethiopian Leather and Leather Products sector. UNIDO has supported all segments of the local value chain and implemented a wide range of initiatives from technical assistance and capacity building to policy advice since the 1990s”
Source: The Ethiopian Leather and Leather Products Sector: An Assessment of Export Potentials to Europe and Austria, Vienna, March 2019, Jan Grumiller and Werner Raza

The leather project was designed and implemented within the framework of the Programme for Country Partnership (PCP) Ethiopia. The project document (2015) evidences how the PCP *“will*

¹⁶ Independent evaluation report, Technical assistance project for the upgrading of the Ethiopian leather and leather products industry, UNIDO project number: TE/ETH/08/008, 2021

¹⁷ Sources: Interview with AICS officials, project document, webpage / Italian cooperation with Ethiopia

¹⁸ 2030 Agenda for Sustainable Development and the related Sustainable Development Goals (SDGs)

¹⁹ <https://www.unido.org/our-focus/creating-shared-prosperity/agribusiness-and-rural-entrepreneurship-development/leather-and-leather-products-industry>

²⁰ The UNIDO Approach to Cluster Development, Technical Paper, UNIDO, 2020

help to set up footwear and leather goods clusters, and strengthen the fashion design and training capabilities of LIDI". However the document does not provide details of how the PCP approach will contribute to project objectives and results.

Project progress reports state that *"the project, as part of the PCP framework, has always been reported to the PCP secretariat and MoTI through monthly, quarterly reports and the high-Level PCP meetings held at the presence of the Minister of Industry, the State Ministers and all the Institutions involved in the PCP implementation"*.

PCP evaluation evidences the relevance of the PCP to Ethiopian development needs, including for the inclusion of the leather sector; the evaluation assesses that the PCP approach produced modest outcomes for the leather sector; *"large -scale impact promised by the PCP approach in the leather sector appears more likely with the implementation of the Modjo Leather City project"*.²¹ The evaluation however does not provide analysis and findings related to the value added of the PCP to the achievement of results for the leather sector.

The PCP may have contributed to leverage parallel funding from other Donors as *"the European Investment Bank very recently received an official financing request from the Ministry of Finance for the Modjo Leather City project"*.

The PCP evaluation evidenced that *"the PCP has not been successful in facilitating significant private sector investment. External factors such as limited access to finance also play an important role."*

The PCP evaluation²² assessment of the PCP and UNIDO contribution to "sector coordination" is positive, although points to scope for improvement *"The way UNIDO manages the relationship with development partners is viewed favourably, although at times it is perceived as a bit ad-hoc. As an example for an inconsistent flow of information mentioned was the Modjo Leather City project, whose status was not always clear to stakeholders"*.²³

Also, the PCP evaluation evidences how UNIDO is credited for having built over the years a strong network, trust and credibility. The leather sector was mentioned as an example in which UNIDO is seen as having a clear comparative advantage due to its long engagement in the sector. *"More broadly, the PCP is seen by some as a continuation, at a next level, of this history of technical cooperation"*.²⁴

As a conclusion opportunities are in place of the PCP to provide continuity to UNIDO leather sector support, bringing a specific value added related to strategic coordination, fund leveraging (from Donors, National funding and private sector) and sector strategic guidance. However, there is need to clarify PCP role and approach in supporting the leather sector and find concrete mechanisms for the PCP to gain effectiveness in achieving results and impacts for the leather sector;

Relevance to beneficiaries' needs and priorities; a strong pertinence to the needs of stakeholders' priorities has been consistently confirmed by the interviews carried out by the evaluation team to networks, MSEs, FeSMMIPA and LIDI.

It is of interest to note that the evaluation of Phase 1 pointed to a weakened relevance to MSMEs in consideration of limited focus on the informal sector and poor producers. However a subsequent LIDI policy adjustment for a more inclusive targeting makes this intervention very

²¹ UNIDO, PCP (2015 – 2019) Ethiopia independent evaluation, 2021

²² Ibidem

²³ Ibidem

²⁴ Ibidem

relevant to the needs to micro and small enterprises, including small and informal producers of the Merkato area. In fact the inclusiveness of the approach is assessed as a valuable feature of the intervention (*see also impact opportunities, section 2.2*)

Box 2 Excerpts of small-scale producers in Merkato, testimony of relevance to their needs: *They also helped us to open shops. I also benefited as an individual and I sold what I have manufactured. (SME, Bella network)*"

Coherence²⁵: The intervention does not produce duplication of efforts and is coherent with other Partners' approaches; however only few synergies are developed with other projects.

The support provided to beneficiary associations, to LIDI and FeSMMIPA as well as the setup of the Creative Hub is complementary to other donors' support to the leather sector and does not produce duplication of efforts.

The evaluation ascertained coherence and absence of duplication with other Donors' support and particularly with the following interventions:

- The Leather Initiative for Sustainable Employment Creation (LISEC) co-funded by the EU for a total of EUR 15 million. Establishment of Modjo Leather City (MLC) in cooperation with UNIDO, MoI, LIDI, IPDC and other institutions
- The Transformation Triggering Facility (TTF), also an EU funded programme
- the Enterprise Partners/Private Enterprise Programme (PEPE) funded by the U.K. Department for International Development (DFID) in cooperation with the World Bank, the Ministry of Finance and Economic Development
- the Project on Capacity Building for KAIZEN Implementation for Quality, Productivity and competitiveness Enhancement (2015-2020) financed by the Japanese International Cooperation Agency (JICA)
- The three years project Green Tanning Initiative (GTI) started by the international network organization 'Solidaridad', in partnership with the Dutch chemical supplier Stahl and the business network CSR Netherlands (MVO Nederland),
- PUM NL²⁶ support to the Ethiopian LLP sector providing technical assistance to tanneries and manufacturers.
- Joint Program funded by the MPTF on COVID-19

The Project applied the Kaizen approach to its capacity building in support of associations' management. With this exception limited synergies have been evidenced by the evaluation with other Donors' interventions.

The current level of development partners' sectoral coordination is low, a feature attributed by partners to change of political leadership in MoI and a less active support to international coordination.

The analysis of coherence is not addressed by the project document and the coherence criterion is not tracked by progress reports²⁷.

²⁵ The criterion of coherence covers "*consistency of the intervention with other actors' interventions in the same context. This includes complementarity, harmonisation and co-ordination with others, and the extent to which the intervention is adding value while avoiding duplication of efforts*" (source: terms of reference and inception evaluation report).

²⁶ PUM Netherlands senior experts is a volunteer organisation providing training services to MSEs in developing countries and emerging markets.

²⁷ Evaluation review of action document, progress report and project monitoring database

1.2 Quality of design and strategy

To what extent project design was aligned to project formulation best practices and supported by an adequate participation of the leather value chain stakeholders?

The project was conceived in 2013/14 as a follow up (extension) of a Technical Assistance to the leather sector financed by the Italian Cooperation between 2009 and 2012, with a budget of 2.6 million EUR.²⁸ Phase 2 focuses on specific actions identified with LIDI and beneficiaries in the previous phase, based on an official request of assistance by the Ethiopian Ministry of Industry (MoI).

The extension of the Technical Assistance Project maintains the same **immediate objective** of the first phase: to “increase the competitiveness and turnover of the Ethiopian MSEs working on leather footwear and products industry”. The objective is achieved through the implementation of the action plans validated by the industry stakeholders. The single outcome anticipated by the project document is that *“MSEs working on footwear and leather products are organized in networks taking advantage of the joint activities and economies of scale”* underlying the cluster approach selected as key project strategy.

The design builds on well ascertained strategic choices, including the two-pronged approach supporting at meso levels institutions (LIDI and FeSMMIPA) and at micro-level associations and MSEs. Strategic choices developed by the formulation process included a) support to the cluster model to build economy of scale across MSEs in the leather sector, b) the focus on quality and c) the establishment of a creative hub as centre of innovation for MSEs.

The project design provides very few details of the expected results, based on the implicit but genuine assumption of an in-depth sector and stakeholders’ know-how built over two decades of experience of UNIDO and of the Italian Cooperation in support to the leather sector in Ethiopia. The sector diagnostic is accurate and a detailed list of activities and outputs is provided, in line with the action plan.

A second important assumption that drove the formulation phase, is that design accuracy would have been improved along implementation, in close coordination between the Donor, UNIDO and MoI/LIDI. Also this second assumption held true during implementation.

Overall the project document provides a broad contractual framework for the cooperation venture but significant gaps in the formulation process have significantly affected the sustainability and opportunities of upscaling and impact of the intervention. Additional definition would have been desirable for a number of design features, including:

1. Result definition and sustainability arrangements, particularly for changes related to capacity development, institutional development, equipment supply, access to finance, creative hub
2. Measurability at outcome level is in general lacking in the project document
3. Sustainable approach for private sector development
4. How to translate the theory of cluster approach to the context of the leather sector in Ethiopia

The initial timeline of three years may appear ambitious for the consolidation of the numerous results expected, but that lifespan fits well to the Donor programming cycle of three year and it has been subsequently adjusted with a string of no-cost extensions to more than five years.

²⁸ Technical assistance project for the upgrading of the Ethiopian leather and leather products industry, UNIDO project number: TE/ETH/08/008,

Management, budget, staffing, governance, M&E and reporting arrangements have been foreseen by the project document, although additional specifications were required for aspects of management-by results, implementation and monitoring focus on outcomes, strategic guidance and strengthening roles and mechanisms of project governance.

The fact that Phase 2 relates to the implementation of action plans defined with LIDI, FeSMMIPA and beneficiary clusters, confirms the participation of these stakeholders to the preparatory phase. This finding is supported by the statements of interviewed stakeholders.

The Theory of Change, implicit in the project document and reconstructed by the evaluation (see Annex 5.b) appears to work well to produce benefits to targeted beneficiaries but not necessarily to produce “sustainable benefits” that may impact at sector level.

1.3 Ownership and commitment of stakeholders;

To what extent the project is supported by ownership and commitment of leather value chain stakeholders?

1.3.1 Evidence of ownership and commitment of stakeholders

Although ownership and commitment are seldom addressed by the project document and progress reports, stakeholders manifested through interviews a strong ownership and commitment to the results supported by the project.

Project design makes few explicit provisions for stakeholders’ ownership: a) partnership and close coordination mechanisms with institutions and MSEs and b) cost sharing mechanisms for the rehabilitation of the workshops as well as with the establishment of pilot processing lines.²⁹

Implementation was fully compliant to the first provision, but only to a limited extent adhered to the second one as all investment, transportation and installation costs were born by the project and stakeholders contributed only with minor costs related to operation, maintenance and utility connection.

Progress reports make rare mentions of ownership and commitment;

- the second annual report (2019) points to the need to strengthen commitment and ownership of clusters’ stakeholders and how “*ownership of cluster development program is expected to be given to the Addis Ababa industry development bureau*”
- The third annual report indicates that ownership of EIFCCOS equipment should be “*handed over to the Ministry of Trade and Industry*”.³⁰

Beneficiary MSEs interviews did provide statements pointing to ownership and commitment.³¹ Some association’ respondent declared a “not full ownership” of project activities at level of MSEs “*We have not taken the ownership of the sewing machines which are supported by UNIDO*”.^{32 33} Other associations’ stakeholders manifested their ownership of the intervention and presented,

²⁹ Source: Project Action Document, 2014

³⁰ In line with article 4 of the cooperation agreement between the Governments of Ethiopia and Italy (source: Third annual progress report, 2020)

³¹ Questionnaires for MSE included the following question (1.4): *To what extent the interventions of phase 2 are fully owned by beneficiary SME? (please provide examples/ evidence of ownership and commitment) Do you feel it is your own or not? If it is your own investment are the MSEs fully committed to achieve results?*

³² Source: EIFCCOS stakeholder

³³ Project team clarification (2022): “*This is correct as based on UNIDO regulations and in agreement with the donor/GOV, the ownership is handed over at the project’s completion. In this case there was an assessment to be conducted to see that the equipment was fully utilized for producing exports products. Now the ownership has been transferred*”.

as indicators of commitment, their contributions in membership fees, knowledge, time and monitoring of the quality of the products.

The previous evaluation pointed how, notwithstanding a strong relevance, *“the project does not seem to be fully owned by LIDI management”*.^{34 35}

The 100% grant component for equipment, input and support services provided to the private sector may contribute to undermine sustainability and commitment of beneficiaries.

2.2 EQ 2 – Effectiveness

EQ 2 Progress toward results (effectiveness); To what extent have the expected results and objectives of the project been achieved thus far? What have been barriers to achieving the objectives?

The analysis is structured in 8 sub-questions, each devoted to one of the key outputs of the intervention. An additional sub-question studies opportunities for long-term changes (impacts), summarizing overall effectiveness and impact opportunities.

Effectiveness summary; The project performed satisfactorily in the delivery of a significant number of outputs; overall the support has been much appreciated by targeted associations and beneficiary institutions generating direct benefits to targeted beneficiaries. The project approach was largely output and activity oriented, limiting the capacity to produce outcomes and sustainable benefits in the different areas and to impact at cluster and sector level. The limited budget and the contained scope of the intervention did not allow to pursue sustainable mechanisms for network development, market expansion, technology innovation, capacity development and access to finance. The project provided significant opportunities to support gender in leather MSEs with opportunities for further mainstreaming women empowerment across the results and accrued scope for strengthening its contributions to good governance and stakeholders’ accountability.

The following table compares the achievements for each of the project 8 components with results planned by the project document.

Table 5 Project achievements and expected results

Output	Expected results	Achievements
Output 1 Establishing and Strengthening of Networks among producers	<ul style="list-style-type: none"> - Establishing and strengthening of Networks among producers - networks for common marketing, joint purchasing - No specific outcomes have been planned and targeted 	Several activities and outputs were delivered within output 1, with a general positive appreciation of beneficiaries; specific benefits were produced at micro level, within the targeted networks. The project did not develop a strategic approach for the strengthening of networks, did not support outcomes at macro level and the intervention did not achieve reinforcement of clusters with interactions across networks. No new networks were established

³⁴ Independent evaluation report, Technical assistance project for the upgrading of the Ethiopian leather and leather products industry, UNIDO project number: TE/ETH/08/008, 2021

³⁵ Project Team statement: “Likely due to change in LIDI management and lack of sectoral knowledge and about this and other project” (2022)

Output	Expected results	Achievements
Output 2 Backward linkages	<ul style="list-style-type: none"> - Facilitate joint and bulk purchasing of raw materials. - No specific outcomes have been planned and targeted 	Linkages for input purchase were successfully established for EIFCCOS and LOMI associations. As a result both associations improved access to inputs and quality raw materials. In some cases the project purchased inputs as a grant to the network, ³⁶ a practice that can boost production and sales in the short term but risks to undermine sustainability. The backward linkage, facilitated to the beneficiaries' networks, did not allow to establish direct purchase form tanneries for Tesfa and Rediet associations, based in Merkato.
Output 3 Technology upgrade	<ul style="list-style-type: none"> - Link operators with leasing companies, technology exposure, support purchase of common machinery, set up of pilot production lines, selection of footwear models, supplying of models and semi- finished materials, rehabilitate workshops - No targets were established in terms of outcomes 	Several activities were implemented, including linkages, infrastructure rehabilitation and grants of equipment and spares, with high satisfaction of beneficiaries. Support was activity / output oriented, provided at micro level to beneficiary associations; the project did not contribute to establish sustainable mechanisms for leather sector technology upgrading. Significant sustainability gaps were evidenced by the evaluation with the donation of production lines, spares and inputs to EIFCCOS and LOMI associations.
Output 4 Capacity building for Institutions	<ul style="list-style-type: none"> - Plans included training for skills capacity building and management training. - No targets were established in terms of outcomes 	Overall training events have been very relevant to priorities, well designed and of high interest to both private sector and institutions. Trainings responded to specific needs; however their design and delivery did not follow a strategic approach to address capacity gaps; capacity building was output oriented, with limited attention to outcomes; the component did not contribute to build up sustainable mechanisms for capacity development
Output 5 Access to markets	<ul style="list-style-type: none"> - Several activities were planned under this component, - no specific outcomes were planned 	Support provided to associations for the creation of new markets proved relevant, useful and well appreciated; the project however, in consideration of limited budgetary envelop, scope of work and a strategy with activities directly supporting few selected associations, had a limited capacity to affect broader and sustainable mechanisms aimed at the creation of new market opportunities at cluster and sector level.
Output 6 Capacities of institutions	<ul style="list-style-type: none"> - Several activities were planned under this component, - no specific outcomes were planned 	The scope of the institutional support provided under output 6 was rather limited. Overall this group of activities, in consideration of their contained scope and the fact that they didn't address specific performance gaps, had limited effects on the improvement of quantity and quality of services provided to MSEs
Output 7 Access to finance and	<ul style="list-style-type: none"> - Link producers with financial institutions - Access to finance through innovative tools 	The project provided several outputs aimed at improving information and awareness about financing and actively promoted access to finance, linking EIFCCOS and LOMI associations with

³⁶ "This has been done at the very beginning of the intervention when the inputs shops was established to kick off operations and then during COVID-19 pandemic as and alleviation of the negative impact to Ethiopian SMEs" (Source: Project communication to the evaluator, 2022)

Output	Expected results	Achievements
manufacturing premises	<ul style="list-style-type: none"> - Common premises allocated - No specific outcomes have been planned and targeted 	leasing Companies ³⁷ . These efforts did not result in improving access to finance for MSEs and their associations as these are, for their majority, not bankable subjects including for lack of assets and collateral and limited financial literacy. Premises have been significantly improved through project support
Output 8 Establishment of a creative hub	Creative hub established No specific outcomes have been planned and targeted	The Creative Hub is a well-crafted result, offering good value for money and plenty of potential ahead. Important points are however yet to be addressed to capture in full its potential, including the need to further define its purpose and strategy for service delivery and building sustainability, including dimensions of financial sustainability and creating a culture for excellence and beauty across public and private sector stakeholders.

Source: Evaluation Team Assessment

2.1. Output 1: Establishing and Strengthening of Networks among Producers:

To which extent leather sector producers have strengthened their network?

Summary findings: Several activities and outputs were delivered within output 1, with a general positive appreciation of beneficiaries; specific benefits were produced at micro level, within the targeted networks. The project did not develop a strategic approach for the strengthening of networks, did not support outcomes at macro level and the intervention did not achieve reinforcement of clusters with interactions across networks. No new networks were established.

The project supported 5 producers' association: EIFCCOS, Rediet, Tesfa, Bella and LOMI.

Table 6: Networks supported by the project (2014 - 2021)

Producers' association	Year of establishment	Location	N. of enterprises	Average workers	% total MSEs	Number of workers
EIFCCOS		Yeka	280 (206 in 2014)	9	77%	2,520
Tesfa		Merkato	38	3.5	10%	133
Redat		Merkato	28	2.5	8%	70
Bella		Kirkos	10	3.5	3%	35
LOMI		Kirkos	9	16	2%	144
Total			362			2,902

Source: Project management team data

³⁷ The project team organized a one day workshop with MFI and Cluster representative, facilitated the creation of a Technical Committee and facilitated a guarantee letter obtained from Addis Ababa Trade and Industry Development Bureau as a the requirements of DBE for lease financing. The cluster is waiting for the loan approval (from the DBE) in order to purchase additional machineries. A financial literacy assessment was carried out, peer learning initiatives were supported and linkages promoted with financial institutions as the Yeka Branch office of Addis Credit & Saving Institution S.C. LOMI associations were linked with WEDP World Bank Programme to promote support

The total number of MSE supported (362) represents approximately 7% of a total estimated number of 5,000 micro and small enterprises engaged in manufacturing and repairing leather footwear, a sector dominated by enterprises located in the central market of Addis Ababa. According to LIDI the sector creates over 22,000 employments.

Activities and deliverables addressing output 1 (cluster development) are part of a broader process aimed at strengthening existing networks and clusters, initiated by the Government in early 2000s in order to build an economy of scale, strengthen competitiveness and formalize MSEs of the leather sector.

EIFCCOS had been already supported in “cluster development” by UNIDO and AICS between 2009 and 2012 through Phase 1 of the Project.

Under this result several activities were implemented across the 4 years, targeting the four beneficiary networks, including promoting regular meetings within the cluster, awareness workshops promoting cluster development, trainings, participation to Fairs. Business models supporting investment and expansion were developed for EIFCCOS and LOMI, validated by stakeholders and discussed by members with experts. The project supported as well dialogue between networks and Government Counterparts (LIDI and FeSMMIPA). Activities included continuous coaching, with managerial and technical support and advise to the networks.

Project reports and monitoring data do not describe and measure the results at outcome level. Reports nevertheless suggest a number of proxies related to new initiatives made possible by the strengthened capacities: new strategies defined for seasonal product development, networking for a women platform, allocation of new individual spaces for each company of LOMI in Ayat and Goro, Bella shop at Stadium (note: the shop is currently closed), EIFCCOS new organisation in 8 working groups and set up of a new common production line (CPL).

Interviews with networks’ chairs and members provided consensual statements of a vision of benefits derived from these activities. For instance:

- EIFCCOS stakeholders feel stronger in view of the acquisition of a new office, improved functioning of management and governance structures. The strengthening of the Association allowed to contract security services and a cleaning agency. EIFCCOS set up a marketing department to bid on work opportunities through a skilled professional. A key advantage of working within a network is that *“it enables to specialize according to the production capacity of members”*.
- For LOMI stakeholders being organized provides opportunities of scaling up their operation, with ambitions of *“opening up a big factory, to gain power in terms of market knowledge and management skills and being engaged in the export business”*
- Also Bella members ³⁸ found very positive the experience of working together and envision opportunities for significant expansion, with *“creation of new employment opportunities”*
- Support to EIFCCOS produced an unexpected result in an improvement in its governance mechanisms, with the election of a new Chairman

According to UNIDO definition of clusters (see box below) the project did not develop a “cluster development approach” but rather supported, with different level of intensity, 5 producers’ associations, in 3 locations, embracing some 362 enterprises. The evaluation did not evidence outcomes at cluster level.

³⁸ Source: focus group interview

Box 3 Definitions:

Cluster: *“geographical concentrations of inter-connected enterprises and associated institutions that face common challenges and opportunities”.*

Cluster development approach: *Cluster development focuses on initiatives that encourage enterprises and institutions to undertake joint actions that could ultimately yield benefits to the cluster as a whole and the communities in which they are embedded.*

Source: UNIDO, cluster development brochure

Overall the continued support to strengthen capacities of associations has been perceived very positively by beneficiaries, with evidence of networks being more capable and providing better services to their members.

Notwithstanding that the cluster approach was a main recurring theme for the intervention, project activities were largely implemented with associations or beneficiary’ networks, with little evidence of efforts addressed at reinforcing synergies across networks and associations, aimed at developing economy of scale and benefits at level of “cluster”. The analysis of the approach pursued by the project suggests that rather than a cluster development approach ³⁹ the project adopted an “association development approach” with actions specifically targeting organized groups of MSEs. Interactions across associations within a certain area have been more limited. Interactions across associations need to be further pursued in order to strengthen synergies and economy of scale in specialized areas.

Project activities for this result have been largely process oriented, with focus on activities and deliverables; the evaluation evidences the need for further outcome orientation and for strengthened monitoring capacities at project, association and cluster levels.

Diagnostic, EIFCCOS cluster, 2014

The vertical network of the cluster is not well established and all the relationship over the value chain is informal and mixed. The relationship among the manufacturers and input suppliers is confusing. Moreover, the manufacturer’s network does not have clear linkages with other actors over the value chain. As a result, the vertical linkages of the cluster need to be restructured and renovated in a way that the input suppliers, marketers and others can take the right position to play the right role in the cluster.

UNIDO 2014

Interviews with FeSMMIPA pointed to complaints about the fairness of EIFCCOS management being the main target of project assistance. Interviewed stakeholders manifested that LIDI should conduct an assessment of EIFCCOS, with a review and detailed analysis of the support received and the current challenges still constraining the association, for a discussion with stakeholders and lesson learning.

³⁹ Cluster definition by UNIDO: *“Clusters are agglomerations of interconnected companies and associated institutions”*, source: <https://www.unido.org/our-focus-advancing-economic-competitiveness-supporting-small-and-medium-industry-clusters/clusters-and-networks-development>

2 Output 2: Strengthened Backward Linkage;

To which extent linkages to leather producers and input supplies have been improved through project support?

Summary findings: Linkages for input purchase were successfully established for EIFCCOS and LOMI associations. As a result both associations improved access to inputs and quality raw materials. In some cases the project purchased inputs as a grant to the network. The backward linkage support did not allow to establish direct purchase from tanneries for targeted associations based in Merkato.

Linking EIFCCOS with tanneries had already started during Project Phase I; ⁴⁰ key activities over phase 2 included: ⁴¹

1. In November 2019, the project supported EICCOS network in purchasing raw material components for shoes leather products and was linked with another raw material supplier, the Kangaroo Tannery; EIFCCOS was also linked with Italian shoe components suppliers (DAMI), other tanneries ⁴² and a Company for glue supply (Kadisco). As a spinoff, Kadisco carried out at its own cost, a training to improve knowledge of manufacturers on glue management and utilizations. Outsourcing opportunities (15 Companies) were also identified for EIFCCOS.⁴³
2. Also in 2019 the project purchased for LOMI network a set of quality raw materials and accessories that could match European market standards to support the association participation to 11th All-African Leather Fair.⁴⁴ Following the event LOMI signed an agreement with BATU tannery for supplying the network with high quality 'green leather materials.
3. A list of nine national tanneries was created in collaboration with the National Leather Working Group and shared with the clusters for action and potential relationship.

Backward linkages and direct purchase of inputs resulted for EIFCCOS in bulk purchase of leather and other inputs, avoiding retailers and middlemen, traditionally sources of inputs in targeted clusters. According to project sources, arrangements contributed to approximately 15% of saving of leather purchase cost. Linkages were established as well for the direct purchase of glue.

EIFCCOS set up a shop in its compound to supply its members with raw materials; this is an indicator of a sustainable organizational arrangement and a benefit derived from the input linkage.

Interviews with targeted networks' stakeholders produced consistent confirmations of the benefits derived from linkages established by the project with tanneries and input suppliers:

- *"UNIDO supported us in terms of importing raw materials which are original that enables to produce quality products from outside of Ethiopia" (EIFCCOS Member)*
- *UNIDO procured raw materials from outside of Ethiopia that would cover needs for three months. There should be a way this could be established as a permanent arrangement (EIFCCOS focus group)*

⁴⁰ Support to the establishment of a MoU between EIFCCOS and Awash tannery

⁴¹ Source: Progress Project Report, March 2021

⁴² Colba, Kangaroo and Batu Tanneries

⁴³ First Progress Project Report (2017/18)

⁴⁴ Purchase included 3000 sq. ft of vegetable tan leather , 900 m of zip and 1800 pullers (source: Progress Project Report, March 2021)

Several MSEs interviewed advocated the need to ensure the sustainability of getting quality raw materials to manufacture quality shoes.

Interviews with Tesfa point to the current challenge of purchasing inputs from retailers, suggesting that these linkages could not be established in the Merkato cluster.⁴⁵ Challenges in the purchase of quality raw materials were also recognized by MSEs not beneficiaries of the project.⁴⁶ Merkato SMEs had limited capital hence did not manage to link directly with tanneries, notwithstanding the efforts made by the project to link them with wholesalers.⁴⁷

Requests to support linkages for input supply were submitted by Tesfa and Bella networks, but could not be followed up.⁴⁸

Project monitoring does not track measurable benefits related to backward linkages and raw materials purchase (quantities, prices, savings disaggregated by association and cluster).

3. Output 3: Technology upgrading;

To which extent improved access to technology has increased quantity and quality of production and strengthened the competitiveness of leather products?

Summary findings: With output 3 the project supported targeted associations with a number of activities including linkages, infrastructure rehabilitation and grants of equipment and spares, with high satisfaction of beneficiaries. Support was activity / output oriented, provided at micro level to beneficiary associations; the project did not contribute to establish sustainable mechanisms for leather sector technology upgrading. Significant sustainability gaps were evidenced by the evaluation with the donation of production lines, spares and inputs to EIFCCOS and LOMI associations.

The project exposed the targeted beneficiaries to new technology, supported business models and supplied with a donation a new production line for EIFCCOS and LOMI. This produced a significant increase in production and revenues for both associations, although the grant mechanism undermines sustainability and replicability. Technology upgrading included the improvement of working conditions in Merkato and Yeka clusters.

In order to support technology upgrading the project implemented several activities:

1. Linking networks with leasing companies; the effort did not produce access to new leases and or other outcomes (see analysis of output 7, access to loans)
2. Support to LIDI for an increased exposure of the associations to new technology, including visits to Anbessa shoe factory organized by LIDI for 19 members of Tesfa and Redet associations (Merkato cluster) in July 2021 and, for 13 EIFCCOS members in January 2019, in view of the setup of the new production line.
3. Support to EIFCCOS with a diagnostic, a new business model, the procurement, purchase and installation of a new production line (2019).
4. A new production line was also purchased in 2020/21 for LOMI association.⁴⁹
5. Rehabilitation of LOMI premises in Goro and in Ayat.

⁴⁵ "There are not many opportunities that are created as a result of linkage on market. This is also aggravated by the increase in the price of raw materials, increased cost of living and low level of purchasing capacity that results in lack of interest for the products we produce. We cannot buy raw materials due to our low purchasing power which results less availability of raw materials" Source MSE of Tesfa network, November 2021

⁴⁶ Input purchase over the past two years has been considerably affected by raise of costs due to inflation and the effects of COVID restrictions and the national security crisis.

⁴⁷ Source: project communication to the evaluator, 2022

⁴⁸ Evaluation interviews with Tesfa and Bella MSEs, November 2021

⁴⁹ LOMI production line, received in May 2021, by November 2021 was not yet installed (source: visit to LOMI premises and interviews)

6. Generators were provided to EIFCCOS, TESFA, REDIT and LOMI
7. Furniture, equipment and generators were provided to FeSMMIPA
8. Improvement of EIFCCOS premises in Yeka (6 buildings) including toilets and air purification.
9. Access to technology was also promoted through the creative hub and the introduction of printers 3D
10. The project provided spare parts and supported the installation with local companies

EIFCCOS business model (2018) provides a financial plan for the introduction of a new plant of a capacity of 2,500 pair of shoes per day, for a total investment capital of 30 M Birr (approximately 0.55 M€⁵⁰). The association did not manage to secure the loan⁵¹ and the project purchased for them as a grant a new production line.

Box 4 Business model and financial sustainability. *Projections show EIFCCOS necessity to borrow financial capital to introduce the new productive plant. The profit expected in the subsequent years appears to be adequate to repay the borrowed capital, although additional financial capital requisites must be assessed concerning the current EIFCCOS and members' ability to cover, in particular, the cost of sales (purchase of raw material).*
Source: EIFCCOS business model, 2018

In the case of EIFCCOS the business model suggests the feasibility of an investment at a break-even point of 73 M Birr in Year 1 and 120 M in year 3, with the need of an investment capital of 30 M Birr.

The solution adopted by the project, to purchase the machinery with a project grant and install it in the associations, involves pros and cons:

1. The operation demonstrates the benefits of the acquisition of new materials and the potential of associations to exploit the production line to boost production, sales and incomes.
2. The experience provides the opportunity of a pilot to study the potential of expansion for MSEs associations and clusters with access to technology and innovation
3. Project experiences show as well the need for a closer analysis of the process, with monitoring and assessment of mechanisms, costs and benefits of the operation, in view of learning and defining opportunities for upscaling. Although the project gathered detailed production data between 2015 and 2020 for the supported associations, monitoring does not provide data about accrued production, variations in costs and incomes related to the introduction of EIFCCOS production line.
4. Machinery provision through a grant does not support sustainability and replicability of the operation.
5. The delayed installation and operationalization of the equipment received by LOMI may point both to challenges related COVID and a possible issue of ownership and commitment of the recipient association
6. This type of support may contribute to develop mechanisms of financial dependence from donor support
7. Donation of production lines may alter the sensitive balance of local market mechanisms, with the provision of an unfair advantage to project beneficiaries' vis à vis their competitors
8. The experience shows the need to identify viable financial mechanisms to support associations and cluster development through capital investment, as identified by the business model.

⁵⁰ Calculated at November 2021 exchange rate

⁵¹ Project and EIFCCOS sources point the lack of collateral as the main cause for the association not being in condition to secure a loan.

Interviews with networks stakeholders point to a) an overall very positive appreciation of beneficiaries of the support provided by the project, which reflects in increased sales and revenues and b) the pending demand from other beneficiary groups (i.e. Tesfa, Redet, Bella) for investment grants.⁵²

The donation of equipment to EIFCCOS and to LOMI generates questions related to the fairness of benefit distribution, the setup of unfair competition across market players, the role of projects in donating capital assets as an approach to entrepreneurship and private sector development, the replicability and possibility to scale up of the operation, as well as issues of ownership and of sustainability.

4. Output 4: Capacity Building;

To which extent the improvement of technical skills and business management skills has improved MSE performances in the leather value chain?

Summary findings: Overall training events have been very relevant to priorities, well designed and of high interest to both private sector and institutions. Trainings responded to specific needs; however their design and delivery did not follow a strategic approach to address capacity gaps; capacity building was output oriented, with limited attention to outcomes; the component did not contribute to build up sustainable mechanisms of capacity development.

Interviewed stakeholders, from beneficiary associations and institutions, consistently conveyed a marked appreciation and felt these trainings improved both technical and managerial skills. Most respondents advocated for additional capacity building support. As discussed under the efficiency criterion (see section 2.3), trainings were carried efficiently with savvy choice of experts and facilitators.⁵³

Under output 4 several trainings were delivered, supporting capacities of targeted associations; LOMI had a higher exposure to trainings in terms of number of events and access to its members (all 12 members of the association had access). In case of larger associations (i.e. EIFCCOS) benefits were more circumscribed to the management group and a small percentage of members. Training was later provided to almost all EIFCCOS members by the cluster working group.⁵⁴ Capacity building contributed to build awareness about the benefits of the cluster development approach.

In the early stage of Phase 2 (November 2017) LOMI did benefit from an assessment of its members and their export readiness with the facilitation of a strategic road map.

Most of the interviewed network members and management expressed appreciation for the trainings, particularly those supporting technical skill, including for pattern making, sketching, sewing, upper making and finishing. Respondents valued action-oriented trainings with practical demonstration sessions within a workshop facility. Business management training was also appreciated but respondents felt it needed to be more intense and inclusive to achieve changes in the way MSEs manage business.

While the assessment finds that trainings were relevant, useful and efficiently delivered, overall the capacity building did not have a strategic approach to strengthen capacities toward the project goal, improving “*MSE competitiveness and turnover*”. The project did not carry out a comprehensive sector capacity assessment; only few trainings events supported sustainable

⁵² Inadequate premises in Merkato do not allow the introduction of modern production lines (source: Project communication to the evaluators)

⁵³ Source: Interviews with training beneficiaries and review of training reports

⁵⁴ Source: Project communication to the evaluation (2022)

mechanisms to develop MSEs capacities. Most trainings were one-off events of considerable quality, unlikely however to be reproduced and or scaled up without project support.⁵⁵

Table 7 provides a summary list of training events implemented by the project.

Also for output 4 the project had limited monitoring of outcomes and a database of trainings was not developed; monitoring did not focus on results (outcomes) but rather on the delivery of training outputs; the project did not assess to which extent capacity gaps were addressed. In a few cases a trainee assessment to test competences was carried out by the end of the training.⁵⁶

Table 7 Summary of capacity building trainings delivered by the Project

Training subject	Beneficiary	Participants (n)	Duration (days)
A - training for clusters			
Marketing skills (performed by CVM, webinar) <i>Period: February – March 2021</i>	LOMI	12	4
Production quality <i>Period: January 2021</i>	LOMI	12	3
Design and pattern development (through LIDI and TVET) <i>Period: October / November 2019</i>	Tesfa, Rediet clusters	N.A.	15
Pattern and Design development <i>Period: 8th October 2019</i>	LOMI, Bella, Tesfa, Rediet clusters	38	18
Design and Production development <i>Period: 8th November 2019</i>	LOMI, Bella, Tesfa, Rediet clusters	38	24
Business development (performed by EDC) <i>Period: September 2018</i>	Tesfa, Rediet clusters	12	2
Design and production development (performed by LIDI and TVET through <i>on the job</i> training) <i>Period: October / November 2019</i>	LOMI	19	22
Business plan training <i>Period: June 2018</i>	LOMI	10	4
UNIDO Cluster Development approach, and networking <i>Period: 31st July 2018</i>	WEDP project	40	1
Graphics training (performed by VIS)	LOMI	10	3
Cutting and stitching <i>Period: November 2018</i>	EIFCCOS	64	20
Shoe design and pattern (CVM / international experts) <i>Period: October 2019</i>	EIFCCOS	30	10
Team work and entrepreneurship by CALD, <i>Period: June 2018</i>	EIFCCOS	25	10
Finishing and Quality Control Training <i>Period: 22nd August 2018</i>	LOMI	10	
Business plan (through international expertise)	EIFCCOS	70	2
Design and Pattern Development Trainings <i>Period: January 2018</i>	EIFCCOS	26	20

⁵⁵ “The project has been implemented in close cooperation with LIDI and many trainings were conducted as part of their program in local language and for long period in order to allow or alternate work and training” (source: project communication to the evaluator, 2022)

⁵⁶ Source: LIDI laboratory training report

Training subject	Beneficiary	Participants (n)	Duration (days)
B – Trainings for government counterparts			
Raising awareness to Cluster initiative for High Government officials workshop FSMMIDA, LIDI, AAIDB, AASMIDC, AACA, FCA, ATIO ,YTIO <i>Period: 21st August 2019</i>	government counterpart and institutions	31	1
Cluster Training for public employees Aug 28 - 30 FSMMIDA, LIDI, AAIDB, AASMIDC, AACA, FCA, ATIO ,YTIO <i>Period: 21st August 2019</i>	government counterpart and institutions	25	3
Leather Products Quality Control – Footwear Quality Control <i>Period: November 2018</i>	Tesfa, Rediet, WEDP	25	3
Cluster development approach FSMMIDA, LIDI, AAIDB, AASMIDC, AACA, ATIO ,YTIO <i>Period: July 2018</i>	FeSMMIPA, AATIB	18	4
Revised International Leather Standards December 2018, TRAIB CERT ISO/IEC 17025:2017 standard	LIDI	4	N.A.
ERP system	MOI	N.A.	N.A.

Source: Data extracted from project reports and reviewed by the Project Team

5. Output 5: Creation of new markets;

To which extent the project support to marketing led to improved access to market and increased sales?

Summary findings: Support provided to associations for the creation of new markets proved relevant, useful and well appreciated; the project however, in consideration of limited budgetary envelop, scope of work and a strategy with activities directly supporting few selected associations, had a limited capacity to affect broader and sustainable mechanisms aimed at the creation of new market opportunities at cluster and sector levels. For the future the development of brands and support to the recognition of clusters leather products in the national, regional and international markets may contribute to impacts, possibly with the involvement of the Creative Hub.

The project has been particularly active in promoting linkages of MSEs associations with markets through several relevant activities: ⁵⁷

- Market study with list of fairs and exhibition in national and regional (COMESA) market (done with ELIA, FeSMMIPA and COMESA)
- Participation of exhibition and trade fairs at national regional and international level. Between 2018 and 2020 the project supported the participation of EIFCCOS, LOMI and other networks at 7 events
- The marketing effort included production of 4000 brochures for LOMI and promotional material for EIFCCOS

⁵⁷ Source: Project reports, interviews with beneficiaries, review of audio-visuals and promotional materials supported by the project

- Support was provided to EIFCCOS to the development of 20 new models for 2020 shoes collection and a collection of bags for LOMI (2019). Product development was facilitated by the installation of the new production line in EIFCCOS and the launch of the Creative Hub.
- 4 networks were supported to establish shops ⁵⁸
- A study was implemented in collaboration with SINCE programme on subcontracting opportunities; markets opportunities and contacts were facilitated for the launch of EIFCCOS production line; a subcontract arrangement was facilitated between LOMI and an European Company;
- Buyer-seller meetings were organized for LOMI (with Nordic-Leather group) and EIFCCOS (with national shoes buyers) and Business to Business-meetings were organized at the All Africa Leather Fair (AAF) for LOMI and EIFCCOS with European Companies.

Benefits included a significant increase in exposure to LOMI and EIFCCOS associations to buyers; for instance, through its participation to the 11th AAF, 1000 potential buyers visited LOMI stand. BtoB contacts produced manifestations of interest for LOMI and EIFCCOS products; 40% of LOMI collection was sold to foreign buyers on the last day of the Fair. New Year exhibition provided a strong visibility to EIFCCOS, Tesfa, Redeit, Bella, and two WEDEP networks, with satisfactory levels of sales (ranging from 200 products sold by EIFCCOS to almost 2000 products sold by Bella). The participation to the exhibition led to a cumulative sale of 1.4 M Birr (approximately 25,000 EUR) for the 5 associations. ⁵⁹

COVID restricted significantly the participation of networks to marketing events since February 2020 and the overall leather products market has been severely affected.

Project monitoring did only a limited follow up of the effects of these activities on sales. The evaluation analysis sought to establish a correlation between EIFCCOS, LOMI, Tesfa and Rediet evolution of sales (2019, 2020 and 2021) with the overall support provided by the project (see analysis of impact).

Stakeholders (mainly from EIFCCOS and LOMI associations) consistently confirmed that support for marketing proved relevant and useful:

- EIFCCOS respondents declared appreciation for the market opportunities facilitated by the project; in order to support the expanding marketing activities the network attached a marketing expert to its market department. MSEs mentioned that annual profit distribution increased in consideration of increased sales
- Interviews with LOMI stated that *“UNIDO needs to work on creating market opportunities. They have facilitated for us to participate on trade fairs at the exhibition centre”*
- A focus group discussion with Bella members pointed how *“The participation on trade fairs helped the network to introduce its products to customers and how to make contact”*

Not all beneficiary feedbacks were positive. Respondents from Tesfa did not perceive that the project provided access to marketing opportunities. An excerpt of a response from an SME *“I have not seen any other market opportunities besides participating on trade fairs. There is no business linkage”*.

⁵⁸ 2 shops were set up by EIFCCOS in Meganama and in Addis Ababa City, in 2018 Bella opened a shop at the Stadium, LOMI established showrooms at Kiriftu resort and around ECA; support is being provided to Tesfa to find a location for a shop (source: Fourth Annual Report, UNIDO)

⁵⁹ Source: Project fourth annual progress report, UNIDO

6. Output 6: Capacity Building for supporting institutions;

To which extent capacity building contributed to improved services and increased satisfaction of MSEs?

Summary findings: The project established a close partnership both with LIDI and FEsMMIPA, where it found a committed management and a favourable environment, fully embracing project goals and activities. The hand-in-hand work carried with both institutions over a period of several years, including coaching and support by qualified expertise, contributed to the strengthening of the institutions. The scope of the institutional support provided under output 6 was rather limited. Overall this group of activities, in consideration of their contained scope and the fact that they didn't address specific performance gaps, had limited effects on the improvement of quantity and quality of services provided to MSEs.

Under output 6 the project carried a limited number of activities supporting LIDI, FEsMMIPA, Ministry of Industry, and other institutions that provide services to the leather sector:

- Organisation of trainings targeting a) public institutions leader and officials (cluster development (2018, 1 day and 2019, 3 days), and b) LIDI sector experts and extension staff building awareness on new ISO/IEC 17025:2017 (December 2018); these activities have already been presented under output 4
- Strategic institutional assessment for key sector institutions and gap analysis ⁶⁰
- A feasibility study for expansion of Yeka cluster had been planned but there was no follow up in consideration of the limited availability of suitable grounds and tepid interest of MSEs based in Merkato to leave their traditional area of operation to move to Yeka, following EIFCCOS example.

The project established a close partnership both with LIDI and FEsMMIPA, where it found a committed management and a favourable environment, fully embracing project goals and activities. The hand-in-hand work carried with both institutions over a period of several years, including coaching and support by qualified expertise, contributed to the strengthening of the institutions.

Evaluation interviews with MSEs, network managers and LIDI officials pointed to significant outstanding needs related to institutions capacity building. MSEs evidenced how they are subject to a significant pressure from government institutions and sub city officials, with regard to *“size of working place, duration of the enterprises in the shades allocated and payment of taxes”*. In some case for Tesfa network *“the size of the working place was reduced from 6 square feet to 4 square feet”*. In EIFCCOS some MSEs were asked for a *“double taxation”*. MSEs and associations advocate for a better understanding of government officials on what leather sector operators need and the urgency for improving policy and institutional support. One of the recommendations during the Focus Group Discussion held with EIFCCOS members pointed their *“interest in developing legal framework governing cooperatives”*. A senior LIDI management official mentioned as well *“the lack of knowledge about cluster concept and the potential it has to serve as a growth centre for industrial parks with government officials”*.

Project monitoring did not follow up the evolution of performances of LIDI, FEsMMIPA and other institutions in service provision to leather sector MSEs.

⁶⁰ The assessment included LIDI, Addis Ababa Capital Goods – National leasing company (source: Project fourth annual progress report)

Several institutional functions are in need of further support (to be eventually addressed by future interventions) including: leather sector donor coordination (currently weak), policy and regulatory framework development, monitoring and assessment of clusters performances, strategic guidance to clusters, and delivery of skills and managerial training to MSEs.

7. Output 7: Access to loans and improving manufacturing premises

To which extent the support provided to finance and improved premises produced investment and better working conditions, reflecting on quantity and quality of production?

Summary findings: The project provided several outputs aimed at improving information and awareness about financing and actively promoted access to finance, linking EIFCCOS and LOMI associations with leasing Companies⁶¹. These efforts did not result in improving access to finance for MSEs and their associations as these are, for their majority, not bankable subjects including for lack of assets and collateral and limited financial literacy. Part of the problem is the public ownership of the building provided to MSEs associations, which does not allow to create a bankable collateral. Manufacturing premises were significantly improved, including in Merkato area, with high beneficiary satisfaction. Outcomes included improved working premises with conditions for healthier and more decent work.

Although a genuine demand and offer of investment capital for leather industry expansion are in place, lack of access to finance for MSEs and their associations is recognized as a key sector bottleneck, limiting MSE and associations investment and development; several stakeholders interviewed by the evaluation team recognized that lack of access to finance was frustrating their ambitions for new investments. Pledges were made for additional support in accessing finance.

Respondents to evaluation interviews consistently manifested how access to finance is considered as a main obstacle to improve production.⁶² The problem of getting loans has been identified as a constraint by MSE operators and the networks. Challenges include *“lack of working capital to procure raw materials”* and the need *“to increase production capital by procuring machines”*. The general picture is that most of MSE owners and associations are in a strong need to access finance. Associations, due to their weak financial capacity *“could not participate in auctions to bid for big market opportunities despite the fact they have the skills and in some cases they have the machines to manufacture the desired leather products”*. Challenges include access to *procurement of raw materials in bulk*.

Future work needs to address this obstacle, supporting both financial institutions and MSEs associations with technical assistance and risk sharing mechanisms meant to increase access to finance and support investments for MSEs clusters. Blending instruments are available thanks also to international cooperation efforts (including AICS, EU Cooperation and World Bank WEDP project) to support this approach.

The project was more successful in improving working premises for targeted associations, including new premises allocated for LOMI members in April 2019, in Ayat and Goro site.⁶³

⁶¹ The project team organized a one day workshop with MFI and Cluster representative, facilitated the creation of a Technical Committee and facilitated a guarantee letter obtained from Addis Ababa Trade and Industry Development Bureau as the requirements of DBE for lease financing. The cluster is waiting for the loan approval (from the DBE) in order to purchase additional machineries. A financial literacy assessment was carried out, peer learning initiatives were supported and linkages promoted with financial institutions as the Yeka Branch office of Addis Credit & Saving Institution S. LOMI associations were linked with WEDP World Bank Programme to promote support

⁶² interviews held with individual MSE members and leaders of all the networks where interviews conducted (EIFCCOS, LOMI, TESFA and BELLA)

⁶³ The allocation of premises was obtained in close collaboration with Addis Ababa Industry Development & Addis Ababa Cluster Development cooperation bureaus

EIFCCOS premises were significantly upgraded (6 buildings renovation, air purification systems and toilets installed or improved) and in Merkato Tesfa and Rediet associations had ventilation systems installed. Outcomes included improved working premises with conditions for healthier and more decent work. These benefits have been well acknowledged during evaluation interviews.⁶⁴

Figures 1 and 2: Generator procured by the Project and leather production unit at work



Generators were also procured for Tesfa, EIFCCOS and Rediet. These allowed a non-interrupted power supply, decreasing noise and smokes, contributing to the improvement of the working environment and increasing networks productivity. Generators were meant as a power back up but in consideration of unreliable electricity supply, often are generators represents the main power source for the network. The support provided by UNIDO to all the networks in terms of creating better working conditions has been highly praised by both MSEs and networks met during the evaluation. Benefits included *“installation of ventilation systems, provision of generators and furnishing buildings”*.

8. Output 8: Establishment of a creative craft hub;

To which extent the establishment of a creative hub contributed to leather sector offer of new products, visibility and sales?

Summary findings: The Creative Hub is a well-crafted result, offering good value for money and plenty of potential ahead. Important points are however yet to be addressed to capture in full its potential, including the need to further define its purpose and strategy for service delivery and building sustainability, including dimensions of financial sustainability.

The Project Document presents the “Creative Craft Hub” as a *“platform that offers services and spaces to the crafts producers, in order to diffuse craft knowledge and culture and improve creativity. It aims to integrate the creative groups active in the clusters into the national and international supply chains of the leather products, through increasing the competitiveness and market penetration opportunities”*.

Design was ambitious and relatively unclear, proposing on one side a hub specialized in its support to the leather sector and on the other envisaging a multi-sector and pluri-functional center with a range of services including facility for training and for inspiring workshops, business incubator, social enterprise community center, innovation lab, meeting point, library, showcase, facilitator of market linkages, innovation and technology center, launching pad for entrepreneurs and talents promoting innovation, particularly youth and women. Design was supported by a business plan.

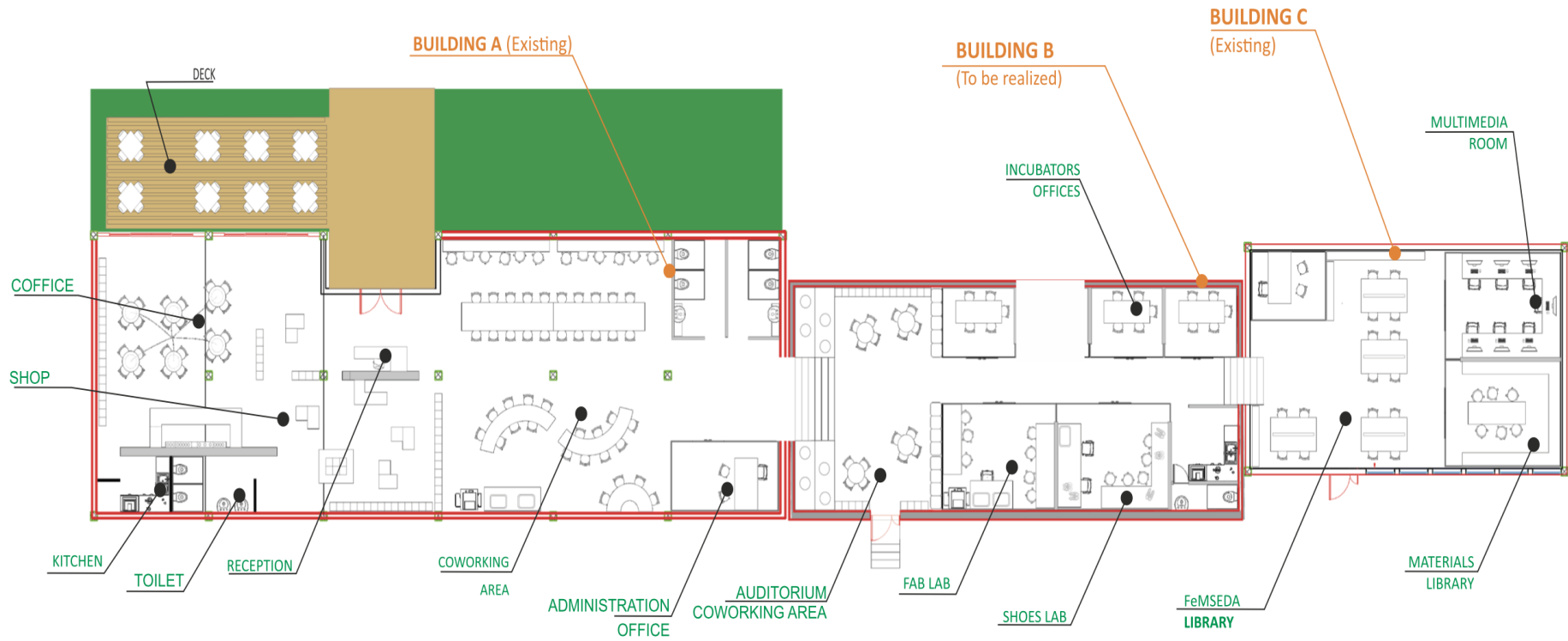
⁶⁴ Source: Project reports, Interviews and site visits.

The setup of the Hub was the object of a close consultation between AICS, FEsMMIPA and UNIDO. The Italian Cooperation insisted to adjust the initial concept with a stronger involvement of the private sector and to have it as part of FEsMMIPA. Negotiations stalled the start of works and the construction was only completed by November 2020. Generator, furniture, installation of water tank and connection to electricity network were finalized by April 2021 and the Hub was officially inaugurated by the end of May 2021.

Although the Hub has been operating only over the past few months and was affected by a context shaped by COVID restrictions and a national crisis, the Hub boasts already a record of remarkable performances, including high media exposure, visits by international stakeholders and political leaders (including an Italian Prime Minister⁶⁵), broadcast on national television, intense activity on social networks and an array of events successfully implemented.

⁶⁵ The Prime Minister of Italy, Giuseppe Conte, visited EIFCCOS in October 2018 with the Ethiopian Minister of Industry. An Italian Head of Government previously visited EIFCCOS.

Figure 3. Creative Hub plan



The design of the hub and its components as well its display on social media are outstanding, an assessment of the evaluation team shared by the consistently very positive feedback from interviewed stakeholders.

So far the Hub provided limited contributions to the project specific objectives of leather sector MSE competitiveness. The Hub is currently developing with broader goals, embracing innovation, SME, youth and women, under the ownership of FEsMMIPA.

The creative Hub has been quite effective in projecting a positive image and visibility for the Project, AICS, FEsMMIPA and UNIDO.

Important points are however yet to be addressed to capture in full its potential:

- a) An increased definition of its purpose and the strategy for service delivery, with the current risk of trying to do a bit of everything, thus diluting the potential of impact ⁶⁶
- b) The organization of mechanisms to pursue, once the project will be completed, the current strategic guidance and high standard management of the Hub, key factors to its success
- c) Build sustainability, including for dimensions of financial and cultural sustainability (the latter may entail creating a culture for excellence and beauty across public and private sector stakeholders; this will imply transformational changes and may be achieved only in the long term)
- d) The hub, only recently launched, provided so far only limited support of leather sector MSEs, including the support provided by the FabLab through the use of the leather laser cutter for leather product development, soft-skills trainings for SMEs active in the leather sector and offering a valuable showcase for LOMI products.

The evaluation finds that the Hub has different strategic directions that could unearth its potential, including:

1. Showcase for the Italian Cooperation, supporting innovation with a special focus on its work with women and youth, anchoring it to its interventions on selected value chains (textile, leather, coffee). The Hub could promote Ethiopian – Italian partnership to achieve excellence in selected value chains production and processing
2. Instrument for MSE innovation, pursuing FEsMMIPA mandate, eventually accompanied by a follow up project
3. Instrument for leather sector linkage to international markets and innovation (a direction, more consistent with the initial project design) broadening the current rather limited scope of support to LOMI.
4. Multi-functional centre under FEsMMIPA, with a broad focus and aiming at achieving financial sustainability (where annual revenues match recurrent costs).

The evaluation favours the first strategic direction, as it offers a powerful tool to AICS (and eventually to the AICS-UNIDO duo) to promote cooperation goals and an image of Italian excellence in Ethiopia. Potential benefits would include political visibility and the opportunity to leverage funds supporting cooperation goals. This option is also likely to impact positively in national production, boosting creativity, and exposure to quality, new concepts, innovations and markets. The option would also significantly reduce the risks related to changes at political and institutional levels (see recommendations)

The evaluation identifies several risks looming over the future of the Hub, including:

⁶⁶ “This aspect has been addressed by narrowing the focus of the Creative Hub on 4 main sectors: fashion, leather, ITC and product development”. Source: Project communication to the evaluation, 2022.

- 1) The main risk for the future of the Hub is that changes at political level may dilute interest while changing agendas and priorities for its use
- 2) Turnover may mobilize less committed and inspired management.
- 3) Interests on revenues and political priorities may influence the quality of its governance.
- 4) Lack of capacities in FEsMMIPA to ensure long term sustainability,
- 5) Political and institutional changes that may affect FEsMMIPA priorities, commitment and management capacities
- 6) Excessive dilution of interests and services, limiting the centre opportunities for impact
- 7) Losing the current edge and reputation of a centre of excellence, built under the discerned leadership of UNIDO / AICS / and national institutions' team.

9. Contributions to crosscutting priorities of gender and environment

To what extent the project contributed to priorities of gender equality and women empowerment, sustainable environment and good governance?

Summary findings: Gender sensitive processes were consistently and satisfactorily established throughout the project, including high level of attention in the project document. The evaluation identified opportunities for further mainstreaming women empowerment across the results. The evaluation evidences how the project offered additional opportunities to support networks and institutions' transparency and accountability. Working conditions for targeted leather sector associations (approximately 2500 workers) have been significantly improved (see analysis in output 7). Environmental impacts of the leather industry are addressed by a new complementary project (Modjo Leather City).

The project contributes significantly to women empowerment by targeting the leather value chain, as over 70% of sector employees are women and the leather products segment (in particular handbags) of the industry is characterized by dynamic female entrepreneurs.⁶⁷

The project supported actively gender equity and women empowerment in the leather value chain, through its activities a) targeting LOMI women association as one of its main beneficiaries, b) actively supporting women innovators through the Creative Hub and c) supporting, in coordination with the World Bank Women Entrepreneurs Development Project (WEDP), a women leather coordination platform, at national level.

Women account for roughly 70% to 80% of sector employees

Source: Research Report, The Ethiopian Leather and Leather Products Sector 2019

Gender sensitive processes were satisfactorily established through the project, including high level of attention in the project document (including a gender analysis in the diagnostic phase), recruitment of a gender analyst to support implementation, dedicated space in annual reports and the establishment in 2019 of a gender matrix, to track contributions to gender equity. The Creative Hub Call for Proposal for young creative talents, takes into account gender balance. A gender assessment was carried out to identify impacts of COVID19. Cluster production data on quarterly basis are disaggregated by gender, although gender sensitive indicators are used mainly at output level. LOMI participates to the Project Steering Committee, representing women entrepreneurs. Support to LOMI includes specific capacity assessment and capacity building activities.

Contributions to gender empowerment at a strategic and policy level have been limited, also in consideration of the project narrow scope and budget envelop. Support to LIDI, FEsMMIPA and

⁶⁷ Source: Research Report, The Ethiopian Leather and Leather Products Sector, 2019

LOMI may have offered opportunities for scaling up, but efforts were mainly focused on the direct support to the small group of 12 women entrepreneurs.

The project had limited opportunities, within its scope, to address environmental and governance priorities. Governance related activities and results are not mentioned by the project reports. Nevertheless the project had positive contribution to election mechanisms and democratic governance of EIFCCOS association. The evaluation evidences how the project offered additional opportunities to support networks' and institutions' transparency and accountability.

Working conditions for targeted leather sector associations (approximately 2500 workers) have been significantly improved (see analysis in output 7). Environmental impacts of the leather industry are addressed by a new complementary project (Modjo Leather City).

10. Contributions to long term changes

To what extent the project contributes to its specific objectives of increased competitiveness and turnover of the Ethiopian MSE working on leather footwear and products industry;

Increases in sales, improved premises with better conditions of work and accrued savings on raw materials have been achieved over the past 4 years for EIFCCOS and LOMI associations. The evaluation did not gather evidence of impacts on turnover and savings for Tesfa, Rediet and Bella associations.

Productions and export trends for the leather industry cannot be attributed to the project, in consideration of the limited scope, the nature of services provided and the very focused targeting. The Creative Hub should be considered as a potential source for future impacts, yet to be materialized.

Data on beneficiary network' revenues between 2017 to 2019 (see table 8 below) show a marked trend of increased sales for LOMI and, to a lesser extent, for EIFCCOS. Both Tesfa and Rediet experienced a slight reduction of revenues. Depressed revenues in 2020 could be interpreted as a consequence of the pandemic. Data for the first 3 quarters of 2021 feature a very high revenue peak for EIFCCOS, likely the result of new contracts and an outcome of the common production line. The other networks are still recovering from the slow business of the previous year.

Increased revenues for EIFCCOS and LOMI could, at least in part, be attributed as an effect of project support, including for services of marketing, participation to events, capacity building, and the donation of equipment and inputs.

Table 8 Revenues of networks supported by the project (Million Birrs)

Association	2017	2018	2019	2020	Jan – Aug 2021	% change 2017 / 2019
EIFCCOS	44,2	74,8	67,9	60,6	144,6	53,62
LOMI	16,7	20,8	30,6	17,8	17,8	83,23
TESFA	16,7	13,6	15,2	12,5	11,4	-8,98
REDIET	9,5	9,1	9,1	5,6	6,1	-4,21

Source: Project database on 5 networks, elaborated by the evaluation

According to interviewed beneficiaries project long term benefits can be related to improved skills, better quality of manufactures, enhanced standards, design of products and the strengthened awareness of the benefits of working together, with linkages established with

tanneries, markets, institutional service providers and financial institutions. Beneficiaries perceive impacts in the improved health and quality of the working environment.

Improved savings and competitiveness could be expected from the backward linkages and a free access of LOMI companies to new premises.

The project supports opportunities for future impacts with the new production line and with the establishment of the Creative Hub.

It should be noted that notwithstanding the prolonged support (over 10 years) and a broad spectrum of services received, some MSEs members of EIFCCOS manifested their uneasiness about being part of the network, as evidenced by testimonies gathered during the interviews:

- *There is no improved access to market as a network or as individual firms.*
- *The distributed share that is obtained from the network is too small which makes it difficult to survive.*
- *We have not obtained any loan for the last 14 years as a network. However, we are happy with the manufacturing place we have. It is clean and wide and suitable*

Contributions to impacts in favour of EIFCCOS and LOMI were achieved mainly with direct support and improving the working conditions for the two associations and its members. Only to a limited extent the project supported sustainable and replicable mechanisms able to provide a wider impact on the industry. The cluster approach was not successful in Merkato area, with very limited interest of MSEs and associations to work together and build an economy of scale.

Support to LOMI and EIFCCOS can be described as a direct support to the associations rather than a cluster approach.

The project contributed to establish with LOMI and EIFCCOS positive examples of MSE associations that could strengthen their production, quality and export potential when enabling conditions are provided. AICS and UNIDO active support to the sector contributed to leverage significant Donors and Government interest, promoted policy dialogue and leveraged significant funds for future projects.

2.3 EQ 3 – Efficiency

EQ 3 Project Implementation and Adaptive Management (Efficiency)

Has the project been implemented efficiently, cost-effectively, and been able to adapt to any changing conditions thus far? How has the COVID19 pandemic effected the project implementation so far and what should be done to overcome these effects? To what extent are project-level monitoring and evaluation systems, reporting, and communications supporting the project implementation?

Overall efficiency assessment:

The analysis of effectiveness (see § 2.2) pointed to the project satisfactory delivery across the 8 components, with an output-oriented focus and a limited attention at outcome level. The project rates satisfactorily under the efficiency criterion, in consideration of a) the capacity of the intervention to deliver expected outputs, b) positive financial performances, c) a proactive and committed management and d) a strong team and fine team work, with smooth coordination between headquarters and the field. Good performances are also the result of remarkable interactions of the management Team with the Donor and National Counterparts. The contained financial envelop of 2.7 M EUR produced a large amount of relevant outputs. The pandemic

significantly slowed down performances with a delayed timeline, although management featured, flexibility and a good capacity of adjustment to COVID. The presence of the project and the financial and technical assistance support received during the Covid period, alleviated significantly the negative impact of the pandemic for beneficiaries. The project achieved high visibility and a strong reputation as an effective intervention in the leather sector, through skilful communication supported by the consistent flow of output delivery. Under the efficiency criterion the evaluation evidenced a number of aspects which deserved to be strengthened, including a management approach to be more result-oriented (at outcome level), effective strategic guidance, stronger monitoring with an increased measurability of benefits, better reporting and lesson learning.

Financial performances

Table 9 presents the budget table with allocated and released amounts and expenditures.

Budget has only two items: 1) action plans and 3) evaluation; action plans embrace the 8 outputs (or components) of the project. A budget disaggregation for each result would have been desirable to support result-oriented planning and management. However in this case the simplified budget structure significantly increased management flexibility, avoiding lengthy procedures for approval of budget changes across outputs. The budget was released in three instalments.

Table 9. Project budget (October 2021, values in EUR)

Budget item	Total Budget	Released budget	Total expenditures
1. Action plans implemented	2,452,200	2,452,200	2,711,958
2. Evaluation	25,000	25,000	25,957
TOTAL	2,477,200	2,477,200	2,737,916

Source: UNIDO Leather Project 150201, Grant Delivery Report (October 2021)

The project by the end of its 5th year of implementation has an absorption rate of over 100%, implying that costs have been partially anticipated by the implementer.

Performances in delivery and value for money

Although the project duration has been extended from 3 to 6 years, overall project delivery is assessed as satisfactory, particularly in consideration of 20 months of implementation under Covid. The initial duration of the MoU between AICS and UNIDO was of 3 years.⁶⁸ However the timeline defined by the project document was ambitious in consideration of the dense planning of activities across 8 delivery areas (outputs or components) and contextual challenges. The initial timeline of 3 years was meant to match to the 3 years programming cycle of the Italian Cooperation⁶⁹. Three no-cost extensions were signed during the implementation to spread the timeline up to 30 June 2022 and a total life span of 6 years.

As presented in Chapter 2 (analysis of effectiveness) the project performed consistently well in terms of delivery of products and services across its 8 Result areas, with a considerable number of activities and outputs implemented according to plans. Few activities have been cancelled or postponed also in consideration of COVID-19 restrictions.

Following the analysis of the project delivery for its 8 Outputs the evaluation appraises the project to represent good value for money, particularly in consideration of a contained overall financial envelop (2,7 M EUR) and the limited budget of each of its components, with an average amount per component of approximately 350,000 EUR. Examples of the efficient project delivery include:

⁶⁸ From 23 November 2016 to 23 November 2019 (project document).

⁶⁹ Source: AICS, November 2021

the capacity building services delivered (in consideration of number and quality of trainings), purchase and installation of a new production line, the setup of the Creative Hub, improvements of the premises for the 4 beneficiary networks. Some results, as the allocation of new premises for LOMI network, had no incidence on project costs, and were achieved as an effect of project management negotiation with national counterparts.

Management and coordination

Management and coordination costs over a period of six years appear considerably contained, the result of efficient UNIDO management performances and a well calculated resource sharing with other projects and activities within UNIDO.⁷⁰

UNIDO management and its close coordination with AICS are primarily responsible for the positive performances observed by the evaluation. The mechanism is based on two management streams, the first based in Vienna and the second in Addis Ababa. The latter has been instrumental to support a highly satisfactory coordination, networking and continuous exchanges, with the Italian Cooperation as well as with MoI officials, LIDI, FEsmMIPA, the 4 beneficiary networks and the Creative Hub. Decision making has been supported by team work and constant consultation with stakeholders.

Management, all along supported by UNIDO Representative Office, has been actively networking, building coordination and to a lesser extent synergies with other initiatives supporting the leather sector including LISEC (EU), Modjo Leather City (EU and AICS), and Kaizen management approach (JICA) and WEDP (World Bank).

The Project contributes to the continuity and reliability of over two decades of support to the leather sector provided by AICS and UNIDO, which allowed to develop a sound dialogue on leather sector policies and making both organisations well-recognized partners for the Ethiopian leather sector development.

Notwithstanding the active networking and liaison with other interventions, the overall sector coordination is currently relatively weak, due to a decreased Ministry leadership, with scope for reactivation and strengthening coordination mechanisms and building additional complementarities and synergies with other partners supporting the leather sector, including DFID, GIZ, Austrian Cooperation and Netherland NGOs.

Result orientation, monitoring, reporting and lesson learning

The Project set a monitoring system to follow up the delivery of products and services. Monitoring however needs to be further developed to include the follow up of the outcomes; only few training events monitored outcomes with the measurement of participants' skills and satisfaction.

The project database tracks performances in production and revenue for the four targeted networks, but data analysis does not assess the effects of project delivery (including capacity building, backward linkages, market linkages, technology et cetera) and its contribution to project goals, in terms of production, quality, revenue and competitiveness. Follow up of LIDI and FEsmMIPA services to networks does not include monitoring of clients' (networks) satisfaction.

Monitoring systems of MoI and LIDI need to be strengthened to follow up changes on production, quality, standards and exports of clusters and networks and provide feedback of companies' appreciation of services provided by sector institutions.

⁷⁰ Including sharing resources with Project "Improving the Sustainability and Inclusiveness of the Ethiopian Coffee Value Chain through Private and Public Partnership".

Lesson-learning mechanisms need to be reinforced as the project missed a potentially helpful mid-term review⁷¹ and mechanisms for learning from the experiences with networks need to be considerably upgraded, to enable the replication and possible upscaling of experiences.

Annual reports are properly structured and are adequately detailed but they lack of result orientation at outcome level. The strategic analysis of project effects could be considerably improved. Reports tend to repeat same activities year after year and at times it is difficult for the readers to understand whether reported activities and deliverables refer to the period of reporting or to previous periods.

Governance

The governance mechanism, the Project Steering Committee provided an infrequent platform for a participatory follow up and piloting of the intervention, with an inclusive participation of the 5 beneficiary networks. The Steering Committee was a factor contributing to ownership for MoI, LIDI and FEsMMIPA.⁷² Steering Committee recommendations supported mainly operational aspects of the project, but had a limited role in terms of strategic guidance. It should be noted that over a period of 5 years the Steering Committee met only twice (February 2018 and October 2019). Both Project Steering Committees have been actively supporting efforts to find new premises for leather associations based in Merkato. Additional strategic orientation and dialogue between private and public actors would have been desirable to support project effectiveness in Merkato cluster, to strengthen the cluster approach and to build sustainable mechanisms that could be replicated by other networks.

Adjustments to Covid

The project adjusted actively to Covid restrictions and managed to keep up with positive performances in the delivery of project activities even after 2020.

The project developed a Covid risk analysis and contingency plan, covering all project outputs and activities, including prevention measures for projects staff and health protocols for activities. Several activities were implemented with on-distance modality, as the procurements for the creative hub and equipment supply for the technology upgrading for LOMI.

MSEs represented one of the sectors of Ethiopian economy most affected by Covid and the project developed a response to address some emergency needs, including raising awareness, distributing hand sanitizers (1,180 l) and distribute audios to promote prevention in Ahmaric, Oromifa and Tigrinya. The Common Production Line installed in EIFCCOS supported the production of masks. Sales, including shop sales, were severely affected by the pandemic and technical advice was provided to LOMI to boost marketing through the pandemic.

In some cases beneficiaries' initiatives allowed the implementation of activities during Covid, as for instance for the rehabilitation of Merkato toilets during the pandemic.

Interviews with beneficiaries pointed how the presence of the project and the financial and technical assistance support received during the Covid period, alleviated significantly the negative impact of the pandemic.

⁷¹ The MTE was planned by the project document and discussed and endorsed by the 2nd Steering Committee (October 2019)

⁷² Finding confirmed by the terminal evaluation of Phase 1.

2.4 EQ 4 – Sustainability

EQ 4 Sustainability

What are the risks that are likely to affect the continuation of project results? Has the project put in place a mechanism to ensure sustainability after the project's completion (in terms of financial, legal, institutional, socio-economic instruments, frameworks or processes)?

Sustainability analysis offers a mixed picture where, in some cases, positive contributions to sustainability have been established; however the evaluation evidences substantial sustainability gaps, closely linked to the project approach of providing direct support (services, equipment and works) to selected private sector associations. To a much lesser extent the project approach focused on building mechanisms that could sustain expected results and goals for sector MSEs and clusters after the end of the intervention.

The analysis of relevance (see section 2.1) evidences that main beneficiary associations (EIFCCOS and LOMI) manifested a significant level of ownership assuming part of the costs and the risk of moving out of MERKATO. This is an important piece contributing to sustainability. However the analysis of other dimensions of sustainability (see table 10 below) evidences significant gaps across the 8 components

Table 10 Sustainability for project results

Output	Strengths and opportunities	Sustainability Challenges
1. Cluster dialogue	<ul style="list-style-type: none"> Awareness of cluster approach actively promoted Linkages with WEDP Plan to establish a “formal or informal association” in Merkato 	<ul style="list-style-type: none"> Dialogue promoted for associations rather than clusters No sustainable mechanisms in place at cluster /sector level for dialogue, upscaling, coordination, market promotion
2. Backward linkages	<ul style="list-style-type: none"> 5 associations facilitated with tanneries contacts Follow up of bulk purchase for EIFCCOS LIDI involved in backward linkages 	<ul style="list-style-type: none"> No mechanism in place to support or achieve raw leather purchase at cluster level
3. Technology upgrade	<ul style="list-style-type: none"> Full commitment of 5 networks for improvement of premises and installation of donated equipment (LOMI and EIFCCOS) Grant provided to support Government strategic approach to transfer SMEs from Merkato to a new location 	<ul style="list-style-type: none"> No sustainable mechanisms in place for technological update Equipment provided on a grant basis (beneficiaries contributed with physical space and took charge of utilities costs)
4. Capacity building for Institutions	<ul style="list-style-type: none"> Significant capacity building for LIDI One training implemented through LIDI and TVET TVET part of project Steering Committee 	<ul style="list-style-type: none"> Out of 23 training sessions, only one was established through existing mechanisms (TVET), the rest being one-off events, with limited sustainability and replicability No sustainable mechanism set up to meet additional demand for capacities

Output	Strengths and opportunities	Sustainability Challenges
5. Access to markets	<ul style="list-style-type: none"> Numerous activities, with contacts / benefits for EIFCCOS and LOMI which may possibly be sustained after the end of the project 	<ul style="list-style-type: none"> No sustainable mechanisms in place to support market access after the end of the project
6. Capacities of institutions	<ul style="list-style-type: none"> Full ownership (MoI, LIDI, FEsMMIPA) ToT for cluster approach LIDI involved in all activities Coaching and TA support over a long period 	<ul style="list-style-type: none"> No institutional assessment / capacity building strategy Very few training events targeting institutions, mainly related to cluster approach No sustainable mechanisms in place to assess institutional performances, quality of services, capacities and to support capacity development
7. Access to finance	<ul style="list-style-type: none"> Awareness and contacts actively promoted EIFCCOS business model 	<ul style="list-style-type: none"> No sustainable mechanisms activated to support increased access to finance
8. Establishment of a creative hub	<ul style="list-style-type: none"> Business plan with preliminary plan of revenues, with EIFCCOS ownership Private sector partnerships in place Trainings planned (FEsMMIPA) First revenues Positive image and remarkable set up offer opportunities for future expansion and sustainability 	<ul style="list-style-type: none"> Creative Hub recently started Sustainability yet to be established / no exit strategy in place Limited revenues with yet few memberships (70 by 2022) ⁷³ Need long term support to consolidate mechanisms and transformational changes to support the innovative model in the current local context

Source: Evaluation Team Assessment

The majority of both private sector and institutions' respondents manifested during the evaluation interviews their concerns for sustainability, with requests of continued UNIDO and AICS support for networks and institutions.

2.5 EQ 5 – Upscaling

EQ 5 Upscaling; Are the project's successful aspects being transferred to appropriate parties, potential future beneficiaries, and others who could learn from the project and potentially replicate and/or scale it in the future? To what extent the project current approach could be up-scaled to other value chains?

The model proposed by the project is based on the assumption that addressing key needs of leather sector MSEs network, these will improve production, quality, competitiveness, turnover and exports.

This model can hardly be sustainably upscaled with the current strategy of direct support to few targeted associations; nevertheless, the pilot could offer a significant potential of replicability and upscaling if the following conditions could be established:

- A genuine cluster approach supporting interactions and building economy of scale across MSEs and their associations (i.e. in Merkato or new future clusters eventually created).

⁷³ Source: Project team communication to the evaluation team, 2022

- Future interventions supporting sustainable mechanisms rather than granting direct assistance

Under such conditions significant opportunities for scaling up project experiences are identified both at national and regional level. Modjo Leather City is an example of such an effort to upscale the project experience, seeking sustainability and a cluster development approach.

The Creative Hub is a new experience offering a rich potential for partnerships, innovation and an effective springboard for start-ups, youth and women entrepreneurs. The Hub deserves further piloting to assess opportunities of replication and scaling up.

2.6 EQ 6 – Lessons learnt

EQ 6 Lessons learnt

What lessons can be drawn from the successful and unsuccessful practices in designing, implementing and managing the project so far?

The evaluation calls attention to selected lessons to be drawn from the project:

1. The management model applied by the intervention builds on commitment, subsidiarity, efficient arrangements, networking and close cooperation between the implementer, the donor and the national counterpart. This model proves both efficient and effective in its delivery and is worth being studied as a lesson for UNIDO, AICS and international cooperation efforts. Also the model applied to the project deserves to be strengthened for aspects of strategic guidance and management by-results
2. The project experience highlights opportunities and limits of a model of private sector development based on grants and direct support to selected MSE associations. The model shows that long term support may strengthen significantly some associations but may also create unfair competition and unequal opportunities. Incentives are not necessarily rewarding best entrepreneurs. The model involves sustainability gaps. The cluster development approach needs to work beyond the boundaries of targeted associations.

Box 5: Testimony of woman entrepreneur, owner of MSE (not supported by the project)

Even if you are supported many times, if you do not have it with yourself you will stop. It is not easy to reach the stage where I am now. It is a challenge when you work by yourself. LOMI are supported with training and workshop facilities. The rent for shop is paid for them. Even if all of this is supported to them I compete with them. My product is way better of theirs in terms of quality.

3. The Creative Hub established by the project shows an innovative approach to support technology, youth and women creativity and entrepreneurship. It is also an effective model to support cooperation partnerships (in this case between Italy and Ethiopia). The project experience shows as well that such interesting pilot deserves further clarity in the definition of its goals and an implementation plan and needs additional support before achieving sustainability.

3. Overarching assessment and rating table

Evaluation ratings according to UNIDO evaluation guidelines and instructions for rating have been summarized in table 1. Scores vary between 1 (minimum) and 6 (maximum). The range 1 to 3 is defined as “unsatisfactory” and the range 3 to 6 as “satisfactory”.

Table 11 Summary of the evaluation ratings

#	Evaluation criteria	Summary assessment	Rating
A	Impact	The intervention produced some positive impacts for targeted associations (mainly LOMI and EIFCCOS) enhancing production, turnover and working conditions for some 300 MSEs and 2,500 sector workers. However the project produced limited benefits for Merkato associations, and did not establish long term sustainable benefits at sector and cluster level, also in consideration of lack of focus on mechanisms for sustainability and upscaling	3
B	Project design		3
1	Overall design	The design builds on a good understanding of needs and the selection of relevant areas of support. However the “action plan” approach was activity oriented; by and large the intervention lacked of design: the 8 result areas had very limited specification, and the formulation did not consider adequately sustainability and upscaling mechanisms. Formulation needed to be further developed with strategic considerations about cluster development, private sector approach, sustainability and sector reforms.	2
2	Logframe	Well developed at level of activities and outputs. Limited consideration and measurability for project outcomes and impacts.	3
C	Project performance		
1	Relevance	Strong relevance to beneficiaries’ needs and to national priorities. Pertinence to national priorities, to AICS goals, to UNIDO mandate and coherence with the PCP.	6
2	Coherence	Complementary to other donors’ support to the leather sector and does not produce duplication of efforts.	5
3	Effectiveness	Effective delivery of expected outputs, with evidence of a range of benefits. Some results need however to be further developed, including cluster development, capacities, linkages, access to finance and the creative hub.	3
4	Efficiency	The contained budget envelop represented good value for money and leveraged dialogue, visibility and a positive reputation for the project. Project management has been assessed very satisfactorily. The score of 4 for efficiency reflects delays in implementation (although the project reacted positively to Covid) and limited strategic guidance, with need to reinforce monitoring of outcomes, governance mechanisms and reporting	4
5	Sustainability of benefits	The project provided direct assistance to selected networks, but only to a limited extent set up durable mechanisms for benefits to be continued and up scaled after the end of the project	3
D	Cross-cutting		
1	Gender	The project provided significant opportunities to support gender in leather sector MSEs. The evaluation evidences scope for further mainstreaming women empowerment across the results.	5
2	M&E and design implementation	Satisfactory development of project monitoring at level of activities and outputs. Need to further develop monitoring for project outcomes and for associations and institutions. Need for reinforcing lesson learning	3
3	Results-based Management	Result orientation needs to be significantly strengthened: management was tracking the delivery of project activities and outputs but not adequately following up their outcomes.	3
E	Performance of partners		

#	Evaluation criteria	Summary assessment	Rating
1	UNIDO	Outstanding performance based on commitment and good team work; needed additional focus at strategic level	5
2	National counterparts	Full ownership and commitment of MoI, LIDI and FEsMMIPA. Limited capacity to achieve improved premises for Merkato associations	4
3	AICS	Excellent commitment; also in this case it is desirable accrued focus at a more strategic level	5
F	Overall assessment	The project offered the opportunity of continuity and consolidation of AICS and UNIDO long standing cooperation efforts in favour of the leather sector, with the merit to address relevant needs at association and MSME level and to support an important sector of Ethiopia economy. The project opportunities to upscale results and achieve impacts were considerably limited by a sketchy design, with limited consideration to sustainability mechanisms and not adequate consolidation of results at level of clusters. The private sector approach was constrained by the use of grants that altered market mechanisms and limited incentives for entrepreneurship development. The project did not link sufficiently the support at micro level with sector reforms and policy dialogue.	4

Source: Assessment by the Evaluation Team

4. Conclusions and Recommendations

4.1 Conclusions

C.1 Satisfactory achievements; The project has been successful in the implementation of the Action Plans for Phase 2, delivering the expected outputs and contributing to establish adequate conditions for targeted leather sector MSEs associations to improve production, enhance sales and exports. The positive delivery however was not accompanied by a strategic effort to establish sustainable mechanisms for MSEs and sector development and to produce synergies and economy of scale at level of clusters (see as well Conclusions C2 and C9). The project provided continuity to AICS and UNIDO two-decades support to the leather sector in Ethiopia and leveraged a good policy dialogue and financial resources dedicated to the leather sector. The project established a good visibility and a solid reputation. With a contained financial envelop of 2,7 M. Euro the project produced a broad range of benefits to targeted MSEs, including better linkages to both input suppliers and markets, improved know-how, access to new equipment and improved working conditions. The project supported as well an increased awareness of benefits of working together. Benefits induced by the project include a significant support to women, promotion of innovation and technology for MSEs in the leather sector, improvement of quality and the enhancement of working conditions for some 250 MSEs and approximately 2000 sector operators.

C.2 Limited evidence of outcomes and impacts. The Project was more successful to produce benefits for LOMI and EIFCCOS associations, main beneficiaries of the majority of project activities; support and benefits for the three associations based in Merkato area (Tesfa, Rediet and Bella) were significantly reduced; ⁷⁴ for these networks the evaluation could not identify tangible changes in production, sales and exports. Data on beneficiary network' revenues from

⁷⁴ "on" Source: Project communication to the evaluator, 2022

2017 to 2019 show a marked trend of increased sales for LOMI and, to a lesser extent, for EIFCCOS. Both Tesfa and Rediet experienced a slight reduction of revenues. Depressed revenues in 2020 should be interpreted as a consequence of the pandemic. Data for the first 3 quarters of 2021 feature a considerable surge of sales for EIFCCOS, likely the result of new contracts and the outcome of the common production line. Increased revenues for EIFCCOS and LOMI could, at least in part, be attributed as an effect of project support, including for services of marketing, participation to events, capacity building, and the donation of inputs.

The continued support received by EIFCCOS over a period of 10 years, with access to a wide range of free assets and services, appears to have sorted only to a limited extent effects on sales and income; several organizational issues are yet to be addressed.

The analysis of an evaluation counterfactual, based on interviews with other MSEs and associations in a similar context but without benefits of project support, evidences a similar qualitative trend of depressed production between 2020 and mid-2021, under the effects of the pandemic, with improvement of sales on the second half of 2021.

C.3 Full relevance; The project, across its 8 components, bears full pertinence to needs and priorities of MSEs and their associations, and is fully aligned with Government priorities for MSEs and the leather sector. The project is also fully relevant to AICS Cooperation agenda. The intervention is also aligned to UNIDO mandate and approach although UNIDO may consider shifting to a more strategic approach to the leather sector and to the cluster development approach. The intervention well aligned to the PCP- Ethiopia.

C.4 Effective and committed management team; A committed and highly efficient management by UNIDO is one of the key features underlying the capacity of delivery (including under COVID) as well as the visibility and reputation that the project leveraged, notwithstanding a limited scope and budget. The management model applied to this project is considered as a good practice. UNIDO management was actively supported by UNIDO representative office who contributed with sector know-how, networking, donor coordination and policy dialogue. The project features a proactive hands-on management, adequate level of subsidiarity, integration of the different layers of management, outstanding team work and, above all, a noticeable commitment of the people involved. Management tools, including governance, M&E and reporting deserved to be strengthened with an accrued result orientation and a strategic approach for sustainable sector and cluster development.

C.5 Need to strengthen quality of design and outcome orientation in all phases of the project cycle; The project design and implementation were focused on activities and outputs. Design, implementation, monitoring, reporting and budget disaggregation did not provide adequate attention to results at outcome level. Design deserved a better analysis, increased measurability and accrued attention to sustainability for the planned results.

C.6 Strong tripartite partnership supporting implementation; Positive features include a daily coordination with AICS, good coordination and networking with the Ministry and beneficiary institutions. Positive informal relationships were established with some Donors, although the overall leather sector coordination is currently weaker than in the past.

C.7 Institutional ownership and commitment, with limited results for service provision; The project had a dual approach supporting on one side MSEs associations and on the other strengthening key sector institutions, mainly LIDI and FEsMMIPA. Solid partnerships were established with both, with evidence of ownership and commitment. However the capacity development was limited to some specific areas and, also in consideration of the limited scope, the project did not have a comprehensive and strategic approach. Capacities have been reinforced only to a limited extent. By the end of the project interviewed MSEs and associations

representatives are not confident that these institutions may substitute project services once the external assistance will come to an end.

C.8 Creative Hub: a high-visibility centre in need of a better definition of its purpose and the achievement of sustainable mechanisms and benefits. The Creative Hub is a good product, achieved with a contained financial envelop offering a significant potential ahead. The Hub, by the time of the evaluation, has not yet managed to establish a sustainable stream of benefits. Important points are yet to be addressed to capture in full its potential, including the need to further define its purpose and strategy for service delivery, setting up of an exit strategy and mechanisms to pursue, once the project will be completed, the current strategic guidance and high standard management of the Hub; for the Hub there is need to build sustainability, including for dimensions of financial and cultural sustainability, across public and private sector stakeholders.

C.9 The project experience highlights opportunities and limits of a model of private sector development based on grants and direct support to selected MSE associations. Although the project intended to apply UNIDO well-tested Cluster Development Approach, the path followed by the intervention was rather an “association support”, with a direct targeting of 5 groups and very limited work at cluster level. The project contributed to establish with LOMI and EIFCCOS positive examples of MSE associations that could strengthen their production, quality and export potential when enabling conditions are provided. The approach of direct support to MSEs associations with free equipment, premises and services showed as well a number of limitations:

1. Private sector, entrepreneurship and MSEs development should not be driven by provision of free services and assets
2. The proposed model does not build adequately on sustainability, as it based on project-led provision of free services, including training, access to better premises, donation of equipment, grant of significant amounts of inputs, access to events and marketing. These opportunities won't be accessible to the majority of sector small businesses and associations in absence of a dynamic project. The evaluation evidenced sustainability gaps across the 8 result areas supported by the intervention
3. The model has also limitation of replicability and of upscaling
4. The model shows that long-term support may strengthen significantly some associations but may also create unfair competition and unequal opportunities. Incentives are not necessarily rewarding best entrepreneurs
5. The cluster development approach needs to work beyond the boundaries of targeted associations.
6. The evaluation evidences as well an opportunity for UNIDO to shift from its current focus, i.e. the delivery of activities and services at micro level, to a more strategic role, leveraging changes related to the policy, legislative and institutional environment, improving dialogue, supporting reforms and promoting sustainable mechanisms that can be further upscaled.

4.2 Recommendations

R.1. Assess options to strengthen the Creative Hub, which is not likely to operate on its own at this stage.

Recommendation addressed to AICS, UNIDO, LIDI and FEsMMIPA

In its current form, the Creative Hub is likely not to be able to operate on its own and sustain in the long run. Options for the future of the Creative Hub should be considered, including:

- a) Showcase for the Italian Cooperation, supporting innovation with a special focus on its work with women and youth, anchoring it to its interventions on selected value chains (e.g. textile, leather and coffee)
- b) Instrument for MSE innovation, pursuing FEsMMIPA mandate, eventually accompanied by a follow up project
- c) Instrument for leather sector linkage to international markets and innovation (a direction more consistent with the initial project design) broadening the current rather limited targeting
- d) Multi-functional centre under FEsMMIPA, with a broad mandate and aiming at financial sustainability (where annual revenues match recurrent costs).

R2: Shift to a more sustainable approach in private sector development to cluster development from the direct support in providing grants to selected associations and establish mechanisms for scaling up in future projects.

Recommendation addressed to AICS and UNIDO

The evaluation recommends a shift to more sustainable approach, based on the learning from the project, international cooperation and UNIDO experiences on private sector development, MSE support and cluster development approach. More sustainable approach contains the following dimensions:

1. Build in systematically sustainability mechanism in the project design for each result
2. Provide equal opportunities to MSEs and networks by rewarding commitment and results, rather than directly supporting selected associations
3. Strengthen the cluster development approach applied to the leather sector; strengthen synergies and economy of scale in specialized areas; and interactions across associations need to be further pursued. Cluster approach may be applied either in the future Modjo Leather City or in Merkato, notwithstanding challenges and limited willingness of MSEs and associations to work together.
4. Supporting technology advance should go beyond procurement and/or donation of equipment to private sector for free. This may compromise sustainability and replication and distort market competition.
5. Scaling up will require a more strategic approach and increased scope in support to institutional development: LIDI, FEsMMIPA and sub-city administrations need a significant strengthening in terms of range and quality of services provided to MSEs and associations, and client orientation and M&E capacities. Capacity development needs to be based on a) a comprehensive assessment of capacities and gaps, b) a strategic development plan, and c) an

action plan and road map. Contributions to the action plans may be provided from development partners.

6. Inclusive finance and blending could represent an important strategy for scaling up, shifting from donation of equipment and free services to building enablers for MSEs development. Sustainable and inclusive financial mechanisms should be studied and developed, including blending supporting adapted financial products, lower interest rate, risk sharing mechanisms, technical assistance and equities.

R.3. Strengthen the quality of design of future projects, focusing on results based management at outcome level.

Recommendation addressed to UNIDO

1. Project documents and its key content e.g. logical framework, budgets, monitoring and reporting and evaluation system should be based on results at output, outcome and impact level, instead of activities.
2. Preparatory efforts should include a cost – benefit analysis of the intervention, contribution analysis, linking specific deliverables (i.e. trainings) to measurable benefits and political economy analysis. The study should include an organizational assessment, identifying strengths and gaps and developing a road map for follow up.

R.4. UNIDO should shift from the support to MSEs and associations to a more strategic role in promoting sector dialogue, policies, reforms and the enabling environment in future interventions in the country.

Recommendation addressed to UNIDO

Lessons stemming from this experience should support an internal reflection of UNIDO about the Organization' areas of comparative advantage and identifying opportunities for future work. The evaluation recommends to progressively move away from direct support to MSEs associations, and pursue a role at a more strategic level, supporting the enabling environment and building sustainable mechanisms for leather sector (or other value chains).

Support to specific groups could eventually be pursued as part of a broader theory of change, when there is a need to establish models and pilots for upscaling. In such a case it will be critical to support sustainable and replicable mechanisms.

Initiatives with clusters and MSEs should be pursued as pilots to promote changes at macro and meso level, making sure that upscaling and sustainability mechanisms are always in place.

ANNEXES

- Annex 1 Evaluation Terms of Reference
- Annex 2 Evaluation framework
- Annex 3 List of documentation reviewed
- Annex 4 List of stakeholders consulted
- Annex 5 Interview guides for key stakeholders' groups
- Annex 6 Project logical framework
- Annex 7 Theory of Change

ANNEX 1 - EVALUATION TERMS OF REFERENCE

TERMS OF REFERENCE

Scope and purpose of the evaluation

The purpose of the evaluation is to independently assess the project to help UNIDO improve performance and results of ongoing and future programmes and projects. The terminal evaluation (TE) will cover the entire duration of the projects:

Project	Start date	End date
130144	December 2014	December 2021
150201	January 2017	December 2021

The evaluation has two specific objectives:

- Assess the project performance in terms of relevance, effectiveness, efficiency, sustainability, coherence, and progress to impact; and
- Develop a series of findings, lessons and recommendations for enhancing the design of new and implementation of ongoing projects by UNIDO.

Evaluation approach and methodology

The TE will be conducted in accordance with the UNIDO Evaluation Policy⁷⁵ and the UNIDO Guidelines for the Technical Cooperation Project and Project Cycle⁷⁶.

The evaluation will be carried out as an independent in-depth exercise using a participatory approach whereby all key parties associated with the project will be informed and consulted throughout the process. The evaluation team leader will liaise with the UNIDO Independent Evaluation Division (ODG/EIO/IED) on the conduct of the evaluation and methodological issues. The evaluation will use a theory of change approach⁷⁷ and mixed methods to collect data and information from a range of sources and informants. It will pay attention to triangulating the data and information collected before forming its assessment. This is essential to ensure an evidence-based and credible evaluation, with robust analytical underpinning.

The theory of change will identify causal and transformational pathways from the project outputs to outcomes and longer-term impacts, and drivers as well as barriers to achieve them. The learning from this analysis will be useful to feed into the design of the future projects so that the management team can effectively manage them based on results.

1. Data collection methods

Following are the main instruments for data collection:

1. **Desk and literature review** of documents related to the project, including but not limited to:
 1. The original project document, monitoring reports (such as progress and financial reports, mid-term review report, technical reports, back-to-office mission report(s), end-of-contract report(s) and relevant correspondence.
 2. Notes from the meetings of committees involved in the project.
2. **Stakeholder consultations** will be conducted through structured and semi-structured interviews and focus group discussion. Key stakeholders to be interviewed include:
 1. UNIDO Management and staff involved in the project; and
 2. Representatives of donors, counterparts and stakeholders.

75 UNIDO. (2018). Director General's Bulletin: Evaluation Policy (UNIDO/DGB/2018/08)

76 UNIDO. (2006). Director-General's Administrative Instruction No. 17/Rev.1: Guidelines for the Technical Cooperation Programme and Project Cycle (DGAI.17/Rev.1, 24 August 2006)

77 For more information on Theory of Change, please see chapter 3.4 of UNIDO Evaluation Manual

3. Field visits

1. On-site observation of results achieved by the project, including interviews of actual and potential project beneficiaries.
2. Interviews with the relevant UNIDO Country Office(s) representative to the extent that he/she was involved in the project, and the project's management members and the various national [and sub-regional] authorities dealing with project activities as necessary.

3. Evaluation key questions and criteria

The key evaluation questions are the following:

1. How well has the project performed? Has the project done the right things? Has the project done things right, with good value for money? How well has the project fit?
2. What have been the project's key results (outputs, outcome and impact)? To what extent have the expected results been achieved or are likely to be achieved? To what extent the achieved results will sustain after the completion of the project?
3. What are the key drivers and barriers to achieve the long-term objectives? To what extent has the project helped put in place the conditions likely to address the drivers, overcome barriers and contribute to the long-term objectives?
4. What lessons can be drawn from the successful and unsuccessful practices in designing, implementing and managing the project?

The evaluation will assess the likelihood of sustainability of the project results after the project completion. The assessment will identify key risks (e.g. in terms of financial, socio-political, institutional and environmental risks) and explain how these risks may affect the continuation of results after the project ends. The table below provides the key evaluation criteria to be assessed by the evaluation. The details questions to assess each evaluation criterion are in annex 2 of UNIDO Evaluation Manual.

Table. Project evaluation criteria

#	Evaluation criteria	Mandatory rating
A	Progress to impact	Yes
B	Project design	Yes
1	1. Overall design	Yes
2	2. Logframe	Yes
C	Project performance	
1	3. Relevance	Yes
2	4. Effectiveness	Yes
3	5. Coherence	Yes
4	6. Efficiency	Yes
5	7. Sustainability of benefits	Yes
D	Cross-cutting performance criteria	
1	8. Gender mainstreaming	Yes
2	9. M&E: 1. M&E design 2. M&E implementation	Yes Yes
3	3. Results-based Management (RBM)	Yes
E	Performance of partners	
1	4. UNIDO	Yes

#	<u>Evaluation criteria</u>	<u>Mandatory rating</u>
2	5. National counterparts	Yes
3	6. Donor	Yes
F	Overall assessment	Yes

7. Rating system

In line with the practice adopted by many development agencies, the UNIDO Independent Evaluation Division uses a six-point rating system, where 6 is the highest score (highly satisfactory) and 1 is the lowest (highly unsatisfactory) as per table below.

Table 6. Project rating criteria

Score	Definition	Category
6	Highly satisfactory Level of achievement presents no shortcomings (90% - 100% achievement rate of planned expectations and targets).	SATISFACTORY
5	Satisfactory Level of achievement presents minor shortcomings (70% - 89% achievement rate of planned expectations and targets).	
4	Moderately satisfactory Level of achievement presents moderate shortcomings (50% - 69% achievement rate of planned expectations and targets).	
3	Moderately unsatisfactory Level of achievement presents some significant shortcomings (30% - 49% achievement rate of planned expectations and targets).	UNSATISFACTORY
2	Unsatisfactory Level of achievement presents major shortcomings (10% - 29% achievement rate of planned expectations and targets).	
1	Highly unsatisfactory Level of achievement presents severe shortcomings (0% - 9% achievement rate of planned expectations and targets).	

Evaluation process

The evaluation will be conducted from September 2021 to December 2021. The evaluation will be implemented in five phases which are not strictly sequential, but in many cases iterative, conducted in parallel and partly overlapping:

1. Inception phase: The evaluation team will prepare the inception report providing details on the evaluation methodology and include an evaluation matrix with specific issues for the evaluation to address; the specific site visits will be determined during the inception phase, taking into consideration the findings and recommendations of the mid-term review.
2. Desk review and data analysis;
3. Interviews, survey and literature review;
4. Country visits (whenever possible) and debriefing to key relevant stakeholders in the field;
5. Data analysis, report writing and debriefing to UNIDO staff at the Headquarters; and
6. Final report issuance and distribution with management response sheet, and publication of the final evaluation report in UNIDO website.

Time schedule and deliverables

The evaluation is scheduled to take place from September 2021 to December 2021. The evaluation field mission is tentatively planned for October-November 2021. At the end of the field mission, the evaluation team will present the preliminary findings for key relevant stakeholders involved in this project in the country. The tentative timelines are provided in the table below.

After the evaluation field mission, the evaluation team leader will visit UNIDO Headquarters for debriefing and presentation of the preliminary findings of the terminal evaluation. Online presentation is to be arranged in case the visit cannot take place. The draft TE report will be submitted 4 to 6 weeks after the end of the mission. The draft TE report is to be shared with the UNIDO Project Manager (PM), UNIDO Independent Evaluation Division and other stakeholders for comments. The TE leader is expected to revise the draft TE report based on the comments received, edit the language and submit the final version of the TE report in accordance with UNIDO ODG/EIO/EID standards.

Table 7. Tentative timelines

Timelines	Tasks
September 2021	Desk review and writing of inception reports (one per project)
September 2021	Online briefing with UNIDO project manager and the project team based in Vienna.
November-December 2021	Virtual debriefing Preparation of first draft evaluation reports (one per project)
December 2021	Internal peer review of the report by UNIDO's Independent Evaluation Division and other stakeholder comments to draft evaluation reports
December 2021	Final evaluation reports (one per project)

Evaluation team composition

The evaluation team will be composed of one international evaluation consultant acting as the team leader and one national evaluation consultant. The evaluation team members will possess a mixed skill set and experience including evaluation, relevant technical expertise, social and environmental safeguards and gender. Both consultants will be contracted by UNIDO.

The tasks of each team member are specified in the job descriptions annexed to these terms of reference.

According to UNIDO Evaluation Policy, members of the evaluation team must not have been directly involved in the design and/or implementation of the project under evaluation.

The UNIDO Project Manager and the project management team in Ethiopia will support the evaluation team.

An evaluation manager from UNIDO Independent Evaluation Division will provide technical backstopping to the evaluation team and ensure the quality of the evaluation. The UNIDO Project Manager and national project teams will act as resourced persons and provide support to the evaluation team and the evaluation manager.

Reporting

This TE requires the preparation of two sets of reports (one for each project).

Inception report

This Terms of Reference (ToR) provides some information on the evaluation methodology, but this should not be regarded as exhaustive. After reviewing the project documentation and initial interviews with the project manager, the Team Leader will prepare, in collaboration with the team member, a short inception report that will operationalize the ToR relating to the evaluation questions and provide information on what type and how the evidence will be collected

(methodology). It will be discussed with and approved by the responsible UNIDO Evaluation Manager.

The Inception Report will focus on the following elements: preliminary project theory model(s); elaboration of evaluation methodology including quantitative and qualitative approaches through an evaluation framework (“evaluation matrix”); division of work between the evaluation team members; field mission plan, including places to be visited, people to be interviewed and possible surveys to be conducted and a debriefing and reporting timetable⁷⁸.

Evaluation report format and review procedures

The draft report will be delivered to UNIDO Independent Evaluation Division (with a suggested report outline) and circulated to UNIDO staff and key stakeholders associated with the project for factual validation and comments. Any comments or responses, or feedback on any errors of fact to the draft report will be sent to UNIDO’s Independent Evaluation Division for collation and onward transmission to the evaluation team who will be advised of any necessary revisions. On the basis of this feedback, and taking into consideration the comments received, the evaluation team will prepare the final version of the terminal evaluation report.

Taking the COVID-19 situation into account, virtual evaluation debriefing meeting where the evaluation team will present its findings and recommendations will be made to national stakeholders, for HQ stakeholders and the donor.

The evaluation report should be brief, to the point and easy to understand. It must explain the purpose of the evaluation, what was evaluated, and the methods used. The report must highlight any methodological limitations, identify key concerns and present evidence-based findings, consequent conclusions, recommendations and lessons. The report should provide information on when the evaluation took place, the places visited, who was involved and be presented in a way that makes the information accessible and comprehensible. The report should include an executive summary that encapsulates the essence of the information contained in the report to facilitate dissemination and distillation of lessons.

Findings, conclusions and recommendations should be presented in a complete, logical and balanced manner. The evaluation report shall be written in English and follow the outline given by UNIDO Independent Evaluation Division.

Quality assurance

All UNIDO evaluations are subject to quality assessments by UNIDO Independent Evaluation Division. Quality assurance and control is exercised in different ways throughout the evaluation process (briefing of consultants on methodology and process of UNIDO Independent Evaluation Division, providing inputs regarding findings, lessons learned and recommendations from other UNIDO evaluations, review of inception report and evaluation report by UNIDO’s Independent Evaluation Division).

The quality of the evaluation report will be assessed and rated against the criteria set forth in the Checklist on evaluation report quality. The applied evaluation quality assessment criteria are used as a tool to provide structured feedback. UNIDO Independent Evaluation Division should ensure that the evaluation report is useful for UNIDO in terms of organizational learning (recommendations and lessons learned) and is compliant with UNIDO’s evaluation policy and these terms of reference. The draft and final evaluation report are reviewed by UNIDO Independent Evaluation Division, which will circulate it within UNIDO together with a management response sheet.

⁷⁸ The evaluator will be provided with a Guide on how to prepare an evaluation inception report prepared by UNIDO Independent Evaluation Division.

ANNEX 2 - EVALUATION FRAMEWORK

The following section presents the Evaluation Framework, the body of questions, sub-questions and indicators that will guide the evaluation data collection, analysis and reporting.

The evaluation framework is structured along 7 main questions, aligned to OECD evaluation criteria and informed by the evaluation priorities, as evidenced by the terms of reference (see Annex 4).

For each question the evaluation framework specifies:

- Sub-questions
- Indicators
- Sources
- Data Collection tools

EQ 1 – Project Strategy

EQ 1 Project Strategy; To what extent project design and strategy support relevance to stakeholders’ priorities? Are the quality of design and strategy conducive to support the achievement of project goals and results? To what extent the project design maintains its relevance in light of changed circumstances? How strong is stakeholders’ commitment and ownership? How design and strategy should be adjusted accordingly to be on track to achieve expected results?

The first EQ embraces the design and key strategic choices guiding the project; the evaluation framework identifies judgment criteria:

- 1.1 Relevance;
- 1.2 Quality of design and strategy;
- 1.3 Result framework and Theory of Change;
- 1.4 Ownership and commitment of stakeholders;

The Question explores the relationship between **needs** (first column of the Theory of Change) and the **results** expected, addressing the relevance DAC criterion. It also addresses principles of result-orientation and ownership (Paris Declaration, 2005).

1.1 Relevance and coherence

The sub question embraces a number of dimensions, captured by specific indicators, summarized in the table below:

	Sub-questions and Indicators	Key sources and data collection tools
1.1.1	Relevance to Ethiopia National Priorities	Relevance check with sector policies and strategies Interviews with MoI Analysis of Action Plans and project document
1.1.2	Relevance to Italian Cooperation	Relevance check with Italian cooperation programme document Interview with AICS

	Sub-questions and Indicators	Key sources and data collection tools
		Analysis of Action Plans and project document
1.1.3	Relevance to UNIDO priorities and approach to Value Chain competitiveness	Relevance check with strategy documents Interviews with UNIDO staff Analysis of Project document
1.1.4	Relevance to beneficiaries needs and priorities	Interviews with beneficiaries and stakeholders (SME, associations and intermediary organizations)
1.1.5	Coherence; consistency of the intervention with other actors' interventions in the same context. This includes complementarity, harmonisation and co-ordination with others, and the extent to which the intervention is adding value while avoiding duplication of effort.	Interviews with UNIDO, MOI, AICS and partners Review of project document and terminal evaluation

For each criterion the evaluation will assess whether changes that happened over the implementation period may have affected the relevance of the intervention.

1.2 Quality of design and strategy

This sub-question involves a detailed assessment of the design process, including the formulation of the project document, the stipulations made by the Prodoc and additional studies, made before or during implementation, contributing to the formulation process (as for instance Value Chain baseline studies).

	Indicators	Key sources and data collection tools
1.2.1	Project formulation aligned to international and UNIDO best practices	Detailed review of preparatory studies and project document Interviews about the design process with MoI Interviews with UNIDO and AICS
1.2.2	Level of participation of national stakeholders to the preparatory phase	Interviews with MoI and value chain stakeholders Interviews with UNIDO and AICS

The assessment will be benchmarked against international project design best practices and due diligence, including for aspects of problem analysis, stakeholder's identification, risk analysis, sustainability, formulation of the institutional set up, project governance, management mechanisms, design of M&E arrangements and budget allocation.

The analysis of design is also an analysis of strategies, as the evaluation will assess key strategic choices (including partnerships, management mechanisms, approaches et cetera) evaluating to which extent these choices are conducive to achieve results and the expected objectives of the Project.

1.3 Result framework and Theory of Change;

To what extent the project established a measurable result framework at outcome level?

This sub question is closely related with the previous one as the analysis of the result framework is part of the analysis of the design. In consideration of the specific importance of the subject, the evaluation dedicates a specific sub question to the review of the quality of the result framework development and the Theory of Change underlying the intervention. Amongst other aspects the analysis will review the quality of result specification, the measurability of the result framework, the quality of analysis of external factors affecting the result chain, and the plausibility of the transformation process foreseen for the Project for “the upgrading of the Ethiopian leather and leather products industry”.

	Indicators	Key sources and data collection tools
1.3.1	Quality of the result matrix and the Theory of Change (including for definition of all necessary conditions to achieve the goal, specification and measurability of results)	Review of result matrix, logical framework and theory of change (expert assessment) Interviews with UNIDO Project management and M&E staff Interview with AICS Review of project monitoring system
1.3.2	Project measurability at outcome level	
1.3.3	Instruments to apply result-oriented management are adequately set up	

1.4 Ownership and commitment of stakeholders;

To what extent the interventions of phase 2 are fully owned by beneficiaries and stakeholders?

This criterion seizes the level of ownership and commitment of stakeholders. The evaluation team will seek evidence of ownership and commitment at level of MoI, other beneficiary institutions, Intermediary Organisations, and leather value chains stakeholders.

	Indicator	Key sources and data collection tools
1.4.1	Evidence of ownership and commitment of stakeholders	<ul style="list-style-type: none"> • Interviews with key players, including: <ul style="list-style-type: none"> - Leather Value Chain stakeholders - MoI and national institutions - Intermediary Organizations • The evaluation will seek evidence of commitments and ownership (for instance in terms of financing recurrent costs, follow up of activities)

EQ 2 – Effectiveness

EQ 2 Progress toward results (effectiveness); To what extent have the expected results and objectives of the project been achieved thus far? What have been barriers to achieving the objectives?

This question is central to the evaluation, as it covers the assessment of the achievement of Project’ results. The question also investigates the factors that may have contributed to or constrained the achievement of results. The analysis is structured with 8 sub-questions, each

devoted to one of the key outputs of the intervention. For each output the analysis of effectiveness will thrive to seize the effects for project activities and deliverables (outcomes).

An additional sub-question studies opportunities for long-term changes (impacts), summarizing overall effectiveness and impact opportunities.

1. Output 1: Establishing and Strengthening of Networks among Producers:

To which extent have leather sector producers have strengthened their network?

	Indicators	Key sources and data collection tools
2.1.1	shoes and leather products producers' sectorial association are established and strengthened	Interviews with UNIDO, LIDI, Networks, FESMMIPA, Cooperative promotion Agency, SME Project reports Review Action plans of three networks
2.1.2	Strategic action plan is implemented for local institutions and networks	Review strategic action plans of three networks Interviews (UNIDO, LIDI, Networks, FESMMIPA, Cooperative promotion Agency, SME)
2.1.3	workshops on networking methodology and experiences are delivered and capacities in place	Interviews with UNIDO, LIDI, Networks, FESMMIPA, Cooperative promotion Agency, SME Project reports and monitoring for output 1
2.1.4	Networks are established and strengthened	Interviews with UNIDO, LIDI, Networks, FESMMIPA, Cooperative promotion Agency, SME Project reports and monitoring for output 1
2.1.5	Functioning networks set up for common marketing, joint-purchasing raw materials, and linkages with medium companies	Interviews with UNIDO, LIDI, Networks, FESMMIPA, Cooperative promotion Agency, SME Project reports monitoring for output 1

2 Output 2: Strengthen Backward Linkage;

To which extent linkages to leather producers and input supplies have been improved through project support

	Indicators	Key sources and data collection tools
2.2.0	To which extent linkages to leather producers and input supplies have been improved through project support	Interviews with UNIDO, LIDI, Networks, FESMMIPA, Cooperative promotion Agency, SME Project reports and monitoring for output 2
2.2.1	Workshop for direct linkages with tanneries and components importers / distributors	
2.2.2	joint and bulk purchasing of raw materials	

3. Output 3: Technology upgrading;

To which extent improved access to technology has increased quantity and quality of production and strengthened the competitiveness of leather products?

	Indicators	Key sources and data collection tools
2.3.0	To which extent improved access to technology has increased quantity and quality of production and strengthened the competitiveness of leather products?	Visit sites (workshops, new technology and processing lines, improved machineries) Project reports and monitoring for output 3 Interviews with: - UNIDO, - LIDI, - Networks, - FESMMIPA, - Cooperative promotion Agency, - SME, - ELIA, - ERHSSA; - entrepreneurship development centers
2.3.1	Link operator with machine leasing companies	
2.3.2	technology exposure visit in LIDI and other big shoes industries	
2.3.3	purchase of common machineries	
2.3.4	pilot production lines within the clusters and facilitate technology transfer and building of capacities	
2.3.5	Rehabilitate the workshops within the clusters	

4. Output 4: Capacity Building;

To which extent the improvement of technical skills and business management skills has improved SME performances in the leather value chain ?

	Indicators	Key sources and data collection tools
2.4.0	To which extent the improvement of technical skills and business management skills has improved SME performances in the leather value chain ?	Project training reports Progress reports and monitoring data for output 4 Interviews with trainers and with trainees Interviews with: - UNIDO, Ministry of Industry, AAIT, TVET office, Entrepreneurship development Centres, Industry networks
2.4.1	Skills capacity building	
2.4.2	Business management training	

5. Output 5: Creation of new markets;

To which extent the project support to marketing led to improved access to market and increased sales?

	Indicators	Key sources and data collection tools
2.5.0	To which extent the project support to marketing led to improved access to market and increased sales?	Evaluation review of market studies Evaluation review and assessment of promotional materials Monitoring and progress reports for output 5
2.5.1	Market studies in major cities and COMESA Countries	

	Indicators	Key sources and data collection tools
2.5.2	Regional and international exhibitions/fairs	Interviews with: <ul style="list-style-type: none"> - UNIDO, - Ministry of Industry - LIDI, - Networks, - FESMMIPA, - Cooperative promotion Agency, - SMEs - ELIA, - ERHSSA; - entrepreneurship development centers
2.5.3	Brochures and promotional material	
2.5.4	trade market products	
2.5.5	common showroom and sales premises	
2.5.6	sub-contracting arrangement with the medium and large shoe manufacturers	
2.5.7	buyers- sellers' meetings	
2.5.8	Facilitation of business linkages	

6. Output 6: Capacity Building for supporting institutions;

To which extent capacity building contributed to improved services and increased satisfaction of SMEs?

	Indicators	Key sources and data collection tools
2.6.0	To which extent capacity building contributed to improved services and increased satisfaction of SMEs?	Evaluation review and assessment of gap analysis and training programmes Meetings with trainers and with trainees Monitoring and progress reports for output 6 Interviews with: <ul style="list-style-type: none"> - UNIDO, - Ministry of Industry - Beneficiary institutions (LIDI, Addis Ababa Capital Goods, National Leasing Companies) - Entrepreneurship development centers - Networks - SMEs
2.6.1	Workshop for leaders organised	
2.6.2	training to experts and extension workers	
2.6.3	Gap analysis and training for key institutions (LIDI, Addis Ababa Capital Goods – National leasing company)	
2.6.4	feasibility study for the creation of a new cluster area	
2.6.5	presentation of the feasibility study for the establishment of new cluster	

7. Output 7: Access to loans and manufacturing premises

To which extent the support provided to finance and improved premises produced investment and better working conditions, reflecting on quantity and quality of production?

	Indicators	Key sources and data collection tools
2.7.0	To which extent the support provided to finance and improved premises produced investment and better working conditions, reflecting on quantity and quality of production?	Evaluation review of assessment (EIFCOS) and innovative tools Visit to LOMI premises and focus group with stakeholders Interviews with Financial Institutions
2.7.1	workshop between producers and financial institutions	
2.7.2	Facilitate access for finance through innovative financial tools	

	Indicators	Key sources and data collection tools
2.7.3	Facilitate the allocation of appropriate working premises by the local government/i	Interviews with UNIDO, MoI and Addis Ababa Cluster Development Interview with World Bank WEDP project

8. Output 8: Establishment of a creative craft hub;

To which extent the establishment of a creative hub contributed to leather sector offer of new products, visibility and sales?

	Indicators	Key sources and data collection tools
2.8.0	To which extent the establishment of a creative hub contributed to leather sector offer of new products, visibility and sales?	Review diagnostic and feasibility study for creative hub Review of LOMI website Interview with World Bank WEDP project Visit to Creative Hub Review of reports / monitoring for output 8 Interviews with UNIDO, MoI, stakeholders of creative hub Focus group with women supported by creative hub
2.8.1	Diagnostic study and workplan	
2.8.2	stakeholder network and destination steward	
2.8.3	Assess leather products demand and open new markets	
2.8.4	Support women entrepreneurs in developing fashion and design	
2.8.5	Develop and communicate LOMI brand	
2.8.6	Create/upgrade tailored business models	
2.8.7	Promote LOMI activities/business models	

9. Contributions to crosscutting priorities of gender, environment and good governance

To what extent the project contributed to priorities of gender equality and women empowerment, sustainable environment and good governance?

An additional criterion covers contributions to policy priorities of gender, environment and good governance

	Indicators	Key sources and data collection tools
2.9.0	To what extent the project contributed to priorities of gender equality and women empowerment, sustainable environment and good governance?	Focus group meeting with women of leather value chain Interviews with UNIDO, WEA, MoI, networks, SMEs Review of project monitoring data, gender assessment reports, progress reports, prodoc, monitoring disaggregated data by gender TERMINAL EVALUATION (PHASE 1)
2.9.1	Contributions to gender equality and women empowerment	
2.9.2	Contributions to good governance	
2.9.3	Contribution to sustainable management of natural resources	

10. Contributions to long term changes

To what extent the project contributes to its specific objectives of increased competitiveness and turnover of the Ethiopian SME working on leather footwear and products industry;

The evaluation will look for changes at specific objective level as well as for opportunities for impacts and “indices” or precursors of transformational changes that can be attributed to the Project. The analysis will embrace as well as unexpected changes the project may have contributes to.

	Indicators	Key sources and data collection tools
2.10.0	To what extent the project contributes to its specific objectives of increased competitiveness and turnover of the Ethiopian SME working on leather footwear and products industry;	Interviews with AICS, UNIDO, MoI, networks, beneficiary institutions, SME Review on monitoring data (networks and SME turnover, sales, competitiveness) Progress reports Terminal Evaluation (Phase 1)
2.10.1	Evidence to increased SME competitiveness and turnover	
2.10.2	Evidence of unexpected changes	

EQ 3 – Efficiency

EQ 3 Project Implementation and Adaptive Management (Efficiency)

Has the project been implemented efficiently, cost-effectively, and been able to adapt to any changing conditions thus far? How has the COVID19 pandemic effected the project implementation so far and what should be done to overcome these effects? To what extent are project-level monitoring and evaluation systems, reporting, and communications supporting the project implementation?

Under EQ 3 the evaluation will evaluate to the following aspects:

1. Financial performances
2. Delivery and cost effectiveness
3. Flexibility and adjustment to COVID19
4. Governance and management
5. Reporting, monitoring and lesson learning
6. Communication and visibility

3.1 Financial Performances:

To which extent project financial performances have been satisfactory

Under financial performances the evaluation will assess the absorption of financial resources, and financial performances.

	Indicators	Key sources and data collection tools
3.1.0	To which extent project financial performances have been satisfactory	UNIDO project manager and finance officer Financial reports Stakeholders’ interviews (AICS, MoI, beneficiary institutions)
3.1.1	financial commitments and expenditures (% of total budget)	
3.1.2	Timeliness of delivery	
3.1.3	Strengths and weaknesses of project administrative set up	

3.2 Delivery and cost effectiveness

To which extent the project delivered according to plans with a satisfactory cost benefit ratio?

The sub question delves into product delivery and cost effectiveness (a qualitative comparison of costs and results). The analysis will consider whether similar results could have been achieved with lesser costs.

	Indicators	Key sources and data collection tools
3.2.0	To which extent the project delivered according to plans with a satisfactory cost benefit ratio?	Interviews (UNIDO, MoI , AICS, Networks, SME, beneficiary institutions) Interviews, UNIDO, and Italian Cooperation Analysis of Monitoring data (about product delivery and timeline) Review of Progress reports
3.2.1	% of product delivery and timeliness, according to plans	
3.2.2	Qualitative costs / benefits ratio	
3.2.3	Stakeholders' perception of "value for money"	

3.3 Governance and management

To which extent the project did benefit of effective and performing governance and management set up?

The judgment criterion assesses the capacity of governance and management to support the project toward an effective and efficient achievement of its goals and expected results. The analysis will consider both strengths and weaknesses of the governance and management systems.

	Indicators	Key sources and data collection tools
3.3.0	To which extent the project did benefit of effective and performing governance and management set up?	Interview with UNIDO project management, Italian Cooperation Interview with MoI Steering Committee minutes review Interviews with Members of Steering Committee Interviews with stakeholders and project' beneficiaries If possible, a SWOT session will be organized with project stakeholders to evidence governance and management strengths and weaknesses
3.3.1	Evidence of governance steering effectively the project towards its goals	
3.3.2	Strengths and bottlenecks of project governance	
3.3.3	Evidence of management performances and result orientation	
3.3.4	Strengths and bottlenecks of project management	

3.4 Reporting, monitoring and lesson learning

To which extent the project was supported by effective tools of reporting, monitoring and lesson learning?

	Indicators	Key sources and data collection tools
3.4.0	To which extent the project was supported by effective tools of reporting, monitoring and lesson learning?	Review of monitoring system Review of project planning Review of project reports Review of lesson learning examples supporting management TERMINAL EVALUATION (PHASE 1)
3.4.1	Monitoring system is result oriented and aligned to best practices	

	Indicators	Key sources and data collection tools
3.4.2	Reporting is result oriented and aligned to best practices	Interview with UNIDO, AICS and MoI
3.4.3	Evidence of lesson learning supporting governance and management	

3.4 Flexibility to the external environment and adjustments to COVID 19

To what extent the project had the flexibility to adjust to a changing environment and particularly to meet COVID 19 challenges, maintaining its capacity to deliver results?

	Indicators	Key sources and data collection tools
3.4.0	To what extent the project had the flexibility to adjust to a changing environment, maintaining its capacity to deliver results?	Interviews with UNIDO, AICS, MoI, networks SME Monitoring table Progress reports Review of post-COVID 19 adjustments Project Steering Committee minutes
3.4.1	Review of performances under COVID	
3.4.2	Evidence of Project' adjustment to face COVID challenges	
3.4.3	Stakeholders' perception of project flexibility	

3.5 Communication and visibility

To what extent the project supported an effective communication with its stakeholders and was effective with its communication?

	Indicators	Key sources and data collection tools
3.5.0	To what extent the project supported an effective communication with its stakeholders and was effective with its communication?	Review of communication and visibility plans Review of communication and visibility deliverables Progress reports Interviews with UNIDO , AICS, MoI, networks and SMEs
3.5.1	Evidence of project supported by effective communication component	
3.5.2	Evidence of project leveraging good visibility	

EQ 4 – Sustainability

EQ 4 Sustainability

What are the risks that are likely to affect the continuation of project results? Has the project put in place a mechanism to ensure sustainability after the project's completion (in terms of financial, legal, institutional, socio-economic instruments, frameworks or processes)?

Question 4 studies key dimensions of sustainability, including:

Institutional and organizational sustainability (for MoI, other institutions, intermediary organizations, business support organizations and associations)

Financial sustainability (including assessing to which extent stakeholders will manage to face accrued recurrent / operation costs after the end of the intervention)
 Market sustainability
 Political and policy environment sustainability

The study of these dimensions will evidence major risks that are likely to affect project results and goals.

	Indicators	Key sources and data collection tools
4.0	To what extent the project put in place mechanisms to ensure sustainability after the project's completion? What are the risks that are likely to affect the continuation of project results?	Interviews with UNIDO, AICS, beneficiary institutions, networks, SMEs Analysis of feasibility studies Review of exit strategy Analysis of budgets of beneficiary institutions Review of project exit strategy Review of project document, progress reports, TERMINAL EVALUATION (PHASE 1)
4.1	Evidence of financial and institutional sustainable set up; quality and sustainability of business plans	
4.2	Evidence of market demand for business support services	
4.3	Evidence of sustainability for key project services, including capacity building, and equipment supply	
4.4	Exit strategy in place	

EQ 5 – Upscaling

EQ 5 Upscaling; Are the project's successful aspects being transferred to appropriate parties, potential future beneficiaries, and others who could learn from the project and potentially replicate and/or scale it in the future? To what extent the project current approach could be up-scaled to other value chains?

EQ 5 embraces the opportunity to transfer, replicate and expand Project achievements

Field work and all data collection activities will thrive to evidence the Project best practices and successful lessons and opportunities for upscaling.

	Indicators	Key sources and data collection tools
5.1	To what extent project approaches and results can be replicated and upscaled? Evidence of successful outcomes being upscaled	Interviews with main stakeholders (UNIDO, MoI, AICS, beneficiary networks, beneficiary institutions, other projects) Review of progress reports

EQ 6 – Lessons learnt

EQ 6 Lessons learnt

What lessons can be drawn from the successful and unsuccessful practices in designing, implementing and managing the project so far?

The last EQ focuses on main lessons emerging from the Terminal Evaluation. This section represents a synthesis of the evaluation work.

	Indicators	Key sources and data collection tools
6.1	<p>What lessons can be drawn from the successful and unsuccessful practices in designing, implementing and managing the project?</p> <p>Evidence of lessons emerging from the design and implementation</p>	<p>All data collection tools applied to the evaluation</p> <p>Specific brainstorming session with key stakeholders by the end of the field phase</p>

ANNEX 3 - LIST OF DOCUMENTATION REVIEWED

Selected bibliography

(Inception phase)

1. Project document (with logical framework)
2. Memorandum of Understanding AICS - UNIDO
3. Database project monitoring matrix
4. Gender matrix SWAP 2019
5. Monitoring data for Bella, Lomi, Rediet, Tesfa, EIFCOS (records 2015 to 2020)
6. Ethiopia midterm review leather value chain evaluation final report
7. Creative hub newsletter
8. Newsletters number 8 to 18
9. Creative hub opening event(video and pictures)
10. Action plans (all clusters)
11. Progress reports (first, second, third and fourth / final 2020)
12. No cost extensions (2019, 2020 and 2021)
13. Project steering committee meetings (first, 2018 and second 2019)
14. Final gender assessment
15. Gender research cluster leather oct17
16. Rapid Gender Assessment the Impact of COVID19 Leather Sector 9Sept20
17. Inception diagnostics (Kirkos cluster, EIFCOS cluster and Merkato cluster)
18. WEDP assessment December 2017
19. Upgrading of the Ethiopian Leather and Leather Products Industry -Phase 2-2017
20. LOMI machineries final report
21. COVID 19 RESPONSE IN ETHIOPIA May 20
22. LIDI Laboratory Training Report to UNIDO
23. Cluster development training report (2018)
24. Cluster development approach training report (2019)
25. TOR_FeSMMIPA subcontract
26. Anbassa Shoe Factory Visit, Final Report
27. AICS Letter N. 493 DEL 4.6.2018
28. All Africa Leather Fair AALF 2019 Final report
29. Purchase orders 2020 (IT equipment, supply of customized furniture, LOMI equipment)
30. Purchase orders 2021 (PO 3000085683 - ICE Addis Creative Hub Management Sub-Contract; PO 3000087397 - Subcontract To FesMMIPA)
31. UNCTAD: national Green export review of Ethiopia, leather and Sesame Seed, 2018
32. Ethiopian Leather Sector-Current status and future prospects
33. RR, Research report The Ethiopian Leather and Leather Products Sector: An Assessment of Export Potentials to Europe and Austria, Vienna, March 2019, Jan Grumiller and Werner Raza
34. Short investment profile of the leather sector in Ethiopia” published by the Ethiopian Chamber of Commerce and Sectoral Associations (2019).

ANNEX 4 - LIST OF STAKEHOLDERS INTERVIEWED

Stakeholder	Position
Aurelia Calabro	UNIDO representative
Andrea de Marco	Project Manager
Chiara Scaraggi	Project Coordinator Coffee
Harry Beachcroft-Shaw	M&E Advisor
Vittoria Curreri	Project finance and administration
Andrea Limioli	AICS
Matteo Baraldo	AICS
Pierpaolo Bergamini	AICS
EFICOS	Secretary of the network
EFICOS	SME Owner
EFICOS	SME Owner
EFICOS	SME Owner
EFICOS	
EFICOS	SME Owner (non-beneficiary)
TESFA	Chairman of the network
TESFA	SME Owner
TESFA	SME Owner
TESFA	SME Owner
TESFA	
TESFA	SME Owner (non-beneficiary)
Bella	Chairman of the network
Bella	SME Owner
Bella	SME Owner
Bella	
Bella	SME Owner (non-beneficiary)
LOMI	Vice president of the network
LOMI	
LOMI	SME Owner (non-beneficiary)
ELIA	Former Secretary General
LIDI	Deputy Director General
LIDI	Former Director General
FESMIPPA	Director General
Creative hub	Manager
Creative hub	
Addis Machinery Leasing Company	General Manager
CAWE	

ANNEX 5 - INTERVIEW GUIDES FOR KEY STAKEHOLDER GROUPS

LEATHER PROJECT

Note: the interview guides address key evaluation issues, derived from the evaluation framework, identifying issues relevant to each respondent group.

The evaluator during interviews will establish the context for each point and will formulate the question in a way that can be easily understood by the respondents.

Responses will be noted in “interview notes”.

The analysis of answers to each evaluation issue will support the findings for the assessment.

CONTENTS

1. AICS
2. UNIDO
3. LIDI
4. CREATIVE HUB (RESULT 8)
5. FESMMIPA
7. LEATHER INDUSTRY NETWORKS
8. SMES
9. FINANCIAL INSTITUTIONS
10. OTHER PROJECTS AND INTERNATIONAL PARTNERS

1. AICS

1.1.2 Relevance to Italian Cooperation

1.2.1 Project formulation aligned to international best practices

1.2.2 to what extent beneficiaries and leather value chain stakeholders participated to the formulation of the phase 2 project?

1.3 To what extent the project established a measurable result framework at outcome level?

1.4 To what extent the interventions of phase 2 are fully owned by beneficiaries and stakeholders?

1.5 Coherence consistency of the intervention with other actors' interventions in the same context. This includes complementarity, harmonization and co-ordination with others, and the extent to which the intervention is adding value while avoiding duplication of effort.

2.A To what extent have the expected results and objectives of the project been achieved thus far?

2.B What have been barriers to achieving the objectives?

3.1.0 To which extent financial performances have been satisfactory and the project delivered within cost and time?

3.2.0 To which extent Phase 2 project was delivered in time (according to plan) and with satisfactory cost / benefit ratios?

3.3.0 To what extent the project (Phase 2) was supported by effective and efficient governance and management?

3.4.0 To which extent the project was supported by effective reporting, monitoring and lesson learning mechanisms?

3.5.0 To which extent the Project adjusted with flexibility to external circumstances, including to COVID pandemic?

3.6.0 To which extent project management supported positive visibility and an effective communication?

4.0 Has the project put in place mechanisms to ensure sustainability after the project's completion (in terms of financial, legal, institutional, socio-economic instruments, frameworks or processes)?

4.0 What are the risks that are likely to affect the continuation of project results

Sub question. Provide evidence of sustainable mechanisms in place

5.0 To what extent project experiences and best practices offer opportunities for replication and upscaling?

6.0 Evidence of lessons emerging from the design and implementation

2. UNIDO

1.1.3 Relevance to UNIDO priorities and approach to Value Chain competitiveness

1.2.1 Project formulation aligned to international and UNIDO best practices

1.2.2 to what extent beneficiaries and leather value chain stakeholders participated to the formulation of the phase 2 project?

1.3 To what extent the project established a measurable result framework at outcome level?

1.4 To what extent the interventions of phase 2 are fully owned by beneficiaries and stakeholders?

1.5 Coherence consistency of the intervention with other actors' interventions in the same context. This includes complementarity, harmonisation and co-ordination with others, and the extent to which the intervention is adding value while avoiding duplication of effort.

2.A To what extent have the expected results and objectives of the project been achieved thus far?

INDICATORS AT OBJECTIVE LEVEL

of jobs created within the clusters

increased jobs for the youth and women target

Increased the income (amount) of the leather clusters (ET BIRR)

% increase of products sold in the internal market (baseline: pair of shoes)

% increase of products exported (baseline: pair of shoes)

Increased the total volume of production for each cluster (baseline: pair of shoes)

Decrease in unit cost of production (ETH BIRR)

Increase of profit margin per unit (ETH BIRR)

2.B What have been barriers to achieving the objectives?

2.1.1 To what extent producers' sectorial association are established and strengthened?

2.1.2 Strategic action plan is implemented for local institutions and networks

2.1.3 Workshops on networking methodology and experiences are delivered and capacities in place

2.1.4 Networks are established and strengthened

2.1.5 Functioning networks set up for common marketing, joint-purchasing raw materials, and linkages with medium companies

2.2.0 To which extent linkages to leather producers and input supplies have been improved through project support

2.2.2 evidence of joint and bulk purchasing of raw materials

2.3.0 To which extent improved access to technology has increased quantity and quality of production and strengthened the competitiveness of leather products?

Activities

3.1 Link operators with machinery leasing company

3.2 Organize technology exposure visits in LIDI and other big shoes industries

3.3 Support the purchase of common machineries for improving the quality and quantity of footwear and leather products

3.4 Set up pilot production lines within the clusters and facilitate technology transfer and building of capacities

3.4.1 Assessment in clusters and definition and selection of footwear models

3.4.2 Acquisition and installation of the machineries

3.4.3 Supplying of models and semi-finished materials (lasts, uppers, soles, accessories)

3.4.4 Trainings on upper and lasting

3.5 Rehabilitate workshops within the clusters

2.4.0 To which extent the improvement of technical skills and business management skills has improved SME performances in the leather value chain?

Provide examples of improved performances for
a) technical skills
b) business management

2.5.0 To which extent the project support to marketing led to improved access to market and increased sales?

Provide evidence of

- Business linkages,
- Improved visibility and marketing of leather products
- Changes perception of customers

2.6.0 To which extent capacity building contributed to improved services and increased satisfaction of SMEs?

Seek evidence for:

- Improved services
- Improved satisfaction of SMEs

2.7.0 To which extent the support provided to finance and improved premises produced investment and better working conditions, reflecting on quantity and quality of production?

Seek evidence to increased access to finance

increased investments

Use of new financial tools

2.8.0 To which extent the establishment of a creative hub contributed to leather sector offer of new products, visibility and sales?

Provide evidence of creative hub contributions to improved quality, improved sales and better visibility of Ethiopian leather products

3.1.0 To which extent financial performances have been satisfactory and the project delivered within cost and time?

3.2.0 To which extent Phase 2 project was delivered in time (according to plan) and with satisfactory cost / benefit ratios?

3.3.0 To what extent the project (Phase 2) was supported by effective and efficient governance and management?

3.4.0 To which extent the project was supported by effective reporting, monitoring and lesson learning mechanisms?

3.5.0 To which extent the Project adjusted with flexibility to external circumstances, including to COVID pandemic?

3.6.0 To which extent project management supported positive visibility and an effective communication?

4.0 Has the project put in place mechanisms to ensure sustainability after the project's completion (in terms of financial, legal, institutional, socio-economic instruments,)?

4.0 What are the risks that are likely to affect the continuation of project results?

4.0 Provide evidence of sustainable mechanisms in place

5.0 To what extent project experiences and best practices offer opportunities for replication and upscaling?

6.0 Evidence of lessons emerging from the design and implementation

3. LIDI

1.1.1 Relevance to Ethiopia National Priorities

1.2.2 to what extent beneficiaries and leather value chain stakeholders participated to the formulation of the phase 2 project?

1.4 To what extent the interventions of phase 2 are fully owned by beneficiaries and stakeholders? (please provide examples / evidence of ownership and commitment)

1.5 Coherence consistency of the intervention with other actors' interventions in the same context. This includes complementarity, harmonisation and co-ordination with others, and the extent to which the intervention is adding value while avoiding duplication of effort.

1.2.2 to what extent beneficiaries and leather value chain stakeholders participated to the formulation of the phase 2 project?

1.4 To what extent the interventions of phase 2 are fully owned by beneficiaries and stakeholders? (please provide examples / evidence of ownership and commitment)

2.2.2 evidence of joint and bulk purchasing of raw materials

2.3.0 To which extent improved access to technology has increased quantity and quality of production and strengthened the competitiveness of leather products?

2.4.0 To which extent the improvement of technical skills and business management skills has improved SME performances in the leather value chain?

Provide examples of improved performances for

- a) technical skills
- b) business management

2.5.0 To which extent the project support to marketing led to improved access to market and increased sales?

Provide evidence of

- Business linkages,
- Improved visibility and marketing of leather products
- Changes perception of customers

Seek evidence for:

- Improved services
- Improved satisfaction of SMEs

3.1.0 To which extent financial performances have been satisfactory and the project delivered within cost and time?

3.2.0 To which extent Phase 2 project was delivered in time (according to plan) and with satisfactory cost / benefit ratios?

3.3.0 To what extent the project (Phase 2) was supported by effective and efficient governance and management?

3.4.0 To which extent the project was supported by effective reporting, monitoring and lesson learning mechanisms?

3.5.0 To which extent the Project adjusted with flexibility to external circumstances, including to COVID pandemic?

3.6.0 To which extent project management supported positive visibility and an effective communication?

4.0 Has the project put in place mechanisms to ensure sustainability after the project's completion (in terms of financial, legal, institutional, socio-economic instruments, frameworks or processes)?

4.1 What are the risks that are likely to affect the continuation of project results

4.2 Provide evidence of sustainable mechanisms in place

4.3 Has the project put in place mechanisms to ensure sustainability after the project's completion (in terms of financial, legal, institutional, socio-economic instruments,)?

4.4 What are the risks that are likely to affect the continuation of project results

4.5 Provide evidence of sustainable mechanisms in place

5.0 To what extent project experiences and best practices offer opportunities for replication and upscaling?

6.0 Evidence of lessons emerging from the design and implementation

4. CREATIVE HUB (RESULT 8)

including network, women entrepreneurs, Trainers, Trainees, Fashion designers

2.8.0 To which extent the establishment of a creative hub contributed to leather sector offer of new products, visibility and sales?

Provide evidence of creative hub contributions to improved quality, improved sales and better visibility of Ethiopian leather products

4.0 Has the project put in place mechanisms to ensure sustainability after the project's completion (in terms of financial, legal, institutional, socio-economic instruments,)?

4.0 What are the risks that are likely to affect the continuation of project results

4.0 Provide evidence of sustainable mechanisms in place

INTERVIEW GUIDES FOR KEY STAKEHOLDER GROUPS

5. FESMMIPA

1.1.4 Relevance to beneficiaries needs and priorities

1.2.2 to what extent beneficiaries and leather value chain stakeholders participated to the formulation of the phase 2 project?

1.4 To what extent the interventions of phase 2 are fully owned by beneficiaries and stakeholders? (please provide examples / evidence of ownership and commitment)

2.1.1 To what extent producers' sectorial association are established and strengthened?

Indicator: quality of Action Plans

2.1.2 Strategic action plan is implemented for local institutions and networks

2.1.3 Workshops on networking methodology and experiences are delivered and capacities in place

2.1.4 Networks are established and strengthened

2.1.5 Functioning networks set up for common marketing, joint-purchasing raw materials, and linkages with medium companies

(list of benefits from the setup of networks)

2.2.0 To which extent linkages to leather producers and input supplies have been improved through project support

2.2.2 evidence of joint and bulk purchasing of raw materials

2.3.0 To which extent improved access to technology has increased quantity and quality of production and strengthened the competitiveness of leather products?

2.4.0 To which extent the improvement of technical skills and business management skills has improved SME performances in the leather value chain ?

Provide examples of improved performances for

a) technical skills

b) business management

2.5.0 To which extent the project support to marketing led to improved access to market and increased sales?

Provide evidence of

- Business linkages,
- Improved visibility and marketing of leather products
- Changes perception of customers
-

6. LEATHER INDUSTRY NETWORKS

(YEKA, MERKATO, KIRKOS)

Interview also 1 network not supported by the project

1.1.4 Relevance to beneficiaries needs and priorities

1.2.2 to what extent beneficiaries and leather value chain stakeholders participated to the formulation of the phase 2 project?

1.4 To what extent the interventions of phase 2 are fully owned by beneficiaries and stakeholders? (please provide examples / evidence of ownership and commitment)

INDICATORS AT OBJECTIVE LEVEL (Discuss these indicators with each of the beneficiary network)

To discuss also with non-beneficiary networks (counterfactual analysis)

of jobs created within the clusters

increased jobs for the youth and women target

Increased the income (amount) of the leather clusters (ET BIRR)

% increase of products sold in the internal market (baseline: pair of shoes)

% increase of products exported (baseline: pair of shoes)

Increased the total volume of production for each cluster (baseline: pair of shoes)

Decrease in unit cost of production (ETH BIRR)

Increase of profit margin per unit (ETH BIRR)

2.1.1 To what extent producers' sectorial association are established and strengthened?

Indicator: quality of Action Plans

2.1.2 Strategic action plan is implemented for local institutions and networks

2.1.3 Workshops on networking methodology and experiences are delivered and capacities in place

2.1.4 Networks are established and strengthened

2.1.5 Functioning networks set up for common marketing, joint-purchasing raw materials, and linkages with medium companies
(list of benefits from the set-up of networks)

2.2.0 To which extent linkages to leather producers and input supplies have been improved through project support

2.2.2 evidence of joint and bulk purchasing of raw materials

2.3.0 To which extent improved access to technology has increased quantity and quality of production and strengthened the competitiveness of leather products?

Activities and indicators

3.1 Link operators with machinery leasing company

3.2 Organize technology exposure visits in LIDI and other big shoes industries

3.3 Support the purchase of common machineries for improving the quality and quantity of footwear and leather products

3.4 Set up pilot production lines within the clusters and facilitate technology transfer and building of capacities

3.4.1 Assessment in clusters and definition and selection of footwear models

3.4.2 Acquisition and installation of the machineries

3.4.3 Supplying of models and semi-finished materials (lasts, uppers, soles, accessories)

3.4.4 Trainings on upper and lasting

3.5 Rehabilitate workshops within the clusters

2.4.0 To which extent the improvement of technical skills and business management skills has improved SME performances in the leather value chain?

Provide examples of improved performances for

a) technical skills

b) business management

2.5.0 To which extent the project support to marketing led to improved access to market and increased sales?

Provide evidence of

- Business linkages,
- Improved visibility and marketing of leather products
- Changes perception of customers

2.6.0 To which extent capacity building contributed to improved services and increased satisfaction of SMEs?

Seek evidence for:

- Improved services
- Improved satisfaction of SMEs

2.7.0 To which extent the support provided to finance and improved premises produced investment and better working conditions, reflecting on quantity and quality of production?

Seek evidence to increased access to finance

increased investments

Use of new financial tools

4.0 Has the project put in place mechanisms to ensure sustainability after the project's completion (in terms of financial, legal, institutional, socio-economic instruments,)?

4.0 What are the risks that are likely to affect the continuation of project results

4.0 Provide evidence of sustainable mechanisms in place

6.0 Evidence of lessons emerging from the design and implementation

7. SMES

(to be interviewed 5 for each network and 5 outside networks (no project support))

1.1.4 Relevance to beneficiaries needs and priorities

1.4 To what extent the interventions of phase 2 are fully owned by beneficiary SME?
(please provide examples / evidence of ownership and commitment)

2.1.1 To what extent producers' sectorial association are established and strengthened?

Indicator: quality of Action Plans

2.1.2 Strategic action plan is implemented for local institutions and networks

2.1.3 Workshops on networking methodology and experiences are delivered and capacities in place

2.1.4 Networks are established and strengthened

2.1.5 Functioning networks set up for common marketing, joint-purchasing raw materials, and linkages with medium companies

2.2.0 To which extent linkages to leather producers and input supplies have been improved through project support

2.2.2 evidence of joint and bulk purchasing of raw materials

2.3.0 To which extent improved access to technology has increased quantity and quality of production and strengthened the competitiveness of leather products?

provide examples of

- technology supporting quantity, quality and competitiveness of production)
- machineries requested by the MSEs to the leasing companies

Activities and indicators

3.1 Link operators with machinery leasing company

3.2 Organize technology exposure visits in LIDI and other big shoes industries

3.3 Support the purchase of common machineries for improving the quality and quantity of footwear and leather products

3.4 Set up pilot production lines within the clusters and facilitate technology transfer and building of capacities

3.4.1 Assessment in clusters and definition and selection of footwear models

3.4.2 Acquisition and installation of the machineries

3.4.3 Supplying of models and semi-finished materials (lasts, uppers, soles, accessories)

3.4.4 Trainings on upper and lasting

3.5 Rehabilitate workshops within the clusters

2.4.0 To which extent the improvement of technical skills and business management skills has improved SME performances in the leather value chain ?

Provide examples of improved performances for

a) technical skills

b) business management

2.5.0 To which extent the project support to marketing led to improved access to market and increased sales?

Provide evidence of

- Business linkages,
- Improved visibility and marketing of leather products
- Changes perception of customers

2.6.0 To which extent capacity building contributed to improved services and increased satisfaction of SMEs?

Seek evidence for:

- Improved services
- Improved satisfaction of SMEs

2.7.0 To which extent the support provided to finance and improved premises produced investment and better working conditions, reflecting on quantity and quality of production?

Seek evidence to increased access to finance

increased investments

Use of new financial tools

4.0 Has the project put in place mechanisms to ensure sustainability after the project's completion (in terms of financial, legal, institutional, socio-economic instruments,)?

4.0 What are the risks that are likely to affect the continuation of project results

4.0 Provide evidence of sustainable mechanisms in place

6.0 Evidence of lessons emerging from the design and implementation

ANNEX 6 - PROJECT LOGICAL FRAMEWORK

Phase 2 (Extension) of the Technical Assistance Project for the Up-Grading of the Ethiopian Leather and Leather Products Industry - 150201
LogFrame

RESULT CHAIN	INDICATORS	MEANS OF VERIFICATION
DEVELOPMENT GOAL		
Contributing to achieve the goals to the Growth and Transformation Plan (GTP) through the development of the Ethiopian Leather Industry.		
Objective		
To increase the competitiveness and turnover of the Ethiopian MSEs working on leather products industry (footwear and other leather products)	<ul style="list-style-type: none"> • #of jobs created (full-time, part-time, seasonal or jobs on 'ad-hoc demand') • # increased jobs with a special attention to special target groups including youth, women and people with disabilities, disaggregated by sex • income level of the target groups, disaggregated by sex (increased) • % increase of products sold in the internal market • % increase of products exported • volume of production, disaggregated by sex • % decrease in unit cost of production • % increase of profit margin per unit 	<ul style="list-style-type: none"> • Baseline study, project monitoring and evaluation reports; • National and city statistics.
Outcome		
In synergy with the local Institutions, MSEs working on footwear and leather products are organized in networks taking advantage of the joint activities and economies of scale.	<ul style="list-style-type: none"> • # of MSEs (% of women involved) involved in the project • # of workers involved in the project • value, number and participants of systematic joint operations activated • value of joint orders successfully finalized • unit cost of raw material 	<ul style="list-style-type: none"> • Activity reports • Final evaluation • Networks assisted; • Enterprises and networks regularly registered in the country; • Baseline study and number of SMEs involved
Output 1.		
Sustainable and formally structured MSEs' networks in the field of leather products are established.	<ul style="list-style-type: none"> • Status of the implementation of the Action plan • Average return on assets (ROA) 	<ul style="list-style-type: none"> • Baseline data • Progress Report

RESULT CHAIN	INDICATORS	MEANS OF VERIFICATION
	<ul style="list-style-type: none"> • # of networks recognised/licensed by the competent authorities. • % of the women and youth involved. 	<ul style="list-style-type: none"> • Final report;
Activities		
<p>1. Establishing and Strengthening of Networks among producers</p> <p>Establishing and strengthening shoes and leather products producers' sectorial association (with an attention to support target groups disaggregated by sex). Support the local Institution and networks in implementing the strategic action plan Organizing workshops on networking methodology and experiences Establishing and strengthening of networks Facilitate the establishment of networks for common marketing, joint purchasing raw materials, linkages with medium companies, etc..</p>	<ul style="list-style-type: none"> • # of MSEs' networks and Institutions supported and organized • # of capacity building initiatives performed both for institutions and private sector, concerning networking methodology and providing of support services • # of MSEs' networks created and supported • # of meetings and services provided by the local technical committee • # of joint initiatives started among the project beneficiaries. 	<ul style="list-style-type: none"> • Activity Report • Progress Report • Final Report • Final Evaluation; • Newsletters; • Baseline data; • Feasibility Study for the new cluster area • Project visibility.
<p>2. Strengthen Backward Linkages</p> <p>1. Organize workshops for fostering direct linkages between small enterprises and tanneries, shoes sole producers and component importers and distributors, etc...</p> <p>2. Facilitate joint and bulk purchasing of raw materials.</p>	<ul style="list-style-type: none"> • # of training/workshops/visits performed for fostering direct linkages • # of backward and forward linkages established. 	
<p>3. Technology Upgrading</p> <p>3.1 Link operators with machinery leasing company 3.2 Organize technology exposure visits in LIDI and other big shoes industries 3.3 Support the purchase of common machineries for improving the quality and quantity of footwear and leather products 3.4 Set up pilot production lines within the clusters and facilitate technology transfer and building of capacities 4.1 Assessment in clusters and definition and selection of footwear models 4.2 Acquisition and installation of the machineries 4.3 Supplying of models and semi-finished materials (lasts, uppers, soles, accessories)</p>	<ul style="list-style-type: none"> • # of activities for increasing access to technology initiatives performed • # of machineries requested by the MSEs to the leasing companies • # of meetings and initiatives for facilitating technology access and upgrading performed • # of visits performed both for the private and public sector • # of stakeholders involved in the strategic visits • # of pilot processing lines installed and training performed • # of workshops rehabilitated 	

RESULT CHAIN	INDICATORS	MEANS OF VERIFICATION
4.4 Trainings on upper and lasting Rehabilitate workshops within the clusters		
4. Capacity Building conducted	<ul style="list-style-type: none"> • # of capacity building initiatives performed both for institutions and private 	
4.1 Skills capacity building <ul style="list-style-type: none"> 4.1.1 Design and pattern development 4.1.2 Upper and insole preparation, cutting and stitching 4.1.3 Lasting and sole attaching techniques 4.1.4 Materials wastage reduction and quality and productivity improvement 4.2 Business management training <ul style="list-style-type: none"> 4.2.1 Entrepreneurship 4.2.2 Leadership 4.2.3 Marketing 4.2.4 Finance and product costing 	<ul style="list-style-type: none"> • sector • # of initiatives developed in synergy with the local institutions (sustainability) • % of the women and youth involved in trainings/capacity building initiatives. • # of capacity building initiatives performed both for institutions and private sector • % of the women and youth involved. 	
5. Forward Linkages, creation of new markets and Promotion both locally and abroad implemented	<ul style="list-style-type: none"> • # of products quantity and quality level upgrading • # of collections, marketing and business promotion performed 	
Conduct market study on the major cities of the country and COMESA countries Participation of exhibition and trade fairs at local, regional or international level Develop brochures and promotional material Develop trade market products Facilitation for establishing common showroom and sales premises Facilitating sub-contracting arrangement with the medium and large local enterprises working on footwear and leather products. Organizing buyers- sellers meetings. Facilitate business linkages	<ul style="list-style-type: none"> • # of market linkages established both at internal and external levels • # of study tour performed and participation in expositions/fairs • # of products sold • # of forward linkages activities performed • # of initiatives facilitating women networks • % of the women and youth involved. 	
6. Capacity-Building for supporting institutions on UNIDO CDP and networking methodology and experiences provided	<ul style="list-style-type: none"> • # of capacity building initiatives performed both for institutions and private sector 	
6.1 Organize workshop for leaders	<ul style="list-style-type: none"> • % of the women and youth involved. 	
6.2 Organize training to experts and extension workers	<ul style="list-style-type: none"> • # of ToT (trainings of trainers) performed 	

RESULT CHAIN	INDICATORS	MEANS OF VERIFICATION
<p>6.3 Assess the lacks of strategic supporting institutions (e.g. LIDI, Addis Ababa Capital Goods – National leasing company, etc..) and provide them with tailored trainings</p> <p>6.4 Conduct a feasibility study for the creation of a new cluster area for the development of MSMEs active on footwear and leather goods sectors.</p> <p>6.5 Organize a presentation of the feasibility study for the establishment of new cluster areas in order to facilitate their implementation</p>	<ul style="list-style-type: none"> • The feasibility study for the creation of the new cluster area is prepared and presented 	
<p>7. Access to finance and manufacturing premises created</p> <p>Organize workshop between producers and financial institutions</p> <p>Facilitate access for finance through innovative financial tools</p> <p>Facilitate the allocation of appropriate working premises by the local government/institutions to the MSEs</p>	<ul style="list-style-type: none"> • # of activities for increasing access to finance performed. • % of the women and youth involved. • # of collaborations established with other national and international development partners 	
<p>8. Establishment of a creative craft hub</p> <p>8.1 Conduct diagnostic study and formulate work plan</p> <p>8.2 Establish stakeholder network and destination steward</p> <p>8.3 Assess leather products demand and open new markets</p> <p>8.4 Support women entrepreneurs in develop fashion and design</p> <p>8.5 Develop a specific collection for LOMI, in synergy with its members as well as involving the local supporting institutions</p> <p>8.6 develop and communicate LOMI brand</p> <p>8.7 create/upgrade tailored business models (eco/religious/historic)</p> <p>8.8 promote LOMI activities/business models</p>	<ul style="list-style-type: none"> • % of finance collected. • # of success cases collected of access to finance for facilitating replication, upgrading and promotion. • # of innovative initiatives scouted and implemented for the facilitating access to finance and MSEs' bankability. • # of trainings performed • # of new products developed • # of business linkages established for LOMI members • # of entrepreneurs (women and youth) involved in the initiative • # of participation in promotional events • # of promotional activities performed 	
<p>9. M&E</p> <p>Set up a monitoring and evaluation mechanism to be implemented throughout the project</p> <p>Baseline data collection</p> <p>Mid-term and end-of project evaluation</p>	<ul style="list-style-type: none"> • # of baseline data collected 	

ANNEX 7 - THEORY OF CHANGE

Theory of change - Reconstructed by the evaluation team

