



## **Industrial Development Board**

### **Forty-fourth session**

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Item 8 of the provisional agenda

### **Evaluation activities**

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### **Note by the Secretariat**

In compliance with Board decision IDB.29/Dec.7 (h), the Secretariat reports on evaluation activities on a biennial basis, thereby complementing the information provided in the Annual Reports 2014 and 2015.

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For reasons of economy, this document has not been printed. Delegates are kindly requested to bring their copies of documents to meetings.



## I. Background

1. In decision IDB.29/Dec.7, the Board, inter alia, affirmed the importance of Member States receiving objective and credible feedback on the performance of UNIDO country-level programmes based on the findings and lessons learned from independent evaluations. This report is submitted in accordance with paragraph (h) of that decision, which requested the Secretariat to report on evaluation activities on a biennial basis. Independent evaluations inform on the performance of UNIDO interventions, consolidate evaluation findings and lessons, and draw attention to systematic issues with a view to further enhancing UNIDO's development effectiveness. Furthermore, all UNIDO independent evaluation reports are available on the UNIDO website ([www.unido.org/en/resources/evaluation.html](http://www.unido.org/en/resources/evaluation.html)).

## II. The UNIDO evaluation function

2. During the time covered by this report (2014-2015) the UNIDO independent evaluation function was implemented by the Office for Independent Evaluation (ODG/EVA), within the Office of the Director General and derived its roles and responsibilities from the UNIDO Evaluation Policy.<sup>1</sup> According to this policy, evaluation serves three purposes: it ensures accountability, supports management and drives learning and innovation.

3. As promulgated in the Director General's Bulletin dated 27 January 2016 (UNIDO/DGB/2016/01), a new organizational structure has been established, whereby the Independent Evaluation Division (ODG/EVQ/IEV) is co-located under the Office of Independent Evaluation and Quality Monitoring, within the Office of the Director General.

4. In April 2014, the UNIDO Executive Board considered the work programme and provisional budget of ODG/EVA and, in a first instance, approved the budget in the amount of €285,000 for 2014 only for the implementation of the ODG/EVA work programme 2014. In February 2015, the UNIDO Executive Board allocated €305,000 for the implementation of the ODG/EVA work programme 2015. During that period, the allocation was used to conduct country, strategic and thematic evaluations, as well as national evaluation capacity-building. The budget remained at the same level as compared with the previous biennium. Independent project evaluations continued to be duly managed and their quality assured by ODG/EVQ/IEV, and were financed directly from the respective project budgets.

## III. Activities and contributions of independent evaluations

### Evaluations

5. During 2014-2015 two thematic evaluations were finalized, namely: UNIDO's public-private partnerships and UNIDO's post-crisis interventions. Four new thematic evaluations were conducted: Implementation of the expanded UNIDO Medium-term programme framework 2010-2013; the UNIDO trust fund on

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<sup>1</sup> Director General's Bulletin (UNIDO/DGB(M).98 of 22 May 2006.

renewable energy; the UNIDO procurement process; and UNIDO's interventions in the area of enterprise development for job creation, including those for women and youth. In addition, one cluster evaluation was conducted of UNIDO's projects on enabling activities to review and update the National Implementation Plans for the Stockholm Convention on POPs. A synthesis review of independent evaluations from 2012-2015 was prepared by the end of 2015 and issued in early 2016.

6. Furthermore, five country evaluations were conducted (Indonesia, Sri Lanka, Thailand, Tunisia, and Uruguay), and ODG/EVQ/IEV provided support to a large number of independently conducted project evaluations.

#### **Learning and evaluation capacity-building**

7. Through a management response system, acceptance and implementation of evaluation recommendations are monitored. Of a total of 309 recommendations issued in 2014, responses were received to 291 (94 per cent) by the completion of the one-year response cycle. Out of these 291 responses, 94 per cent were fully accepted/partially accepted by respondents. In 2015, a total of 301 recommendations were issued and responses had been received to 258 (86 per cent) by the time of this report. Out of these 258 responses, 95 per cent were fully accepted/partially accepted by respondents.

8. With regard to the implementation status for recommendations issued in 2014 and for which the one-year follow-up cycle was completed by 2015, 34 per cent of the recommendations for which information was provided had been implemented, 53 per cent were still under implementation and 13 per cent had not been implemented at the time of reporting. Information on the level of implementation for recommendations issued in 2015 will be provided in a future report to the Board.

9. Briefings to Member States were held on a regular basis and covered mainly the findings of thematic and country evaluations. In response to a growing demand from counterpart ministries to support and strengthen their evaluation capacities, workshops on evaluation management were held in Thailand (2014) and in Colombia (2015). Both workshops were conducted as regional training activities and targeted UNIDO counterpart ministries in each region. In an effort to increase relevance and effectiveness of training activities, the workshop in Colombia was conducted in Spanish and all the workshop material was made available in that language.

## **IV. Synthesis of evaluation findings**

### **General findings**

10. Relevance of UNIDO projects and programmes is high. Objectives of the programmes and their components/projects were based on needs/challenges of target institutions/enterprises, and showed they were well aligned to government policies, strategies and priorities, as well as addressing key challenges to inclusive and sustainable industrial development.

11. Ownership and active participation of counterparts were seen as increasing the relevance, efficiency, effectiveness and sustainability of interventions. Moreover, in several programmes there was a sizeable proportion of self-financing by recipient

countries, which was seen as a factor in encouraging active involvement of counterparts throughout the programme cycle. There were a few cases in which ownership was reported to be weak, which resulted, inter alia, in delays for approval of policies developed in the context of projects.

12. In terms of effectiveness, in several cases, it was too early to assess results, particularly when projects were still in the early stages of implementation. Sometimes, reference was made to the correlation of results, such as jobs created, as an outcome of project interventions. Often, the evaluation reports pointed at projects being activity/output-driven rather than outcome-focused.

13. In terms of efficiency, UNIDO's role and contribution as well as those of the counterparts (financial and in-kind) were appreciated, reflecting the perception that the interventions brought satisfactory "value for money" with costs justifying the benefits. Also, in several programmes and projects, reference was made to the effective use of national expertise.

14. The likelihood of financial, technical and organizational sustainability varied from good to problematic, depending upon the quality of programme/project design. An active role of counterparts in implementation, alignment to national plans, and capacity-building efforts were expected to contribute to enhanced sustainability. Working with institutions that are part of the national system, such as vocational training institutions that are part of the national education system, was seen as a factor supporting the likelihood of sustainability.

15. In terms of impact, or potential for impact, severe underfunding of some programmes limited chances for impact or scope, at least at the point when the evaluation was conducted. Lack of detailed monitoring data to assess outcome and impact was often seen as a challenge when making evidence-based statements on impact.

#### **Key findings from country evaluations conducted during 2014-2015**

16. UNIDO interventions, especially if strategically formulated through a consultative country programme exercise, enjoy high relevance in the countries scrutinized. The UNIDO inclusive and sustainable industrial development objectives and donor priorities are also highly appreciated. There is a strong national ownership observed for the many projects that were well aligned to national strategies, policies, and needs and priorities.

17. There has been a good level of cooperation between UNIDO and relevant public and private actors, and in some cases also with the United Nations Country Team. Some projects benefited from public-private partnerships and the active participation of private partners provided value added and contributed to effectiveness and sustainability.

18. When a project became a national programme or policy, sustainability was considered to be high. When UNIDO interventions resulted in government actions, such as the adoption of standards and other regulations, sustainability was also considered high.

19. Efficiency of UNIDO interventions in some country programmes was diminished because resources mobilized were insufficient to implement the majority of planned projects. Several evaluations pointed at the need to strengthen linkages

with sectoral plans and national budgets. Over-ambitious goals combined with moderate funding levels, produced that overall results being perceived as less than expected.

### **Key findings from thematic evaluations**

#### *Implementation of the expanded UNIDO medium-term programme framework 2010-2013*

20. The independent strategic evaluation on the UNIDO medium-term programme framework (MTPF) 2010-2013, found that it was UNIDO's first time linking the programme framework to a results matrix for the entire Organization. The MTPF document was in line with good results-based management practices and made the Organization accountable for results. This was considered to be innovative and a first important step towards becoming a results-based organization. The MTPF confirmed UNIDO's thematic priorities and was the basis for developing the subsequent programmes and budgets and, as such, provided direction for the Organization. Member States appreciated the MTPF and considered it solid and innovative.

21. However, the results reporting in the MTPF was found as an area for improvement, because the Organization did not report on results using the MTPF outcomes, impact, or the performance indicators. It was thus not possible to say how effective UNIDO was in achieving the outcomes and impacts expected in the MTPF. This challenge has been recognized by senior management and is expected to be addressed in the forthcoming MTPFs and their midterm reviews, as well as in the integrated results and performance framework currently under consideration.

#### *UNIDO procurement process*

22. Overall, the UNIDO procurement process was found to operate satisfactorily, despite some limitations and constraints. There were some issues of concern regarding the principles, authorities and procedures in the Procurement Manual. For instance there was a weakness in the segregation of duties in decentralized procurement, or the guidelines for the "best value for money" and the "least cost technically acceptable" approaches were not available yet.

23. Despite the lack of a systematic feedback mechanism, the goods and services procured by UNIDO appeared to be of adequate quality and fit-for-purpose, meeting project objectives and the requirements of counterparts. By and large, the timeliness of procurement appeared to be satisfactory.

#### *UNIDO interventions in the area of enterprise development for job creation, including for women and youth*

24. Enterprise development for job creation was found to be a central theme in UNIDO policies and guidelines, and in a majority of the reviewed projects with a component contributing directly or indirectly to enterprise development. Women and youth were beneficiaries in a majority of these projects, yet overall the availability of gender and age disaggregated data was limited. UNIDO has many good projects related to enterprise development and the Organization appears to possess several comparative advantages in this area, such as its expertise in the private sector and in small and medium-sized enterprises. At the same time, UNIDO

faces some key challenges ranging from the small scale of projects, to the limited funding for private sector development, and to the pressure on staff to deliver.

25. Increased job numbers and employment results that were reported for most UNIDO projects were rather small in scale, ranging from a few dozen to several hundreds. However, there were some exceptions with thousands of potential beneficiaries. This disparity could be explained by three factors: (a) many UNIDO projects were rather small and of a pilot nature, (b) it was easier to measure more jobs and employment for few projects at the micro level, but much more difficult for the many UNIDO projects with interventions at the meso and macro levels, where it is more likely to create more jobs and employment; and (c) the UNIDO contribution to jobs created is underreported. UNIDO's current monitoring and reporting system focuses on immediate results, such as the number of persons trained, while monitoring and reporting of long-term results with regards to jobs and employment is limited. The corporate key performance indicator on jobs created for women and youth in the UNIDO ERP system has not been sufficiently fed. However, several innovative initiatives demonstrate a willingness to improve monitoring and reporting of UNIDO's job creation.

## **V. Action required of the Board**

26. The Board may wish to consider adopting the following draft decision:

“The Industrial Development Board:

- (a) Takes note of the report on the evaluation activities (IDB.44/13);
  - (b) Reiterates its support to the evaluation function for accountability, learning and contribution to development effectiveness;
  - (c) Encourages evaluations on results at outcome and impact levels, and the incorporation of information on performance and lessons into management and strategic planning processes.”
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