

# **Independent Evaluation Report**

## **PALESTINE**

### **Technology Transfer for Recycling of Building Material Waste, Gaza Strip, and Support to the Marble Stone Industry in the West Bank**

UNIDO project TE/PAL/05/00 (SAP 106029)



UNITED NATIONS  
INDUSTRIAL DEVELOPMENT ORGANIZATION



**UNIDO EVALUATION GROUP**

**Independent Terminal Evaluation**

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## Glossary of evaluation-related terms

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

# Abbreviations and acronyms

AFD	Agence Française de Développement Account and Management Information System
AMIS	Account and Management Information System
BDS	Business Development Services
COGAT	Coordinator of Government Activities in the Territories
CRM	Customer Relationship Management
ERP	Enterprise resource planning
GDP	Gross Domestic Product
GIS	Geographic Information System
HRD	Human Resource Development
HQ	Headquarters
IDF	Israel Defense Forces
ILO	International Labor Organization
IMC	Industrial Modernization Centre
ISIM	International Marble Institute
JICA	Japan International Cooperation Agency
MBO	Management by Objectives
MoNE	Ministry of National Economy (Palestine)
MRP	Material Requirement Planning
MRS	Management Response Sheet
NIS	New Israeli Shekel
OECD	Organization for Economic Co-operation and Development
PFI	Palestinian Federation of Industries
PPP	Public Private Partnership
PPU	Palestine Polytechnic University
PSMC	Palestinian Stone and Marble Center <sup>1</sup>

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<sup>1</sup> Since July 2013, the Palestine Stone and Marble Center uses the American English spelling of Center. The report employs this usage where Center is used as a proper noun



RBM	Results based management
TVET	Technical and Vocational Education and Training center
UNDP	United Nations Development Programme
UN	United Nations
UNIDO	United Nations Industrial Development Organization
UAE	United Arab Emirates
USA	United States of America
USAID	United States Agency for International Development
USM	Union of Stone and Marble

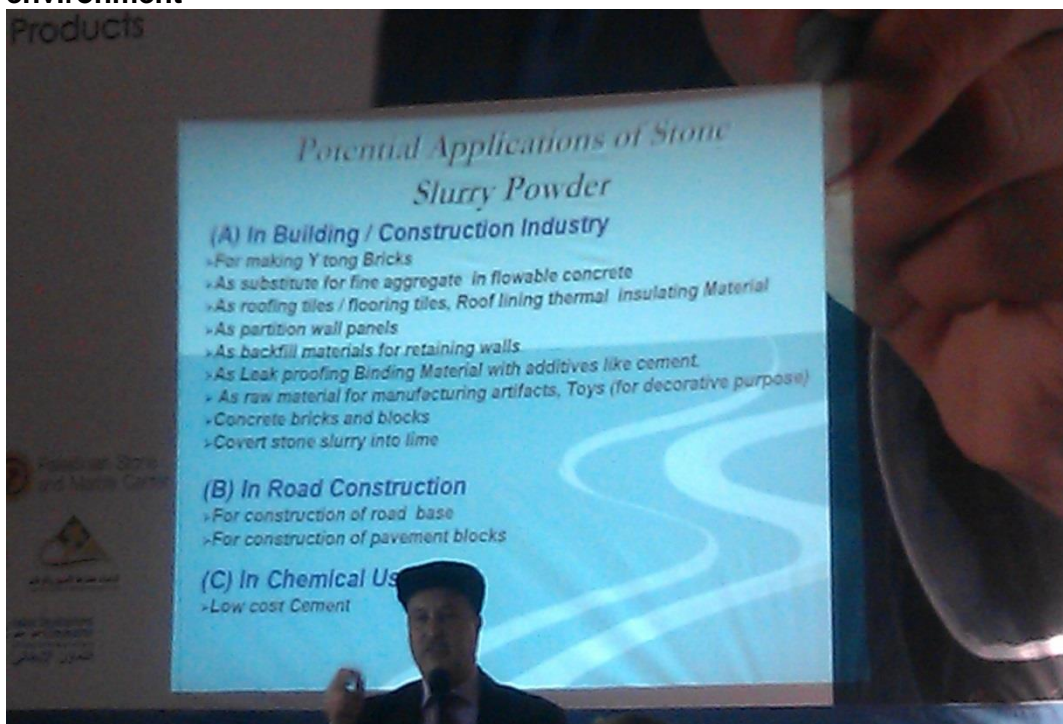
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after the name change, but elsewhere and being a UNIDO document, follows the United Nations standard of British English spelling.

**Problem: Stone waste threatens Palestinian environment and economy**



**Solution: Recycled waste expands products and protects Palestinian environment**



**Professor Al Joulani, Research Coordinator, Palestine Stone and Marble Center presents at the Conference: *From Waste to Profit: Transforming Stone Slurry into New Products*, Hebron, 10 December 2013.**

# Executive summary

## Introduction to the Evaluation

The project is designed to strengthen the Palestine stone and marble industry, which makes up 4% of the world's stone production<sup>2</sup> and 5 per cent of the Palestine Economy's GDP.<sup>3</sup> "Holy Land Stone" is highly regarded world-wide, but the industry has been characterized by a majority of small business units without the skills or technology to add significant value to its products or control the negative impact of its industrial waste on land use and water tables.

The focus of the project was to equip a University-based Training Vocation and Education (TVET) Centre in Palestine providing high quality stone testing, academic and technical training, business upgrading, waste management advice and international networking.

The project was originally designed to assist the construction industry in the Gaza strip but after the political events of 2005-6 was revised in 2008 with its present objectives. It underwent further delays between 2009 and 2012 in importing key equipment from Europe.

The early stages of the project were evaluated in 2010 before the Centre's building was completed and the equipment installed. The project was extended until December 2013 when this Evaluation took place. The evaluation team comprised Mr. Tim Dyce (international) and Mr. Nidal Eweidat (national). The evaluation mission was carried out between 3 and 12 December 2013 with debriefings in Hebron (9 December) and Vienna (23 February).

The purpose of the evaluation was to assist the Palestinian Government, the donor (the Italian Government) and the implementation agency (the United Nations Industrial Development Organization - UNIDO) to assess the effectiveness and efficiency of the project in setting up the Centre and the likely impact and sustainability of the Centre in strengthening the stone and marble industry. The evaluation was also tasked with giving an analytical basis for recommendations for a next phase of the project.

## Background

The TVET Center for the Stone and Marble Industry was to be based at the Palestine Polytechnic University in Hebron (PPU) and governed by a tripartite structure comprising the PPU, the Palestinian Authority's, Ministry of National Economy (MoNE) and the sector organization: the Union of Stone and Marble (USM).

The aim was to provide a diploma course, smaller technical training courses, and the services of a stone testing center. A purpose-built facility was constructed on

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<sup>2</sup> This amounted to 600 million square metres and a value of 28 billion dollars.

<sup>3</sup> Bellamoli, P. Feb 2008 *Business Plan for Marble and Stone TVET Centre in Palestine*.

the PPU campus to house the Centre; though because of the import delays the Centre was severely restricted in its testing services, and in delivering the technical modules of its diploma course.

By December 2013 at the time of the evaluation mission:

- The industrial workshop and testing laboratory were in operation.
- Three diploma courses had produced thirty-nine (39) graduates.
- Three technical training courses had been run for existing stone businesses.
- Two Italian experts had begun to develop a GIS data base (and train a PSMC team in its use) to map Palestine's stone deposits and build an export-oriented "stone library".
- Geographic information system (GIS) surveys in Southern Palestine (of both physical and enterprise geography) had been completed and entered into the data base (and by May 2014 northern and central Palestine surveys had been completed) giving information on present usage of stone deposits and on current waste disposal.
- A separate Account and Management Information System (AMIS) had been designed to provide accounting and management software to support PSMC diploma graduates as they take management positions in companies and so help modernize the industry.
- A PSMC study tour to leading Italian industry institutes and stone product companies had given staff the awareness needed to develop PSMC as a regional lead centre.
- The TVET had been renamed the Palestine Stone and Marble Center (PSMC).
- An environmental research focus had been added to the academic work of the PSMC.
- A major conference had addressed stone waste disposal and commercial recycling.

## **The Evaluation**

The focus of the Evaluation was a) to assess how the project's capacity building activities had helped the Center to develop the local industry on a sustainable basis; and b) to provide an analytical basis for recommendations for the future.

The UNIDO Management Response to the 2010 Evaluation was available to the Evaluation as were project managers' progress reports and experts' consultancy reports. UNIDO's financial system had changed during the period under review which meant some limitation of detail needed to reach comprehensive conclusions about project efficiency.

During the evaluation mission, focus groups of companies and students were arranged. They were organized at short notice and were limited in the numbers of participants (two companies and six diploma students) but valuable none the less. The Evaluation benefited from attending the waste disposal conference on 10 December 2013, though waiting for the final decision as to its date delayed early arrangement of interviews. The historically unprecedented snowfall over the

last three days of the evaluation mission prevented some key interviews and data-checking. Travel restrictions on the national consultant's travel within the Occupied Territories reduced the amount of time he could be involved in the evaluation.

## **Relevance and Ownership**

The project is relevant to the needs of the Palestinian economy, as the stone and marble sector comprises 5 per cent of GNP and some 1700 businesses<sup>4</sup>. The stone has international market potential but has suffered from low productivity and an underdeveloped value chain.

The urgent problem of stone waste disposal is being addressed by the Center which has the potential to be the expert source of technology and training in stone waste recycling. The Center is a relevant source of policy inputs for the Palestine government through the MoNE.

The project fits accurately within the commitments to Palestine and the technical expertise of UNIDO, Italian Cooperation and the Italian Government, particularly demonstrated in the key capacity building delivered by the Italian Marble Center and associated experts.

The Center's tripartite structure permits ownership by the sector, the university and the government. However the diversity in size and location of the businesses that make up the sector, coupled with the mentality distance between low-skilled family micro-enterprises and an academic institution, will require more sensitive communication strategies and the possibility of intermediate institutions and further partners. There is also an issue of whether the Center is sufficiently partnered with the wider private sector and the institutions and donor resources available to them.

## **Effectiveness**

Once the key equipment was in place, the Center's activities could develop as intended. The diploma course has been significantly upgraded, but has not yet recovered the credibility it lost when the first three courses lacked the key equipment-based modules and was also judged by students as too general and abstract in content. The course had also been marketed as a gateway to employment which did not eventuate as quickly as some graduates expected.

Diploma student enrolment has declined. The Center has revised the curriculum to give more emphasis to marketing and management skills. Critics (including students) commented that this gives a very light coverage of too many topics. The projected developments in use of the GIS, and the PSMC's own review of the curriculum are addressing these issues.

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<sup>4</sup> Refer later comment on accuracy of figures quoted in this report

Short courses have been delivered but take-up is affected by limited communication methods particularly in helping small businesses with limited educational backgrounds feel comfortable in transacting with a university.

The testing center now has about four clients a month. At present it has competition from private testing centers which can offer cheaper services. The Center's link between technical and training services is an important competitive advantage, but it lacks the higher quality testing equipment that would give it a commercially unassailable position.

The new environmental research focus brings vision and the potential for the Center to contribute to other faculties of the university and so other professions in Palestine.

The well-organized stone waste disposal conference of December 2013 indicates potential for a wider public educational role that can assist marketing of PSMC services, and showcase its value to the policy formation of government and the needs of related industry professions.

## **Efficiency**

The key staff the Center, and the leadership of three controlling partners, deserve credit for maintaining work and commitment through very difficult circumstances. The Center's tripartite management structure has worked successfully in the circumstances of the last few years, as a handful of committed people kept the project on course.

The Center's board has operated mainly on an informal basis, involving casual briefings between the Center staff and Board members. Neither formal written reports to -- nor recorded minutes of -- board meetings have been required, and while this has operated to its advantage during crisis times, it could hold the seeds of future difficulties. There is also no strategic plan for the future including how and when the Center will move from cost center to profit center within the university.

Communication between the Center and its various publics is currently supply-driven in approach and is mainly delivered through the USM. A large number of the enterprises, particularly the very small and geographically diverse, are not yet integrated into the Center's networks either directly or via the USM. As these tend to lack the skills and technology to recycle stone waste, their involvement in the Center will be important to tackle waste issues.

While the appropriate partners are around the board table, a possible weakness for the future is that all three partners are predominantly from the public or quasi-public sectors, yet the Center's future entails it operating effectively with the private and community sectors

Project implementation was delayed through 2009 and 2012 by the lack of approval by the Israeli authorities to import the necessary equipment. This was finally overcome by commissioning a local company with experience in negotiating with the Israeli authorities. [Israeli concern is that there may be

potential for “double use” of any imported equipment i.e. conversion to some form of weaponry; so, highly detailed technical information is required.]

This delay further showed up weaknesses in the communication between the relevant UN agencies: the UNDP and UNIDO particularly in respect of what information the Israeli authorities required and which agency out of UNDP and UNIDO had the responsibility and expertise to provide it. There was insufficient grasp in Vienna of the particular procurement problems in Palestine, and a confusion of responsibilities between UNIDO’s various proxies there. Insufficient attention was paid to recognizing and locating where and when a blockage had occurred. The Italian Government and Italian Cooperation could perhaps have exerted more pressure for a solution.

After the equipment was installed in 2012, further time was needed to bring the Center’s staff up to speed on its use. From then on, activities happened in a timely fashion, and by December 2013 96 per cent of the Project budget of EUR 2,650,000 had been expended within the categories budgeted for. But the delay incurred increased opportunity costs.

## **Impact and Sustainability**

The short courses seem to have helped a small number of businesses improve their technical skills. The diploma course has had forty-two students of whom eight are working in their family stone companies often at higher levels of production management, five are working in stone companies not related to their families, and five further students secured jobs but found the remuneration insufficient. Other graduates have chosen to work for higher salaries in Israel or have found work outside the stone sector.

The training partnership with the Italian Marble Centre, anticipated as an important feature of the project, has now been initiated on the ground. It has significant potential for the Center to develop its role within the Palestinian economy by up-skilling the sector and enabling further marketing of stone and stone-waste products regionally and internationally.

The testing clinic has begun to build clients and, if further upgraded, would hold a dominant place in the market. Features such as coding, stone library, and appraisal of sector business development needs are at too early a stage to judge impact, though they hold much promise.

A major weakness for sustainability is the lack of strategic and commercial planning. Another, as project partners pointed out, is the lack of the full range of testing equipment, and the need to upgrade equipment of Indian origin to meet revised 2013 U.S and E.U. standards.

**Environmental Sustainability:** With the possibility of providing commercially motivating technical solutions to the stone waste disposal problem, the Center has the potential to contribute significantly to alleviate land and water table degradation. However there remain social as well as economic obstacles to an uptake of such solutions by the geographically diverse traditional small family businesses that form the majority of the industry.

## Project Management

There was a change of project managers during the project. The procedures for transfer of project history seemed sufficiently complete but the main concern was the incomplete management response to the 2010 evaluation. The role of that response as part of a cycle -- of a) project design and strategy, b) implementation, c) monitoring and then d) evaluation feeding back into e) review of design and strategy -- was not fulfilled, and the potential to use that tool as a means of building a similar cycle as part of the capacity building of management skills in the local project was also not fulfilled.

UNIDO project managers are based in Vienna and not in the field. There are strengths in having access to agency expertise concentrated in one place, but weaknesses in that the project manager is not networked in the local project, and so is one-removed from monitoring and responding quickly to local obstacles or opportunities.

The project managers have had to contend with the unique circumstances of the Palestine-Israel situation and a project which experienced significant interruptions and changes over the decade 2004 - 2014. However, as a United Nations agency involved in the region the likely local challenges should be understood and catered for sufficiently at HQ.

Liaison problems with the Israeli authorities on the equipment import issue delayed the project for nearly two years. UNIDO was reliant on UNDP for local administration issues in Palestine, and while there was much discussion between the project manager and the procurement services department<sup>5</sup> neither of them seemingly had the responsibility to solve a problem that needed special attention.

The Business Plan of 2008 -- an excellent document but one whose income calculations were eroded by the delays in the Center's income earning services -- has not been upgraded or replaced. There was also need for the Project Document of 2008 to be revised.

Internally to UNIDO, the mechanism of the Management Response Sheet (to the 2010 Evaluation) was not used effectively. Insufficient work was done with the local counterparts to indicate their management responses (which would help build their ongoing evaluation capacity) and progress on the recommendations of the earlier Evaluation was not updated.

As a United Nations Agency, UNIDO has a responsibility to advance appropriate elements of the UN's inclusion agendas. In the situation of Palestine there is scope to ensure that persons with disability are able to develop potential to participate in the work of family enterprises. Similarly the hidden economic roles of women in family enterprises have not been addressed in this project's design. Women's understanding of the changes in their family business (including employment possibilities for the younger members of the family) will be relevant if up-skilling (including waste disposal) is to happen.

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<sup>5</sup> A professional staff of five with one chief administering 625 new tenders in 2013



Inclusion also runs to ensuring that small and remote enterprises are not left behind when a sector experiences growth. Cooperation among the small stone enterprises on issues such as waste disposal and the sharing of equipment is lacking, and it is uncertain whether either the Center, or even the USM at present, is sufficiently structured to reach them. The Geographical Information System (GIS), however, is designed inclusively and has begun to collect profiles on these small businesses which will assist the Center and the USM.

The on-site work of international consultants, the forging of links with the centres of excellence in Italy and study tours to these centres have begun the transfer of expertise, though training of PSMC trainers is still limited and the capacity building remains fragile.

## **Conclusions**

What can be described as the Foundation Phase of the Project is successfully completed. But many factors -- the delays in importing equipment, the low take-up of the diploma, the slow development of the GIS (Geographical Information System), and the time constraints on international expert inputs, means that while the majority of project activities have started, they have not been at the strength envisaged in the end-of-project Project Document scenario.

There must be no doubting the achievements apparent by end 2013. The Center's Management has had to operate in an informal style and in a crisis management mode appropriate to recent events. But this this has left governance weaknesses, a lack of focus on commercial sustainability, still under-developed understanding of its markets, insufficient communication strategies - particularly to family enterprises, no real Monitoring and Evaluation system, and a lack of linkages with major Palestinian private sector institutions.

There have been two main weaknesses in UNIDO's approach to this project: lack of planning for commercial viability and failure to build capacity in monitoring and evaluation.

A Consolidation Stage is now needed:

- 1) The earlier delays mean more time is needed for the laboratory to refine and expand its services, and assess the further equipment it may need to reach commercial sustainability;
- 2) The Diploma Course has effectively been in an action-research phase and further work is needed to ensure that both the academic and practical training services are attuned and update to the needs of the Center's market.
- 3) Issues that are still lacking include a strategic business plan and monitoring and evaluation capacity at the Center, and greater links with private sector and community agencies.

### Development Phase

The work of the strategic plan in the consolidation phase could lead to a development phase of the Center lasting approximately three years. This is not

necessarily a UNIDO Project as further technical and funding support could come from a number of suitable sources.

## **Recommendations**

The Evaluation envisages a Consolidation Phase of 12 –18 months and a Development Phase of 24-36 months. The following recommendations relate to the Consolidation Phase

### **1. Palestine Stone and Marble Center - Board**

#### **1.1 Strategic Business Plan**

A strategic plan should be in place by the end of the consolidation phase for a further three-year development of the Center with the objective that at the end of that phase it is commercially viable -- as a profit center for the PPU and possible income for the USM.

#### **1.2 Monitoring and Evaluation**

A monitoring and (particularly) evaluation process based on the strategic plan needs to be built into the Center's governance and management system, and staff trained in its use.

#### **1.3 Governance**

The Center should introduce formal governance processes: minute-taking, resolutions for major decisions and written reports from Center staff with board responses recorded.

#### **1.4 Partnerships, Representation and Networking**

The strategic plan should examine closer links with the wider range of groups and agencies that have a stake in the Center, some of whom may be needed as active partners. A reference group of such bodies should be formalized with bi-annual meetings to exchange information and opportunities for mutual assistance.

### **2. Palestine Stone and Marble Center -- Staff**

#### **2.1 Staff Training**

The essential international input to the Center staff from the Scuola Marmora should continue: focussing on the training of Center staff and the GIS team, the development of a stone library, and an international marketing website.

## **2.2 Certification**

During the Consolidation Phase, the local certification process should be completed and international certification progressed, independently or in conjunction with the Italian centre.

## **2.3 Client Training**

The number and range of small technical training events and courses need to increase, coupled with business upgrading assessments and consultancy inputs for individual large medium and small businesses -- and clusters of small and micro-enterprises. On the academic side, the responsiveness of the diploma's curriculum to its market should be monitored, and the potential for the Center's expertise should also be assessed to meet the needs of other professions and the students and providers of other university courses.

## **2.4 Communication strategy and practice**

Communication about the Center and marketing of its services need to be broadened and the impact of communication and marketing evaluated.

## **2.5 Physical Facilities and Equipment**

The Center should be equipped with higher grade testing equipment once market assessment has verified it will ensure the Center is the market leader in the stone testing.

The physical facilities of the Center should be completed; and verified by an Occupational Health and Safety audit.

## **3. Ministry of National Economy**

### **National Evaluation System**

The MoNE should take advantage of the research and evaluation activities of the Center to contribute to a national evaluation system for other industrial development programmes.

## **4. Union of Stone and Marble**

### **Communication and Membership**

The USM should work with the PSMC to expand communication and feedback channels with its present members and support a Center outreach to businesses not yet its members.

## **5. UNIDO**

### **5.1 Monitoring and evaluation cycle**

An outcome of the UNIDO project phase of a local development initiative should be that the national government is enabled to enhance its own national evaluation system as a result of experiencing a UN agency's monitoring and evaluation practice.

### **5.2 Evaluability<sup>6</sup> Assessment**

Preparation of the next project document should include an evaluability assessment to ensure verifiable indicators of achievement.

### **5.3 Commercial Sustainability**

When an entity is being established under a UNIDO project its commercial sustainability should be included in objectives and outputs at the outset of the project.

### **5.4 Overcoming Project Obstacles**

The procurement department should have a mechanism for red-flagging - and even orange flagging -- when a project obstacle or unique local conditions require extra attention.

## **Lessons learned**

1. Commercial sustainability is often not given the necessary prominence in the project objectives and. It may be that there is a corporate blind spot in the implementing agency and in its national government counterparts that is almost exclusively that of the public rather than the private sector. The reality that an initiative will have to be largely self-funding, to survive after project funding ceases, needs to be addressed from the beginning. The paradox of public sector personnel without any business experience required to become experts in private sector development, with occasional occupational blind spots, needs to be faced more often than it is.

2. Without awareness and practice of both monitoring and evaluation, project leaders may lose focus on the project objectives and hence the sustainability of its new institutions. The value of a project impact evaluation to a Government's overall capacity to evaluate and improve its own policies is often not seen or utilized.

3. Where a project is targeted to building capacity in one partner (in this case the PPU) it has a flow-on effect for the other partners in this case, ensuring that the

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<sup>6</sup> "An Evaluability Assessment examines the extent to which a project or a programme can be evaluated in a reliable and credible fashion. An evaluability assessment calls for the early review of a proposed project or programme in order to ascertain whether its objectives are adequately defined and its results verifiable". refer [www.UNODC](http://www.UNODC)

PSMC can assist the MoNE's policy development, and strengthening the USM to represent all members of the industry.

4. There is an ongoing problem for UN technical development agencies in that their bureaucratic, information and communication systems have a natural bias to "silo" thinking both within and between individual agencies. This can undermine their efficiency, incur significant opportunity costs and undermine the donor investment in a specific project and in the One UN agenda. The private market view could be usefully employed that that other departments of a large organization, as well as partner and outsourced agencies should be seen as customers. Their needs, particularly for information, should be researched, understood and met.



# 1. Evaluation

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## 1.1 Background

The project was originally designed to assist the construction industry in the Gaza strip but, after the political and military events of 2005-6, was revised in 2008 with its present objectives: to strengthen that part of the Palestine stone and marble industry that is based in the West Bank.

Palestine stone is of high quality, but the industry has been characterized by a majority of small business units without skills or technology to add significant value to their products or mitigate the effect of industrial waste on land use and water tables. The industry contributes 4- 5 per cent of Palestine's Gross Domestic Product and employs about 14-17000 workers.

The focus of the project has been to equip a University-based Training and Vocational Education (TVET) Centre in South Palestine to provide:

- academic and technical training
- a high precision stone-testing laboratory
- upgrading inputs to stone businesses: quarries, crushers, factories and workshops
- waste management advice and international marketing and networking

In 2008 the proposed (TVET) Centre for the stone and marble industry was to be based at the Palestine Polytechnic University in Hebron (PPU) and governed by a tripartite structure of the PPU, the Palestinian Authority's Ministry of National Economy (MoNE) and the sector organization: Union of Stone and Marble (USM).

A purpose-built facility was created on the PPU campus to house the Centre. There were significant delays between 2009 and 2012 in importing key equipment from Italy severely restricting the testing services and delivery of the diploma course's technical modules.

## 1.2 Purpose

The purpose of the evaluation was to assist the Palestinian Government, the donor, the Italian Government, and the implementation agency, the United Nations Industrial Development Organization (UNIDO) to assess the effectiveness and efficiency of the project in setting up the Centre, and the likely impact and sustainability of the Centre in strengthening the stone and marble industry. The evaluation was also tasked with giving an analytical basis for recommendations for a next phase of the project. Specifically the Evaluation was asked to:

1. Assess the effectiveness of the project, i.e. the extent to which the outputs were produced and outcomes achieved as compared to those planned;

2. Assess the prospects for sustainability, i.e. the extent to which the positive effects of the project will continue after the external assistance has concluded;
3. Assess the efficiency of implementation: quantity, quality, cost and timeliness of UNIDO and counterpart inputs and activities;
4. Assess the relevance and prospects of development impact, including contributions to the growth of the domestic stone industry;
5. Provide an analytical basis for recommendations for a next phase of the project;
6. Draw lessons of wider application of the experience gained in this project for other projects/countries.

The early stages of the project had been evaluated in 2010 before the Centre's building was completed and its equipment installed. The project was eventually extended until December 2013 when this Evaluation took place. The evaluation team comprised Mr. Nidal Ediwat (national) and Mr. Tim Dyce (international) who had also led the 2010 evaluation.

The evaluation mission was carried out between 3 and 12 December 2013 with debriefings in Hebron (9 December) and Vienna (23 February). The restrictions at the time of the evaluation mission and subsequent developments meant further information was gained in early 2014.

## **1.3 Methodology**

### ***Desk Review***

The UNIDO Management Response to the 2010 Evaluation was available to the Evaluation as were project managers' progress reports, experts' consultancy reports, and Center staff reports on their study tours to Italy (refer Annex 2)

### ***Focus Groups***

These were conducted with the beneficiaries in two meetings: three companies (organized by the USM) and six students from the six deliveries of the diploma course (organized by PPU). These were very helpful and thanks are expressed to the participants for their time.

The Evaluation also benefited from attending the waste disposal conference on 10 December 2013, and informal discussion with other stakeholders.

### ***Interviews***

Interviews were had with the local partner organizations: the USM, PPU, and MoNE, the donor (Italian) government and development agencies in Jerusalem, the Center staff, other local stakeholders, the UNIDO Project Manager, experts and HQ staff (refer: Annex 1).



Data from the Geographic Information System (GIS) survey of the companies in the sector was not sufficiently available but the GIS team and Italian experts gave a detailed briefing.

## **1.4 Limitations**

### ***Timing***

The evaluation team was recruited and contracted in a timely fashion but local delays in setting the date for the conference on waste recycling impacted on finalizing the mission dates and organizing interviews. The historically unprecedented snowfall over the last three days of the evaluation mission in December 2013 prevented some key interviews and data-checking. The holiday break created further delays for the Vienna de-briefing.

### ***Organization***

A delay in UNDP arranging the necessary permits for the national consultant to leave Palestine meant he was not able to attend interviews in Jerusalem. Travel restrictions on the national consultant's travel within Palestine also reduced the time he could be involved in the evaluation.

Minor inefficiencies were a) the cancellation of the Vienna pre-mission briefing (as the project manager was to be in Palestine at the same time as the Evaluation team) which is important for shared understanding of the evaluation process and basic briefing on the structure of the project; and b) the request by the project manager for a draft report to be submitted to stakeholders prior to the post-mission debrief -- which needs to precede the writing of the draft report as set out in the normal process of VII.2 of the Terms of Reference.

### ***Data and Documentation***

Statistics about the stone and marble sector are still of varied quality. The Evaluation relied mainly on figures used in the Technical Report and Business plan prepared by Paolo Bellamoli and used in the Project Document. This relied in turn largely on the 2006 Sector Brief prepared by the Palestine Trade Centre (PalTrade) in collaboration with the Stone and Marble Union<sup>7</sup>. There were differing estimates between the two organizations on some figures, and this has been reflected in occasional disparate figures in this report. There has also been rapid change in the industry in the intervening years. Some figures are unclear as to whether they include Gaza or just the West Bank. Clearly the PSMC Geographical Information System will bring greater precision to data about the sector.

UNIDO's financial system had changed during the period under review. This limited the detail the Evaluation needed to reach comprehensive conclusions about project efficiency.

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<sup>7</sup> PalTrade and SMU. *Sector Brief: Stone and Marble* 2 September 2006

The lack of a sufficiently revised project document to reflect changes since 2008 presented some difficulties as the Evaluation TOR requires, among other things, “to assess the extent to which the outputs were produced and outcomes achieved as compared to those planned”<sup>8</sup>.

The Management Response Sheet to the 2010 evaluation, needed for interview preparation, was not provided with other documentation and only at the end of the mission.

### ***Focus Groups***

The three companies represented two larger and one medium-sized business. More direct information was needed on the small family enterprises that make up the bulk of the industry.

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<sup>8</sup> Independent End of Project Evaluation Terms of Reference Page 2

## 2. Background and context

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### 2.1 Project Background

The 2008 project document, focussed on a Technical Vocational Education and Training (TVET) centre. It replaced that of the earlier UNIDO integrated project<sup>9</sup> of 2005, which focussed on recycling stone material, principally in Gaza.

Prior to 2005, the agency Italian Co-operation had worked in Gaza with internally displaced persons, when the homes on the border with Egypt were destroyed, and after the 2005 removal of Israeli settlements from the Gaza Strip. The extensive debris of these events was recycled by Italian Co-operation into construction material. They then approached UNIDO to broaden this activity into a project develop the construction sector in the Gaza strip.

In Gaza, as in other parts of Palestine, the small size of businesses, the lack of incentive to invest in new equipment, and the isolation from the commercial and technical learning possible through normal business networks or working in Israeli companies -- from which they were being progressively excluded -- were all moving the industry towards stagnation.

UNIDO agreed to use its expertise in moving manufacturing sectors into higher value-added goods and expanded markets, to develop the debris recycling work of Italian Cooperation into an industrial development programme to modernize the construction industry.

However, after only the first few steps of the project had been taken, political events brought it to a halt. In January 2006 a Hamas government was elected. Attempts to form a government of unity between Hamas and the previous governing party, Fatah, failed and in June 2007, Hamas expelled Fatah and established its own government in the Gaza strip. The United States and the European Union, including the project's donor, Italy ceased co-operation with the Gaza government.

The UNIDO project was forced to rethink its focus from Gaza to a project on the West Bank. Working with the Palestinian Authority and the Italian Government, it chose to establish TVET for the stone and marble industry

### 2.2 Economic Context

The issues facing the Palestinian economy, and the place of the stone industry in it, were set out in the Technical Report of January 2006<sup>10</sup> on which this project is based.

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<sup>9</sup> UNIDO Integrated Programme of Technical Co-operation with the Palestinian National Authority 2001

<sup>10</sup> Bellamoli, P. 2006 Technical Report *Marble and Stone Sector in West Bank Mission Report* 16-20 January 2006

After Palestinian autonomy had been established in 1993 under the Oslo Accords, it was hoped that private sector and employment would expand, along with the population increase (3 per cent per annum). Prior to the 2000 Intifada the stone and marble sector across the whole of Palestine had been developing<sup>11</sup> as a strong element in an otherwise “heavily distorted economy ... almost completely dependent on the Israeli economy” and less developed than others in the region (all industry accounted for 12-13 per cent of GDP as against nearly 30 per cent in Jordan). The average Palestine industrial enterprise had about four workers, the same number as in 1927<sup>12</sup>.

The Second Intifada of 2000 however marked an escalated cycle of violence, a fall in domestic investment, and cessation of external investment.

The extensive system of new Israeli settlements and checkpoints set up by the Israeli Defence Force restricted the movement of people and goods; Palestinian manufacturers were unable to meet delivery schedules. The restrictions were most apparent in area C (which is technically part of the Palestinian State but under the civilian and military control of Israel).

Their costs rose, at a time when the Israeli economy was increasing low-cost imports from other sources and traditional Palestinian low-value labour-intensive products such as garments and footwear were rendered uncompetitive.

A recent report from Agence Française de Développement (AFD) echoed the 2006 UNIDO report in assessing the need for capacity building for smaller Palestine businesses. It recommended a community-based approach emphasizing greater use of clusters.

“Donor presence in Palestine is high, and there is a plethora of actors operating projects throughout the West Bank. Unfortunately, with the myriad of actors present, there also exist diverse organisational mandates and accordingly different approaches for the implementation of projects”.

“Importantly, it was also found that the needs of communities throughout Area C are not homogenous. As Area C is composed of communities living in areas with different levels of urbanization and development and with varying levels of access to larger city centers ... this leads to the important realization that projects should be founded on the specific needs of the targeted community”.

“A combination of community-based and cluster approaches will produce the most efficient response to community needs. The first two approaches are natural complements to each other as vulnerable communities are often small, and clustering enables the most efficient response thanks to the creation of a critical mass. Further ... selecting communities which already have a master plan could prove beneficial for the clustering

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<sup>11</sup> At a rate of 15-20% per year 1997-9

<sup>12</sup> Employment is principally male: only 7 per cent of those working in the sector are women

approach, as new structures within these communities may prove less vulnerable to threats of demolition”<sup>13</sup>.

Even if, as noted, there is a plethora of actors, it is also true that these actors and donors have provided significant capacity-building programmers for business, and support for private sector institutions such as the Hebron Chamber of Commerce which in turn are now better able to provide assistance to specific sector development programmers.

## 2.3 Stone and Marble Sector

The stone and marble sector<sup>14</sup> is the largest industry in the Palestinian Territory, home to commercial quantities of construction stone of a type, quality and colour attractive to markets in the immediate region and internationally. It accounts for approximately 4 percent of the world’s stone production<sup>15</sup>.

The Hebron area had the greatest concentration of quarries and also of workshops. It was therefore a logical focus for the relocated project and the continuation of UNIDO and Italian Cooperation’s aim to improve the competitiveness of the Palestinian construction industry.

The 2006 report pointed out that, while Palestinian stone is famous for its color tones, it has also the prestige of being “Holy Land Stone”. However, the international marketing potential is restricted by low skill and technology levels.

“Since there are no scientifically defined product specifications, product features and characteristics are obscure for buyers, and price becomes the main factor in buying....

With hundreds of producers and manufacturers selling products with little differentiation and unrecognized product attributes, the most likely outcome is price war. The ultimate effect of this is in creating undervalued products. Experts suggest that Palestinian stone products are undervalued by between 20-30 per cent. This nature of competition in the Palestinian stone market undermines both producers and buyers”<sup>16</sup>.

In 2006 it was employing 15000 workers<sup>17</sup> -- the largest percentage of the Palestinian workforce -- in 247 to 280 quarries, 600 stone cutting facilities and 245 stone workshops (which custom design the final stone products)<sup>18</sup>.

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<sup>13</sup> Agence Française du Développement. Evaluation Ex Post January 2014: *Refining AFD’s Interventions in the Palestinian Territories Increasing Resilience in Area C* Pages 9-10

<sup>14</sup> The sector defines itself as including both marble and stone hence affinity with the Italian marble industry.

<sup>15</sup> 2008 figures Project Document p 4

<sup>16</sup> Bellamoli Bellamoli, P.: Technical Report *Marble and Stone Sector in West Bank* Jan 2006

<sup>17</sup> USM figures, “official” figures were 10,000 but excluded informal workers. The Palestinian Stone & Marble Sector Sector Brief 2006 Palestine Trade Centre p8

<sup>18</sup> Figures (which include Gaza figures) Bellamoli P. 2006 *Technical Report Marble and Stone Sector in West Bank* pp4-6

The GIS data base is enabling more accurate statistics on the industry. As at June 2014:

The total number of facilities in the south was: 658; in the middle and north: 523. The total number of stone facilities in west bank is about 1180. The Center is serving both the 480 members of USM and the 700 non-members that make up this count<sup>19</sup>.

The major markets for Palestinian Marble and Stone exports are Israel (85 per cent of all exports), the United States of America, the European Union and the Arab States such as Jordan, Saudi Arabia, UAE, Kuwait and Qatar.

According to market analysis, quoted to the evaluation but not sourced, attractive potential markets include Germany, United Kingdom, Japan, Canada, France, Italy, Spain and China; though these markets should be entered with Palestinian products already highly value added and not for the value to be added by the importing country.

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<sup>19</sup> Data supplied by PSMC to the Evaluation 15.06.14

## 3. The project

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### 3.1 Project Period 2005-2007

The original project TE/PAL/05/001, focused primarily on the Gaza Strip, began on 1 July 2005 with a time-span of 30 months, and a budget of €2,650,000 (including 8 per cent support costs).

Its development objective was “fostering the reconstruction process and revitalizing the national building industry while addressing the issue of environment protection”<sup>20</sup>. At this point, these were reconstruction efforts under the control of the Palestinian Authority.

The immediate objectives were “to transfer to Palestine the know-how and the necessary technology to produce aggregates and/or value-added building materials using debris and waste, through the installation of dedicated facilities” which were intended to:

- “Revive the local construction industry (sector), increasing the availability of value- added building material;
- Provide a cost effective solution for the disposal of construction and demolition waste material and other wastes coming from extraction and processing of rocks, marble and other building stones;
- Strengthen local capacity in value adding building material production.<sup>21</sup>”

The project designed the recycling facility in partnership with selected Gaza municipalities. However the military and political events of 2005-6 caused the project to be suspended.

When, by 2007, there was no sign of resolution of the situation, UNIDO worked with the Palestinian National Authority in Ramallah to continue its focus on boosting the construction industry and value-adding to stone and marble extraction while reducing waste. UNIDO and the donor remained open to reviving the Gaza project if the situation there changed. After exploring a number of options (including an eco-park, and an industrial recycling plant) the decision was made to set up a Technical and Vocational Education and Training Centre

### 3.2 Project period 2008-2010

This second phase of UNIDO Project TE/PAL/05/001/ Technical and Vocational Education and Training Centre for the Stone and Marble Industries had a start date of 1 August 2008 (later revised to 1 November 2008), a planned time-span

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<sup>20</sup> Project Document TF/PAL/05/001 p 10.

<sup>21</sup> Ibid

of 26 months and a budget of €2,650,000. A feasibility study and a business plan were developed<sup>22</sup>.

By the project document of 2008, the partners and donor officially abandoned the Gaza recycling project of 2005 (retitled as Phase I) and reshaped it as a West Bank-based industry capacity building project (titled Phase II).

The development objective remained as in the previous project document but the immediate objective of the project was changed to:

“To set up an independent and sustainable Technical and Vocational Educational Training Centre capable to provide specialised and credible technical, training and educational services to the Stone and Marble sector to contribute to the competitiveness and growth of such an important sector to the Palestinian economy<sup>23</sup>”

The project document set out the vision of the proposed institution as: “a center of excellence in the field of marble and stone in the sub-region and as a key player and prime enabler for enhancing productivity and competitiveness of the industry”. Its main objectives were to:

- “Contribute to the development and sustainability of the M&S Sector in Palestine through enhanced education, competences and skills
- Contribute to reinforcing the national and international image and visibility of Palestinian M&S industry
- Provide support for facilitating exchange of experiences, sharing of information, identification of new opportunities and strategies
- Promote innovation and technology, improving production processes and establishing technical standards
- Raise awareness and sensitivity for sustainable exploration of natural resources, environmental impact, safety and health at work, research and development.”

The centre was to be based at the Palestine Polytechnic University (PPU) in Hebron, and to have three components:

- i) Academic (diploma level) training and research,
- ii) Stone testing and quality control laboratory,
- iii) Technical services to stone and marble businesses including short courses, advisory services, and marketing, supplier, financing and export linkages.

The beneficiaries were to be:

- successful (graduating) and unsuccessful students from general education
- employed and unemployed workers needing further training

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<sup>22</sup> *Business Plan for Marble and Stone TVET Centre in Palestine*. (Based on the work of Paolo Bellamoli UNIDO international consultant and Suhail Sultan UNIDO National consultant) February 2008

<sup>23</sup> Project Document TF /PAL/05/001 2008 p.9



- existing companies needing technical, management and commercial skills.

The project was innovative in using a tripartite governance model with the industry body, the university, and the government each having a representative on the three-member board. There would be a strong relationship with the center of industry excellence, the International Marble Institute (ISIM), part of the Scuola del Marmora in Verona Italy.

### **3.3 Project Period 2010-2013**

#### ***Equipment Installation 2009-2012***

The Independent Evaluation of July 2010 (published February 2011) assessed both the Gaza recycling phase 2005 to 2007 and the West Bank TVET phase 2008 to July 2010.

A dominant problem for the project was noted as the delay in gaining approval for the importation of the Center's equipment: the stone testing equipment for the laboratory and the model workshop for students to learn practical methods of improving stone product quality.

Because UNIDO does not have a local office in Palestine, it has an arrangement to work through the Jerusalem office of the United Nations Development Programme (UNDP).

However following this path led to a situation where it appears UNIDO believed it had provided the required information and in the required format to the IDF but in the IDF's view, communicated to UNDP and UNIDO, it had not. It was clear insufficient information was shared so that a stalemate arose, and remained in place from 2009 to 2011. The 2010 evaluation recommended urgent action to unblock the process. The need for this was raised many times by the PPU including to UNIDO at the level of the Director-General, but the stalemate continued.

In the end the project, with assistance from the Ministry of National Economy, chose to hire a local company with experience of preparing import documentation. But it was not until July 2011 that the Israeli authorities gave a one year authorization to import the equipment.

Shipment and customs clearance of all equipment was then organised. The over-crane and lab equipment was delivered to the Center earlier in 2012, while the cutting and polishing machines and other equipment were delivered in June of that year.

The PPU used the time provided by these delays to conclude the physical construction work of the Centre (paid for by a contribution of €100,000 from the UNIDO budget and €30,000 from PPU). The diploma course began and continued during this period but was limited by lack of equipment as was the testing laboratory.

To compensate for these delays, and with the helpful cooperation of the donor, the TVET project was extended in 2011 until December 2012 and subsequently until December 2013.

### **Activities 2012-2013**

A new UNIDO project manager was appointed in March 2012 and in the progress report of 15 April - 15 December 2012 recorded the commissioning of equipment and starting the work of the centre. It also records the slow progress of the data collection for the geographical information system (GIS) industrial census survey in Southern Palestine.

The progress report of 1 January to 20 November 2013 noted that the course curriculum had been revised leading to further training of the trainers, introduction of new training material and approval by the Ministry of Education prior to the start of the 2013-2014 academic year.

A start had been made on seeking national accreditation of the centre's testing laboratory; and GIS data on Southern Palestine was completed in May 2013.

In July 2013, the TVET was renamed the Palestinian Stone and Marble Centre (PSMC)<sup>24</sup>.

With these steps taken, in September 2013 the long-planned study tour to the marble industry training centre and stone companies in Italy to Verona and Naples took place, visiting:

- A workshop specializing in printing on stone,
- The University of Geology's X-Ray diffraction techniques to test porosity of rock
- The Bunker Company's production of cellular mortar – a bi-product of stone waste

During 2013, two Italian experts: Eng. Paolo Marone and Dr Michele Ferneti helped build the centre's expertise, including two visits in September and November, by:

- Transferring higher levels of stone technology
- Training the local GIS team: mapping the stone resources available in Palestine and profiling the stone businesses – quarries, factories, workshops and crushers.

Further training took place in November 2013, for the director and laboratory manager at the Scuola del Marmo-Istituto Brenzoni near Verona and the useful reports by Dr Nabil Al-Joulani, the Research Coordinator, and Ms Safa Seder, the Testing Lab Manager<sup>25</sup>, showed the potential to further improve technology, transfer expertise, and build trading links

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<sup>24</sup> Refer note 1 page 3

<sup>25</sup> Al-Joulani, N. and Alhaj J. Report about the Study Tour in Italy September 2013

The GIS information system has been established as a platform for strategic decisions providing an evolving picture to the industry of its planning needs, and the basis from which the market (national, regional and international) can be developed so that customers can better assess the specific products they are seeking. The aim was to equip the industry to make prudent use of its physical capital and to develop its human capital to maximum commercial, social and environmental advantage in both the short and long-term.

## 4. Assessment

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### 4.1 Relevance and Ownership

#### *Importance to Palestinian economy and society*

Given the role of the stone industry within the Palestinian economy in terms of proportion of GDP, international and regional export, numbers of persons employed and geographical spread, a project to contribute to upgrading the industry's quality, productivity and income is highly relevant. A major need of the sector is a national capacity to carry out tests and to meet international certification standards. It is unlikely these could be supplied in their full breadth by the private sector in such a small country.

The choice to structure it as a university center in partnership with the sector association and the Palestinian Authority economic ministry -- rather than having the same services provided by the private sector -- is relevant to the support needs of the sector.

Its siting in Hebron is relevant to the needs of the industry. There are some 200 stone cutting firms in the vicinity. The sector association the USM is headquartered in nearby Bethlehem; and there is access to complementary economic development programmes provided by donors and technical agencies to the Hebron Municipality and Chamber of Commerce.

#### *Ownership by all sector enterprises*

The ownership and governance structure is a public private partnership between the university, the government's economic ministry, and the industry association. The sector's ownership of the PSMC is verified by the role of the USM, a lead partner from the beginning. The USM represents 70 per cent of the economic strength of the industry and is recognized in law as representing the sector. The industry is widely spread geographically throughout Palestine. The USM has increased its outreach by opening three subsidiary offices.

However, a majority of the sector businesses are micro family enterprises that continue a low productivity survivalist tradition. The PSMC notes that in the south of the West Bank there are about 50 large, 200 medium, and 150 small stone factories, and a further 100 very small stone workshops. These latter often lack belief that they can upscale, and are unaware of both the dangers of the waste they produce and their unsustainable land usage. This results in what was described to the Evaluation as "inertia" towards change. The USM understands it cannot deliver services to all members of the industry on its own.

USM has the challenge of member-driven business associations world-wide that often it cannot engage with all potential members, particularly the very small and geographically remote. It is expensive to service small enterprises as they have limited ability to contribute financially. The Evaluation heard several times that: "large businesses join the USM to get Government to listen to them; small

businesses join to get permits to visit Jerusalem”<sup>26</sup>. It is usually in the interests of even large members of a member-based industry association that, in the eyes of Government, the Association represents a majority of the companies in an industry and not just the majority of the financial worth of the industry<sup>27</sup>.

### ***Engaging small family enterprises***

USM management and the MoNE are aware of the need to overcome the “inertia” of small traditional businesses with managers and workers without high levels of education.

Various aid agencies have attempted to create greater up-scaling, more innovation and more cooperation (e.g. equipment sharing) among such microenterprises. But Government and aid agencies record that after initial enthusiasm, the actual cooperation does not take place. Partly this is to do with the cultural issues of family privacy and economic realities that can make it cheaper to sell half-processed product or to use cheaper, pragmatic, but non-recyclable, methods of waste disposal.

While there is caution expressed by the USM for any programme targeting women, it is useful, in the capacity building of small enterprises, to recognize the often hidden role of women in carrying out administrative support activity as well as tailoring the activities of their domestic role to the work needs of the male members of the family.

In the likely future climate of upgrading the industry, many micro-enterprises will be faced with challenges to improve their skills, technology and waste disposal practices. Mothers and sisters will need to understand the pressures that will be placed on their families which, among other things, will include the future work roles and training needed by younger male and female members of the family.

Cultural sensitivities in this area could be met by working with community sector organisations that specialize in working with families and have links to the experience of religious and cultural agencies working in the Arab world.

### ***The stone waste issue***

Waste is a major issue in Palestine. Stone slurry is a sludge which blocks drainage system, pollutes water tables, and damages land use. Without environmental fines, a commercial incentive is necessary to deal change waste disposal practice.

Favorable loans for companies to invest in the necessary technology are one option; though some observers thought that larger companies would prefer to find their own financing.

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<sup>26</sup> Interview 07.12.13

<sup>27</sup> Building the Capacity of Business Membership Organizations: Small Enterprise Department World Bank 2005

Micro and small enterprises require different support strategies --- and probably different intermediaries – specifically community and non-government agencies that have expertise in working with traditionalist family businesses. Cluster development is an obvious strategy having the advantage of joint ownership of equipment that single businesses could not afford. More renewable energy equipment to run recycling technology would also cut energy costs for member businesses and the technology could be financed by financial cooperatives or group loans from banks.

The long-term aim should be to build confidence so that small enterprise membership of USM, perhaps through cluster membership, becomes logical and attractive. Waste recycling technology could be purchased and shared among member companies.

The PSMC has the beginnings of bringing the commercial incentive and technology to the waste disposal issue and safeguarding the water table. In this way its work is highly relevant to the objectives of national and municipal authorities and the investment made by donors.

The financial incentive to upgrade must also be made much clearer. As one observer agency commented, “The businesses will find solutions once they get the smell of money.”<sup>28</sup> This will come about when more businesses see how significant profit can be generated from using attainable technology to turn waste into new commercial products (tiles, ceramics, etc.).

The Palestinian stone sector currently has only the few lower links of the value chain. Israeli factories have further capacity and are interested to buy, but then gain the top end of the profit. Palestine needs to upgrade its own products and market regionally and globally rather than selling their base product to the only accessible markets: Jordan or Israel.

The largest stone business, and a key member of the USM, is a model for what is possible if Palestinian entrepreneurship can be applied to international market opportunities. This company exports 75 per cent of its products (23 per cent to Israel) and a large proportion to the Gulf States.

## **4.2 Effectiveness**

The components of the PSMC project so far have been the diploma course, the stone testing laboratory, the USM short non-academic training courses and a good start to the data base with marketing and planning capacity for the development of the industry. These fulfil the outputs of: an educational and vocational academy, a quality control and testing laboratory and a technical support unit

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<sup>28</sup> Interview 05.12.13

## 4.2.1 Diploma Course

The course has had three deliveries and undergone a review and change in the curriculum to include more management and commercial skills targeted to assistant managers in medium and large businesses. It is also marketed to high secondary school graduates, the tawjeehi.

The early deliveries of the course were limited by delay of the equipment needed for the model workshop to train in a standardized range of industry skills. The requirements of the Ministry of Education in recognizing a university diploma had also meant that students were studying Arabic and Information Technology in which they were already conversant.

Student feedback to the evaluation was from a small sample. It did however cover all deliveries of the course and both curricula; and included the only female student. Student rated the early courses as of low utility. One student said he had gained 10 per cent of what he expected another said 20 per cent. However students of later courses rated them as 60-70 per cent relevant and early students were given the opportunity for a later catch-up supplementary course. The female student liked the course but, as an artist, had identified only a small part of the course as useful to her. (She wanted to learn the painting of ceramics so she could help her father's business to develop higher quality products).

A major cause of the early disappointment seems to have been that the diploma had been marketed as a qualification that would increase employability. This was corrected with the later courses. As at early 2014, 39 students graduated between 2010 and 2012. Ten are currently working in family stone businesses eleven in the stone processing marketing and construction sector especially in Israel, two have immigrated to the USA, fourteen are working in other sectors and two are seeking employment. The qualification on this result remains that the role of the course in recruiting students not previously working in the sector has limited success. This is perhaps understandable given the family nature of the majority of stone businesses.

A possible weakness in the new curriculum was identified as being that it was trying to be a one-size-fits all and providing insufficient coverage of any one subject to suit all categories of student. One student pointed out that the coverage of management issues was a watered down version of what he could study better elsewhere. Another said there was an insufficient bridge to other qualifications and that the diploma should be cross-credited into those qualifications; one student mentioned architectural studies. Students noted gaps in the curriculum as:

- Operation and maintenance of equipment.
- Stone classification
- Field visits to explore technical and operational issues
- Product design and formation
- Costing and invoicing

This feedback had already been received by the PSMC management who advised the Evaluation that they felt the missing areas were covered in the latest curriculum plan.

An issue is the market the diploma caters to. It is in a difficult situation if it fails to meet the needs of the academically inclined (including those who are pursuing other qualifications) but also if it appears too academic for the practically inclined.

If it is to be focussed on the sons (and daughters) of existing stone and marble family firms, or also if it is geared to recruiting new entrants to the industry, the PSMC needs to be realistic about the likely openings -- and obstacles -- for such entrants.

Of wider importance has been the role of Professor Nabil who has introduced a vision of careful use of all aspects of the land on which the Palestinian people live. As the PSMC develops its ability to understand and categorize the stone resources of Palestine it will be able to strengthen this knowledge in its diploma course.

Relevant also here is the ability of the diploma course to contribute in the medium and longer term to the financial viability of the PSMC and act as a profit centre for the university by marketing its expertise to other trades and professions and their relevant research work.

Summing up, two points of view emerged; the first is of the developer of the curriculum, advocating the new changes as transformational in nature and in line with the needs of the companies and students. The other was of companies and students arguing that the recent revision, while better than the earlier version, tries to introduce too many disciplines at once.

Further, the interviews revealed that students are not unified in their needs. Students may fall into three main categories:

- i) Middle managers with need for market, business development and managerial skills;
- ii) Operations and maintenance workers, interested in technical skills; and
- iii) Arts and architecture practitioners with no interest in either of the above.

The revised curriculum provides students with a wide set of knowledge and skills, though there is the risk that this might leave students with competencies too general for either their personal interests or the work requirements of potential employers. The course managers will continue to assess this kind of student feedback.

#### **4.2.2 Testing Laboratory**

Currently the testing laboratory has 3-4 customers a month. One business commented that testing used to be a problem but now with the Centre they don't need to use Israeli testing services. In the past two years this business has experienced a surge in exports and doubling of higher quality sales. It is a large business that has hired its own marketing staff but also employed a graduate of



the diploma course who was made manager of the production line and has maintained contact with the Centre.

If the Center is to fulfil the need to have full testing potential in Palestine then there is a need for further equipment to provide advanced level testing. One estimate was that the investment would double the Center's income. Higher level ultrasound and drilling technology would allow testing of the quality and location of stone at depths of between 50 and 100 meters.

Other private sector testing services in Palestine might be able to compete on price but could not duplicate the Center's concentration of skill and technology making it a complete one-stop-shop. A recent review of testing prices showed potential to provide the testing locally, at one third of the costs at international level.

Stone and Marble companies indicated their need for assurance that the Center's testing will be recognized in local, regional and international markets and ii) the Center should offer the range of testing services that would free them from reliance on international testing centers.

### 4.2.3 Technical Courses

The Centre advised that from June 2012 to December 2013 it had run a total of five small courses training 125 participants. However, one course was a catch-up equipment-based training for 15 of the first diploma graduates who had done their course before the installation of the equipment; and another was a session for PPU and USM trainers to revise the diploma curriculum. So, in terms of the short technical courses envisaged in the project document there were three courses and ninety students in 2013.

Course Title	Place	Duration	Participants	Purpose of training
Safety in stone facilities	USM	One week July 2012	20 Technicians from stone companies	Improve work safety within the facilities
Modern methods of Quarrying, Processing and Promoting Natural Stone	Hotel	1 day April 2013	50 Top management and engineers of stone companies	Add new technology and markets for natural stone
Building a Code for the Palestinian Stone	USM & PSMC	2 days Dec. 2013	20 Top management of stone companies	getting one code for all Palestinian stone

While a start has been made to provide small course technical training there is

still a large task ahead of the PSMC. This will be made much easier when the data base is further advanced and can enable better assessment of the needs of each business and the need for other training packages such as printing on stone, or producing ceramics from slurry waste.

The data base survey has been completed in 600 firms in the south and it was expected that those in the north would be surveyed during 2014<sup>29</sup>.

#### **4.2.4 Geographical Information System**

Underlying the effectiveness of the services that the PSMC will provide in the future is the Geographical Information System (GIS), the foundations for which have been laid during the final stages of this project. The GIS is a comprehensive highly sophisticated computerized system to structure, record and analyse data from across the stone and marble sector in Palestine and display it in consumer friendly visual form. Guidance to set this up at the PSMC is a key part of the knowledge transfer from the Italian International Marble Institute.

The database is fed by data collected through the census survey forms on all types of marble and stone sector enterprises (big companies, family enterprises, both members and non-members of USM members).

The coordinates, accurately collected using Global Positioning Systems (GPS), include all types of business (quarry, crusher, processing plant or workshop) and, for each business, provide their type-related information on: numbers of employees, types of equipment, stone types, and on their production, trade, waste treatment, and business challenges. The software then integrates the data into on-screen visualization and analysis.

The data base, when asked the right questions, will prove to be a powerful information tool for planning the sector's development and exploring related social and environmental issues such as numbers of employees or waste distribution methods per region.

A major activity during 2013 has been training PSMC personnel and PPU technicians in installing software, constructing survey instruments, and entering data into the system. This continues in 2014, and the system is improved and new fields of enquiry added as each stage of data collection is reviewed.

The data base will provide the Palestinian Authority, the USM, PSMC and other SME support agencies an overview of the hundreds of small and family workshops of 3-4 people and assist them to develop their particular potentials. Using the International Marble Centre's experience of stone business clusters in the Carrara region of Italy, combined with UNIDO's experience in cluster development, the PSMC will be able to assist these workshops to combine with each other and develop niche markets for specialized products (e.g. vanity tops, kitchen tops, stairs, columns, mosaics etc.)

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<sup>29</sup> As at June 2014 it has, with the data yet to be entered into the GIS.

A further tool has more recently been developed in the form of an Account and Management Information System (AMIS) which enables businesses (either by receiving advice from PSMC or eventually by using it themselves in software form) to analyse a range of components of the business (see next page) and improve their efficiency.

The objective is to train diploma students in using this system so that a future generation of industry leaders can contribute to the international excellence of Palestinian stone products and the relevant development of Palestine's stone patrimony. (The inability to open new businesses within Area C, because of Israeli restrictions, means that stone industry activity needs to move to areas A and B).

### **Projected Range of functions of Account and Management Information System**

AMIS includes not only accounting, invoicing and financial, but also report of production, quality management system, costing, cycle of processing, timing, orders management, marketing, delivery, human resource, waste and energy control, covering a selection of:

- Accounting
- CRM – Customer Relationship Management
- Sales and Distribution
- Purchases
- Business Partners
- Banks
- Warehouse
- Production
- MRP – Material Requirement Planning
- Controlling and Quality
- Reporting
- Service Management
- Human Resources
- Customer and vendor information is available in a database for all users

Documents and information are linked together. Production orders, shipments and invoices are all connected, and tie into a central accounting system to:

- Keep track of inventory of raw materials
  - Identify capacities of shop in terms of labor and machinery
  - Schedule the production of jobs based on available shop capacity
  - Generate purchase orders for raw materials based on approved orders
  - Coordinate the production of product based on availability of raw materials
  - Raw material costs are charged against the job
  - Capture labor and material costs for each job
  - Create financial reports based on accurate job specific revenue and cost data
- Capturing mark numbers and stone dimensions on production orders  
Information organized by job, and job information accessible to all users  
Break jobs into multiple phases in order to meet specific customer schedules
- Be able to process the order financially as a contract and handle change orders easily

- Develop production bills of material for inserts, anchors or hardware to be provided by you
- Define piece information in the system as it's developed through the shop drawing process.
- Mark numbers, dimensions and quantities can be imported and exported through the system to create reports within the ERP system or to Word or Excel documents
- Production output tied to job costing
- Know exactly what the production status is of each piece for each job
- The system reports what stones are on what pallet and where the pallet is located
- Create bills of lading with mark number, quantity, pallet number and shipping date
- Flexibility to invoice for deposits, by percent completion or by shipment

## 4.2.5 Delivery of Outputs

INTENDED OUTPUTS and ACTIVITIES<sup>30</sup>

### **Outcome (Outcome 3) Establishment of a TVET in Hebron West Bank**

**Output 3.1 Educational and Vocational Academy: Graduating 20 students per year in the two year diploma programme; Training 400 persons in the short and long programmers per year**

#### ***Activities***

1. Recruiting and Training Human Resources
2. Setting up the Place of the academy
3. Purchasing the Equipment
4. Preparing the Curriculum of the Two Year Program
5. Preparing the Curriculum of the Long Term Training
6. Preparing the Curriculum of the Short Term Training
7. Endorsement of teaching programs by the Ministry of Education
8. Start the Training Process
9. Start the Teaching Process

**Output 3.2 Quality Control and testing laboratory: Conducting 60-70 tests per year**

#### ***Activities***

1. Recruiting and Training Human Resources
2. Prepare the site allocated by the University
3. Purchasing the Equipment
4. Buying Manuals for International standards
5. Apply for the national accreditation of the laboratory
6. Starting the operation

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<sup>30</sup> Project Document Annex VII

**Output 3.3 Technical Support Unit: Providing 20 technical support services per year to the USM members; Running and promoting 5 campaigns for the TVET**

**Activities**

1. Recruiting Human Resources
2. Setting up the Place
3. Purchasing the Equipment
4. Design the technical services packages and link with the IMC Center
5. Starting the Operation
6. Promoting the technical center within the members

**ACHIEVEMENT OF OUTCOME AND OUTPUTS**

**Outcome (Outcome 3)**

Establishment of a TVET in Hebron West Bank has been achieved

**Output 3.1 Educational and Vocational Academy**

Activities: Of the nine activities which would indicate that this output has been delivered 1-4 and 7-8 have been achieved whereas it seems no curriculum for the long and short term training has been developed

**Output 3.2 Quality Control and testing laboratory conducting 60-70 tests per year.**

In 2013 the Center carried out 14 tests. In the first three months of 2014 it has carried out 18 tests and the Center predicts carrying out four times that number by the end of 2014.

Activities: Of the six activities, five have been carried out. Action on the sixth, national accreditation was delayed until equipment was installed and staff trained. (Accreditation documentation was submitted to the Palestine Standards Institute in February 2014).

Output 3.3 Technical support Unit Providing 20 technical support services per year to the USM members. Run and promote 5 campaigns for the TVET.

Activities: Of the six activities, all can be said to have been achieved but not to a degree that would give substance to the output.

The waste conference in December 2013 is a successful example of a “campaign”.

[The definition of a “technical support service” is not made in the Project Document and given that these projections were made in 2008 and are largely based on a study done in 2006 they need not be followed exactly. The figures however are meant to indicate a certain level of strength in the institution.]

In terms of the Project Document's End-of-Project situation, the Union of Stone and Marble will have "sufficient capacity to deliver consulting and technical services that will serve the firms that are working in the natural stone and marble" and will help also the Union to strengthen its relations within the members through being the able to provide technical services through the different technical support projects running in the country".

The Project document design is not perfect here. The distinction between the technical services provided by USM and the training provided outside the Diploma course by the Center is not clear. The Organogram on page 9 of the Project Document envisages the Technical support unit as based in the TVET Center.

A key process of expertise transfer has begun to train the Center staff to deliver these outputs:

- the choice and on-site work of international consultants,
- the links with the International Marble Institute and related industry institutions,
- study tours to these institutions and to factories in Naples.

Time constraints meant that training of trainers was limited, so capacity building is fragile.

Overall there is sufficient evidence that the outcome of establishing the TVET has been achieved. Further consolidation is required. Most needing attention is the provision of technical courses and services to the stone businesses through the USM and the Center.

A further output not mentioned in the Project document but a key capacity for the future is the development of the Geographical and Management Information Systems.

## 4.3 Efficiency

### 4.3.1 Financial Management

The table shows how 96 per cent of the budget was utilized for project activities by end 2013.

*Source: UNIDO Project Manager Report to Evaluation based on Agresso and SAP financial reports as of 16 December 2013.*

<b>Budget</b>	<b>Actual</b>	<b>Utilization</b>	<b>Cumulative</b>
<b>Euro</b>	<b>Euro</b>	per cent	per cent
260,488.48	260,488.48	11%	11%
934,005.27	934,005.27	38%	49%
37,154.54	37,154.56	2%	50%
38,675.55	38,675.55	2%	52%
234,080.10	234,080.09	10%	61%
511,886.44	511,886.43	21%	82%

<b>Budget</b>	<b>Actual</b>	<b>Utilization</b>	<b>Cumulative</b>
15,642.47	15,642.47	1%	83%
140,729.47	140,729.46	6%	89%
281,037.73	186,006.33	8%	96%
<b>2,453,700.05</b>	<b>2,358,668.64</b>	<b>96%</b>	
<b>196,300</b>			
<b>2,650,000</b>			

The equipment was procured in 2010, at a cost of Euro 335,178. Remaining costs of 2010 and 2011, estimated at a sum of Euro 192,350.9 were utilized as follows:

<b>Year</b>	<b>Code</b>	<b>Description</b>	<b>Allotments</b>	<b>Expenditures</b>
			<b>Euro</b>	<b>Euro</b>
2010	11-00	International Experts/Consultants	21,799.94	21,799.94
2010	13-00	Administrative Support Personnel		
2010	15-00	Travel of Project Staff	3,673.00	3,673.00
2010	16-00	Other Personnel Costs	3,377.27	3,377.27
2010	17-00	National Experts/Consultants	62,972.75	62,972.74
2010	21-00	Subcontracts	83,000.00	83,000.00
2010	30-00	Trainings/Fellowships/Study Tours	-9.41	-9.41
2010	51-00	Sundries	1,894.89	1,894.89
<b>2010</b>	<b>Total</b>		<b>176,708.44</b>	<b>176,708.43</b>
2011	11-00	International Experts/Consultants	5,074.32	5,074.32
2011	13-00	Administrative Support Personnel		
2011	15-00	Travel of Project Staff		
2011	16-00	Other Personnel Costs		
2011	17-00	National Experts/Consultants	534.00	534.00
2011	21-00	Subcontracts		
2011	30-00	Trainings/Fellowships/Study Tours		
2011	45-00	Equipment	10,000.00	10,000.00
2011	51-00	Sundries	34.15	34.15
<b>2011</b>	<b>Total</b>		<b>15,642.47</b>	<b>15,642.47</b>
				<b>192,350.90</b>

Notes:

1) The project began in 2005 with budget of EUR 2,650,000 (incl. 8 per cent support costs).

2) The UNIDO financial system changed during the life of the project and these summary figures for each category were constructed by the project manager from the former and the present financial recording systems (Agresso and SAP). For the full record provided please: refer to Annex III.

2) As there was no breakdown into the transactional costs covered under each figure, the Evaluation was not able to assess, for example, the cost to the project of the delays in delivering the equipment to the Center. This means it was not possible to reach any detailed findings on the efficiency of financial management. It respects the fact that implementation figures are provided to the donor annually and finds no reason from any other evidence that the figures provided should be questioned.

### **4.3.2 Timeliness**

Implementation of the revised project started in late 2008 with the construction of the Center on the campus of the PPU, and the introduction of equipment for the industrial workshop and testing laboratory. Considerable delays in obtaining and granting the required Customs clearance approvals for the equipment by the Israeli undermined project implementation in 2010 and 2011. As a result, the project was extended for two consecutive years.

The equipment was finally delivered and installed in 2012. With the completion of the physical infrastructure, the second half of 2012 and 2013 were mainly devoted to building the technical and educational capacities of the staff at the Center.

Starting mid-2012 and beyond, the activities were carried out in a timely manner: the exchange visits were conducted, the stones and marble companies' survey was commissioned, and the curriculum was revised. Nonetheless, a comprehensive strategic plan is yet to be developed to assess the commercial, financial and technical future of the center.

As mentioned above, the major delay affecting the project was in obtaining approvals to import the key machinery for the testing laboratory and industrial workshop. The viability of the testing laboratory, and the ability to teach core subjects, in the diploma course depended on this.

#### *Import Approval for Center Equipment*

The Israeli authorities are required to be highly accurate in assessing the "dual use" of any imported technology: i.e. where technical equipment could be used -- separately from its designed use -- for any offensive purpose that the authorities the Israeli Defense Force (IDF), judge as threatening the security of the State of Israel. It is not only the overall package of equipment but every single component including maintenance equipment -- "even a hammer" as the MoNE explained to the Evaluation. This approval was required from the Coordinator of Government Activities in the Territories (COGAT), the Israeli Ministry of Defense unit that engages in coordinating civilian issues.



There were two paths available to gain approval: one was to work through the United Nations system, which normally carries with it import duty advantages. The other was to hire a local Palestinian company with experience in importation, and have them deal with it. The project at first followed the first path, but eventually followed the second.

In the earlier Gaza phase, the requirements of the Israeli authorities' importation approval process for the excavation and crushing equipment had not been met and the equipment was impounded for six months incurring heavy storage costs. Mindful of this UNIDO decided to order the equipment, have it held with the manufacturers but not to dispatch it until the paper work with COGAT was ready. Unfortunately the paperwork then took 2½ years to complete.

The 2010 evaluation noted that the decision to commence the services of the Center before the timely arrival of the equipment, though well intentioned and in response to the Palestinian Government's strongly expressed expectations, was unfortunate. It led to the Center starting activities and then having to wind them back for lack of equipment which caused the Center reputational damage at the outset of its existence.

#### *UN Agency Collaboration*

As the delay in this equipment problem was a specific extra term in the Terms of Reference, the Evaluation has attempted to investigate the issue in some detail.

The UNIDO procurement office records<sup>31</sup> show that the equipment was commissioned in July 2009 and the last payment was made and the account closed in January 2014.

As UNIDO had no local presence in Palestine, it depends on the United Nations Development Programme (UNDP) in Jerusalem to carry out local processes.

There are two aspects to the importation process:

Firstly, to have the importation classified as a donation and thereby being exempted from import duty. This step can only be taken by the UNDP or by the Palestinian Authority. It cannot be taken by a local or foreign supplier; Secondly, to submit the importation to the security check by the IDF via COGAT

The UNDP points out that it "the Israeli authorities might get back several times with questions and requests for clarifications or additional supporting documents. Our office has had many requests pending over the years, some for a few months and some for more than a year. Some goods need to pass through the Standard Institute and should meet the EU standards. Some donations might be partially approved or rejected completely"<sup>32</sup>.

#### *History of the importation application*

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<sup>31</sup> References are P.O. 15002555 and P.O. 15002717 as under the AGGRESSO system discontinued in 2012

<sup>32</sup> UNDP communication to the Evaluation 23.06.14

UNDP records show that “a request for donation approval for UNIDO equipment was sent to Israeli authorities through the PA on 15 April 2010 based on different UNIDO purchase orders”<sup>33</sup>. That means that the request for import duty exemption had been taken directly to COGAT by UNIDO or by the Palestinian Authority.

In late May, COGAT requested specifications of the equipment from UNDP. This request was forward to UNIDO. In early June, UNIDO provided further documents which UNDP forwarded to COGAT, who then advised UNDP they were still insufficient. This led to phone conversations on 14 June between UNIDO Vienna and UNDP.

No response had been received from UNIDO by 1 July, UNDP again contacted UNIDO. This resulted in UNIDO sending a series of documents to UNDP and confusingly also to the UNIDO focal point at the Ministry of National Economy giving the impression to UNDP that the Ministry was also handling the issue directly with COGAT.

On the 29 July and 16 August COGAT requested more information from UNDP which request was passed on to UNIDO on 19 August.

On 26 August, UNIDO then requested UNDP to pass all documents to a Mr. Sultan. UNDP needed to verify who Mr. Sultan was (an official at the PPU) and when they were assured he was involved in the project asked him to collect the hard copies of the files, which he did on the 16 September.

On 18 October UNDP checked with COGAT as to why the import duty issue was still pending, and were advised that COGAT had still not received the information they had requested on the 16 August.

UNDP immediately advised UNIDO of this but on 22 October UNIDO advised that they had sent all the information they could. UNDP asked UNIDO again on 25 October for the information and received the same answer from UNIDO.

UNDP replied, pointing out that what was still needed was an explanation on the items listed in the equipment purchase orders as to their exact use, and that UNDP not being a technical agency could not summarize the documents in the form COGAT expected.

Shortly after, Dr. Sultan met with COGAT on the 8 November and confirmed that the problem remained one of insufficient technical information.

On the 11 November the new UNIDO focal point Ms. Manal Farhan, Assistant Director- General with the Palestine Ministry of National Economy advised UNDP that she had received the documents from Dr. Sultan. Ms. Farhan then commissioned Mr. Khader from Lausanne Trading Services, a company with considerable importing experience, to take carriage of the process. At his request

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<sup>33</sup> UNDP communication to the Evaluation 18.06.14

UNDP passed the documents in its possession to Mr. Khader who established that some documents were still missing.

He subsequently contacted the suppliers directly, obtained the information and, by 7 March, advised he had passed on the necessary documents to COAG. UNDP requested if they could have the additional documents he had obtained, for UNDP's own records.

He did not reply and there was no further communication, as UNDP understood that UNIDO was now dealing with the import duty issue via the MoNE and Lausanne Trading Services. A brief email exchange initiated by UNIDO in May 2012 led to UNDP contacting Mr. Khader who advised the approval problems were nearly solved.

#### *Findings*

While the UNIDO project manager and the procurement department were in touch on the issue and agreed there was an obstacle, it seems no-one knew how to locate the obstacle.

It also appears that the particular difficulties of importing into Palestine were not fully understood by UNIDO, and that standard procedures would have needed special oversight in the situation of the Occupied Territories. UNIDO had a history of experience in this region, so knowledge of the security issues of "double use" could perhaps have been grasped earlier.

Meanwhile as the PPU points out, the Center took every opportunity to speak to the Italian Government, and the European Union to solicit support to move things along. Eventually the PPU used informal contacts with the COGAT and learned that that information was still missing. At this point the PPU with the MoNE with the support of UNIDO took steps to hire a local company.

The Evaluation attempted to make contact with the Israeli authorities but did not gain a response. Without those inputs but following the evidence presented by UNDP Jerusalem and Lausanne Trading, MoNE, PPU, and UNIDO Procurements (the present project Manager advised, as she had not been in the position at the relevant time, she had no knowledge of the matter). This is a valuable case study on how small communication failures can result in quite large project damage.

UNIDO Procurements have expressed the view that the responsibility lay with UNDP and that as small staffed unit of an organization that does not have a local presence it cannot be expected to know the particular procurement requirements of a specific country; it must rely on a UN agency with a local presence.

The Evaluation notes those points but reaches a different conclusion. UNIDO is the party contracting with the donor and with the local counterparts, and it holds donor funding in trust for these parties. Given that there had already been a problem in the earlier stages of this project with procurement processes causing delay and additional cost, it could be expected that UNIDO Procurements would be on alert.

Neither the UNIDO project manager nor UNIDO Procurements Services seemed to understand that the documents that had been sent were not in a form that answered the Israeli concerns, and that UNDP was not the right agency to convert technical documents into the narrative descriptions that the Israeli authorities needed.

Both COGAT and UNDP seem to have acted responsibly in clarifying and advising that the process had stalled. UNIDO seems to have confused matters by taking a twin track process with PPU/MoNE on the one hand and UNDP on the other. It is clear that things finally happened when, seemingly at the initiative of the PPU and the new UNIDO focal point at MoNE the documents were assembled and a company with experience in knowing the COGAT process was retained.

### **4.3.3 Center Management and Governance**

A staff of two runs the Center: the Director, who has major responsibility for the teaching programme, and the Manager of the Testing Laboratory, who also teaches in the Diploma course. Other university lecturers teach on the Course. University maintenance staff assists the Center as do the technical aides who form the GIS team. The Research coordinator is a part time position which enables liaison with other sections of the University.

The support of the PPU and the USM to the Center staff has been consistent and effective. The Center director reports to the board. This is currently on an ad hoc informal basis through occasional conversation and email to the Chairman, who is also the Principal of the PPU. There is a close working relationship between the Center and the USM since both organizations are involved in servicing the industry.

The board meets twice a year without written reports. Minutes are not recorded. This informal system has worked well during the start-up phase but needs now to be formalized.

There is as yet no strategic plan nor the narrative and financial reporting procedures that an organization needs to measure progress against its strategic plan. As the Center grows, this lack is likely to be a major weakness. The organization may not be able to respond correctly if events require accountability to stakeholders on particular matters, or if, as the project develops in complexity and outreach, divergence of interest arises between the partners.

### **4.3.4 Communication and Networking**

The Center has the advantage that its partner, the USM, has direct contact with its some 500 members, the majority of Palestine's large and medium stone businesses that make up its membership. It operates from its principal office in Bethlehem and has branch offices in Nablus Hebron and Jenin. Anecdotal evidence to the Evaluation suggests that there are still stone businesses that are not aware of the Center of its services.

Communication so far has been mainly one-way: sending out advice of the Center's services and events. It is also largely dependent on USM's mechanisms of communication. The USM is the obvious agency to lead awareness both within the sector and outside but, it and the Center, need to ensure that non-members are also informed, as they are doing with the GIS.

There are other agencies that could play an intermediary role in communicating positive publicity about the Center both to stone businesses that are not members of the USM and to the wider public.

The Center has potential linkages through its university channels, and those it may create itself, to develop other communication linkages which will serve to strengthen the profile of the sector and, with it, the USM.

In the last two years, international development agencies have repositioned their interventions towards export promotion and private sector development, delivered through private sector umbrella organizations such as the chambers of commerce.

Municipalities are also key stakeholders impacting the sector through their local development efforts, regulations and waste management initiatives. As yet, the Center is not networked with these organizations and the capacity building and communication potential they offer.

## **4.4 Impact and Sustainability**

### **4.4.1 Impact**

It is still too early to assess the impact in terms of the intended development objectives of the project – the upgrading of the stone and marble sector arising from the services of the PSMC.

There have been negative impacts from the project so far in terms of the disappointment with the diploma course and the initial slow progress of developing all its services due to circumstances largely out of the Centre's hands.

Activities have only had one full calendar year to run. It is commendable that some, such as the diploma course have been re-designed, but that new form needs more time before impact will be observable.

Other activities such as the Center's accreditation, the completion of the data base, the inputs from the Scuola Marmora, and technology and training in commercial recycling of stone waste, are on line to have significant but as yet unproven impact. The impressive workshop on stone waste recycling gives a taste of the probable high quality impact still to come.

## 4.4.2 Sustainability

### *Human capital*

As continuity of personnel and continuing education of staff is important for sustainability in the early stages of an institution, a positive step has been that the staff member (a professional already with 16 years' experience in the industry) who was acting director in 2010 has been confirmed as Centre director.

The core team of director, testing laboratory manager and, now, research director, appears well suited to deal with both the academic staff of the university and the hands-on managers and personnel in the industry.

### *Commercial viability*

The positive factors that contribute to relevance and ownership (above) also strengthen the sustainability of the Centre. Training and technology for businesses to generate income from processing stone waste has the potential to create a long-term demand for the Centre.

However, three areas, key to the Centre's sustainability, that are underdeveloped: strategic planning, evaluation capacity, and networking the private and community sectors.

The concerns of the 2010 evaluation still stand that the Business Plan of 2008 has not been updated to take into account the considerable loss of income (largely as a result of the equipment delays) against the projections of that Plan. Any future donor support needs to be calibrated within a business strategy in order to make the transition from external donor subsidies (and internal university subsidies) to commercial autonomy.

Sustainability for a national institution like the Centre relies on it being a market leader with a sophisticated marketing strategy in place. That means it needs to have the equipment necessary for more sophisticated testing than can be done by smaller commercial suppliers of these services. It is noted that two of the testing machines made in India and conforming with British standards now need to be adjusted (at a possible cost of EUR 10,000) as a result of harmonized EU standards for testing natural stone products in to force since 1 July 2013.

Income earned by the testing laboratory was delayed along with the equipment. After this was installed in 2011, a training year was needed in 2012. However, it has set its market prices and is beginning to show an income stream (as below). This will increase in 2014.

<b>Tests</b>	<b>Number of tests 2013</b>	<b>Fees in NIS<sup>34</sup></b>	<b>Number of tests January - March 2014</b>	<b>Projected tests for all 2014</b>	<b>Projected Income for all 2014</b>
Absorption	3		5	20	
Specific Gravity	3	200 (incl. Absorption)	5	20	
Compressive strength	3	150	4	16	
Flexural Strength	2	200	2	8	
Moh Hardness	2	50	2	8	
Point Load	1	150	0	4	
<b>Total</b>	<b>14</b>	<b>1800</b>	<b>18</b>	<b>76</b>	<b>8000</b>

### *Governance*

The Center was established as a Public Private Partnership, as discussed above. Of particular importance is the USM, the main channel of communication between the Center and its clients representing their needs and facilitating the Centre's responses. Part of the continual strengthening of the Center will be the continual strengthening of the USM which can widen its membership by including the many small family enterprises, many of which are not, at present, members of the USM

There was some indication that small enterprises feel, rightly or wrongly, that the USM is driven by the larger members and some smaller members could feel left behind.

An industrial association is itself a hybrid entity having elements of public, community and private sector. In the "French" or "continental" model association membership is required of any business at the time of its registration.

The plus is financial viability for the association; the minus can be a lack of independence and therefore weakening of its advocacy power to government. The "Anglo Saxon" model is purely voluntary giving it a more independent and potentially stronger advocacy role but, without other measures, an income base more dependent on its larger members.

The USM is established under the Palestine Authority Act 24 (2006)<sup>35</sup> to represent the sector. The sector comprises approximately 1500 enterprises and

<sup>34</sup> New Israeli Shekel: April 2014 Exchange rate: 3.49 to US Dollar; 4.82 to Euro.

<sup>35</sup> Refer [www.usm-pal.org](http://www.usm-pal.org)

4.5 per cent of the GDP of Palestine. USM membership comprises 500 (including the large and medium sized companies)<sup>36</sup>. The Union represents around 400 companies all over Palestine (reaching 40% of the estimated total establishments and 100% of the big exporting companies).

Currently membership is voluntary but it has been discussed to make it compulsory for stone businesses with capital in excess of USD1000.

### **4.4.3 Environmental Sustainability**

Clearly the project will have great environmental benefit now that the financial incentives to create new products from waste are understood, and skill and technology transfer has begun.

## **4.5 Project Management**

There were difficulties in this project, arising from the unique situation of Palestine which exposed areas where current UNIDO processes may need improvement.

### **4.5.1 Project Documentation**

The project document against which the Evaluation was to measure implementation remained that of 1 November 2008, which had dealt with both the truncated Gaza Project and the re-oriented West Bank Project. This project was intended to finish in December 2010. Both the Gaza and the West Bank TVET phases of the project were dealt with in the Independent Evaluation of 2010.

After that Evaluation, the Gaza phase was no longer a factor. After time lags on the construction of the Center facility and the equipment delay, an extension was negotiated with the donor and counterparts (finalized only in January 2013) to give more time for the TVET objectives to be reached.

The Project Document had been amended in 2008 assessing the completion of the Outputs and Activities of the “Original Project” (i.e. the Gaza elements) or noting them to be implemented “when the situation will allow”. This was praiseworthy in maintaining a commitment to the people of Gaza, but irrelevant to the work of the period 2010-2013.

After 2011, it seems that the project document was to be sufficiently updated by using the Progress Reports to record changes and progress of the TVET outputs and activities.

The reports contain important information but, given that the Project Document dealt with relevant outputs and the activities of the Center in only two pages and given the developments of the period 2010-2013, they were no substitute for a comprehensive revision and log-frame.

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<sup>36</sup> The 2006 PAL Sector study noted that Union represented around 400 companies all over Palestine: 40% of total of companies and 100% of the big exporting companies



Project documents are the principal working statements and “blueprints” for all stakeholders in a project and should be written, updated and circulated in a manner that ensures a common level of understanding and engagement. Importantly they are part of the formal basis on which a government passes over taxpayer funding to a project. Also importantly they invite all partners to review progress against the development objective and the context envisaged when the project was initiated.

The outputs of the project document were not the same as those in the Evaluation Terms of Reference, as below. No source documents for the changes were available.

Project Document	Evaluation Terms of Reference
<u>Output 1.1</u> Educational and Vocational Academy Graduating 20 students per year in the two year diploma course Training 400 persons in the short and long programs per year	<u>Output 1</u> The Center is able to deliver quality teaching course to students and workers in the marble and stone sector
<u>Output 1.2</u> Quality Control and testing laboratory: conducting 60-70 test per year	<u>Output 2</u> The testing laboratory at the Center is able to perform basic quality tests on natural stones (Quality and testing laboratory is operational)
<u>Output 1.3</u> Technical Support Unit Providing 20 technical support services/year to the USM members. Run and promote 5 campaigns for the TVET	<u>Output 3</u> The technical-support unit is able to provide support services to members of USM (Technical support unit is operational)

The softening of these targets bears on the Evaluation’s task: “to assess the extent to which the outputs were produced and outcomes achieved as compared to those planned”<sup>37</sup>.

Defining an output as simply the capacity to do something means that there are no indicators to judge whether the capacity is validated by being applied in action, and so whether the project is delivering in terms of its outcomes and development objective.

### 4.5.2 Commercial Sustainability

The need for a business plan was acknowledged in the progress report of 2012 and the board was encouraged to prepare one, but there is no record of one being produced<sup>38</sup>.

<sup>37</sup> Independent End of Project Evaluation Terms of Reference Page 2

It is understandable that the focus locally was on getting a working Center in place. But the implementation agency (UNIDO) needs to be proactive in ensuring that the Center will have a future based on operating in a private sector context.

### 4.5.3 Inclusion

No work has yet been done to examine how persons with disabilities (of which there are many in Palestine<sup>39</sup>) can participate in the work of the family enterprises. As a UN agency, commitment to an inclusive agenda was lacking in UNIDO's design of the project<sup>40</sup>.

Similarly the hidden economic roles of women in small family enterprises are not discussed, despite the likelihood that women's understanding of the changes in their family business (including employment possibilities for the younger members of the family) will be important if up-skilling (including waste disposal) is to take place.

Women's roles, for example in developing designs for ceramic products of waste recycling, have not been clearly promoted, though the experience of the one female diploma student, who had this motivation, has usefully increased this awareness at the Center.

That said it must be recognized to the credit of the PSMC that despite serving a male dominated industry, the Center has currently a female board member, a female testing workshop manager and recently a female diploma student.

### 4.5.4 Monitoring and Evaluation

Progress Reports can usefully record activities and note obstacles and achievements but as a project progresses it must test the success or failure of key components of the project against the project design assumptions as to the needs of the beneficiaries.

If, at an advanced stage of the project, these needs are not being translated into demands for the project's services, a rethink is needed and should not wait for an external evaluation. The low take-up of the diploma course should sound a warning in this regard. It posed a basic design question of whether the diploma course or the short technical courses had greater priority in the capacity building of the industry.

The evaluation observed a significant lack of monitoring and evaluation capacity building in the Center. Evaluation is a core tool of management, and a timely

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<sup>38</sup> The project manager has subsequently advised that there were some drafts prepared, but the PSMC lacked the managerial skills to produce one. This is perhaps the wrong way round. The core of a strategy can be put on a single piece of paper that can then be added to, as the core group reflects on progress. The management skills can be grown along with the plan.

<sup>39</sup> In 2007 census: less than 20 per cent of working-age disabled (using ILO criteria) were employed

<sup>40</sup> Convention on the Rights of Persons with Disabilities and General Assembly resolutions 63/150 and 64/131 ,

feedback loop is needed where results on the ground permit adjustment of strategy.

Though a need was recognized in the work plan for 2013, couched in terms of “monitoring and governance”, but no progress is recorded on these issues in the 2013 report on project activities.

While the local management of the project is entitled to rely partly on the evaluation processes of the implementation agency to assess whether the project is on target, for the longer term such processes are needed within the local project’s own system, and a start on this is needed early in the project. This is more likely to happen if the implementation agency itself practices a robust cycle of strategy, implementation, monitoring and evaluation that then feeds back into adjustments to strategy and implementation.

This weakness has been reinforced by the lack of a project steering committee. The original project design gave this task to the Palestinian Authority<sup>41</sup> and also placed the project within the Integrated Programme, which had its own structure of a supervising committee.

A project steering committee allows for regular (e.g. annual) meetings that bring together: the donor, the implementing agency, the other national stakeholders, Government and peak bodies of relevant sectors -- in this case the Federation of Industry and probably also the National Union of Chambers of Commerce.

The steering committee allows them to sit with the local project supervisors and policy makers (the tripartite partners) and the executives (Center management). The committee has no formal management role of the Center but provides the useful discipline of monitoring and assisting the UNIDO project as it develops.

Informal discussions are always useful but a structured system of information sharing and reflecting ensures that certain issues are addressed, project history recalled, and other perspectives applied to the running of the project.

#### **4.5.5 Management Cycle**

The UNIDO Management Response Sheet (MRS) to the Recommendations of an Evaluation part of the project management cycle<sup>42</sup>. But there were weaknesses in its use in this project.

##### *Timing*

The actual management response tool has provision for immediate action to be noted and the follow-up recorded one year later. Because of the transition of project manager these two categories were effectively conflated. It is a weakness that the further follow up was not extended by one further year so that the intention of this requirement could be fulfilled.

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<sup>41</sup> Project Document: Government and National Inputs page 14

<sup>42</sup> Unusually they were drafted by the leader of the present evaluation who also led the 2010 evaluation.

### *Counterpart action*

The counterpart partners seem not to have been required to provide their own management responses. Recommendations 5 & 6 were accepted “in principle” but in terms that largely negated the acceptance: “The project will try to ensure a greater cooperation but it is ultimately the responsibility for the three stakeholders to pursue it”.

This is contrary to the MPR process, which requires: “The project manager shall collect reactions from the Government and other(s) and ... information on follow up action taken by these actors...”

Further comment on the use of the UNIDO Management Response Sheet is in Annex 4.

## 5. Conclusions

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(using the questions set out in the Terms of Reference)

### Ownership and Relevance

- ***To what extent is the revised project aligned to the project stakeholders' priorities, policies and needs?***

The start of delivery of services by the testing Center provides an important component of upgrading of the industry. The success of the December 2013 Workshop on Stone Waste disposal was a powerful demonstration of one area where the revised project is aligned to one set of stakeholder' priorities, though it also indicated that the Center may have a wider circle of stakeholders that are not yet networked on a regular basis.

- ***To what extent is the revised project relevant to the Palestinian stone industry?***

The revised project is highly relevant to the industry though the Center is still learning the needs of individual businesses within the industry and the best means to market and deliver its services to them

- ***To what extent is the Center perceived as a partnership by its constituent members?***

There is a strong partnership between the three partners, and particularly through cooperation on a day-to-day level between the PPU and USM. But some weaknesses exist in the formal structure and procedures of their shared governance of the PSMC.

- ***To which extent is the project relevant to UNIDO's strategic objectives and thematic priorities?***

The project is highly relevant to UNIDO strategic objectives in terms of all three of the priorities of the 2005 Strategic Plan<sup>43</sup>:

- (a) Poverty alleviation through productive activities in the non-farm sector;
- (b) Trade capacity-building; and (c) Environment; particularly in technology transfer<sup>44</sup>;

- ***To what extent is the project aligned with the donor's priorities?***

The project is aligned with two of the donor's priority sectors:<sup>45</sup>

- "4. Support for endogenous, inclusive and sustainable development of the private sector, 5. Environment, land use and natural resource

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<sup>43</sup> UNIDO Strategic Long Term Vision Statement 24.05.2005 Para 19

<sup>44</sup> Para 44

<sup>45</sup> Italian Cooperation Programming Directions 2011-2013 page 7

management, with special emphasis on water and on mitigation / adaptation to climate change”.

It serves one out of three priority countries in the Middle East<sup>46</sup> but is not aligned to the priority of gender empowerment and social inclusion of disabled<sup>47</sup>

### **Efficiency of implementation**

- ***Were UNIDO and counterpart inputs provided as planned?***

The UNIDO inputs were provided as planned with the exception that the importation of the equipment came to a standstill. Local counterpart action eventually assisted in overcoming that obstacle. There were delays in constructing the physical facilities of the Center though PPU moved that forward to the best of its ability.

- ***Were the activities carried out within the foreseen timeframe? Were there any delays? If yes, what led to the delay(s)?***

There were significant delays (effectively 3 years) caused by the problems of gaining import authorization from the Israeli authorities for the equipment on which depended the testing center and a large part of the training programme. These are explained in detail in the report.

- ***Have the outputs been generated as planned?***

The timing of the end-of-project outputs has been revised twice: 2010 to 2012 and to 2013 to accommodate the delays. By end 2013 the testing outputs and training (diploma and short technical course) outputs have been generated, but not on the scale as originally planned.

### **Effectiveness**

- ***To what extent has the Center aligned its strategic plans with its mission?***

The Center has not developed a strategic plan.

- ***To what extent do the Center's activities and programmes reflect the PSMC mission?***

The activities and programmes reflect the PSMC mission to a large extent in the testing center and in its public education role (through the conference on waste); and to a less sufficient extent in its training courses. The diploma course has been revised but is still finding its market. The small course technical training is still under-developed.

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<sup>46</sup> Page 13

<sup>47</sup> Pages 7-8

- ***How actively is the Board engaged in the governance of the Center, and how effectively does it provide strategic guidance?***

The board has been actively engaged in the governance of the Center in varying degrees according to the respective roles of the three partners, principally in regular but ad hoc and informal contact between the PSMC and the PPU, more practical coordination with the USM on implementation rather than strategy, and availability to assist on the part of the MoNE.

While this has worked well up until now, the PSMC as a professional national institution now requires regular meetings, a strategic plan, and formal written reporting and decisions.

- ***To what extent has the Center improved and expanded its technical competencies in training, research and service delivery?***

The Center has made a significant start in improving its technical competencies in training research and service delivery. It took time after the installation of the equipment for the Center staff to learn how to use it, and teach its use.

The appointment of a research director has injected much needed expertise in land use and environmental management. The long planned transfer of expertise from the Italian centers of stone technology excellence both in training of trainers and data base development has begun but needs to be progressed further.

- ***To what extent has the Center been able to develop synergies and linkages with PPU, the local stone industry and other organizations and actors from the same or other fields?***

The synergy with PPU has been well developed in terms of governance and physical facilities but less developed with other academic disciplines within the University. The linkage with the USM has been close and effective but there still remains the large number of small stone enterprises that are not members of the USM.

There is a lack of linkage with private sector institutions such as Chambers of Commerce and relevant municipalities such as that of Hebron. There is an underdeveloped linkage with the Federation of Industry.

- ***What is the Center's organizational effectiveness<sup>48</sup>?***

The Center had sufficient organizational effectiveness to survive the considerable problems that were not of its making, to sustain the commitment of the key local staff and partners, to create sufficient capacity to receive capacity building from international sources and to build an initial client base. However without further resource input and greater formalization of governance this effectiveness remains fragile.

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<sup>48</sup> Organizational effectiveness relates to the capacity of an organization to sustain the individuals, strategies, learning, infrastructure and resources it needs to continue to achieve its mission.

- ***To what extent and how has UNIDO added value to the project?***

UNIDO has created a project structure within which the Center has developed, has supported the local facilitation of the necessary partnership, and has provided the international expertise and linkages to allow planning and implementation to commence. Some improvements in the project management process are indicated.

### **Impact and Sustainability**

- Which long-term development changes (economic, environmental and educational) have occurred or are likely to occur in the local stone industry through establishment of the Center?

The ability of the Center to effect long-term development changes still needs consolidation and further development, but the its expertise, technology and facilities make it highly likely that the industry will improve its productivity, value-adding, marketing linkages, work practices, and management of land and water use within the foreseeable future.

- ***To what extent would the Center be able to sustain itself in the medium and long term?***

The Center is largely subsidized by the University and has progressed from a high to a small degree of subsidy by UNIDO and the donor. It lacks an explicit strategy to move from a cost to a profit center within the PPU. Its income from the testing center is still small though likely to increase as the services and technology at market-based fees are now largely in place.

The take up of the diploma course is below a sufficient income-earning level and short technology courses and upgrading consultancies to stone businesses have only just begun. Further subsidy will be needed, but the Center needs to have firm goals and strategies in place and monitored, to understand the Center's market and educate it how to use its services.

- ***Which fields and /or directions could the Center develop to serve better the local stone industry?***

1. Greater emphasis on small technical training courses;
2. Introduction of consultancy assessment and upgrading for targeted stone businesses;
3. Outreach in partnership with other community and business agencies to the micro-enterprises that are not currently networked to the Center;
4. Development of commercial incentives for stone waste disposal recycling;
5. Cooperation with training courses of other professionals in land use, water conservation, construction, architecture, domestic art and design.

Improved communication modalities are important. Currently, both in the training and the marketing of the training, communication is output rather than outcome driven. The Center needs to build impact assessment into its communication and training so that it can answer questions such as: what communication modalities are effective in reaching clients and motivating them to take training. What



obstacles (cultural, intellectual, practical, or financial) in the structure of the businesses, work against implementation of training?

- ***To what extent does the project contribute to the objective of sustainable inclusive industrial development of the local stone industry and related sectors?***

The waste disposal conference showcased the potential role of the Center as a national actor in sustainable industry development. This lays a foundation for further work with sectors where stone products are used. The Center has not been well networked with private sector representative agencies such as the chambers of commerce. It relies on USM's networks and branch offices to reach geographically diverse businesses.

It has been successful in ensuring women are involved in the Center as board member, testing clinic manager and diploma student but it lacks an inclusive approach to engage the women members of family stone enterprises or to explore employment enhancement for family members with disabilities.

- ***Have there been any unintended (positive or negative) effects of the project?***

The research focus that now points to wider environmental management and professional linkages, the artistic dimension of ceramic production from waste, the potential of the GIS data base development, other international models such as the stone library waste are all elements that were not so explicitly intended at the outset. These are still largely objectives but progress towards them has begun.

Negatively the credibility of the diploma course has been affected by uncertain understanding of its market and therefore of curriculum design. Insufficient networking and communication means that many of the stone businesses and some significant institutions remain ignorant of the scope of the Center and uncertain of its value.

### **Project Management**

- ***Have project management and implementation modalities been adequate?***

Generally the UNIDO project process from feasibility study to final evaluation has been strong enough to support the project through its various difficulties. However some weaknesses can be noted:

There was a serious weakness in the inability to identify the blockage in the Israeli importation approval process and come up with a timely solution. This led to delay in other stages of the implementation. The 2010 evaluation noted that the decision to proceed with appointing staff to the center and marketing the diploma course without being certain of the equipment being installed was a mistake, though UNIDO was under some pressure from the Palestine authority to make that decision.

The transition from one project manager to another had a delaying effect on the management of the project, though provision was made for transfer of expertise, and in any event management responsibilities lie with the position not the person and so are inherited by a new incumbent.

Given the length of the project from 2005-6, and its revision and extensions, a further revision of the 2008 project document in 2012 and an updating of the business plan were needed to give clarity to the outputs and strategy.

The management tool of the Management Response Sheet to the 2010 evaluation was not used to progress the cycle of plan, implementation, evaluation and revision of plan.

- ***Have recommendations of the previous evaluation been followed up?***

In this case, the follow-up has been deficient. There was confusion about the extent to which UNIDO can influence the local partners to implement recommendations made with respect to them, an unnecessary limitation on the reporting time span, and unnecessary imprecision in the use of “acceptance in principle” as a response to recommendations. The recommendations themselves could have been expressed more clearly, and evaluators could be given copies of the MRS as part of their briefing so they understand better the needs of the follow-up process.

## **5.1 Recommendations**

The Evaluation envisages a Consolidation Phase of 12 –18 months with the project receiving continued UNIDO and donor support, and a Development Phase of 24-36 months receiving support from the same or different implementing agencies and donors.

The following recommendations relate to the Consolidation Phase

### **1. Palestine Stone and Marble Center - Board**

#### ***1.1 Strategic Business Plan***

***A strategic plan, prepared by the Board and its advisers, should be in place by the end of the consolidation phase for a further three-year development of the PSMC with the objective that at the end of that phase it is commercially viable -- both as a profit center for the PPU and a possible source of income for the USM.***

The Plan should be comprehensive and include component plans for: 1) marketing, 2) financing, 3) product and service development, 4) human resource development (for the Center’s and some USM staff), 5) monitoring, evaluation and impact assessment, and 6) risk assessment and alternative scenario planning.

[Note: Preparation of the plan should involve:

- Further developing the GIS data base to support future planning.
- Trialing two-way communication with existing and potential markets.
- Pilot-testing technology for stone businesses in commercial recycling of stone waste.
- Assessing the market needs and funding for higher grade testing equipment such as geo-radar wave technology and deep level drilling; assessment should include the maintenance and training needs and costing.
- Ensuring the full potential of the relationship with the Italian Marble institutions and companies is developed, and adequate quality time is allocated for the Italian expert inputs to the staff and to other trainees at the PSMC.
- Researching inclusion of the Center's expertise in the training programmes of other professionals and academics in the PPU.
- Researching what will be required to build a cadre of local consultant-assessors to support the upgrading plans of individual businesses.

*The Center should receive consultant-facilitator assistance to develop the plan and build capacity for its on-going monitoring and improvement.*

*The consultant's task is not to write the plan for the Center but to guide the Center to facilitate the internal and external processes of consultation and data collection as well as links to international experience, as the Center writes its own plan.*

## **1.2 Monitoring and Evaluation**

***A monitoring and evaluation process based on the strategic plan should be built into the Center's governance and management system, and staff trained in its use.***

*[Note: The GIS will give the Center the base data it needs for an effective M&S function. As business assessment consultancy is adopted by a sufficient sample of stone businesses, the feedback from those businesses and other data will enable the Center to track success or failure to achieve industry development goals.*

*The difference between Monitoring and Evaluation and between objectives and impact should be expressed in the Center's M & E system. Objectives are the goals the Center is aiming at through its services.*

*Impacts are the results of these services, both positive: progress towards achieving its objectives; and negative: failure or unintended negative consequences flowing from the delivery of services.]*

### **1.3 Governance**

***The Center should introduce formal processes of governance: minute-taking, major decisions in the form of resolutions, and regular written reports from Center staff with written response from the board where necessary.***

It is recommended that the strategic plan should also examine the structural needs that may arise over the coming three years including expanding the board and setting up an executive committee of the board to oversee and support the management of the Center.

*[Note: These disciplines are important for the Center's future accountability to a range of stakeholders, and to ensure continued agreement and understanding between the partners.]*

### **1.4 Partnerships, Representation and Networking**

***Analysis in preparation for the strategic plan should examine the need for closer links with the wider range of groups and agencies in Palestine that have a stake in the success of the Center, some of whom may be needed as active partners.***

***It is recommended that a reference group of such bodies be formalized with bi-annual meetings to exchange information and opportunities for mutual assistance.***

It is recommended that a degree of cohesion is built among very small enterprises on a geographical basis using clusters, equipment-sharing cooperative arrangements or small business associations, and this is done with the help of community agencies, NGOs and donors who have culturally relevant expertise and commitment in this field.

It is recommended that an inclusion agenda should ensure that all members of family enterprises: disabled persons, the women and the young people in the family have access to information about the changes affecting their livelihoods and the contributing roles that all family members can play.

It is recommended that the Board review expanding its membership, such as:

1. A further industry representative tasked to represent the interests of the 50per cent of stone businesses not currently members of USM -- with extending geographical representation being a further consideration;
2. A second representative from the University, perhaps the PPU Director Operational Development and Finance and
3. A nominee of the MoNE to represent the wider private sector.

The Evaluation does not recommend this representation structure but commends it for study.

*[Note: The chambers of commerce, relevant municipalities, other industry and professional bodies and local and international NGO and community sector organizations are all potentially important to the Center and the Center to them.*

*The communication strategy should ensure that these agencies, as well as business, community including religious leaders are given, at least the courtesy of information briefings and invitation to events.]*

## **2. Palestine Stone and Marble Center -- Staff**

### **2.1 Staff Training**

***The high-value international input to the Center staff from the Scuola Marmora and other centres of excellence should continue: focussing on the training of Center staff and the GIS team, the development of a stone library, and an international marketing website.***

### **2.2 Certification**

***During the Consolidation Phase, the local certification process should be completed and movement to international certification progressed either independently, or in conjunction with the Italian Centre.***

*[Note: This bears on the product service and financial value of further upgraded equipment and market assessment of other local and regional testing centre competitors].*

### **2.3 Client Training**

***The number and range of small technical training events and courses needs to increase, coupled with business upgrading assessments and consultancy inputs for individual large medium and small businesses -- and clusters of small and microenterprises.***

***It is recommended that on the academic side the responsiveness of the diploma's curriculum to its market should be monitored, and the potential for the Center's expertise to be applied in other courses should be assessed.***

It is recommended that a group of upgrading assessors should be recruited competitively and trained, using the UNIDO training packages for individual business assessments and for consultancy inputs in financial, human resource, and technical management previously available through the Federation of Industries, and similar programmes of other agencies. This should pilot-tested in the consolidation phase for use in the development phase.

*[Note: Understanding its training markets means that the Center should find the right balance between diploma and technical training. Impact assessment should indicate also the best packages and teaching methods for each sub-market within the Center's training market.*

*There has been little progress, to date, on the issue of business assessments and technical input consultancies. This is an area of UNIDO expertise which answers a priority need of the industry, and in which earlier training was done with the Federation of Industries.]*

## **2.4 Communication strategy and practice**

***It is recommended that communication about the Center and marketing of its services be broadened and the impact of communication and marketing evaluated.***

A range of communication methods should be trialled to reach potential clients of the Center. Many will be reached through outreach from the USM; others could be attracted through public and social media coverage, including publicity of events such as the Waste disposal conference, or press interviews with visiting experts or the publication of new research findings made by the Centre.

*[Note: The Center should continue to work through the USM but should also create complementary communication channels of its own. Currently the Center's marketing mostly comprises the advertising of training events and other services. Assessment should be made of how the targeted customers receive this information and how they judge its informative and motivational value. This does not have to be complicated: informal feedback can be invited. Customer satisfaction forms are useful but tend to record impressions at the time of training, not the workplace effect of the training.]*

*Public education on issues of land-use, water conservation, home industries and crafts involving stone material should be planned through events and media briefings. This has value both as a public contribution from the Center and as a public relations and marketing activity. These could extend to involving schools in understanding the land use and water conservation needs of their locality and pupils doing low level environmental care projects.]*

## **2.5 Physical Facilities and Equipment**

***The Center should be equipped with the higher grade testing equipment that market assessment has verified will ensure the Center is the market leader in the stone testing.***

***It is recommended that the physical facilities of the Center be completed; and verified by an Occupational Health and Safety certification and ongoing verification and training.***

*Note: Maintenance costs for equipment should be estimated in the strategic plan.*

## **3. Ministry of National Economy**

### ***National Evaluation System***

***The MoNE should use the research and evaluation activities of the PSMC as a case study for reviewing the impact of other industrial development***

***programmes and so build industrial policies within a national evaluation system (as proposed by the UN and OECD<sup>49</sup>***

#### **4. Union of Stone and Marble**

##### ***Communication and Membership***

***The USM should work with the PSMC to expand communication and feedback channels with its present members and support a Center outreach to businesses not yet its members.***

It is recommended that the USM support the development of partnerships between the PSMC and other community and private sector agencies / donors to build the cluster management by very small enterprises of waste disposal and equipment sharing, with a longer term view of integrating these businesses into the USM membership in appropriate membership structure

#### **5. UNIDO**

##### ***5.1 Monitoring and evaluation cycle***

***In carrying out its own monitoring and evaluation activities UNIDO should explore ways in which these activities can assist the PSMC in building its own evaluation capacity.***

The effectiveness of an Evaluation requires a similar management response from the partners as from the implementing agency (UNIDO). It seems UNIDO did not take effective steps to facilitate a partner response to the 2010 Evaluation recommendations, and in default of a steering committee, the partners missed an opportunity to build their own evaluation capacity.

##### ***5.2 Evaluability Assessment.***

***Preparation for the next project should include an evaluability assessment to ensure verifiable indicators of achievement.***

*[Note: Indicators could include: At least x pilot upgrade assessments of individual stone SMEs and at least x consultancy support packages have been delivered, including x assessments of -- and x deliveries -- to a cluster-based approach to waste recycling. X public education programmes have been run on dumping waste in pools or old quarries.]*

##### ***5.3 Commercial Sustainability***

When an entity is being established under a UNIDO project its commercial sustainability should be included in objectives and outputs at the outset of the project.

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<sup>49</sup> Refer United Nations Evaluation Group National Evaluation Capacity Development

## 5.4 Overcoming Project Obstacles

*The UNIDO procurement unit should introduce a mechanism for red-flagging when extra intervention is needed to deal with a project obstacle including appointing a short-term “fixer” to work across all departments and agencies involved. It should also have a data base with a mechanism (“orange-flagging”?) which notes those countries with **unique local conditions** (such as climate, infrastructure, corruption issues) that are more pronounced than in other countries and where there are more likely to be obstacles.*

*[Note: UNIDO’s project management capacity is located at HQ. It should examine whether consultant local staff should be retained to deal with issues requiring local action.*

## 5.2 Lessons Learned

1. Commercial sustainability is often not given the necessary prominence in the project objectives and. It may be that there is a corporate blind spot in the implementing agency and in its national government counterparts that is almost exclusively that of the public rather than the private sector. The reality that an initiative will have to be largely self-funding, to survive after project funding ceases, needs to be addressed from the beginning. The paradox of public sector personnel without any business experience required to become experts in private sector development, with occasional occupational blind spots, needs to be faced more often than it is.
2. Without awareness and practice of both monitoring and evaluation, project leaders may lose focus on the project objectives and hence the sustainability of its new institutions. The value of a project impact evaluation to a Government’s overall capacity to evaluate and improve its own policies is often not seen or utilized.
3. Where a project is targeted to building capacity in one partner (in this case the PPU) it has a flow-on effect for the other partners in this case, ensuring that the PSMC can assist the MoNE’s policy development, and strengthening the USM to represent all members of the industry.
4. There is an ongoing problem for UN technical development agencies in that their bureaucratic, information and communication systems have a natural bias to “silo” thinking both within and between individual agencies. This can undermine their efficiency, incur significant opportunity costs and undermine the donor investment in a specific project and in the One UN agenda. The private market view could be usefully employed that that other departments of a large organization, as well as partner and outsourced agencies should be seen as customers. Their needs, particularly for information, should be researched, understood and met.



## Annex 1: Persons interviewed

Name	Job title/Position in company/organization	Name of company/organization
Manal Farhan Ibrahim Shoukani	Director General of Industry and Natural Resources, Chief GBDS PIU Team Leader Cluster Project, UNIDO Focal Point	Ministry of National Economy, Ramallah, Palestine
Ibrahim Al Masri	University President and Chairman of the Board of PSMC	Palestine Polytechnic University, Hebron, Palestine
Nabil Al-Joulani	Associate Professor, Geo-Environmental Eng	College of Engineering and Technology Research Coordinator PSMC, Palestine Polytechnic University, Hebron, Palestine
Suhail S. Sultan	Director of Public Relations and Planning and Development	Palestine Polytechnic University, Hebron, Palestine
Jawad Haj	Director, Stone and Marble Center; Director, Industrial Center	Palestine Polytechnic University, Hebron, Palestine
Safa Sedir	Testing Laboratory Manager	Palestine Polytechnic University, Hebron, Palestine
Maher Hushaysh Executive Director	Executive Director	Union of Stone and Marble Industry, Bethlehem
Wisam Tara Wah	Vice-Executive Director	Union of Stone and Marble Industry, Bethlehem
Duha Sharabali	Management Assistant	Union of Stone and Marble Industry, Bethlehem
Shaabit	Owner Shaabati Company	Palestine
Ariad	Owner Middle East Marble	Palestine

## Annex 1: Persons interviewed

Jamal Jawabreh	Executive Director	National Union of Chambers of Commerce
Jawad Al Herbawi	General Manager	Hebron Chamber of Commerce
Caterina Cardelli	Attaché for Economic and Commercial Affairs	Consulate General of Italy
Antonio La Rocca	Program Director Palestinian Municipalities Support Program Technical Assistance Unit	Consulate General of Italy
Fulvio Capurso	Head of Programme of Economic Development, UNIDO	UNIDO
Cristina Pitassi	Project Manager	UNIDO
Azza Morssy	Chief Middle East and Arab Programme Development and Technical Cooperation Division	UNIDO
Michael Dethlefsen	Officer Procurements Services Unit	UNIDO
Alexander Orlov	Officer Procurements Services Unit	UNIDO
Gerlienke Meijer		UNDP, Jerusalem
Paolo Marone	General Director ISIM	
Michele Ferneti	Consultant	
Suhail Sultan	Consultant	

## Annex 2: Documents consulted

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Refining AFD's Interventions in the Palestinian Territories Increasing Resilience  
in Area C

Annex : YEARS DIPLOMA

Annex: ACCOUNTING & MANAGEMENT software

Annex: Palestine June HR423

Annex: Proposal PM

End Assignment Report Ferneti Oct 2013 Tech Report Bellamoli Jan2006

Final Report Grazia Laboratorio Prove.

Italy Study Tour-Report Final (Jawad\_Nabil -to Cristina)

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Mission BELLAMOLI June2013

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Transmittal IOM Palestine 20110311

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Self -Evaluation Report Safa Sep.2013

Technical Report Bellamoli, Jan2006

## Annex 3: Project expenditure

### 1. Projected Budget 2008

(revised to consider the financial resources necessary for the implementation of the Hebron Initiative (extract from Project Document 2008 page 15)

		2005/8	2009	2010
		Euro	Euro	Euro
11-50	International Experts	107,735	80,000	30,000
13-00	Support Personnel	10,401	35,000	5,000
15-00	Project Travel	2,733	37,000	5,000
16-00	UNIDO Staff Travel	34,699	15,300	5,000
17-50	National Experts	83,458	88,500	26,500
21-00	Subcontracts	47,651	60,000	12,000
32-00	Study Tour	3,681	55,000	25,000
35-00	Meetings & Trainings	5,718	43,000	7,000
45-00	Equipment	969,905	416,000	184,000
51-00	Sundries	24,480	30,000	3,724
55-00	Hospitality	304	361	
99-99	TOTAL PROJECT BUDGET	1,290,765	860,161	302,774
	TOTAL PROJECT BUDGET excluding support costs			2,453,700
	TOTAL PROJECT BUDGET Including support costs 8per cent			2,650,000

### Actual Expenses recorded December 2013

Year	Budget line	Description	Allotments	Expenditures
2005	11-00	International Experts/Consultants	15,234.58	15,234.58
2005	13-00	Administrative Support Personnel		
2005	15-00	Travel of Project Staff		
2005	16-00	Other Personnel Costs	7,005.23	7,005.23
2005	17-00	National Experts/Consultants	11,122.95	11,122.95
2005	21-00	Subcontracts	17,651.26	17,651.26

## Annex 3: Project expenditure

Year	Budget line	Description	Allotments	Expenditures
2005	30-00	Trainings/Fellowships/Study Tours		
2005	45-00	Equipment	199,356.70	199,356.70
2005	51-00	Sundries	10,117.76	10,117.76
<b>2005</b>	<b>Total</b>		<b>260,488.48</b>	<b>260,488.48</b>
				58,045.90
2006	11-00	International Experts/Consultants	58,045.90	
2006	13-00	Administrative Support Personnel	2,000.00	2,000.00
2006	15-00	Travel of Project Staff	2,732.68	2,732.68
2006	16-00	Other Personnel Costs	10,850.89	10,850.89
2006	17-00	National Experts/Consultants	60,708.93	60,708.93
2006	21-00	Subcontracts	40,000.00	40,000.00
2006	30-00	Trainings/Fellowships/Study Tours	5,916.04	5,916.04
2006	45-00	Equipment	747,642.07	747,642.07
2006	51-00	Sundries	6,108.76	6,108.76
<b>2006</b>	<b>Total</b>		<b>934,005.27</b>	<b>934,005.27</b>
2007	11-00	International Experts/Consultants	8,065.00	8,065.00
2007	13-00	Administrative Support Personnel	-2,000.00	-2,000.00
2007	15-00	Travel of Project Staff		
2007	16-00	Other Personnel Costs	13,809.97	13,809.97
2007	17-00	National Experts/Consultants	2,866.11	2,866.12
2007	21-00	Subcontracts	-10,000.00	-10,000.00
2007	30-00	Trainings/Fellowships/Study Tours	-2,234.95	-2,234.95
2007	45-00	Equipment	22,484.97	22,484.98
2007	51-00	Sundries	4,163.44	4,163.44
<b>2007</b>	<b>Total</b>		<b>37,154.54</b>	<b>37,154.56</b>
2008	11-00	International Experts/Consultants	19,979.00	19,979.00
2008	13-00	Administrative Support Personnel		
2008	15-00	Travel of Project Staff		
2008	16-00	Other Personnel Costs	-71.70	-71.70
2008	17-00	National Experts/Consultants	14,283.27	14,283.27
2008	21-00	Subcontracts		
2008	30-00	Trainings/Fellowships/Study Tours	-0.75	-0.75

## Annex 3: Project expenditure

Year	Budget line	Description	Allotments	Expenditures
2008	35-00	Non-UNDP meeting	5,710.03	5,710.03
2008	45-00	Equipment	-778.58	-778.58
2008	51-00	Sundries	-445.72	-445.72
<b>2008</b>	<b>Total</b>		<b>38,675.55</b>	<b>38,675.55</b>
2009	11-00	International Experts/Consultants	19,650.00	19,650.00
2009	13-00	Administrative Support Personnel		
2009	15-00	Travel of Project Staff	-772.00	-772.00
2009	16-00	Other Personnel Costs	5,099.74	5,099.74
2009	17-00	National Experts/Consultants	29,758.80	29,758.80
2009	21-00	Subcontracts	72,000.00	72,000.00
2009	30-00	Trainings/Fellowships/Study Tours		
2009	45-00	Equipment	127,337.85	127,337.85
2009	51-00	Sundries	-18,994.29	-18,994.29
<b>2009</b>	<b>Total</b>		<b>234,080.10</b>	<b>234,080.09</b>
2010	11-00	International Experts/Consultants	21,799.94	21,799.94
2010	13-00	Administrative Support Personnel		
2010	15-00	Travel of Project Staff	3,673.00	3,673.00
2010	16-00	Other Personnel Costs	3,377.27	3,377.27
2010	17-00	National Experts/Consultants	62,972.75	62,972.74
2010	21-00	Subcontracts	83,000.00	83,000.00
2010	30-00	Trainings/Fellowships/Study Tours	-9.41	-9.41
2010	45-00	Equipment	335,178.00	335,178.00
2010	51-00	Sundries	1,894.89	1,894.89
<b>2010</b>	<b>Total</b>		<b>511,886.44</b>	<b>511,886.43</b>
2011	11-00	International Experts/Consultants	5,074.32	5,074.32
2011	13-00	Administrative Support Personnel		
2011	15-00	Travel of Project Staff		
2011	16-00	Other Personnel Costs		
2011	17-00	National Experts/Consultants	534.00	534.00
2011	21-00	Subcontracts		
2011	30-00	Trainings/Fellowships/Study Tours		
2011	45-00	Equipment	10,000.00	10,000.00

## Annex 3: Project expenditure

Year	Budget line	Description	Allotments	Expenditures
2011	51-00	Sundries	34.15	34.15
<b>2011</b>	<b>Total</b>		<b>15,642.47</b>	<b>15,642.47</b>
2012	11-00	International Experts/Consultants	12,593.65	12,593.65
2012	13-00	Administrative Support Personnel		
2012	15-00	Travel of Project Staff	-403.46	-403.46
2012	16-00	Other Personnel Costs	5,103.98	5,103.98
2012	17-00	National Experts/Consultants	12,669.45	12,669.45
2012	21-00	Subcontracts	17,760.52	17,760.52
2012	30-00	Trainings/Fellowships/Study Tours	1,140.20	1,140.20
2012	45-00	Equipment	58,619.35	58,619.34
2012	51-00	Sundries	33,245.78	33,245.78
<b>2012</b>	<b>Total</b>		<b>140,729.47</b>	<b>140,729.46</b>
2013	11-00	International Experts/Consultants	116,000.00	103,551.55
2013	13-00	Administrative Support Personnel		
2013	15-00	Travel of Project Staff	4,500.00	2,041.39
2013	16-00	Other Personnel Costs	11,000.00	8,313.20
2013	17-00	National Experts/Consultants	33,000.00	20,102.75
2013	21-00	Subcontracts	55,000.00	19,600.76
2013	30-00	Trainings/Fellowships/Study Tours	30,500.00	23,885.70
2013	45-00	Equipment	16,000.00	0.00
2013	51-00	Sundries	15,037.73	8,510.98
<b>2013</b>	<b>Total</b>		<b>281,037.73</b>	<b>186,006.33</b>
	<b>GRAND TOTAL</b>		<b>2,453,700.05</b>	<b>2,358,668.64</b>

## **Annex 4: Implementation of 2010 evaluation recommendations**

Revised Technology Transfer for “Recycling Of Building Material Waste” Gaza And Support to the Marble And Stone Industry In The West Bank (UNIDO Projects Te-Tf/Pal/05/001

A. RECOMMENDATIONS TO UNIDO, THE GOVERNMENT OF PALESTINE, THE DONOR, AND PARTNERS as summarised in management response sheet

1. Expand the current strategic planning initiative and build greater capacity in the Union of Stone and Marble (USM) to lead and modernize the sector.
2. Pursue all channels through, or independent of, UNDP to gain approval for importing the TVET equipment.
3. The recycling of sludge should be managed by a greater number of stakeholders than those involved in the TVET project, and USM capacity building should aim at the stone and marble sector being a reliable partner in such a recycling programme.
4. Take steps to ensure as far as possible 1) that the project assets in Gaza are being used for the intended beneficiaries of the first phase (and, if circumstances change, as part of future aid to the people of the Gaza Strip); and 2) that the equipment located in the West Bank is being used for the ultimate beneficiaries of the second phase of the project. Therefore, UNIDO Project Manager concerned should take necessary steps to obtain all relevant information on the assets of the project.
5. The management board of the TVET should be expanded to include two representatives from each of the three partners, namely the Ministry of National Economy, the PPU and the USM.
6. Greater on-going industry input should be achieved both via the USM representatives and by one-off consultations with those in the sector that are sponsoring the students.
7. A structure and process for consulting with the students, including a possible student representative on the TVET board, should be established.
8. The appointment of a competent TVET Centre director should be revisited.
9. Any amendment to the project should remove the supervisory function from the Integrated Programme and set up a specific steering committee with a broader representation from the private sector.



10. To ensure there are no appearances of conflict of interest, managerial or administrative functions of the project should not be carried out by the focal point within the counterpart Ministry.

11. Consideration should also be given to broadening the range of personnel that have experience with UNIDO by discussing with the counterpart Ministry rotation of the focal point position but ensuring no loss of corporate memory.

12. For the same reason, while the expertise and local knowledge of Palestinian nationals working within UNIDO should be made available to UNIDO personnel working in Palestine, those nationals should not themselves exercise managerial or coordinating roles.

13. Reconsideration should be given to the policy of 100% pass rates.

14. The curriculum should be expanded to include emphasis on marketing and management skills and separate courses developed for business administration roles carried out by female members of family enterprises in the sector.

15. The competency of the staff should be supplemented by visiting lecturers.

16. The greater use of apprenticeships and the involvement of USM in their development should be encouraged.

17. The possibility of training in Italy should be clarified and students informed.

## B. COMMENT ON UNIDO IMPLEMENTATION

### ***Management Response Sheet***

This is the first time that the Evaluation team leader has been invited to review two stages of a project, and the first time he has had sight of an MRS. For this reason it may be of value to UNIDO for comments here to be made in greater detail.

The Management Response Sheet noted that out of the seventeen (17) recommendations, nine (9) were “fully accepted” and seven (7) “partially accepted”. A further one (1) was noted as “not in a position to comment” (this related to potential conflict of interest for UNIDO staff, so it gives the appearance of avoiding an issue if no-one among the senior managers that reviewed the recommendations could make comment on what was essentially an important policy matter and did not imply any finding of actual conflict of interest by the Evaluation)

The status of action up to November 2012 was recorded in the later edition of the Response Sheet provided to the Evaluation. However the history of action on the recommendations is incomplete or ambiguous for reasons discussed below.

“Acceptance in Principle” as used in recommendation 4 is not a satisfactory response, as it may appear that it is accepted but no action will be taken. Since these are recommendations for action, it is better to say no action will be taken and give the reasons. In this case, the action was noted as UNIDO “will try its best” but, “trying its best” is noted in 11/2012 as “no action having been taken”. The “trying its best” should be explained or reasons given for no action. As with recommendations 5 and 6, “trying” to implement these recommendations instead of setting out action can appear more as a rationalization for taking no action.

Recommendation 13 on 100 per cent pass rates was another example of “accepted” without action. This was a serious issue affecting the quality and credibility of the diploma course. No follow up is recorded. In the event, the Evaluation established with the Center that 100per cent pass rates no longer apply and that three students that had failed the diploma, repeated areas of work on a subsequent delivery of the course. It is a weakness that this was not reported in the progress reports.

While recommendation 9 was stated as “accepted”, the action reported (informal consultation) was not the action intended in the recommendation -- that there should be a structural form for supervision that involved the private sector to replace what had been seen by the Evaluation in 2010 as a dead-letter role taken at that time by the Integrated Programme (administered largely by the Federation of Industries)<sup>50</sup>.

In the case of recommendation 6 the action taken was “to indicate to the center to pursue a greater cooperation with USM and the industry”. This again seems like weak action tantamount to no action. The Evaluation believes that during the UNIDO project phase of the Center’s existence it is an expected role for the UNIDO personnel to facilitate a fact-based review focussing on the strengths and weaknesses of existing cooperation.

The Team Leader accepts responsibility that greater SMART clarity was possible in framing the recommendations. It is important also that evaluators always sight an example of an MRS as part of pre-mission briefing, the better to prepare recommendations that serve the UNIDO project management process.

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<sup>50</sup> Refer comments on the steering committee above.

## Annex 5: Evaluation Terms of Reference

### **Project TE/PAL/05/001 (SAP 106029) – Technology Transfer for “Recycling of Building Material Waste”, Gaza Strip, and Support to the Marble and Stone Industry in the West Bank**

#### **Independent End Project Evaluation**

#### **I. BACKGROUND**

Originally, the project was entitled *Technology Transfer for Recycling of Building Material Waste: A Platform for Production of Low-cost Construction Products*, (TE/PAL/05/001). Its immediate objectives were the transfer of know-how and establishment of dedicated pilot facilities (southern areas of Gaza Strip and West Bank) to manufacture aggregates and other construction material using debris and waste from demolition of buildings as well as stone quarrying/processing.

The project began in 2005 with a budget of EUR 2,650,000 (incl. 8 per cent support costs). With the election of a Hamas government in 2006 in Gaza and the expulsion of Fatah in June 2007 from Gaza, the United States and the countries of the European Union, including the donor Italy, cut off cooperation with Gaza's Hamas government. Consequently, UNIDO, the Ministry of National Economy of the Palestinian authority and the donor had to re-orient the focus, activities and beneficiaries of the project.

After extensive consultations, in 2008 the Ministry of National Economy (MoNE) and the Italian donor approved the revised scope of the project, which was changed to establishment of a technical, vocation and educational training center for stone working in Hebron, West Bank. The project, renamed *Technology Transfer for Recycling of Building Material Waste and Support to the Marble and Stone Industry in the West Bank* (TE/PAL/05/001 – SAP106029), was conceived as a public-private partnership among the academia, represented by the Palestine Polytechnic University, the industry, represented by Union of Stone and Marble, and the public sector, represented by MoNE.

Implementation of the revised project started in late 2008 with the construction of the center in the campus of the Palestine Polytechnic University, Hebron, and the equipment of the industrial workshop and testing laboratory. Considerable delays in obtaining and granting the required Customs clearance approvals by the Israeli authorities seriously undermined project implementation in 2010 and 2011. As a result, the project was extended for two consecutive years. The equipment was finally delivered and installed in 2012. With the completion of the physical infrastructure, the second half of 2012 and 2013 were mainly devoted to build the basic technical and educational capacities of the staff of the center.

### **I.1 Counterparts and Key Stakeholders**

The counterpart is the Ministry of National Economy. Besides MoNE, the key stakeholders are the Palestine Polytechnic University (PPU) and the Union of Stone and Marble (USM).

### **I.2 Main objectives, outcomes, outputs**

Following the project reorientation in 2008, the main objective of the project is the establishment of a technical, vocational and educational training center for marble and stone in Hebron, which was recently renamed Palestinian Stone and Marble Center, (hereafter referred to as PSMC or the Center). By establishing a modern center, the MoNE, PPU and USM intend to create an institution, which will serve effectively the local stone industry and contribute to its future development.

**Output 1:** The Center is able to deliver quality teaching course to students and workers in the marble and stone sector

**Output 2:** The testing laboratory at the Center is able to perform basic quality tests on natural stones (Quality & testing laboratory is operational)

**Output 3:** The technical-support unit is able to provide support services to members of USM (Technical support unit is operational).

### **I.3 Scope of prior evaluation**

An independent evaluation of the project was undertaken in July 2010 and covered the period from July 2005 to June 2010. The main purpose of that evaluation was to assess how many of its objectives had been achieved, draw lessons and recommendations, and assist the donor to decide how the remaining funds should be allocated, including the option of recycling water contaminated by stone processing.

## **II. PURPOSE OF THE EVALUATION**

The purpose of the independent evaluation is to enable the Government, the donor, UNIDO to:

- (a) Assess the effectiveness of the project, i.e. the extent to which the outputs were produced and outcomes achieved as compared to those planned;
- (b) Assess the prospects for sustainability, i.e. the extent to which the positive effects of the project will continue after the external assistance has concluded;
- (c) Assess the efficiency of implementation: quantity, quality, cost and timeliness of UNIDO and counterpart inputs and activities;

- (d) Assess the relevance and prospects of development impact, including contributions to the growth the domestic stone industry;
- (e) Provide an analytical basis for recommendations for a next phase of the project;
- (f) Draw lessons of wider application for the replication of the experience gained in this project in other projects/countries.

Section IV suggests some key questions for the various aspects of the evaluation.

### **III. SCOPE AND FOCUS OF THE EVALUATION**

Following its reorientation in 2008, the project has carried out no further activities in the Gaza Strip since 2006. Therefore, the present evaluation will consider exclusively project activities carried out to establish a technical, vocational and educational center for stone working in Hebron, from August 2010 to November 2013.

The focus of the present evaluation should be on how the project's capacity building activities have strengthened the Center's ability to develop the local stone industry as well as to reinforce its sustainability.

### **IV. EVALUATION ISSUES AND KEY QUESTIONS**

#### **Ownership and relevance**

- To what extent is the revised project aligned to the project stakeholders' priorities, policies and needs?
- To what extent is the revised project relevant to the Palestinian stone industry?
- To what extent is the Center perceived as a partnership by its constituent members (i.e., PPU, USM and MoNE)?
- To which extent is the project relevant to UNIDO's strategic objectives and thematic priorities?
- To what extent is the project aligned with the donor's priorities?

#### **Efficiency of implementation**

- Were UNIDO and counterpart inputs provided as planned?
- Were the activities carried out within the foreseen timeframe? Were there any delays? If yes, what led to the delay(s)?
- Have the outputs been generated as planned?

#### **Effectiveness**

- To what extent has the Center aligned its strategic plans with its mission?
- To what extent do the Center's activities and programmes reflect the mission of PSMC?
- How actively is the Board engaged in the governance of the Center, and how effectively does it provide strategic guidance?

- To what extent has the Center improved and expanded its technical competencies in training, research and service delivery?
- To what extent has the Center been able to develop synergies and linkages with PPU, the local stone industry and other organizations and actors from the same or other fields?
- What is the Center's organizational effectiveness<sup>51</sup>?
- To what extent and how has UNIDO added value to the project?

#### **Impact and sustainability**

- Which long-term development changes (economic, environmental and educational) have occurred or are likely to occur in the local stone industry through establishment of the Center?
- To what extent would the Center be able to sustain itself in the medium and long term?
- Which fields and/or directions could the Center develop to serve better the local stone industry?
- To what extent does the project contribute to the objective of sustainable inclusive industrial development of the local stone industry and related sectors?
- Have there been any unintended (positive or negative) effects of the project?

#### **Project management**

- Have project management and implementation modalities been adequate?
- Have recommendations of the previous evaluation been followed up?

### **V. EVALUATION METHODOLOGY**

The evaluation team should develop a methodology that allows collection of sufficient information to address all evaluation questions.

To substantiate the evaluation, the team should select and use information/data collection methods that ensure validity, reliability and credibility of the evidence gathered. By combining multiple information sources and methods, the team seeks to overcome possible judgmental biases. In the event of differences in results, the team should document and explain, to the best of their knowledge, the reasons for such differences.

The following data methods and sources are suggested.

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<sup>51</sup> Organizational effectiveness relates to the capacity of an organization to sustain the individuals, strategies, learning, infrastructure and resources it needs to continue to achieve its mission.

Information/Data Methods	Information/Data Sources
Desk review	<ul style="list-style-type: none"> <li>• Project document, progress report, mission reports, work plans and technical reports</li> <li>• Mid-term evaluation report</li> <li>• Documents on strategies and programmes of other development cooperation agencies</li> <li>• Policies and strategies for the domestic stone industry</li> </ul>
Interviews and visits	<ul style="list-style-type: none"> <li>• Key staff of the Ministry of National Economy and Italian Consulate in Jerusalem</li> <li>• Key stakeholders (USM, PPU, Municipalities)</li> <li>• Staff of the Center (Director, Research Coordinator and Laboratory Manager)</li> <li>• International Community (USAID/Compete, the Quartet, etc)</li> <li>• Beneficiaries (students, companies)</li> <li>• Project Manager and project consultants</li> </ul>

## VI. EVALUATION TEAM COMPOSITION

The evaluation will be conducted by one independent international evaluation consultant acting as team leader and one national evaluation consultant.

The UNIDO Evaluation Group will be responsible for quality control of the evaluation process and report. It will provide inputs regarding findings, lessons learned and recommendations from other UNIDO evaluations, ensuring that the evaluation report is useful for UNIDO in terms of organizational learning (recommendations and lessons learned) and is complainant with UNIDO evaluation policy and Terms of Reference of the project's Independent End Evaluation.

All consultants will be contracted by UNIDO. They will be jointly selected by UNIDO, the Consulate of Italy and the Ministry of National Economy. The tasks of each team member are specified in the job descriptions attached to these terms of reference (Annexes 1 and 2). The members of the evaluation team must not have been directly involved in the design and/or implementation of the project. The Project Manager will support the evaluation team by liaising with counterparts and preparing the evaluation mission.

## VII. EVALUATION PROCESS, DELIVERABLES AND TIME SCHEDULE

### VII.1 Process

In undertaking the evaluation, the evaluation team is expected to:

- i) Carry out a desk review of the existing documentation related to the project as well as clarify, if and when necessary, specific aspects of the evaluation scope and material with the UNIDO Evaluation Group and Project Manager;
- ii) Prepare the evaluation methodology and present an inception report to the UNIDO Evaluation Group, Project Manager and other stakeholders, as required;
- iii) Undertake a mission to Palestine and present the preliminary findings to the Ministry of National Economy, Italian Consulate and UNIDO in a meeting in Palestine;
- iv) Draft the final report and submit it to the UNIDO Evaluation Group for comments and review. The Project Manager and the UNIDO Evaluation Group may provide feedback on any factual errors and may highlight the significance of such errors in any conclusions. The evaluators will take the comments into consideration in preparing the final version of the report.
- v) Revise and finalize the final report, taking into consideration the comments received.

Once finalized, the final report of the Independent End Project Evaluation will be available to the public, on the UNIDO website.

## **VII.2 Deliverables**

The following are to be submitted.

Inception Report: On the basis of the evaluation methodology proposed in the evaluation ToR, the Inception Report should summarize the desk review of documentation and specify the evaluation methodology, including the evaluation questions, the data collection instruments and methodological limitations to the evaluation. Its objective is to ensure that the evaluation stakeholders have a common understanding of how the evaluation will be conducted. Annex 3 contains the template for the Inception Report.

Presentation of preliminary findings: At the end of the evaluation mission, an oral presentation of the preliminary findings and conclusions should be shared with the evaluation stakeholders in the field and at Headquarters. The presentation should be prepared in a format that is meaningful to the different stakeholders; allow participants to provide feedback on the preliminary conclusions as well as clarify points that may have been misunderstood; and lead to future action.

Final Report: The Final Report should address the evaluation issues outlined in Section IV. It should describe the methodology used, present evidence-based findings, conclusions, recommendations and lessons learned. Conclusions should point out factors of success and failure of the evaluated



project, whereas recommendations should provide advice on directions and actions for future development of the Center. The template of the Final Report is reproduced in Annex 4.

The Reports and presentations are to be written in English. When drafting, evaluators should:

- Substantiate evaluation findings with evidence
- Establish a logical link between findings, conclusions and recommendations
- Ensure that information is consistent throughout the reports and maintain the anonymity of informants
- Present the arguments using a well-structured, constructive, sensitive and concise style
- Include information in the main reports if it significantly affects the analysis and serves to clarify issues, with ancillary information presented in annexes

The reports should be submitted in electronic format, in Word, in black and white. Pages as well as paragraphs should be numbered consecutively using Roman numerals from the page following the cover page until the end of the Executive Summary, and Arabic numerals from the Introduction until the end of the document, including annexes.

### **VII.3 Time schedule**

The evaluation is scheduled to take place over the period November-December 2013. A preliminary time schedule is as follows:

2 <sup>nd</sup> half of November 2013	Desk review and telephone interviews, as required
report	Submission and finalization of the inception report
1 <sup>st</sup> half of December 2013	Mission to Palestine and Jerusalem (six days)
	Presentation of preliminary findings at a meeting with UNIDO, Ministry of National Economy and the Italian Consulate
20 December 2013	Submission of the draft final report for review and comments

## **VIII. GOVERNANCE AND MANAGEMENT OF THE EVALUATION PROCESS**

In accordance with UNIDO Evaluation Policy, the roles and responsibilities of the key actors of the project evaluation process are the following.

Constitution of the Evaluation Team	<ul style="list-style-type: none"> <li>• UNIDO will identify as well as recruit the consultants, and inform the Ministry of National Economy and the Italian Consulate, accordingly.</li> <li>• UNIDO will prepare an evaluation dossier and brief the evaluation team.</li> <li>• The evaluation team will present an Inception Report to UNIDO.</li> </ul>
Mission and Draft Final Report	<ul style="list-style-type: none"> <li>• The evaluation team will undertake the evaluation mission and present the draft Final Report to UNIDO.</li> <li>• UNIDO will circulate the draft Final Report among the Ministry of National Economy, the Italian Consulate and the other evaluation stakeholders for comments and factual validation.</li> </ul>
Final Report	<ul style="list-style-type: none"> <li>• The evaluation team will finalize the Report taking into consideration the comments provided.</li> </ul>
Quality assurance on the Final Report	<ul style="list-style-type: none"> <li>• UNIDO will assess and rate the quality of the Report according to the criteria set in the Checklist on evaluation report quality (see section IX).</li> </ul>

## IX. QUALITY ASSURANCE

All UNIDO evaluations are subject to quality assessments by UNIDO Evaluation Group (ODG/EVA). These apply evaluation quality assessment criteria and are used as a tool for providing structured feedback. The quality of the evaluation report will be assessed and rated according to the criteria in the Checklist on evaluation report quality (Annex 5).

## X. ANNEXES

1. Job Description of the International Evaluation Consultant
2. Job Description of the National Evaluation Consultant
3. Template of the Inception Report
4. Template of the Final Report
5. Checklist on Evaluation Report Quality

## Annex 1 of Terms of Reference

### Job description

<b>Post title</b>	International Evaluation Consultant: Team Leader
<b>Duration</b>	25 work days over the period 11 November – 31 December 2013
<b>Project</b>	Technology Transfer for “Recycling of Building Material Waste”, Gaza Strip, and Support to the Marble and Stone Industry in the West Bank
<b>Entry on Duty Date</b>	11 November 2013
<b>Duty Station</b>	Home-based (16 days) with travel to Vienna (1 day) and Jerusalem/Palestine (8 days)
<b>Duties</b>	

The consultant will carry out an in-depth evaluation of the above mentioned UNIDO project in accordance with the Terms of Reference (TOR).

Duties	Duration	Location	Results
1. Together with the National Evaluation Consultant, undertake a desk review of project documentation, conduct phone/skype interviews with the Project Manager and the UNIDO Evaluation Group, as necessary, and draft the Inception Report	3 days	Home-based	List of issued to be clarified: first draft of the Inception Report
2. Prepare the evaluation mission programme by liaising with the Project Manager in Vienna and the National Evaluation Consultant in Hebron to set up meetings/interviews.	2 day	Home-based	Mission programme reflects evaluation priorities
3. Finalise the Inception Report and the mission programme with the Project Manager and UNIDO Evaluation Group	1 day	Vienna	Final mission programme and Inception Report
4. Undertake the evaluation mission: carry out meetings, visits and interviews of stakeholders according to the mission programme.	8 days	Hebron, Palestine	Information gathered on issues specified in TOR
5. Draft main preliminary conclusions and recommendations and discuss			Draft conclusions and

them with UNIDO, project staff, counterparts and stakeholders.			recommendations
6. Prepare the draft Final Report according to TOR and in collaboration with the National Evaluation Consultant	8 days	Home-based	Draft report prepared and sent to UNIDO ODG/EVA
7. Review feedbacks received on draft report and submit final evaluation report.	3 days	Home-based	Final evaluation report submitted to ODG/EVA

**Qualifications**

- Advanced university degree in a field related to industrial and private sector development;
- Extensive knowledge and experience in the field of evaluation of technical cooperation;
- Knowledge and experience in the work of UN agencies.

**Language:** English; Arabic an asset

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

**Job description**

**Post title:** National Evaluation Consultant

**Duration:** 21 work days over the period 10 November – 31 December 2013

**Project:** Technology Transfer for “Recycling of Building Material Waste”, Gaza Strip, and Support to the Marble and Stone Industry in the West Bank

**Entry on Duty Date:** 10 November 2013

**Duty Station:** Palestine (home-base)

**Duties:** The Consultant will participate in the evaluation according to the attached Terms of Reference. He/she is expected to carry out the below duties in coordination and consultation with the evaluation team leader.

<b>Duties</b>	<b>Duration</b>	<b>Location</b>	<b>Results</b>
1. Undertake a desk review of project documentation; collect local information; conduct phone/skype interviews with the Project Manager and the UNIDO Evaluation Group, if necessary; and assist the evaluation team leader in drafting the Inception Report	5 days	Palestine	List of issued to be clarified and local information collected for drafting the Inception Report
2. Assist the evaluation team leader in preparing the evaluation mission programme and setting up meetings/interviews.	3 days		Mission programme reflects evaluation priorities
3. Undertake the evaluation mission: carry out meetings, visits and interviews of stakeholders according to the mission programme, elaborate preliminary findings, conclusions and recommendations	7 days		Draft conclusions and recommendations
4. Assist the evaluation team leader in drafting the Final report	5 days		Draft Final Report prepared and sent to ODG/EVA
5. Review feedbacks received on draft report and submit final evaluation report.	1 day		Final Report

**Qualifications**

- Advanced university degree in a field related to industrial and private sector development;
- Extensive knowledge and experience in the field of evaluation of technical cooperation;
- Knowledge and experience in the work of UN agencies.

**Language:** Arabic and English

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

## **Annex 2 of Terms of Reference**

### **Template of Inception Report**

Title page

Table of Contents

1. Preliminary Findings of the Desk Review
2. Evaluation Focus and Questions
3. Evaluation Methodology
4. Limitations to the Evaluation

Annexes

- I. List of documents reviewed
- II. Etc.

## **Annex 3 of Terms of Reference**

### **Template of Final Report**

Title page

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Acknowledgments

Acronyms

Executive Summary

1. Introduction
  - 1.1 Purpose of the Evaluation
  - 1.2 Evaluation Methodology
  - 1.3 Limitations to the Evaluation
2. Background and Context
3. The Project
  - 3.1 Project Period: 2008-2010
  - 3.2 Project Period: 2010-2013
4. Assessment
  - 4.1 Relevance and Ownership
  - 4.2 Effectiveness
  - 4.3 Efficiency
  - 4.4 Impact and Sustainability
  - 4.5 Environmental sustainability
  - 4.6 Project management
5. Conclusions and Recommendations
6. Lessons Learned

ANNEXES



## Annex 4 of Terms of Reference

### Checklist on evaluation report quality

Report quality criteria	UNIDO Evaluation Group Assessment notes	Rating
A. Did the report present an assessment of relevant outcomes and achievement of project objectives?		
B. Were the report consistent and the evidence complete and convincing?		
C. Did the report present a sound assessment of sustainability of outcomes or did it explain why this is not (yet) possible?		
D. Did the evidence presented support the lessons and recommendations?		
E. Did the report include the actual project costs (total and per activity)?		
F. Quality of the lessons: were lessons readily applicable in other contexts? Did they suggest prescriptive action?		
G. Quality of the recommendations: Did recommendations specify the actions necessary to correct existing conditions or improve operations ("who?", "where?", "when?"). Can they be implemented?		
H. Was the report well written? (clear language and correct grammar)		
I. Were all evaluation aspects specified in the TOR adequately addressed?		
J. Was the report delivered in a timely manner?		

#### Rating system for quality of evaluation reports

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

