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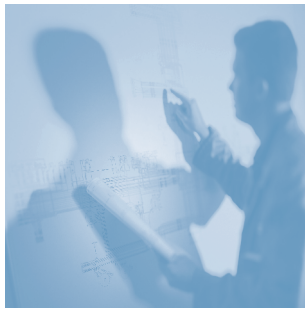
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Independent Evaluation Strategic Research Project COMPID

Combating Marginalization and Poverty
through Industrial Development (COMPID)



UNIDO EVALUATION GROUP

Independent Evaluation Strategic Research Project COMPID

Combating Marginalization and Poverty
through Industrial Development (COMPID)



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Abbreviations

CNRS	Centre National de la Recherche Scientifique
COMPID	Combating Marginalization and Poverty through Industrial Development
DAC	Development Assistance Committee
DANIDA	Danish International Development Agency
DG	Director-General
EGM	Expert Group Meeting
EST	Environmentally Sound Technologies
GF	Global Forum
IDB	Industrial Developing Board (of UNIDO)
JETRO	Japan External Trade Organization
LDCs	Least Developed Countries
MDG	Millennium Development Goals of the United Nations
ODA	Official Development Assistance
OECD	Organization for Economic Co-operation and Development
PIR	Office for Policy Issues and Strategic Research (UNIDO)
RBM	Results-based management
SME	Small- and medium enterprise
SRE	Strategic Research and Economics Branch (UNIDO)
TA	Technical assistance
TC	Technical cooperation
TORs	Term of Reference (of this evaluation)
TRPAT	Temporary Research and Publications Advisory Team
UK	United Kingdom of Great Britain and Northern Ireland
UN	United Nations
UNIDO	United Nations Industrial Development Organization
UNOV	United Nations Office at Vienna
URL	Uniform Resource Locator
USA	United States of America
USD	United States dollar
ZSI	Zentrum für Soziale Innovation (Centre for Social Innovation)
%	Percent

Glossary of terms

Term	Definition
Effectiveness	The extent to which the development objectives of an intervention were or are expected to be achieved.
Efficiency	A measure of how economically inputs (through activities) are converted into outputs.
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.
Intervention	An external action to assist a national effort to achieve specific development goals.
Lessons learned	Generalizations based on evaluation experiences that abstract from specific to broader circumstances.
Outcomes	The achieved or likely effects of an intervention's outputs.
Outputs	The products in terms of physical and human capacities that result from an intervention.
Relevance	The extent to which the objectives of an intervention are consistent with the requirements of the end-users, government and donor's policies.
Risks	Factors, normally outside the scope of an intervention, which may affect the achievement of an intervention's objectives.
Sustainability	The continuation of benefits from an intervention, after the development assistance has been completed.
Target groups	The specific individuals or organizations for whose benefit an intervention is undertaken.

Executive Summary

The strategic research programme ‘Combating Marginalization and Poverty through Industrial Development’ (COMPID) was carried out between January 2002 and November 2006 with financial support from Denmark. The COMPID research was structured into five themes, which were subcontracted to five different research institutes:

- Supporting industrial development: overcoming market failures and providing public goods (Overseas Development Institute, United Kingdom)
- Productivity enhancement and equitable development: challenges for small- and medium enterprise development (German Development Institute, Germany)
- Industrialization and poverty alleviation: pro-poor industrialization strategies revisited (Institute of Developing Economies and Soka University, Japan)
- Technological development in low-income countries: policy options for sustainable growth (Bryan Mawr College and Clark University, United States of America)
- Social capital: operationalizing the concept (Institute for Social Studies, The Netherlands)

COMPID covered areas of traditional UNIDO competence but also explored innovative fields such as the importance of social capital for industrial development. The COMPID focus on poverty was highly relevant for UNIDO’s tackling of the UN Millennium Development Goals and the programmatic renewal of the Organization. The COMPID themes were in line with the wider UNIDO research agenda. Eight years after their formulation, the COMPID themes are still relevant.

The academic standards of the research were controlled by a thorough peer review mechanism. The quality of the research carried out under the five sub-projects was good, with the exception of the one on pro-poor industrialization strategies, which needed strong UNIDO tutoring and several rounds of improvement.

The ambition of COMPID went beyond traditional research because it aimed at organizational development and better synergies between global forum (GF) and technical cooperation (TC) functions. The internal implementation mechanism consisted of a coordination unit located in the Office of the Director-General and a network of focal points to ensure organizational commitment and the integration of research results into UNIDO TC. This design was in line with good practices of strategic research, strategic management and organizational change management.

However, structural, operational and financial shortcomings hampered the full practical implementation of this approach. The decision of the DG to transfer the COMPID coordination unit from the Office of the DG to a line position led to systemic conflict in programme leadership. Focal points from the technical branches were, in principle, involved in the design, implementation and review process but felt that they had insufficient influence over the research design. Fading support by the DG weakened the commitment of TC staff, who became reluctant to invest time and effort into COMPID. The incentive structure for staff participation was inappropriate and this structural dilemma did not receive sufficient management attention.

Nevertheless, the final COMPID conference was a successful event, which was prepared by intensive dialogues between the COMPID unit, members of the Peer Review Group, the sub-Contractors and the focal points. Recommendations emerging from the research were validated on this occasion.

With regard to monitoring and reporting the COMPID project document mentioned ex-post monitoring and reporting of the project impact. However, no such monitoring and reporting took place.

The evaluation team sensed variable impact of the different research projects on UNIDO's programmatic development. The SME project provided the analytical foundation for a more differentiated TC approach to SMEs. The social capital project strengthened the analytical foundation of UNIDO's cluster activities. The market failures/public goods project bolstered UNIDO's legitimacy as the UN specialized agency for industrial development.

The research results were disseminated through various channels but the efficiency of these channels was, in many cases, relatively low. The five COMPID reports and summaries were printed to a high standard however, with considerable delays. The dissemination of the reports via the UNIDO field offices was inefficient because of logistical problems. The reports were primarily disseminated via the UNIDO website but download figures were limited. There is no evidence of a targeted dissemination of the research results by e-mail. As demonstrated by the citation analysis carried out under this evaluation, COMPID did not influence the international academic and development debate. The outreach of the research to UNIDO field offices was equally limited.

Since the time when COMPID was implemented, the overarching COMPID objective of organizational learning has become a major organizational development goal of UNIDO. Under UNIDO's current leadership and administrative structure the COMPID objective of organizational learning has become a major organizational goal of UNIDO and the Organization has made significant steps towards becoming a "learning organization".

Although rooted in the evaluation of COMPID and not in the analysis of current practice, the following key findings and recommendations from COMPID remain highly relevant also under the conditions of the new administrative environment. The Evaluation Group recommends that the managers of OSL and of the UNIDO Research Branch take into account the following key findings and recommendations in order to further improve the triangular relationship between strategic research, strategy development and organizational learning.

1. Organizational learning driven by strategic research depends on the efficient interplay between the research branch, technical branches and subcontracted research institutes. Organizing this complex interplay is primarily not a research task but a management challenge that requires the commitment of a high-level “champion” in charge of organizational development.
2. A network of research focal points in UNIDO branches is a key element for organizational learning and better synergies between UNIDO’s global forum and technical cooperation functions. However, simply charging TC project managers with additional research-related tasks without a proper incentive structure will not work.
3. The participation of TC staff in research projects is more credible and effective if it is not limited to the validation and uptake of research results but starts during the design of the research. Research planning groups, including both research and TC staff could be a good vehicle for such participation.
4. A transparent and participatory process is essential for the validation of research results. This validation process needs to be two-pronged: a panel of high-level academic peer-reviewers to ensure academic quality of the research and an open dialogue with TC staff to ensure practicality and buy-in.
5. The organizational uptake of research results cannot be achieved through high quality reports alone but requires more process-oriented research outputs such as policy briefs, action plans and interactive, community-building outputs like seminars or trainings.
6. The strategic research partnership model is valid but encounters certain implementation difficulties. Attracting world leading researchers may be difficult due to limited UN fee rates and UNIDO’s intellectual property rights for research results, which can be a disincentive for academics.
7. Dissemination of research results requires a clear definition of the target audience. Dissemination via the UNIDO website is not targeted and should be complemented by proactive dissemination via email. A database with email contacts for research briefs could be established.

8. Potentially, the field offices are important channels for the dissemination of research results. However, it is not sufficient to ship copies of the final report to the field offices but pro-active and tailor made dissemination strategies in the respective host countries are necessary. This requires early information and involvement of the field offices in the research.
9. Future strategic research programmes should adopt RBM principles. Planning should be guided by a comprehensive logframe with indicators demonstrating the causal chain from activities to research outputs, and from there to expected organizational outcomes and impact. Implementation should be guided by proper monitoring.

Introduction

A. Evaluation Background

Combating Marginalization and Poverty through Industrial Development (COMPID) has been a socio-economic research project carried out by UNIDO between January 2002 and November 2006.

The overall development objective of COMPID was

“... to support sustainable industrial development in less industrialized, poor countries ...”.

The immediate objective was

*“... to develop a better analytical foundation for UNIDO’s dual role of delivering technical assistance to these countries and providing global forum activities relevant for furthering their development”.*¹

COMPID was funded by Denmark through a contribution of USD 500,000 by the Danish International Development Agency (DANIDA).

COMPID was structured into five projects, each one of them was subcontracted to a different research institute and covered by a separate final report:

- Supporting industrial development: overcoming market failures and providing public goods (Overseas Development Institute, United Kingdom of Great Britain and Northern Ireland)
- Productivity enhancement and equitable development: challenges for SME development (German Development Institute, Germany)
- Industrialization and poverty alleviation: pro-poor industrialization strategies revisited (Institute of Developing Economies and Soka University, Japan)
- Technological development in low-income countries: policy options for sustainable growth (Bryan Mawr College and Clark University, United States of America)
- Social capital: operationalizing the concept (Institute for Social Studies, The Netherlands)

The history of COMPID is strongly interwoven with reform efforts of UNIDO in the 1990s and the Danish assessment of UNIDO in 1997 which paved the way out of an existential crisis of UNIDO (see chapter II.A.1 for details).

Taking into account the exemplary nature of COMPID and in order to draw lessons for future research projects, the UNIDO management decided to task the UNIDO Evaluation

¹ Final COMPID programme document, issued by UNIDO in November 2001

Group with an independent evaluation of COMPID. In November 2007 the COMPID evaluation was commissioned by UNIDO to Mr. Miroslav Polzer and Mr. Klaus Schuch from the Centre for Social Innovation (ZSI), Vienna, Austria. ZSI (www.zsi.at). The two evaluators were supported by Mr. Dirk Johann and Mr. Dietmar Lampert.

The evaluation is an ex-post evaluation conducted in compliance with the UNIDO Evaluation Policy and based upon TORs provided by UNIDO. It started approximately one year after the termination of COMPID. As for any other independent evaluations, its purpose was to determine as systematically and objectively as possible the relevance, efficiency, achievements (outputs, outcomes and impact) and sustainability of the project. The evaluation aimed to assess the achievements of the project against its objectives, as specified in the project document, including re-examination of the relevance of the objectives and of the design. It also identifies factors that have facilitated or impeded the achievement of the project objectives.

The COMPID evaluation has been a pioneering exercise in a double sense: COMPID stands out as an attempt to enhance synergies between UNIDO global forum and technical cooperation activities and the evaluation is the first time that UNIDO evaluates a research project.²

B. Evaluation methodology

The evaluation started its conceptual work in December 2007 and was finalized in August 2008. The following methods have been employed:

1. *Document research:* UNIDO provided information on the planning, design, implementation and monitoring of COMPID. Five research reports produced under COMPID, including the executive summary briefings were handed over. In order to place COMPID and its then attributed function to support the strategic management of UNIDO in the context of its strategic research concept, additional background documents on the evolution of UNIDO at the end of the 1990s and the beginning of the new Millennium were studied.³
2. *Expert and stakeholder interviews:* More than a dozen interviews have been conducted with experts and stakeholders involved in COMPID. Face-to-face interviews were carried out at UNIDO Headquarters in Vienna with UNIDO staff involved in COMPID, including UNIDO's strategic management and former backstopping officers and focal points from different UNIDO branches and horizontal service functions. Interviews were also conducted with former UNIDO staff. The interviews were based on a pre-structured questionnaire which was modified according to the different background of the interviewees. Focus was

² Final report by the Temporary Research and Publications Advisory Team, Vienna, July 2001

³ Most importantly were the following four documents in sequence of publishing dates: The report of John Degnbol-Martinussen on *Future Research Priorities for UNIDO. Comments and Suggestions* (May 1998); the *Final Draft report of the Cross-organizational Team on Research Activities* from 28 April 1998; the final draft on *Preparation of the Basis for a UNIDO Strategic Research Initiative, Including Definition of Components Relevant for Danish Assistance*, prepared by Mr. Martinussen on behalf of DANIDA (May 2001); the Final Report by the Temporary Research and Publications Advisory Team on strategic research (July 2001) and, of course, the COMPID programme document (November 2001).

on the governance of COMPID, the processes and information flows between the sub-Contractors and UNIDO and especially within UNIDO. The contribution of COMPID to better linkages between GF and TC was also an important topic of the interviews. In addition, (telephone) interviews with four of the study authors have been carried out in order to include their views, especially on the implementation processes of COMPID. Finally, the evaluators also contacted the Donor of COMPID, the Danish International Development Agency, who unfortunately could not provide information due to staff turnover. All in all, the wide range of interviewees enabled the evaluators to adequately take into account the different points of view.

3. *On-line questionnaire to UNIDO field offices:* Between 14 March and 1 April 2008, an online-questionnaire was made available to UNIDO field offices through the Internet⁴. The questionnaire was designed by ZSI experts and reviewed by UNIDO before publishing. It was designed to identify if, and if “yes”, how, COMPID is perceived and used by the field offices. The limited response rate of 32.5 % (13 out of 40) probably reflects the limited interest of most interviewees for COMPID that transpires also from the answers. Due to the limited response rate the results can only be qualitatively interpreted.
4. *Citation analysis:* The idea behind the citation analysis was to measure the impact of the COMPID research reports on the academic world since their publication by UNIDO in 2006. A second goal was to assess whether UNIDO contracted the best possible research teams. To measure the academic impact of the five studies the evaluators assessed the citation incidence of COMPID in five leading journals for development studies, the citation metrics of the study authors themselves and the citation metrics of the peer reviewers.
5. *Download statistics:* One of the goals of COMPID was to contribute to the knowledge base of a wider interested professional public and to strengthen the advocacy role of UNIDO in promoting industrial development in least developed countries (LDCs). The evaluators analyzed, in parallel to the academic impact of the five COMPID reports, also the download and access statistics from the UNIDO web site using the web server logs provided by UNIDO for the years 2006, 2007, and 2008. The intention of this analysis was to assess the interest of the general informed public for COMPID. In order to have a benchmark for the magnitude of the expressed interest (in terms of downloads) for COMPID, the evaluation team compared the download figures with a set of other UNIDO documents, which served as a control group.

⁴ <http://survey.zsi.at/index.php?sid=52481>



Strategic research and UNIDO's global forum function

UNIDO designed COMPID as a *strategic research programme* with the expectation that it should serve UNIDO's dual mission of technical assistance and global forum activities.

This chapter analyses the specific UNIDO context under which COMPID developed and discusses the following aspects:

- some generally accepted characteristics of strategic research;
- principles and milestones of UNIDO's elaboration of a strategic research concept specific to UNIDO;
- the specificities of UNIDO's so called "Global Forum" function;
- the guiding principles for COMPID derived from this context.

A. Some general characteristics of strategic research

The definition of strategic research as compared to other business functions is not straightforward. From the theory and practice of organizational change the following elements, characteristics and implications of strategic research are well known:

- Strategic research is purpose-driven research and therefore different from basic (or *blue sky*) research, whose objective is to generate knowledge per se.
- The term strategic implies high importance or strategic (eminent) value for the organization. In this sense, strategic research is different from operational research.
- Strategic research aims at opening up new business areas and business models. Such changes may imply substantial shifts in market orientation (new composition of the company portfolio; introduction of new topics and subsequent generation of new products and/or services; changes in customer structure; etc.).
- The implementation of strategic research often results in radically new organizational structures or processes; changes in the business culture, etc.
- Strategic research has to be backed up by the top management of the organization. This is true for the preparatory phase (strategy making) as well as for the subsequent strategy implementation.

- To mobilize the relevant wisdom of the organization and to build up organizational commitment, top management often appoints an inter-organizational task force, often supported by external experts, that accompanies the research and the subsequent organizational change process.
- In order to translate strategic research into management decisions, the task force prepares decision-making in a way that meets top management needs. The usual practice is to draft a strategy paper presenting optional strategic objectives and their justifications, the managerial and organizational procedures to achieve them and the resources needed. The strategy paper may also present organizational options. The paper usually includes recommendations and an action plan.
- Based upon the preparatory work of the task force, top management decides upon the strategy, which is usually implemented by a mix of top-down decisions and participative methods to enable broad inclusion, commitment and support of staff (or at least minimizing resistance).

B. Strategic Research in the UNIDO context

Table 1 below shows the major milestones of UNIDO's conceptualization of strategic research, which eventually led to COMPID.

Table 1: Milestones of UNIDO's conceptualization of strategic research

Date	Milestone
March 1998	Report to UNIDO prepared by John Degnbol-Martinussen on <i>Future Research Priorities for UNIDO. Comments and Suggestions</i>
April 1998	Final draft report of UNIDO's Cross-organizational Team on <i>Research activities</i> (Team Leader, Mr. W. Luetkenhorst)
March 2000	PIR/SRE established in the Office of the Director-General; Mr. Jørgen Estrup, appointed Head of PIR/SRE
September 2000	Temporary Research and Publications Advisory Team (TRPAT) established
October 2000	PIR/SRE proposed topics for the strategic research agenda to the TRPAT
November 2000	List of topics for the strategic research agenda endorsed by the Team presented to the Industrial Development Board (IDB)
Fall 2000	The concept of <i>Marginalization versus Prosperity: The Challenge Ahead</i> , established as a guideline for UNIDO's global forum activities
May 2001	DANIDA report on <i>Preparation of the Basis for a UNIDO Strategic Research Initiative</i> , including a <i>Definition of Components Relevant for Danish Assistance</i> , prepared by Martinussen Advisory Services.
July 2001	Final report of the TRPAT

The elaboration of UNIDO's strategic research concept was a major effort stretching over more than three years.

The first task force dealing with strategic research, the *Cross-organizational Team on Research Activities*, issued its final report in April 1998, taking into account a report of an external Danish expert. The task force report presented;

- A status quo analysis of the then research profile of UNIDO;
- Research profiles of other relevant organizations;
- Demand patterns and priorities for UNIDO's future research activities;
- Recommendations regarding strategies and mechanisms to enhance the impact of UNIDO's research activities.⁵

The status quo analysis of the *Cross-organizational Team on Research Activities* concluded that UNIDO's research activities included the more upstream type of research carried out in the former Research and Publications Division (RPD), as well as the more technical and project-related applied research undertaken by various operational branches. The report found that the definition of research subjects had not always been based on a comprehensive analysis of the various options available but had rather been determined by random factors such as historical antecedents, specific administrative decisions, and the availability of project funds.

About two years after this report the Director-General of UNIDO established an Office for Policy Issues and Strategic Research/Office for Strategic Research and Economy (PIR/SRE) as a new organizational unit in his Office, with the explicit mission of executing strategic research.

A couple of months later, the Director-General set up the *Temporary Research and Publications Advisory Team* (TRPAT) as a new task force, which was composed of six members and two observers and supported by a secretariat of three persons, all of them UNIDO staff. The TRPAT was chaired by Mr. Estrup, who was also responsible for the COMPID programme. The task force met 14 times between fall 2000 and spring 2001.

The TRPAT, which also accompanied the programmatic design of COMPID, was set up to tackle "... the need for clearer guidelines concerning cooperation with universities on strategic research ..." and to offer "... a framework for the further development of UNIDO's strategic research programme ...".⁶

In its final report, the TRPAT defined a triple rationale for UNIDO's strategic research:

- Strategic research is understood as a possibility for focusing part of UNIDO research activities in accordance with special priorities.
- Strategic research is a tool to develop UNIDO's position on some of the basic principles that guide its work and to refine and adjust the Organization's niche.
- Strategic research should define and focus UNIDO activities and improving technical cooperation services.

⁵ See: UNIDO, *Cross-organizational Team on Research Activities. Final draft report, 28 April 1998*, Vienna

⁶ Final report by the Temporary Research and Publications Advisory Team, Vienna, July 2001, p. 4

The final report adopted the following concept of strategic research⁷:

<i>Objective:</i>	To support the Organization's strategic positioning in the field of development cooperation by exploring and developing UNIDO's field of operation, thus ensuring the Organization's continued relevance to the changing support requirements of its Member States.
<i>Type of research:</i>	Applied research related to emerging industrial development issues – adoption of a single or multidisciplinary approach depending on the topic.
<i>Function:</i>	As a management tool, strategic research needs to be instrumental in defining UNIDO's contribution and responses to topical development issues and fundamental industrial development problems. It should serve both UNIDO's Global Forum function and technical cooperation services. As regards the latter, the role of strategic research should rather be in identifying support requirements for global public goods and guiding longer-term responses, than in improving implementation in the short run. Support to the Global Forum function should enhance UNIDO's advocacy role and inform UNIDO's participation in the global development debate, thereby enabling it to shape the development agenda.

The main chapter of the final report is devoted⁸ to the Strategic Research Agenda, including eight thematic priorities for strategic research. Some of these priorities elaborated on traditional UNIDO strengths, such as sustainable and environment-friendly industrial development. However, the suggested priorities included also thematic innovations, such as the notion of social capital or the explicit focus on poverty alleviation. Overall, the thematic priorities operated a remarkable shift towards pro-poor industrial development approaches and a focus on LDCs.

At the operational level, the final report of the TRPAT recommended strategic research partnerships with renowned academic institutions as a core mechanism for implementing UNIDO's strategic research concept.⁹ The main reason for this recommendation was a perceived lack of in-house research capacities. It should be noted here that the number of professionals assigned to research-related activities at UNIDO had been reduced from around 20 in 1994 to less than half in 2001.¹⁰

The final report of the TRPAT made a number of concrete recommendations how these research partnerships should be put into practice:

⁷ Ibid, quoted from p. 5

⁸ Ibid, chapter B, p. 5-11

⁹ Ibid, p. 11

¹⁰ See: Degnbol-Martinussen, John, Preparation of the Basis for a UNIDO Strategic Research Initiative, Final Draft, May 2001

- Five to seven new strategic partnerships should be added to the five already existing ones. The report listed 15 new potential partner institutions that could cover the eight thematic priorities¹¹.
- A list of criteria for selecting partnerships was included, among which a geographical balance, with respect to the location of the partner institute was postulated.¹² An explicit concern was also to include research partners from the developing world.
- Memorandums of Understanding (MOUs) should be established with the strategic partners, which should become the basis for more detailed project documents at a later stage.¹³ Due to the specificity of the strategic research cooperation, it was recommended to award contracts not on the basis of competitive case-by-case biddings¹⁴, but rather under umbrella agreements.
- As a division of labour between UNIDO and the strategic research partners, it was proposed that UNIDO should focus on the design and dissemination (and eventual application) phases while the research itself should be outsourced to the strategic research partner.
- UNIDO's involvement in the design phase was considered crucial to ensure relevance.
- In-house focal points from the technical branches should be responsible for technical interactions with the partners (including day-to-day management of the partnerships).¹⁵
- The office headed by Mr. Estrup should coordinate the strategic research partnerships including monitoring, coherence and exploitation of synergies between the partnerships. Joint annual reviews were envisaged to control the partnership process.¹⁶
- IPR and SIN, the two branches where UNIDO's core research capacity was located, were supposed to assume a good part of the actual implementation of the strategic research activities.¹⁷
- The resource requirements were estimated at a yearly budget of around USD100,000 for each strategic research partnership and at around four to six work months for internal backstopping and coordination per strategic research partnership (internal dimension). A maximum of ten partnerships was

¹¹ Ibid, p. 15 ff

¹² Ibid, p. 13

¹³ Ibid, p. 20

¹⁴ Ibid, p. 21

¹⁵ Ibid, p. 20

¹⁶ Ibid, p. 14

¹⁷ Ibid, p. 19

indicated as manageable limit, with an annual budget of USD 1 million and three to five full-time UNIDO staff members.¹⁸

- It was recommended to include joint funds mobilization efforts by UNIDO and its partners in all strategic partnership agreements.¹⁹
- For the dissemination of strategic research results both, process and product mechanisms were proposed.²⁰ Process mechanisms should circulate information amongst the researchers in UNIDO and its networks, fostering on discussion and exchange of ideas. Observatories, electronic discussion groups, list servers, email lists, web boards, video conferences, etc. should be exploited to this end. Under product delivery mechanisms, publications in journals, publication of policy briefs, publishing of academic papers, seminars and the like were proposed.²¹

C. UNIDO's global forum function

The UNIDO Business Plan of 1997 established technical cooperation on the one hand and global forum activities on the other hand as the two main dimensions of UNIDO's mission. Member States acknowledged the global forum function "*... as an important component of UNIDO mandate to strengthen industrial capacities in developing countries and countries with economies in transition ...*".²² GF was defined as "*... a place or meeting of worldwide reach for public discussion and debate ...*".²³

However, despite this high-level attention and emphasis for GF, UNIDO experienced certain difficulties to come up with definitions and concepts, which would be sufficiently clear-cut to allow the Organization to develop this important dimension of its mission, while ensuring effectiveness, efficiency and accountability. Efforts were made to conceptualize the GF function and to ensure the effectiveness and governance of GF activities. COMPID was expected to make tangible contributions in this respect.

An important development was the establishment of the GF Working Group in spring 2003. The Working Group was given the task of developing links and interactions between the (normative) global forum and the (operational) technical cooperation activities of UNIDO, within the context of the then ongoing development of UNIDO's corporate strategy and in view of contributing to the Millennium Development Goals. The Working Group noted that the GF concept in

¹⁸ Ibid, p. 12

¹⁹ Ibid, p. 15

²⁰ Ibid, p. 14

²¹ Ibid, p. 22

²² See: UNIDO Working Group: Linkages between Global Forum and Technical Cooperation - Draft Report of Working Group II, September 2003

²³ Ibid, p. 6

use was not clearly defined but that it was, in practice, often considered as a kind of a “mixed bag” comprising everything but technical assistance.²⁴

The GF Working Group based its analysis on the UNIDO Corporate Strategy that defined the dual function of GF as follows:

- Generation and dissemination of knowledge about industrial development processes and associated issues;
- Initiating and conducting debates and discussions on industrial development issues and related matters in order to influence the development agenda in this area.

These two key functions are often referred to as the generation of knowledge function and the convening functions of GF.

As regards the convening function, the GF Working Group explicitly excluded the following activities from GF: dialogue on programme development issues, expert group meetings used to develop specific programmes at the national and/or regional level, promotional publications, UNIDO attendance *per se* in meetings and conferences, and the development of tools and methodologies utilized for technical assistance.

As regards the knowledge creation function, the working group considered that technical research directly linked to a technical assistance project would not belong to the GF, such as, e.g., monitoring of the water quality in a mining project. The Working Group recommended that GF research should be based on a few well-focused themes to be defined bi-annually on the basis of clear and consistent criteria. Orientation towards MDGs was proposed as a selection criterion and the contribution of the research to linking GF and TC was considered as a paramount characteristic of GF research. This linkage should be improved by a better system of internal communication and exchange of information among a wider number of staff, explicitly also technical assistance staff.

The GF Working Group considered the linkages between TC and GF as

“... one of UNIDO’s greatest potential strengths in terms of strategic positioning, i.e. being able to contribute practical experiences to research and policy debates and test research results within projects on the ground. In other words, the inter-relationship between the two functions is UNIDO’s capability to use GF outputs as inputs for TC and to use TC outputs as inputs for GF. The inter-relationship between both functions is not a one-way process but rather one of continuous, interactive and circular nature (loop).”

Subsequently, this interactive and dynamic understanding of the relationship between UNIDO’s two core functions has become official UNIDO policy:

*“As a **global forum**, UNIDO generates and disseminates knowledge relating to industrial matters and provides a platform for the various development agents*

²⁴ Ibid, p. 6

*-decision-makers in the public and private sectors, civil society organizations and the policy-making community in general - to enhance cooperation, establish dialogue and develop partnerships in order to address the challenges ahead. As a **technical cooperation agency**, UNIDO designs and implements programmes to support the industrial development efforts of its clients. It also offers tailor-made specialized support for programme development. The two core functions are both complementary and mutually supportive. On the one hand, experience gained in the technical cooperation work of UNIDO can be shared with policy makers; on the other, the Organization's analytical work shows where technical cooperation will have the greatest impact by helping to define priorities.'*²⁵

In order to put this understanding into practice, the GF Working Group called for further improvements to increase the performance, applicability and accountability of GF functions. Among others, the following features were suggested²⁶:

- Introduction of an organization-wide mechanism to ensure the quality of publications, in particular peer review mechanisms to assess relevance and quality of drafts;
- A better definition of the target audience of GF activities and mechanisms how to reach them;
- Increased involvement of counterparts and high-level decision makers from governments and the private sector;
- An inclusion of performance measures to assess success;
- Establishment of a mechanism for monitoring dissemination and extent of international reach of UNIDO publications (e.g. publication of UNIDO research in leading journals);
- Establishment of central recording whether the recommendations made by UNIDO research have gained acceptance, recognition and have been incorporated in strategies and programmes at national, regional or global level;
- Establishment of a comprehensive database on GF activities and their results to enable knowledge building, international reach and visibility;
- Improvement of the internal dissemination of information regarding GF activities;
- An institutional approach to share knowledge gained from the GF and a system for generating ideas on GF activities with a wider number of staff including the involvement of the UNIDO offices in the field, in New York and in Geneva;

²⁵ UNIDO – Providing a Platform for Agents of Progress, Vienna 2004

²⁶ Ibid, p. 12f

- Improvement of the GF reporting to Member States;
- A solid anchoring of the GF function close to the top of the vertical structure of the Organization. SRE has been regarded as most suitable for this purpose.

D. Guiding principles for the design of COMPID

It can be concluded that the following principles guided the design of COMPID:

Strategic research should be backed up by the highest management levels and focus on subjects of importance for identifying and bolstering UNIDO's role as part of the UN family. On the other hand, strategic research should be relevant to TC activities and linked to these activities in an input/output relationship (loop). The bridging aspect between GF and TC is a central element for strategic research in UNIDO.

Since UNIDO in-house research capacities are limited, strategic research should be carried out in partnerships with renowned research organizations from industrialized and developing countries. Under these research partnerships, UNIDO should be involved in the design and dissemination phases but the actual research should be outsourced to the research partner. The necessary financial resources should, at least partly, be raised jointly, together with the research partners.

Strategic research should be coordinated by a unit close to the top management, while a system of in-house focal points should guarantee the interaction with the strategic research partners.

The outputs of strategic research should not be confined to publishing research reports but also include process outputs such as seminars and trainings. Virtual and non-virtual inter-branch communication should safeguard the effective take-up of strategic research outputs throughout the Organization.

Strategic research should be shaped in a more accountable manner by introducing performance indicators, use of peer reviews, identifying target groups, raising the level of participants/counterparts, regular monitoring etc. Ultimately, the success of strategic research depends on a functioning knowledge management system.



The COMPID approach, design and implementation

A. COMPID: A flagship project putting strategic research into practice

COMPID has been a major effort of UNIDO to test out and implement the strategic research concept of the Organization, which had been developed by the high-level task force on research (TPRAT). The COMPID programme document of November 2001 positioned the project as a strategic research programme that should contribute to UNIDO's aim of carving out "*... its own niche in a fast-changing global environment for furthering sustainable industrial development ...*".²⁷

The 2001 Annual report of UNIDO made reference to the TPRAT, characterized strategic research as a vital aspect of UNIDO's work²⁸ and mentioned COMPID for the first time. The report stated that COMPID should be of direct relevance for technical cooperation. The importance of COMPID and its expected link with TC activities came out even stronger in the 2002 report, which presented COMPID as UNIDO's main strategic research programme and described the project as aiming "*... at improving the impact of UNIDO's technical cooperation activities ...*".²⁹

In the 2003 Annual report of UNIDO, COMPID was described as a linkage between UNIDO's GF function and operational activities³⁰. The 2004 Annual report stated that the COMPID findings will be applied to technical cooperation activities³¹. The bridging function of the project was no more highlighted in the 2005 report and reduced to a small sentence in the 2006 report. This report simply stated that the COMPID "*... reports also contain UNIDO-specific advice on TC ...*".³² In the 2004 and 2005 Annual reports of UNIDO, the COMPID research programme lost its former attribute *strategic*.

²⁷ COMPID Final programme document, November 2001

²⁸ UNIDO Annual Report 2001, Chapter I

²⁹ UNIDO Annual Report 2002, p. 20

³⁰ UNIDO Annual Report 2003, p. 48

³¹ UNIDO Annual Report 2004, p. 49

³² UNIDO Annual Report 2006, p. 61

B. COMPID: A cornerstone of UNIDO's cooperation with Denmark

COMPID gained part of its strategic importance for UNIDO from the fact that it has been a cornerstone of the cooperation between UNIDO and the Government of Denmark. This cooperation had been particularly close since the days of the existential crisis of UNIDO during the mid-Nineties and the subsequent downsizing of the Organization, where Denmark was among the group of Member States defending UNIDO interests.

Denmark was heavily involved in supporting UNIDO's way out of its existential crisis. The in-depth Danish assessment of the relevance of UNIDO helped to convince most of its Member States, including the European Union (EU). This assessment³³ became available at a strategic moment in May 1997. Its conclusion was that UNIDO continued to be relevant because its services were still needed and in high demand. UNIDO was featured as an organization with a future, an organization to which at that time no viable alternative was available.

The key author of this study was Mr. Martinussen, a DANIDA consultant who subsequently supported UNIDO in preparing its strategic research programme in 1998 and who could also be considered as the Godfather of COMPID.

Mr. Martinussen was well aware of UNIDO's internal and framework conditions. Based upon his preparatory work, the Danish Government offered its financial support to UNIDO for implementing the Organization's strategic research agenda.

In order to establish strategic research as a new organizational function within UNIDO, Mr. Jørgen Estrup, a former Professor of Economics at the University of Copenhagen and former Chairman of the Foreign Affairs Committee of the Danish Parliament joined UNIDO as Chief Economist (a function that previously did not exist) and as a Special Adviser to the Director-General in January 2000.³⁴ The appointment of Mr. Estrup was based on a mutual agreement between UNIDO and DANIDA.

In March 2000, the Office for Policy Issues and Strategic Research/Office for Strategic Research and Economy (PIR/SRE) was established as part of the Office of the Director-General. The stated role of PIR/SRE was:

- To promote UNIDO's advocacy role with regard to sustainable industrial development in the context of the overall development goals of the UN system;
- To advise on strategies and policies for industrial development including development of a new industrial paradigm for UNIDO-interventions on key issues in relation to industrial development.³⁵

In October 2000, the DG and his Special Advisor, Mr. Estrup met with the Danish Under-Secretary for multilateral development assistance and the Danish Permanent

³³ Ministry of Foreign Affairs/Danida, *Assessment of UNIDO. Capacity Development for Sustainable Industrial Development under Changed Conditions*, Copenhagen, 1997 (Team leader: Mr. John Degnbol-Martinussen)

³⁴ UNIDO Press release 6 January 2000 (<http://www.unido.org/index.php?id=o4096>)

³⁵ TOR for the Office for Policy Issues and Strategic Research (PIR/SRE)

Representative to UNIDO to discuss ways of strengthening the strategy and policy development capacity of UNIDO.³⁶ In May 2001, the DANIDA consultant, Mr. Martinussen, presented a paper on *Preparation of the Basis for a UNIDO Strategic Research Initiative, Including Definition of Components Relevant for Danish Assistance*. In this paper he advocated a stronger UNIDO focus on poverty alleviation.

Although not entirely new to UNIDO, this forceful policy priority on poverty alleviation was not only acclaimed but also requested by the donor community. It was expected as UNIDO's response to the United Nations Millennium Development Goals and was also in line with the development priorities of the then Danish Government. As it transpired from the policy dialogue, the Danish Government was of the opinion that UNIDO's position vis-à-vis the Millennium Declaration and particularly with regard to poverty was not sufficiently founded and articulated and the financial support for COMPID was clearly aimed at overcoming this perceived weakness.

C. The scope, funding and design of COMPID

The definition and the number of research themes to be covered under COMPID were subject to dialogue between the Temporary Research and Publications Advisory Team (TRPAT) and the Danish side, represented by Mr. Martinussen. In his initial paper the consultant underlined that the available funding would not be sufficient for the five initially proposed subjects and that additional money should be raised if all of these themes were to be covered.

Despite the caution of the consultant a list of five research themes was ultimately retained, a decision leading to the subsequent over-stretched funding situation of the project. In addition, some of the side topics proposed by the Temporary Research and Publications Advisory Team found entry into these five research projects. The budget earmarked in July 2001 amounted to USD619,000 with USD595,000 to be covered by DANIDA. The actual contribution of DANIDA has been USD500,000. UNIDO provided staff for implementation and covered the costs of producing the COMPID publications (brochure and reports).

Table 2 shows the major milestones of the design and implementation of COMPID.

³⁶ Final COMPID programme document, July 2001, p. 2

Table 2: Milestones of COMPID design and implementation

Date	Milestone
July 2001	Draft COMPID programme document finalized
November 2001	Annexes to Draft COMPID programme document; Initial outlines for the first four topics submitted to DANIDA (the outline for the topic on SMEs was elaborated later in 2001)
January 2002	Formal start of the project implementation through UNIDO's acceptance of DANIDA's funding conditions (by letter of transfer)
March 2002	Creation of a new Strategic Research and Economics Branch (SRE) formed by the merger of three different units, including that of the Office of the Chief Economist, referred to earlier as the Office for Policy Issues and Strategic Research (PIR/SRE)
Spring 2002	Specification of research topics (all but for SME development), development of the TORs and pre-screening of potential research partners
Summer 2002	Outline for the <i>SME development</i> project finalized
September 2002	Inception Report to DANIDA
January to May 2003	All subcontracted projects commenced work
May 2003	COMPID kick-off workshop in Vienna
November 2003	COMPID team staffing cut
March 2004	Chief Economist, previously in charge of COMPID, left UNIDO and the Director of the research branch assumed responsibility for COMPID
April 2005	Final COMPID conference in Vienna to review the research outputs and to discuss their implications for UNIDO
September 2005	All reports, except the <i>Pro-poor industrialization strategies</i> project report received, editing process started
January 2006	<i>Pro-poor industrialization strategies</i> project report received.
February 2006	Final COMPID report produced
March - November 2006	All five project reports and project summaries published

The overall development objective of COMPID was “... to support sustainable industrial development in less industrialized, poor countries ...”.

The immediate objective was ‘to develop a better analytical foundation for UNIDO’s dual roles of delivering technical assistance to these countries and providing global forum activities relevant for furthering their development’.

The planned outputs were

- Studies/Publications
- Conferences/Expert Group Meetings
- Policy briefs
- Internal re-analyses

For implementing COMPID, ten main activities were foreseen:

- Selecting and designing research projects (UNIDO)
- Identifying potential research partners (UNIDO)
- Formulating and concluding TORs with external partners (UNIDO)

- Delivering inception report (UNIDO)
- Public presentation of strategic research programme (UNIDO/DANIDA)
- Backstopping projects (UNIDO)
- Reviewing progress (UNIDO)
- Reviewing outputs through conferences/Expert Group Meetings (UNIDO)
- Processing and disseminating programme results internally (UNIDO)
- Editing and publishing results of the programme (UNIDO)

The subcontracted COMPID projects were planned in three phases:

- Phase 1 consisted of conceptual work (by the sub-Contractors) based on desk research.
- Phase 2 consisted of empirical work (by the sub-Contractors) to provide new knowledge of a general nature for the area of research.
- In phase 3, the general research findings were to be applied to UNIDO realities and recommendations were to be made for UNIDO's strategies, policies and technical cooperation activities. This was to be done as a combined effort of in-house resources and sub-Contractors.

Under the section – “Assumption, Risks and Preconditions”, concerns were raised whether the staff resources of the Chief Economist (PIR) would be sufficient and whether additional funding could be raised to ensure that more substantial parts of the Strategic Research Agenda, and not only three projects, could be realized. For ensuring broader ownership and commitment it was proposed to set up a cross-organizational team to advice and support PIR in the phase of implementation.

With regard to quality assurance the programme document envisaged that UNIDO and DANIDA would jointly review the work in progress based on annual reports, ad hoc consultants and, if possible, on a mid-term presentation delivered at an Expert Group Meeting (EGM) or a conference.

The programme document also envisaged a number of dissemination and knowledge transfer activities. The five COMPID studies would be edited and published by UNIDO and the scholars involved would present their results to the public either at a conference jointly arranged by DANIDA and UNIDO or at an EGM. In addition, UNIDO would process and disseminate the results internally as well as externally through information notes and policy briefs.

Furthermore, UNIDO should monitor the internal impact of the research programme and, within a year after the end of the project, submit a report analyzing the impact on both UNIDO's technical cooperation activities and its Global Forum function. No reference was made to process or output indicators.

D. The changing organizational and management framework of COMPID

The implementation framework for COMPID consisted of four main elements:

- The Office for Policy Issues and Strategic Research/Office for Strategic Research and Economy (PIR/SRE)
- The cross-organizational advisory team
- The COMPID focal points
- The Peer Review Group

The overall responsibility for implementing COMPID was assigned to PIR/SRE managed by Mr. Estrup. As of September 2002, this office was staffed by 5 persons: the Chief Economist himself (at level L6), one Industrial Development Officer (P3), one Industrial Development Officer (at level L3), one JPO/Associate Expert and one staff for editorial/administrative support (at level G5). However, the initially foreseen senior position of a Deputy to the Chief Economist (at level P5) was never filled.

PIR/SRE identified the research themes, identified potential sub-Contractors, organized the calls for tenders and selected and contracted the sub-Contractors. Staff members of PIR/SRE were assigned to the individual COMPID projects for overall project management; maintaining communication between the sub-Contractors and UNIDO; guiding and supporting the actual research; administration of contractual and financial tasks, etc.

PIR/SRE staff provided also feedback on the initial drafts, informed the sub-Contractors about relevant UNIDO services, prepared detailed assessments of the final drafts, and delivered substantive editing of the reports. In parallel, PIR/SRE staff was dealing with other research activities.³⁷

The cross-organizational advisory team was set up in February 2003 to ensure ownership and commitment of the UNIDO TC branches. This group was a successor of the former TRPAT and consisted of senior staff from different UNIDO branches. It ensured the relevance of the COMPID research for UNIDO's TC activities, analyzed the COMPID research reports and provided feedback to the authors.

During the second half of 2003 a group of focal points representing the different branches concerned with the COMPID research were appointed. This direct involvement of staff from the targeted branches was meant to reinforce linkages between COMPID research and UNIDO TC. The focal points joined forces with the COMPID Team to carry out the "re-analysis" of the research reports and became responsible for the communication between the subcontracted researchers and TC units on thematic issues and the application of the research outputs in TC.

³⁷ The Industrial Development Officer for example undertook in parallel to COMPID another research project on the adoption of EST in eight countries and published two peer-reviewed articles on this subject.

From the academic end, the Peer Review Group was established in spring 2003, comprising four leading academics: Professor Larry Westphal (Swarthmore College, USA), Professor Michael Morris (University of Natal, South Africa), Professor Sanjaya Lall (University of Oxford, UK) and Professor Finn Tarp (University of Copenhagen, Denmark).

The Peer Review Group was to provide guidance on synergies and coherence among the different research projects, to ensure that COMPID stays a unified programme³⁸ and to vet the reports. Ms. Lall reviewed the report on *Market failures/Public goods*, Mr. Morris the *SME*-report and the report on *Social Capital*. The report on *Technological Development in low income countries* was reviewed by Mr. Westphal. Mr. Tarp reviewed the report on *Poverty Alleviation*, maybe the 'hottest' among the five research themes.

The internal implementation framework did not remain stable during the entire implementation period. On the contrary, this framework was significantly affected by various UNIDO reorganizations and also tensions.

In March 2002, a new 'Strategic Research and Economics Branch' (SRE) was formed by the merger of three different units, including the Office of the Chief Economist, referred to earlier as the Office for Policy Issues and Strategic Research (PIR), corresponding to a move of this Office and of the Chief Economist himself from a position in the DG Office into a line position. While the Director of the former Industrial Policies and Research Branch became Director of the SRE Branch, the Chief Economist, who was now a member of this branch, continued to report directly to the Director-General under the new structure. The merger was described as *"... a rather difficult and time-consuming exercise ..."*.³⁹ In its comments on the COMPID inception report in November 2002, DANIDA pointed out that this merger *"...could indicate that the programme has been given less priority than previously agreed ..."*.

2003 saw a further erosion of COMPID's strategic relevance for UNIDO. In late 2003, the COMPID staff was reduced. In December 2003 the COMPID team was not allowed to present COMPID research results at the UNIDO General Conference. And when Mr. Estrup left UNIDO on 31 March 2004 the Director of the Strategic Research and Economy Branch (SRE) assumed overall responsibility for COMPID. Soon after, the COMPID team was reduced to three persons and as of September 2005 to only two persons.

These developments led to certain frictions between UNIDO and DANIDA. In April 2005, Mr. Estrup, nominated at the time as a resource person by DANIDA, was not allowed by the DG to participate in a consultative meeting on COMPID held in Vienna.

³⁸ See page 2 of the Second Status Report of 10 June 2003.

³⁹ See COMPID Inception Report, p. 8 (September 2002).

E. The five COMPID studies: Content and objectives

During the first semester of 2002, the Office of the Chief Economist prepared the detailed terms of reference for the five COMPID projects, identified potential sub-Contractors and organized the bidding process. While four projects were designed to a large extent by the COMPID team itself, the substantial leadership for the SME project was taken over by the Director of the SME Branch.

Although the TORs for the five projects followed the same structure, some were less specific (e.g., the one on *Poverty alleviation* than others (e.g., the one on *overcoming market failures and providing public goods*). As regards the latter, detailed references were made to the academic work of the future sub-Contractors, which were already named in the attached budget.

The terms of reference of the COMPID research projects specified the respective objectives as follows:

- *Making social capital an operational concept for industrial development*
 - To determine how social capital can be made an operational concept for technical assistance in the field of industrial development, and
 - To assess how social capital, particularly which forms, can usefully be promoted by UNIDO; and in what manner and through which UNIDO activities this could be done.

- *Technological development in marginalized countries: strategies and measures for initiating and sustaining a path of sustainable industrial development*
 - To develop a conceptual framework and appropriate tools for the design and implementation of technological development strategies and policies in low-income countries, aimed at ensuring environmentally sound industrial growth. The framework will take due account of the diverse conditions faced by countries in the target group and will establish policy profiles for different groups of countries.
 - To develop an operational, integrated framework for UNIDO's technology-related policy advisory and institutional capacity building services, specifically aimed at low-income countries and well attuned to the specific conditions and needs of target beneficiaries. The operational framework will be based on the aforementioned conceptual framework and will include – where relevant - tools and methodologies for policy and institutional capacity building services.

- *Optimizing the impact of industrial development on poverty alleviation*
 - To examine the impact on poverty alleviation from different ways of furthering industrial development, taking into account the impacts on economic equity and environment.
 - To develop the strategies and guidelines needed for optimizing the poverty alleviation impact of UNIDO's technical cooperation activities for sustainable industrial development.

- *The role of UNIDO in the New Industrial Paradigm: Overcoming market failures and providing public goods*
 - To examine the on-going development of increased specialization in the manufacturing process and accordingly identify a new, workable concept delineating UNIDO field of operations.
 - To examine the nature and extent of market failures in the context of sustainable industrial development, focusing in particular on how the provision of national and international public goods can overcome some of these market failures, and to analyze how international development organizations like UNIDO can address the problems of market failure.
 - To identify the dividing line and division of labour between UNIDO and the private sector ensuring fair competition with regard to the provision of services, thereby guiding UNIDO activities.

- *Productivity enhancement and equitable development: The challenges for SME development*

No objectives⁴⁰ were formulated for this study but can be identified implicitly through the activities foreseen under the research project:

- A desk-based review of the available evidence on the role of SMEs in the process of productivity enhancement. Special emphasis will be placed on how globalization (in particular the emergence of global value chains) is modifying these patterns and the role that foreign direct investment can play in this process.
- A desk-based review of the available evidence on the role of SMEs in the process of bringing about equitable development based on sustainable employment creation. The review shall identify whether differences in both dimensions can be related to the location (urban vs. rural) of enterprises and/or the industrial sectors in which they operate. Building upon the results of the above review, the research will analyze current UNIDO activities and recommend new initiatives that can be implemented to increase productivity and bring about pro-poor growth.

F. The planned COMPID implementation approach

The TORs also specified that the respective research projects had to be carried out in three phases. The initial plan was that during the first phase of project implementation Contractors had to develop a draft conceptual framework for the respective topic and in the second phase Contractors should empirically verify (sometimes through field studies) some of the hypotheses and general assumptions

⁴⁰ The objectives for the SME study were supplemented and specified in the COMPID inception report (September 2001) as follows: *“The objectives of the research are thus to examine the role and relevance of the small-scale industry for broad-based employment creation and skills development for technology absorption, and to identify strategies and measures, including support schemes by development agencies, like UNIDO, to enhance the contribution of small-scale industry for employment creation and enhancement of skills in the context of “pro-poor growth strategies ...”* (p. 4f).

generated in phase 1. In both phases (draft) reports should be submitted. In the third phase concrete recommendations, action plans, strategy papers or guidelines for UNIDO (especially for Technical Cooperation) should be developed (Box 1 provides information on the Contractor's responsibilities).

There are certain variations in the TOR with regard to the responsibilities of the respective sub-Contractor. The TOR for the *Social capital* and *market failures/public goods* projects did not include the obligation for the Contractor to liaise closely with UNIDO when preparing the operational framework. The *Social Capital* project did not include the formulation that *The Contractor should be willing to interact and coordinate with other research projects within the COMPID programme.*

Field studies were foreseen under the study on *Poverty Alleviation* (Bangladesh and Kenya), the study on *Social Capital* (the leather footwear sector in Ethiopia and Vietnam) and the study on *Technological Development* (Malaysia). The Contractors were free to suggest and justify where and how to conduct the field studies.

Box 1: The responsibilities of Contractors as laid down in the TORs⁴¹

The Contractor is responsible for provision of qualified technical and administrative personnel and logistical support for undertaking the research project.

The Contractor should prepare reports for Phase 1 and Phase 2 separately. Each report should include the results of the research from the phase concerned and the steps to be taken in the next phase. In addition, the Contractor should prepare and present a final project report together with an executive summary. Particularly when preparing the operational framework, **the Contractor should liaise closely with UNIDO.** The data set compiled from the empirical studies should be made available to UNIDO to be disseminated to researchers, policy-makers and other interested parties.

The results of the research should not be distributed without written prior consent from UNIDO. When such consent is granted, there should be a reference to UNIDO's funding of the research project. **The Contractor should be willing to interact and coordinate with other research projects within the COMPID programme wherever relevant in order to create synergies between the different topics.**

The Contractor should stay in close contact with UNIDO and consult with UNIDO if important changes occur and decisions need to be made. During the preparation of the final report the Contractor should consult with UNIDO for any additional input that would ensure a balanced analysis. The Contractor should also be available to participate in an initial workshop on the COMPID programme and be available to make a presentation of the final report in Vienna. The cost of participation in both events should be included in the proposal.

⁴¹ Taken from TOR of *Technological development in marginalized countries: strategies and measures for initiating and sustaining a path of sustainable industrial development* project

G. The steps of COMPID implementation

According to the TORs the projects should have been carried out between March 2003 and June 2004. In practice, these schedules were delayed with the SME project being the last to start, in May 2003.

On 7 and 8 May 2003, a kick-off workshop took place in Vienna, which brought together the researchers, members of the Peer Review Group, the cross-organizational advisory team and other UNIDO staff. The Danish Ambassador and a DANIDA representative were also present.

The second COMPID phase was characterized by some delays. The study on *Market failures* was progressing best during the first two phases. In general, the phase 2 reports were overdue by up to 6 months. In May 2004, two months before the target delivery date, a note on the review of research results stated that phase 1 reports were available for all five projects, but that phase 2 reports were still missing for the studies on *Social capital*, on *impact of industrial development on poverty alleviation* and on *technological development in low-income countries*.

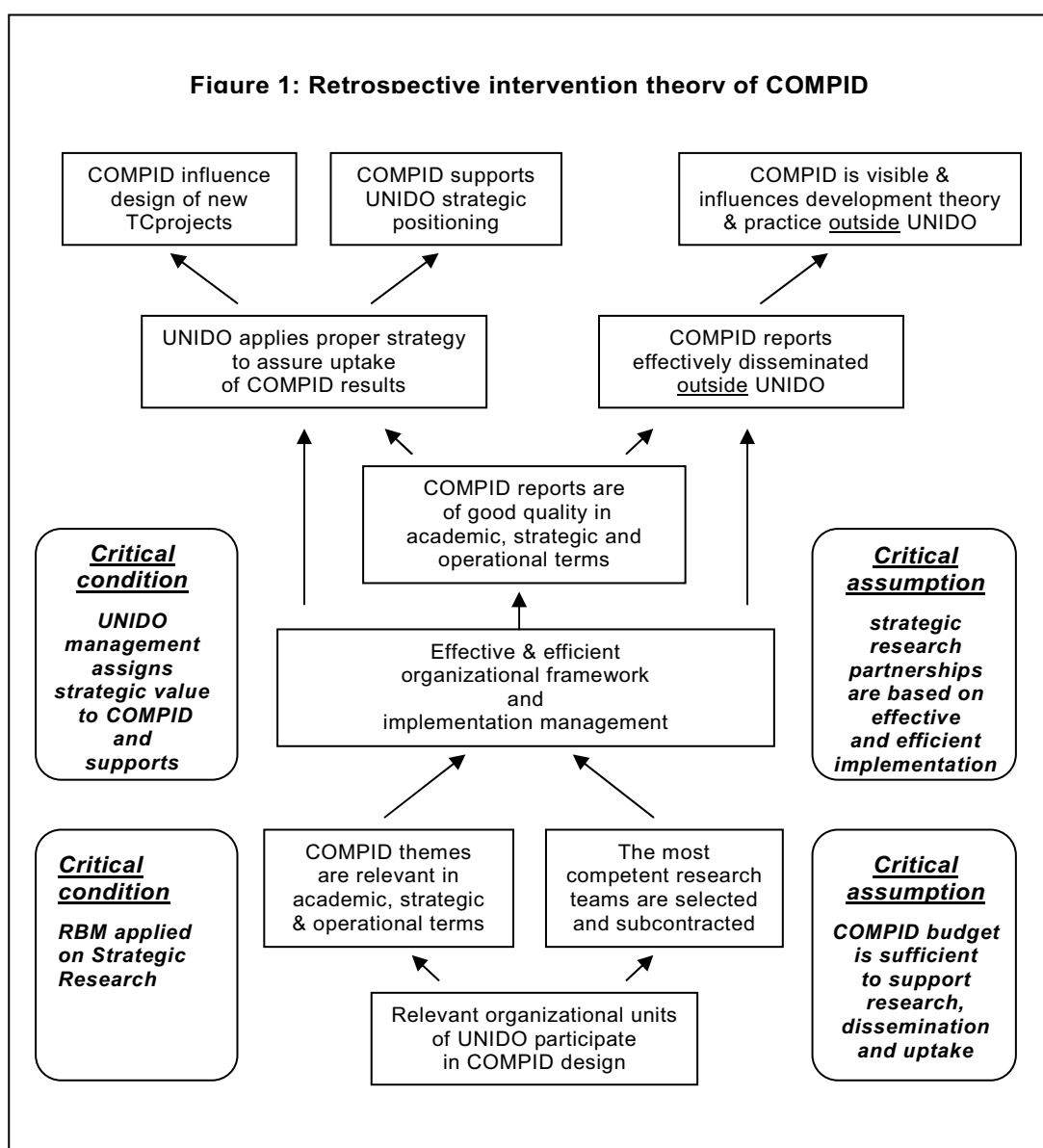
In March 2004 (at the time when Mr. Estrup left UNIDO), a plan of action for further COMPID implementation was established and the final phase of COMPID planned in detail. The final review meeting, originally scheduled for end of 2004, was held in Vienna on 6 and 7 April 2005. Its purpose was to vet the academic quality of the reports (particularly of phase 2), to discuss the implications of these reports for UNIDO in general and TC in particular, and to outline in a critical dialogue the recommendations for UNIDO. All sub-Contractors, the Peer Review Group, the UNIDO focal points and other involved UNIDO staff participated in this review meeting.

In September 2005, all reports, except the one on *Poverty alleviation*, which was delivered in January 2006, were received and the editing process started. In February 2006, the final COMPID report was issued by UNIDO and, between 21 March 2006 and 30 November 2006, the five reports and summary reports were finally printed.

IV

Assessment

Based on the analysis of UNIDO’s strategic research concept and global forum function (chapter II) and the analysis of the way COMPID was designed and implemented (chapter III) the evaluators have developed the retrospective intervention theory shown in figure 1 below.



A. Evaluation questions

Based on the analysis in chapters II and III the evaluators have developed a set of evaluation questions that have been used for the assessment in this chapter:

1. Was COMPID of strategic relevance for UNIDO?
2. Did the UNIDO management assign strategic value to COMPID?
3. Was the organizational and management framework for implementing COMPID effective?
4. Was COMPID effectively implemented through the strategic research partnerships model?
5. To what extent did the relevant organizational units of UNIDO participate in the COMPID design, implementation and review process?
6. Did UNIDO apply a realistic strategy to ensure the uptake of the COMPID results by the Organization?
7. Were the human and financial resources allocated to COMPID adequate?
8. Did the COMPID design apply state-of-the-art methods of Results Based Management?
9. Was the selection process of sub-Contractors effective, transparent and efficient?
10. Did the quality of COMPID reports meet expectations?
11. Were the COMPID results effectively disseminated in and outside UNIDO?
12. Did COMPID produce impact on UNIDO's strategic orientation?

Was COMPID of strategic relevance for UNIDO?

The five COMPID themes were included in the list of eight themes for strategic research defined in 2001 by the Temporary Research and Publications Advisory Team as part of the strategic research concept, although some of them under different titles and with slightly different notions. The themes *industrial governance*, *industrial marginalization and capacity building for integration in the global economy and environment-friendly industrial development* were not explicitly taken up by COMPID but certain aspects of these three themes have been integrated, where appropriate, into the five COMPID themes.

The five COMPID themes were an adequate UNIDO response to the UN Millennium Development Goals. They include traditional UNIDO strengths as well as innovative themes such as the importance of social capital for industrial development and emphasized pro-poor industrialization with a focus on LDCs. Almost eight years after their formulation the COMPID themes are continuously relevant.

Persons interviewed at UNIDO headquarters found the study on *Overcoming market failures and provision of public goods* relevant because of its legitimizing function for UNIDO. The SME branch confirmed the relevance of the SME study (which it also shaped to some extent) and the Energy and Cleaner Production Branch was satisfied with the relevance of the study on *Technological development in low-income countries: policy options for sustainable growth*. The relevance of the study

on *Social capital* was more controversial. Opinions ranged from “nice to have” to “essential”.

All persons interviewed confirmed the relevance of the *Poverty alleviation theme*, although the quality of the related *study* did not live up to UNIDO expectations (see below). It should also be noted here that, at the COMPID final workshop, there was a lively debate to what extent industrial development can or cannot be seen as a prime mover for poverty alleviation.⁴² The too narrow focus of this study on the garment industry was perceived as limiting relevance.

Interviewed field officers considered the two more traditional themes of *Productivity enhancement and equitable development: the challenge for SME development* and *Technological development in low-income countries: policy options for sustainable growth* as the most relevant ones. The issues of *Overcoming market failures and provision of public goods* and *Social capital for industrial development* were considered as less relevant by the field officers. Field offices perceive the themes *Technological development in low-income countries: policy options for sustainable growth* and *Industrialization and poverty alleviation: pro-poor industrialization strategies revisited* as increasingly relevant.

The relevance of the COMPID themes was also acknowledged by the peer reviewers as explained in the COMPID Final report.

Did the UNIDO management assign strategic value to COMPID?

COMPID started with the full support of the DG of UNIDO. The Government of Denmark supported COMPID financially as a follow-up to the political support it had granted to UNIDO during the mid 1990s. Following an instruction of the DG the Temporary Research and Publications Advisory Team designed COMPID as a strategic research programme with the support of the Danish consultant, Mr. Martinussen, who was continuously involved in the COMPID design.

During the inception phase COMPID continued to be of strategic importance for the UNIDO management. In agreement with DANIDA, Mr. Estrup from Denmark joined UNIDO in January 2000 as Chief Economist, Special Advisor to the DG and Director of the Office for Policy Issues and Strategic Research/Office for Strategic Research and Economy (PIR/SRE), where the COMPID coordination unit was allocated.

The erosion of COMPID’s strategic importance started with the change in the composition of the Danish parliament after the elections of November 2001. For the first time, since 1924, the Social Democrats lost their position as the strongest parliamentary group and a centre-right coalition came into power. This political shift had negative consequences for the position of the Chief Economist, who had been a leading political figure of one of the parties that lost power. When Mr. Martinussen tragically died in 2002, at the age of 55, COMPID lost one of its biggest supporters.

⁴² See: COMPID Final report, May 2005

It appears that by autumn 2003, COMPID had lost much of its strategic relevance and support. Certain tensions between the DG and the Chief Economist became apparent in December 2003 when Mr. Estrup was not allowed to present the COMPID research briefs at the UNIDO General Conference. When Mr. Estrup left UNIDO in March 2004, COMPID came under the responsibility of the Director of the UNIDO research branch.

Was the organizational and management framework for implementing COMPID adequate?

The strategic importance of COMPID was demonstrated by assigning the management unit to the Office of the DG while putting the necessary mechanisms in place to involve staff from UNIDO technical branches and to ensure the interactive and mutually supportive relationship between the TC and GF functions. The main features in this respect were the Cross-Organizational Advisory Team and the in-house focal points. However, for a number of reasons the organizational and management framework turned out to be less efficient than planned.

Not surprisingly, the erosion of COMPID's strategic importance and the fading support of the DG "trickled down" to UNIDO staff members who became reluctant to invest time and effort into COMPID. Interview partners mentioned that this reluctance was not a sign of losing interest, but a consequence of the high pressure on TC staff to sustain and increase their TC implementation figures. Under these conditions TC staff hesitated to invest time in COMPID while managers might perceive such investment as a diversion from TC delivery. Quite clearly, this dilemma appears to be of a structural nature and will not go away without a change in incentive structures.

As a result, the active participation in COMPID became increasingly dependent on the personal motivation of staff members. Interviewees also reported significant differences as to the level of commitment of the members of the advisory team and of the focal points. One interviewee attributed these differences not only to the individuals themselves but also to differences in intellectual curiosity, commitment and support by the branch directors.

The efficiency and effectiveness of the initially well-designed organizational framework eroded further with increasing differences between the DG and the Chief Economist and organizational changes causing bureaucratic friction. When the DG decided to transfer the Chief Economist and his team from the DG Office to the new Strategic Research and Economics Branch (SRE) this branch included two officials at director's level. While the branch was headed by the Director of the former Industrial Policies and Research Branch, the Chief Economist continued to report to the DG. Significant systemic conflict in COMPID leadership and management followed suite. Several persons interviewed mentioned interpersonal conflicts as a reason for diminishing efficiency and effectiveness of COMPID. However, these conflicts and frictions were not due to basic design flaws but rather to the unfortunate fall-out of bureaucratic dysfunctions.

Finally, it should be acknowledged that the overall programmatic guidance of the five reports was rather loose. This issue was also raised by the chairman of

COMPID's external Peer Review Group who criticized that there was no provision within the projects for interactions among the different research teams⁴³.

Was COMPID efficiently implemented through the strategic research partnerships model?

The Temporary Research and Publications Advisory Team (TRPAT) had initially proposed strategic research partnerships as a key feature of UNIDO's Strategic Research Concept. This concept was eventually not implemented.

The TRPAT had made its proposal for two different reasons. First, this recommendation was a simple reflection of the fact that UNIDO could simply not implement its strategic research concept with its own resources due to the downsizing of its research capacities in the late nineties. In addition to this organizational reason, strategic research partnerships were seen as the best way to attract world-class researchers and to mobilize their knowledge for UNIDO, in a closely collaborative way based on partnerships. The TRPAT had also envisaged joint funds mobilization efforts together with the strategic partners.

The concept of strategic research partnerships, based on mid- or long-term MoUs and umbrella agreements, turned out to be unrealistic for several reasons. First and foremost, UNIDO's rules and procedures do not allow attributing contracts without applying standard bidding procedures. Second, the envisaged joint fundraising with the strategic research partners, that could have been a way to lift some of the procedural impediments, turned out to be unrealistic. Last but not least, UNIDO experienced difficulties in attracting world leading researchers due to the limited funding, the limitations of the UN fee rates and UNIDO's exclusive intellectual property rights for COMPID results, an additional disincentive for academics pursuing their own publication agenda.

At the end, none of the well-regarded research institutes from the South recommended by the TRPAT, such as the Economic and Social Research Foundation in Dar-es-Salaam (United Republic of Tanzania), the Indian Institute of Management and the University of Natal were retained, nor the already existing research partnerships with reputable research organizations such as the French CNRS or the Moscow State University (Russian Federation). Only two of the five organizations that were eventually subcontracted had been recommended by the TRPAT, namely the German Development Institute and the Dutch Institute for Social Studies.

To what extent did the relevant organizational units of UNIDO participate in the COMPID design, implementation and review process?

To ensure UNIDO ownership and uptake of COMPID research results the TRPAT had recommended that UNIDO should focus on the design and dissemination phases while the research itself would be left to the sub-Contractors.

⁴³ Quoted from the COMPID final report, February 2006

From the interviews conducted under this evaluation it appears that the inclusion of TC staff in the design phase was sub-optimal. The focal points for the individual projects were set up with several months of delays and several interviewees criticized that their involvement in the design phase of COMPID was rather ad-hoc. The COMPID team, on the other hand, reported that they had regularly provided information to the relevant TC staff during the design phase. However, the COMPID team felt that some of the TC managers were reluctant to commit resources to COMPID.

At the kick-off meeting in May 2003 the involved TC staff criticized the short period of time available for discussions about the COMPID concept and on the individual projects. The event was rather perceived as a *present and defend* exercise, which did not really allow influencing the design of the five studies. As a matter of fact, the TORs of the five subcontracted projects had been established long before the meeting.

The sub-Contractors interviewed by the evaluation team appreciated the contributions of the backstopping officers and the focal points and found their comments useful. However, the intensity of the interaction differed depending on the intellectual curiosity and supportiveness of the respective TC manager and the personal interest of the UNIDO staff involved. The initially envisaged interaction tools, such as electronic discussion groups, video conferencing, web boards etc. were not used to any significant extent.

Some of the sub-Contractors felt that they did not receive sufficient guidance, during the inception phase, on the ways their research was expected to produce strategic guidance for UNIDO. Thus, some of the reports were initially produced in relative isolation from UNIDO. The *SME project* and the *Social Capital project* benefited from the strongest and earliest involvement of UNIDO staff in project development and implementation. With some delays, also the *Market failures and public goods* projects also resulted in interaction between TC staff and the sub-Contractors. The *Pro-poor industrialization strategies project* showed the least involvement during the main research phase.

Communication was channelled, in general, through the respective backstopping officers applying the principle of *email answers to email questions*. With the exception of sub-Contractors who had personal connections with UNIDO staff, face-to-face interactions with UNIDO staff were limited to the kick-off meeting and the final review meeting.

The review process was a highly interactive exercise that involved four parties: the COMPID unit, member of the Peer Review Group, the sub-Contractors and the focal points. The process was quite time-consuming, making it necessary to postpone the COMPID conference, which was initially scheduled for the end of 2004, to review the research outputs and to discuss their implications for UNIDO. Eventually, the conference took place on 6 to 7 April 2005. Sub-Contractors found the feed-back from the peer reviewers very helpful. The focal points acted as discussants at the conference and comments were particularly sought on recommendations. Focal points claim that their comments were subsequently integrated into the final

COMPID reports. Follow up was expected to take place in a bottom-up process, driven by the respective branches.⁴⁴

Did UNIDO apply a realistic strategy to ensure the uptake of the COMPID results by the Organization?

The COMPID strategy for ensuring the uptake of the research results by the Organization was built on the following elements and assumptions:

- Leadership from the COMPID team to ensure the strategic and innovative orientation of the research;
- Active participation of the TC branches to ensure practical relevance for UNIDO TC;
- Continuous interaction between UNIDO and the research teams;
- Ability of the researchers to apply an action-oriented approach going beyond pure academic research;
- Production of a mixed set of research outputs including conventional research reports of high academic standards; knowledge exchange seminars; policy briefs; etc;
- Distillation of research results into practical guidelines, thematic instructions and training manuals for TC staff.

Although these basic ideas assumptions were sound, the strategy was not explicitly laid down in the project document. Moreover, its practical implementation encountered serious structural and practical problems.

Reconciling the inherent dilemma between the strategic agenda of the COMPID management and the operational orientation of the TC branches turned out to be difficult. The COMPID management did not, primarily, aim to refine UNIDO's TC services but to transform these services in a more strategic way. Hence, they were not eager to see the strategic change agenda diluted by a too heavy interference from the TC branches and the more operational considerations of these branches. TC branches, on the other hand, tended to perceive the research reports as too theoretical and not meeting the specific operational needs of TC.

Ownership and uptake of COMPID results were much stronger for those studies where the focal points had been closely involved in the design and implementation, such as in the case of the study on *Productivity enhancement and equitable development: the challenge for SME development*. However, the COMPID team feared that the hands-on influence of the SME branch on the design of this study and the execution of the research could have, to some extent, affected the academic independence of the researchers and, eventually, the innovative content of this study.

Many interviewees were of the opinion that no practical mechanism was in place for distilling research results into practical project guidelines, thematic instructions and training manuals for TC staff. Although such mechanisms were part and parcel of the Strategic Research Concept and also mentioned in the TORs for the five COMPID projects, the budget was not sufficient to cater for research, dissemination and uptake.

⁴⁴ See: COMPID final report, February 2006, p. 7

The uptake of the research results was, furthermore, hampered because the intended mix of research outputs, going beyond conventional research reports was not achieved. Innovative research outputs such as policy briefs, actions plans, interactive, community-building outputs like seminars or trainings and the use of 'social software' tools to enhance organizational learning were discussed but not put into practice. The COMPID studies were not followed by thematic seminars, which would have allowed to transfer, not only the formal knowledge laid down in the reports, but also the more tacit knowledge of the subcontracted researchers.

The limited COMPID budget was one of the main reasons why the uptake strategy failed at least partially. The initial expectation did not materialize that the Danish contribution would be supplemented by UNIDO funding, to ensure organizational uptake.

Were the human and financial resources allocated to COMPID adequate?

Initially, the Office of the Chief Economist was endowed with four professional and one general service posts. This exceeded the recommendations of the Temporary Research and Publications Advisory Team, which had estimated that three to five staff members would be necessary for managing up to 10 research partnerships. The initial staff endowment of the Office of the Chief Economist appears to be generous, even taking into account that this Office was not only in charge of COMPID but also had other work to do. Several interviewees were of the opinion that UNIDO's contribution to COMPID, in terms of staff costs considerably exceeded the costs of the research subcontracts. Although exact figures or timesheets are not available, this assessment seems to be correct.

However, with the benefit of hindsight, the TRPAT might have underestimated the number of staff, which would have been necessary to put the ambitious concepts of strategic research partnerships and the sophisticated participation and uptake strategies into practice. Without doubt, the stepwise reduction of the COMPID staff, towards the end of the project, was incommensurate and has been one of the reasons for the limited uptake of research results.

Compared to the UNIDO staff resources assigned to COMPID, the budget for subcontracted research was quite low. This budget was limited to the Danish contribution as the envisaged mobilization of additional funds from other donors did not materialize. In essence, the available budget was not sufficient to execute the whole range of activities related to COMPID research, dissemination and uptake.
Already said

The COMPID Programme Document mentions, in its chapter on assumptions, risks and preconditions “... *that the proposed research programme cannot be fully implemented by the Danish contribution due to the fixed upper limit. This leaves the risk that at the end of the three-year funding period essential parts of the research programme necessary for refocusing UNIDO activities may still not be covered. In order to preclude the possibility that the programme will only partially reach the set objectives ... stocktaking and consideration of an extension of the programme*

beyond the three-year period is scheduled at the end of the second year ...”⁴⁵ There is no evidence that such stocktaking was undertaken.

All interviewed sub-Contractors underlined that they had to overstretch their internal resources in order to meet the objectives of the subcontracts and satisfy the expectations of UNIDO.

The financial problems encountered corroborate the initial assessment of Professor Martinussen that the available budget would not be sufficient for more than three or maximum four research projects. The decision to go for five studies was overambitious and one of the reasons why the effectiveness of COMPID in terms of contributing to organizational change remained below expectations. Under these conditions it is surprising that an amount of USD 30,341, was returned to the donor.⁴⁶

Did the COMPID design apply state-of-the-art methodologies of Results Based Management and reporting?

Improved accountability of research was an important part of the Strategic Research Concept developed by the Temporary Research and Publications Advisory Team. The TRPAT had advocated that research projects should define performance indicators, which would enable verification as to whether the objectives of the project had been achieved or not.

The COMPID programme document, however, does not comply with these requirements. Although it uses the conventional RBM titles in the text it does not provide an explicit intervention theory and lacks accuracy in certain aspects. The most obvious flaw of the document is the absence of a logical framework with performance indicators. The budget breakdown is quite general and the document provides information only on four research projects instead of the five that were eventually conducted.⁴⁷ Moreover, the project document did not explain the uptake strategy of COMPID.

The only means of verification foreseen were periodical joint reviews of the work in progress, to be carried out by UNIDO and DANIDA on the basis of annual reports and presentations from the subcontracted researchers. Such reviews were applied during the first years of the project but came to an end after Mr. Estrup left UNIDO. DANIDA did not participate in the final review meeting of COMPID.

The COMPID programme document had foreseen that UNIDO would monitor the internal impact of COMPID and submit, one year after the end of COMPID, a report analyzing the impact on UNIDO’s TC activities and on its GF function. However, there is no evidence that such a monitoring took place and no such report was delivered.

⁴⁵ COMPID final report, February 2006, p. 10

⁴⁶ Ibid, p. 8

⁴⁷ The description of the SME-project had to be delivered in addition.

Was the selection process of sub-Contractors effective, transparent and efficient?

The COMPID tendering and subcontracting process took about one year from the availability of the programme document in November 2001 to issuing the five subcontracts. This relatively long period exceeds the normal duration of such a procedure by more than six months. This inefficiency was caused by the fact that the Chief Economist and his staff were not familiar with UNIDO bidding procedures and that some restructuring of UNIDO service units occurred in 2002.

On the other hand, there were also favourable conditions. The structure of the TORs for all five projects was similar and extensive preparatory work had already been carried out in 2001 by Mr. Martinussen and the Temporary Research and Publications Advisory Team. For example, a pre-screening of competent research institutions, in the eight research areas (including the five COMPID themes), was already done⁴⁸.

According to the available reports, the competitive bidding was carried out in a transparent manner and eventually led to selecting the best possible candidates. However, the screening of the offers for the two studies on *Market failures/public good* and on *Poverty alleviation* found that the available offers did not match minimum quality criteria. For the “poverty” study, a second round of bidding was organized and new potential candidates were motivated to participate. For the *Market failures/public goods* study a more direct approach was chosen, since the two authors who were finally subcontracted were already indicated by name in the TOR of this study. This approach is questionable from a deontological point of view.

To check the effectiveness of the tendering and subcontracting process in terms of contracting the best possible research teams, the evaluators assessed the academic reputation of the five sub-Contractors by means of a quotation analysis (see Annex 2). In this analysis, Oliver Morrissey scored highest for all relevant citation index values (different h-indices⁴⁹ and AR-index⁵⁰). Michael Rock and Tilman Altenburg, both well-established researchers in their respective fields, reached also very high levels. Fairly high values were found for Irene van Staveren and Peter Knorringa.

At the lower end of the citation indices we identified Ute Eckhardt, Takahiro Fukunishi and Mayumi Murayama. These low index values indicate that the

⁴⁸ See Final report of the Temporary Research and Publications Advisory Team, July 2001, p. 17f

⁴⁹ The *h*-index is an index that quantifies both the actual scientific productivity and the apparent scientific impact of a scientist. The index is based on the set of the scientist's most cited papers and the number of citations that they have received in other people's publications. The index can also be applied to the productivity and impact of a group of scientists, such as a department or university or country. The index was suggested by Jorge E. Hirsch, a physicist at the University of California, San Diego (USA), as a tool for determining theoretical physicists' relative quality and is sometimes called the *Hirsch index* or *Hirsch number*.

⁵⁰ The AR-index is defined as the square root of the sum of the average number of citations per year of articles included in the h-core. The term AR-index refers to the fact that this is an age-dependent index calculated using a square root. Besides employing the actual number of citations to articles belonging to the h-core as a parameter, the AR-index also takes the age of publications into account. In this way, the h-index is complemented by an index that can actually decrease.

Japanese team was not or only marginally involved in the international academic discourse.⁵¹

Overall, the citation indices for five of the 10 COMPID authors, namely Oliver Morrissey, Michael Rock, Tilman Altenburg, Irene van Staveren and Peter Knorringa indicate the high academic reputation of these authors, who were (co-)responsible for four of the five COMPID reports. We can conclude that the authors were (at least in the given combination) qualified and, thus, effectively chosen from an academic point of view. According to our analysis, however, the Japanese team was not effectively selected.

Did the quality of the COMPID reports match expectations?

The report on *Market failures/Public goods* received a very positive assessment of the peer reviewer and a very good feedback from UNIDO focal points and the COMPID Team.

The report on *Technological development in low income countries* was considered as valuable by the peer reviewer and the focal points. The COMPID team considered this report as good.

The *SME report* was considered, by the peer reviewer and the focal points, as very good and the COMPID team considered this report excellent and of great programmatic value for UNIDO. However, it has to be mentioned that criticism from UNIDO staff had led to rewriting some of the findings and recommendations of the draft report. This fact should have been mentioned in the published final report in order to show the plurality of existing views.

The peer reviewer of the report on *Social capital* considered this report to be excellent. The UNIDO focal points were pleased with it and the COMPID team found it very good.

The peer reviewers expressed critical views on the academic quality of the report on *Poverty alleviation*. While all research teams had to do at least some rewriting of their respective reports, in particular of the recommendations, the improvement of the report on *Pro-poor industrialization strategies* turned out to be a particularly tedious exercise. In order to bring this report into a publishable form, important parts had to be rewritten by UNIDO staff, causing a substantial delay. The final version of the report was received as late as January 2006.

⁵¹ The low index values may also be caused by the low representation in Google Scholar of academic work in languages other than English. This problem is not specific to Google Scholar, but also to Thomson's ISI Web of Knowledge as well as Elsevier's Scopus citation databases. Nevertheless, since the academic lingua franca is English, the low citation indices of these experts point to a rather low participation in the international knowledge exchange processes.

Were the COMPID research results efficiently disseminated in and outside UNIDO?

The publication of the reports was significantly delayed. Three of the reports (namely the one *Industrialization and poverty alleviation: pro-poor industrialization strategies revisited*, *Productivity enhancement and equitable development: challenges for SME development* and *Technological development in low-income countries: policy options for sustainable growth*) were put on hold by the DG to avoid interference with the UNIDO Industrial Development Report.

The final reports were delivered for light editing, layout and proofreading to UNOV, Conference Management Services, Publishing, Referencing and English Section between September 2005 and March 2006. However, because this service had to deal with other priority reports, the three COMPID reports were published with a six month delay, in August and November 2006 only. This delayed the dissemination of all reports, since it was decided to start dissemination only, once the printing of all five summaries and reports was completed.

In order to assess the external visibility of COMPID, the evaluators conducted download statistics and enquired among field officers. Field officers reported that they learned about COMPID primarily from other colleagues. None of them had read about COMPID in a newsletter and only two of them had heard about COMPID at a UNIDO event. This indicates sub-optimum internal knowledge information flows and sub-optimal visibility in the field. Field officers reported that they had almost never heard the mentioning of COMPID by other development cooperation agencies or stakeholders outside UNIDO.

Still, 85 per cent of the responding field officers felt that UNIDO research (including COMPID) makes at least some contributions to the field offices' knowledge bases. In comparison to other knowledge sources this is a relatively high value. Strikingly, the highest influence on the knowledge base of UNIDO's field offices is attributed to the knowledge inflow from other development cooperation agencies, followed by the knowledge inflow from external consultants and, on third rank, from UNIDO's own research work. The following knowledge sources of even lower importance are: cooperation with local scientific knowledge providers; scientific literature in general; UNIDO training events and knowledge transfer among colleagues. In particular, the very low relative rating of UNIDO training events for knowledge transfer should be taken note of.

An important information source, also for the field officers, is UNIDO's Internet site. The COMPID reports were prominently featured on the website until the redesign of this site at the beginning of 2008. Since then, they can only be found through the search function. Our analysis of the download and access statistics for the five COMPID reports (see Annex A) showed that the number of accesses to the COMPID reports is slightly the double of the number of accesses to the four reports in the control group.

However, the validity of these findings is reduced by the striking case of the report of the Japanese team on *Industrialization and poverty alleviation: Pro-poor industrialization strategies revisited*, which shows, by far, the highest number of

accesses of all reports. This finding is striking because it means that the most disseminated report has been the one with the lowest quality appreciation rate, both internally and by the peer review. The high dissemination figures for this report are most probably due to the fact that the document is externally linked to www.ide.go.jp, a website hosted by the Institute of Development Economics JETRO, to which the authors of the report are affiliated. This external link to the COMPID report continues to exist.

Apart from this lopsided case, the other four COMPID reports show a quite homogenous demand pattern. The report on *Technological development in low income countries* by Michael Rock and David Angel was least demanded, in terms of UNIDO download statistics.

Controlling the analysis for the excessive accesses to report two, the number of accesses to the other four COMPID reports is more or less on a par with the number of accesses to the documents of the control group. We can conclude that the COMPID reports show a good, but not an extraordinary high demand from the informed community, in terms of web access figures. The assumed flagship relevance of COMPID as compared to other UNIDO reports cannot be confirmed, at least not in quantitative terms.

Did COMPID produce impact on UNIDO's strategic orientation?

It comes out from the interviews that COMPID succeeded in putting poverty on UNIDO's agenda and in strengthening the theoretical foundations of existing themes in UNIDO. Managers felt that COMPID received a high degree of management attention going much beyond other research activities. UNIDO managers know the broad results and orientations of COMPID and most interviewees were of the opinion that the individual studies had practical impact on UNIDO's TC activities, although to a variable degree. In general, the reports improved the analytical foundation of ongoing activities. The *Market failures/public goods study* has been particularly important with regard to enhancing UNIDO legitimacy.

The focal points felt that the *Social capital* project has enriched the thinking of the involved UNIDO staff. It strengthened the analytical foundation for cluster activities and the rationale for an even stronger engagement of UNIDO in this area. The *SME* project provided an analytical foundation for a more differentiated TC approach to SMEs with regard to their size and other characteristics. It also contributed to innovative approaches with regard to SME clusters and triggered the cooperation of UNIDO with other Official Development Assistance (ODA) providers in the field of private sector development.

Paradoxically, the study on *Poverty alleviation* has been the one with the least practical effects on UNIDO TC activities although COMPID is perceived in general as a big step forward in reshaping UNIDO's agenda towards poverty alleviation. Due to the low appreciation shown by UNIDO staff and the peer reviewer, it has been a missed opportunity to further refine UNIDO's focus on poverty alleviation.

V

Key findings and recommendations

This chapter presents the key findings and recommendations emerging from the evaluation. These findings go beyond mere retro-respective interest and are of considerable value for UNIDO management and for the UNIDO research branch. Since the time when COMPID was implemented, the overarching COMPID objective of organizational learning has become a major organizational development objective of UNIDO. The UNIDO management has made significant steps to further develop UNIDO towards a “learning organization”.

A *Bureau for Organizational Strategy and Learning (OSL)* has been created that encompasses the *Office of the Chief of Cabinet*; the *Strategic Planning and Coordination Group*, the *Evaluation Group* and the *Public Advocacy and Communications Unit*. OSL is in charge, inter alia, to review the thematic orientation, development and continuous adjustment of UNIDO’s programmes; to analyze evolving trends and developments in international development cooperation and to formulate UNIDO approaches on key industrial development policies and strategies and to provide strategic guidance to the various organizational units of UNIDO.

On the other hand, the UNIDO Research Branch coming under the *Programme Coordination and Field Operations Division (PCF)* is responsible for carrying out analytical and research activities and for developing and implementing UNIDO’s research agenda and strategic research partnerships.

Although the following conclusions are rooted in the evaluation of COMPID and not in the analysis of current practice, the following key findings and recommendations from COMPID remain highly relevant also under the conditions of the new administrative environment.

The Evaluation Group recommends to the respective managers of OSL and of the UNIDO Research Branch to take the following key findings and recommendations into account for further optimizing the triangular relationship between strategic research, strategy development and organizational learning.

Was COMPID of strategic relevance for UNIDO?

The thematic focus of COMPID on poverty was highly relevant for UNIDO and strengthened the capacity of the Organization to cope with the significant political shifts in the development agenda at the time. COMPID demonstrated UNIDO’s readiness to reflect upon the importance of the UN Millennium Development Goals

for its own agenda and sent a strong signal to the outside world that UNIDO was seriously committed to poverty alleviation. The five COMPID themes were relevant to carve out UNIDO's potential contributions to MDG 1⁵² and to renew UNIDO's own policy agenda. The themes of the COMPID studies were well founded in UNIDO's Strategic Research Agenda.

Did UNIDO management assign strategic value to COMPID?

During its inception and design phase COMPID was of high strategic importance for UNIDO management. The project reinforced the collaboration between the Organization and Denmark, one of UNIDO's strategic allies, which supported UNIDO during its existential crisis in the late nineties. COMPID was relevant because it has been well anchored in the wider UNIDO agenda. A high-level task force had developed the UNIDO strategic research agenda through a transparent and participative process involving all parts of the Organization. However, the fading management attention after the change of government in the donor country eroded COMPID effectiveness and impact. With the benefit of hindsight it can be said that the high political profile of COMPID was not only beneficial but also contributed to the vulnerability of the project.

Key findings and recommendations related to setting the research agenda

For UNIDO, as for any other international organization, strategic research is vital in order to survive in today's fast changing political and economic environment. However, strategic research does not set the political agenda but, in order to be relevant, needs to be rooted in the wider strategic agenda of the Organization.

High political profile and visibility raise the relevance of a strategic research project. However, political interference into the technical and managerial aspects of research implementation may make the project vulnerable to political change and jeopardize effectiveness.

Was the organizational and management framework of COMPID effective for reaching the COMPID objectives?

The organizational and management framework for implementing COMPID aimed to create synergies between GF and TC. It was composed of a coordination unit at the top organizational level together with cross-organizational and participatory elements to ensure organizational commitment and uptake of results by TC managers. This design was in line with the principles and good practices of strategic research, strategic management and organizational change management. However, structural, operational and financial shortcomings hampered the full practical implementation of this framework.

Key findings and recommendations related to the organizational design

⁵² Goal 1: Eradicate extreme hunger and poverty:

Target 1.A : Halve, between 1990 and 2015, the proportion of people whose income is less than one dollar a day

Target 1.B : Achieve full and productive employment and decent work for all, including women and young people

Target 1.C : Halve, between 1990 and 2015, the proportion of people who suffer from hunger

Because a strategic research programme aims at organizational change, its objectives should not be confined to knowledge creation but also encompass the organizational change that would be necessary for an effective uptake of the research results by the Organization.

The ultimate success of a strategic research programme depends on the existence of an organizational “innovation champion” at a very high organizational level who takes responsibility for the mainstreaming and organizational implementation of the research results. This is a management challenge and not a research task. Fading commitment of the “innovation champion” jeopardizes the change agenda of the research project.

To what extent did the relevant organizational units of UNIDO participate in the COMPID design, implementation and review process?

Essentially, COMPID was designed by the Chief Economist and his team. Focal points from the technical branches were, in principle, involved in the design, implementation and review process but participants from these branches felt that they had insufficient influence on the design of the project. On the other hand, focal points were heavily engaged in the final review of the reports. The final COMPID conference was a successful event and prepared through an intensive dialogue between the COMPID Unit, members of the Peer Review Group, the sub-Contractors and the focal points. Recommendations emerging from the research projects were validated on this occasion. When the perceived strategic importance of COMPID faded, the participating TC staff found themselves in a dilemma between TC implementation pressure and active participation in COMPID. This structural dilemma did not receive adequate management attention.

Key findings and recommendations related to the participation of TC staff

In order to be credible and effective, the participation of TC staff should start at the beginning of the design phase of the research and not only focus on the validation and uptake of research results. Research planning groups including research and TC staff may be a good organizational set-up.

Bridging the gap between research and TC requires building bridges from both ends. In the research team there should be specialists for the TC areas at stake and TC branches should appoint research focal points.

The effective participation of TC staff in research activities depends on an appropriate incentive structure. TC staff who is expected to participate in strategic research needs to be protected from excessive TC implementation pressure and rewarded for their commitment to research. Internal mobility and sabbatical schemes for TC staff who would like to participate in strategic research could be part of the incentive structure.

Did UNIDO apply an effective and efficient strategy to ensure the uptake of the COMPID results by the Organization?

The COMPID strategy to ensure the organizational uptake of research results was well designed but its practical implementation encountered serious problems. Reconciling the structural dilemma between the priority on strategic change and innovation on one side and the quest for direct TC relevance and active

participation of TC staff on the other turned out to be difficult. The intended mix of research outputs going beyond conventional research reports did not materialize. Innovative research outputs such as policy briefs, actions plans, interactive, community-building outputs like seminars or trainings and the use of 'social software' tools to enhance organizational learning were discussed but not put into practice.

Key findings and recommendations related to the uptake of research results

The effective organizational uptake of research results cannot be achieved through high quality research reports alone but requires more process-oriented research outputs such as policy briefs, actions plans, and interactive, community-building outputs like seminars or trainings.

Ultimately, the success of strategic research depends on a functioning knowledge management system.

Were the COMPID results efficiently disseminated in and outside UNIDO?

The research results of COMPID were disseminated by a variety of channels but the efficiency of these channels was, in many cases, relatively low. The five COMPID reports and summaries were printed to a high standard, however with some delays. The dissemination of the printed reports via the UNIDO field offices was inefficient because of logistical problems. There is no evidence of a targeted dissemination of the reports by e-mail. The reports were mostly disseminated via the UNIDO website but download figures were only average. There is no evidence that COMPID had a noticeable influence on the international debate. Also the outreach of the research to the UNIDO field offices was low. However, the same limitations seem to apply for other UNIDO research projects.

Key findings and recommendations to the dissemination of results

A strategic research programme is only as good as its dissemination strategy. The dissemination strategy should not only rely on professionally printed reports, although these are important. The target groups for dissemination in and outside UNIDO need to be clearly defined. Dissemination via the UNIDO website is not targeted and should be complemented by proactive dissemination via email. A database with email contacts for research briefs should be established and maintained. The UNIDO field offices are potentially important dissemination channels. It is, however, not sufficient to ship copies of final research reports to these offices and leave distribution to them but a pro-active dissemination strategy should be developed that harnesses the field offices for a targeted dissemination of the reports in their respective host countries.

Were the human and financial resources allocated to COMPID adequate?

The initial allocation of UNIDO staff to COMPID was rather generous. However, the excessive reduction of staff towards the end of the project jeopardized the uptake of research results. Although the need for additional donor funding was clearly identified as a success factor in the programme document of COMPID, there is no

evidence that UNIDO developed and applied an explicit funds mobilization strategy to attract funding for strategic research from other donors. Because no additional donor funding could be mobilized, the COMPID budget was too small for the scope (five themes) of the project and its ambition to initiate organizational change. The decision to execute five themes instead of three or four, as initially recommended overstretched the available financial resource and compromised the change agenda of COMPID.

Key findings and recommendations related to funds mobilization

Because UNIDO's own resources for strategic research are limited, the mobilization of external funding is critical for strategic research and, in a broader sense, for UNIDO's GF function. Overstretching the scope of a research project is counterproductive because the scope of the research should not exceed the scope of implementation. Under certain conditions, bilateral donors are prepared to finance strategic research projects, in addition to traditional TC. However, UNIDO needs to pursue funding opportunities for strategic research proactively with a clear funds mobilization strategy and clear responsibilities.

Was COMPID efficiently implemented through the strategic research partnerships model?

The strategic research partnerships model advocated by the Temporary Research and Publications Advisory Team as part of UNIDO's Strategic Research Concept was, in practice, not applied. Instead, sub-Contractors were identified by calls for tender following UNIDO's standard tendering procedures. This change of approach turned out to be unavoidable for several reasons. First, UNIDO rules and procedures set very narrow limits for the attribution of contracts without applying standard bidding procedures. Second, the envisaged joint fundraising together with the strategic research partners, that might have been a way to lift some of the procedural impediments, turned out to be unrealistic. Last but not least, UNIDO experienced certain difficulties in attracting world leading researchers due to the limited funding, the limitations of the UN fee rates and UNIDO's exclusive intellectual property rights for COMPID results, an additional disincentive for academics pursuing their own publication agenda.

Was the selection process of sub-Contractors effective, transparent and efficient?

The subcontracting process was not free from difficulties. For four out of the five COMPID themes high quality researchers were effectively selected. The selection and tendering process was only moderately efficient and consumed substantial resources in terms of manpower and time. In one case the quest for high quality teams led to a questionable handling of the standard bidding procedures.

Key findings and recommendations to research partnerships

The amount of human resources that UNIDO can dedicate to research is very limited. Partnerships with external research partners are a promising option with a strong potential for mutual benefits on both sides. However, UNIDO interests and the interests of academics are not necessarily congruent and require careful and transparent balancing, e.g. with regard to intellectual property and copyrights.

In order to be practically viable and compatible with UNIDO rules and regulations, the research partnership model needs therefore to be thought through very thoroughly, also in its technical and legal aspects. Big research contracts with research partners should be avoided unless they are co-funded by the partner.

The rules for public procurement can be complicated and UNIDO Research staff need adequate training and support from the procurement branch in order to avoid delays and loss of resources.

Was the COMPID design based on state-of-the-art methods of results-based management?

The COMPID design did not apply certain essential features of Results Based Management. An explicit intervention theory from inputs to outputs, outcomes and expected impact and a comprehensive logical framework with indicators were not developed. It can be plausibly assumed that these shortcomings in project design have had a negative impact on the uptake of research results and the intended change agenda. On the other hand, COMPID applied very professional quality management methods to assure the academic and editorial quality of the COMPID reports. The COMPID project document did also stipulate an ex-post monitoring and reporting of the project impact. However, no such monitoring and reporting took place.

Key findings and recommendations related to planning and monitoring

Strategic research projects should be designed on the basis of state-of-the-art RBM methodologies. Not only should the direct research outputs in terms of reports be clearly described but also the expected outcomes in terms of the uptake of research results and organizational change. The research outcomes and impact should be monitored against indicators defined at project start. The monitoring scheme should be part of the project and also cover the post-project period. Uptake monitoring is crucial for strategic research.

Did the quality of the COMPID reports match expectations?

The academic quality of the reports was good, with one exception where the report needed substantial rewriting. Paradoxically, the report on *Poverty alleviation* was the one with the highest (theoretical) relevance as regards the overall orientation of COMPID but its appreciation in terms of academic quality and its practical impact on related TC were rather low.

Lessons learned related to vetting the quality of the research

A transparent and participatory process should be foreseen to validate research results. This validation process should involve a panel of high-level academic peer-reviewers to ensure academic quality and an open dialogue with TC staff to ensure practicality and buy-in. Both aspects of the validation process should be inter-twinned. The latter part is particularly important for the recommendations.

Did COMPID produce impact on UNIDO's strategic orientation?

Since the UN system and the international community adopted the MDGs in the year 2000, UNIDO has operated a substantial shift of its strategic orientation towards poverty and increased its responsiveness to the requirements of LDCs. It is plausible that COMPID has contributed to this strategic shift, although the relative weight of COMPID as compared to other contributions cannot be quantified. COMPID enjoyed high visibility among UNIDO managers and has succeeded in putting new themes on UNIDO's agenda. COMPID's practical impact on a more poverty-oriented design of UNIDO projects was rather limited.

Annexes

Annex A: Analysis of download statistics

Number of accesses to the COMPID pages and reports		2006	2007	2008	TOTAL HITS/File
Project page	Summary (web page)	280	172	58	510
	Brochure	38	2975	48	3061
Report 1 (Market Failures/ Public Goods)	Summary (web page)		355	71	426
	Executive summary		53	29	82
	Full report		172	41	213
Report 2 (Poverty Alleviation/Pro-poor industrialisation strategies)	Summary (web page)		472	88	560
	Executive summary		138	30	168
	Full report		3179	121	3300
Report 3 (Challenges for SME development)	Summary (web page)		399	69	468
	Executive summary		52	18	70
	Full report		138	72	210
Report 4 (Social capital for industrial development)	Summary (web page)		392	55	447
	Executive summary		71	11	82
	Full report		169	98	267
Report 5 (Technological development in low income countries)	Summary (web page)		391	67	458
	Executive summary		30	24	54
	Full report		95	52	147
TOTAL HITS/Year		318	9253	952	10523

Number of accesses to the control group pages and reports		2006	2007	2008	TOTAL HITS/File
Report 1	Summary (web page)		483	82	565
	Full report		153	66	219
Report 2	Summary (web page)	223	178	59	460
	Full report	469	592	345	1406
Report 3	Summary (web page)	111	109	21	241
	Full report	324	304	32	660
Report 4	Summary (web page)	177	134	41	352
	Report part 1	241	238	52	531
	Report part 2	112	207	44	363
TOTAL HITS/Year		1657	2398	742	4797

The web-logs reflect the fact that the highest percentage of page hits (i.e. document accesses), for both the COMPID reports and control group reports, comes from direct addressing, e.g. by typing a link (URL) into the address field of ones browser or clicking on a link received by e-mail (see tables). Remarkably, in the case of the COMPID reports, the percentage for direct addressing largely exceeds the number of accesses referred by search engines, which implies that information about the COMPID reports were and are successfully being propagated by word of mouth, or, rather, word of e-mail (see Tab. 5 and Tab. 6).⁵³

⁵³ The evaluators have chosen some of the most interesting and appealing documents and not documents of a narrow character in terms of thematic range and target groups, namely the reports on *Industrial Development, Trade and Poverty Reduction through South-South Cooperation, The Role of Industrial Development in the Achievement of the Millennium Development Goals, UNIDO Partnership with Private Business: Rationale, Benefits, Risks and Approaches and Perspectives on Industrialization: Global Industrial Partnerships*.

Connected to COMPID reports from:	2006		2007		2008	
	no. of hits	%	no. of hits	%	no. of hits	%
Direct address or Bookmark	112	44.6	7638	87.6	593	67
Search Engine	96	38.2	972	11.1	252	28.5
Link from external pages	43	17.1	101	1.1	38	4.2
Unknown	0	0	8	0	1	0.1

Connected to control group reports from:	2006		2007		2008	
	no. of hits	%	no. of hits	%	no. of hits	%
Direct address or Bookmark	526	47.7	920	47.5	298	47.5
Search Engine	485	44	788	45.1	312	49.7
Link from external pages	12	1	29	1.6	17	2.7
Unknown	79	7.1	9	0.5	0	0

COMPID reports have been accessed at least as many times as similar UNIDO documents available from the UNIDO homepage, during the observed period of time. However, the access behaviour to the COMPID documents characterized by direct addressing or bookmarking may indicate a higher qualitative value attributed to the COMPID reports than to the reports of the control group.

The logs cover the period between 2006-04-01 and 2008-03-25. According to UNIDO, though, the log data between 2006-11-22 and 2007-03-17 are unavailable, so that the data series we have had the opportunity to analysis is interrupted. The results are still comparable, since all documents – both the COMPID files as well as the files of the control group – are equally affected.

Annex B: COMPID citation analysis

An analysis of COMPID's recognition in the academic sphere was carried out by analyzing COMPID references in the following five internationally leading scientific journals:

- World Development (Elsevier),
- Development and Change (Blackwell Publishing),
- The Journal of Development Studies (Routledge Taylor and Francis Group),
- Oxford Development Studies (Routledge Taylor and Francis Group), and
- Journal of International Development (Wiley).

No citations of any of the five COMPID reports could be found. In other words: COMPID did not contribute to the discussion and knowledge base in the relevant academic circles targeted by these five scientific journals (authors, reviewers, and readers). This is not surprising because UNIDO keeps the copyrights on the reports but did not pursue a scientific publication strategy. Nevertheless, it should be mentioned that Messrs. Rock and Angel published one scientific article and one book, which referred to their work for UNIDO.

An even broader citation analysis based on Google Scholar confirmed that the UNIDO reports had only negligible academic impact. There have been a small number of citations but most of them were self-citations:

- The first report, by te Velde and Oliver Morrissey, has been cited two times (self-citations),
- the second report, Fukunishi, Murayama, and Yamagata, four times (all self-citations as well),
- the third report, by Altenburg and Eckhardt, twice (one self citation), and
- the fourth report, by Knorringa and van Staveren, has been cited twice as well.
- For the fifth report, by Angel and Rock, we have found no citation.



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