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**Independent Evaluation**  
**INDONESIA**

**UNIDO Country Services Framework**

Phase II—2005-2007



UNITED NATIONS  
INDUSTRIAL DEVELOPMENT ORGANIZATION



UNIDO EVALUATION GROUP

**Independent Evaluation  
Indonesia  
Country Services Framework  
2005-2007**



UNITED NATIONS INDUSTRIAL DEVELOPMENT ORGANIZATION  
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The views and opinions of the team do not necessarily reflect the views of the Government of Indonesia and of UNIDO.

This document has not been formally edited.

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# Abbreviations and Acronyms

BRR	Agency for Rehabilitation and Reconstruction for Aceh and Nias
CDC	Community Development Centre
COMFAR	Computer Model for Feasibility Analysis and Reporting, UNIDO
CSF	Country Services Framework I (2003-04) and II (2005-07)
GNI	Gross National Income
GEF	Global Environmental Facility
HQ	Headquarters
ICT	Information and Communications Technologies
IDP	Internally Displaced Persons
ILO	International Labour Organization
KLH	Ministry of Environment
M&E	Monitoring and Self-evaluation
MP	Montreal Protocol
MTC	Maluku Technology Center
NIP	National Implementation Plan
OSL/EVA	Bureau for Organizational Strategy and Learning/Evaluation Group
POPs	Persistent Organic Pollutants
SHP	Small Hydro Power Plant
SME	Small and Medium Enterprise
TC	Technical Cooperation
TOR	Terms of Reference
UNDP	United Nations Development Programme
UNDAF	United Nations Development Assistance Framework
UNIDO	United Nations Industrial Development Organization
UNOCHA	United Nations Office for the Coordination of Humanitarian Affairs
UNTFHS	United Nations Trust Fund for Human Security
UR	UNIDO Representative
UNV	United Nations Volunteers



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This independent evaluation was prepared with the invaluable assistance from the concerned staff from the UNIDO Office in Jakarta and headquarters. The evaluation analyses and conclusions are solely the responsibility of the evaluation team.

The evaluation team consisted of four persons: Mr. Mohamad Rum Ali, national evaluation consultant; Ms. Ayumi Fujino, UNIDO Representative and Head of Regional Office in Thailand and SME development specialist; Ms Thuy Thu Le, Evaluation Officer of the UNIDO Evaluation Group; and Mr Frank Pool, independent international evaluation consultant and team leader.

# Glossary of terms

<b>Term</b>	<b>Definition<sup>1</sup></b>
<b>Baseline</b>	The situation, prior to an intervention, against which progress can be assured
<b>Effect</b>	Intended or unintended change due directly or indirectly to an intervention
<b>Effectiveness</b>	The extent to which the development intervention's objectives were achieved, or are expected to be achieved.
<b>Efficiency</b>	<i>A measure of how economically resources/inputs (funds, expertise, time, etc.) are converted to results</i>
<b>Impacts</b>	Positive and negative, primary and secondary long-term effects produced by a development intervention, directly or indirectly, intended or unintended
<b>Indicator</b>	Quantitative or qualitative factor or variable that provides a simple and reliable means to measure achievement, to reflect the changes connected to an intervention, or to help assess the performance of a development actor
<b>Intervention</b>	An external action to assist a national effort to achieve specific development goals
<b>Lessons learned</b>	Generalizations based on evaluation experiences with projects, programs, or policies that abstract from the specific circumstances to broader situations. Frequently, lessons highlight strengths or weaknesses in preparation, design, and implementation that affect performance, outcome, and impact
<b>Logframe (logical framework)</b>	Management tool used to improve the design of interventions, most often at the project level. It involves identifying strategic elements (inputs, outputs, outcomes, impact) and their causal relationships, indicators, and the assumptions or risks that may influence success and failure. It thus facilitates planning, execution and evaluation of a development intervention. Related term: results based management

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<sup>1</sup> Based on a glossary prepared by OECD's DAC working party aid evaluation, May 2002.

<b>Outcome</b>	The likely or achieved short-term and medium-term effects of an intervention's outputs. Related terms: result, outputs, impacts, effect
<b>Output</b>	The products, capital goods and services which result from a development intervention; may also include changes resulting from the intervention which are relevant to the achievement of outcomes
<b>Relevance</b>	<p>The extent to which the objectives of a development intervention are consistent with beneficiaries' requirements, country's needs, global priorities and partners' and donors' policies.</p> <p>Note: Retrospectively, the question of relevance often becomes a question as to whether the objectives of an intervention or its design are still appropriate given changed circumstances.</p>
<b>Sustainability</b>	<p>The continuation of benefits from a development intervention after major development assistance has been completed.</p> <p>The probability of continued long-term benefits. The resilience to risk of the net benefit flows over time.</p>

# Executive Summary

The Indonesia Country Services Framework (CSF) II was approved by UNIDO in May 2005 and covered the period 2005-2007. The Framework comprised 14 programmatic themes under three components, with an estimated budget of US\$10.5 million. Following the funds mobilization from both external and UNIDO sources, eight projects were funded and implemented under the Framework, with a budget of \$3.2 million, of which 95% has been spent to date.

The purpose of this independent evaluation is to assess the design and implementation of the Framework in terms of relevance, effectiveness, efficiency, sustainability and impact. It also makes concrete recommendations and draws lessons learned for the development of a new UNIDO country programme in Indonesia and other similar programmes and projects in other countries.

**Table 1: Projects covered by the independent evaluation**

	Projects	Project number	Total planned budget (\$)	Total allotment (\$)	Expenditure rate (%)	Donor	Start date	Completion date
1	Enabling activities to facilitate early action on the implementation of the Stockholm Convention on Persistent Organic Pollutants (POPs) in Indonesia [POPs project]	GF/INS/02/008	350,000	499,000	98	GEF	Feb-02	Jun-07
2	Alleviation and Restoring Sustainable Livelihoods in Nias Island Through Micro Hydro Power Based Community Development Centre (CDC) for Common Facilities [Nias Hydro Power Plant and CDC Project]	FBINS05006, XPINS05005, XPINS07002	1,000,000	338,820	91	OCHA, UNIDO	Sep-05	May-07
3	Establishment of Industrial skill development centre (ISDC) for smaller Communities in Tsunami/Earthquake affected area in Aceh and Nias, North Sumatra [Aceh Skills Development Project]	FBINS05004, XPINS06003	2,000,000	223,310	100	OCHA	Oct-05	Mar-07
4	Maluku Province: Rural Development in post conflict situation (Phase I) [Maluku Development Project]	XPINS05003, SFINS06001	350,000	243,844	96	UNIDO	Jun-05	Sep-06
5	Rural Economic Development in Maluku Province - Post Conflict Situation (Phase II) [Maluku Development Project]	SFINS07001		95,238	15	Indonesia	Aug-07	Dec-08
	<b>TOTAL</b>		<b>3,700,000</b>	<b>1,400,212</b>	<b>91</b>			

Source: UNIDO project and programme management system AGRESSO and InfoBase as of April 2008.

The evaluation covers five out of eight projects that were funded and implemented (see Table 1). The evaluation excludes two Montreal Protocol (MP) funded projects – in line with the UNIDO Guidelines on Technical Cooperation (TC) Programmes and Projects, and one global project which had already been assessed by a separate evaluation.

At an overarching level, **the Framework's proposed and actual interventions were broadly relevant.** The design of the Framework appears to have been consistent with the UN Development Assistance Framework (UNDAF) for 2006-2010, which was issued in December 2004. However, the interventions of the CSF II did not have any specific cooperation with the ongoing or planned activities of other UN agencies in Indonesia. The CSF II interventions were developed based on a one-week mission of several CSF II team members to the country. Although the CSF II design was based on a sound and realistic approach of seeking external funding for a range of possible interventions, it is not clear to what extent the proposed interventions were based on strong country needs or on the likelihood of donor support. The Framework design document was vague and unspecific regarding the expected results and potential areas for intervention. As a planning instrument, the CSF II design proved to be so ambitious and unspecific that any intervention in industrial development seems to be relevant.

Nevertheless, the Framework components have been and still are relevant to the development objectives and priorities of the Government of Indonesia. The assessment of the materialized projects points to a high degree of congruence between project objectives and country development priorities, UNIDO's comparative advantages and beneficiary needs. Three out of five projects are considered highly relevant. These projects clearly addressed real development needs of the target groups and the Indonesian government (both at central, provincial and local levels), utilized UNIDO's comparative advantages, and clearly met donor priorities. In particular, in most cases it was clear that there was, in principle, support by the target groups, by the respective government counterparts and by the donors, to continue at least some elements of the CSF II interventions in a new UNIDO programme in Indonesia.

The relevance of the other two projects is mixed. In Nias island, the electricity provision through a small hydro power plant (SHP) was highly relevant to the needs of the community, was well supported by the local authorities and fell into the competence of UNIDO. But the relevance of an Information and Communications Technologies (ICT) community development center is questionable in the early rehabilitation of livelihoods and infrastructures of disaster-affected communities. Similarly, while the focus on rehabilitating livelihoods activities was highly relevant to the needs of the tsunami victims in Aceh, this intervention did not completely match the scope of the Flash Appeal funds by the UN Office for the Coordination of Humanitarian Affairs (UNOCHA), which was the main project funder. In addition, this short-term intervention fitted neither UNIDO's implementation modalities nor its comparative advantages.

**The overall effectiveness of the CSF II was limited. The extent to which the funded projects achieved their results varies.** Three out of the five projects have achieved or

exceeded the results that could reasonably have been expected of them, while one project was moderately effective and another did not fully achieve what it had set out to do. Only one third of the planned interventions were funded, leading to the modest achievement of the CSF II.

The CSF II has produced several important results. A comprehensive National Implementation Plan (NIP) for phasing out Persistent Organic Pollutants (POPs) in Indonesia has gained broad support from national stakeholders and has been endorsed by the Ministry of the Environment. Preparation of a suitable NIP was a key step for the government towards ratifying the Stockholm Convention.

The livelihoods of the targeted beneficiaries of the Maluku Development Projects have increased and have become more stable. The Maluku local government officials' awareness of the importance of agro-commodities, of Small and Medium Enterprises (SME) development and of higher value chain concepts has now been increased.

The targeted households in Nias island are not yet able to make any productive use of the small hydro plant, although it was technically sound and physically workable at the time of the evaluation mission in May 2008. This lack of operation was primarily due to a lack of community involvement in building the SHP and a lack of community leadership and ownership needed to enforce the equitable sharing of the plant's limited power output. However, if the project management is successful in mobilizing and developing the community to take over and operate the plant, the potential effects would be high. The impact would be even higher if the local authorities or other development organizations widely replicate the project model.

The effectiveness of the Aceh Skills Development Project was relatively low. At project completion, only a part of the expected outputs and some outcomes had been achieved.

It was a challenge for the evaluation team to determine whether the funded projects actually reached the target groups, as the project documents often did not specify who and where the targeted beneficiaries were, how they were selected, in what way they were supposed to benefit from the projects, and by when. The evaluation found evidence that at least three projects were developed by the UNIDO office in Jakarta to respond quickly to the UN action plan to support disaster and conflict affected victims. However, these projects were formulated without in-depth fact-finding, needs assessments and close involvement of the UNIDO HQ technical staff. This contributed to the unspecific definition of the targeted beneficiaries in the project documents. In several projects, the beneficiaries were identified geographically during the project implementation phase, but the criteria for selecting individuals were not defined or left with the community leaders. This increased the risk that only the better-offs and relatives of the local leaders were selected, and that the poor or less advantaged would be left behind.

**The efficiency of the CSF II implemented projects was mixed.** The POPs phase-out project was reasonably efficient. It adopted an efficient implementation modality, combining UNIDO's traditional agency execution with the national execution approach. The project expected results were achieved within the planned budget with good quality. The national stakeholders generally appreciated the quality of the expertise provided by the project. The project overran by four years, lasting six instead of two years. But this was largely due to the unrealistically short timeframe imposed by the donor, a series of delays at the government counterpart agency, and the turbulence caused by the tsunami/earthquake that could not have been foreseen. The two projects (phases I and II) in Maluku have been efficiently implemented, and have produced relatively cost-efficient results in a reasonably timely fashion. The success of these projects has led to the approval of a \$2.1 million follow-up project, which will be implemented by UNIDO in coordination with International Labour Organization (ILO) and by the UN Trust Fund for Human Security (UNTFHHS).

The efficiency of the Nias hydro power plant and ICT community development centers (CDC) project was modest. The project overran by two years, with a 70% increase on the original budget. The initial diversion of funds to the community development centers and to ICT equipment made the project nearly fail to achieve its main objective, which was to provide the rural community in Nias with SHP-generated electricity for productive uses. The small hydro power plant and its distribution system were completed with additional funding.

The efficiency of the Aceh Skills Development Centre project was low. The project was implemented in two years instead of in three months as planned, at a cost increase of 25% of the original budget. The project activities were put on hold for three or four months until the bridging funds arrived. The theft of the wood processing equipment and mismanagement by the Local Project Coordinator were major constraints in achieving the expected results.

All five projects were implemented over much longer periods than planned, with an average overrun period of 1.7 years, ranging from three months to four years. This overrun not only points to the unrealistic estimate of the project timeframe at the design stage, but also to delays during project implementation. The 1.7-year delay is significant for projects that have an average implementation period of two years, as the costs to UNIDO's project management will also have increased considerably from the extra duration.

The project management and financial administration from the UNIDO HQ in Vienna also affected implementation. The time and effort required for financial and administrative authorization and settlements of payments increased substantially from Vienna to Jakarta, and then from Jakarta to remote project sites in Nias, Aceh or Maluku. The remote control approach from the UNIDO HQ also incurred substantial transaction costs, which would be hard to justify for small projects. The costs would have been reduced if the UNIDO Jakarta office had managed such small projects, with

suitable delegation of financial and administrative authority and provision of suitable staffing and travel budgets.

The five funded projects lacked the proper scrutiny of beneficiary perspectives that would have provided early warning of problems and the potential for prompt corrective actions. The programme Steering Committee was set up and met several times but it did not really carry out its *review* function, namely assessing the programme's progress and results, examining obstacles facing the programme and their solutions, following up on agreed or corrective actions, making decisions and plans on how to improve performance, and clarifying who was to do what and by when. The changes from one UNIDO HQ backstopping officer to another in two projects were associated with poor handover of documentation and minimal briefings, leading to implementation delays.

The former CSF Team Leader, who was also the UNIDO Representative (UR) in Indonesia, seemed to have brought the HQ project managers together several times. But these efforts did not obtain much of a coordination result as the managers implemented their projects as if they were stand-alone projects. This compartmentalized management approach largely contributed to limited synergy effects.

After the closure of the funded projects, the likelihood of continued benefits varies. The results of the POPs project and some results of the Maluku projects are likely to be sustainable. The sustainability of the Nias project depends largely on whether the project management will succeed in building local ownership with the forthcoming bridging fund. The Aceh Skill Development project is hardly sustainable. No project adequately focused on sustainability, either at design or during implementation phase.

The CSF II was not very successful in raising funds. The funding level amounts to 30% of the original budget and to 25% only if the seed money from UNIDO is excluded. Of the 30% funding rate, 21.8% had already been committed or pledged before the CSF II was approved, 4.3% was UNIDO's seed money, and 4.3% was actually raised during the CSF II from external sources.

Within the Country Framework, there was a tendency to focus on one-off 'hardware' such as building centers and buying equipment, but the 'software', such as human capacity and community ownership, to utilise and run the hardware in the long term was overlooked. This means that much of the hardware became unutilized after project completion.

At least three projects were designed as pilots, but replication features had neither been built into the design, nor was there evidence of a replication focus during project implementation. As a result, none of the projects was readily replicable. This demonstrates a poor use of UNIDO's and other stakeholders' scarce resources in achieving development impacts at a larger scale.



## **A. Specific recommendations to the development of the forthcoming UNIDO country programme in Indonesia**

- The upcoming UNIDO Indonesia country programme should follow up on and replicate successful interventions of the CSF II, such as the POPs and Maluku development projects.
- The new country programme should include only interventions with genuine government support and firm funding prospects. These interventions should be aligned to national priorities and UNIDO's strategic priorities.
- The new programme design document and communications with internal and external stakeholders need to clearly distinguish between proposed interventions with secured funding and those whose funds still need to be raised. This will provide a clear focus for the joint fundraising effort of the government and UNIDO.
- Install, at the outset of the new country programme and each project, a clear monitoring and self-evaluation (M&E) system. This should include collecting information on results, especially feedback from partners and beneficiaries; analyzing and validating the results information; reviewing performance, including financial and organizational accountability; adapting strategies on performance reviews; and preparing and disseminating meaningful review reports. Results information should be used to inform decision-making during the project implementation phase.
- Sustainability strategies should be developed at the design stage, and be monitored and adapted during implementation, for all projects.
- The UNIDO Jakarta Office should be delegated the necessary authority and provided with adequate travel funds for monitoring and supporting the implementation of smaller projects in remote areas. This will require additional national professional staff and suitable national travel budgets.

## **B. Recommendations of a more general nature to UNIDO**

- Develop a clear strategy for UNIDO to participate in post-crisis and post-disaster assistance, with appropriate skill sets and implementation modalities in terms of administration, finance and logistics.
- UNIDO should not establish or equip physical centers, buy hardware, or build physical structures such as small hydro power plants before local ownership is built to successfully utilize the new 'hardware' after the project closure.
- Programme/project design should be based on proper needs assessments. The costs for needs assessments at the start-up and during the implementation phase and for monitoring and evaluation should be built into project budgets from the outset.
- Pilot or demonstration projects should be granted UNIDO 'seed money' only if they include a credible mechanism to capture, learn from and promote projects' innovative elements in the project documents and during implementation. Building one-off pilots without clear replication plans should be avoided.



# 1

## Introduction and background

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The Indonesia Country Services Framework Phase II was approved by UNIDO in May 2005 and by the Government of Indonesia in June 2005. The Framework had a planned duration of three years, from January 2005 to December 2007. As it actually started in June 2005, the CSF II completion date was subsequently extended to June 2008. The CSF II followed on from a CSF I, which was implemented from 2003 to 2004. The CSF II was developed 'based on the UNIDO CSF I experience and UNIDO's prior activities in Indonesia.

The overall objective of the CSF II was to 'contribute to sustainable industrial development of Indonesia', which was a generic and all-inclusive objective. The CSF II outlined 14 programme themes that were grouped into three components, as follows:

- i. Supporting the development and growth of the private sector and SMEs;
- ii. Supporting energy efficiency and environmentally sustainable industrial development; and
- iii. Supporting the recovery and rehabilitation of communities in the tsunami affected areas and post conflict areas.

Table 2 contains the proposed interventions under each component and their realization status, the planned budget and the total budget allotment of each materialized project. The allotment figures reflect only funds that are channelled through the UNIDO financial system. These figures do not always represent the full funding of each project as they exclude the funds that the local governments or other donors contributed directly to the projects.

In practice, no project from the five proposed themes under Component 1 was realized; while three projects from the four themes under Component 2, and three projects from the five themes under Component 3 were partly or fully materialized. Thus more than two thirds of the proposed interventions were not implemented because sufficient funding was not secured. The overall funding rate of the CSF II was around 30%, with \$3.2 million mobilized out of the original \$10.5 million budget.

**Table 2. Indonesia CSF II planned components, themes and budgets**

#	Component and programme theme	Planned budget (US\$)	Status	Total allotment (US\$)
<b>1</b>	<b>Supporting the development and growth of private sector and SMEs</b>	<b>1,450,000</b>	Not realized	
1.1	Industrial framework formulation with respect to competitiveness, trade facilitation and environment impact	200,000	Not realized	
1.2	Eastern Indonesia development programme – Sulawesi and Nusa Tenggara Timur	800,000	Not realized	
1.3	Establishment of the centre for excellence of wood/bamboo processing technology	250,000	Not realized	
1.4	Trade capacity building through technology management	100,000	Not realized	
1.5	Transfer of the UNIDO computer model for feasibility study & reporting (COMFAR) & application of pre-investment study & investment promotion	100,000	Not realized	
<b>2</b>	<b>Supporting energy efficiency and environmentally sustainable industrial development</b>	<b>3,060,000</b>		
2.1	Environmentally sustainable energy resource - Marine current power generation plant construction	500,000	Not realized	
<b>2.2</b>	<b>Enabling activities to facilitate early action on the implementation of the Stockholm Convention on Persistent Organic Pollutants (POPs) in Indonesia</b>	<b>350,000</b>	<b>Realized, started in phase I</b>	<b>499,000</b>
2.3	Removal of barriers to the introduction of cleaner gold mining and extraction technologies	400,000	Realized, from phase I	un-specified*
2.4	Phasing-out of the use of Ozone Depleting Substances under the Montreal Protocol (2 projects, 1 nearly completed, another just started but the contract was not yet signed in March 2007)	1,810,000	Realized into 2 projects	1,814,734
<b>3</b>	<b>Supporting the recovery and rehabilitation of communities in the tsunami affected areas and post conflict areas</b>	<b>6,000,000</b>		
3.1	Development and transfer of technology for the construction of low cost houses	2,500,000	Not realized	
3.2	Decontamination and transfer of technology for the decentralized provision of clean water	150,000	Not realized **	
<b>3.3</b>	<b>Development of small hydro power (SHP)</b>	<b>1,000,000</b>	<b>Partly realized</b>	<b>338,820</b>
<b>3.4</b>	<b>Establishment of an industrial skill development center</b>	<b>2,000,000</b>	<b>Partly realized</b>	<b>223,310</b>
<b>3.5</b>	<b>Private enterprise development in Maluku Province – Post conflict situation (2 phases)</b>	<b>350,000</b>	<b>Realized</b>	<b>339,082</b>
	<b>TOTAL</b>	<b>10,510,000</b>		<b>3,214,946</b>
Note:				
*) This is a global project and it was not possible to specify the allotment for Indonesia.				
**) Programme mission/assessment was carried out but did not materialize into funding				
<b>Realized and included in this independent evaluation</b>				
<b>Realized but not be included in this independent evaluation</b>				

Source: CSF design document, information provided by the UNIDO office in Jakarta, and UNIDO project and programme management system. AGRESSO and InfoBase as of April 2008

The evaluation was carried out in May 2008, and encompassed a two-week field mission in Indonesia. The evaluation Terms of Reference (TOR) is found in Annex A. The evaluation team consisted of four persons: Mr Mohamad Rum Ali, national evaluation consultant; Ms. Ayumi Fujino, UNIDO Representative and Head of Regional Office in Thailand and SME development specialist; Ms Thuy Thu Le, Evaluation Officer of the UNIDO Evaluation Group; and Mr Frank Pool, independent international evaluation consultant and team leader.



# 2

## Evaluation purpose and methodology

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The overall purpose of the evaluation of the CSF II was to provide an independent assessment of the Country Services Framework's performance and achievements and review the challenges encountered. This assessment aimed at providing information on results and lessons learned, informing the development of a new country programme for Indonesia, and providing feedback to UNIDO's future operations. The evaluation also assessed the CSF II's sustainability by determining whether the benefits from the funded interventions are likely to persist after the programme's completion.

More specifically, the evaluation sought to:

- Assess the CSF II in terms of relevance, effectiveness, efficiency, sustainability and impact; and
- Make concrete lessons and recommendations that would feed into the development of a new country programme for Indonesia and UNIDO's ongoing and future interventions in other countries.

In line with the UNIDO TC Guidelines regarding projects funded by the Montreal Protocol Secretariat, this evaluation did not cover the two MP projects included in the Indonesia CSF II. The evaluation also excluded the project EG/GLO/01/G34 'Removal of barriers to the introduction of cleaner gold mining and extraction technologies', which is a global project and which had already been covered by a separate evaluation.

This independent evaluation of the CSF II covers only the five projects that secured funding in Table 1.

The evaluation was conducted as an Independent Terminal Evaluation, in compliance with UNIDO's Evaluation Policy and its Guidelines on the Technical Cooperation Programmes and Projects. It was conducted at two levels: i) evaluation of individual projects and ii) evaluation of the CSF II as a whole.

The evaluation was designed to meet the UNIDO requirement on independent evaluations to provide transparent reviews of the Organization's operations and to maximize learning opportunities from UNIDO's ongoing activities. The evaluators selected for this evaluation were completely independent from the design, implementation or supervision of the overall CSF II and its constituent components, programmes and projects. The evaluation team was chosen to possess a complementary



mix of national and international experience in both UNIDO work and in wider development interventions, as well as project design, operation and evaluation.

The evaluation was carried out in accordance with the Terms of Reference, which established the evaluation methodology and which can be found in Annex A. The evaluation adopted the following approach: (a) examination of the overall aspects of the Indonesia CSF II and its design and implementation through a thorough desk-review of the available documentation; (b) validation of data and verification of facts through interviews with key project stakeholders and by undertaking selected site visits; (c) in-depth analysis of information from different sources to underpin independent and evidence-based findings; (d) formulation and documentation of evaluation results; (e) circulation of the draft evaluation report to key external and UNIDO stakeholders; and (f) adjustment of the report, reflecting feedback and suggestions received.

The evaluation team reviewed available and relevant documents related to the CSF II and its constituent projects (design, progress and terminal reports), including the self-evaluation reports prepared by the CSF Team Leaders and the National Project Managers in the UNIDO office in Jakarta. Relevant available documents from the Government and other development organizations were also consulted. A list of the main documents consulted is in Annex B. Discussions with relevant project managers at UNIDO HQ in Vienna were conducted prior to the field discussions and visits in Indonesia.

The two-week fieldwork was undertaken in Indonesia in May 2008. A list of people consulted is provided in Annex C. The team held discussions with representatives of key stakeholder groups and UNIDO staff and contractors. At the end of the field mission, a presentation of initial findings was made to key stakeholders in Indonesia, and their feedback was incorporated in the presentation subsequently provided to relevant UNIDO HQ staff in Vienna. The feedback of local stakeholders and UNIDO HQ staff was incorporated in this evaluation report.

# 3

## The Indonesian economic and political context

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Indonesia is a large (in terms of population and land and maritime areas) middle-income developing country with a Gross National Income (GNI) per capita of \$1,420 (Atlas method, 2006 estimate) and with a GNI of around \$317 billion.<sup>2</sup> With a 232-million population, Indonesia is the fourth most populous country in the world. Indonesia is located on the Pacific 'Ring of Fire' and as such is prone to earthquakes, volcanic eruptions and tsunamis. As a positive benefit of this location, Indonesia has large geothermal energy resources that are being increasingly utilized for electricity generation and a considerable potential for further geothermal power development.

The Indonesian economy has been growing steadily in recent years, at an average of 5.1% annually between 2002 and 2006, and reaching 6.3% in 2007. Industry has been the principal engine of economic growth and accounting for 47% of Gross Domestic Production in 2006. At the same time, air, water and ground pollution has been increasing. In 2006, Indonesia was the third-largest carbon dioxide emitter in the world.

It is estimated that 18% of the population live below the national poverty line, and unemployment was estimated at 11 million people, or 11% of the workforce at the end of 2006, compared with 5% at the start of the 1997-98 Asian financial crisis. Indonesia thus clearly needs strong, ongoing and sustainable industrial development to enhance its economy, reduce the environmental impact of the past highly polluting industrial development, reduce poverty and provide employment for the large numbers of new and unskilled workers entering the workforce each year.

High agricultural commodity prices are feeding into food inflation rates of 10.4% in February 2008 (higher than the overall inflation rate of 7.4%), adversely affecting the poor, and putting pressure on the overall economy.

In 1997 and 1998, Indonesia was the country hardest hit by the Asian Financial Crisis. The *Reformasi* era, following President Suharto's resignation in 1998, led to a strengthening of the democratic processes, including a far-reaching regional autonomy programme, and to Indonesia's first direct presidential election, which was held in 2004. Indonesia has made a strong economic recovery from the 1997-98 financial crises. Its

transition to more democratic governance and decentralization continues with important reforms underway. The political situation in Indonesia is now more stable than it has been for many years. Both development spending and poverty have returned to pre-crisis levels. At the same time, governance issues remain an impediment to progress. Recently, Indonesia has made some progress in dealing with a high level of corruption and has improved its ranking in the Transparency International Corruption Perception Index.

Indonesia contains many different ethnic groups and religions, and has had various secession movements as well as inter-communal conflicts (including in the Maluku province) that were, at least partly, religion- based.

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<sup>2</sup> The main information sources of this section are the World Bank World Development Indicators 2008, World Bank Indonesia Economic and Social Update April 2008, The Economist Intelligence 2007, Indonesia and the World Bank Overview July 2008, the Transparency International 2008 and Wikipedia July 2008.

# 4

## CSF design and content

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The CSF II was developed in late 2004, and entailed a continuation of CSF I projects implemented between 2003 and 2004.

The 2003-2004 CSF I had a planned budget of \$8.5 million, covering 11 proposed programme themes under two components, (1) SME development and growth, and (2) energy efficiency and environmentally sustainable industrial development. At the inception, only three of the proposed programmes had assured funding from the Global Environmental Facility (GEF) and the Montreal Protocol. In practice, these three projects were the only CSF I projects that obtained external funding. In total, around \$680,000 was mobilized<sup>3</sup> for the CSF I. Neither a terminal self-evaluation nor an independent evaluation was conducted for the CSF I.

The CSF II was an umbrella framework, formulated to cover all of UNIDO's potential interventions in Indonesia during the period 2005-2007. The CSF II programme document was approved by UNIDO in May 2005 and by the Government of Indonesia in June 2005.

The CSF II design appears to have been consistent with the priorities of the UN Development Assistance Framework (UNDAF) for 2006-2010, which was subsequently issued in December 2004. But the CSF II interventions did not have any concrete cooperation or explicit link to the ongoing or planned activities of other UN agencies in Indonesia.

The overall objective of the CSF phase II was encapsulated in a general statement, to *contribute to sustainable industrial development of Indonesia*. The design document specified an ambitious range of components and programme themes but without any logical framework analysis. Clear cause-and-effect relationships were not apparent between the proposed inputs, activities and the expected results.

The CSF II indicative budget was amounted to \$10.5 million, covering 14 programme themes under three overarching components. Projects under seven CSF II themes obtained funding. Interaction with various UNIDO staff members indicated that the CSF II programme document was essentially a 'wish list' of what interventions UNIDO would have liked to undertake in Indonesia - in areas where it felt that it had suitable

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<sup>3</sup> Although the POPs project funding predated the CSF I, it was actually accounted for both under the CSF I and CSF II.

competence. This ‘wish list’ was based on a one-week mission of several CSF team members to the country, but neither based on in-depth fact-finding, needs assessments, nor donor policies.

As a technical cooperation agency, UNIDO has to rely on external funds to realize its interventions. In principle, it is a legitimate approach to design a country framework comprising potential areas for intervention, but these interventions must be either developed by Indonesian government agencies, or formulated by UNIDO within its competencies and strongly supported by the government. Although these potential intervention areas need not be detailed, they must be specific enough for UNIDO staff to select actual interventions and for donors to determine whether they fit into their priorities. Once identified, details of the interventions can be developed further, together with the potential donors.

From the CSF II design document and the evaluation team’s interactions with stakeholders, it does not seem that the seven unfunded programme themes reflected genuine national priorities or requests by national partners. Rather, they seem to have been based primarily on the personal interests of UNIDO staff or existing UNIDO solutions or services, such as the promotion of UNIDO COMFAR (Computer Model for Feasibility Analysis and Reporting) training in Maluku. Analysis of the CSF II programme document, and feedback obtained from key external stakeholders in Indonesia, indicates that the CSF II design did not clearly distinguish between proposed interventions with secured funding and those whose funds needed to be raised. This did not provide a clear focus for the joint fundraising effort between the government and UNIDO.

Overall, the CSF II framework document was vague and unspecific regarding the expected results and rationale for the proposed interventions. It is not clear to what degree the proposed interventions were based on strong country needs nor the extent they were based on solid indications of likely donor support. As a planning instrument, the CSF II design proved to be ambitious and unspecific.

# 5

## Assessment of individual component/ projects

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As mentioned above, the Indonesia Country Service Framework II was a three-year programme and consisted of three components. These components aimed at promoting economic growth through developing the private sector and SMEs; at resolving environmental problems through enhancing energy efficiency and environmentally sustainable industrial development; and at reducing vulnerability of communities through supporting and rehabilitation of livelihoods of those affected by natural disasters and conflicts.

### **Component 1. Supporting the development and growth of private sector and SMEs**

The proposed Component 1 consisted of the following five programmatic themes:

- 1) Industrial framework formulation with respect to competitiveness, trade facilitation and environmental impact
- 2) Eastern Indonesia development programme – Sulawesi and Nusa Tenggara Timur
- 3) Establishment of centre of excellence for wood/bamboo processing technology
- 4) Trade capacity building through technology management
- 5) Transfer of the UNIDO Computer Model for Feasibility Study and Reporting (COMFAR) and application of pre-investment study and investment promotion

None of the proposed programmatic themes was realized as no external fund was mobilized for this component. The evaluation team found, however, that some elements of the programmatic themes under Component 1 were picked up and implemented in projects under Component 3, which supported tsunami and conflict affected communities. These partially realized elements included private sector and SME development, the establishment of technology excellence and skills training centers, and the transfer of the UNIDO COMFAR model.

## Component 2. Supporting energy efficiency and environmentally sustainable industrial development

This component consisted of four programmatic themes as indicated below. Three projects under the last three themes were implemented. As mentioned earlier, the Cleaner Gold Mining and Montreal Protocol projects were not included in this evaluation, thus the assessment under this component is restricted to the POPs project.

- 1) Environmentally sustainable energy resource - Marine current power generation plant construction
- 2) Enabling activities to facilitate early action on the implementation of the Stockholm Convention on Persistent Organic Pollutants (POPs) in Indonesia
- 3) Removal of barriers to the introduction of cleaner gold mining and extraction technologies
- 4) Phasing-out the use of Ozone Depleting Substances under the Montreal Protocol.

### Persistent Organic Pollutants (POPs) project in Indonesia

#### Project background

The project had the following objectives:

- *to assist Indonesia to fulfil its obligations in the Stockholm Convention and prepare and endorse a National Implementation Plan on POPs; and*
- *to strengthen national capacity and to enhance knowledge and understanding amongst decision makers, managers, the industry and the public at large on POPs.*

The POPs project was started in 2002, even before the CSF I and the CSF II. However, since implementation took six years instead of the originally planned two years, UNIDO still considered the project a part of the CSF II, which was approved in June 2005.

Project name	Project number	Total allotment (\$)	Expenditure rate (%)	Donor	Start date (first PAD)	Actual completion date	Planned implementation period	Status
Enabling activities to facilitate early action on the implementation of the Stockholm Convention on (POPs) in Indonesia	GF/INS/02/008	499,000	98	GEF	Feb-02	Jun-07	2 years	Closed

Source: UNIDO Infobase and project documents as of May 2008.

## **Relevance**

Indonesia has been a signatory to the Stockholm Convention on Persistent Organic Pollutants (POPs) since 2001, but has lacked the necessary background inventory data and the prioritized action plan by POPs categories to be able to ratify the Convention. There was a clear desire from the Government of Indonesia to progress toward ratifying the Stockholm Convention and to start implementing its provisions. The project facilitated a number of critical enabling activities to assist the government in preparing, and eventually endorsing, a comprehensive National Implementation Plan (NIP) to phase-out POPs. Through this process, and with the active participation and execution of the Ministry of Environment (KLH), the project also aimed at strengthening national capacities and enhancing knowledge and understanding of POPs amongst decision makers, managers, industries and the public at large. This knowledge and understanding was a necessary pre-requisite to develop and formulate a suitable NIP.

The project has been supported and executed by the KLH, with technical support from UNIDO, since its early formulation. The KLH staff met by the evaluation team indicated a strong sense of ownership of the NIP, which was the key output of this project. UNIDO is widely considered, by national stakeholders, as an organization with strong comparative advantage in the POPs area in general, and in Indonesia in particular. Overall the project has been and remains highly relevant.

## **Effectiveness and results**

The effectiveness of the POPs project is high, as it has achieved all the results that it set out to produce. In particular, the following results had been achieved by the end of the project:

- Preliminary inventories of sources and emissions of POPs in Indonesia have been established
- Priorities in POPs control have been identified
- Capacity and knowledge regarding POPs and their control have been significantly enhanced among key national partners
- A NIP was finalized with broad stakeholder support
- The NIP has been endorsed by the government through the Ministry of Environment
- The NIP is now under consideration by the Indonesian Parliament for Stockholm Convention ratification

The project seems highly likely to provide the necessary information, stakeholder support and prioritized action plans needed for the Indonesian Parliament to ratify the Stockholm Convention. It also appears to lay the necessary foundation for ongoing and new GEF-funded POPs projects in Indonesia. However, the primary tangible project result, the National Implementation Plan (NIP), is densely structured and complex. The apparent lack of an accessible and summary briefing document for decision makers, that spells out what ratification would mean in practical terms, seems to have slowed down the ratification of the Stockholm Convention by the Indonesia Parliament. This has then, in turn, delayed the implementation of the various specific POPs action plans. Some



stakeholders met by the evaluation team pointed to the NIP's density and complexity as a reason for the delayed endorsement of the NIP by different partners.

### **Efficiency and project management**

The POPs project ultimately managed to produce its expected results within the originally planned budget, in spite of major adjustments that were largely outside UNIDO's control. The project implementation lasted more than six years, against the planned two-year period. However, the two-year timeframe was apparently set by GEF requirements for POPs projects, although it was considered by UNIDO at the design stage that this two-year implementation period was unrealistically short.

The start-up of the project went smoothly and promptly. As per GEF policies for POPs projects, the main national counterpart, the Ministry of Environment, was made responsible for implementing most of the major project activities such as conducting POPs inventories, assessing the POPs national infrastructure capacity and formulating a National Implementation Plan with the involvement of various national stakeholders. This was an efficient joint implementation modality, combining UNIDO's traditional agency execution with the national execution approach. The KLH, the national counterpart, was in charge of implementing the project, and UNIDO was responsible for providing the KLH with necessary technical support and ensuring the achievement of the expected results. This approach was required by the GEF to ensure ownership and sustainability of its supported interventions after the project completion. This approach has contributed to ownership by the national partners. With some adjustments, it can be an efficient implementation modality for UNIDO interventions.

However, during the implementation phase, the project suffered a long series of delays caused by various reasons. The reasons include: i) a subcontractor with inadequate technical capacity was initially chosen by the KLH to conduct preliminary POPs inventory analyses (the subcontractor submitted the second interim report to UNIDO through the KLH in August 2003, reporting an impossible finding that there was no Polychlorinated biphenyls (PCBs) in Indonesia); ii) the political and bureaucratic distractions from a series of natural disasters that hit Indonesia from the December 2004 Tsunami onwards; and iii) KLH reorganizations in 2005, and changes of the ministry staff working with the project. While the last two problems are somewhat beyond UNIDO's control, the responsible UNIDO project manager(s) seemed to have responded slowly but appropriately in solving the first problem. The initial subcontractor was suspended and some outstanding funds were successfully recovered. A new and competent subcontractor, who had already been engaged in the project activities, was subsequently selected and completed the inventory within the remaining budget. However, if UNIDO had been more active in overseeing the project implementation and outputs managed by the KLH between October 2002 and December 2004, when most of inventory exercises took place, some of the delays could have been avoided.

Given the reasons explained above, and despite the long implementation period, the POPs project was reasonably efficiently implemented.

After UNIDO had signed a contract with the KLH in June 2002 and had delegated to the ministry the task of implementing most of the project activities, it was not clear what role UNIDO played in managing the project between late 2002 and 2004. The UNIDO project manager at that time found the second Interim Report submitted in August 2003 unacceptable, because of its improbable finding that there was no PCB in Indonesia. However, not until late 2004 did UNIDO realize that the KLH had sub-contracted an inadequately skilled local consulting company to carry out the preliminary POPs inventories, which the ministry had committed to do itself. In addition, UNIDO did not closely overview the work of the initial Technical Adviser who had been contracted by UNIDO to back up the project technically. As a result, low quality technical reports continued to be produced for quite some time between 2002 and 2004. Had UNIDO applied a more hands-on management style, these problems and delays could have been avoided.

The UNIDO project management appeared to have been rather 'hands off'. It was known that: a) the NIP was too densely written and too complexly packaged to be used by decision and makers at higher levels; b) that the KLH was moving slowly in reviewing the NIP; and c) that this was holding up the project implementation. Yet no action was taken to produce a more user-friendly and accessible summary version to speed up the endorsement of the NIP.

### **Sustainability**

The project produced credible POPs inventories and a comprehensive National Implementation Plan for phasing out POPs in Indonesia. The inventories and the NIP had sufficient details and credibility for the Government of Indonesia to endorse the plan in late 2007 and to enable the Parliament to consider the Stockholm Convention ratification in the near future. Once the Convention is ratified, Indonesia will almost certainly start implementing prioritized measures to phase out POPs.

Additional GEF funds to support some of these implementation activities are highly likely to be forthcoming. A reasonable level of local ownership can also be expected of the NIP and of its progressive implementation after the project closure. Therefore, it is very likely that key NIP priorities will be followed up on and implemented in the near future. As the estimated budget to carry out the NIP is very large, around \$100 million over a 10-20 year period, it is not certain that all of the actions will be implemented. However, it is likely that the benefits from the comprehensive inventories and the road map outlined in the Plan will persist as the national stakeholders have committed to the Plan and there are key donors interested in POPs interventions in Indonesia such as the GEF, the World Bank and UNDP. Overall, the benefits of the project are highly likely to continue after its closure.

### **Component 3. Supporting the recovery and rehabilitation of communities in the tsunami-affected and post-conflict areas**

Component 3 had more projects funded and implemented than the other two components of the CSF II. Four projects were realized under the last three programmatic

themes of this component. Indonesia was severely affected by a wave of ethnic and religious violence following the Asian economic crisis in 1997 and the fall of the long-standing President Suharto in 1998. In addition, Indonesia was hit by a series of big natural disasters since late 2004. Consequently, a major part of the Official Development Assistance to Indonesia has been directed to support the victims of ethnic and religious violence and of natural disasters. Taking advantage of fund availability, the CSF II started interventions in the post violence and disaster areas, despite the lack of a corporate policy to deal with post-conflict and post-disaster situation.

In its original CSF II design, Component 3 consisted of the following five programmatic themes. In practice, only the last three themes were materialized as no funding was raised for the first two themes.

- 1) Development and transfer of technology for the construction of low cost houses
- 2) Decontamination and transfer of technology for the decentralized provision of clean water
- 3) Development of small hydro power plant (SHP)
- 4) Establishment of an industrial skill development center
- 5) Private enterprise development in Maluku Province – Post conflict situation (2 projects/phases)

This section will assess four funded projects one by one:

1. Alleviation and restoring sustainable livelihoods in Nias island through micro hydro power based Community Development Centre (CDC) for Common Facilities [Nias Small Hydro Power Plant (SHP) and CDC Project]
2. Establishment of industrial skill development centre for smaller communities in Tsunami/Earthquake affected area in Aceh and Nias, North Sumatra [Aceh Skills Development Project]
3. Maluku Province: Rural development in post conflict situation (Phase I) [Maluku Development Project]
4. Rural economic development in Maluku province - Post conflict situation (Phase II) [Maluku Development Project]

## **Nias Small Hydro Power Plant and Community Development Center Project**

### **Project background**

According to the project document, this project had two objectives (the second objective was not included in the CSF II design document originally):

- i) *To supply the rural community in Nias with environmentally sound, affordable and adequate electricity (which will expectedly increase employment*

opportunities, improve the ecological environment, reduce poverty, improve livelihoods, and stimulate economic development activities in the targeted areas).

- ii) To establish a Community Development Center (CDC) (with a view to facilitating specifically growth of micro-industry, sustainable agriculture, health care, education, information and communication facilities and the use of electricity to bring efficiency into all possible aspects of rural like and serve a demo project for duplication in similar conditions in other areas).

Project name	Project number	Total planned cost (\$)	Total allotment (\$)	Expenditure rate (%)	Donor	Start date (first PAD)	Actual completion date	Planned implementation period	Status
Alleviation and Restoring Sustainable Livelihoods in Nias Island Through Micro Hydro Power Based CDC for Common Facilities	FBINS05006, XPINS05005, XPINS07002	311,000	338,820*	91	OCHA, UNIDO	Sep-05	May-07	1 year	Closed**

Note:

\*) This amount does not include the contribution of \$119,000 from the local government Bureau of Rehabilitation and Reconstruction for Aceh and Nias (BRR), and the forthcoming bridging fund of around \$86,000 (\$45,000 from BRR and \$41,000 from UNIDO).

\*\*\*) Bridging project is expected soon to complete all activities.

Source: UNIDO Infobase and project documents as of May 2008.

## Relevance

The provision of electricity from a small hydro power plant (SHP) remains a highly relevant intervention in Nias in particular and in Indonesia in general, as SHPs are mostly suitable for mountainous areas with reasonable levels of rainfall. After a powerful 8.7-magnitude earthquake hit Nias in March 2005, the local government and the Agency for Rehabilitation and Reconstruction for Aceh and Nias (BRR) recognized the need to improve access to electricity. As a result, the BRR contributed nearly \$120,000 to the project right from the beginning of the reconstruction phase in order to rebuild the island's infrastructures.

The project objective had clearly shifted between May 2005, when the project concept was developed in the CSF II document, and September 2005, when the specific project document was prepared. The objective had changed from *developing SHP to provide energy for productive uses* to what turned out to be *installing environmentally sound, affordable and adequate electricity generating facility with [emphasis added] a Community Development Centre (CDC) attached to it*. Thus the project emphasis shifted from supplying energy specifically for productive uses (which is in line with UNIDO's mandate and core competencies) to generating electricity for a CDC and other unspecified uses.

An Information and Communications Technology (ICT) Community Development Centre (CDC) in remote areas can be, in principle, a highly relevant development tool. However, such CDC and ICT provision needs to be firmly based on thorough needs assessments and a solid business model with financial viability, proper plans of managerial oversight and clear post-project ownership. There is no evidence that such needs assessments were undertaken in designing the project or during the early project implementation. The project document does not present any clear justification for ICT community development centers but has clearly unrealistic assumptions of their effects: *'The project has also an object of establishing a Community Development Centre, with a view to facilitating specifically growth of micro-industry, sustainable agriculture, health care, education, information communication facilities and the use of electricity to bring efficiency into all possible aspects of rural life and serve as a demo project for duplication in similar conditions in other areas'*.

In practice, the project established two ICT centers. The relevance of these ICT CDCs is questionable given the unknown demand for their services, the unidentified target groups, and the difficulty and high costs in connecting to the internet and paying for such connection on an ongoing post-project basis. The relevance is even weaker as there is no connection between the SHP and the CDCs, which obtained electricity from somewhere else.

The relevance of the Nias SHP and CDC project is mixed. On the one hand, electricity provision through a small hydro power plant is highly relevant to the needs of the local community, is well supported by the local authorities and clearly falls into the competence of UNIDO. On the other hand, it is not clear what an ICT community development centre can contribute to rebuild the livelihoods and infrastructure of affected communities immediately following natural disasters.

## **Effectiveness and results**

At a simplistic level, the project has achieved the two main expected outputs at its completion: i) a technically sound small hydro power plant and its distribution system; and ii) two CDCs equipped with computers and a satellite connecting to the internet.<sup>4</sup> The project has built a suitable hydro power plant that physically should be able to operate smoothly and meet its rated power output, at least in the wet season.<sup>5</sup> There are some small breakdowns but they can be easily fixed, such as the leaks in headrace. The local government and the BRR seem to be broadly happy with the plant, and to be prepared to support the necessary remedial actions and any project replication effort by UNIDO and other agencies.

However, the project has not reached its longer term results in supplying the targeted community in Nias with electricity, not to mention facilitating the growth of micro-industries, sustainable agriculture, health care, education and so on. Although the SHP and its distribution system had been constructed and had been able to physically run at

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<sup>4</sup> The evaluation mission could only review reports and talked to some of the project stakeholders and managers, but could not visit the two CDCs due to time limitation and dispersion of project sites.

<sup>5</sup> The feasibility study of the SHP site took place in the dry season. It is therefore not clear whether there will be enough water in the dry season to run the SHP.

the time the evaluation team visited the project in May 2008, the SHP was not operational. Each of the 200-targeted households had installed their own load management systems, which altogether exceeded the maximum load capacity of the 40kW power plant. This automatically shut down the SHP each time it was turned on. As the recipient households could not agree on a suitable load control mechanism, the SHP remained shut down.

The evaluation team found evidence that the households had not been adequately involved and consulted in the plant construction, although initially they were invited to several meetings organized by the project management. As a result, they did not have a sense of ownership toward the plant. An existing local committee, which was supposed to operate the plant, was not trusted enough by the community and could not mediate for any solution. Many critical questions regarding electricity distribution among the community remain unanswered: How much electricity should each household among the targeted 200 obtain from the limited electrical output of the 40kW SHP? For which purpose should the electricity be used, for social or productive uses? Who is going to run and maintain the SHP? How will the resources be obtained to pay to run and maintain the SHP and its distribution system? How much should the households pay for their electricity, and what credit control protocols are to be followed in the event of non-payment? What is the maximum load each household should have, and how will this be enforced?

There is now a reasonable quality power plant and distribution system, but it is not able to operate, as the necessary community ownership and leadership are not yet in place to facilitate the recipient households to agree on and implement critical actions.

Similarly, after some computer training, the two CDCs and their ICT equipment were no longer used. The effects of the CDCs on the users and the training participants remain unknown as the project did not collect and report on results information.

In addition, there was no real synergy between the SHP and the CDCs. Both CDCs were built before the SHP, so the CDCs obtained their electricity from other sources. One of the centers was located at the other end of Nias island, far away from the community benefiting from the SHP, and had absolutely no link to the SHP or the other CDC.

The overall project effectiveness is moderate. But if the community is mobilized and strengthened and could take over the SHP from the project and run the plant smoothly on its own, the project effectiveness would increase. Additional funding is being sought to address these issues.

### **Efficiency and project management**

The project was planned to last for 12 months but nearly three years after the start-up, it has not yet been fully completed. The budget was planned at \$311,000, but by the time of the evaluation, the estimated costs were about \$540,000,<sup>6</sup> an increase of more

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<sup>6</sup> This includes both the government contribution in cash and the additional forthcoming funding from the BRR and UNIDO.

than 70% of the original budget. The only additional output was one extra CDC, thus the project built two centers instead of one as planned. During the early implementation period, the project diverted most of the available funds into building two community development centers, buying computers and two satellites connecting the CDCs to the internet. As a result, insufficient funds were left to construct the SHP, even though it was the primary objective of the project. To make up for this, additional funds were then mobilized from UNIDO and the local government. This process caused delays and consumed time and effort of the concerned managers and staff at the UNIDO HQ to prepare and review proposals for extra funding and to handle administrative procedures. So far, at least three bridging projects (Project Allotment Documents) have been opened in the UNIDO financial system just for the Nias SHP and CDC project to complete its activities.

The transaction costs were high for UNIDO to implement such a relatively small project in a remote area in Indonesia from the UNIDO HQ in Vienna. Numerous administrative papers were required to transfer funds from Vienna to UNIDO Jakarta office and then to the project office and service-providers in North Sumatra Province.

The project management went off track between 2005-2007 by over-emphasizing the CDCs and ICT equipment element. Generally, monitoring was weak and useful mandatory reports were not prepared. The proposed Advisory Committee with representation from the local government, that was supposed to coordinate and support the project implementation, was never established. Since 2007, the new project management has rightly refocused on the SHP element and has recognized the importance of community mobilization. Although community participation is a particular challenge at this late stage of project implementation, it is the necessary prerequisite for post project sustainability.

In summary, the overall project efficiency has been modest as there have been many delays and the benefits from the main outputs have been low, although the budget has been overrun by 70%. However, once the SHP is made functional and starts providing electricity to the targeted households, the efficiency can then increase to a moderate level.

## **Sustainability**

The Nias SHP and CDC project has achieved modest results and its post-project sustainability is still very uncertain. At the time of the evaluation mission, the small hydro power plant was not operating, the distribution system was not being properly repaired when the wires had come loose from power poles, and leaks in the headrace were not fixed. More importantly, no local entity with the necessary trust from the community was ready to take over the plant from the project and run it in a sustainable fashion. The project document foresaw the need to involve the local community in operating and maintaining the SHP, but did not plan or allocate suitable budgets for the necessary community mobilization and development. As a result, the community sense of ownership to the SHP was nearly non-existent.

The ICT equipment in the CDCs was no longer being used, and there seems no realistic prospect that they will be used again in the future in a sustainable way. The connection fee to the internet via VSAT (Very Small Aperture Terminal Satellite Systems) was expensive and it should have been obvious that the local communities would struggle to keep paying this high fee post-project.

The Nias SHP should still be able to be made sustainable, if the project starts mobilizing and mediating the community intensively for six to 12 months to increase the community ownership and leadership. Funds to cover this corrective intervention are being mobilized from UNIDO and the BRR. The extra funds seem likely to be forthcoming. The BRR remains willing in principle to provide funds to replicate the model in other parts of Nias and Aceh, if the SHP model proves successful. The project impact would be substantial if the pilot SHP was to be replicated into a series of stand-alone and grid connected small hydro power plants in Nias and Aceh, with funding from the BRR.

## The Aceh Skills Development Project

### Project background

According to the project document, the project objective was to *rebuild rural economies of the tsunami affected communities in Aceh by stimulating income and employment generation activities in selected locations.*

The project was expected to achieve the following outputs at its completion:

- *One industrial common service facility established and sustained in Banda Aceh; and*
- *At least 300 people in Aceh participated in industrial skills development training programme, and are able to revitalize their economic activities.*

Project name	Project number	Total allotment (\$)	Expenditure rate (%)	Donor	Start date (first PAD)	Actual completion date	Planned implementation period	Status
Establishment of Industrial Skill Development Centre for smaller communities in Tsunami/Earthquake affected area in Aceh and Nias, North Sumatra	FBINS05004 XPINS06003	250,000	100	OCHA, UNIDO	Oct-05 Oct-06	June-06 Dec-07	3 months	Closed

Source: UNIDO Infobase and project documents as of June 2008.



## **Relevance**

The project intervention was well in line with the UNIDO Country Service Framework II. Specifically it attempted to foster the economic and livelihoods recovery of the earthquake/tsunami affected communities through skills training, mainly in wood processing and furniture making, mechanic work and sewing and embroidery. As the pace of recovery in Aceh was much faster than expected, the project relevantly focused on the emerging need in rehabilitating livelihoods activities. Generally the target groups found the training useful and some beneficiaries managed to earn a living from the obtained skills.

However, the project did not completely fit into the scope of the Flash Appeal funds by the UN Office for the Coordination of Humanitarian Affairs (UNOCHA), which co-funded the project together with UNIDO. These funds generally dealt with emergency and humanitarian assistance, which by nature, must provide quick effects and must be implemented in a short period of up to six months. In contrast, the nature of the Aceh Skills Development project was more long-term development and it was not realistic for the project to stimulate livelihoods opportunities in such a short period of time. Furthermore, UNIDO had neither a policy on dealing with post-disaster situations, nor suitable implementation modalities and comparative advantages for such a short time intervention in post-disaster situations.

In short, the overall relevance of the project was moderate. Although the intervention was relevant to the needs of the affected communities and in line with the Government's priorities, it neither fully fitted the priorities of UNOCHA nor the implementation modalities and comparative advantages of UNIDO.

## **Effectiveness and results**

The project achieved the following results:

- Two Common Service Facilities, one for sewing and embroidery and another for wood processing and furniture making, were established at the end of the project's phase 1. By the end of phase 2, the sewing and embroidery equipment and machines were transferred to a local non-profit foundation;<sup>7</sup> while the wood processing and furniture making facility was closed down after its equipment was stolen in late September 2006. Some of the sewing and embroidery trainers and trainees have set up their own cooperative, which appears to be sustainable in the future.
- 10 trainers were trained and were able to train others in various skills such as carpentry, welding, automotive parts, masonry, electrical installation, sewing and embroidery.
- More than 300 men and women were trained in construction, door/window making, furniture making, carpentry, sewing, embroidery, workplace security and

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<sup>7</sup> Although there was evidence that the establishment of the foundation was planned during the project implementation, none of the project beneficiaries, who met the evaluation team, knew where the equipment was.

safety and marketing. This also included an intensive training of trainers in embroidery for 11 women in Yogyakarta.

- Members of a local cooperative were trained in managerial and financial skills.

The project clearly contributed to improving the skills of a number of beneficiaries and some managed to find a job or generate income from the obtained skills. As the project did not collect and report on results information in a systematic manner, the number of training participants and how they have benefited from the project remains unknown. Most of the trainees and trainers met by the evaluation team referred to the difficulty in obtaining funds for equipment purchase and working capital, as well as in acquiring market information and opportunities. The project design had foreseen the difficulty of buying costly equipment and therefore set up two common service facilities and equipped them with the relevant tools and machines. After the training, the trainers and trainees were supposed to make use of the facilities and equipment, both for training purposes and for their own business activities.

However, all the trainers and trainees interviewed by the evaluation team stated that the Local Project Coordinator (LPC) allowed them to use the equipment only for 'technical training', but not for their own business activities. Such constraints imposed by the LPC not only contradicted the project strategy but also strongly hindered the effectiveness of the training and the provision of machines and equipment. The project effectiveness was further hampered by the theft of the wood processing equipment and tools from one of the Common Service Facilities. This happened in September 2006 while the project was on hold waiting for bridging funds to arrive. This had an extremely negative impact on the project as all wood processing and furniture-making training had to be cancelled.

The project management planned to set up a local cooperative to eventually manage the two Common Service Facilities, which would be made available to the former training participants even after the project completion. However, due to lengthy administrative procedures in setting up a cooperative, a non-profit foundation was instead established in July 2006, with several former training participants as members. Although all the sewing and embroidery tools and machines were supposed to have been transferred to this local non-profit foundation, at the end of phase 2 in June 2007, none of the project beneficiaries, met by the evaluation team, knew where the equipment was.

The project was isolated from other ongoing assistance in the region and did not meaningfully participate in activities of local stakeholders, private sector actors or other development programmes. One of the Common Service Facilities was constructed next to a Provincial Vocational Training School but no collaboration or joint-training services, between these two institutions, were established. The project, on the other hand, collaborated with the International Labour Organization (ILO) through the provision of expertise, with the UN Volunteers (UNV) on a small part of the training activities, and with a local NGO for the marketing of embroidery products.

In summary, the effectiveness of the project was low as the achievement of the end results was modest.

## **Efficiency and project management**

The estimated cost of the project was around \$200,000, which excluded \$38,000<sup>8</sup> contribution of the UNV through in-kind support to some training activities. At the project completion, the real cost was \$250,000, reflecting an increase of 25% of the original budget. The project actually achieved only modest results that were lower than expected and could have been materialized with only a fraction of the total cost.

The planned implementation period of three months, which was apparently set by UNOCHA for Flash Appeal funds, was obviously unrealistic as the project lasted more than two years, from October 2005 to December 2007. The project needed extra funding to complete its planned activities, but as the bridging funding from UNIDO did not arrive immediately, the project implementation was put on hold for around three to four months, from June to October 2006. This may have partially contributed to the equipment theft, interruption of training activities, and claimed mismanagement by the Local Project Coordinator,<sup>9</sup> reported by the beneficiaries interviewed by the evaluation team. Some trainees and trainers expressed their frustration at the uncertain continuity of the project and the non-transparency of the project management. All these issues contributed to the poor image of the project in the eyes of the beneficiaries and the concerned local communities and authorities. It must be noted, however, that it was a true challenge to operate in Aceh where the local governance was weak after more than 30 years of conflict and there was a sudden influx of aid agencies after the 2004 Tsunami.

The project management structure was established with three-tiers: (1) day-to-day operations were handled by the Lhok Seumawe-based project office headed by the Local Project Coordinator (LPC) who reported to the UNIDO Representative (UR) in Jakarta; (2) the National Project Manager (NPM), based at the UNIDO office in Jakarta, was responsible for the overall project management in Jakarta; and (3) the Project Manager at UNIDO HQ in Vienna was in charge of overall project management and technical back-stopping. The roles and responsibilities of each party regarding implementation, monitoring, review and self-evaluation were not clear. The NPM was the liaison between the LPC, the UR and the Vienna-based Project Manager. The NPM was also responsible for the administrative and financial settlements of the project. However, it was not clear to what extent the NPM was responsible for monitoring the project activities in Lhok Seumawe and whether he was able to control de facto implementation there.

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<sup>8</sup> This amount did not appear in UNIDO financial management system, as the fund was not channeled through UNIDO HQ. The mismanagement issues included non/late payment for some trainees/trainers, non-payment of rent and utilities for the two CSFs, and only partial payment of the salary of CSF security guards. The evaluation team could not verify these claims due to limited time and mandate and the fact that the project had been closed and none of the project staff was available to meet the team. The team has discussed the problems in detail with the UNIDO Representative and the National Coordination Officer in Jakarta and the Project Manager at UNIDO HQ, who have committed to settle these issues.

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The project's monitoring and reporting mechanism did not always capture results information and feedback from the beneficiaries. The NPM visited Lhok Seumawe around eight times and the UR and the Project Manager around three times. In spite of these visits, they seem to have been unaware of the beneficiaries' allegations and frustrations towards the LPC until the evaluation team met with some of the beneficiaries. The limited travel budget and the remoteness of the project site made it difficult to manage the project closely but these difficulties do not justify the low quality project management.

In summary, the project was designed based on inappropriate assumptions, improbable expectation of large external funding and within unrealistic timeframe and the project implementation was not managed efficiently. None of the common service facilities or equipment remained available for the community after the project completion.

### **Sustainability**

As mentioned earlier, the project's lack of results information did not allow the evaluation team to determine whether the project beneficiaries continued to benefit from the skills, knowledge and technologies from the UNIDO training programmes. The evaluation team met a small number of trainers and trainees and learned that one embroidery and tailoring business had been established and was likely to be sustained thanks to the project. However, the two CSFs and the equipment were no longer available for the community.

The lack of linkages with local initiatives and existing services appeared to be one of the major elements that hampered the sustainability of UNIDO's assistance.

### **Maluku development projects**

#### **Project background**

The Maluku projects consisted of two phases with two separate project documents and project numbers. By the end of Phase 1, the projects? were expected to:

- i) *build the capacity of the Maluku Provincial Government and other stakeholders to handle short-term economic recovery during the conflict reconciliation period and*
- ii) *create a pilot Productivity Enhancement and Community Education (PEACE)-Center for income/employment generation and reconciliation at the community level focusing on bamboo and wood processing.*

The main expected outcomes of Phase 2 were over ambitious in comparison to the invested resources: *i) village economies are growing through increased income and ii) stable peace situation is sustained.* At the time of the evaluation mission, Phase 2 was still ongoing. The planned budget of \$200,000 had been fully committed through UNDP, but only half of the amount had been transferred to UNIDO, hence the full amount had not been yet been recorded in the allotment figure in the UNIDO financial system.

Project name	Project number	Total planned budget (\$)	Total allotment (\$)	Expenditure rate (%)	Donor	Start date (first PAD)	Actual completion date	Planned implementation period	Status
Maluku Province: Rural Development in post conflict situation (Phase 1)*	XPINS05003, SFINS06001	348,890	243,845	98	UNIDO, Indonesia	Jun-05	Sep-06	1 year	Closed
Rural Economic Development in Maluku Province -Post Conflict Situation (Phase 2)**	SFINS07001	200,000	95,238	92	Through UNDP	Aug-07	Dec-08	1 year	Ongoing
<b>TOTAL</b>		<b>548,890</b>	<b>339,083</b>	<b>95</b>					

Source: UNIDO Infobase and project documents as of May 2008.

Note:

\*) Total planned cost includes \$100,000 in kind and \$50,000 in cash contribution (the building for the Maluku Technology Center) by the Maluku Provincial Government. The total allotment reflects only actual in-cash contribution: \$198,542 by UNIDO and \$45,303 by the Maluku Provincial Government. Figures exclude project support costs.

\*\*) The Government of Indonesia, through UNDP, has signed an agreement to provide \$200,000 to phase 2. The \$100,000 is expected to arrive soon and will be reflected in the allotment figure accordingly.

## Relevance

The project design was well aligned with the 2003-2008 Maluku Development Strategy, developed by the Provincial Government and focused on the development of the local economy while promoting social harmony and peace. In particular, the projects have helped strengthen economic development through promoting micro, small and medium enterprises that are involved in the production, processing and trading of several local agro-commodities such as sago and eucalyptus (cajuput) oil. They have successfully utilised UNIDO's expertise in developing agro-technologies, SMEs and value-chains through a series of integrated interventions. The projects have supported the beneficiaries in developing new and higher-valued agro-products through continuous innovation and technology improvement, and in bringing higher-value products to the market through linking sellers directly to buyers.

Sago and eucalyptus oil, which were the agro-products selected in Phase 1, have proven to be highly relevant. However, the evaluation team found little evidence on the relevance of bamboo, which does not grow abundantly in Ambon. The bamboo processors and experts interviewed by the evaluation team did not want to engage in bamboo businesses as it was expensive to obtain raw materials from far away.

The projects were relevant to the selected target groups affected by the conflicts in Maluku as they provided them with improved entrepreneurial skills, processing equipment and technologies, and market access to improve their livelihoods. However, the relevance of the capacity building for the selected local government representatives and partners from collaborating universities and institutions was questionable. Some participants of the English language could not apply the language in their work.

Moreover some participants of the Computer Model for Feasibility Analysis and Reporting (COMFAR) training believed that the model was too complicated to apply to micro and small enterprises, which dominated the economy in Maluku Province.

Most of the beneficiaries met by the evaluation team were directly or indirectly affected by the conflicts in Maluku. Phase 2 had an improved targeting approach as compared to Phase 1, as the criteria to select villages for project interventions were clearly articulated and communicated to the local counterparts. However, the selection of individual members of Village Productive Groups was left mainly with village leaders without any clear criterion. This increased the risk that only the better-offs, influents and relatives of the village leaders were selected, and that poorer villagers would be left behind. This situation may create discontent and tension in the villages, thereby negating the peace-building objective of the projects.

The project design foresaw the main project interventions taking place at the Maluku Technology Centre. However, the move from this centre-based approach to a community-based approach during the project implementation has proven to be more effective. This community-based livelihood development approach seemed to have increased the beneficiaries' ownership of the projects and their willingness to take up new initiatives in developing new and higher-value products.

### **Effectiveness and results**

The projects have clearly contributed to the development of sago and eucalyptus oil in Maluku. They have significantly contributed to the revitalization of sago, which used to be the main staple food of the local population. Together with sago farmers, the projects have improved techniques to process wet sago and have developed around 10 new and higher-value sago products. The most important new product is sago starch, based on which other higher-value products can be developed such as sago-based cakes and cookies. The projects have also connected the sellers and buyers of different sago products and therefore have helped create markets for these products along the supply chain. Sago product promotion was not only carried out in the local market with supermarkets, markets and restaurants but also throughout Indonesia through exhibitions and promotional events. As a result, the awareness and demand for sago products have increased significantly.

As the prices of rice and wheat, which are now the main staple food in the region, have escalated rapidly recently, the revitalization of sago and development of new sago products are both timely and relevant to the increased demand for lower-cost staple foods. This success of sago development has been widely credited to the projects by the local government, other collaborating agencies and local communities. The local government office of agriculture has started its own programme to replicate this approach and has consulted the project staff.

The majority of sago farmers and processors met by the evaluation team believed that their income had increased or would increase in the future. But the extent of the increase and the number of sago producers/traders benefiting from the projects remain

unknown as the projects did not collect and analyze information on results in a systematic manner and there was no baseline study.

By developing eucalyptus oil distillation in Maluku, the projects aimed at increasing the income of selected Internal Displaced People who were eucalyptus leaf pickers. They were formed into groups and each group was provided with a mobile oil distiller. So far five groups have received these distillers. The evaluation team visited two groups. One group had managed to make a living through eucalyptus oil distillation and had expanded its production. While almost all members of the second group had dropped out, they continued to sell leaves to the former members who seemed to run a profitable business. As a result, although the income of the dropout members might not be high, they are sufficiently stable. The production of eucalyptus oil appears to be increasing and the oil seems to have potential markets within and outside Maluku but packaging and labelling constraints need to be overcome. The evaluation team did not find any distiller unit being used in a mobile manner.

Two bamboo trainers were sent to China to study technologies to make bamboo furniture and around 30 people were trained at the Maluku Technology Centre. Some have applied their new skills in training others, making bamboo furniture or improving their products. However, it is doubtful that the training will have much effect on their livelihoods as there is not much bamboo at the project sites (especially areas in and around Ambon) and the cost to transport raw materials is high.

Regarding the capacity building of provincial government officials and other concerned stakeholders, English language and COMFAR training were not considered useful by some of the participants. However, as the project worked closely with government officials to develop and promote sago and eucalyptus oil products, their awareness of higher value chain concepts and linkages to markets promoted by the projects is impressive. In addition, some members of business households have applied business planning and cost management skills provided by the projects in managing their businesses.

Feedback from the beneficiaries and local partners point to the need of follow-up support after the target groups received training or equipment from the projects. With access to after-the-training support, the beneficiaries would be more likely to make use of the skills, knowledge and equipment obtained from the projects in improving their livelihoods.

Besides contributing to peace building through economic development activities, the projects also explicitly organised a Peace Festival, which brought communities of different religions and ethnic backgrounds together. This three-day event was attended by more than 300 people and was a good occasion for these communities to share production techniques and new products and to participate in social activities (such as games). It was also used as a promotional event for the agro-commodities that the projects had supported. In addition, communities of different religions and ethnic backgrounds were brought together in joint activities such as training in hygiene control for sago production. These activities have facilitated closer interactions and improved understanding among the communities involved.

The Maluku projects have made a significant contribution to the development of sago and eucalyptus oil production and their markets in the region. The evaluation team found evidence that the livelihoods of the targeted beneficiaries had increased and become more stable. The local government officials were now more aware of the importance of SME development and of the value chain concept. Given the inputs and resources available for the projects, the achieved results are highly satisfactory. However, it is doubtful that the projects have achieved the unrealistic expected outcomes such as: *i) village economies are growing through increased income and ii) stable peace situation is sustained*. As mentioned earlier, these stated objectives were too ambitious and cannot be attributable to the projects alone, given the limited resources and scope of their interventions.

### **Efficiency and project management**

The total cost of the projects was around \$550,000 from UNIDO, Maluku Provincial Government and the UNDP Peace Through Development project. The inputs from all partners have, with minor adjustments and delays, been provided as planned and have met the projects' funding requirements. However, the gap of nearly one year between Phase 1 and 2, from September 2006 to August 2007, slowed down project implementation and frustrated many partners.

The projects applied an efficient and sensible approach in outsourcing some activities that were resource-intensive, such as community mobilization and facilitation to local non-governmental organizations. The projects also made good use of locally available experts at universities and local governmental agencies. This not only helped build local ownership of the projects' results, but also fostered local expertise and capacity building. UNIDO services in terms of experts and consultants, training, equipment and methodologies were generally of high quality and adequate to produce the envisaged outputs.

However, the transaction costs were high for UNIDO to implement small projects in remote areas in Indonesia from the UNIDO HQ in Vienna. Numerous administrative papers were required to transfer funds from Vienna to the UNIDO Jakarta office and then to the project office and service-providers in Ambon, Maluku.

In summary, the Maluku projects (Phases 1 and 2) appear to represent reasonable value for money but to have incurred high project management and administrative costs.

The project office in Ambon, headed by the National Project Coordinator, handled day-to-day operations of the Maluku projects. The National Project Manager, based in the UNIDO office in Jakarta, was responsible for the overall project management in Jakarta and coordinated with the UNDP office and government partners in Jakarta. The Project Manager at the UNIDO HQ in Vienna was in charge of the overall project management and technical back-stopping.

In practice, the roles and responsibilities of the National Project Coordinator and the National Project Manager were not always clear. Neither was it obvious who was supposed to monitor the sub-contractors' performances, to ensure their compliance with



contracts, to review the quality of their deliverables and to provide technical guidance, when necessary.

The non-profit Waiselaka Foundation was contracted to support the beneficiaries to develop sago products between August 2005 and June 2006. Based on its proposals to UNIDO, which were attached to the contracts between UNIDO and the foundation, Waiselaka was supposed to distribute sago processing machines (for grating and baking) to different groups of sago farmers and processors, who would not have to pay for these machines.<sup>10</sup> However, all the farmers and processors interviewed by the evaluation team in Ambon confirmed that they had to pay for the machines through instalments during a 12 or 24-month period. Each month, a staff member of the foundation came to the villages and collected the instalment payment. The foundation's final report failed to give an account of this approach. None of the project staff and managers was apparently aware of this issue until the evaluation team met and talked to the beneficiaries. What the foundation did with the collected money remains unknown as its director refused to meet (or let any of his staff meet) the evaluation team. This breach of contract seemed to be facilitated by two factors: the lax monitoring by UNIDO; and the lack of financial accountability requirements and insufficient information in the contracts with the foundation. Critical information such as how activities were implemented and how the beneficiaries were selected was totally missing.

The roles and responsibilities in collecting and analysing performance information to feed into project management were not clearly defined. Neither was it clear whether and how the performance review of the projects was undertaken and how the check-and-balance mechanisms worked in practice. As a result, the project management has not been able to systematically demonstrate the actual results that the projects have achieved.

## **Sustainability**

The Maluku Technology Centre (MTC) was set up by the project and has been functioning as an independent entity whose staff and operating costs are paid by the project. Although the project management has made great efforts to collaborate closely with other governmental agencies, the centre is not likely to be sustainable when the project is completed. The project management has realized this and has been exploring alternatives to integrate the centre into existing institutions.

The supported sago beneficiaries have reached a good level of development and some are likely to continue to benefit from the skills, technologies and equipment provided by the projects to improve their livelihoods. However, the linkages between sellers and buyers and end consumers still need strengthening. Those who were assisted by the projects still need follow-up support to ensure longer-term sustainable results. The provincial government has realized the potential of sago products and has committed to replicate the project approach in other areas of the region.

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<sup>10</sup> As per budget tables of the Waiselaka Foundation's Proposals to UNIDO. The proposals were attached to the two contracts between UNIDO and the foundation.

Regarding eucalyptus oil, the projects have so far contributed mainly to the production side and the supported beneficiaries are likely to continue oil distillation after the project closure without external assistance. Both the distillation techniques and the quality of oil are generally good but the linkage from production to the market still needs to be improved. Currently, oil producers often have to sell their products to intermediary oil collectors for a much lower price or sometimes to individuals reutilizing used bottles (originally containing beer or other products) without a proper label, and hence realising a much lower than the potential market price.

The success of the Maluku projects has led to the development of a larger scale project, which has been approved in principle by UNTFHS with a budget of US\$ 2.1 million over three years. This large-scale intervention will contribute to sustaining the results achieved so far.



# 6

## Assessment of the CSF II

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### 6.1 Relevance

A key issue for the evaluation of the UNIDO CSF II is the relevance of the overall Framework and its implemented projects. The relevance is examined based on the needs of the target groups, the development priorities of Indonesia, policies and competence of UNIDO, and the policies and priorities of the prospective donors.

The three components proposed by the CSF II have been and still are relevant to the development objectives and priorities of the Government of Indonesia. These components aimed at promoting economic growth through developing the private sector and SMEs; at resolving environmental problems through enhancing energy efficiency and environmentally sustainable industrial development; and at reducing the vulnerability of communities through supporting and rehabilitation of livelihoods of those affected by natural disasters and conflicts. The first and the last themes also fitted well into the UN Development Assistance Framework for Indonesia for the period 2006 to 2010. All of the components fall into UNIDO's competence.

However, the overall objective of the CSF II to contribute to “*sustainable industrial development of Indonesia*” is generic and sufficiently imprecise to make almost any work with the industry sector seem relevant. Furthermore, it is not clear how most of these components fitted the donors' policies and priorities in the country, nor if they had a genuine back-up from relevant government agencies.

The assessment of materialized projects points to a high degree of congruence between project objectives and country development priorities, UNIDO's comparative advantages and beneficiary needs. Three out of five projects are considered highly relevant. These projects clearly addressed real development needs of the target groups and the Indonesian government (both at central, provincial and local levels), utilized UNIDO's comparative advantages, and clearly met donor priorities. In particular, in most cases it was clear that there was, in principle, support by the target groups, by the respective government partners and by the donors to continue at least some elements of the CSF II interventions in the new UNIDO programme in Indonesia. In addition, it is apparent that all the CSF II legacy activities, that could be followed up upon after the CSF II's completion, were in areas where UNIDO has clear a comparative advantage compared with other UN agencies. For example, UNIDO is considered as the leading player in POPs in Indonesia and has secured strong support and endorsement from the government and the GEF National Focal Point to proceed with future interventions. The

local government in Nias appreciates the small hydro power plant and has been willing to provide additional funding to make it work. In the Maluku Development projects, UNIDO's comparative advantages were demonstrated through a combination of its expertise and services in agro-technology, SME promotion and value chain development. The project has supported the beneficiaries in processing and developing new and higher-valued agro-products through continuous innovation and technology improvement; linking sellers directly to buyers; and bringing higher-value products to the market.

The relevance of the other two projects is mixed. In Nias island, the electricity provision through a small hydro power plant was highly relevant to the need of the local community, was well supported by the local authorities and fell into the competence of UNIDO. But the relevance of the two ICT community development centers was questionable in the early rehabilitation of livelihood and infrastructure of disaster-affected communities. Similarly, while the focus on rehabilitating livelihood activities was highly relevant to the needs of the tsunami victims in Aceh, this intervention did not completely match the scope of the Flash Appeal funds by the UNOCHA, which was the main funder. In addition, this short-term intervention fitted neither UNIDO's implementation modalities nor its comparative advantages.

At an overarching level, the CSF II's proposed and actual interventions, nevertheless, were broadly relevant.

## 6.2 Effectiveness

The extent to which the implemented projects achieved their main objectives varies. In the highly effective group of three projects, the POPs and the two Maluku projects have achieved or exceeded the results that could reasonably have been expected of them. The POPs project has produced a comprehensive National Implementation Plan for phasing out POPs in Indonesia, which has gained broad support from national stakeholders and been endorsed by the Government of Indonesia. The Plan is a key step for the government to ratify the Stockholm Convention. The livelihoods of the targeted beneficiaries of the Maluku projects have increased and have become more stable. The local government officials' awareness of the importance of SME development for agro-commodities and of higher value chain concepts has now been increased.

The Nias SHP and CDC project was partly effective. The project's outcomes have not yet been realized, as the project beneficiaries were not able to make use of the small hydro plant and the ICT community development centers, at the time of the evaluation mission. However, if the project management is successful in mobilizing the communities so that the communities can take over and operate the plant, the potential effects would be substantial. The project would be even more effective if the local authorities or other development organizations replicate its model.

The effectiveness of the Aceh Skills Development Project was relatively low. At project completion, the achieved results were modest.

It must be noted that most of the projects, except the POPs project, suffer from a common design weakness that negatively affected their effectiveness. The objectives of these projects were sometimes stated as physical targets or outputs, or were framed in such broad terms that identifying objectively verifiable indicators would require reconstructing the project's impact hypothesis. It was a challenge for the evaluation team to determine whether the funded projects actually reached the target groups, as the project documents often did not specify who and where the targeted beneficiaries were, how they were selected, in what way they were supposed to benefit from the projects, and by when. The evaluation found evidence that at least three projects were developed by the UNIDO office in Jakarta, without in-depth fact-finding and needs assessments and without close involvement of the UNIDO HQ technical staff. This contributed to the unspecific definition of the targeted beneficiaries in the project documents. In several projects, the beneficiaries were identified geographically during the project implementation phase, but the criteria for selecting individuals were not defined and left with community leaders. This increased the risk that only the better-offs and relatives of the local leaders were selected, and that the poorer or less advantaged would be left behind.

The overall effectiveness of the CSF II was limited as only one third of the planned interventions were materialized. The effectiveness of the funded projects under CSF II programmes was mixed. Three out of five projects were highly effective, one project was moderately effective and one was not effective.

Generally, the funded projects have not had the chance to achieve any impact yet. However, some of the projects may yield some potential impacts in the long run. The implementation of the POPs project's National Implementation Plan, or parts of it, will enable the phase-out of POPs in Indonesia in the long term. Similarly, the government's ratification of the Stockholm Convention will lead to policy changes and enable environmental interventions by many development agencies. Once the small hydro power plant becomes operational in Nias, the communities will have access to electricity for social and/or productive uses. The Maluku projects have built the initial blocks for developing sago and eucalyptus oil production and their markets in the region. The evaluation team found evidence that the livelihoods of the targeted beneficiaries, even though small in number, had increased and had become more stable. The impact of the projects would be greatly enhanced if their model was replicated to a larger scale, by the local government.

### **6.3 Efficiency**

The efficiency of the CSF II funded projects was mixed. Three projects were assessed as moderately efficient while the efficiency of the other two projects was modest and low.

The POPs project was reasonably efficient and the quality of the results was good. The national stakeholders generally appreciated the quality of the expertise provided by the project. The project overran by four years, lasting six instead of two years. But this was largely due to the unrealistically short timeframe imposed by the donor, a series of delays at the government counterpart agency, and the turbulence caused by the tsunami/earthquake that could not have been foreseen. However, UNIDO was

responsible for some delays by omitting the under-performance of the sub-contractor at the early stage.

The Maluku projects have been reasonably efficiently implemented and have produced relatively cost-efficient results. The results seem to have been produced in a fairly timely fashion.

The efficiency of the Nias hydro power plant and CDC project was modest. The project overran by two years, with a 70% increase of the original budget. The initial diversion of funds to the community development centers and ICT equipment made the project nearly fail to achieve its main objective of providing the rural community in Nias with SHP-generated electricity for productive uses. The small hydro power plant and its distribution system were completed only thanks to additional funds. But the plant was not operating at the time of the evaluation due to the lack of community ownership. The project efficiency could only be restored if the forthcoming funds and the project management are able to address this critical issue.

The efficiency of the Aceh Skills Development project was low. The project was implemented in two years instead of three months as planned, at a cost increase of 25% of the original budget. The project activities were put on hold for three to four months until the bridging funds arrived. The theft of the wood processing equipment and mismanagement by the Local Project Coordinator hindered the achievement of the expected results.

In summary, all five projects were implemented over much longer periods than planned, with an average overrun period of 1.7 years, ranging from three months to four years. This overrun does not only point to the unrealistic estimates of the project timeframe at the design stage, but also to delays during project implementation. The 1.7-year delay is significant for projects that have an average implementation period of two years, as the costs to UNIDO's project management will also increase considerably from the extra duration.

Two projects required additional funds to complete the planned interventions. The time gap between the exhaustion of the original funds and the arrival of the bridging funds of Nias and Aceh projects or between Phase 1 and Phase 2 of the Maluku projects lasted from two months to one year. These breaks reduced the project efficiency in several ways: it led to delays of project activities while UNIDO still had to pay for the project staff; it created frustration among the beneficiaries and partners regarding the project continuity; and it led to mismanagement, for some projects.

The project management and financial administration from the UNIDO HQ in Vienna also partially contributed to the project delays. The time and effort required for financial and administrative authorization and settlements increased substantially from Vienna to Jakarta, then from Jakarta to remote project sites in Nias, Aceh or Maluku. This is not to mention the time it took for detailed consultations and arrangements for making the funds available from the budgets of different donors and from UNIDO. The delays in the provision of funding and administrative arrangements caused disruption and temporary suspension of project activities. This remote control approach also incurred substantial transaction costs, which are hard to justify for small projects. The

costs would have been reduced if the UNIDO Jakarta office had managed such small projects, with suitable delegation of financial and administrative authority and provision of suitable staff and travel budgets.

## 6.4 Programme Management

The five funded projects lacked the proper scrutiny of beneficiary perspectives that would have provided early warning of problems and the potential for prompt corrective actions. The programme Steering Committee was set up and met several times but it did not really carry out its *review* function, namely discussing the programme's progress and results, examining obstacles facing the programme and their solutions, following up on agreed or corrective actions, making decisions and plans on how to improve performance, and clarifying who was to do what and by when. The changes from one UNIDO HQ backstopping officer to another in two projects were associated with the poor handover of documentation and minimal briefings, leading to implementation delays.

The former CSF Team Leader, who was also the UNIDO Representative in Indonesia, seemed to bring the HQ project managers together several times. But these efforts did not obtain much of a coordination result as the managers implemented their projects as if they were stand-alone projects. The National Project Managers, who coordinated the projects from the same office in Jakarta, did not consult with each other. The local project coordinators, who were responsible for the daily operations in Nias, Aceh and Maluku, rarely met to exchange experiences or to learn from each other. This compartmentalized management approach contributed to the limited synergies between the projects.

In general, the reporting and self-evaluation requirements of the project and programme were followed, but the quality of the reports was weak. The reports mainly focused on activities, rather than on actual results and feedback of beneficiaries and partners. This was probably caused by the absence of rigorous monitoring and evaluation (M&E) systems for nearly all projects. The evaluation team found evidence that the local project management of at least three projects did not have any mechanism to monitor or collect the beneficiary feedback. Without knowing the project progress and its benefits to the beneficiaries, it was nearly impossible for the project management and staff to plan, make real-time adjustments and ensure the achievement of expected results.

The ambiguity in the roles and responsibilities for collecting and analyzing results information has weakened the programme and project management. A suitable and clear structure for monitoring and evaluation was missing in most of the projects. There was not a clear understanding between the project team in Aceh or Maluku and the responsible staff at the UNIDO Jakarta office on who would provide strategic support, conduct monitoring and review performance and follow up on agreed/corrective actions. Responsibilities and tasks were sometimes abdicated, rather than delegated to local staff or contractors, who then took advantage of the system's weakness for their personal gain. This situation gave the Local Project Coordinator in Aceh ample space to act without any supervision on many occasions. He was not closely monitored by the



UNIDO Jakarta office and Vienna, and this clearly led to most of the project irregularities that were reported to the evaluation team.

At least four projects did not have their own bank accounts although they were located far away from Jakarta. In order to settle any payment, money was transferred from Vienna to the UNIDO Jakarta office, which then paid the project staff or service suppliers directly into their bank accounts. For those without bank accounts, the Jakarta office provided cash to the local project coordinators/managers or transferred money to her/his personal account of to settle these payments. This practice exposed both project staff and UNIDO to serious financial and management risks.

## 6.5 Sustainability

After the closure of the funded projects, the likelihood of their continued benefits is mixed. The results of the POPs project and some results of the Maluku projects are likely to be sustainable. The sustainability of the Nias project is questionable and the Aceh Skill Development project is not sustainable at all.

In the POPs project, the benefits from the comprehensive inventories and the road map outlined in the NIP will almost certainly be maintained as the national stakeholders have committed to implement the agreed POPs phase-outs and there is donor interest in funding further POPs interventions, such as by the GEF, the World Bank and UNDP. The local government in Maluku has expressed its interest and has already started to replicate the UNIDO project model in developing sago. Some of the beneficiaries have increased their income thanks to sago and oil cajuput development and are likely to continue to benefit from these activities even after the project closure.

The sustainability of the Nias small hydro power plant depends largely on whether the additional forthcoming funding will manage to increase the community ownership. The community development centers had stopped functioning even before the project was over.

The Aceh project is hardly sustainable as the two training centers were no longer available for the community. A number of trainees did benefit from the skills training provided by the project, but the number was small and no data was available for the evaluation team to determine the effects on the beneficiaries.

Four projects applied a center-based approach for their interventions. Each project built at least one or two centers: Community Development Centers that provided computer training or access to ICTs in Nias; Common Services Facilities that provided training in sewing/embroidery and wood processing and furniture making in Aceh; and the Maluku Technology Center that housed agro-product development training in Maluku. All these centres were built up from scratch, rather than being based at existing institutions, and their operational costs were mainly financed from the projects. This approach often faces high sustainability risks and has not always proven to be the best implementation strategy. The two projects in Nias and Aceh have shown that these centers could not be sustainable. In Maluku, the project management has started to direct project activities away from the Maluku Technology Center to ensure long-term sustainability.

Overall, except the POPs project, all projects exhibited a clear lack of focus on post project sustainability, both at design and during their implementation phases.

## 6.6 Programme budget and funds mobilization

The original CSF II budget amounted to \$10.51 million. Of this budget, \$1.81 million was already committed by the Montreal Protocol and \$0.5 million was pledged by the GEF before the CSF II was developed, while \$8.2 million was being sought to fund the other programme activities.

For the five CSF II projects covered by this evaluation, the relevant budgets comprised a total of \$1.4 million, of which 91% had been expended as of April 2008.

At the programme's completion in June 2008, around \$3.2 million had been mobilised. This funding level represents a ratio of 30%, which is lower than the average the average 52% funding rate of all UNIDO's closed and ongoing Integrated Programmes and is also lower than the average 58% in the Asia and the Pacific region.<sup>11</sup> In reality, only \$0.9 million was actually raised during the CSF II, out of the \$8.2 million that was needed. However, further analysis shows that of this \$0.9 million, around \$0.5 million came from UNIDO's own resources. This means that only around 4% of the total \$10.5 million budget was actually raised during the CSF II from sources external to UNIDO.

The total UNIDO seed money invested in the CSF II was around \$0.5 million. Of the CSF II's total \$10.51 million budget, the UNIDO seed money represents around 5%, which is lower than the 10% ceiling for most IPs and CSFs in UNIDO. But compared to the mobilized amount of \$3.2 million, the seed money is around 16% which is higher than the 10% ceiling. On the other hand, an additional \$157,000 was provided directly to several projects and was thus not included in UNIDO's funding records as shown in Tables 1 and 2 (comprising \$119,000 by BRR for the Nias SHP and CDC project and \$38,000 from the UNV for the Aceh Skills Development project).

A total of \$0.9 million raised from \$8.2 million represents a fund mobilisation ratio of only 11% (13% if the BRR and the UNV direct project funding is included, and only 5% if UNIDO funding is excluded). Thus it is clear that, in practice, the CSF II for Indonesia was not very successful in raising new funds over and above those already mobilised at its start, let alone from non-UNIDO sources. All of the five materialized projects had funding sources identified in principle before the CSF II started. This finding points to the importance of securing potential donors' support during the design phase.

There seems to be several causes for the modest funds mobilization result. First, the unfunded interventions were either not backed up by any solid donor support, or the anticipated funding levels were unrealistic from the beginning. Second, these interventions were either irrelevant to the priorities of potential donors or too unspecific

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<sup>11</sup> These figures come from an analysis of funding figures of all UNIDO's closed and ongoing Integrated Programmes and Country Services Frameworks, available from the UNIDO's Project and Programme Information Management System InfoBase as of 6 November 2008.

in terms of their expected results to attract funding. Finally, funds mobilisation efforts were not pursued as effectively as they might have been. Feedback from UNIDO staff and stakeholders in the country also indicate that UNIDO's 'wait for reconstruction phase to intervene' policy in the post-conflict and post-disaster situations contributed to the low funding rate of the CSF II. In reality it is nearly impossible to make a clear line between an emergency phase and a reconstruction phase. Therefore without taking part in assessing needs of conflict/disaster victims and without any involvement in mapping required resources for reconstruction that often starts in the emergency phase, the chance of getting involved and thus having access to funding is low.

Learning from the CSF I, the CSF II design document foresaw the major challenge in fundraising and proposed to establish a Funds Mobilization Task Force, consisting of representatives from four critical partner ministries. The Task Force was supposed to develop a funds mobilization strategy and to play an active role in fundraising. However, this Task Force was never established. The government partners had also been expected to actively fund-raise for the programme but the government representatives admitted in a Steering Committee meeting that this role had not been fulfilled satisfactorily.<sup>12</sup>

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<sup>12</sup> Minutes of Tripartite Review Meeting and National Steering Committee Meeting on 27 March 2007.

# 7

## Conclusions, recommendations and lessons learned

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Overall, the CSF II in Indonesia has been moderately successful in utilizing UNIDO's strengths in providing value-for-money interventions that delivered appropriate development results. The proposed and actual interventions were broadly relevant to the country's needs and UNIDO's comparative advantages, but they were not always the priorities of the donors in the country. The CSF II was not very successful in raising funds. The funding level accounts for 30% of the original budget and is 25% if the seed money from UNIDO is excluded. Of the 30% funding rate, 21.8% had already been committed or pledged before the CSF II was approved, 4.3% was UNIDO's seed money, and only 4.3% was actually raised during the CSF II from external sources. Only one third of the planned interventions were funded.

The overall effectiveness of the CSF II was limited. The extent to which the funded projects achieved their results varies. Three out of five projects have achieved or exceeded the results that could reasonably have been expected of them, while one project was moderately effective and another did not fully achieve what it had set out to do. Similarly, the efficiency of the CSF II was mixed. Three projects were efficiently implemented while the efficiency of one project was modest and of another was low. These two projects suffered from multiple delays and grossly overran their budgets by 25% and 70% respectively.

No real sense of country ownership over the country services framework was apparent. All the funded projects were implemented and managed as stand-alone projects with little synergy among them. The five projects did not have much in common, which also contributed to their minimal synergy effects. The projects covered different geographical areas which were far away from each other; the target groups were not the same; the types of project were different or were not related; and the projects were managed by different project managers, except the Aceh and Maluku projects. However, some projects could have been complementary to each other and together they could have made a greater impact on the same target groups. For example, beneficiaries of a livelihoods intervention similar to those of the Maluku projects would have been likely to make good use of the energy from the small power plant in Nias for income generation activities.

Within the country framework, there was a tendency to focus on hardware such as building centers and buying equipment, but the software to run such hardware in the long run, such as human capacity and community ownership, attracted little attention.

At least three projects were designed as pilots, but replication features had not been built into the design and implementation. As a result, none of the projects was readily replicable.

The CSF II produced several significant outcomes. A comprehensive National Implementation Plan for the phase out of POPs in Indonesia has gained broad support of national stakeholders and has been endorsed by the government of Indonesia. The plan is a key step for the government towards ratifying the Stockholm Convention, which will pave the way for future investments in environment management in the country. In Maluku, the initial blocks have been built for developing sago and eucalyptus oil production and their markets in the region. The livelihoods of the targeted beneficiaries, even though small in number, had increased and had become more stable. The impact will be greatly enhanced if the UNIDO project model is replicated to a larger scale by the local government. In this regard, a new project has been formulated to follow up on CSF II activities in Maluku but with a larger scope and a budget for US\$2.1 million. In Nias island, a technically sound small hydro power plant has been put in place and its potential effects would be high if the project is successful in obtaining further funding and then mobilizing the community to take over and operate the plant by themselves. The project would produce long-term impact if the local authorities or other development organizations replicate its model.

## **A. Specific recommendations for individual projects**

### **Persistent Organic Pollutants (POPs) project in Indonesia**

- UNIDO should continue to support the KLH in order to ensure that the Indonesian Parliament ratifies the Stockholm Convention. This would probably require the retention of suitable in-house POPs expertise within the UNIDO Jakarta Office. Given the anticipated 10-20 year timescale of POPs elimination interventions in Indonesia and the likely involvement of UNIDO in a number of projects, this Jakarta UNIDO expertise would be a long-term investment and be used for post-ratification project development, funds mobilization and implementation management.
- Develop specific post-Stockholm Convention ratification projects for the GEF and other sources of funding. Close consultations should be made with potential donors to ensure that their policies are met and to ensure timely post-ratification funds mobilisation.
- The joint UNIDO-national execution modality should be used in future interventions. UNIDO's supervision and technical back-up function should, however, be more hands-on.

## **Nias Small Hydro Power Plant and Community Development Center Project**

- The forthcoming funds should focus on strengthening and mobilizing the targeted community to take over and operate the SHP. Critical issues regarding electricity distribution and the SHP operations and management must also be discussed and resolved among the households.
- Future SHP projects should ensure that at the project start-up the local recipient community will: (1) assist in the physical SHP construction (eg, providing local materials or labour), if suitable, and learn how to maintain the plants in the long run; (2) agree on how the electricity will be shared and used for productive versus social activities; (3) establish suitable rules for credit control, disconnection for non-payment of tariff and maximum allowable loads; and (4) set up a suitable entity (eg, local cooperative or trust) to control and manage funds for SHP operations and maintenance.
- Future SHP projects should strengthen the link between electricity provisions and productive uses, by cooperating closely with UNIDO agriculture or SME development projects.
- For a SHP, it is important to obtain accurate estimate or baseline hydrology data for at least a year or the major local climatic extremes (eg, wet and dry seasons) so that the SHP can realistically achieve its design output across the year or by season.
- If the SHP is intended as a pilot or demonstration plant, then it is necessary to put in place a mechanism to capture, learn from and promote innovative elements right from the project design and during project implementation. Replication hardly takes place by itself.

## **Aceh Skills Development Project**

- Allocate an adequate budget for field monitoring and follow-up activities, particularly for projects in remote areas.
- Provide follow-up support to beneficiaries after they receive training or equipment to ensure sustainable post-project results.
- Start small with carefully selected and concrete interventions for projects with limited timeframes and budgets. Make use of existing infrastructure - rather than establishing new physical structures that will be hard to sustain after the project completion.
- Clearly define role and responsibilities of counterparts, stakeholders and project teams in the field, as well as at the UNIDO HQ and Field Office, in order to strengthen monitoring capability and accountability.
- Install, at the outset of the project, a clear system for monitoring and self-evaluation. This should include collecting information on results, feedback from partners and beneficiaries; analyzing and validating this information; reviewing performance including financial and organizational accountability; adapting the

strategy based on performance review; and preparing and disseminating meaningful review reports.

- Selection criteria of project sites, target beneficiaries and collaborating institutions should be discussed and agreed upon among the project team and the Government at the design and early stages of project implementation.
- If a thorough needs assessment and formulation mission cannot take place before the project proposal is prepared, the project document should include a budget for a proper needs assessment at the start-up phase.
- Corrective measures need to be taken to rectify inconsistencies and settle outstanding payments by UNIDO with the assistance of Ministry of Manpower, Vocational Training Centre, and local authorities in Lhok Seumawe.

### **Maluku development projects**

- Focus on linkages and follow-up activities to strengthen and scale up the results achieved so far, instead of expanding project interventions into new or less promising agro-commodities. It is better to focus on a few potential agro-commodities and avoid spreading scarce resources thinly on too many activities. Increase the budget for follow-up support to the beneficiaries after they receive training or equipment to ensure long-term results.
- Replicate the community-based livelihoods development model in the forthcoming phase.
- Revisit the mobility concept of oil distillers, bamboo training and development and COMFAR and English training for government officials in the expanded phase.
- Clarify the role and responsibilities among different actors of the project management and put in place improved check-and-balance mechanisms. Enhance monitoring and evaluation (M&E) functions for real-time corrective actions and demonstrate evidence-based results.
- Reinforce independent assessments of interventions by sub-contractors and allocate sufficient funds for monitoring trips by project staff.
- Include financial accountability requirements in the contracts with sub-contractors. The subcontractors' proposals (which are often attached to the contract) should specify the implementation approach of the proposed interventions and beneficiary selection criteria.
- If a thorough needs assessment and formulation mission cannot take place before the project proposal is prepared, the project document should at least budget for proper needs assessments and baseline studies at the project start-up phase.
- The targeting criteria and approach should be clarified to ensure pro-poor development and promote 'do no harm' principle.
- Start preparing a suitable exit strategy to ensure MTC sustainability.

## **B. Specific recommendations to the formulation of the forthcoming UNIDO Indonesia country programme**

- The upcoming UNIDO Indonesia country programme should follow up on and replicate successful interventions of the CSF II, such as the POPs and Maluku development projects.
- The new country programme should include only interventions with genuine government support and firm funding prospects. These interventions should be aligned to national priorities and UNIDO's strategy.
- The new programme design document and communications with internal and external stakeholders need to clearly distinguish between proposed interventions with secured funding and those whose funds still need to be raised. This will provide a clear focus for the joint fundraising effort of the government and UNIDO.
- Install, at the outset of the new country programme and each project, a clear monitoring and self-evaluation (M&E) system. This should include collecting information on results, especially feedback from partners and beneficiaries; analyzing and validating the results information; reviewing performance including financial and organizational accountability; adapting strategies on performance reviews; and preparing and disseminating meaningful review reports. Results information should be used to inform decision-making during project implementation phase.
- Sustainability strategies should be developed at the design stage and be monitored and adapted during implementation, for all projects.
- The UNIDO Jakarta Office should be delegated the necessary authority and provided with adequate travel funds for monitoring and supporting the implementation of smaller projects in remote areas. This will require additional national professional staff and suitable national travel budgets.

## **C. Recommendations of a more general nature to UNIDO**

- Develop a clear strategy for UNIDO to participate in post-crisis and post-disaster assistance, with appropriate skill sets and implementation modalities in terms of administration, finance and logistics.
- UNIDO should not establish or equip physical centers, buy hardware, or build physical structures such as small hydro power plants before local ownership is built to successfully utilize the new 'hardware' after the project closure.
- Programme/project design should be based on proper needs assessments. The costs for needs assessments at the start-up and during the implementation phase and for monitoring and evaluation should be built into project budgets from the outset.
- Pilot or demonstration projects should be granted UNIDO 'seed money' only if they include a credible mechanism to capture, learn from and promote projects' innovative elements in the project documents and during implementation. Building one-off pilots without clear replication plans should be avoided.



## Lessons learned of wider applicability

- It often takes time to mobilize external funds. ‘Wish list’ programme/project elements are not particularly likely to actually obtain specific funding. The success rate is higher when new projects are built on successful or proven interventions, in close consultation with potential donors and national counterparts, rather than those that are developed in isolation and totally from scratch.
- Project interventions, which are highly focused, are likely more successful and have greater impact than those that are thinly spread.
- In post-conflict or post-disaster situation, funding opportunities will be lost with an approach of ‘wait for reconstruction phase to intervene’.
- Dealing with post-conflict or post-disaster is not yet UNIDO’s strength, but is a critical area to improve to operate effectively in a disaster-prone country like Indonesia. Interventions in these situations need faster and simpler modalities, more decentralization to the field offices but also greater oversight.
- Community mobilization is resource-intensive and is not UNIDO’s strength. Working with non-profit organizations and other UN organizations that are strong in community mobilization is a more promising approach in implementing grassroots projects in remote areas.
- Unrealistic project timeframes at design, especially those set by donors, decreases project efficiency.
- Expected results and sustainability of projects need to be planned, monitored and achieved within the mobilized funds. Obtaining bridging funds requires considerable effort, and does not guarantee the achievement of project results and sustainability.
- As demonstrated in the POPs project, UNIDO can successfully implement projects with a “mixed execution mode”, where the key national counterpart is in charge of implementing the project and UNIDO is responsible for technically supporting this counterpart and ensuring the achievement of expected results. This approach can significantly enhance national ownership and sustainability of the interventions after the project completion. The pre-condition for this “mixed execution mode” is a sufficient national capacity, usually proven in previous project partnerships with UNIDO. In some cases this might require longer implementation period as compared with the traditional agency execution.

# Annex A: Terms of reference



UNITED NATIONS INDUSTRIAL DEVELOPMENT ORGANIZATION

## TERMS OF REFERENCE

### Independent Evaluation of the Country Service Framework, Phase II in Indonesia

#### Objectives of the evaluation

1. In compliance with UNIDO Evaluation Policy and the Technical Cooperation Guidelines, the Evaluation Group (EVA) will undertake the independent evaluation of the Country Service Framework (CSF) Phase II of Indonesia in 2008.
2. The main objectives of the evaluation are to:
  - Assess the performance of the CSF in terms of relevance, effectiveness, efficiency, sustainability and impact; and
  - Develop lessons and recommendations that will serve as building blocks for enhancing the design and implementation of UNIDO's ongoing and future interventions in Indonesia and other countries.

#### Background of the CSF

3. The CSF phase I covered 2003-2004 and had the total planned budget of \$8.5 millions. At completion, only some of its 12 planned projects were materialised thanks to the mobilization of nearly \$680,000.<sup>13</sup> The CSF phase II was formulated in 2005 and covered the period 2005-2007. It was approved by UNIDO in May and by the Government in June 2005. Its planned budget was \$10.51 millions with 14 projects, of which seven had started under phase I.

4. **CSF's objective and components.** The overall objective of the CSF phase II was relatively generic and all-inclusive: to 'contribute to sustainable industrial development of Indonesia'. The framework was designed with three components:

- iv. Supporting the development and growth of private sector and SMEs;

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<sup>13</sup> This figure does not include a global project. It appears that neither terminal self-evaluation nor independent evaluation was conducted for the CSF phase I.

- v. Supporting energy efficiency and environmentally sustainable industrial development; and
- vi. Supporting the recovery and rehabilitation of communities in the tsunami affected areas and post conflict areas.

5. However all projects under component 1 and several projects under component 2 and 3 have not been realized so far as funding has not been secured. Table 1 presents the overview of the planned and materialized components and projects of the CSF.

6. **CSF's budget information.** The total costs of the programme were originally estimated at \$10.51 millions in 2005. So far approximately \$3.2 millions have been mobilized, accounting for nearly 30% of the total budget, and nearly 95% of this amount has been committed and/or spent.

**Table 1: Planned components and budget of the CSF II**

#	Component	Budget (\$)	Status
<b>1</b>	<b>Supporting the development and growth of private sector and SMEs</b>	<b>1,450,000</b>	<b>Not realized</b>
1.1	Industrial framework formulation with respect to competitiveness, trade facilitation and environment impact	200,000	Not realized
1.2	Eastern Indonesia development programme – Sulawesi and Nusa Tenggara Timur	800,000	Not realized
1.3	Establishment of the centre for excellence of wood/bamboo processing technology	250,000	Not realized
1.4	Trade capacity building through technology management	100,000	Not realized
1.5	Transfer of the UNIDO computer model for feasibility study & reporting (COMFAR) & application of pre-investment study & investment promotion	100,000	Not realized
<b>2</b>	<b>Supporting energy efficiency and environmentally sustainable industrial development</b>	<b>3,060,000</b>	<b>Partially realized</b>
2.1	Environmentally sustainable energy resource - Marine current power generation plant construction	500,000	Not realized
<b>2.2</b>	<b>Enabling activities to facilitate early action on the implementation of the Stockholm Convention on Persistent Organic Pollutants (POPs) in Indonesia</b>	<b>350,000</b>	<b>Realized, started in phase I</b>
2.3	Removal of barriers to the introduction of cleaner gold mining and extraction technologies	400,000	Realized, from phase I
2.4	Phasing-out of the use of Ozone Depleting Substances under the Montreal Protocol	1,810,000	Realized into 2 projects
<b>3</b>	<b>Supporting the recovery and rehabilitation of communities in the tsunami affected areas and post conflict areas</b>	<b>6,000,000</b>	<b>Partially realized</b>
3.1	Development & transfer of technology for the construction of low cost houses	2,500,000	Not realized
3.2	Decontamination and transfer of technology for the decentralized provision of clean water	150,000	Not realized*
<b>3.3</b>	<b>Development of small hydro power (SHP)</b>	<b>1,000,000</b>	<b>Realized</b>
<b>3.4</b>	<b>Establishment of an industrial skill development centre</b>	<b>2,000,000</b>	<b>Realized</b>
<b>3.5</b>	<b>Private enterprise development in Maluku Province – Post conflict situation (2 phases)</b>	<b>350,000</b>	<b>Realized</b>
	<b>TOTAL</b>	<b>10,510,000</b>	
Note: *) Programme mission/assessment was carried out but did not materialise into funding.			
<b>Realized: Will be included in this independent evaluation</b>			
Realized but will not be included in this independent evaluation			

**Table 2: Projects to be covered by the independent evaluation**

	<b>Component</b>	<b>Project number</b>	<b>Total planned budget (\$)</b>	<b>Total allotment (\$)</b>	<b>Expenditure rate (%)</b>	<b>Donor</b>	<b>Start date</b>	<b>Completion date</b>
1	Enabling activities to facilitate early action on the implementation of the Stockholm Convention on Persistent Organic Pollutants (POPs) in Indonesia	GF/INS/02/008	350,000	499,000	98	GEF	Feb-02	Jun-07
2	Alleviation and Restoring Sustainable Livelihoods in Nias Island Through Micro Hydro Power Based Community Development Centre (CDC) for Common Facilities	FBINS05006, XPINS05005, XPINS07002	1,000,000	338,820	91	OCHA, UNIDO	Sep-05	May-07
3	Establishment of Industrial skill development centre (ISDC) for smaller Communities in Tsunami/Earthquake affected area in Aceh and Nias, North Sumatra	FBINS05004, XPINS06003	2,000,000	223,310	100	OCHA	Oct-05	Mar-07
4	Maluku Province: Rural Development in post conflict situation (Phase I)	XPINS05003, SFINS06001	350,000	243,844	96	UNIDO	Jun-05	Sep-06
5	Rural Economic Development in Maluku Province - Post Conflict Situation (Phase II)	SFINS07001		95,238	15	Indonesia	Aug-07	Dec-08
	<b>TOTAL</b>		<b>3,700,000</b>	<b>1,400,212</b>	<b>91</b>			

Source: UNIDO project and programme management system AGRESSO and InfoBase as of April 2008.

7. **CSF's implementation arrangement.** The implementation mechanism of the country framework was designed to be interactive among UNIDO Head Quarters (HQ) staff of different expertises in Vienna, the Government of Indonesia through the Ministry of Industry and other ministries involved and UNIDO Jakarta Office headed by the UNIDO Representative (UR). Several committees were planned to guide and support the CSF implementation and fund mobilization: i) National Steering Committee; ii) Programme Development and Monitoring Committee; and iii) Fund Mobilization Task Force. Each of the funded projects under the CSF was backstopped by different UNIDO Project Managers from Vienna, under the leadership of the Team Leader who was the Jakarta-based UR.

#### Evaluation approach and methodology

8. In line with the decisions of the UNIDO Executive Board regarding the projects funded by the Montreal Protocol (MP) Secretariat, the evaluation will not cover the two MP projects included in the CSF. It will also exclude the project EG/GLO/01/G34 'Removal of barriers to the introduction of cleaner gold mining and extraction

technologies', which is a global project and has already been covered by a separate evaluation recently.<sup>14</sup>

9. **Evaluability assessment.** The 2005 CSF design document does not contain a logframe matrix and expected results (outcomes and outputs) at the country framework level. It briefly outlines the expected results of each of the 14 projects. The evaluation therefore will assess the performance of the CSF based primarily on the aggregation of the achievement of each project's expected results. Wherever a more detailed project design document is available, the evaluation team will assess the achievement based on the results outlined in the document. As funding was not always secured to implement what had been originally planned, the design of some projects has been revised during implementation, sometimes with written project documents and logframes but sometimes without any document. This is a challenge for the evaluation to assess "moving targets" which will be further analysed during the course of the evaluation.

10. **Evaluation methodology.** The evaluation will focus on the performance of the CSF measured in terms of relevance, effectiveness and efficiency. Wherever possible, the evaluation will examine the impact (or potential impact) of the framework. It will also look into the sustainability of the achieved results. In addition, the evaluation will consider further issues that the concerned stakeholders believe merit further analysis.

11. ***Performance of the CSF in terms of relevance, effectiveness and efficiency.*** Under relevance, the evaluation will assess whether the programme design has been responsive to the needs of the targets groups. As such, it will also assess the coherence of the programme design in relation to the Government's policies to develop industrial sector and UNIDO's Corporate Strategy. As far as effectiveness is concerned, the evaluation will review

whether – or the extent to which – the projects under the country framework have achieved their intended objectives, as set in the CSF and project design documents or other relevant documents. In terms of efficiency, the evaluation will make efforts to determine how economically the resources/inputs (in terms of funding, expertise, time...) are converted into outputs. It will also look into the timeliness of the projects in producing outputs, initial outcomes and delivering inputs. The evaluation of the CSF design will be based on the development context both at the time of design and of today. The latter is justified to reflect the country framework's dynamics and ability to learn and adapt during implementation, taking into account the changing environment and policies in the country.

12. **Data collection.** The evaluation team will review all the available documents related the CSF and its projects (design, progress and terminal reports), including the self-evaluation reports prepared by the former CSF Team Leaders and national/UNIDO project managers in 2007. Relevant documents from the Government and other development organizations will also be consulted. Discussions with the Project Managers in Vienna will be conducted prior to fieldwork. Thereafter depending on the availability of data, a decision will be taken on additional data collection requirements and instruments in the field to ensure the adequate availability of data and information for the evaluation.

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<sup>14</sup> The project actual funding resources for Indonesia were not specified.

13. The team will hold discussions with representatives of all stakeholder groups, donors and the UNIDO UR in the field. Field interviews with supported institutions, their clients and local communities will be a major evaluation activity, either in the form of focus-group discussions or one-to-one consultations. As a general rule, a triangulation of documentary, statistical and anecdotal evidence will provide the basis for evaluation.

14. **Expertise required.** The evaluation team will include: 1) an Evaluation Team Leader with extensive experience and knowledge of environmental management, renewal energy and evaluation issues; 2) a national consultant familiar with development/environment management and evaluation issues; 3) Ms. Ayumi Fujino, the Representative and Head of UNIDO Regional Office in Thailand; and 4) Ms. Thuy Thu Le, EVA Evaluation Officer responsible for managing the independent evaluation.

15. The two external consultants will be contracted by UNIDO and their specific tasks are specified in the job descriptions attached to the evaluation's terms of reference. Members of the evaluation team must not be or used to be involved in the design and/or implementation and coordination of the CSF and its projects.

#### Evaluation process and plan

16. While underscoring the need for independence, the Evaluation Group recognises the importance of engaging the main stakeholders in an active dialogue throughout the evaluation process. This is fundamental to ensure full understanding by the evaluators of the context – the opportunities and constraints faced by the project managers and implementing institutions, to engage the stakeholders in a fruitful collaboration and to facilitate the discussion of the recommendations and their adoption. In order to do so, the main users of the evaluation will be invited to review and comment on the proposed evaluation methodology and process as set out in this terms of reference, participate in key discussions of the preliminary findings, as well as review and comment on the draft evaluation report. The main evaluation users are quite likely to be: representatives from the Government and its ministries; UNIDO's CSF Team Leader and the concerned staff in his office, UNIDO involved Project Managers; representatives from donors (UNOCHA and GEF); and heads of project management/coordination units (national project managers).

17. **Evaluation workplan.** A proposed time schedule of the evaluation process and interactions with partners is presented in the workplan below. The evaluation mission is planned to take place between 12-23 May 2008. The UNIDO Field Office in Jakarta will support the evaluation team. Donor representatives from the bilateral donor representations will be briefed and debriefed. At the wrap-up meeting in Jakarta, the mission's preliminary findings will be presented to partners in the field (representatives from the Government, donors, project coordination units and UNIDO Field Office), whose comments will be reflected in the draft main report. UNIDO's staff at the HQ will be invited to a meeting in Vienna where the evaluation preliminary findings, assessments and recommendations will be presented and discussed. Thereafter the evaluation main report will be finalised, taking into account the comments from and discussions with various stakeholders.

## Tentative Workplan

#	Evaluation activities/deliveries	Start date	Due date	Responsibility
1	Preparatory phase (preparation of TOR, identification of evaluation team members, communication to stakeholders, finalisation of contracts, desk reviews, preparation of interview questionnaire...)	1-Apr	25-Apr	EVA/evaluation team
2	Briefing meetings with CSF project managers	28-Apr	8-May	Mission leader/EVA
3	Evaluation field mission	11-May	23-May	Evaluation team/UNIDO Jakarta
4	Synthesis wrap-up meeting in Jakarta		23-May	Team/Gov/UNIDO/Partners
5	Drafting evaluation report		27-Jun	Evaluation team
6	Meeting with the project managers and staff from Asia and Pacific regional bureau to present the evaluation findings and discuss their comments		Week 7 or 14 July	Evaluation team
7	Revision of the evaluation report		18-Jul	Evaluation team leader

1. **Evaluation communication strategy.** The main deliverable of the evaluation is the evaluation report of around 35-40 pages with a 3-5 page executive summary. The evaluation management response will outline the evaluation recommendations and the concerned project managers will be responsible to provide comments (of acceptance or non-acceptance of the evaluation recommendations), actions for follow-up and deadlines. This document, which will be posted in UNIDO intranet, allows tracking of the follow-up of each recommendation and ensure learning across UNIDO. The evaluation report will be posted and will be downloadable from the UNIDO internet website: <http://www.unido.org/doc/5122>.

## Annex 1. List main issues to be covered by the evaluation

### A) Programme-wide evaluation

#### Relevance and ownership

The extent to which:

- (i) The CSF was jointly identified and formulated with the central coordinating authority, as well as with the involvement of programme counterparts and their target beneficiary groups.
- (ii) There is an agreement among the stakeholders that the objectives of the CSF are still valid and that the programme supports the country industrial strategy.
- (iii) The programme did and continues to contribute to UNIDO's Corporate Strategy and the MDGs and other international targets.
- (iv) The programme is complementary with relevant bilateral and multilateral cooperation and coordination programmes (especially UNDAF and CCA).

#### Funds mobilization

The extent to which:

- (i) The central national management and counterparts were able and willing, to contribute (in kind and/or cash) to CSF implementation and in taking an active part in funds mobilization.
- (ii) UNIDO HQs and the Field representation paid adequate attention to and was effective in funds mobilization.
- (iii) The CSF team and its stakeholders were in a position to participate in the process of allocation of seed money.

#### Programme coordination management

The extent to which:

- (i) The central national management and overall field coordination mechanisms of the Programme have been efficient and effective.
- (ii) The UNIDO HQ based management, coordination and monitoring of its services have been efficient and effective.

#### Programme identification and formulation

The extent to which:

- (i) A participatory programme identification process was instrumental in selecting problem areas and counterparts requiring technical cooperation support.
- (ii) The CSF has a clear thematically focused development objective, which will contribute to goals established by the country, the attainment of which can be determined by a set of verifiable indicators.
- (iii) The project/programme was formulated based on the logical framework approach

#### Synergy benefits derived from programme integration

The extent to which:

- (i) Coordination amongst and within components led to benefits (such as cost savings in implementing UNIDO services; increased effectiveness resulting from providing different services to the same target group; increased effectiveness resulting from interventions aiming at strengthening linkages within a system and improved effectiveness due to



services provided simultaneously at the level of policy-making, support institutions and enterprises).

- (ii) The transaction costs of the CSF (management and coordination of many stakeholders, complexity in funds mobilization, etc.) were commensurate to the benefits of integration.

### **Results at the programme-wide level (contribution to industrial objectives of the country)**

Assessment of:

- (i) The results achieved so far at the output, outcome and wherever possible impact level.
- (ii) If the CSF has contributed, or is likely to contribute to the achievement of the Millennium Development Goals.
- (iii) To what extent result indicators were developed and facilitated the assessment of progress towards national and international development targets.

## **B) Evaluation of (sub-) components**

### **Ownership and relevance**

The extent to which:

- (i) The component was formulated with participation of the national counterpart and/or target beneficiaries, in particular the industrial stakeholders.
- (ii) The counterpart(s) has (have) been appropriately involved and were participating in the identification of their critical problem areas and in the development of technical cooperation strategies, and were actively supporting the implementation of the component.
- (iii) A logically valid means-end relationship has been established between the component objective(s) and the higher-level programme-wide objective.
- (iv) Changes of plan documents during implementation have been approved and documented.
- (v) The outputs as formulated in the CSF document are still necessary and sufficient to achieve the component objectives.
- (vi) Coordination envisaged with other components within the CSF or with any other development cooperation programmes in the country has been realized and benefits achieved.

### **Efficiency of implementation**

- i. Timeliness, adequacy (quantity and quality) and cost of UNIDO and the Government inputs (expertise, training, equipment, methodologies, etc.) and activities
- ii. Timeliness of production of results
- iii. Is the programme cost-effective compared to similar intervention? Could the programme have produced more with the same resources, or the same with less money, with least delays?
- iv. Was UNIDO's seed money invested in the programme? Ratio between seed money and IP budget and allotment. Ratio between design and intervention costs, if available.
- v. To what extent has there been coordination between components? If yes, has this led to cost savings in implementation? Are different services provided to the same target groups?

- vi. Were inputs provided by the Government and by UNIDO adequate to meet requirements?

**Effectiveness of the component**

Assessment of:

- i. Achievement of outputs and outcomes against the original/revised objectives?
- ii. Quality of the outputs and outcomes and the view of stakeholders of the results.
- iii. Were the target groups reached?

**Impact**

Assessment of:

- i. The actual or potential effects in terms of re-establishing entrepreneurial initiatives, provision of job and income opportunities?
- ii. The actual or potential economic, environmental and social oriented developmental changes?

## Annex 2. Table of contents of the CSF evaluation report

### Executive summary

- ✓ Must be self-explanatory, from 3-5 pages focusing on the most important findings and recommendations
- ✓ Overview matrix showing strengths and weaknesses of the CSF (refer to Annex 1)
- ✓ Brief on the evaluation & methodology

### I. INTRODUCTION

- |                           |   |
|---------------------------|---|
| A. Country Background:    | Situation of the country, major changes in framework conditions; UNIDO previous work in the country |
| B. CSF summary            | Component/project structure, objectives, donors, counterparts, timing, cost, etc                    |
| C. Independent evaluation | Objectives and brief on methodology (why, when, by whom, etc)                                       |

### II. FINDINGS AND ASSESSMENT

- |   |   |
|---|---|
| A. CSF design                                       | CSF structure, individual components and projects, design revision, fund mobilization   |
| B. Implementation of individual components/projects | <ul style="list-style-type: none"><li>• Implementation results (outputs, outcomes, impact)</li><li>• Assessment of relevance, effectiveness, efficiency, impact, sustainability, management (by component or project, as appropriate)</li></ul>   |
| C. Implementation of the CSF                        | <ul style="list-style-type: none"><li>• Efforts and results of fund mobilization</li><li>• Internal and external coordination, synergy effects</li><li>• Identity, degree of integration, visibility, recognition</li><li>• Policy relevance, ownership, reaching target groups, sustainability</li><li>• Overview matrix showing strengths and weaknesses of the CSF</li></ul> |

### III. CONCLUSIONS, LESSONS LEARNED & RECOMMENDATIONS

- A. Overall Assessment
- B. Lessons Learned
- C. Key Issues for the Future
- D. Recommendations

### Annex 3. OSL/EVA Reference Framework – Matrix of Evaluation Criteria

	Identification	Formulation	Implementation	Follow-up
<b>Policy relevance and interaction</b>	Expected contribution to MDGs, PRSP and National Industrial Strategy	IP objectives are relevant to and aligned with MDGs, PRSP and NIS	Integration of IP into national policy framework; contribution to MDGs, PRSP and NIS	Better integration of IP into national policy framework; better leverage
<b>Counterpart ownership</b>	Partners are interested in integrated approach	Partners are committed to integrated approach	Consensus with counterpart that IP contributes effectively to country efforts	Optimized counterpart structure identified and agreed
<b>Sustainability of the intervention</b>	"After assistance scenarios" developed	Realistic vision of an "expected end of project situation" shared among partners	Progress towards sustainability	From institutional sustainability to systemic sustainability
<b>Reaching target groups</b>	Direct relevance of the IP to target groups	Needs of target groups assessed and reflected in the planning	Significant percentage of the target groups perceives improvements	Larger diffusion, refocused targeting
<b>External coordination</b>	Active dialogue under UNDAF and with other donors and relevant players	Planning includes mechanisms and budget for external coordination	Synergy with UNDAF and activities of other donors maintained	Integrated action across donors and within UNDAF further strengthened
<b>IP integration</b>	Convincing 'identity' of the IP envisaged	Planning foresees integrated contributions by UNIDO technical branches	Synergy benefits demonstrated and IP perceived as an entity	Further develop IP identity according to changing needs and conditions
<b>Results Based Management</b>	Proper 'logframe' including realistic assumptions about external factors and risks	Fully fledged intervention logic; realistic and flexible planning in appropriate detail	Timely, efficient, effective and flexible implementation	Improved logframe in the light of experience of previous phase
<b>Funds mobilization</b>	Donors interested in integrated approach and actively involved	Funding of key components secured	Continuous fund mobilization strengthens IP identity	Donors committed to funding next phase
<b>UNIDO Corporate Strategy</b>	IP encapsulates UNIDO corporate strategy and comparative advantage	IP planning makes comparative advantage of UNIDO visible	Stakeholders recognize specific value of UNIDO contributions	Next phase refocused on UNIDO core competences
<b>Innovation and lessons learned</b>	Innovative approach envisaged	Innovative services designed and planned	Innovative UNIDO services tested and implemented	Diffusion of innovative services across UNIDO

## Annex 4. Checklist on evaluation report quality

Report quality criteria	UNIDO Evaluation Group Assessment notes	Rating
(a) Did the report present an assessment of relevant outcomes and achievement of programme objectives?		
(b) Were the report consistent and the evidence complete and convincing?		
(c) Did the report present a sound assessment of sustainability of outcomes or did it explain why this is not (yet) possible?		
(d) Did the evidence presented support the lessons and recommendations?		
(e) Did the report include the actual programme costs (total and per component or project)?		
(f) Quality of the lessons: Were lessons readily applicable in other contexts? Did they suggest prescriptive action?		
(g) Quality of the recommendations: Did recommendations specify the actions necessary to correct existing conditions or improve operations ('who?' 'what?' 'where?' 'when?'). Can they be implemented?		
(h) Was the report well written? (Clear language and correct grammar)		
(i) Were all evaluation aspects specified in the TOR adequately addressed?		
(j) Was the report delivered in a timely manner?		

### Rating system for quality of evaluation reports

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

## **Annex B: List of documents consulted**

### Programme and Background Documents

- Country Services Framework Document 2005-2007, UNIDO, May 2005 [CSF II Framework Document]
- List of Projects under CSF II and CSF II (Indonesia), UNIDO,
- Technical Report Drafting Instructions, UNIDO
- Industrial development, trade and poverty reduction through South-South cooperation, UNIDO, Vienna, 2006
- Comparative review of lessons learned from 20 UNIDO Integrated Programmes, UNIDO Evaluation Group, UNIDO, Vienna, 2007
- Self-evaluation report (SER), Indonesia: Country Service Framework (CSF) 2005-2007, phase II, UNIDO, March 2007
- Stakeholders of UNIDO in the Government, Private and University on the UNIDO CSF for Indonesia, Jakarta, UNIDO, 08 March 2008
- Indonesia Social and Economic Update, World Bank, April 2008
- Proposed programmatic activities of UNIDO Field Office, Jakarta, UNIDO, 16 April 2008 [Post CSF II proposed new country programme note]

### POPs Project

- POPs Enabling Activities in Indonesia, UNIDO Proposal, GEF-UNIDO, 20 August 2001 [POPs GEF Proposal]
- Second Interim Report, Enabling Activities to Facilitate Early Action on the Implementation of the Stockholm Convention on Persistent Organic Pollutants (POPs) in Indonesia, GF/INS/02/008, July 2003 [POPs Project 2nd Interim Report]
- Second Stage Inventory: Additional Preliminary Inventory on PVB, PCDDs/Fs, HCB & Monitoring on POPs in Indonesia, Enabling Activities to Facilitate Early Action on the Implementation of the Stockholm Convention on Persistent Organic Pollutants (POPs) in Indonesia, GF/INS/02/008, Ministry of Environment, The Republic of Indonesia, November 2004 [POPs Project 2nd Stage Inventory]
- Request for Contract Amendment, GF/INS/02/008, Interoffice Memo, UNIDO, 06 January 2005
- National Implementation Plan on Elimination and Reduction of Persistent Organic Pollutants in Indonesia, Ministry of Environment, The Republic of Indonesia, February 2007 [POPs NIP]
- Self Evaluation Report for Project, covering May 2006 – February 2007, UNIDO, 26 February 2007

### Aceh Project

- End of Project Report, Establishment of Industrial Skill Development Centre for Smaller Communities in Tsunami/Earthquake Areas in Aceh, FB/INS/05/004, UNIDO, Jakarta, 13 September 2006 [Aceh End of Project Report]
- Self Evaluation Report for Project, Covering October 2005-February 2007, Establishment of Industrial Skill Development Centre for Smaller Communities in Tsunami/Earthquake Areas in Aceh, FB/INS/05/004, UNIDO, 6/03/07 [Aceh Project Self Evaluation Report]
- End of Project Report, Ensuring Sustainability of Industrial Skill Development Centre for Smaller Communities in Tsunami/Earthquake Areas in Aceh,

XP/INS/06/003, UNIDO, Jakarta, 16 July 2007 [UNV Project Component Report]

### Nias Project

- Nias CDC - Final report of socio economic survey by IPB
- Nias SHP evaluation Issues from Project Manager, UNIDO, 16 June 2008

### Maluku Project

- Project Proposal, Maluku Province-Rural Development in Post Conflict Situation (Phase I and II), UNIDO
- Minutes of Meeting – 27 July 2005
- Minutes of Meeting – 6 March 2006
- Minutes of Meeting – 25 June 2006
- Project Final Report, Private Enterprise Development in Maluku Province Post Conflict Situation, Phase I, July 2005-June 2006, UNIDO, August 2006
- Project Proposal, Rural Economic Development in Maluku Province – Post Conflict Situation (Phase II), UNIDO [Maluku Project Phase II Project Proposal]
- Concept Note for UN Human Security Trust Fund, Realizing minimum living standards for disadvantaged communities through peace building and village based economic development, Indonesia, Maluku Province, UNIDO, GOI and ILO, 30 October 2006 [Maluku Project Phase II Concept Note]
- Summary of Project Implementation, Private Sector Development in Maluku Province – Post Conflict Situation, Maluku Technology Center, Ambon, Maluku Province – Indonesia, Period July 2005 – December 2006, UNIDO, February 2007
- Self evaluation report for project, Covering August 2005 – December 2007, Private Sector Development in Maluku Province – Post Conflict Situation, UNIDO, 22nd February 2007 [Maluku Project Self Evaluation]
- Letter of Agreement between BAPPENAS and UNIDO, Rural Economic Development in Maluku Province - Post Conflict Situation Indonesia, July 2007
- Request for Payment to UNIDO under the BAPPENAS/UNDP/UNIDO Peace Through Development Project, UNIDO, Jakarta, 04 April 2008

## **Annex C: List of persons consulted at the UNIDO HQ**

1. HIEROLD Juergen, Industrial Development Officer
2. KOESZEGVARY Akos, Industrial Development Officer
3. SINGH Rana Pratap, Industrial Development Officer
4. SUKASAM Kesrat, Field Operations Officer



## Annex D: List of persons met in the field

List of people met during the Independent Evaluation Mission in Indonesia, 11-23 May 2008

#	Name	Title	Institution	Date of Meeting
<b>Representatives from Central and Local Governments</b>				
1	Dr. Suprayoga Hadi	Director for Regional II	National Development Planning Agency (BAPPENAS)	12-May-08
2	Mr. Setio Utomo	Expert	National Development Planning Agency (BAPPENAS)	12-23 May 2008
3	Dr. Suminar S. Achmadi	Professor, Head of consultant team for POPs project	Biopharmacy Research Center, Bogor Agricultural University, Indonesia	12-May-08
4	Dr. Agus Purnomo	Special Assistant to the Minister of Environment - International Environment Issues & Partnership GEF National Focal Point	Ministry of Environment	12-May-08
5	Ms. Mustihorini Indri. J	GEF Secretariat for Indonesia	Sub-division for UN Institutions, Ministry of Environment	12-May-07
6	Ms. Dwi Astuti	Expert	Ministry of Environment	12-23 May 2008
7	Ms. Indarti	Head of Energy Conservation	Ministry of Energy and Mineral Resources	22-May-08
8	Ms. Euis Saedah	Secretary	Agency of Industrial Research and Development, Ministry of Industry	22-May-08
9	Dr. Agus Wahyudi	Director	Center for Resources, Environment and Energy R & D, Ministry of Industry	22-May-08
10	Mr. Irvan F	Staff Member	Center for Industrial Technology Development, Ministry of Industry	22 -23 May 2008
11	Ms. Ama Pello	Head of Business Center	Regional Office of the Ministry of Industry and Trade, Province of Maluku, Ambon	15-May-08
12	Mr. L. Samson	Deputy to Head of Business Center	Regional Office of the Ministry of Industry and Trade, Province of Maluku, Ambon	15-May-08
13	Mr. Umar Polhaupessy	Head of Agriculture Production	Regional Office of the Ministry of Agriculture, Province of Maluku, Ambon	15-May-08
14	Dr. Ristianto Sugiono	Head of Regional Development Planning (Bappeda)	BAPPEDA, Office of Maluku Governor	15-May-08
15	Mr. William Sabandar	Head of BRR Representative in Nias	Agency for Rehabilitation and Reconstruction for Aceh and Nias (BRR), Nias	14-May-08
16	Mr. Bambang Irawan	Head Division of Housing and Settlement (CD Expert), Nias District	Division of Housing and Settlement (CD Expert), Nias District	14-May-08
17	Mr. Amran	Head of Vocational Training (BLK)	Vocational Training (BLK), Ministry of Manpower, Lhok Seumawe District	19-May-08

18	Mr. Binahati B. Baiha	Head of Nias District	BUPATI Nias	14-May-08
19	Mr. Adieli Hulu	Head of Alasa Sub-District, Nias	Alasa, Nias	15-May-08
<b>UNIDO</b>				
20	Mr. Imran Faroque	UNIDO Representative	UNIDO Jakarta	11-23 May 2008
21	Mr. Johannes Verhelst	National Project Manager	UNIDO Jakarta	11-23 May 2008
22	Mr. Nahrudin Alie	Programme Officer	UNIDO Jakarta	11-23 May 2008
23	Ms. Ira Palupi	GEF/POPs Consultant, UNIDO Jakarta	UNIDO Jakarta	11-23 May 2008
24	Mr. Abdul Syukur Sialana	National Project Coordinator	UNIDO Ambon (Private Enterprise Development Project in Maluku)	14-20 May 2008
25	Mr. Budi Ela Harefa	Former Local Project Coordinator	UNIDO Nias (Micro-Hydro Power Plant Project)	16-May-08
<b>UN partners</b>				
26	Mr. Peter van Rooij	Deputy Director	ILO Jakarta	21-May-08
27	Mr. Mattheieu Cognac	Local Economic Development Specialist	ILO Jakarta	21-May-08
28	Ms. Reiko Niimi	Deputy to Resident Coordinator & Senior Advisor for Tsunami Recovery	Office of the Humanitarian/Resident Coordinator, UNOCHA Jakarta	22-May-08
29	Ms. Maja Suhud	Program Officer	Crisis Prevention and Recovery Unit, UNDP Jakarta	23-May-08
30	Mr. M. Syamsul Tarigan	Technical Advisor, Crisis Prevention and Recovery Unit, UNDP Jakarta	UNDP Jakarta	22-May-08
31	Ms. Sinda P. A. Titaley-Pupella	Project Manager	Peace Through Development Project, UNDP Ambon	16-May-08
<b>UNIDO project collaborators and sub-contractors</b>				
32	Mr. Eddy	Community Facilitator	Samasuru Foundation (UNIDO sub-contractor for Maluku project)	14-19 May 2008
33	Dr. Wardis Girsang	Lecturer and Partner of UNIDO project	University of Pattimura, Ambon	16-May-08
34	Mr. Jef Siwalette	Lecturer and Partner of UNIDO project	University of Pattimura, Ambon	16-May-08
35	Mr. Kusetiadi Raharjo	Hydro Power Engineer	HEKSA HYDRO	23-May-08
36	Mr. Hari Wibowo Adiputro	Civil Engineer	ENTEC Consulting Engineering Indonesia (UNIDO sub-contractor for Nias project)	23-May-08
37	Mr. Gerhard Fisher	Project Manager	ENTEC Consulting Engineering Indonesia (UNIDO sub-contractor for Nias project)	23-May-08
<b>Beneficiaries</b>				
38	Mr. Alex	Bamboo Craftsmen	Latuhalat Village, Ambon	15-May-08
39	Mr. Poli	Bamboo Craftsmen	Latuhalat Village, Ambon	15-May-08

40	Mr. Johan	Sago farmer and processor	Waai Village, Ambon	16-May-08
41	Mr. Simon	Sago farmer and processor	Waai Village, Ambon	16-May-08
42	Mr. Jarot and his family	Beneficiaries – Cajuput processor – Eucalyptus Distillation and Business Management training	Hurnala Village, Ambon	16-May-08
43	Mr. Barent Uspitany	Cajuput processor – Eucalyptus Distillation	Banda Sulii Village, Ambon	16-May-08
44	Ms. Wiesye Tahamata	Participant of English Training of UNIDO	Regional Office Ministry of Industry and Trade, Ambon	16-May-08
45	Mr. Marthinus Niufe	Trainers of Business Center – Participant of UNIDO Bamboo and Entrepreneurship Training courses	Regional Office Ministry of Industry and Trade, Ambon	16-May-08
46	Mr. Saman	Sago farmer and processor	Hurnala Village, Ambon	17-May-08
47	Mr. Aparah	Sago farmer and processor	Hurnala Village, Ambon	17-May-08
48	Mr. Martin Naman	Bamboo and Rattan Craftsmen	Waitatiri Village, Ambon	17-May-08
49	Ms. Margareta Sopakua	Sago Bakery	Paso Village, Ambon	17-May-08
50	Ms. Mody	Sago Bakery	Galala Village, Ambon	17-May-08
51	Mr. Rizal	Sago farmer and processor	Eti Village, Seram Island	18-May-08
52	Ms. Takendare	Sago farmer and processor	Eti Village, Seram Island	18-May-08
53	Ms. Opin Nunuela	Sago farmer and processor	Eti Village, Seram Island	18-May-08
54	Ms. Sapuri	Sago farmer and processor and Bakery	Tihulae Village, Seram Island	19-May-08
55	Ms. Pariamah	Sago farmer and processor and Bakery	Tihulae Village, Seram Island	19-May-08
56	Ms. Nusawakan	Sago farmer and processor and Bakery	Tihulae Village, Seram Island	19-May-08
57	Mr. Ferianus	Head of Fulolo Village	Fulolo, Nias	15-May-08
58	Mr. Yulianus Hulu	Manager	Cooperative "LUAHANDRIO", Alasa Sub-District, Nias	15-May-08
59	Ms. Yulidanwati	Tailor/Embroidery Trainers	Lhow Seumawe, Nangro Aceh Darussalam (NAD)	19-May-08
60	Ms. Mardiah	Tailor/Embroidery Trainers	Lhow Seumawe, Nangro Aceh Darussalam (NAD)	19-May-08
61	Ms. Elfida	Tailor/Embroidery Trainers	Lhow Seumawe, Nangro Aceh Darussalam (NAD)	19-May-08
62	Ms. Nursiah	Tailor/Embroidery Trainers	Lhow Seumawe, Nangro Aceh Darussalam (NAD)	19-May-08
63	Ms. Nilawati	Tailor/Embroidery Trainers	Lhow Seumawe, Nangro Aceh Darussalam (NAD)	19-May-08
64	Ms. Yunita	Tailor/Embroidery Trainers	Lhow Seumawe, Nangro Aceh Darussalam (NAD)	19-May-08
65	Ms. Mariati	Tailor/Embroidery Trainers	Lhow Seumawe, Nangro Aceh Darussalam (NAD)	19-May-08
66	Ms. Nuraini	Tailor/Embroidery Trainers	Lhow Seumawe, Nangro Aceh Darussalam (NAD)	19-May-08
67	Mr. Nuryasman	Furniture/Carpenter Trainers	Lhow Seumawe, Nangro Aceh Darussalam (NAD)	19-May-08
68	Mr. Abdul Hadu	Furniture/Carpenter Trainers	Lhow Seumawe, Nangro Aceh Darussalam (NAD)	19-May-08
69	Mr. Mustaqim	Electrical/Air-conditioning/Automotive Trainers	Lhow Seumawe, Nangro Aceh Darussalam (NAD)	19-May-08

70	Mr. Armia	Electrical/Air-conditioning/Automotive Trainers	Lhow Seumawe, Nangro Aceh Darussalam (NAD)	19-May-08
71	Mr. Zakaria	Electrical/Air-conditioning/Automotive Trainers	Lhok Seumawe, Nangro Aceh Darussalam (NAD)	19-May-08
72	Ms. Nila	Head of Kelompok Cinta Wisata (Local Tourism Promotion – Has continued use of Ex UNIDO Industrial Skill Development Centre building	Lhow Seumawe, Nangro Aceh Darussalam (NAD)	19-May-08







**UNITED NATIONS INDUSTRIAL DEVELOPMENT ORGANIZATION**  
Vienna International Centre, P.O. Box 300, 1400 Vienna, Austria  
Telephone: (+43-1) 26026-0, Fax: (+43-1) 26926-69  
E-mail: [unido@unido.org](mailto:unido@unido.org), Internet: [www.unido.org](http://www.unido.org)