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Comparative review of lessons learned from 20 UNIDO Integrated Programmes



UNIDO EVALUATION GROUP

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UNITED NATIONS INDUSTRIAL DEVELOPMENT ORGANIZATION
Vienna, 2007

Distr. GENERAL

OSL/EVA/R.1
14 March 2007

Original: ENGLISH

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Acknowledgements

The UNIDO Evaluation Group thanks all colleagues who contributed to this exercise and UNIDO management who requested this meta-evaluation as a contribution to UNIDO's 'Growth with Quality' strategy.

We trust that this document will contribute to the continuous improvement process within UNIDO.

Acronyms and abbreviations

ANPME	Agence Nationale pour la Promotion de la Petite et Moyenne Entreprise
CCA	Common Country Assessment
CSFs	Country Service Frameworks
CFD	Country framework document
CP	Cleaner production
DAC	Development Assistance Committee
DGB	Director-General's Bulletin
EU	European Union
GEF	Global Environment Fund
GNI	Gross national income
HDI	Human Development Index
HQs	Headquarters
IMC	Industrial Modernisation Centre (Palestine)
IPs	Integrated Programmes
ISO	International Standardization Organisation
ITPOs	Investment and Technology Promotion Offices
LDCs	Least developed countries
MDGs	Millennium Development Goals
M&E	Monitoring and evaluation
MSME	Micro, small and medium enterprise
NGOs	Non-governmental organizations
NORAD	Norwegian Agency for Development Co-operation
ODA	Official development assistance
ODI	Office du Développement Industriel (Morocco)
OECD	Organisation for Economic Co-operation and Development
PME	Petite(s) et moyenne(s) entreprise(s)
PRSPs	Poverty Reduction Strategy Papers
SID	Sustainable industrial development
SME	Small and medium enterprise

SPL	Systèmes productifs locaux
STAMEQ	Standards and Quality Directorate
SWAPs	Sector-wide approaches
TC	Technical cooperation
TL	Team leader
UBO	UNIDO Beijing Office
UN	United Nations
UNCT	United Nations Country Team
UNDAF	United Nations Development Assistance Framework
UNDG	United Nations Development Group
UNIDO	United Nations Industrial Development Organization
UR	UNIDO Representative
\$	United States Dollar

Glossary of terms

Integrated Programme	A package of mutually supportive service modules designed to help overcome the critical industrial development problems of a country at the national level, or those of a particular geographic area within a country
Lessons learned	Generalizations based on evaluation experiences that abstract from specific to broader circumstances
Logframe	Also, logical framework approach – Management tool used to guide the planning implementation and evaluation of an intervention. System based on management by objective) also called results-based management principles
Programme approach	The programme approach is a process that helps governments to formulate national priority development objectives and to realize these objectives through corresponding national programmes formulated and implemented in a coherent, coordinated and participatory manner to ensure sustainability. Such integrated national programmes are normally multi-sectoral and have a variety of funding partners. The principle that such a programme should be multi-sectoral is based on the view that it is preferable to tackle only one development problem or objective but address it in all its dimensions. Source: UNDP (1998). <i>The Programme Approach: Ownership, Partnership and Coordination</i> (October 1998)

Executive summary

Introduction

1. This comparative review documents and aggregates lessons learned from evaluations of 20 Integrated Programmes (IPs) implemented by UNIDO since 1998, when the IP concept was first introduced in the Organization¹ (see annex 1).
2. The review applies the ten quality criteria for IPs developed and used by the Evaluation Group, which in turn build upon the evaluation criteria of OECD/DAC (relevance, impact, sustainability, effectiveness, efficiency).
3. The IP quality criteria define key performance aspects of an IP and are applied over the IP life cycle from identification and formulation through implementation and programming of the next phase. The quality criteria and the IP stages are arranged into the 'IP quality matrix' (see table 1 on page 5) that facilitates the systematic extraction and communication of lessons learned, as well as the comparability of evaluations and the benchmarking of IP performances across different contexts. The quality matrix is work in progress with further interactions being planned based on experience in its application.

¹ Burkina Faso, Colombia, Cuba, Eritreo, Ethiopia, Guatemala, Jordan, Lebanon, Madagascar, Morocco, Mozambique, Nigeria, Palestine, P.R. China, Senegal, Sri Lanka, Tanzania, Tunisia, Uganda, Vietnam

Corporate strategy

4. In general, IPs (and CSFs) proved to be decidedly superior to stand-alone projects for policy relevance and coherence. Despite the absence of MDGs and rudimentary rollout of the UNDAF in most countries at the formulation stage of the IPs in question, most evaluation reports attested to the visibility and recognition UNIDO has received among partners for its role in private sector and industrial development. A key element of these alignment success stories was the presence of qualified and respected URs in the field. Performance of IPs including strategic research activities was particularly strong.

5. All evaluations recommended the continuation of IPs as the main TC delivering modality based on strong decentralization. The effectiveness of TC in areas of comparative advantage, in particular support to policy coordination, dialogue and governance should be strengthened. Micro-level interventions should be carried out only selectively under the condition that these are leveraged by policy support and serious replication efforts. The complementarities between global forum (research, studies and policy advice) and technical cooperation activities should be promoted more effectively.

Policy relevance

6. Most IPs were designed with a view to national industrial policies and priorities. In this context, UNIDO was found to be highly relevant as a partner of the private sector. However, the need to allocate more resources to the initial assessment of the industrial development context was regularly cited. A prerequisite for enhancing policy relevance throughout the programme cycle is a strong field presence with adequate analytical and monitoring capacity in the field office. In the current UN Reform context, national needs assessments in areas of industrial and private sector development should be part and parcel of joint assessments such as the CCA process. In cases where such considerations were excluded, the CCA and UNDAFs had indeed been poorer for it.

Counterpart ownership

7. IPs pose a particular challenge, as they often require a complex counterpart structure of several Ministries with one of them playing a coordinating role. Ownership was closely related to institutional stability and long-term experience of these institutions and their capability to mobilise professional expertise. Identification of the most suitable counterpart for IP coordination implies a thorough assessment of its capacity and institutional role. Diversification of counterparts beyond the traditional collaboration with Ministries of Industry was found to be critical. UNIDO's positive role as an 'honest broker' that can work with both, public and private sector organizations such as industrial associations strengthened industrial governance through mixed counterpart structures.

8. Selecting the right counterpart and ensuring its continuous commitment during implementation were critical factors for ensuring impact and sustainability. Notable results and even landmarks were achieved in certain cases through cooperation with, and support to motivated, capable and strong counterparts. However, evaluations, particularly of the "first generation" of IPs, identified counterpart ownership as a weak point. This was mainly due to supply orientation and a superficial preparatory phase of IPs.

Sustainability of the intervention

9. Sustainability is closely interrelated with counterpart and beneficiary ownership and needs to be built up during IP formulation and implementation, and not merely at the end of the implementation phase. Good practices in sustainability were found in programmes with a strong national leadership in design and implementation, involving private sector institutions, those that succeeded in applying a comprehensive multidisciplinary approach and programmes in areas where UNIDO expertise was recognized and had a proven track record. Main factors that affected negatively sustainability were supply orientation, poor design, weak monitoring and lack of funding.

Reaching target groups

10. The effects on target groups of UNIDO interventions proved difficult to assess. Evaluations stressed the need for better ex ante assessment of target beneficiary needs, establishment of baselines and more precise/realistic outcome indicators (see paragraph 13 on results-based management). Due to the short time span of the programmes verifiable economic and social impact at target group level could be detected only in few cases. Due to the limited size of most UNIDO interventions, an impact at the sectoral level could only be achieved in some cases.

External coordination

11. Progress towards achieving MDGs requires concerted action. United Nations country-level policies and programming modalities require strong coordination under the CCA/UNDAF approach. Evaluations found that UNIDO could make better use of UNDAF for programming and monitoring purposes. UNDAF, however, is a resource intensive exercise that requires a continuous field presence and a Resident Coordinator and UN Country Team receptive to UNIDO inputs. Participation in UNDAF does not necessarily lead to more funding opportunities and higher Government ownership. Greatest successes in external coordination were reported in cases with effective and senior-level UNIDO representation in the field, regardless of the region.

Internal integration of IPs

12. UNIDO internal integration of interrelated services under the programme approach succeeded in enhancing UNIDO visibility and identity at country level. However, evaluations found that synergies between projects and components under the umbrella of one and the same IP could be exploited more effectively. Integration

proved much stronger in those IPs where the UNIDO Country Representative was the IP team leader. Strong national ownership of the integration aspect is important (see paragraph 7 above) and a steering committee for the entire IP is essential.

Results-based management

13. The ongoing transposition of the RBM programme and budget into programme management posed several RBM-related challenges. The most urgent RBM challenges are the need for more focussed and results-oriented design, based on a consistent application of the logical framework, including realistic and measurable indicators of outputs and outcomes in programme documents. Another major challenge is represented by the need to improve results-based monitoring and reporting systems, and implementation arrangements that ensure proper delegation of authority to the field and accountability frameworks for programme managers.

Funds mobilization

14. Funds mobilization constituted the main bottleneck for IPs. Fully funded IPs are the ideal delivery mode for UNIDO TC but remained exceptional. In practice, piecemeal approaches and delays in funding had often culminated in the disintegration of IPs. Joint and well-coordinated funds mobilization efforts by all parties involved, under Government leadership and a strategic use of UNIDO 'seed money' for funds mobilization purposes, were instrumental in the successful cases.

15. The most important lesson in funds mobilization was the need to improve the involvement of national governments. Reports noted that the gradual shift of donors to budget support increases the influence of Governments on allocating donor resources.

16. Evaluations found that donors – while providing lip service towards the usefulness of the programme approach – had de facto not supported it sufficiently.

They mainly continued to follow a project approach based on their bilateral priorities and funding patterns. This was detrimental to integration. In many cases fundamental IP components could not be implemented because of the lack of funding while other components, which were less central ones for the achievement of the IP objectives were implemented because of available funds.

Innovation

17. The UNIDO service modules and standardized services have contributed to improving the identity and the efficiency of UNIDO TC. Standardization, however, should not result in a blueprint thinking and ‘copy and paste’ mentality. Transposing lessons learned and innovation is a prerequisite for maintaining relevance, recipient demand and donor support. It also requires a corporate approach to innovation and piloting and management support to the principle and process. Evaluations found that recipient countries have great expectations of UNIDO promoting South-South learning.

Introduction

1. Integrated programmes are packages of mutually supportive service modules designed to help overcome the critical industrial development problems of a country at the national level, or those of a particular geographic area within a country.

2. The UNIDO formulation guidelines provided further clarification as follows:

“Integrated programmes are complex undertakings that require careful preparation. The decision to proceed with their development depends on a number of factors, ranging from the number and type of requests received to the presence of a UNIDO representative and any political commitments made. Special consideration must be given to the funding potential, the number of prospective counterparts and the consistency of their aims. Furthermore, UNIDO should ensure that its programming efforts are coordinated with those of the United Nations system - e.g. the Common Country Assessment (CCA) and United Nations Development Assistance Framework (UNDAF), development finance institutions, bilateral and multilateral donors and international non-governmental organizations (NGOs).”²

3. In the course of 2006, the new UNIDO management placed increased emphasis on organizational learning. The evaluation policy issued in May 2006³ stresses the contribution of evaluation to knowledge building and organizational improvement by making results of evaluations, recommendations and lessons learned available throughout the Organization and to field offices in a proactive manner.

² UNIDO IP Formulation Guidelines (May 1999)

³ UNIDO/DGB (M). 98, 22 May 2006, Evaluation Policy

4. This comparative review documents and aggregates lessons learned from evaluations of 20 Integrated Programmes (IPs) implemented by UNIDO since 1998, when the IP concept was first introduced in the Organization⁴ (see annex 1).

5. Lessons learned are generalizations based on evaluation experiences with projects, programmes, 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.

6. The IP evaluations reviewed in this report were carried out between 2002 and 2005. The sample also includes two Country Service Frameworks (CSFs), which, for this purpose, were treated as IPs. Due to the lack of a uniform evaluation report structure⁶ across the 20 reports, the lessons attributed to a number of them were extracted from different parts of the reports, primarily because of a lack of, or a weak 'lessons learned' section in some of them.

7. The present report is a living document, which will be updated regularly to include further lessons from new evaluations. The review of the first 20 IP evaluations is also intended to be used by the Organization as a baseline for monitoring the progress in implementing lessons learned and improving its future operations.

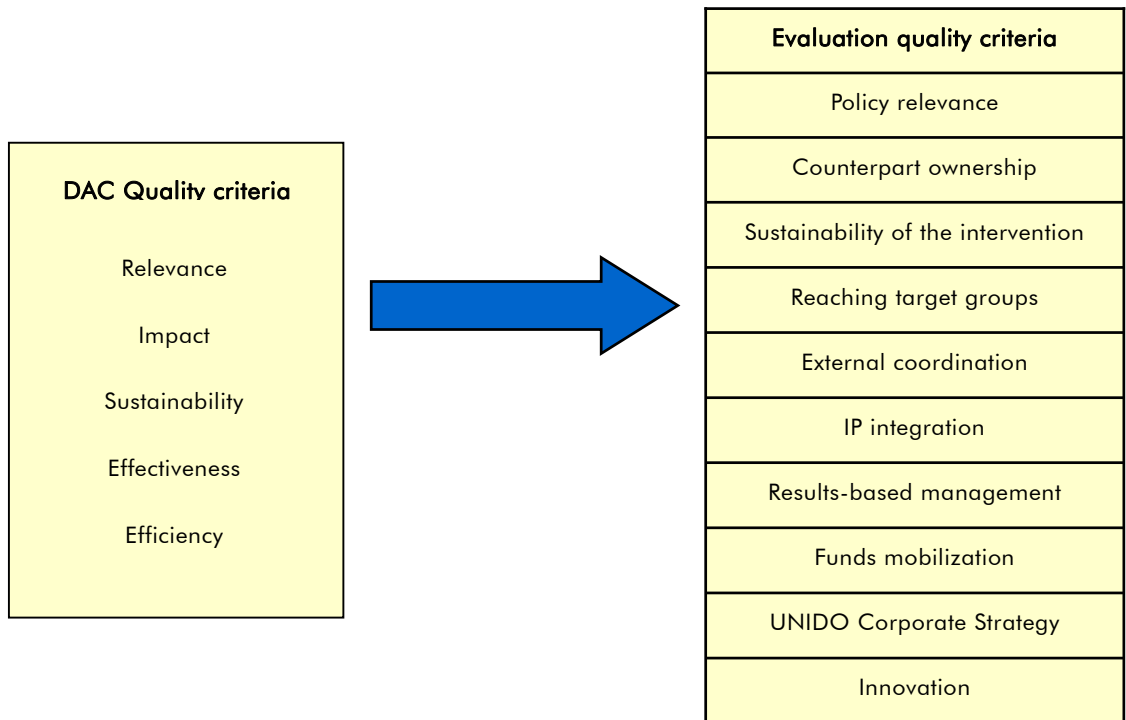
8. The report is structured around the quality criteria developed and used by the Evaluation Group, which in turn are related to those of OECD/DAC.

⁴ Burkina Faso, Colombia, Cuba, Eritreo, Ethiopia, Guatemala, Jordan, Lebanon, Madagascar, Morocco, Mozambique, Nigeria, Palestine, P.R. China, Senegal, Sri Lanka, Tanzania, Tunisia, Uganda, Vietnam

⁵ UNIDO IP Formulation Guidelines (May 1999)

⁶ The structure of the evaluation reports evolved over the years based on experience.

What are the UNIDO quality criteria?



9. The evaluation criteria define key performance aspects of an IP, which can be applied over the IP life cycle and extend from identification and formulation through implementation and programming of the next phase (see quality matrix, table 1 on page 5). The IP quality matrix is intended to facilitate a systematic extraction and communication of evaluation results, as well as the comparability of evaluations and the benchmarking IP performances across different contexts. The quality matrix is work in progress with further interactions being planned based on experience in its application.

10. Many lessons learned confirm key points that were already identified by a team of UNIDO staff members who were involved in the Continuous improvement project on Integrated Programmes carried out in March 2001.⁷ This report refers also to some of the key conclusions of the Continuous improvement project to show that the Organization needs to focus on the implementation of lessons learned and to take action and ensure that improvement indeed takes place.

⁷ Final report of the Continuous Improvement of Integrated Programmes, June 2001

Table 1

OSL/EVA Reference framework: Matrix of evaluation criteria

	Identification/Formulation	Implementation
Policy relevance and interaction	<i>What national policy documents/plans existed?</i>	<i>Did the IP fit into national plans? Did IP result in reciprocal policy inputs for counterparts?</i>
Counterpart ownership	<i>Counterpart explicitly requested the IP? How many counterparts were there? Was there trust base form previous cooperation?</i>	<i>Did counterparts participate in work plan development and reviews? Who were the real decision makers in implementation? How was the relation between the field and HQ?</i>
Sustainability	<i>Level of priority given to the IP by local authorities?</i>	<i>What specifics demonstrated sustainability of the IP during implementation?</i>
Reaching target groups	<i>How clearly were target groups identified? Who identified them and how?</i>	<i>How was success in reaching target groups measured? Any client surveys carried out?</i>
External coordination	<i>Any dialogue with other UN agencies in formulation? How do UN agencies coordinate their work in Palestine? Does UNIDO participate regularly?</i>	<i>Any regular coordination meetings with other donors in the sector? Technical inputs/cooperation with other donor-funded programmes?</i>
IP integration	<i>Is this really an IP? How? Did UNIDO technical branches formulate together?</i>	<i>Did national counterparts perceive this as an IP during implementation?</i>
Results-based management	<i>Was there a 'logframe'? How were risks taken into account and managed?</i>	<i>Did baseline indicators exist? How is success measured? What were the strengths and weaknesses in progress monitoring?</i>
Funds mobilization	<i>Were the main Donors interested in integrated approach? How did donors become involved in formulation?</i>	<i>Was fund mobilization a positive or negative factor in IP implementation? Did donors respect IP identify?</i>
UNIDO Corporate Strategy	<i>Does the IP encapsulate UNIDO Corporate Strategy and comparative advantage? If so, how?</i>	<i>Do the partners recognize the quality and uniqueness of UNIDO contributions? How was this demonstrated?</i>
Innovation and lessons learned	<i>What special measures were necessary? How were these addressed? Place of UNIDO modules? Lessons learned form other countries applied?</i>	<i>What lessons from IP implementation in such a context (conflict): Operational Policy Technical Human resource, etc.</i>



Policy relevance

Main lessons learned

11. Most IPs were designed with a view to national industrial policies and priorities. However, the need to further improve the assessment of the industrial development context was regularly cited as well as the need to allocate the necessary resources for this purpose. A prerequisite for enhancing policy relevance throughout the programme cycle is a strong field presence with adequate analytical and monitoring capacity in the field office. In the current UN Reform context, national needs assessments in areas of industrial and private sector development should be part and parcel of joint assessments such as the CCA process. In cases where such considerations were excluded, the CCA and UNDAFs had indeed been less relevant.

Strengths and good practices

12. Strategic research and qualified UNIDO Representatives are key for relevance. In general, IPs (and CSFs) proved to be decidedly superior to stand-alone projects for policy relevance and alignment. Despite the absence of MDGs and rudimentary rollout of the UNDAF in most countries at the formulation stage of the IPs in question, all evaluation reports attested to the newly found visibility and recognition UNIDO has received among partners for its role in private sector and industrial development. Where the approach had been supplanted with strategic research activities, relevance was particularly strong. A key element of these alignment success stories, without fail, was the role of qualified and respected URs in the field.

13. The most cited results of this were two-fold:

- (a) Strong partnerships with key actors over time;
- (b) Enhanced prestige and relevance of UNIDO in programme countries.

Evaluation report – P.R. China

UNIDO Beijing Office (UBO) became one of the two most important multilateral advisors to the Government of P. R. China on sustainable development. In policy and strategy discussions on sustainable industrial development the UNIDO office has become a partner recognized by several Government bodies. UBO also became a key partner in this field in the UN Country Team in P. R. China and a well established and recognized source of information sought for by bilateral donors and the diplomatic community in general.

What were the factors of success? Some CSF projects served as entry points and platform for policy dialogue with the counterpart Government organizations, but equally if not more important were research activities of the UBO itself. Supported by 120 work months of research fellows UBO elaborated a clear and well-documented position on the perspectives for sustainable industrial development in P. R. China and in the other three countries covered by the office. This knowledge and professional competence was essential for acquiring the current high reputation of the office in P. R. China. To maintain it requires continued presence of (relevant and successful) policy dialogue projects in the CSF, keeping and making use of the research capacity in the office and coordination with research activities at HQs. Needless to say that professional profile of the UR, capable to design and elaborate concepts for development strategy, is essential for integrating the two inputs and marketing them.

14. Flexible implementation increases relevance. In Africa, the IPs were uniformly seen as highly relevant in terms of national policy. All three Asian IPs and the three IPs in Latin America demonstrated a close policy alignment and strong relevance. In the Middle East and North Africa region, the picture was mixed. A useful degree of flexibility during the implementation phase helped to raise the policy relevance of some programmes, particularly in Palestine (national industrial upgrading strategy) and Lebanon (food safety). The Morocco and Tunisia IPs exhibited greater relevance at the design stage, as they benefited from a sounder initial footing with high national ownership and participation.

15. Sector strategies and competitiveness analysis are particular relevant UNIDO services. An interesting lesson that emanated from a number of IPs⁸ was the

⁸ E.g., Uganda, Lebanon, Ethiopia, Palestine and P.R. China

potential global role of UNIDO in *facilitating* policy and strategy development at the sectoral and sub-sectoral levels. For example, for the development of national industrial policy or food sector strategy (e.g. Ethiopia). Another lesson was the increasing demand for advice and information on the new role to enhance competitiveness and productivity growth of a Government in general, and the Ministry of Industry specifically. In cases of successful UNIDO support in this area (e.g. Tanzania, Uganda), the potential of industrial competitiveness analysis was shown for developing industrial policies, sectoral and sub-sectoral export and investment promotion strategies as well as for planning and assessing bilateral and multilateral programmes.

16. UNIDO highly relevant as a partner of private sector. In at least 70% of the evaluation reports, UNIDO's positive role in strategies linked to private sector development was specified, and the Organization was viewed as an 'honest broker' that can work with both, public and private sector institutions effectively. This was not limited to policy discussions alone and clearly demonstrated effective cooperation at the operational level with private sector institutions. Some IPs offered lessons on strengthened industrial governance through a mixed counterpart structure involving a certain level of competition between government and private sector institutions (e.g. industrial upgrading programme in Palestine). UNIDO capacity building programmes have created awareness on the respective roles of both sides in improving legal and regulatory framework conditions.

Weaknesses

17. Better and more independent needs assessments are required for measuring the success of policy interventions. A commonly encountered challenge in policy relevance was the lack of sound criteria for measuring success in the achievement of common policy objectives such as support in the achievement of the MDGs, or national development goals. This posed a particular problem for evaluation purposes and lessons to be learned.

Evaluation report – Tunisia

UNIDO's approach to identification and formulation of IP's should be revisited. As a matter of principle, these steps must be separated and should be carried out by different UNIDO departments. Identification should be strictly demand-driven and under the responsibility and control of the field offices. Formulation requires technical expertise and should come under the responsibility and control of the technical branches. Non-compliance with this basic rule of "Project Cycle Management" exposes UNIDO to the risk of conflicts of interest and a supply-driven delivery.

The identification phase should produce a country framework document (CFD) that describes the relevant policies and priorities of the country; maps out UN cooperation frameworks and activities of other donors; and defines UNIDO's role, priorities and possible contributions and projects in the context of the given country. The CFD should be accompanied by pre-feasibility studies and Project Identification Fiches for those possible projects with the most realistic funding perspectives. A detailed account of the applicable UNIDO rules and regulations should be attached to the CFD.

18. The lack of in-depth, quality needs assessments of the industrial development context was regularly cited as a causal factor for this shortcoming. An important related issue was the need to separate the programme identification and formulation stages. Though this was not as frequently cited the more insightful evaluation reports (e.g. Tunisia) have singled out this need that was probably applicable to most contexts. The said reports highlighted the need for separating initial needs assessments (initial diagnostics) and programme identification activities from the substance of IPs in the formulation phase. In the current UN Reform context, the national needs assessments in areas of industrial and private sector development should be part and parcel of joint assessments such as the CCA process. In cases where such considerations were excluded, the CCA and UNDAFs were indeed less relevant in these areas.

19. The lack of policy-level performance indicators was a common challenge in the evolving development cooperation paradigm since the emergence of the harmonization and alignment agenda. While partners found it relatively easy to reach agreements on the need for policy coherence in principle, progress on the exact methodology for measuring success in this area had been rather slow. The current context, however, should be far more conducive for addressing such challenges, as the methodology and conceptual approaches for measuring results in

this area have improved considerably. The latest UNDG Guidelines on CCA/UNDAF preparations are much more focussed on the achievement of the MDGs, and the UNDAF Results Matrix reflects the same. Similarly, it is common today to measure the success of PRSPs with reference to MDGs. While more efforts are needed to establish non-generic and explicit linkages with the MDGs (see also chapter VIII – Results-based management), the contribution of UNIDO IPs to achieve the MDGs must be measured by credible indicators and should take into account issues of contribution and attribution.



Counterpart ownership

Main lesson learned

20. Selecting the right counterpart and ensuring its continuous commitment were critical factors for ensuring impact and sustainability. Notable results and even landmarks were achieved in certain cases through cooperation with, and support to motivated, capable and strong counterparts. However, evaluations, particularly of the first generation of IPs, identified counterpart ownership as a weak point. This was mainly due to supply orientation and a short preparatory phase of IPs. Identification of the best counterpart implies a thorough assessment of its capacity and institutional role. Private sector organizations should be considered counterparts wherever possible.

Strengths and good practices

21. Country knowledge and thorough assessment/monitoring of counterpart capacity facilitate strong ownership. Good practices involved programmes such as Sri Lanka and Uganda, which achieved significant results, particularly in building the quality infrastructure and improving product quality for trade capacity building by identifying highly motivated counterparts with a clear sense of direction and the capacity to absorb UNIDO services. An excellent knowledge of the country by the respective team leader and component managers was instrumental for the choices made. In other cases (Morocco, Vietnam), a thorough counterpart capacity and needs assessment was carried out at the formulation stage and closely monitored throughout the implementation.

22. Another factor of success was the involvement of industry associations in programme planning and implementation. Private sector counterparts need to be identified through assessment of their needs, capabilities, institutional roles and outreach to companies. Some evaluations (e.g. Algeria) recommended the establishment of strategic alliances with donor organizations involved in supporting professional private sector organizations, given the probable complementary nature of their interventions.

Evaluation report – Morocco

The Ministry of Industry has a very good understanding of the Integrated Programme. Despite major organizational changes (separation of Industry and Small Scale Industry; substitution of ODI by ANPME) the overall vision has been maintained, which was a major success factor.

23. IPs pose a particular challenge as they rely on a complex counterpart structure involving more than one Ministry and industrial organizations and associations from the public and private sectors. Ownership was closely related to institutional stability and long-term experience of the institutions and their capability to mobilise professional expertise.

Evaluation report – P.R. China

Ownership is closely related with institutional stability and long-term experience of the host institutions and their possibility to mobilize professional support. It can be very strong with demand oriented and/or business driven projects. Unfulfilled funding obligations point normally to weaker ownership.

24. Political changes and other changes in counterparts need to be closely monitored and timely action needs to be taken to adjust the programmes whenever necessary. In some cases, this approach was followed successfully (e.g. Morocco), in others the lack of adjustments led to the loss of financing, relevance and ownership (e.g. Madagascar).

Evaluation report – Vietnam

The IP evaluation in Vietnam confirmed findings of other evaluations concerning prerequisites for successful activities. These are:

- ❑ A high degree of counterpart competence, ownership and commitment.
- ❑ The identification through participatory approaches of locally led activities based on strong motivation of the beneficiaries and their capacity for improvement.
- ❑ The application of a comprehensive technical cooperation approach including technical as well as management and marketing issues, product quality and safety (food products), environmental issues, SME clustering, adaptation, development and transferring of tools and methodologies.

The approach of building upon previous areas of assistance while adjusting to present needs is effective and instrumental in increasing levels of outcomes.

Weaknesses

25. Ad-hoc and low-cost IP development leads to poor counterpart ownership. The main lesson regarding weak counterpart ownership was drawn from the first generation of IPs, which were often launched to test the IP approach, even prior to the introduction of guidelines and approaches for IP development. The cost and length of preparatory and formulation missions were kept to a minimum and it was found that the time frame for programme development was unrealistic considering the size and complexity of the programmes. This approach resulted in supply orientation on the side of UNIDO and consequent low ownership and commitment from counterparts who did not own the programme. At instances, on the other side, UNIDO was also willing to accept Government ‘shopping lists’ and accommodate them in the context of very broad and generic objectives. This approach often resulted in lack of funding and/or partial funding and ultimately did not satisfy the counterparts.

Evaluation report – Palestine

Institutions supported by UNIDO should be encouraged to adopt responsive and transparent feedback and monitoring mechanisms. In the case of the IP Palestine UNIDO's lack of client-centeredness in IP implementation and monitoring seeped through to the IMC: a business development service that does not systematically learn from, monitor and/or respond to its clients.

Counterpart/Government support

“UNIDO is willing to accept the shopping list of the Government; TLs do not have back-up support from Management to refuse this i.e. to focus the programme (geographic/sectoral or thematic). Need to define the “core” of the programme with the government first in order to ensure integration. Governments should be made to understand the objective of the IP (not a wish list). Need to ensure that when respective components are developed into project documents, the government departments do not start re-evaluating instead of holding to the previous commitment.

The initial programme design is important; this requires time. Need to bring in government and donors into the process early. UNIDO assists the government to define the programme and donors evaluate (i.e. funding);

Selecting the correct counterpart(s) is critical. This also means to allow sufficient time during the formulation phase. The right high level government counterpart to overall programme can ensure that commitments are met but individual ‘contracts’ with component counterparts are also necessary.”

Source: UNIDO (2001). *Continuous improvement project on integrated programmes – Final report of the project team* (June 2001)

26. Lack of sound monitoring and self-evaluation hampers strong ownership. Another lesson is related to the need to improve communication between UNIDO and counterpart institutions as one of the necessary modalities to ensuring continuous ownership. As highlighted in most evaluation reports, this was closely linked with the need to improve joint monitoring and self-evaluation and to improve the quality and timeliness of reporting on the progress of TC activities and the related expenditures (see also the chapter VIII – Results-based management). This lax monitoring culture and lack of client centeredness had influenced negatively the way TC activities were implemented.

Evaluation report – Senegal

UNIDO should make sure that rules and regulations with regard to Government officials being employed under the project are fully respected.

In the interest of transparency it should be avoided that national counterparts supposed to be the users of the expertise are at the same time involved in delivering this expertise through one of their officials working as a national expert.

Evaluation report – Uganda

Private financial involvement of government officials and trade monopolies of wealthy influential entrepreneurs in the target sector can severely impair the impact of a project and its reach to intended beneficiaries.

27. Evaluations showed that UNIDO was indeed slow and even resistant to adjust to policy shifts in country-level execution of TC activities. One of such trends, which could be detected in all countries irrespective of their level of development (e.g. Burkina Faso, Senegal, P. R. China, Vietnam), was a national, or ‘mixed’ execution. This required that executing agencies increased the use of local expertise while providing international expertise for UN-specific value-added activities such as knowledge and information not available in the country. In this context, there was a clear demand by counterparts for lesser use of the traditional type of long-term expertise such as provided by a chief technical advisor and for national counterparts to fulfil administrative and day-to-day management functions. This approach, however, posed some challenges, which were noted in other evaluation reports (Burkina Faso, Mozambique, Senegal, Uganda), such as the need to strictly apply the rule not to top up salaries of Government officials.

28. Evaluations of IPs in LDCs and countries in Sub-Saharan Africa (e.g. Eritrea, Ethiopia, Madagascar, Uganda) highlighted a basic dilemma faced by UNIDO TC activities. In particular, those aimed at direct poverty alleviation at the rural and community levels. While good results depended very much on targeting counterpart institutions with the appropriate absorption capacity for the type of services provided by UNIDO (as outlined above) there was also a policy need and a demand for focussing on LDCs, backward regions and the poorer segments of the population; an area in which UNIDO’s IPs had not proven to be of a comparative advantage. Community-level activities and grass-root projects tended to be spread too thinly

and were characterized by high transaction costs, dispersal and limited impact (e.g. Ethiopia, Madagascar, Mozambique, Uganda).

IV

Sustainability of the intervention

Main lessons learned

29. Sustainability is closely interrelated with counterpart and beneficiary ownership and needs to be built up during the IP formulation and implementation, and not merely at the end of the implementation phase. The absorptive capacity of the counterpart and the availability of adequate human, financial and physical resources are decisive and call for realistic assessment. UNIDO and the counterpart must agree on a post-assistance scenario before entering the implementation phase. Good practices in sustainability were found in programmes with a strong national leadership in design and implementation, involving private sector institutions, and those that succeeded in applying a comprehensive multidisciplinary approach and programmes in areas where UNIDO expertise was recognized and had a proven track record. Main factors that affected negatively sustainability were supply orientation, poor design, weak monitoring and lack of funding.

Strengths and good practices

30. National ownership is key to sustainability, but not sufficient. Sustainability is the continuation of benefits from a development intervention after development assistance has been completed and the resilience to risk of the net benefit flows over time. Today, national ownership of development programmes is recognised as a prerequisite for sustainability. However, this is not necessarily a sufficient condition for it, as human and material resource scarcities also affect longer-term prospects, especially for LDCs.

31. Sustainability begins at the design stage. Five of the largest IPs⁹ showed good sustainability prospects for over half of the IP components, or their objectives. These positive results encompassed policy, trade capacity building, direct and indirect MSME development. This group of IPs also uniformly showed a high level of national leadership at both, the design and implementation stages of the programme cycle.

32. Private sector participation facilitates sustainability. An interesting common denominator in five reports¹⁰ were successes in cooperation with private sector institutions and various types of direct and indirect support to MSMEs, regardless of the efficacy of the IP design. Such cases demonstrated high national ownership at the implementation stage and despite the lack of such accomplishments at the design stage. In other words, these cases showed some evidence of the potential positive impact of private sector institutions at the implementation stage. Together with the earlier group, the evaluation results demonstrated UNIDO's strong performance in effective and sustainable support to MSMEs and the development of private sector support institutions (at micro, meso and macro levels) in at least 40% of the sample IP cases.

33. Also in the case of SME and industrial upgrading projects, evaluations concluded that sustainability was ensured through cooperation with private sector partners selected on the basis of entrepreneurial criteria. Already at the programme inception and design stages, sustainability was ensured by verifying and ensuring a commitment and by encouraging enterprises to contribute to the projects' costs.

34. Sustainable policy interventions require public and private sectors working together. In projects that involved the participation of the state at the level of legislation, public and private sectors should have had a common platform for discussion and operations. This was particularly the case for activities in the area of cleaner production. All evaluations of IPs that included a cleaner production (CP) component found that the willingness of Governments to pursue environmental objectives and to support the application of preventive approaches, as well as to facilitate the access to finance and to mainstream CP in technical education were preconditions for sustainability.

⁹ P. R. China, Morocco, Sri Lanka, Uganda and Vietnam

¹⁰ Ethiopia, Mozambique, Palestine, Senegal and Tanzania

Evaluation report - Tanzania

UNIDO's intervention in helping the Ministry of Natural Resources and Tourism (fisheries division) and the fishing industry to overcome the ban of fish imports from Tanzania that was imposed by the EU in 1996 is undoubtedly a success story and shows how a major impact can be made with a relatively small amount of funds.

Evaluation report - Vietnam

Standards and Quality Directorate (STAMEQ) has an important role in the institutional framework and its sustainability is beyond doubt. As PMU claims that STAMEQ organizations (particularly the laboratories) enjoy stability of the core staff, it can be expected that sustainability of project results in capacity building will be favourably influenced by this fact.

35. General sustainability-related lessons in terms of cooperation modalities with the private sector suggest the need for:

- (a) Establishing a market-oriented approach in the provision of business development services;
- (b) Concentration on strategic marketing drives in the development of rural industries and in specific sub-sectors;
- (c) Taking into account that full financial sustainability of extension services for micro and small scale manufacturers can normally not be reached;
- (d) Establishing sound follow-up mechanisms as part of programme monitoring tools.

36. Support to standards and metrology institutions tended to produce positive and sustainable results. This was partly due to the globally established commercial viability of such institutions, and partly also due to UNIDO's recognised expertise and track record in this area (as in Ethiopia, Sri Lanka, and Vietnam), and a comparatively favourable funds mobilization environment for such support.

Evaluation report – Ethiopia

Particularly good results in the leather sector in Ethiopia were achieved thanks to a long lasting presence of UNIDO technical cooperation in the country. The reason is not only the total volume of resources but also the gradually consolidated mechanisms of interaction and trust building among the development partners.

Weaknesses

37. Sustainability is a major weakness in most IPs. Most of the evaluated IPs entered a second phase. While in certain instances the second phase was meant to expand and deepen previous assistance, in many cases a continuation of activities was required in order to ensure sustainability of started activities. In fact, and despite the good practices and positive lessons highlighted above, sustainability seemed to be one of the main weaknesses in IPs.

38. Lack of ownership causes lack of funding causes lack of sustainability. Eight¹¹ of the evaluation reports (40% of the sample) showed the interrelationship between ownership and sustainability and the poor results achieved in terms of sustainability. Another report¹² offered a few hints on either category, though the overall picture portrayed appears negative in this respect¹³. Causal factors stated for weak sustainability were most commonly related to poor IP design and fragmented and incoherent management arrangements. The latter referred as much to a poor division of responsibilities at HQs level as it does in relation to in-country arrangements. The third most frequently cited causal factor for reduced prospects in sustainability was insufficient funding. A three-way, mutually affecting relation can be discerned here whereby poor ownership can be a cause for inadequate funding (or vice versa) and, thus, impair sustainability prospects, which then can trigger a negative spiral effect.

¹¹ Colombia, Cuba, Eritrea, Jordan, Lebanon, Madagascar, Mozambique and Tunisia

¹² Guatemala

¹³ For example several critical comments are included regarding the management of the programme at HQs level as well as the design of the evaluation exercise itself.

39. Hence, perhaps the single-most important lesson identified in this area was the need for UNIDO to better engage national counterparts at the programme design stage, as mentioned earlier. At the inception stage, UNIDO needs to improve the analysis of the absorptive capacity of the counterpart organization (human, financial and physical resources) as a critical factor for results and sustainability. UNIDO and the counterpart must agree on post-assistance scenarios before entering into the implementation stage. Risk factors and critical assumptions, particularly in the case of LDCs (e.g. Mozambique) need to be properly assessed and taken into account at the design and monitoring stages.

40. Capacity building is not necessarily sustainable. Some IPs showed that there seems to be an apparent assumption within UNIDO that capacity building is sustainable in itself. This assumption can be damaging. Sustainable capacity building requires realistic ex-ante assessment and planning. The resources required to ensure sustainability should be identified and agreed upon with the national counterpart as early as possible. Funding salaries of national managers of counterpart organizations by UNIDO jeopardize sustainability.

41. Lack of participation and transparency affects ownership: Counterpart involvement during the implementation and transparency of substantive and financial reporting must be ensured as key factors for continued ownership and sustainability. There were instances where this factor had been disregarded with negative consequences for the IPs and the overall image of UNIDO in the country (e.g. Madagascar, Mozambique).

42. All evaluation reports stressed that strong national and local steering mechanisms are important to ensure sustainability. UNIDO monitoring mechanisms, involving national counterparts need to be strengthened to ensure that corrective measures can be taken well in time if sustainability prospects are in question.

Evaluation report – Algeria

Foresee an effective and rigorous management structure for IP implementation, including realistic provisions for the necessary human and financial resources. This structure should manage implementation, serve the steering committee and ensure ongoing monitoring of activities by referring to the performance indicators defined. In the countries where UNIDO has a permanent representative, that representative should manage the IP management structure and take responsibility for its smooth running. On the other hand, in view of the multiplicity of their tasks, representatives cannot be responsible for day-to-day IP management.

43. Investment promotion and information services are frequently not sustainable.

Sustainability of UNIDO's investment promotion services was challenged in a number of reports (e.g. Jordan, Colombia, Cuba), which, in the main, recommended an overhaul of the current systems in operation. Evaluations found that the limited impact and sustainability of activities at the field level was mainly due to an out-dated investment promotion strategy and methodology and the fact that the Investment and Technology Promotion Offices (ITPOs) do not function as a network.

44. A particularly difficult area for technical cooperation and sustainability was capacity building in information services and information networks (e.g. Ethiopia, Uganda). As information services for industry as well as information networking among government bodies can hardly be sustainable on sale of services (due to low effective demand and purchasing capacity of SMEs), there is a need for heavy budgetary support in building and operating such services and networks. Unless the local organizations were strong and competent enough to become the driving force of a long-term process, any short-term interventions of external partners was bound to fail. Also in this case, evaluations recommended a reconsideration of the approach.

V

Reaching target groups

Main lessons

45. The effects on target groups of UNIDO interventions proved difficult to assess in view of the weaknesses in programme design and monitoring and the lack of outcome indicators. Evaluations stressed the need for better ex ante assessment of target beneficiary needs, establishment of baselines and more precise/realistic outcome indicators (see chapter VIII – Results-based management). Exceptions are projects targeting women entrepreneurs and some cleaner production projects, many of which represent good practices within the IPs, in particular those formulated and implemented in association with private sector partners. Due to the short time span of the programmes verifiable economic and social impact at target group level could be detected only in few cases. Due to the limited size of UNIDO interventions an impact at the sectoral level could only be achieved in some cases (e.g. Uganda and Tanzania in the fish sector, Ethiopia in the leather sector). Institution building and strengthening of activities were those activities that led to the best results, indicating that UNIDO's most successful line of intervention is institutional capacity building. Activities at the community, micro and rural level – directly targeting poor areas of the population – had a limited impact due to the limited size of the target groups and a weak approach to piloting and replication. UNIDO needs to better define its relevance to alleviate poverty (direct and indirect) through its activities and to ensure a corporate understanding of this key issue.

Good practices

46. This category was not expressly evaluated in a significant proportion of the existing IP evaluations. However, it was indirectly covered under effectiveness and in the ‘results’ chapters of the evaluation reports. Particularly under outcomes which were the likely, or achieved short- and medium term effects on the target groups of an intervention’s output.

47. Clear targeting of beneficiaries and flexible implementation. Strong performance¹⁴ in this category represented 25% of the sample. The most common reasons given for successes were the clear targeting of intended beneficiaries at the identification stage, as well as flexibility and client-orientation at the implementation stage.

48. At the micro level, success stories of UNIDO IPs were reported on women entrepreneurship development projects and projects targeting the same target group under different components (e.g. entrepreneurship development, product quality, cleaner production).

Evaluation report - Vietnam

IP resources have been directed primarily to capacity building. Very good results have been achieved in the case of the Vietnam National Cleaner Production Centre and the Women Union organizations in Central Vietnam. However financial sustainability of the results and their replication in the country may pose a challenge. The two projects achieved outcomes at the enterprise level in the implementation of cleaner production, ISO certification and in the improvement of the economic performance and social standing of women entrepreneurs at community level.

¹⁴ P. R. China, Morocco, Sri Lanka, Tanzania and Vietnam

49. Other suggested good practices included:

- (a) Needs assessment was not restricted to technical aspects but also covered socio- economic and political aspects. (e.g. Uganda);
- (b) Private sector organizations were associated with the formulation;

Evaluation report - Ethiopia

The participation of the private sector in cooperation for industrial development is a prerequisite for actual and sustainable change. It, however, does not imply that any involvement of private sector is a factor of success. The most effective mechanism is involvement of industry associations in programme planning and implementation. Working directly with companies for demonstration purposes requires cautious selection of companies with good general management and willingness to act as active partners ready to share the results with the whole sector. Needless to say that industry associations themselves may be instrumental in selecting such companies.

- (c) Private sector associations were involved systematically in interventions aimed at the firm level (Algeria, Lebanon);
- (d) Community-based activities included a systematic articulation of expected benefits *versus* costs and ensured that beneficiaries were adequately involved and consulted throughout a project cycle;

Evaluation report - Uganda

The designers of a project should take into account the complex socio-economic and political ramifications for all stakeholders in a sector, and not only consider the technical component. Based on such analysis, they should assess if the target beneficiaries need financial assistance, and if the donor's investment would really reach the target beneficiaries. If collateral measures are required to ensure this, such as changes in fiscal or other policies, the donor or the executing agency should discuss with the beneficiary government, whether such measures can be taken, before finalizing the project document.

- (e) IPs also acted upon framework conditions and, to this end, included a policy component. Provisions for tax incentives, or the phase out of trade barriers were cases in point;

- (f) Training centres not only delivered technical but also managerial training (marketing, cost analysis, etc.);
- (g) Tailor made company assessments using management software followed by expert interventions for the implementation of identified business strategies can be a good combination to achieve company impact;
- (h) National expertise was used in tandem with high-level international expertise of a limited duration;
- (i) Sectoral and sub-sectoral concentrations of inputs (e.g. leather, food processing and textile sectors) as compared to thematic inputs (general enterprise upgrading) were found a more effective and demand-oriented approach for a UNIDO intervention.

Evaluation report - Morocco

The most striking examples of successful innovation could be found in the area of SME support, both in women entrepreneurship and in the sub-component on SPL. The integrated approach touched upon interdependent aspects such as technology, marketing and organizational aspects of the cooperatives. The successful international commercialization of their products, for which the project acted as a catalyst, encouraged the beneficiaries to start adopting new production technologies and strengthening their cooperative structures.

50. In places where UNIDO had attempted to reach the poor with women entrepreneurship development projects in rural settings directly, the outcome was relatively successful. Nine clear success cases¹⁵ were identified among the group under review, with another partial success in an otherwise particularly poor IP¹⁶. In two other cases where poor results were recorded¹⁷, the main cause was lack of funding for and consequent non-implementation of the relevant sub-components.

¹⁵ These include Eritrea (SME development in food sector), Ethiopia (MSME development and food processing), Nigeria (food processing), Lebanon (food processing and handicrafts), Morocco (carpet weaving cooperatives and food processing); Sri Lanka (indirectly through support to establishment of regional chambers for MSME development); Tanzania (food processing); Uganda (various sectors); Vietnam (multi-sectoral through women's unions and self-help groups).

¹⁶ Jordan (soap production)

¹⁷ Burkina Faso and Madagascar

Weaknesses and poor practices

51. Effects on target groups are often unknown due to poor monitoring. Client-centeredness was largely missing from UNIDO's programme design and implementation practices, as outlined in the previous chapters. Most importantly, at least 20% of the reports¹⁸ placed a heavy emphasis on the need for better monitoring and follow-up tools with counterpart institutions and beneficiaries in UNIDO's standard programme management tools and management practices. Better monitoring and regular data collection was found essential for a credible reporting on the direct impact on poverty by UNIDO interventions.

Evaluation report - Tunisia

UNIDO should improve its clients' orientation by adopting more responsive and transparent feedback and monitoring mechanisms and also encourage its counterpart organizations to do the same.

52. Poor practices included over-centralized procedures in the selection of beneficiaries and an over-concentration of some IPs on the public sector with a general absence of follow-up mechanisms with beneficiaries and counterparts.

53. At the grass-root level UNIDO is not as effective as NGOs. Within UNIDO, there is much debate about the actual role of the Organization within the realm of poverty reduction. In general, and despite the good successes in the women entrepreneurship development programmes that follow a well-known approach tested over many years, there are signs that UNIDO might not be very effective in managing community-level interventions and grass-root level activities. These tend to be spread too thinly and to be much too costly for an organization executing projects from HQs. Other actors, including NGOs were much better suited for this kind of intervention. Closer alliances with better-suited actors were recommended in all cases that cover this subject (e.g. Eritrea, Ethiopia, Madagascar, Mozambique, Uganda). Six reports¹⁹ (close to 30%) pointed out the need for linkages with micro-finance schemes. UNIDO's corporate distance from micro-finance schemes to serve

¹⁸ Jordan, Palestine, Tunisia and Vietnam

¹⁹ Eritrea, Ethiopia, Nigeria, Mozambique, Jordan and Senegal

productivity for poverty alleviation at the micro level was problematic. More systematic alliances with other actors dealing with micro-finance were found to be necessary for effectiveness and sustainability purposes.

VI

External coordination

Main lesson learned

54. Progress towards achieving MDGs requires concerted action. United Nations country-level policies and programming modalities require strong coordination under the CCA/UNDAF approach. Evaluations found that UNIDO could make better use of UNDAF for programming and monitoring purposes. UNDAF, however, is a resource intensive exercise that requires a continuous field presence and a Resident Coordinator and UN Country Team receptive to UNIDO inputs, which might not necessarily lead to more funding opportunities and higher Government ownership.

Good practices

55. The IP approach, in theory, facilitates external coordination. The IP approach envisages an active dialogue, synergies and integrated action with CCA/UNDAF, bilateral donors and other relevant players at the identification, formulation, funds mobilization and implementation phases. This coordination approach aims at achieving higher relevance, outcomes and better funds mobilization results.

56. Greatest successes in external coordination were reported in cases with effective and senior-level UNIDO representation in the field, regardless of the region. In countries without URs, enhanced policy relevance and external coordination was reported routinely at the project level, where some more effective IP sub-components (or, in some cases, their spin-offs) had resulted in closer collaboration with other partners.

Evaluation report – Ethiopia

The UNIDO office in the field participated in UNDAF meetings but actual coordination of the IP with other programmes results primarily from working contacts at project level. Apparently it is easier at this level to identify and agree on possibilities to coordinate activities as at this level they are defined in sufficient detail to allow for practical solutions.

57. The introduction of the integrated programme approach was generally in tune with the UN Reform Agenda at the time. CCAs and UNDAFs were gradually introduced around the same period in order to harmonise and enhance the policy relevance and alignment of UN agencies' programmes in various countries. Similar to a number of other agencies, however, proper alignment with the CCA/UNDAF process did not take effect immediately. Most IPs under consideration were designed and implemented in parallel to this process rather than within it. However, the trend that emanated from a gradual shift toward the UN *Programme Approach*²⁰, the sector-wide approaches (SWAPs), policy coherence and results orientation, as well as the poverty reduction strategy papers (PRSPs), was further augmented by the Millennium Declaration in the year 2000. Through the MDGs, the necessary umbrella targets (without pre-determined roadmaps) towards which all parties could work together and within specific contexts were provided. Evaluations observed a progressive positive evolution in the UN culture, including in the UNIDO approach to coordination with UNDAF and other partners (e.g. Nigeria, Morocco, Senegal).

²⁰ Definition of the Programme Approach agreed by UN Agencies in 1993: *The programme approach is a process that helps governments to formulate national priority development objectives and to realize these objectives through corresponding national programmes formulated and implemented in a coherent, coordinated and participatory manner to ensure sustainability. Such integrated national programmes are normally multi-sectoral and have a variety of funding partners. The principle that such a programme should be multi-sectoral is based on the view that it is preferable to tackle only one development problem or objective but address it in all its dimensions.* Source: "The Programme Approach: Ownership, Partnership and Coordination", UNDP, October 1998.

Weaknesses

58. Not enough resources are invested in external coordination. Despite the positive development described above, external coordination was still an area of weakness in most IPs. Programme documents included no, or a limited mapping of and alignment with relevant multilateral and bilateral country-level activities. UNDAFs and PRSPs were referred to in passing, or were applied only mechanically. Of the 20 IP evaluation reports, only seven²¹ (35%) reported a reasonable, or good level of external coordination with relevant partners. This was usually reported in relation to the CCA/UNDAF process. However, the 65%²² of the sample reported inadequate, or poor linkages with the UNDAF process. UNIDO's low level of participation in the majority of cases was equally due to exogenous factors such as protocol (UNCTs not allowing a seat at the table for 'low ranking' UNIDO officers in the country²³) or the absence of an UNDAF process at the time of IP formulation. Another reason for this weakness was that UNDAF is a time consuming and resource intensive exercise that requires a strong and continuous country presence and does not necessarily lead to more funds mobilized and/or higher government ownership.

59. A number of reports (Ethiopia, Guatemala, Lebanon, Morocco, and Mozambique) highlighted the need for more routine and direct donor involvement in IP design and evaluation exercises, as a modality that would enhance partnerships and funds mobilization potential. Evaluations noted the discrepancy between the importance awarded by UNIDO policies and guidelines to partnering and actual partnering opportunities pursued. There was no evidence and no experience, so far, under the IPs of increased funding and impact due to partnerships at the time of project identification, development and implementation.

²¹ Burkina Faso, P. R. China (CCA participation too), Ethiopia, Morocco, Nigeria, Senegal and Tunisia.

²² Colombia, Cuba, Eritrea, Guatemala, Jordan, Lebanon, Madagascar, Mozambique, Palestine, Sri Lanka, Tanzania, Uganda and Vietnam

²³ See for example the Uganda report

VII

Internal integration²⁴ of IPs

Main lesson learned

60. UNIDO internal integration of interrelated services under the programme approach succeeded in enhancing UNIDO visibility and identity at country level. However, evaluations found that synergies between projects and components under the umbrella of one and the same IP could be exploited more effectively. Integration proved much stronger in those IPs where the UNIDO Country Representative was the team leader of the programme. A strong national ownership of the integration aspect is important and a steering committee for the entire IP is essential.

Strengths and good practices

61. National ownership and UR leadership is key to better integration. Internal integration was intended to increase UNIDO corporate visibility and give the Organization a competitive edge as a one-stop supplier of interrelated services such as quality, productivity improvement, investment, environment and human resource management. IPs *can* enjoy strong internal integration, but this tends to be the exception rather than the rule, as only three IP evaluation reports (15%) showed good success in this area. In all three cases²⁵ where strong internal integration was reported, the high level of national leadership and ownership, and the role of a good team leader were singled out as the reasons for success. Partial success in

²⁴ Our review of this criterion has to take into account the basic difference between CSFs and IPs: the CSFs (P. R. China and Nigeria) were not required to demonstrate internal integration among their components, and hence were not deeply evaluated on this. Nevertheless, and rather interestingly, both cases (P. R. China and Nigeria) fall into the 'partial success' group.

²⁵ Cuba, Sri Lanka and Tanzania

internal coordination was reported in seven cases. Where causes were outlined, they usually referred to one, or a combination of the following:

- (a) Positive role of UR/Team leader;
- (b) Good steering mechanisms;
- (c) Targeting the same counterparts or beneficiaries across programme components;
- (d) Delegation of the team leader function to the UR with adequate authority to promote synergies.

Evaluation report - Sri Lanka

Though there was little intentional coordination of services at UNIDO side, there was coordination and cooperation among components and counterparts resulting from coordination management and steering committee mechanisms at country level. Coordination management is effective if operated by highly competent manager(s) with well established contacts in the institutional and policy environment in the country. As regards the steering committees, they are very useful both at programme as well as component/project levels. In both cases their effectiveness depends on the composition of the committee in terms of representation of all actual and potential stakeholders and clients and competence of its members.

62. The IP approach has in some instances helped building social capital. This was brought about by overcoming traditionally fragmented institutional structures (e.g. Ethiopia) and expanding the scope of business relationships between enterprises and support institutions (e.g. Vietnam).

Evaluation report - Vietnam

The IP approach helps building “bridging” social capital. This can be brought about by overcoming traditionally fragmented institutional structures and expanding the scope of business relationships between enterprises and support institutions. The women entrepreneurship project in Central Vietnam is an excellent example in this respect. By linking together several projects, the IP has introduced women entrepreneurs to the existing quality system infrastructure in the country, technology inputs from the Vietnam institute of agriculture and post-harvest technology and in the next phase it also envisages to introduce women to the benefits of cleaner production techniques in their food processing activities. While there is scope for improvements and further strengthening of institutional linkages by the IP, the business outlook of women entrepreneurs has improved beyond the benefits strictly attributable to the specific women entrepreneurship development project.

63. IPs are a good communication tool strengthening visibility and identity of UNIDO at the country level. Despite weaknesses in internal integration, one of the key positive lessons from evaluations was that the introduction of the Integrated Programme approach has been a clear step forward for UNIDO. IPs made a significantly positive impact on the visibility and identity of UNIDO in the field as compared to its image in the era of stand-alone projects. This was particularly effective in cases where UNIDO enjoyed the services of high-quality, senior-level UNIDO Representatives (URs) in the field, as in the cases of the regional offices in Lebanon, Nigeria and P. R. China. However, IP successes were not limited to such cases alone. Palestine, Sri Lanka and Uganda were also examples of an enhanced in-country role for UNIDO as a result of the IP approach, and despite having no URs. The overall lesson in this respect was that the wide *scope* of projects under the IP approach (in the absence of their real *integration*) was sufficient to raise the role and profile of UNIDO significantly. Indeed, there was no evaluation report that portrayed a negative image of the integrated *approach* as a modality. On the contrary, even for the least effective IPs (e.g. Jordan), the evaluation reports recommended a more concerted effort to enhance the quality of IPs in the future – with greater decentralization to the field, rather than to revert to the stand-alone project approach.

Evaluation report - Tanzania

The integrated approach to programme development and implementation has been a major positive step forward for UNIDO that has brought a number of benefits...there can be little doubt that the presentation and promotion of UNIDO's services in a single programme document has contributed towards raising the profile of UNIDO and the interest levels of stakeholders. One senior member of MIT commented that IP1 has "helped put UNIDO on the map in Tanzania."

Weaknesses

64. The first generation of IPs was generally supply-driven in design and with little in-depth assessment of local needs.

65. First generation IPs were mainly a collection of stand-alone projects hastily put together with inadequate consideration for:

- (a) Securing an agreed niche for UNIDO;

- (b) In-depth, joint analyses of the context and needs;
- (c) Securing national ownership of the integration aspect;
- (d) A strategic approach to funds mobilization;
- (e) Essential management and reporting arrangements;
- (f) Overarching goals that could serve as foci for integration.

<p><i>Evaluation report – Colombia</i></p> <p>It is necessary to prepare a manual of operations for the IP in order to assure, above all, a good distribution of tasks between the Headquarters, the offices in the field and between the team leader and the persons in charge of the components.</p> <p style="text-align: center;">***</p> <p><i>Evaluation report – Palestine</i></p> <p>The are no overarching goals or targets identified to link the various components, and to help measure results. In effect, there are no overall baseline indicators against which the IP can be evaluated.</p>

66. Poor integration was reported in 50% of the cases. Causal factors given included the following (in order of frequency):

- (a) Lack of, or poor organization of the local IP management structure (e.g. a steering committee);
- (b) Poor assignment of roles and responsibilities (particularly between HQs and the field);
- (c) No national coordinator;
- (d) Disintegration due to funding constraints and partial funding which disregarded the integrated logic of the programme (i.e. donors who selected certain projects for funding and not other interrelated ones);
- (e) Haphazard allocation of UNIDO seed money.

67. The internal consistency of IPs was compromised by a lack of clarity on roles and responsibilities for IPs within UNIDO's organizational structure. This ambiguity caused confusion and contradictions across all stages of the programme cycle, as well as between HQs, Regional and Field Offices. An important set of considerations in 'poor practices' affecting integration related to management arrangements of IPs, which are addressed below.

Evaluation report - Palestine

Management and coordination arrangements should be clearly defined in the IP document. In the IP Palestine document management arrangements were poorly considered and described. A 'proposal' was made in the document on the possibility of an 'Advisory Board' chaired by the Ministry of Industry, but this is not described in any detail, and reads like an 'option'. In the context of a lack of any field presence by UNIDO at the time, it is not clear how local management arrangements of the IP could be left undecided. Similarly, description of IP-related roles and responsibilities at UNIDO HQ level were missing.

Evaluation report - Algeria

The initial idea of the IP approach according to which structuring in components and projects should lead to better integration is often not confirmed. In practice the orientations and formalities of the individual projects under an IP tend to overrule its theoretical structuring into components. In reality, an IP's degree of integration seems to be a function of the programme's ownership by the team leader and his or her influence on its implementation. In the case of the IP Algeria, the internal integration was a natural consequence of the fact that the team leader was at the same time the manager of most of the projects and responsible for around 80% of the funds.

68. These lessons were known as problem areas as early as June 2001. The continuous improvement report mentions, *inter alia*, the following problems relating to integration:

- (a) Careful analysis was needed to scope the programme and to decide how much time was required to develop components fully. Sufficient time should be allowed especially for integration and focusing and the need to improve the present way teams integrate;
- (b) The time frame for developing large-scale projects is generally 18 to 24 months. Most bilateral and multilateral donors took that time. Many IPs were given a few weeks only for the completion of the formulation phase.

Consequently those that incorporated well developed pipeline projects with funding prospects fared well. Others that were patched together, based on the team composition (each team member pushing for his/her own field within a few weeks), remained unrealistic and were not able to really demonstrate ownership of the recipient (were supply driven).

69. IPs were often driven by the desire to create good will with countries. The desire to show impact within a short time lead to disintegrated components due to funding constraints (some components develop further while others did not receive funding). Partial funding under the guise of seed money disturbed the original longer-term plan.

VIII

Results-based management

Main lesson learned

70. The ongoing transposition of RBM from the Programme and Budget into programme and project management posed several RBM-related challenges. The most urgent RBM challenges are the need for more focussed and results-oriented design, based on a consistent application of the logical framework, including realistic and measurable indicators of outputs and outcomes in programme documents. Another major challenge is represented by the need to improve results-based monitoring and reporting systems, and implementation arrangements that ensure proper delegation of authority to the field and accountability frameworks for programme managers.

RBM challenges

71. Evaluations found no real strengths and good practices but rather a number of important RBM-related challenges in almost all IPs, however, at different degrees of intensity.

Shortcomings in programme design

72. The single-most deficiency evident in the programming cycle of IPs was in the identification and formulation (design) of programmes. The great majority of reports attested a too short formulation phase (typically comprising of a one-week mission to the field) and HQs-centred programme formulation tendencies, typically caused by inadequate attention to the primacy of a needs-based and national driven

identification exercise that was strategically tuned into realistic funding possibilities. IPs were often too broad in their goals and vague in terms of indicators for potential impact.

73. In at least five cases²⁶, the tendency for IPs to have too many components and subcomponents was highlighted. Not a single evaluation report described the IPs as properly integrated. All IPs were described as collections of projects.

74. Several reports recommended the introduction of more transparent budgets linked with the costs involved in the production of outputs and outcomes rather than including considerable details on activities.

Evaluation report – Morocco

The current financial reporting system should be revised. An improved system would attribute expenses to components, sub-components and activities, thus achieving more transparency and ultimately better implementation efficiency. This is of particular importance in those Integrated Programmes where several project managers are involved with managing different activities coming under the same budget.

75. Evaluations found that the logical framework needed to be applied more systematically and to include better-defined outputs and outcome indicators. These indicators were to enable direct and/or indirect linkages with country-level MDGs targets and the UNDAF results matrix.²⁷ Conversely, the programme document should not go into detail about activities, which was of no use in the numerous cases where funding for the actions had not been obtained.

²⁶ Colombia, Jordan, Mozambique, Nigeria and Palestine

²⁷ Guidelines for CCAs and UNDAFs, October 2003

Evaluation report – Sri Lanka

Revise the guidelines for programme formulation in order to increase their strategic and flexibility features and scale down the „work planning“ details. In particular, introduce explicit relation between outputs and resources required for their production, but reduce considerably the details describing activities.

76. An important lesson emerging was the need to segregate identification and formulation activities. National institutions must lead needs identification, albeit in partnership with international partners *as a group* (per the UN Reform Agenda and through the Common Country Assessment modality). Formulation in most cases might have needed international expertise, and would have had to follow the initial needs identification. Neither activity should have been carried out at the IP implementation phase.

77. Programme documents should include a clearly defined management structure for IP implementation, including realistic provisions of the necessary human and financial resources.

Evaluation report - Algeria

Foresee an effective and rigorous management structure for IP implementation, including realistic provisions for the necessary human and financial resources. This structure should manage implementation, serve the steering committee and ensure ongoing monitoring of activities by referring to the performance indicators defined. In the countries where UNIDO has a permanent representative, that representative should manage the IP management structure and take responsibility for its smooth running. On the other hand, in view of the multiplicity of their tasks, representatives cannot be responsible for day-to-day IP management.

Shortcomings in management arrangements in IP implementation

78. IP Team management is not sufficiently defined. Virtually all evaluation reports raised important management issues in UNIDO. There was lack of clarity in key areas, such as responsibility for fundraising, lines of reporting, coordination mechanisms (especially across IP sub-components) and management accountability.

Of particular note was the poorly defined relationship and confusion of roles between project managers and IP team leaders. The unclear role and competences of the team leaders had already been identified as a key weakness under the Continuous Improvement Project in 2001. Several reports highlighted the inadequate level of incentives for effective collaboration among UNIDO IP teams.

79. The most common concern was related to the relationship between the IP team leader, the UNIDO Representative and the sub-component, or project managers based at HQs. All evaluation reports supported decentralization and greater authority for field offices and URs/TL, whether this decentralization had already taken place at the time of evaluation, or not. As such, evaluation reports that covered countries with URs universally praised the practice of having URs acting as TLs. Similarly, IP evaluation reports in countries without a UR/TL in the field, promoted the idea of having, without exception, URs fielded (at the very least in countries with larger sized IPs). Some reports also indicated the need for a deputy TL either in the field, or at HQs.

80. In many cases, the transfer of responsibilities between TLs did not work well. Over time, this created a lack of ownership in the IPs.

Evaluation report - Tunisia

The transfer of responsibilities from the old to the new team leader did not work well. Over several months this created a lack of ownership of the IP. A procedure needs to be established that defines the steps of such a transfer of responsibilities, which should include a listing of project files, a written report on pending and critical issues, as well as a signing off and signing in of the two team leaders, acknowledged by their respective managers.

81. At least 60% of the sample evaluations requested specifically some clarification of roles among various actors involved in the IP programming cycle. The said actors ranged from the funds mobilization unit to the regional bureau and technical offices at HQs and (normally *vis-à-vis*) field offices and URs/TLs. Three reports called for the UNIDO Field Operations Manual to be finalized and formally distributed with the needed training for field staff. Another three reports specified that URs/TLs should *not* be responsible for the implementation of any IP components in order to avoid conflict of interest. URs and TLs based in the field should enjoy more

authority over IP matters (e.g. in approving missions to the field, selection of experts, use of seed money, etc.).

Weaknesses in monitoring

82. There was clear indication of a general dearth of sound results-oriented progress monitoring and reporting tools in UNIDO. Several reports specifically called for a comprehensive review of UNIDO's M&E tools. However, the CSF in the P. R. China CSF was mentioned as a clear case of good practice that showed a strong approach toward effective monitoring and results orientation.

83. Several reports identified a deficient involvement of target groups in monitoring, in particular as regards private sector companies and associations. This was seen as indicative for weak client-orientation. Reports suggested that reviews and self-evaluations involving all stakeholders should be carried out periodically in order to ensure timely updating and refocusing of the IP document and learning lessons of a more general nature.

Evaluation report - Palestine

IP documents need to be updated properly and their status and versions should be clarified. Management decisions made in the course of implementation of a programme must be recorded through exchange of letters or notes to the file with clear indication of names and dates. In the case of the IP Palestine the initial IP document was not revised accordingly but complemented by a Memorandum of Understanding that re-orientated the programme substantially, created a different set of priorities, and affected the integration of various components. This shift in programme priorities provided a new overall direction to the programme, but the IP document was not changed, and it was left to the imagination and versatility of the implementers to match the programme with the new priorities. A revised planning document would have been a solid basis for launching the IP more effectively.

84. RBM based self-assessment and reporting on outcomes should become mandatory. Self-assessment and reporting was found to be too much output oriented and greater emphasis on outcomes was recommended. Moreover, UNIDO should integrate results monitoring and monitoring staff performance in programme management and design. Training and reward systems accordingly. The level of implementation should not be the only measure of success.

85. Other reports targeted more specifically aspects of M&E, such as:

- (a) Six reports (30%) recommended the inclusion of evaluation costs in the IP budget at the design stage. For larger programmes, inclusion of the same in project budgets was recommended;
- (b) Similarly, four reports recommended more time for evaluations as standard practice. These reports hold that two weeks in the field were inadequate for in-depth independent evaluations;
- (c) Also of note: 30% of the sample criticise UNIDO's IP self-evaluation mechanisms as inadequate, and at least three reports called for a representative from donors of IP's to be included in the evaluation team, as a standard practice.

IX

Funds mobilization

Main lesson learned

86. Funds mobilization constituted the main bottleneck for IPs. Fully funded IPs were – without any doubt – the ideal delivery mode for UNIDO TC. However, piecemeal funding and delays in making funds available had often culminated in the disintegration of IPs. Joint and well-coordinated funds mobilization efforts by all parties involved, under Government leadership, and a strategic use of UNIDO ‘seed money’ for funds mobilization purposes were instrumental in the successful cases.

Good practices

87. Success stories do exist independent from region and source of funding. Colombia (100%), Uganda (100%) and P. R. China (94%) were the most successful programmes in meeting their overall funding targets. While Colombia also had a large proportion of the IP funds provided by UNIDO, the remainder was fully covered by the Government. Similarly, the Government of P. R. China was among the top five donors to the \$75 m programme. The Uganda IP enjoyed strong support from in-country donors.

88. Sri Lanka was an excellent example of a sound implementation strategy more than compensating for inadequate programme design through sound collaboration with donors (see box, below). In all cases with a good fundraising performance, strong policy alignment was reported.

Evaluation report – Sri Lanka

The implementation modalities selected have often been innovative and some results, particularly under the activities for quality, standardization and metrology, represent a landmark. There have been substantial changes in the plan during implementation. The mapping of the present situation in Sri Lanka as a basis for planning of other outputs was essential for establishing the right direction for the component in general. The actual funding exceeds by far the original target [182%]. The Component was partly funded by UNIDO in the initial phase, but NORAD provided the majority of funding... Very successful funds mobilization reflects both the perseverant efforts of the Project Manager and compliance with policy objectives of the donor.

89. Positive cases showed that the IP approach – if properly managed under the Government’s leadership – could have had good results. Funds mobilization was enhanced by visibility and relevance. Government commitment in funds mobilization efforts and co-funding had been key in successful cases such as Guatemala, Nigeria, P. R. China, and Uganda.

90. Funds mobilization must be carried out during the formulation phase and involve a three pronged approach, including donors in the recipient country, Permanent Mission representatives and donor capitals.

Weaknesses

IPs as funding instruments with unrealistic targets

91. More realistic funding targets need to be set. An organizational ‘belief’ in the ability of the integrated approach to automatically raise donor interest appeared to have been in place around the time of their introduction in the Organization in 1998-9. By the time of the evaluations under consideration (2003-2005), even a 50% rate of success was described as ‘relatively successful’ (e.g. Mozambique), attesting to a lowering of success standards.

92. All reports came to the conclusion that it was better to set realistic targets based on likely and realistic funding targets. This unrealistic approach had raised

expectations, which could not be met and ultimately proved counterproductive in terms of ownership.

93. It was better to have smaller, but fully funded IPs than big ones with only partial, or minimal financing. In this context IPs should not just be a signal of political good will *vis-à-vis* countries, but be demand-oriented also in terms of the beneficiary country's real and confirmed interest in developing, promoting and managing an IP.

Evaluation report – Eritrea

IPs are efficient instruments of cooperation only if they establish a partnership between country counterparts, donors and UNIDO, based on a clear and logically sound approach to achieve certain objectives. Contrary to that, it is common practice to use IPs as a mere fund raising instrument, without exploiting the potential of the IP as a tool for integration and cooperation. For such fund raising purposes a lighter document (e.g. a "UNIDO country strategy" or "Cooperation Framework") would be more efficient since it would avoid duplicate and triplicate programming layers.

Lack of a funding strategy in IPs

94. In general, IPs were designed with inadequate funding strategies. Several reports stated the need for a more strategic approach to funds mobilization, and the *inclusion* of such strategies in the IP documents. The key lesson in this respect is that IPs should be planned by a rolling approach. Evaluations considered that UNIDO should initially carry out a country strategy including a conceptual framework for future UNIDO support to the country. On this basis, UNIDO and the recipient Government should sign a memorandum of understanding (MOU) whereby commit themselves to carry out a joint funds mobilization strategy. Detailed planning documents and should be developed only at a later stage once concrete funding arrangements are secured. IPs should start with a realistic and secured budget, add on new modules if and when additional funding becomes available, while safeguarding the IP focus and identity.

Evaluation report – Palestine

In the case of the IP Palestine the need for resource mobilization was clearly foreseen in the IP document, but there was no mention of a strategy indicating roles and responsibilities, including national authorities, nor were there alternative priorities in case of inadequate funding ('plan B'). The risk of partial funding, albeit highly relevant, was not considered in the program document.

Inadequate level of national partner involvement in IP funds mobilization

95. The most important lesson in funds mobilization was the need to improve the involvement of national governments. In the majority of the cases, governments did not play a lead role in funds mobilization. Reports noted that the gradual shift of donors to budget support increases the influence of Governments on allocating donor resources. Another weakness was that few of the IP reports quantified (or even mentioned) in-kind support from national counterparts, with Cuba being the exception.

Government commitment

Government commitment (beyond lip service) could be expressed in fund raising efforts as well as self-financing of a certain percentage of the IP. Often, the governments are not able to comply with their funding commitments. This may be due to the fact that the counterpart is not at a sufficiently high level to make his/her commitment materialize in the government ranks.

Source: UNIDO (2001). *Continuous improvement project on integrated programmes – Final report of the project team* (June 2001)

Lack of donor involvement in IPs

96. A number of reports (Ethiopia, Guatemala, Lebanon, Morocco, and Mozambique) highlighted the need for more direct donor involvement in IP design and evaluation exercises as a modality that would enhance partnerships and the potential for funds mobilization. A related weakness was in donor reporting (e.g. Ethiopia, Morocco, and Uganda). Evaluations found that donors – while providing lip service towards the usefulness of the programme approach – had de facto not

supported it sufficiently. They mainly continued to follow a project approach based on their bilateral priorities and funding patterns. This was detrimental to integration. In many cases fundamental IP components could not be implemented because of the lack of funding while other components, which were less central ones for the achievement of the IP objectives were implemented because of available funds. Evaluations recommended that UNIDO be more proactive in promoting interdependent components at the very early stage of programme development. A strong field presence was instrumental in this respect.

Evaluation report – Jordan

UNIDO needs to establish strong partnerships with those donors specifically interested in policy development and advice. Moreover, the emphasis on 'partnership' as a modality in development cooperation requires a different approach, particularly in policy development. Partners increasingly *require* participatory planning and a multi-stakeholder approach to policy development under national leadership and accountability. Thus, UNIDO should develop a niche in aid effectiveness and alignment for industrial policy development, and to identify best practices in the approach and mechanisms necessary for the *process* of industrial policy *development*, in addition to its contents.

Evaluation report – Morocco

What makes UNIDO's approach to industrial development unique is its holistic approach. It is part of this approach that UNIDO should also coordinate the contributions of other support organizations in the field of industrial development.

However, the wide range of objectives and the considerable degree of ambition entails the risk that some of the IP objectives might remain without adequate funding.

To eliminate this risk it is recommended to strengthen coordination with the Government during the formulation phase of the IP and to work out the complementarities of the available funding opportunities with a view to optimizing the interventions of all donors and support organizations involved.

Poor use of UNIDO programmable (seed funding) resources

97. A more strategic use of UNIDO 'seed funding' was recommended in several reports (e.g. Ethiopia, Jordan, Madagascar, Morocco, Palestine,), as the use of UNIDO's funds for *implementation* of programmes was seen as highly ineffective and likely to lead to a suspension of projects immediately after the 'preparatory stage': a rather demoralising practice for all UNIDO and counterpart staff involved. Once again, the issue of poor practices in IP identification was the main reason given for inadequate use of UNIDO's programmable resources. Another reason was the push for spending regular programme resources, which had not been programmed well in time towards the end of a biennium and for raising implementation figures without taking into account the likelihood of meaningful results.

Evaluation report – Jordan

To avoid funding gaps, disappointment and loss of morale on all sides UNIDO should not implement an IP with use of its own seed funding alone. In cases where adequate donor funding is not mobilized from the start, UNIDO should utilize the seed funding for preparatory assistance projects to help establish a niche for itself and attract donor funding.

Evaluation report – Tunisia

The case of the IP Tunisia illustrates quite well some of the strengths and weaknesses of UNIDO's approach to funds mobilization. Three studies were financed with UNIDO seed money but only one was implemented. Paradoxically this was the one whose implementation was not foreseen under the IP but left to implementation under an outside framework. The Tunisian government used this study to trigger a huge National Quality Programme. By contrast implementation of the two other studies was foreseen under the IP but not funded and hence creating frustration. This case shows that in certain circumstances UNIDO could probably increase its recognition and efficiency by acknowledging better its limitations as an implementing agency. Or as the donor representative in the evaluation mission put it: "Member States do not fund UNIDO's regular budget to see it acting like a consultant looking for a deal."

98. Diluted responsibility for funds mobilization and lack of systematic marketing. Funds mobilization for the IPs was found to be diluted and compartmentalized. UNIDO funds mobilization had been relying more and more on individual networking rather than on a corporate, consistent approach and a clear distribution of responsibilities. This often resulted in the same donors being approached by different staff members with detrimental results for the image of UNIDO. This also contributed to project promotion rather than programme promotion and was detrimental to the integration concept. Neither technical staff, nor the team leader, nor the regional bureau staff, or the UR really identified with funds mobilization in terms of accountability and their direct responsibility. Failures were put on others while all claimed success.

X

Corporate strategy

Main lesson learned

99. All evaluations recommended the continuation of the programme approach as the main corporate modality for delivering TC based on a strong decentralization. Micro-level interventions should be carried out only selectively and leveraged by policy support and replication potential together with suitable partners. The complementarities between global forum (research, studies and policy advice) and technical cooperation activities should be promoted more effectively.

Strengths, good practices and weaknesses

100. Decentralisation and delegation of authority to the field is key to IP success. As compared to UNIDO's previous practice of having stand-alone projects, all IPs constituted a major step forward in terms of both following UNIDO's strategy, and in strategically positioning UNIDO in programme countries within the evolving development cooperation paradigm at the end of the 20th century. Most importantly, UNIDO's visibility and identity had experienced a noticeable boost, almost in every instance, with Jordan and Madagascar being exceptions. Rather interestingly, a clear positive correlation could be noted between the degree of management decentralization (coupled with resource allocation commitments for the purpose) and the success of IP's, with Nigeria, P R. China, and Vietnam as pioneers in HQs-Field decentralization. Mozambique and Vietnam represented interesting cases of in-country decentralization, described as an appreciated aid to national poverty reduction efforts. In every single report, greater decentralization and authority for field offices was recommended.

101. A strong link between TC and Global Forum increases effectiveness at country level. Five reports²⁸ highlighted issues related to UNIDO's global forum function. In three of these, the need for a clearer linkage between these and UNIDO's technical assistance activities coupled with the allocation of specific funding for the former in IP budgets was mentioned. P. R. China and Vietnam painted a very positive picture of their global forum activities, while Colombia and Jordan noted the weakness of such initiatives, and the need to revise the corporate approach. Considering the very nature of knowledge and information as public goods, funding should be ensured to the extent possible by the seed money of the Organization and by the Government.

Evaluation report – Nigeria

The pilot case of Nigeria has been largely validated as a sound concept and an effective approach to decentralization. The positive sides of the experiment exceed the shortcomings that have been experienced.

The RIDC pilot case has been successful because UNIDO management has decided to implement this experiment through a package of interrelated decentralization functions (Director of RIDC, UR and Team Leader). Prerequisites for success are the allocation of appropriate financial and human resources and the selection of an UR with the highest professional standing, entrepreneurial drive and creativity. The RIDC carried out a range of interrelated functions including preparations of studies, policy advice, advocacy, building up of partnerships, image building, funds mobilization, programme development and selected implementation.

The RIDC experience shows that these activities have an impact if carried out as a package and based on a multidisciplinary approach. Policy advice, for instance, cannot be provided in isolation and can be performed only if projects, programmes and quality studies back the RIDC. The potential flow-on effects of these initiatives in the form of future projects cannot be underestimated.

102. In the context of decentralization to the field, reports noted that the UR should ensure that institutional relationships, memory and knowledge should be built up and retained for future use. Setting up of respective databases and networks and the maintenance of a high quality roster of consultants and subcontractors were recommended means for ensuring such continuity. Resources for upstream work and studies were instrumental for enabling URs to provide policy advice and identifying/assessing emerging issues. Evaluations noted a big difference in the effectiveness of field offices, which was much higher in those cases where field staff was fully familiar with UNIDO.

²⁸ P. R. China, Colombia, Nigeria, Jordan and Vietnam

103. Several reports highlighted the need for UNIDO to be more specific in terms of its comparative advantages particularly considering funding challenges. In this context the following was recommended under different angles and entry points in all 20 IP evaluation reports:

- (a) Give priority to upstream policy support: macro-level sector studies, benchmarking, profiling exercises, competitiveness analysis, reviewing and updating of regulations. Competencies and expertise in this field should be developed;
- (b) Strengthen UNIDO role as neutral partner facilitating national coordination. In this context develop the potential for diversifying the counterpart structure beyond the line Ministries of Industry;
- (c) Carry out micro-level activities at rural and community level, particularly those relating to agro industries, only if leveraged with policy support and/or having high replication potential; seek suitable national partners for implementation and replication;
- (d) Revisit approaches/methodologies, which are outdated and not effective, in particular in the areas of investment promotion, industrial information and stand-alone community-level agro-industrial activities;
- (e) Revisit the approach to industrial upgrading in order to make it more demand oriented.

Evaluation report – Jordan

Supporting governments with industrial policy *governance* is a core competence of UNIDO. This involves coordinating industrial development, harmonisation, stakeholder dialogue and alignment of donor activities. However, the emphasis on ‘partnership’ as a modality in development cooperation requires participatory planning and a multi-stakeholder approach to policy development under national leadership and accountability. Thus, UNIDO should develop its niche in aid effectiveness and alignment for industrial policy development. To this end it should identify best practices in the approaches and mechanisms necessary for the development of industrial policy governance.

Evaluation report – Palestine

In the current context of multiple actors concentrating on ‘policy coherence’, UNIDO’s role is best suited to facilitating national coordination and participatory/joint policy and strategy development with a ‘partnership approach’ rather than direct (individual) support to governments for policy development. UNIDO can help Governments perform their coordination role more strongly across the industrial sector (e.g. in sectoral policy and strategy development), or within sub-sectors (such as food safety) and should build its internal knowledge and tools for the purpose.

XI

Innovation

Main lesson learned

104. The definition of UNIDO service modules and specialised services have contributed to improving the identity and the efficiency of UNIDO TC and led to a high degree of standardization; however, this should not result in blueprint thinking and a ‘copy and paste’ mentality. Transposing lessons learned and innovation is a prerequisite for maintaining relevance, meeting recipient demand and donor support. It also requires a corporate approach and management support to innovation and piloting. Evaluations found that recipient countries have great expectations of UNIDO promoting South-South learning.

Some common lessons and practices

Design

105. Services need to be assessed and regularly updated against those of “competitors”. In certain thematic areas service modules and standardized types of interventions have improved UNIDO’s focus and identity. However, as noted above, the service module approach also led to supply orientation and, at instances, degenerated in a ‘cut and paste’ mentality. Transposing lessons and experiences are not a mechanical exercise, but an innovative and creative process in itself. Evaluations, thus, highlighted the need to regularly test and update approaches in order to maintain them relevant and effective over time. Without continuous improvement and innovation there is a risk of being ‘copied’, or taken over by other actors in areas that are successful in terms of demand and funding potential.

Evaluation report – Algeria

UNIDO's standard approach to industrial upgrading ("*mise à niveau*") should be revisited taking into account the experiences made to date in a whole range of countries. Critical issues include: (i) focus on those companies that are motivated and sufficiently advanced; (ii) establish formal agreements between the beneficiary companies, UNIDO and the main counterpart; (iii) reduce the depth and duration of the initial diagnosis while delivering early support to the beneficiary companies; (iv) co-financing of services by beneficiary companies; (v) proper involvement of "coached" companies' in the definition of themes subject to "coaching"; (vi) broaden the concentration on "quality" and include other UNIDO departments (in line with the priorities defined by the companies); (vii) following-up the effects of the support at company level by a proper monitoring scheme ; (viii) stimulating the market for local consultancy services that companies could use in their modernization efforts.

Implementation

106. Flexibility and client-orientation during implementation boost innovation. One characteristic noted across innovative and successful programmes deserves a special mention: *flexibility and client-orientation during implementation*. This is the common thread running across all success stories, and was the demonstrated remedy to the ailments caused by supply-driven IP design. On the other side, many recipients and donors perceived UNIDO's primarily HQs-based execution approach as being characterized by high transaction costs.

107. Based on the experience in Colombia, the innovative approach of combining a management software, highly qualified international experts who develop strategies at the enterprise level and national experts who follow up on the implementation of these strategies can be considered an excellent instrument to achieve impact at the enterprise level.

108. In Cuba, local procurement of goods was promoted – as compared to international procurement – as a cost-effective and manageable modality. This was

very much in line with OECD/DAC Guidelines for harmonization and good UN practices in country-level support system ²⁹.

109. The Senegal report singled out the application of specific crosscutting themes (e.g. women entrepreneurship development) across a range of sectors (textile and food) as effective to enhancing synergies within IP's. As mentioned earlier in the report, having common national counterparts for a number of IP sub-components also proved to be effective for better integration.

110. Uganda brought to light the use of technical sub-committees in support of steering committees as an innovative and effective mechanism. This also tallied with latest approaches in harmonization and coordination of good practices.

111. Evaluation reports highlighted the need for more cooperation between the various UNIDO branches and sharing of experiences also in order to generate new ideas.

Evaluation report – P. R. China

Experience with the China CSF has shown that the programme manager of projects developed and implemented by PTC/IPT did not coordinate or consult with the substantive and sectoral branches in house to enrich the UNIDO input with the whole potential of services UNIDO was able to offer in the case in question. Had this been done, the impact and visibility of UNIDO's response could have been more consistent and significant. It could also have generated ideas for further programming.

²⁹ Report on country support systems prepared by the UNIDO Evaluation Group within the context of the GEF-led joint evaluation on the country programming cycle, 2006.

Pilot approaches

112. Reports identified a number of success stories in pilot approaches. However, UNIDO did not have a strategy to promote this approach and, so far, has not developed a common understanding of the pilot approach concept. There is an urgent need to address this weakness in order to capitalise on successes and experiences and to meet a growing demand for advice and sharing of information within a South-South context.

Evaluation report – Algeria

UNIDO should adopt an adequate “pilot” approach and avoid abuse of language. In order to be worthy of the name, a “pilot” action must be given the means to experiment with different methods, compare and evaluate their relative strengths and weaknesses in real time and stress the “demonstrative” and “instructive” nature of the action before extending the coverage and scale of objectives and actions.

113. Pilot activities require a certain number of prerequisites. They should experiment an approach and foresee the monitoring and decision mechanisms necessary for recommending up scaling. Pilot activities should include proper demonstration and dissemination activities.

114. The responsibility and modality for scaling up pilot activities and developing policy requirements at the country level should be addressed upfront at the project design stage.

Annex 1

Reviewed 20 Integrated Programmes' evaluation reports

Programme / Year	Approved budget (excl. support cost in US dollar)	Approved PAD (total allotment in US dollar)	Amount financed (in %)	Issuance of evaluation report	OSL/EVA evaluation team leader
2002					
Mozambique - IP	8,793,500	4,370,427	49.7	12-2002	Magliani, D.
TOTAL	8,793,500	4,370,427	49.7		
2003					
Sri Lanka - IP	14,540,700	5,152,205	35.0	01-2003	Magliani, D.
Guatemala - IP	11,421,700	3,196,807	28.0	01-2003	Marchich, M.
Tanzania - IP	7,267,859	4,435,145	61.0	06-2003	Heep, Hans
Ethiopia - IP	9,847,640	7,443,797	75.6	07-2003	Magliani, D.
Burkina Faso - IP	3,911,210	3,180,655	81.3	09-2003	Marchich, M.
Nigeria - IP	12,677,000	5,452,084	43.0	12-2003	Magliani, D.
TOTAL	58,046,823	28,860,693	49.7		
2004					
Uganda - IP	6,607,500	6,679,745	101.1	02-2004	Marchich, M.
Senegal - IP	7,818,000	4,317,109	55.2	03-2004	Marchich, M.
Cuba - IP	5,411,000	2,417,351	44.7	07-2004	Marchich, M.
Madagascar - IP	4,000,000	840,016	21.0	09-2004	Magliani, D.
Morocco - IP	9,336,821	7,162,755	76.7	11-2004	Magliani, D.
TOTAL	33,173,321	17,530,976	52.9		
2005					
Lebanon - IP	5,960,500	1,208,910	20.3	02-2005	Marchich, M.
China P. R. - CSF*	80,000,000	75,067,508	93.8	02-2005	Magliani, D.
Vietnam - IP	8,880,000	4,884,502	55.0	05-2005	Magliani, D.
Colombia - IP	1,591,000	1,862,262	117.0	11-2005	Dobinger, J.
Palestine - IP	7,207,046	4,250,625	59.0	12-2005	Loewe, P.
Jordan - IP	4,474,456	2,182,652	48.8	12-2005	Loewe, P.
Tunisia - IP	7,979,000	4,425,923	55.5	12-2005	Loewe, P.
Eritrea - IP	6,721,000	2,337,210	34.8	12-2005	Dobinger, J.
TOTAL	122,813,002	96,219,592	78.4		

Source: UNIDO Intranet. OSL/EVA. Evaluation reports
<http://www.unido.org/doc/49915?language%5fcode=en>

* Budget figures for the CSF in China P.R. include activities related to implementing the Montreal Protocol. Excluding these activities the funding level for this country would be approximately 88%.

Printed in Austria
V.07-81740—March 2007—300



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