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UNITED NATIONS INDUSTRIAL DEVELOPMENT ORGANIZATION

## **TERMS OF REFERENCE**

**Independent terminal evaluation of UNIDO project:**

**Industrial Energy Efficiency in Ecuador**

**UNIDO Project numbers:** GF/ECU/11/004

**UNIDO SAP ID:** 103017

**GEF Project number:** 4147

**MARCH 2015**

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## Project background and overview

### 1. Project factsheet

<b>Project Title</b>	<b>Industrial Energy Efficiency in Ecuador</b>
<b>GEF ID</b>	<b>4147</b>
<b>UNIDO project No. (SAP ID)</b>	<b>103017</b>
<b>Region</b>	<b>Latin America and Caribbean</b>
<b>Country(ies)</b>	<b>Ecuador</b>
<b>GEF Focal area(s) and operational program</b>	<b>Climate Change CC-2</b>
<b>GEF Agencies (implementing agency)</b>	<b>UNIDO</b>
<b>Project executing partners</b>	<b>Ministry of Electricity and Renewable Energy (MEER), Ministry of Industries and Productivity (MIPRO)</b>
<b>Project size (FSP, MSP, EA)</b>	<b>MSP</b>
<b>Project CEO endorsement/Approval date</b>	<b>20 May 2011</b>
<b>Project implementation start date (PAD issuance date)</b>	<b>6 July 2011</b>
<b>Original expected implementation end date (indicated in CEO endorsement/Approval document)</b>	<b>7 May 2014</b>
<b>Revised expected implementation end date (if any)</b>	<b>7 May 2014</b>
<b>Actual implementation end date</b>	<b>30 April 2015</b>
<b>GEF Grant (USD)</b>	<b>915,000</b>
<b>GEF PPG (USD) (if any)</b>	<b>75,000</b>
<b>UNIDO inputs (USD)</b>	<b>60,000 (cash)</b>
<b>Co-financing (USD) at CEO Endorsement</b>	<b>4,434,703 (cash + in-kind)</b>
<b>Total project cost (USD) (GEF Grant + Co-financing at CEO Endorsement)</b>	<b>5,424,703</b>
<b>Mid-term review date</b>	<b>July 2013</b>
<b>Planned terminal evaluation date</b>	<b>May-July 2015</b>

(Source: Project document)

## 2. Project summary

Ecuador is situated in Western South America, bordering the Pacific Ocean at the Equator, between Colombia and Peru. It has natural resources in petroleum, fish, timber and hydropower. It is party to various international agreements (relating to environment), such as Antarctic-Environmental Protocol, Antarctic Treaty, Biodiversity, Climate Change, Climate Change-Kyoto Protocol, Desertification, Endangered Species, Hazardous Wastes, Ozone Layer Protection, Ship Pollution, Tropical Timber 83, Tropical Timber 94, Wetlands. It has a population of 16.65 million, with around 86% of the people being below the age of 55 (14% above 55 years), and a population growth rate of 1.37%. Youth unemployment is at 11.1%. Overall unemployment rate is estimated to be at 4.2%. About 25.6% of the population lives below the poverty line.

Ecuador has a GDP of USD 91.41 billion (official exchange rate, 2013), and a GDP real growth rate of 4% (2013). Services constitute the largest share of GDP with 59%, followed by industry with 35.1% and agriculture with 5.9%. Ecuadorian industries are active in the following sectors: petroleum, food processing, textiles, wood products, chemicals. Industrial production growth rate is expected to be at 3.1%. Ecuador exports petroleum, bananas, cut flowers, shrimp, cacao, coffee, wood and fish. It is significantly dependent on its petroleum resources, as they have accounted for more than 50% of Ecuadorian export earnings and approximately two-fifths of public sector revenues in recent years.

Current environmental issues are deforestation, soil erosion, desertification, water pollution, pollution from oil production and waste in ecologically sensitive areas of the Amazon Basin and Galapagos Islands.

Energy consumption in Ecuador is very inefficient compared to the peer developing countries, mainly due to the low energy price set up by the Government. In order to increase energy efficiency (EE) in the country, the government has developed a National Plan for Energy Efficiency in 2004, created the new Ministry of Electricity and Renewable Energy (MEER) in July 2007 inter-alia, which is responsible for the coordination and implementation.

Promoting the efficient and rational use of energy is one of six long-term goals of the Ministry. However, recognizing the enormous potential of energy savings to the entire economy, and particularly in the industrial sector, as well as increasing pressure to improve competitiveness and reduce emissions CO<sub>2</sub>, the government requested the United Nations Industrial Development Organization (UNIDO) to develop the project on Energy Efficiency for Industry in Ecuador.

The main objective of the project is to promote Energy Efficiency (EE) improvements in the industry sector of Ecuador through the development and implementation of national energy management standards and application of system optimization.

The project is funded through a GEF grant, amounting to USD 915,000 (and PPG Grant of USD 75,000), a UNIDO contribution of USD 60,000 (cash); and the counterparts' co-financing of USD 4,374,703 (cash and in kind), which amount to total project budget of USD 5,424,703.

The project implementation started in July 2011 and the initial project end date was in May 2014. The same was revised to April 2015.

The M&E procedure will consist of a) project inception, b) quarterly progress reporting, c) annual reviews, d) independent mid-term and final evaluation. The allocated budget is USD 60,000 and will be provided as co-financing by UNIDO. A detailed monitoring plan for tracking and reporting on project time-bound milestones and accomplishments will be prepared by UNIDO in collaboration with the PMU and project partners at the beginning of project implementation and then periodically updated.

### 3. Project objective

The main objective of the project is to promote Energy Efficiency (EE) improvements in the industry sector of Ecuador through the development and implementation of national energy management standards and application of system optimization. It focuses on improving energy management and looking at how systems in the facilities processes can be optimized from an energy point of view. Its main goal is to tackle the policy, management, technical knowledge and supply chain related barriers. The project focuses on building national capacities in two technical fields:

- **Systems Optimization.** The presence of energy-efficient components in industrial systems, while important, provides no assurance that energy savings will be attained if the system of which the components are part is not properly designed and operated.
- **Energy Management Systems (EnMS):** the adoption and promotion of national energy management standards, along with capacity building of enterprises and institutions will be effective in transforming the national industrial energy efficiency market condition.

Following are the **4 main components** of the project, besides project management:

**Component 1:** Analysis of industrial EE institutional and regulatory arrangements and development of tools to facilitate EE measures adoption

**Component 2:** National program to implement ISO-compatible energy management standard

**Component 3:** Capacity building for personnel involved in EE from the public and private sectors in the areas of energy management and system optimization and energy efficiency promotion

**Component 4:** Demonstrated and measured energy savings in industrial entities through application of system assessment techniques by trained experts, leveraging additional energy savings as more industrial facilities will seek the implementation of systems optimization

### 4. Mid-term review (MTR)

The MTE analyses activities and results from implementation start till May 2013. The report has been prepared by the project management team, led by the project manager (PM). Following are some of the documented results; further details can be referred to in the MTR report (July 2013):

**Outcome 1:** No activities were carried out till the MTR

**Outcome 2:** Various activities had already taken place and were ongoing at the time of the MTE. Some of the achieved results are as follows:

- ISO 50001 was officially approved as National Technical Standard
- INEN and OAE staff received dedicated training on best global practices on EnMS and ISO 50001
- Five half day awareness raising seminars conducted with altogether around 140 participants
- 28 enterprises are engaged in adopting EnMS but only 16 Enterprises complete implementation by August 2013

**Outcome 3:** Various activities have commenced/are ongoing. Some of the achieved results are as follows:

- Training packages have been translated to Spanish
- A web based platform for EnMS and Motors Systems Optimization (MSO) trainings are established and are operational
- Expert training for 25 EnMS national trainees conducted with two face-to-face learning modules undertaken
- MSO expert training began in November 2012 with the selection of applicants for the expert training

**Outcome 4:** Activities are planned for 2013 and 2014.

## 5. Project implementation arrangements

**UNIDO:** The project will be directly executed by UNIDO in collaboration with Ministry of Electricity and Renewable Energy (MEER) and Ministry of Industries and Productivity (MIPRO). It will maintain the oversight on the project implementation, manage the overall project budget, procure all services required, monitor the project implementation, timely prepare financial and progress report and submit them to the GEF and the National Steering Committee, as well as organize mandatory and non-mandatory evaluations.

**MEER:** Overall national responsibility for project implementation will lie with Ministry of Electricity and Renewable Energy, (MEER). The Secretariat for Renewable Energy and Energy Efficiency of MEER will have specific responsibility for overseeing the current UNIDO/GEF project

An **Advisory Committee** will be formed to serve as a forum to discuss broader policy and project implementation issues and also to seek inputs from other organizations, besides the institutions officially responsible for project implementation.

The **Project Management Unit (PMU)** will be the project secretariat and will provide guidance/advice on the implementation of each project component. The Project Management Unit will comprise of:

- Project Manager (PM) - fulltime, paid partly from the GEF budget and partly from the cash co-financing
- Industry and energy experts (co-financing)
- Administrative-financial officer (co-financing)

## 6. Budget information

The project is funded through a GEF grant, amounting to USD 915,000 (and PPG Grant of USD 75,000), a UNIDO contribution of USD 60,000 (cash); and the counterparts' co-financing of USD 4,374,703 (cash and in kind), which amount to total project budget of USD 5,424,703.

\* The figures received as sum in the above tables are not the same as the figures mentioned in the project document. The evaluation team can check updated figures from the PM.

### Financing Plan Summary For The Project (\$)

	<i>Project Preparation</i>	<i>Project</i>	<i>Total</i>	<i>Agency Fee</i>	<i>For comparison: GEF and Co-financing at PIF</i>
GEF financing	75,000	915,000	990,000	99,000	915,000
Co-financing (Cash and In-kind)	15,000	4,434,703	4,449,703		3,835,000
<b>Total</b>	<b>90,000</b>	<b>5,349,703</b>	<b>5,439,703*</b>	<b>99,000</b>	<b>4,750,000</b>

Source: CEO EF IEE

Project outcomes	GEF (\$)	Co-	Total (\$)
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		<b>Financing (\$)</b>	
1. Analysis of industrial EE institutional and regulatory arrangements and development of tools to facilitate EE measures adoption	79,175	295,000	<b>374,175</b>
2. National program to implement ISO - compatible energy management standard	148,200	1,368,500	<b>1,516,700</b>
3. Capacity building for personnel involved in EE from the public and private sectors in the areas of energy management and system optimization and energy efficiency promotion	213,138	615,000	<b>828,138</b>
4. Demonstrated and measured energy savings in industrial entities through application of system assessment techniques by trained experts, leveraging additional energy savings as more industrial facilities will seek the implementation of systems optimization	396,488	1,795,178	<b>2,191,666</b>
Project management	78,000	498,075	<b>576,075</b>
<b>Total</b>	<b>915,001</b>	<b>4,571,753*</b>	<b>5,486,754*</b>

Source: CEO EF IEE

Co-financing Source Breakdown is as follows:

<b>Name of Co-financier (source)</b>	<b>Classification</b>	<b>Type</b>	<b>Project</b>
<b>MEER</b>	Government	Cash	1,700,000
		In-kind	400,000
<b>MIPRO</b>	Government	In-kind	96,525
<b>INEN</b>	Government	In-kind	50,000
<b>OAE</b>	Government	In-kind	50,000
<b>National Banks providing loans for industries</b>	Private	Cash	2,000,000
<b>Chambers of Industry (representing industries and committing to capacity building activities)</b>	Private	In-kind	78,178
<b>UNIDO</b>	IA	Cash	60,000
<b>Total Co-Financing</b>			<b>4,434,703</b>

Source: CEO EF IEE



**UNIDO budget execution:**

Item	EXECUTED BUDGET in 2012	EXECUTED BUDGET in 2013	EXECUTED BUDGET in 2014	EXECUTED BUDGET in 2015	Total Expenditure (2012-present)
					(23 Mar.)
Contingencies					<b>0.00</b>
Contractual Services	7,500.00	6,513.39	41,181.50		<b>55,194.89</b>
Equipment		1,063.79	7,787.22		<b>8,851.01</b>
International.. Consultant/Staff	126,835.40	99,791.63	95,239.94	9,330.86	<b>331,197.83</b>
Local Travel	1,133.46	3,598.01	1,875.31		<b>6,606.78</b>
National Consultant/Staff	33,760.38	48,870.28	99,916.28	18,788.00	<b>201,334.94</b>
Other Direct Costs	12,053.84	15,317.70	6,191.72	0.00	<b>33,563.26</b>
Premises			1,185.00	8,699.20	<b>9,884.20</b>
Staff Travel	15,162.97	13,835.98	6,735.94		<b>35,734.89</b>
Training/Fellowship/Study	8,942.69	187.75			<b>9,130.44</b>
<b>Total</b>	<b>205,388.74</b>	<b>189,178.53</b>	<b>260,112.91</b>	<b>36,818.06</b>	<b>691,498.24</b>

Source: SAP database, 23 March 2015

## **I. Scope and purpose of the evaluation**

The terminal evaluation (TE) will cover the whole duration of the project from its starting date in July 2011 to the estimated completion date in April 2015. It will assess project performance against the evaluation criteria: relevance, effectiveness, efficiency, sustainability and impact.

The TE has an additional purpose of drawing lessons and developing recommendations for UNIDO and the GEF that may help for improving the selection, enhancing the design and implementation of similar future projects and activities in the country and on a global scale upon project completion. The TE report should include examples of good practices for other projects in a focal area, country, or region.

The evaluation team should provide an analysis of the attainment of the main objective and the five technical components. Through its assessments, the evaluation team should enable the Government, counterparts, the GEF, UNIDO and other stakeholders and donors to verify prospects for development impact and sustainability, providing an analysis of the attainment of global environmental objectives, project objectives, delivery and completion of project outputs/activities, and outcomes/impacts based on indicators. The assessment includes re-examination of the relevance of the objectives and other elements of project design according to the project evaluation parameters defined in chapter VI.

The key question of the TE is whether the project has achieved or is likely to achieve its main objective of promoting Energy Efficiency (EE) improvements in the industry sector of Ecuador through the development and implementation of national energy management standards and application of system optimization.

## **II. Evaluation approach and methodology**

The TE will be conducted in accordance with the UNIDO Evaluation Policy, the UNIDO Guidelines for the Technical Cooperation Programs and Projects, the GEF's 2008 Guidelines for Implementing and Executing Agencies to Conduct Terminal Evaluations, the GEF Monitoring and Evaluation Policy from 2010 and the Recommended Minimum Fiduciary Standards for GEF Implementing and Executing Agencies.

It will be carried out as an independent in-depth evaluation using a participatory approach whereby all key parties associated with the project are kept informed and regularly consulted throughout the evaluation. The evaluation team leader will liaise with the UNIDO Office for Independent Evaluation (ODG/EVA) in the conduct of the evaluation and methodological issues.

The evaluation team will be required to use different methods to ensure that data gathering and analysis, deliver evidence-based qualitative and quantitative information, based on diverse sources, as necessary: desk studies and literature review, statistical analysis, individual interviews, focus group meetings, surveys and direct observation. This approach will not only enable the evaluation to assess causality through quantitative means but also to provide reasons for why certain results were achieved or not and to triangulate information for higher reliability of findings. The concrete mixed methodological approach will be described in the inception report.

The evaluation team will develop interview guidelines. Field interviews can take place either in the form of focus-group discussions or one-to-one consultations.

The methodology will be based on the following:

1. A desk review of project documents, including, but not limited to:
  - (a) The original project document, monitoring reports (such as progress and financial reports to UNIDO and GEF annual Project Implementation Review (PIR) reports), mid-term evaluation/review report, output reports (case studies, action plans,

sub-regional strategies, etc.), BTOMR, end-of-contract report and relevant correspondence.

- (b) Notes from the meetings of committees involved in the project (e.g. approval and steering committees).
  - (c) Other project-related material produced by the project.
2. The evaluation team will use (or reconstruct if necessary) available models of theory of change for the different types of intervention (enabling, capacity, investment, demonstration). The validity of the theory of change will be examined through specific questions in interviews and possibly through a survey of stakeholders.
  3. Counterfactual information: In those cases where baseline information for relevant indicators is not available, the evaluation team will aim at establishing a proxy-baseline through recall and secondary information.
  4. Interviews with project management and technical support including staff and management at UNIDO HQ and in the field and – if necessary - staff associated with the project's financial administration and procurement.
  5. Interviews with project partners including Government counterparts, GEF focal points and partners that have been selected for co-financing as shown in the corresponding sections of the project documents.
  6. On-site observation of results achieved in demonstration projects, including interviews of actual and potential beneficiaries of improved technologies.
  7. Interviews and telephone interviews with intended users for the project outputs and other stakeholders involved with this project. The evaluator shall determine whether to seek additional information and opinions from representatives of any donor agencies or other organizations.
  8. Interviews with the head of operations in Ecuador, as well as UNIDO Field Office in Colombia, which covers Ecuador, and the project's management members and the various national and sub-regional authorities dealing with project activities as necessary. If deemed necessary, the evaluation team shall also gain broader perspectives from discussions with relevant GEF Secretariat staff.
  9. Other interviews, surveys or document reviews as deemed necessary by the evaluation team and/or UNIDO ODG/EVA.
  10. The inception report will provide details on the methodology used by the evaluation team and include an evaluation matrix.

### **III. Evaluation team composition**

The evaluation team will be composed of one international evaluation consultant acting as a team leader and one national evaluation consultant.

The evaluation team should be able to provide relevant information for follow-up studies, including evaluation verification on request to the GEF partnership up to two years after completion of the evaluation.

Both consultants will be contracted by UNIDO. The tasks of each team member are specified in the job descriptions attached to these terms of reference.

Members of the evaluation team must not have been directly involved in the design and/or implementation of the program/projects.

The Project Manager at UNIDO and the Project Team in Ecuador will support the evaluation team. The UNIDO GEF Coordinator will be briefed on the evaluation and equally provide support to its conduct.

#### **IV. Time schedule and deliverables**

The evaluation is scheduled to take place in the period from **1 June 2015 to 31 August 2015**. The field mission is planned for **end Jne or early July**. At the end of the field mission, there will be a presentation of the preliminary findings for all stakeholders involved in this project in Ecuador.

After the field mission, the evaluation team leader will come to UNIDO HQ for debriefing and presentation of the preliminary findings of the Terminal Evaluation (TE). The draft TE report will be submitted 4-6 weeks after the end of the mission.

#### **V. Project evaluation parameters**

The evaluation team will rate the projects. The ratings for the parameters described in the following sub-chapters A to J will be presented in form of a table with each of the categories rated separately and with brief justifications for the rating based on the findings of the main analysis. An overall rating for the project should also be given.

##### **A. Project design**

The evaluation will examine the extent to which:

- the project's design is adequate to address the problems at hand;
- a participatory project identification process was instrumental in selecting problem areas and national counterparts;
- the project has a clear thematically focused development objective, the attainment of which can be determined by a set of verifiable indicators;
- the project was formulated based on the logical framework (project results framework) approach;
- the project was formulated with the participation of national counterpart and/or target beneficiaries; and
- relevant country representatives (from government, industries and civil society) have been appropriately involved and were participating in the identification of critical problem areas and the development of technical cooperation strategies.

##### **B. Project relevance**

The evaluation will examine the extent to which the project is relevant to the:

- National development and environmental priorities and strategies of the Government and population of Ecuador, and regional and international agreements. See possible evaluation questions under "Country ownership/drivenness" below.
- Target groups: relevance of the project's objectives, outcomes and outputs to the different target groups of the interventions (e.g. companies, civil society, beneficiaries of capacity building and training, etc.).
- GEF's focal areas/operational program strategies: In retrospect, were the project's outcomes consistent with the focal areas/operational program strategies of GEF? Ascertain the likely nature and significance of the contribution of the project outcomes to the wider portfolio of GEF's Focal area and Operational Program of Climate Change (CC-2).

- UNIDO's thematic priorities: Were they in line with UNIDO's mandate, objectives and outcomes defined in the Program & Budget and core competencies?
- Does the project remain relevant taking into account the changing environment? Is there a need to reformulate the project design and the project results framework given changes in the country and operational context?

### **C. Effectiveness: objectives and planned final results at the end of the project**

- The evaluation will assess to what extent results at various levels, including outcomes, have been achieved. In detail, the following issues will be assessed: To what extent have the expected outputs, outcomes and long-term objectives been achieved or are likely to be achieved? Has the project generated any results that could lead to changes of the assisted institutions? Have there been any unplanned effects?
- Are the project outcomes commensurate with the original or modified project objectives? If the original or modified expected results are merely outputs/inputs, the evaluators should assess if there were any real outcomes of the project and, if there were, determine whether these are commensurate with realistic expectations from the project.
- How do the stakeholders perceive the quality of outputs? Were the targeted beneficiary groups actually reached?
- What outputs and outcomes has the project achieved so far (both qualitative and quantitative results)? Has the project generated any results that could lead to changes of the assisted institutions? Have there been any unplanned effects?
- Identify actual and/or potential longer-term impacts or at least indicate the steps taken to assess these (see also below "monitoring of long term changes"). Wherever possible, evaluators should indicate how findings on impacts will be reported in future.
- Describe any catalytic or replication effects: the evaluation will describe any catalytic or replication effect both within and outside the project. If no effects are identified, the evaluation will describe the catalytic or replication actions that the project carried out. No ratings are requested for the project's catalytic role.

### **D. Efficiency**

The evaluation will examine the extent to which:

- The project cost was effective? Was the project using the least cost options?
- Has the project produced results (outputs and outcomes) within the expected time frame? Was the project implementation delayed, and, if it was, did that affect cost effectiveness or results? Wherever possible, the evaluator should also compare the costs incurred and the time taken to achieve outcomes with that for similar projects. Are the project's activities in line with the schedule of activities as defined by the project team and annual work plans? Are the disbursements and project expenditures in line with the budgets?
- Have the inputs from the donor, UNIDO and Government/counterpart been provided as planned, and were they adequate to meet requirements? Was the quality of UNIDO inputs and services as planned and timely?
- Was there coordination with other UNIDO and other donors' projects, and did possible synergy effects happen?

### **E. Assessment of sustainability of project outcomes**

Sustainability is understood as the likelihood of continued benefits after the GEF project ends. Assessment of sustainability of outcomes will be given special attention but also technical, financial and organizational sustainability will be reviewed. This assessment should explain how the risks to project outcomes will affect the continuation of benefits after the GEF project ends. It will include both exogenous and endogenous risks. The following four dimensions or aspects of risks to sustainability will be addressed:

a. **Financial risks**

- Are there any financial risks that may jeopardize sustainability of project outcomes?
- What is the likelihood of financial and economic resources not being available once GEF assistance ends? (Such resources can be from multiple sources, such as the public and private sectors or income-generating activities; these can also include trends that indicate the likelihood that, in future, there will be adequate financial resources for sustaining project outcomes.)
- Was the project successful in identifying and leveraging co-financing?

a. **Sociopolitical risks**

- Are there any social or political risks that may jeopardize sustainability of project outcomes?
- What is the risk that the level of stakeholder ownership (including ownership by governments and other key stakeholders) will be insufficient to allow for the project outcomes/benefits to be sustained?
- Do the various key stakeholders see that it is in their interest that project benefits continue to flow?
- Is there sufficient public/stakeholder awareness in support of the project's long-term objectives?

b. **Institutional framework and governance risks**

- Do the legal frameworks, policies, and governance structures and processes within which the project operates pose risks that may jeopardize sustainability of project benefits?
- Are requisite systems for accountability and transparency, and required technical know-how, in place?

c. **Environmental risks**

- Are there any environmental risks that may jeopardize sustainability of project outcomes?
- Are there any environmental factors, positive or negative, that can influence the future flow of project benefits?
- Are there any project outputs or higher level results that are likely to affect the environment, which, in turn, might affect sustainability of project benefits?
- The evaluation should assess whether certain activities will pose a threat to the sustainability of the project outcomes.

**F. Assessment of monitoring and evaluation (M&E) systems**

- **M&E design.** Did the project have an M&E plan to monitor results and track progress towards achieving project objectives? The Evaluation will assess whether the project met the minimum requirements for the application of the Project M&E plan (see Annex 3).
- **M&E plan implementation.** The evaluation should verify that an M&E system was in place and facilitated timely tracking of progress toward project objectives by collecting information on chosen indicators continually throughout the project implementation period; annual project reports were complete and accurate, with well-justified ratings; the information provided by the M&E system was used during the project to improve performance and to adapt to changing needs; and the project had an M&E system in place with proper training for parties responsible for M&E activities to ensure that data will continue to be collected and used after project closure. Were the monitoring and self-evaluation carried out effectively, based on indicators for outputs, outcomes and

impacts? Are there any annual work plans? Was any steering or advisory mechanism put in place? Did reporting and performance reviews take place regularly?

- **Budgeting and Funding for M&E activities.** In addition to incorporating information on funding for M&E while assessing M&E design, the evaluators will determine whether M&E was sufficiently budgeted for at the project planning stage and whether M&E was adequately funded and in a timely manner during implementation.

## **G. Monitoring of long-term changes**

The M&E of long-term changes is often incorporated in GEF-supported projects as a separate component and may include determination of environmental baselines; specification of indicators; and provisioning of equipment and capacity building for data gathering, analysis, and use. This section of the evaluation report will describe project actions and accomplishments toward establishing a long-term monitoring system. The review will address the following questions:

- Did this project contribute to the establishment of a long-term monitoring system?  
If it did not, should the project have included such a component?
- What were the accomplishments and shortcomings in the establishment of this system?
- Is the system sustainable; is it embedded in a proper institutional structure and does it have financing? How likely is it that this system continues operating upon project completion?
- Is the information generated by this system being used as originally intended?

## **H. Assessment of processes affecting achievement of project results**

Among other factors the evaluation will consider, when relevant, a number of issues affecting the project implementation and attainment of project results. The assessment of these issues can be integrated into the analyses of project design, relevance, effectiveness, efficiency, sustainability and management (it is not necessary; however it is possible to have a separate chapter on these aspects in the evaluation report). The evaluation will consider, but is not limited to, the following issues that may have affected project implementation and achievement of project results:

### **a. Preparation and readiness / Quality at entry**

- Were the project's objectives and components clear, practicable, and feasible within its time frame?
- Were counterpart resources (funding, staff, and facilities), and adequate project management arrangements in place at project entry?
- Were the capacities of executing institution and counterparts properly considered when the project was designed?
- Were lessons from other relevant projects properly incorporated in the project design?
- Were the partnership arrangements properly identified and the roles and responsibilities negotiated prior to the project approval?

### **b. Country ownership/drivenness**

- Was the project concept in line with the sectoral and development priorities and plans of the country—or of participating countries, in the case of multi-country projects?
- Are project outcomes contributing to national development priorities and plans? Were the relevant country representatives from government and civil society involved in the project?
- Did the recipient government maintain its financial commitment to the project?
- Has the government—or governments in the case of multi-country projects—approved policies or regulatory frameworks in line with the project's objectives?

- c. **Stakeholder involvement**
- Did the project involve the relevant stakeholders in information sharing and consultation?
  - Did the project implement appropriate outreach and public awareness campaigns?
  - Were the relevant vulnerable groups and powerful supporters and opponents of the processes properly involved?
  - Which stakeholders were involved in the project (i.e. NGOs, private sector, other UN Agencies, etc.) and what were their immediate tasks?
  - Did the project consult with and make use of the skills, experience, and knowledge of the appropriate government entities, nongovernmental organizations, community groups, private sector entities, local governments, and academic institutions in the design, implementation, and evaluation of project activities?
  - Were perspectives of those who would be affected by project decisions, those who could affect the outcomes, and those who could contribute information or other resources to the process taken into account while taking decisions?
  - Were the relevant vulnerable groups and the powerful, the supporters and the opponents, of the processes properly involved?
- d. **Financial planning**
- Did the project have appropriate financial controls, including reporting and planning, that allowed management to make informed decisions regarding the budget and allowed for timely flow of funds?
  - Was there due diligence in the management of funds and financial audits?
  - Did promised co-financing materialize?
  - Specifically, the evaluation should also include a breakdown of final actual project costs by activities compared to budget (variances), financial management (including disbursement issues), and co-financing.
- e. **UNIDO's supervision and backstopping**
- Did UNIDO staff identify problems in a timely fashion and accurately estimate their seriousness?
  - Did UNIDO staff provide quality support and advice to the project, approve modifications in time, and restructure the project when needed?
  - Did UNIDO provide the right staffing levels, continuity, skill mix, and frequency of field visits for the project?
- f. **Co-financing and project outcomes and sustainability**
- If there was a difference in the level of expected co-financing and the co-financing actually realized, what were the reasons for the variance?
  - Did the extent of materialization of co-financing affect project outcomes and/or sustainability, and, if so, in what ways and through what causal linkages?
- g. **Delays and project outcomes and sustainability**
- If there were delays in project implementation and completion, what were the reasons?
  - Did the delays affect project outcomes and/or sustainability, and, if so, in what ways and through what causal linkages?
- h. **Implementation approach**
- Is the implementation approach chosen different from other implementation approaches applied by UNIDO and other agencies?
  - Does the approach comply with the principles of the Paris Declaration?
  - Does the approach promote local ownership and capacity building?
  - Does the approach involve significant risks?

The evaluation team will rate the project performance as required by the GEF. The ratings will be given to four criteria: Project Results, Sustainability, Monitoring and Evaluation, and UNIDO related issues as specified in Annex 2. The ratings will be presented in a table with each of the



categories rated separately and with brief justifications for the rating based on the findings of the main analysis. An overall rating for the project should also be given. The rating system to be applied is specified in the same annex. As per the GEF's requirements, the report should also provide information on project identification, time frame, actual expenditures, and co-financing in the format in Annex 5, which is modeled after the GEF's project identification form (PIF).

## **I. Project coordination and management**

The extent to which:

- The national management and overall coordination mechanisms have been efficient and effective? Did each partner have assigned roles and responsibilities from the beginning? Did each partner fulfil its role and responsibilities (e.g. providing strategic support, monitoring and reviewing performance, allocating funds, providing technical support, following up agreed/corrective actions)?
- The UNIDO HQ-based management, coordination, monitoring, quality control and technical inputs have been efficient, timely and effective (problems identified timely and accurately; quality support provided timely and effectively; right staffing levels, continuity, skill mix and frequency of field visits)?

## **J. Assessment of gender mainstreaming**

The evaluation will consider, but need not be limited to, the following issues that may have affected gender mainstreaming in the project:

- To which extent were socioeconomic benefits delivered by the project at the national and local levels, including consideration of gender dimensions?

## **K. Procurement issues**

The following evaluation questions that will feed in the Thematic Evaluation on Procurement have been developed and would be included as applicable in all projects (for reference, please see Annex 9 of the ToR: UNIDO Procurement Process):

- To what extent does the process provide adequate treatment to different types of procurement (e.g. by value, by category, by exception...)
- Was the procurement timely? How long does the procurement process take (e.g. by value, by category, by exception...)
- Did the good/item(s) arrive as planned or scheduled? If not, how long were the delays? If delay, what was the reason(s)?
- Were the procured good(s) acquired at a reasonable price?
- To what extent were the procured goods of the expected/needed quality and quantity?
- Were the transportation costs reasonable and within budget. If no, please elaborate.
- Was the freight forwarding timely and within budget? If no, please elaborate.
- Who was responsible for the customs clearance? UNIDO? UNDP? Government? Other?
- Was the customs clearance handled professionally and in a timely manner? How many days did it take?
- How long time did it take to get approval from the government on import duty exemption?
- Which were the main bottlenecks / issues in the procurement process?
- Which good practices have been identified?
- To what extent roles and responsibilities of the different stakeholders in the different procurement stages are established, adequate and clear?
- To what extent there is an adequate segregation of duties across the procurement process and between the different roles and stakeholders?

## **VI. Reporting**

### **Inception report**

This Terms of Reference (ToR) provide some information on the evaluation methodology but this should not be regarded as exhaustive. After reviewing the project documentation and initial interviews with the project manager, the International Evaluation Consultant will prepare, in collaboration with the national consultant, a short inception report that will operationalize the ToR relating to the evaluation questions and provide information on what type of and how the evidence will be collected (methodology). It will be discussed with and approved by the responsible UNIDO Evaluation Officer. The Inception Report will focus on the following elements: preliminary project theory model(s); elaboration of evaluation methodology including quantitative and qualitative approaches through an evaluation framework (“evaluation matrix”); division of work between the International Evaluation Consultant and National Consultant; mission plan, including places to be visited, people to be interviewed and possible surveys to be conducted and a debriefing and reporting timetable<sup>1</sup>.

### **Evaluation report format and review procedures**

The draft report will be delivered to UNIDO Office for Independent Evaluation—ODG/EVA (the suggested report outline is in Annex 1) and circulated to UNIDO staff and national stakeholders associated with the project for factual validation and comments. Any comments or responses, or feedback on any errors of fact to the draft report provided by the stakeholders will be sent to UNIDO ODG/EVA for collation and onward transmission to the project evaluation team who will be advised of any necessary revisions. On the basis of this feedback, and taking into consideration the comments received, the evaluation team will prepare the final version of the terminal evaluation report.

The evaluation team will present its preliminary findings to the local stakeholders at the end of the field visit and take into account their feedback in preparing the evaluation report. A presentation of preliminary findings will take place at UNIDO HQ after the field mission.

The Terminal Evaluation (TE) report should be brief, to the point and easy to understand. It must explain the purpose of the evaluation, exactly what was evaluated, and the methods used. The report must highlight any methodological limitations, identify key concerns and present evidence-based findings, consequent conclusions, recommendations and lessons learned. The report should provide information on when the evaluation took place, the places visited, who was involved and be presented in a way that makes the information accessible and comprehensible. The report should include an executive summary that encapsulates the essence of the information contained in the report to facilitate dissemination and distillation of lessons.

Findings, conclusions and recommendations should be presented in a complete, logical and balanced manner. The evaluation report shall be written in English and follow the outline given in Annex 1.

### **Evaluation work plan**

The “Evaluation Work Plan” includes the following main products:

1. Desk review, briefing by project manager and development of methodology: Following the receipt of all relevant documents, and consultation with the Project Manager about

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<sup>1</sup> The evaluator will be provided with a Guide on how to prepare an evaluation inception report prepared by the UNIDO Office for Independent Evaluation.

the documentation, including reaching an agreement on the Methodology, the desk review could be completed.

2. Inception report: At the time for departure to the field mission, the complete gamete of received materials have been reviewed and consolidated into the Inception report.
3. Field mission: The principal responsibility for managing this evaluation lies with UNIDO. It will be responsible for liaising with the project team to set up the stakeholder interviews, arrange the field missions, coordinate with the Government. At the end of the field mission, there will be a presentation of preliminary findings to the key stakeholders in the country where the project was implemented.
4. Preliminary findings from the field mission: Following the field mission, the main findings, conclusions and recommendations would be prepared and presented in the field and at UNIDO Headquarters.
5. A draft terminal evaluation report will be forwarded electronically to the UNIDO Office for Independent Evaluation and circulated to main stakeholders.
6. Final terminal evaluation report will incorporate comments received.

<b>Evaluation phases</b>	<b>Deliverables</b>
Desk review	Development of methodology approach and evaluation tools
Briefing with UNIDO Office for Independent Evaluation, Project Managers and other key stakeholder at HQ	Interview notes, detailed evaluation schedule and list of stakeholders to interview during field mission
Data analysis	Inception Evaluation Report
Conduct of Field mission. Present preliminary findings and recommendations to key stakeholders in the field	Presentation of main findings to key stakeholders in the field.
Present preliminary findings and recommendations to the stakeholders at UNIDO HQ	Presentation slides
Analysis of the data collected	Draft Terminal Evaluation Report
Circulation of the draft report to UNIDO/relevant stakeholders and revision	Final Terminal Evaluation Report

## **VII. Quality assurance**

All UNIDO evaluations are subject to quality assessments by the UNIDO Office for Independent Evaluation. Quality assurance and control is exercised in different ways throughout the evaluation process (briefing of consultants on methodology and process of UNIDO's Office for Independent Evaluation, providing inputs regarding findings, lessons learned and recommendations from other UNIDO evaluations, review of inception report and evaluation report by the Office for Independent Evaluation). The quality of the evaluation report will be assessed and rated against the criteria set forth in the Checklist on evaluation report quality, attached as Annex 4. The applied evaluation quality assessment criteria are used as a tool to provide structured feedback. UNIDO's Office for Independent Evaluation should ensure that the evaluation report is useful for UNIDO in terms of organizational learning (recommendations and lessons learned) and is compliant with UNIDO's evaluation policy and these Terms of Reference (ToR). The draft and final evaluation report are reviewed by UNIDO Office for Independent Evaluation, which will submit the final report to the GEF Evaluation Office and circulate it within UNIDO together with a management response sheet.

## **Annex 1 - Outline of an in-depth project evaluation report**

### **Executive summary**

- Must provide a synopsis of the storyline which includes the main evaluation findings and recommendations
- Must present strengths and weaknesses of the project
- Must be self-explanatory and should be 3-4 pages in length

### **I. Evaluation objectives, methodology and process**

- Information on the evaluation: why, when, by whom, etc.
- Scope and objectives of the evaluation, main questions to be addressed
- Information sources and availability of information
- Methodological remarks, limitations encountered and validity of the findings

i.

### **II. Countries and project background**

- Brief countries context: an overview of the economy, the environment, institutional development, demographic and other data of relevance to the project
- Sector-specific issues of concern to the project<sup>2</sup> and important developments during the project implementation period
- Project summary:
  - Fact sheet of the project: including project objectives and structure, donors and counterparts, project timing and duration, project costs and co-financing
  - Brief description including history and previous cooperation
  - Project implementation arrangements and implementation modalities, institutions involved, major changes to project implementation
  - Positioning of the UNIDO project (other initiatives of government, other donors, private sector, etc.)
  - Counterpart organization(s)

### **III. Project assessment**

This is the key chapter of the report and should address all evaluation criteria and questions outlined in the TOR (see section VI Project Evaluation Parameters). Assessment must be based on factual evidence collected and analyzed from different sources. The evaluators' assessment can be broken into the following sections:

- A. Design
- B. Relevance (Report on the relevance of project towards countries and beneficiaries)
- C. Effectiveness (The extent to which the development intervention's objectives and deliverables were achieved, or are expected to be achieved, taking into account their relative importance)
- D. Efficiency (Report on the overall cost-benefit of the project and partner Countries contribution to the achievement of project objectives)
- E. Sustainability of Project Outcomes (Report on the risks and vulnerability of the project, considering the likely effects of sociopolitical and institutional changes in partner countries, and its impact on continuation of benefits after the GEF project ends, specifically the financial, sociopolitical, institutional framework and governance, and environmental risks)
- F. Assessment of monitoring and evaluation systems (Report on M&E design, M&E plan implementation, and Budgeting and funding for M&E activities)
- G. Monitoring of long-term changes

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<sup>2</sup> Explicit and implicit assumptions in the logical framework of the project can provide insights into key-issues of concern (e.g. relevant legislation, enforcement capacities, government initiatives, etc.)

- H. Assessment of processes affecting achievement of project results (Report on preparation and readiness / quality at entry, country ownership, stakeholder involvement, financial planning, UNIDO support, co-financing and project outcomes and sustainability, delays of project outcomes and sustainability, and implementation approach)
- I. Project coordination and management (Report project management conditions and achievements, and partner countries commitment)
- J. Gender mainstreaming
- K. Procurement issues

At the end of this chapter, an overall project achievement rating should be developed as required in Annex 2. The overall rating table required by the GEF should be presented here.

#### **IV. Conclusions, recommendations and lessons learned**

This chapter can be divided into three sections:

##### **A. Conclusions**

This section should include a storyline of the main evaluation conclusions related to the project's achievements and shortfalls. It is important to avoid providing a summary based on each and every evaluation criterion. The main conclusions should be cross-referenced to relevant sections of the evaluation report.

##### **B. Recommendations**

This section should be succinct and contain few key recommendations. They should:

- be based on evaluation findings
- realistic and feasible within a project context
- indicate institution(s) responsible for implementation (addressed to a specific officer, group or entity who can act on it) and have a proposed timeline for implementation if possible
- be commensurate with the available capacities of project team and partners
- take resource requirements into account.

Recommendations should be structured by addressees:

- UNIDO
- Government and/or Counterpart Organizations
- Donor

##### **C. Lessons learned**

- Lessons learned must be of wider applicability beyond the evaluated project but must be based on findings and conclusions of the evaluation
- For each lesson the context from which they are derived should be briefly stated

**Annexes** should include the evaluation TOR, list of interviewees, documents reviewed, a summary of project identification and financial data, and other detailed quantitative information. Dissident views or management responses to the evaluation findings may later be appended in an annex.

## Annex 2 - Overall ratings table

Criterion (Overall rating and sub criteria)	Evaluator's Summary Comments	Evaluator's Rating
<b>Attainment of project objectives and results</b>		
Design		
Effectiveness		
Relevance		
Efficiency		
<b>Sustainability of Project outcomes</b>		
Financial risks		
Sociopolitical risks		
Institutional framework and governance risks		
Environmental risks		
<b>Monitoring and Evaluation</b>		
M&E Design		
M&E Plan Implementation (use for adaptive management)		
Budgeting and Funding for M&E activities		
Project management		
<b>UNIDO specific ratings</b>		
Quality at entry / Preparation and readiness		
Implementation approach		
UNIDO Supervision and backstopping		
<b>Overall rating</b>		

### RATING OF PROJECT OBJECTIVES AND RESULTS

- Highly Satisfactory (HS): The project had no shortcomings in the achievement of its objectives, in terms of relevance, effectiveness or efficiency.
- Satisfactory (S): The project had minor shortcomings in the achievement of its objectives, in terms of relevance, effectiveness or efficiency.
- Moderately Satisfactory (MS): The project had moderate shortcomings in the achievement of its objectives, in terms of relevance, effectiveness or efficiency.
- Moderately Unsatisfactory (MU): The project had significant shortcomings in the achievement of its objectives, in terms of relevance, effectiveness or efficiency.
- Unsatisfactory (U) The project had major shortcomings in the achievement of its objectives, in terms of relevance, effectiveness or efficiency.
- Highly Unsatisfactory (HU): The project had severe shortcomings in the achievement of its objectives, in terms of relevance, effectiveness or efficiency.

**Please note:** Relevance and effectiveness will be considered as critical criteria. The overall rating of the project for achievement of objectives and results **may not be higher** than the lowest rating on either of these two criteria. Thus, to have an overall satisfactory rating for outcomes a project must have at least satisfactory ratings on both relevance and effectiveness.

### RATINGS ON SUSTAINABILITY

Sustainability will be understood as the probability of continued long-term outcomes and impacts after the GEF project funding ends. The evaluation will identify and assess the key conditions or factors that are likely to contribute or undermine the persistence of benefits beyond project completion. Some of these factors might be outcomes of the project, i.e. stronger institutional capacities, legal frameworks, socio-economic incentives /or public awareness. Other factors will include contextual circumstances or developments that are not outcomes of the project but that are relevant to the sustainability of outcomes.

Rating system for sustainability sub-criteria

On each of the dimensions of sustainability of the project outcomes will be rated as follows.

- Likely (L): There are no risks affecting this dimension of sustainability.
- Moderately Likely (ML). There are moderate risks that affect this dimension of sustainability.
- Moderately Unlikely (MU): There are significant risks that affect this dimension of sustainability.
- Unlikely (U): There are severe risks that affect this dimension of sustainability.

All the risk dimensions of sustainability are critical. Therefore, overall rating for sustainability will not be higher than the rating of the dimension with lowest ratings. For example, if a project has an Unlikely rating in either of the dimensions then its overall rating cannot be higher than Unlikely, regardless of whether higher ratings in other dimensions of sustainability produce a higher average.

**RATINGS OF PROJECT M&E**

Monitoring is a continuing function that uses systematic collection of data on specified indicators to provide management and the main stakeholders of an ongoing project with indications of the extent of progress and achievement of objectives and progress in the use of allocated funds. Evaluation is the systematic and objective assessment of an on-going or completed project, its design, implementation and results. Project evaluation may involve the definition of appropriate standards, the examination of performance against those standards, and an assessment of actual and expected results.

The Project M&E system will be rated on ‘M&E Design’, ‘M&E Plan Implementation’ and ‘Budgeting and Funding for M&E activities’ as follows:

- Highly Satisfactory (HS): There were no shortcomings in the project M&E system.
- Satisfactory(S): There were minor shortcomings in the project M&E system.
- Moderately Satisfactory (MS): There were moderate shortcomings in the project M&E system.
- Moderately Unsatisfactory (MU): There were significant shortcomings in the project M&E system.
- Unsatisfactory (U): There were major shortcomings in the project M&E system.
- Highly Unsatisfactory (HU): The Project had no M&E system.

“M&E plan implementation” will be considered a critical parameter for the overall assessment of the M&E system. The overall rating for the M&E systems will not be higher than the rating on “M&E plan implementation.”

All other ratings will be on the GEF six point scale:

HS	= Highly Satisfactory	Excellent
S	= Satisfactory	Well above average
MS	= Moderately Satisfactory	Average
MU	= Moderately Unsatisfactory	Below Average

U	= Unsatisfactory	Poor
HU	= Highly Unsatisfactory	Very poor (Appalling)

### **Annex 3 - GEF Minimum requirements for M&E<sup>3</sup>**

#### **Minimum Requirement 1: Project Design of M&E**

All projects will include a concrete and fully budgeted M&E plan by the time of work program entry for full-sized projects and CEO approval for medium-sized projects. This M&E plan will contain as a minimum:

- SMART indicators for project implementation, or, if no indicators are identified, an alternative plan for monitoring that will deliver reliable and valid information to management;
- SMART indicators for results (outcomes and, if applicable, impacts), and, where appropriate, indicators identified at the corporate level;
- Baseline for the project, with a description of the problem to be addressed, with indicator data, or, if major baseline indicators are not identified, an alternative plan for addressing this within one year of implementation;
- Identification of reviews and evaluations that will be undertaken, such as mid-term reviews or evaluations of activities; and
- Organizational set-up and budgets for monitoring and evaluation.

#### **Minimum requirement 2: Application of Project M&E**

Project monitoring and supervision will include implementation of the M&E plan, comprising:

- SMART indicators for implementation are actively used, or if not, a reasonable explanation is provided;
- SMART indicators for results are actively used, or if not, a reasonable explanation is provided;
- The baseline for the project is fully established and data compiled to review progress reviews, and evaluations are undertaken as planned; and
- The organizational set-up for M&E is operational and budgets are spent as planned.

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<sup>3</sup> [http://www.thegef.org/gef/sites/thegef.org/files/documents/ME\\_Policy\\_2010.pdf](http://www.thegef.org/gef/sites/thegef.org/files/documents/ME_Policy_2010.pdf)



## Annex 4 - Checklist on evaluation report quality

Independent terminal evaluation of UNIDO-GEF project:

**PROJECT TITLE:**

**PROJECT NUMBER:**

### CHECKLIST ON EVALUATION REPORT QUALITY

Report Quality Criteria	UNIDO Office for Independent Evaluation Assessment notes	Rating
A. The terminal evaluation report presented an assessment of all relevant outcomes and achievement of project objectives in the context of the focal area program indicators if applicable.		
B. The terminal evaluation report was consistent, the evidence presented was complete and convincing, and the ratings were well substantiated.		
C. The terminal evaluation report presented a sound assessment of sustainability of outcomes.		
D. The lessons and recommendations listed in the terminal evaluation report are supported by the evidence presented and are relevant to the GEF portfolio and future projects.		
E. The terminal evaluation report included the actual project costs (totals, per activity, and per source) and actual cofinancing used.		
F. The terminal evaluation report included an assessment of the quality of the M&E plan at entry, the operation of the M&E system used during implementation, and the extent M&E was sufficiently budgeted for during preparation and properly funded during implementation.		

#### Rating system for quality of evaluation reports

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

## Annex 5 – Required project identification and financial data

The evaluation report should provide information on project identification, time frame, actual expenditures, and co-financing in the following format, which is modeled after the project identification form (PIF).

### I. Project general information:

<b>Project title</b>	
<b>GEF ID No.</b>	
<b>UNIDO project No. (SAP ID)</b>	
<b>Region</b>	
<b>Country(ies)</b>	
<b>GEF Focal area and operational program:</b>	
<b>Co-implementing agency(ies)</b>	
<b>GEF Agencies (implementing agency)</b>	
<b>Project executing partners</b>	
<b>Project size (FSP, MSP, EA)</b>	
<b>Project CEO endorsement/approval date</b>	
<b>Project implementation start date (PAD issuance date)</b>	
<b>Original expected Implementation end date (indicated in CEO endorsement/approval document)</b>	
<b>Revised expected implementation end date (if any)</b>	
<b>Project duration (months)</b>	
<b>GEF grant (USD)</b>	
<b>GEF PPG (USD) (if any)</b>	-
<b>Co-financing (USD) at CEO endorsement</b>	
<b>Total project cost (USD) (GEF grant + Co-financing at CEO endorsement)</b>	
<b>Agency fee (USD)</b>	

## II. Dates

Milestone	Expected Date	Actual Date
Project CEO endorsement/approval date		
Project implementation start date (PAD issuance date)		
Original expected implementation end date (indicated in CEO endorsement/approval document)		
Revised expected implementation end date (if any)		
Terminal evaluation completion		
Planned tracking tool date		

## III. Project Framework

Project component	Activity type	GEF Financing (in USD)		Co-financing (in USD)	
		Approved	Actual	Promised	Actual
1.					
2.					
3.					
4.					
5.					
6. Project management					
Total					

Activity types are:

- a) Experts, researches hired
- b) technical assistance, Workshop, Meetings or experts consultation scientific and technical analysis, experts researches hired
- c) Promised co-financing refers to the amount indicated on endorsement/approval.

## IV. Co-financing

Source of co-financing	Type	Project preparation		Project implementation		Total	
		Expected	Actual	Expected	Actual	Expected	Actual
Host gov't contribution							
GEF Agency(-ies)							
Bilateral aid agency(ies)							
Multilateral agency(ies)							
Private sector							
NGO							
Other							
Total cofinancing							

Expected amounts are those submitted by the GEF Agencies in the original project appraisal document. Co-financing types are grant, soft loan, hard loan, guarantee, in kind, or cash.

## Annex 6 – Job descriptions



### UNITED NATIONS INDUSTRIAL DEVELOPMENT ORGANIZATION

#### TERMS OF REFERENCE FOR PERSONNEL UNDER INDIVIDUAL SERVICE AGREEMENT (ISA)

<b>Title:</b>	International evaluation consultant
<b>Main Duty Station and Location:</b>	Home based
<b>Missions:</b>	Missions to Vienna, Austria and Ecuador
<b>Start of Contract (EOD):</b>	May 1, 2015
<b>End of Contract (COB):</b>	July 31, 2015
<b>Number of Working Days:</b>	21 working days spread over 3 months

#### 1. ORGANIZATIONAL CONTEXT

The Office for Independent Evaluation is responsible for the independent evaluation function of UNIDO. It supports learning, continuous improvement and accountability, and provides factual information about result and practices that feed into the programmatic and strategic decision-making processes. Evaluation is an assessment, as systematic and impartial as possible, of a program, a project or a theme. Independent evaluations provide evidence-based information that is credible, reliable and useful, enabling the timely incorporation of findings, recommendations and lessons learned into the decision-making processes at organization-wide, program and project level. The Office for Independent Evaluation is guided by the UNIDO Evaluation Policy, which is aligned to the norms and standards for evaluation in the UN system.

#### 2. PROJECT CONTEXT

Energy consumption in Ecuador is very inefficient compared to the peer developing countries, mainly due to the low energy price set up by the Government. In order to increase energy efficiency (EE) in the country, the government has developed a National Plan for Energy Efficiency in 2004, created the new Ministry of Electricity and Renewable Energy (MERE) in July 2007 inter-alia, to coordinate and implement this National Plan.

Promoting the efficient and rational use of energy is one of six long-term goals of the Ministry. However, recognizing the enormous potential of energy savings to the entire economy, and particularly in the industrial sector, and considering the increasing pressure to reduce industrial energy intensity in order to improve competitiveness and reduce emissions CO<sub>2</sub>, the government requested the United Nations Industrial Development Organization (UNIDO) to develop the project on Energy Efficiency for Industry in Ecuador, to promote energy efficiency improvements in the Ecuadorian industry through the development of national energy management standards and application of systems optimization.

The main objective of the project is to promote Energy Efficiency (EE) improvements in the industry sector of Ecuador through the development and implementation of national energy management standards and application of system optimization.

Detailed background information of the project can be found the Terms of Reference (TORs) for the terminal evaluation.

### 3. DUTIES AND RESPONSIBILITIES

MAIN DUTIES	Concrete/ Measurable Outputs to be achieved	Working Days	Location
1. Review project documentation and relevant country background information (national policies and strategies, UN strategies and general economic data); determine key data to collect in the field and adjust the key data collection instrument of 3A accordingly (if needed); Assess the adequacy of legislative and regulatory framework relevant to the project's activities and analyze other background info.	<ul style="list-style-type: none"> <li>Adjust table of evaluation questions, depending on country specific context;</li> <li>Draft list of stakeholders to interview during the field missions;</li> <li>Brief assessment of the adequacy of the country's legislative and regulatory framework.</li> </ul>	2 days	HB
2. Briefing with the UNIDO Office for Independent Evaluation, project managers and other key stakeholders at UNIDO HQ.  Preparation of the Inception Report	<ul style="list-style-type: none"> <li>Detailed evaluation schedule with tentative mission agenda (incl. list of stakeholders to interview and site visits); mission planning;</li> <li>Division of evaluation tasks with the National Consultant.</li> <li>Inception Report</li> </ul>	2 days	Vienna, Austria
3. Conduct field mission to Ecuador in <b>June/July 2015</b> <sup>4</sup> .	<ul style="list-style-type: none"> <li>Conduct meetings with relevant project stakeholders, beneficiaries, etc. for the collection of data and clarifications;</li> <li>Agreement with the National Consultant on the structure and content of the evaluation report and the distribution of writing tasks;</li> <li>Presentations of the evaluation's initial findings, draft conclusions and recommendations to stakeholders in the country at the end of the missions.</li> </ul>	7 days	Ecuador
4. Present overall findings and recommendations to the stakeholders	<ul style="list-style-type: none"> <li>After field mission(s): Presentation slides,</li> </ul>	1 days	Vienna, Austria

<sup>4</sup> The exact mission dates will be decided in agreement with the Consultant, UNIDO HQ, and the country counterparts.

MAIN DUTIES	Concrete/ Measurable Outputs to be achieved	Working Days	Location
at UNIDO HQ	feedback from stakeholders obtained and discussed		
5. Prepare the evaluation report according to TOR; Coordinate the inputs from the National Consultant and combine with her/his own inputs into the draft evaluation report.	• Draft evaluation report.	6 days	HB
6. Revise the draft project evaluation reports based on comments from UNIDO Office for Independent Evaluation and stakeholders and edit the language and form of the final version according to UNIDO standards.	• Final evaluation report.	3 days	HB
	<b>TOTAL</b>	<b>21 days</b>	

#### MINIMUM ORGANIZATIONAL REQUIREMENTS

##### Education:

Advanced degree in environment, energy, engineering, development studies or related areas

##### Technical and functional experience:

- Minimum 10 years' experience in environmental projects
- Knowledge about multilateral technical cooperation and the UN, international development priorities and frameworks.
- Knowledge of and experience in environmental projects management and/or evaluation (of development projects)
- Working experience in developing countries
- Experience in evaluation of GEF energy projects and knowledge of UNIDO activities an asset

##### Languages:

Fluency in written and spoken English is required.

##### Reporting and deliverables

- 1) At the beginning of the assignment the Consultant will submit a concise Inception Report that will outline the general methodology and presents a concept Table of Contents;
- 2) The country assignment will have the following deliverables:
  - Presentation of initial findings of the mission;
  - Draft report;
  - Final report, comprising of executive summary, findings regarding design, implementation and results, conclusions and recommendations.
- 3) Debriefing at UNIDO HQ:
  - Presentation and discussion of findings;

- Concise summary and comparative analysis of the main results of the evaluation report.

All reports and related documents must be in English and presented in electronic format.

**Absence of conflict of interest:**

According to UNIDO rules, the consultant must not have been involved in the design and/or implementation, supervision and coordination of and/or have benefited from the program/project (or theme) under evaluation. The consultant will be requested to sign a declaration that none of the above situations exists and that the consultants will not seek assignments with the manager/s in charge of the project before the completion of her/his contract with the UNIDO Office for Independent Evaluation.



**UNITED NATIONS INDUSTRIAL DEVELOPMENT ORGANIZATION**

**TERMS OF REFERENCE FOR PERSONNEL UNDER INDIVIDUAL SERVICE AGREEMENT (ISA)**

<b>Title:</b>	National evaluation consultant
<b>Main Duty Station and Location:</b>	Home-based
<b>Mission/s to:</b>	Travel to potential sites within Ecuador
<b>Start of Contract (EOD):</b>	1 May 2015
<b>End of Contract (COB):</b>	31 July 2015
<b>Number of Working Days:</b>	21 days spread over 3 months

**ORGANIZATIONAL CONTEXT**

The Office for Independent Evaluation is responsible for the independent evaluation function of UNIDO. It supports learning, continuous improvement and accountability, and provides factual information about result and practices that feed into the programmatic and strategic decision-making processes. Evaluation is an assessment, as systematic and impartial as possible, of a program, a project or a theme. Independent evaluations provide evidence-based information that is credible, reliable and useful, enabling the timely incorporation of findings, recommendations and lessons learned into the decision-making processes at organization-wide, program and project level. The Office for Independent Evaluation is guided by the UNIDO Evaluation Policy, which is aligned to the norms and standards for evaluation in the UN system.

**PROJECT CONTEXT**

The National Evaluation Consultant will evaluate the projects according to the Terms of Reference under the leadership of the Team Leader (International Evaluation Consultant). S/he will perform the following tasks:

<b><u>MAIN DUTIES</u></b>	<b>Concrete/measurable outputs to be achieved</b>	<b>Expected duration</b>	<b>Location</b>
Review and analyze project documentation and relevant country background information (national policies and strategies, UN strategies and general economic data); in cooperation with the Team Leader: determine key data to collect in the field and prepare key instruments in both English and local language (questionnaires, logic models) to collect these data through interviews and/or surveys during and prior to the field missions; Coordinate and lead interviews/	<ul style="list-style-type: none"> <li>List of detailed evaluation questions to be clarified; questionnaires/interview guide; logic models; list of key data to collect, draft list of stakeholders to interview during the field missions</li> <li>Drafting and presentation of brief assessment of the adequacy of the country's legislative and regulatory framework in the context</li> </ul>	8 days	Home-based



<b><u>MAIN DUTIES</u></b>	<b>Concrete/measurable outputs to be achieved</b>	<b>Expected duration</b>	<b>Location</b>
<p>surveys in local language and assist the Team Leader with translation where necessary;</p> <p>Analyze and assess the adequacy of legislative and regulatory framework in Ecuador, specifically in the context of the project's objectives and targets; provide analysis and advice to the Team Leader on existing and appropriate policies for Ecuador for input to the midterm evaluation.</p>	of the project.		
<p>Review all project outputs/publications/feedback;</p> <p>Briefing with the evaluation team leader, UNIDO project managers and other key stakeholders.</p> <p>Coordinate the evaluation mission agenda, ensuring and setting up the required meetings with project partners and government counterparts, and organize and lead site visits, in close cooperation with the Project Management Unit.</p> <p>Assist and provide detailed analysis and inputs to the Team Leader in the Preparation of the Inception Report.</p>	<ul style="list-style-type: none"> <li>• Interview notes, detailed evaluation schedule and list of stakeholders to interview during the field missions.</li> <li>• Division of evaluation tasks with the Team Leader.</li> <li>• Inception Report.</li> </ul>	7 days	Home-based (telephone interviews)
<p>Coordinate and conduct the field mission with the Team Leader in cooperation with the Project Management Unit, where required;</p> <p>Consult with the Team Leader on the structure and content of the evaluation report and the distribution of writing tasks.</p>	<ul style="list-style-type: none"> <li>• Presentations of the evaluation's initial findings, draft conclusions and recommendations to stakeholders in the country at the end of the mission.</li> <li>• Agreement with the Team Leader on the structure and content of the evaluation report and the distribution of writing tasks.</li> </ul>	7 days (including travel days)	Ecuador
<p>Prepare inputs and analysis to the evaluation report according to TOR and as agreed with the Team Leader.</p>	Draft evaluation report prepared.	6 days	Home-based
<p>Revise the draft project evaluation reports based on comments from UNIDO Office for Independent Evaluation and stakeholders and edit the language and form of the final version according to UNIDO standards.</p>	Final evaluation report prepared.	2 days	Home-based
<b>TOTAL</b>		<b>30 days</b>	

## REQUIRED COMPETENCIES

### **Core values:**

1. Integrity
2. Professionalism
3. Respect for diversity

### **Core competencies:**

1. Results orientation and accountability
2. Planning and organizing
3. Communication and trust
4. Team orientation
5. Client orientation
6. Organizational development and innovation

### **Managerial competencies (as applicable):**

1. Strategy and direction
2. Managing people and performance
3. Judgement and decision making
4. Conflict resolution

## MINIMUM ORGANIZATIONAL REQUIREMENTS

**Education:** Advanced university degree in environmental science, engineering or other relevant discipline like developmental studies with a specialization in industrial energy efficiency and/or climate change.

### **Technical and functional experience:**

- A minimum of five years practical experience in the field of environment and energy, including evaluation experience at the international level involving technical cooperation in developing countries.
- Exposure to the needs, conditions and problems in developing countries.
- Familiarity with the institutional context of the project in the Ministry of Industry and Trade is desirable.

**Languages:** Fluency in written and spoken English is required.

### **Absence of Conflict of Interest:**

According to UNIDO rules, the consultant must not have been involved in the design and/or implementation, supervision and coordination of and/or have benefited from the program/project (or theme) under evaluation. The consultant will be requested to sign a declaration that none of the above situations exists and that the consultants will not seek assignments with the manager/s in charge of the project before the completion of her/his contract with the Office for Independent Evaluation.

## Annex 7 – Project results framework

	Indicator	Baseline	Targets End of Project	Source of verification	Risks and Assumptions
<b>Project Objective</b> Improved Energy Efficiency of Ecuadorian Industrial Sector leading to reduced global environmental impact and enhanced competitiveness through the development of national energy management standards and application of systems optimization	A) Incremental direct CO <sub>2</sub> eq emission reductions (tons of CO <sub>2</sub> eq)	<ul style="list-style-type: none"> <li>annual industrial growth of 4.3%</li> </ul>	<ul style="list-style-type: none"> <li>Cumulative Direct emission reduction of 321,6 ktCO<sub>2</sub></li> <li>Cumulative post project direct emission reduction of 965 ktCO<sub>2</sub></li> </ul>	<ul style="list-style-type: none"> <li>As given under the various Outcomes, including surveys, monitoring, and tracking</li> </ul>	A1. Sustained and solid Government support to the project. A2. Industry drive for energy costs reduction and enhanced energy efficiency grows progressively stronger and widens. A3. Various international IEE technical cooperation programmes achieve good synergy and leverage of respective complementarities
	B) Incremental indirect CO <sub>2</sub> eq emission reductions (tons of CO <sub>2</sub> eq)	<ul style="list-style-type: none"> <li>In BaU scenario industrial emissions will grow at 0.7% annually</li> </ul>	<ul style="list-style-type: none"> <li>Indirect emission reduction of up to 3,091 ktCO<sub>2</sub> (assuming a growth of 10% in the period 2009-2023) (details are given in Annex G)</li> </ul>	<ul style="list-style-type: none"> <li>End of project</li> </ul>	
	C. Specific energy consumption of selected enterprises	<ul style="list-style-type: none"> <li>Based on UNIDO experience on the surveys undertaken, typical consumptions are identified in Annex G</li> </ul>	<ul style="list-style-type: none"> <li>Implementation of energy management plans, systems optimization and operational improvements in 25 enterprises lead to annual fuel savings of 96,000 GJ and power savings of 25,975 MWh (details are given in Annex G)</li> </ul>	<ul style="list-style-type: none"> <li>Final evaluation</li> </ul>	
<b>Outcome 1</b> Enhanced institutional framework and EE awareness raising in financing mechanisms	1) Status of policy paper on how to implement industrial	<ul style="list-style-type: none"> <li>National Plan for EE (2004), EE Law in preparation</li> </ul>	<ul style="list-style-type: none"> <li>Detailed analysis of energy efficiency policy and measures and regional and international level as well as the promotion of financial mechanisms and</li> </ul>	<ul style="list-style-type: none"> <li>Report containing analysis and recommendations</li> </ul>	<ul style="list-style-type: none"> <li>Government-level support for incentives and other supporting measures for</li> </ul>

	Indicator	Baseline	Targets End of Project	Source of verification	Risks and Assumptions
facilitating increased implementation of EE in the industrial sector	policy ( <i>output 1.1</i> )		incentives to promote EE (that will feed into the formulation of the final proposal for the EE Law)	<ul style="list-style-type: none"> <li>Progress reports</li> <li>Official publications</li> </ul>	industrial EE
	2) Status of development of industrial EE ( <i>output 1.2</i> )	<ul style="list-style-type: none"> <li>EE Law formulation is in progress, but promulgation not expected before end of 2011</li> </ul>	<ul style="list-style-type: none"> <li>Establishment of appropriate regulations by central government as well as lower-level authorities</li> </ul>	<ul style="list-style-type: none"> <li>Official reports</li> <li>Progress reports</li> </ul>	<ul style="list-style-type: none"> <li>Government-level support for incentives and other supporting measures for industrial EE</li> </ul>
	3) Status of manual and guidelines for financial evaluation of industrial energy efficiency projects ( <i>output 1.3</i> )	<ul style="list-style-type: none"> <li>Credit lines and financial support are offered by national development and some commercial banks, but not particularly geared towards EE</li> </ul>	<ul style="list-style-type: none"> <li>Manual for financial evaluation of EE projects disseminated in the financial sector</li> </ul>	<ul style="list-style-type: none"> <li>Project technical report</li> <li>Progress reports</li> </ul>	<ul style="list-style-type: none"> <li>Willingness of Government agencies and commercial banks to support industrial EE measures</li> </ul>
	4) National recognition programme for facilities that implement an energy management plan created ( <i>output 1.4</i> )	<ul style="list-style-type: none"> <li>N/A</li> </ul>	<ul style="list-style-type: none"> <li>Recognition and award scheme formulated and implemented for facilities that implement an energy management plan</li> </ul>	<ul style="list-style-type: none"> <li>Publications; chambers of industry websites</li> <li>Project progress reports</li> </ul>	<ul style="list-style-type: none"> <li>Willingness of private sector organizations to be engaged in recognition scheme reports</li> </ul>
<b>Outcome 2</b>	5) Status of	<ul style="list-style-type: none"> <li>No EnMS has</li> </ul>	<ul style="list-style-type: none"> <li>EnMS adopted after</li> </ul>	<ul style="list-style-type: none"> <li>Official</li> </ul>	<ul style="list-style-type: none"> <li>The institution can</li> </ul>

	Indicator	Baseline	Targets End of Project	Source of verification	Risks and Assumptions
Supportive policies in place, compatible with ISO energy management standard (EnMS), for delivering sustainable improvements in energy efficiency in industry and contributing to improved international competitiveness	national EnMS ( <i>output 2.1</i> )	been defined	stakeholder consultations (compatible with ISO 50001) and promulgated as a national standard <ul style="list-style-type: none"> <li>Capacity analyzed of relevant institutions (MEER, MIPRO, INEN, OAE) and capacity plan formulated and implemented for the implementation of EnMS (which will improve energy efficiency as well as international competitiveness)</li> </ul>	publications <ul style="list-style-type: none"> <li>Progress reports</li> </ul>	develop their capacity in time to provide services <ul style="list-style-type: none"> <li>INEN and OAE are willing to contribute to EnMS adoption and implementation</li> </ul>
	6) Status of energy management and EnMS training ( <i>output 2.2</i> )	<ul style="list-style-type: none"> <li>No EnMS has been defined</li> </ul>	<ul style="list-style-type: none"> <li>Awareness raised in four 0.5 day workshops amongst general and/or financial managers</li> <li>Energy managers, energy service providers and other technical staff are trained at five 2-day events (workshops, seminars, courses) attended by 200 people at various places in Ecuador (e.g. Quito, Guayaquil, Cuenca, etc.) on energy management (half from large enterprises; half from SMEs)</li> </ul>	<ul style="list-style-type: none"> <li>Presentations and training materials</li> <li>Progress reports</li> <li>Project and other websites</li> </ul>	<ul style="list-style-type: none"> <li>Willingness of the targeted companies to benefit from the training and supporting materials</li> <li>Willingness of chambers of industry and professional associations in various towns to support training courses</li> </ul>
	7) Status of energy management	<ul style="list-style-type: none"> <li>Only a few large industries have energy management</li> </ul>	<ul style="list-style-type: none"> <li>Energy management plans fully implemented in 50 companies</li> </ul>	<ul style="list-style-type: none"> <li>Progress reports</li> <li>Project and other websites</li> </ul>	<ul style="list-style-type: none"> <li>Willingness of companies to implement EM plans</li> </ul>

	Indicator	Baseline	Targets End of Project	Source of verification	Risks and Assumptions
	plans in industry	personnel; Limited awareness on energy management planning			
<b>Outcome 3</b> Capacity building for personnel involved in EE from the public and private sectors in the areas of energy management and system optimization and energy efficiency promotion	8) Status of EM training of trainers ( <i>output 3.1</i> )	<ul style="list-style-type: none"> <li>• Technical awareness and knowledge on energy management, systems optimization and energy auditing needs improved</li> </ul>	<ul style="list-style-type: none"> <li>• 25 EE experts trained as trainers on energy management (20 days)</li> <li>• 50 EE experts trained as trainers on systems optimization (motor driven and steam systems; 30-day training)</li> <li>• Trained experts receive their certification</li> </ul>	<ul style="list-style-type: none"> <li>• Presentations and training materials</li> <li>• Progress reports</li> </ul>	<ul style="list-style-type: none"> <li>• Availability and willingness of experts to receive training</li> <li>• Commitment of trained experts to impart training</li> </ul>
	9) Status of system optimization training ( <i>output 3.2</i> )		<ul style="list-style-type: none"> <li>• 200 staff trained (half from large, half from SMEs) in 1-day workshop (approx. 8 training sessions)</li> <li>• 100 staff receive a more comprehensive 2-day training workshop (approx.. 4 training sessions)</li> </ul>	<ul style="list-style-type: none"> <li>• Presentations and training materials</li> <li>• Progress reports</li> </ul>	<ul style="list-style-type: none"> <li>• Willingness of experts to benefit from the training and supporting materials</li> </ul>
	10) National information dissemination and awareness creation campaign developed		<ul style="list-style-type: none"> <li>• 400 industry representatives workshops, including supply-chain partners and the 200 entities from Component 2, have awareness raised on energy management and systems optimization and EE</li> </ul>	<ul style="list-style-type: none"> <li>• Presentations and training materials</li> <li>• Project progress report</li> <li>• Project website</li> </ul>	<ul style="list-style-type: none"> <li>• Willingness of the targeted public to benefit from the training and supporting materials</li> </ul>

	Indicator	Baseline	Targets End of Project	Source of verification	Risks and Assumptions
	and implemented ( <i>output 3.3</i> )		for industry in general (approx. ten 1-day events) <ul style="list-style-type: none"> <li>Design and implement national information campaign (seminars, road shows, multimedia, and promotional material/brochures)</li> </ul>		
<b>Outcome 4</b> Demonstrated and measured energy savings in industrial entities through application of system assessment techniques by trained experts, leveraging additional energy savings as more industrial facilities will seek implementation of systems optimization	11) Status of in-depth energy assessments ( <i>output 4.1</i> )	<ul style="list-style-type: none"> <li>8 detailed audits have been carried out as part of the World Bank supported PROMEC and 37 assessments by the CAF supported projects</li> </ul>	<ul style="list-style-type: none"> <li>in-depth energy audits in 25 industries (with assistance of experts trained in output 3.2)</li> </ul>	<ul style="list-style-type: none"> <li>Audits and reports on EE improvements</li> <li>Progress reports</li> </ul>	<ul style="list-style-type: none"> <li>Willingness of companies to implement system optimization and EE measures</li> </ul>
	12) Status of system optimization projects ( <i>output 4.2</i> )	<ul style="list-style-type: none"> <li>Limited adoption of recommended measures due to lack of financing and awareness</li> </ul>	<ul style="list-style-type: none"> <li>10 factories improve their energy consumption by means of pilot system optimization activities</li> </ul>	<ul style="list-style-type: none"> <li>Audits and reports on EE improvements</li> <li>Progress reports</li> </ul>	<ul style="list-style-type: none"> <li>Willingness of companies to implement system optimization and EE measures</li> </ul>
	13) Status of info gathering and dissemination ( <i>output 4.3</i> )	<ul style="list-style-type: none"> <li>Some exposure to audits and EE measures, but no systematic knowledge on systems optimization</li> </ul>	<ul style="list-style-type: none"> <li>5 case studies presented and equipment/processes identified for improvement in 2 most important sectors; information disseminated to a wide audience</li> </ul>	<ul style="list-style-type: none"> <li>Case study documentation</li> <li>Progress reports</li> <li>Project website</li> </ul>	<ul style="list-style-type: none"> <li>Willingness of companies to share info</li> </ul>

# **Annex 8 – UNIDO Procurement process**

## **UNIDO Procurement process**

### **Generic approach and assessment framework**

#### **1. Introduction**

This document outlines an approach and encompasses a framework for the assessment of UNIDO procurement processes, to be included as part of country evaluations as well as in technical cooperation (TC) projects/programs evaluations.

The procurement process assessment will review in a systematic manner the various aspects and stages of the procurement process being a key aspect of the technical cooperation (TC) delivery. These reviews aim to diagnose and identify areas of strength as well as where there is a need for improvement and lessons.

The framework will also serve as the basis for the “thematic evaluation of the procurement process efficiency” to be conducted in 2015 as part of the ODG/EVA work program for 2014-15.

#### **2. Background**

Procurement is defined as the overall process of acquiring goods, works, and services, and includes all related functions such as planning, forecasting, supply chain management, identification of needs, sourcing and solicitation of offers, preparation and award of contract, as well as contract administration until the final discharge of all obligations as defined in the relevant contract(s). The procurement process covers activities necessary for the purchase, rental, lease or sale of goods, services, and other requirements such as works and property.

Past project and country evaluations commissioned by ODG/EVA raised several issues related to procurement and often efficiency related issues. It also became obvious that there is a shared responsibility in the different stages of the procurement process which includes UNIDO staff, such as project managers, and staff of the procurement unit, government counterparts, suppliers, local partner agencies (i.e. UNDP), customs and transport agencies etc..

In July 2013, a new “UNIDO Procurement Manual” was introduced. This Procurement Manual provides principles, guidance and procedures for the Organization to attain specified standards in the procurement process. The Procurement Manual also establishes that “The principles of fairness, transparency, integrity, economy, efficiency and effectiveness must be applied for all procurement transactions, to be delivered with a high level of professionalism thus justifying UNIDO’s involvement in and adding value to the implementation process”.

To reduce the risk of error, waste or wrongful acts and the risk of not detecting such problems, no single individual or team controls shall control all key stages of a transaction. Duties and responsibilities shall be assigned systemically to a number of individuals to ensure that effective checks and balances are in place.

In UNIDO, authorities, responsibilities and duties are segregated where incompatible. Related duties shall be subject to regular review and monitoring. Discrepancies, deviations and exceptions are properly regulated in the Financial Regulations and Rules and the Staff Regulations and Rules. Clear segregation of duties is maintained between program/project management, procurement and supply chain management, risk management, financial management and accounting as well as auditing and internal oversight. Therefore, segregation of duties is an important basic principle of internal control and must be observed throughout the procurement process.

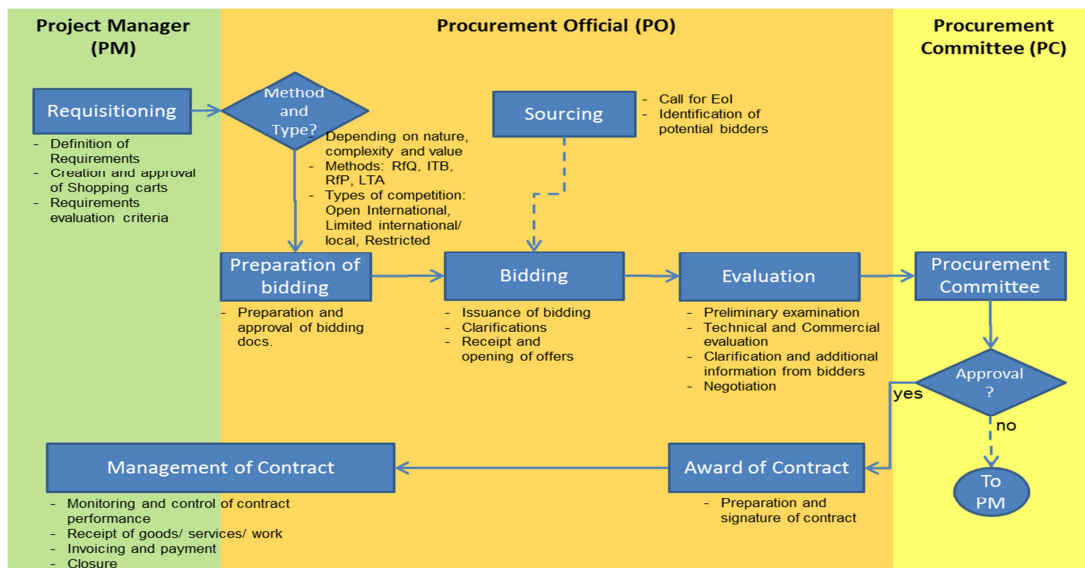


The different stages of the procurement process should be carried out, to the extent possible, by separate officials with the relevant competencies. As a minimum, two officials shall be involved in carrying out the procurement process. The functions are segregated among the officials belonging to the following functions:

- Procurement Services: For carrying out centralized procurement, including review of technical specifications, terms of reference, and scope of works, market research/surveys, sourcing/solicitation, commercial evaluation of offers, contract award, contract management;
- Substantive Office: For initiating procurement requests on the basis of well formulated technical specifications, terms of reference, scope of works, ensuring availability of funds, technical evaluation of offers; award recommendation; receipt of goods/services; supplier performance evaluation. In respect of decentralized procurement, the segregation of roles occur between the Project Manager/Allotment Holder and his/her respective Line Manager. For Fast Track procurement, the segregate on occurs between the Project Manager/Allotment Holder and Financial Services;
- Financial Services: For processing payments.

Figure 1 presents a preliminary “Procurement Process Map”, showing the main stages, stakeholders and their respective roles and responsibilities. During 2014/2015, in preparation for the thematic evaluation of the procurement process in 2015, this process map/ workflow will be further refined and reviewed.

Figure 1: UNIDO Procurement Process Map



### 3. Purpose

The purpose of the procurement process assessments is to diagnose and identify areas for possible improvement and to increase UNIDO’s learning about strengths and weaknesses in the procurement process. It will also include an assessment of the adequacy of the ‘Procurement Manual’ as a guiding document.

The review is intended to be useful to managers and staff at UNIDO headquarters and in the field offices (project managers, procurement officers), who are the direct involved in procurement and to UNIDO management.

#### **4. Scope and focus**

Procurement process assessments will focus on the efficiency aspects of the procurement process, and hence it will mainly fall under the efficiency evaluation criterion. However, other criteria such as effectiveness will also be considered as needed.

These assessments are expected to be mainstreamed in all UNIDO country and project evaluations to the extent of its applicability in terms of inclusion of relevant procurement related budgets and activities.

A generic evaluation matrix has been developed and is found in Annex B. However questions should be customized for individual projects when needed.

#### **5. Key issues and evaluation questions**

Past evaluations and preliminary consultations have highlighted the following aspects or identified the following issues:

- Timeliness. Delays in the delivery of items to end-users.
- Bottlenecks. Points in the process where the process stops or considerably slows down.
- Procurement manual introduced, but still missing subsidiary templates and tools for its proper implementation and full use.
- Heavy workload of the procurement unit and limited resources and increasing "procurement demand"
- Lack of resources for initiating improvement and innovative approaches to procurement (such as Value for Money instead of lowest price only, Sustainable product lifecycle, environmental friendly procurement, etc.)
- The absence of efficiency parameters (procurement KPIs)

On this basis, the following evaluation questions have been developed and would be included as applicable in all project and country evaluations in 2014-2015:

- To what extent does the process provide adequate treatment to different types of procurement (e.g. by value, by category, by exception...)
- Was the procurement timely? How long the procurement process takes (e.g. by value, by category, by exception...)
- Did the good/item(s) arrive as planned or scheduled? If no, how long were the times gained or delays. If delay, what was the reason(s)?
- Were the procured good(s) acquired at a reasonable price?
- To what extent were the procured goods of the expected/needed quality and quantity?
- Were the transportation costs reasonable and within budget. If no, please elaborate.
- Was the freight forwarding timely and within budget?. If no, please elaborate.
- Who was responsible for the customs clearance? UNIDO FO? UNDP? Government? Other?
- Was the customs clearance handled professionally and in a timely manner? How many days did it take?

- How long time did it take to get approval from the government on import duty exemption?
- Which were the main bottlenecks / issues in the procurement process?
- Which good practices have been identified?
- To what extent roles and responsibilities of the different stakeholders in the different procurement stages are established, adequate and clear?
- To what extent there is an adequate segregation of duties across the procurement process and between the different roles and stakeholders?

## 6. Evaluation method and tools

These assessments will be based on a participatory approach, involving all relevant stakeholders (e.g. process owners, process users and clients).

The evaluation tools to be considered for use during the reviews are:

- **Desk Review:** Policy, Manuals and procedures related to the procurement process. Identification of new approaches being implemented in other UN or international organizations. Findings, recommendations and lessons from UNIDO Evaluation reports.
- **Interviews:** to analyze and discuss specific issues/topics with key process stakeholders
- **Survey to stakeholders:** To measure the satisfaction level and collect expectations, issues from process owners, user and clients
- **Process and Stakeholders Mapping:** To understand and identify the main phases the procurement process and sub-processes; and to identify the perspectives and expectations from the different stakeholders, as well as their respective roles and responsibilities
- **Historical Data analysis from IT procurement systems:** To collect empirical data and identify and measure to the extent possible different performance dimensions of the process, such as timeliness, re-works, complaints, ..)

An evaluation matrix is presented in Annex A, presenting the main questions and data sources to be used in the project and country evaluations, as well as the preliminary questions and data sources for the forthcoming thematic evaluation on Procurement in 2015.

**ANNEX A: Evaluation matrix for the procurement process**

Area	Evaluation question	Indicators <sup>5</sup>	Data source(s) for country / project evaluations	Additional data source(s) for thematic evaluation of procurement process in 2015
<b>Timeliness</b>	- Was the procurement timely? How long the procurement process takes (e.g. by value, by category, by exception...)	(Overall) Time to Procure (TTP)	<ul style="list-style-type: none"> <li>Interviews with PMs, Government counterparts and beneficiaries</li> </ul>	<ul style="list-style-type: none"> <li>Procurement related documents review</li> <li>SAP/Infobase (queries related to procurement volumes, categories, timing, issues)</li> <li>Evaluation Reports</li> <li>Survey to PMs, procurement officers, beneficiaries, field local partners.</li> <li>Interviews with Procurement officers</li> </ul>
	- Did the good/item(s) arrive as planned or scheduled? If no, how long were the times gained or delays. If delay, what was the reason(s)?	Time to Delivery (TTD)	<ul style="list-style-type: none"> <li>Interviews with PM, procurement officers and Beneficiaries</li> </ul>	
	- Was the freight forwarding timely and within budget? If no, please elaborate.			
	- Was the customs clearance timely? How many days did it take?		<ul style="list-style-type: none"> <li>Interviews with PMs, Government counterparts and beneficiaries</li> </ul>	
	- How long time did it take to get approval from the government on import duty exemption	Time to Government Clearance (TTGC)	<ul style="list-style-type: none"> <li>Interviews with beneficiaries</li> </ul>	
<b>Roles and responsibilities</b>	- To what extent roles and responsibilities of the different stakeholders in the different procurement stages are established, adequate and clear?	Level of clarity of roles and responsibilities	<ul style="list-style-type: none"> <li>Procurement Manual</li> <li>Interview with PMs</li> </ul>	
	- To what extent there is an adequate segregation of duties across the		<ul style="list-style-type: none"> <li>Procurement Manual</li> <li>Interview with PMs</li> </ul>	

<sup>5</sup> These indicators are preliminary proposed here. They will be further defined and piloted during the Thematic Evaluation of UNIDO procurement process planned for 2015.

Area	Evaluation question	Indicators <sup>5</sup>	Data source(s) for country / project evaluations	Additional data source(s) for thematic evaluation of procurement process in 2015
	procurement process and between the different roles and stakeholders?			<ul style="list-style-type: none"> <li>• Interviews with Procurement officers</li> </ul>
	- How was responsibility for the customs clearance arranged? UNIDO FO? UNDP? Government? Other?		<ul style="list-style-type: none"> <li>• Procurement Manual</li> <li>• Interview to PMs</li> <li>• Interviews with local partners</li> </ul>	
	- To what extent were suppliers delivering products/ services as required?	Level of satisfaction with Suppliers	<ul style="list-style-type: none"> <li>• Interviews with PMs</li> </ul>	
<b>Costs</b>	- Were the transportation costs reasonable and within budget. If no, please elaborate.		<ul style="list-style-type: none"> <li>• Interviews with PMs</li> </ul>	<ul style="list-style-type: none"> <li>• Evaluation Reports</li> <li>• Survey to PMs, procurement officers, beneficiaries, field local partners.</li> <li>• Interviews with Procurement officers</li> </ul>
	- Were the procured goods/services within the expected/planned costs? If no, please elaborate	Costs vs budget	<ul style="list-style-type: none"> <li>• Interview with PMs</li> </ul>	
<b>Quality of products</b>	- To what extent the process provides adequate treatment to different types of procurement (e.g. by value, by category, by exception...)		<ul style="list-style-type: none"> <li>• Interview with PMs</li> </ul>	<ul style="list-style-type: none"> <li>• Evaluation Reports</li> <li>• Survey to PMs, procurement officers, beneficiaries, field local partners.</li> <li>• Interviews with Procurement officers</li> </ul>
	- To what extent were the procured goods of the expected/needed quality and quantity?.	Level of satisfaction with products/services	<ul style="list-style-type: none"> <li>• Survey to PMs and beneficiaries</li> <li>• Observation in project site</li> </ul>	
<b>Process / workflow</b>	- To what extent the procurement process fit for purpose?	Level of satisfaction with the procurement process	<ul style="list-style-type: none"> <li>• Interviews with PMs, Government counterparts and beneficiaries</li> </ul>	<ul style="list-style-type: none"> <li>• Procurement related documents review</li> <li>• Evaluation Reports</li> <li>• Survey to PMs, procurement officers,</li> </ul>
	- Which are the main bottlenecks / issues in the procurement process?		<ul style="list-style-type: none"> <li>• Interviews with PMs, Government counterparts and</li> </ul>	

Area	Evaluation question	Indicators <sup>5</sup>	Data source(s) for country / project evaluations	Additional data source(s) for thematic evaluation of procurement process in 2015
	<ul style="list-style-type: none"> <li>- Which part(s) of the procurement process can be streamlined or simplified?</li> </ul>		beneficiaries <ul style="list-style-type: none"> <li>• Interview with PMs</li> </ul>	beneficiaries, field local partners. <ul style="list-style-type: none"> <li>• Procurement related documents review</li> <li>• Evaluation Reports</li> <li>• Survey to PMs, procurement officers, beneficiaries, field local partners.</li> <li>• Interviews with Procurement officers</li> </ul>