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EVALUATION

GROUP

Independent review report. IRAN

Integrated Programme of UNIDO
and the Islamic Republic of Iran



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Integrated Programme of UNIDO and the Islamic Republic of Iran

Independent review report

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List of abbreviations

GAP	Good Agricultural Practices
HACCP	Hazard Analysis and Critical Control Points
IFCO	Iranian Fuel Conservation Organization
IP	Integrated Programme
IMI	Industry Management Institute
ISIPO	Small Industry and Industrial Parks Organization
MAGFA	Information Technology Development Center
MIM	Ministry of Industry and Mining
MOLSA	Ministry of Labor and Social Affairs
MP	Montreal Protocol
TVTO	Technical and Vocational Training Organization
UR	UNIDO Representative
WED/YED	Women and Youth Entrepreneurship Development

Executive summary

Since its initiation in 2001, the IP Iran has never been subject to an independent evaluation. A self-evaluation report was prepared, however, by the previous UR prior to the secondment of a the UR to Iran in June 2007. Based on this self-evaluation report a UNIDO senior evaluation officer undertook a review of the IP and a mission to Iran between 30 August and 5 September 2007. This review mission involved interviews with government representatives, UNIDO staff and stakeholders as well as a tri-partite review meeting where the preliminary findings of the review were discussed. The present report presents the results of this review.

Results and main recommendations by sub-components

The largest share of funding went into the project on dates processing. This project shifted from an initial focus on technology demonstration towards a broader approach including trade capacity building. The project team is well integrated into the Ministry for Agriculture and demonstrates remarkable management skills. The positive impact of the large number of training events carried out is widely recognized. The installation of the demonstration unit remains to be done. During the current final phase of the project a very tight time-management should be applied.

The SME cluster project concerns capacity building and initiating three pilot clusters using the UNIDO methodology. This project is not implemented by UNIDO national staff but by staff of the counterpart government organization ISIPO, an implementation mode leading to certain inefficiencies. Due to certain difficulties of ISIPO in selecting and contracting cluster development agents the three pilot clusters are unequally advanced and remain vulnerable. However, good ownership of the cluster concept as such has led to wider acceptance of the approach and improvements of the related legal framework. ISIPO and UNIDO should review their cooperation mode and aim at a more efficient use of UNIDO assets and resources.

The development of a National Strategy for Energy Efficiency and Energy Conservation together with IFCO suffered from considerable delays. Organisational changes and changes of staff on both sides led to communication problems and delays. After a project extension of 12 months UNIDO submitted a draft strategy document in May 2007. The Iranian side accepted the document as a draft but requested that two additional sectors not mentioned in the project agreement should be included and that additional funding could be made available for this. Given the repeated extensions and delays encountered by the project it is recommended not to extend it any further but to cover the two sectors under a separate new project.

In the area of technology and innovation policy two rather small projects were implemented under the IP. A large national conference on technology foresight was organized for which UNIDO provided high-level speakers from six countries. Despite some delays, the Iranian side considers this conference a big success and recognizes UNIDO's contribution as a critical success factor. The second technology project concerned the preparation of a curriculum and of a training manual in Farsi on technology management as well as the training of 12 trainers and 80 industry managers under a two-stage training exercise. Ideas are currently being discussed how to build on these two successful projects. It is recommended to enlarge the scope of

future interventions towards innovation policy in general, which would allow for better synergies between the different thematic contributions.

The sub-component on women and youth entrepreneurship (WED/YED) did not receive the expected Government funding. UNIDO attempted to overcome this shortage by linking WED/YED with a relief project after the Bam earthquake and using funds from Austrian and national NGO's for this purpose. However, this led to a complicated funding architecture and interfering donor rationales. As a result, WED/YED was not adequately tackled under the IP although the Government gives high importance to employment creation and poverty alleviation. UNIDO should make sure that, under a future IP, these objectives would be addressed in an effective manner, preferably as an integrated part of a value chain project.

Overall IP performance

Funds mobilization

Similar to other first-generation IPs, the IP Iran was formulated in 1999/2000 by a team of UNIDO technical staff. No explicit attention was given to funding prospects, resulting in unrealistic funding expectations. Following a Government request the initial planning was downsized from more than 10 million \$ to about 3.1 million \$. About 1.9 million \$ were allotted, mostly from Government sources, with some initial seed money contributions from UNIDO.

Policy relevance

The fact that almost all activities of the IP Iran were self-financed enhanced policy relevance because the Government picked only those sub-components for funding that it deemed relevant. Adjusting the initial design during funding negotiations increased policy relevance even further. Less relevant sub-components remained unfunded.

Counterpart ownership

The program was formulated without significant counterpart involvement. The Iranian side never signed the programme document and there was no IP Steering Committee in place. The idea of applying an *integrated* approach was theoretically accepted but practically not viable due to piecemeal funding. As a consequence, ownership of the IP *as a whole* was limited. With the recent creation of a 'National Committee for UNIDO' IP ownership has, however, improved.

Counterpart ownership of the *individual* components was better than of the IP as a whole, although also variable depending on the specific project management approaches.

The cluster component is directly implemented by ISIPO that requests assistance from UNIDO 'on-demand'. This model seems to lead to good ownership but typical UNIDO assets such as its management capacity, its world-wide networks and its ability to intervene as a neutral player seem to be underutilized.

The technology and energy components were implemented from UNIDO HQ but without permanent staff in the country. In these cases, the Iranian side tended to apply tight control and hands-on management to ensure ownership leading to periods of intense interaction between UNIDO HQ and the respective counterpart organizations

and sometimes considerable delays. The difference between a UN Organization and an international consulting company was not fully understood by all parties.¹

The best balance between good Government ownership and effective use of UNIDO assets seems to be achieved under the management model applied in the dates project with a UNIDO team that is well integrated into the national administration. This model is recommended for future cooperation.

Reaching target groups

Policy makers and other members of the national administrations were effectively reached but there is room for improvement for those activities targeting the private sector (HACCP; clusters). With the Government focus shifting to private sector support, a future IP should pay particular attention to involving private sector organizations more effectively.

External coordination

The demand led nature of most interventions under the IP secured good coordination with Government activities. However, there is no evidence of significant efforts to coordinate UNIDO activities with those of other UN Organizations or other donors in the country.

Programme integration

IP integration was rather weak mainly due to piecemeal funding. With the benefit of hindsight there may have been synergy opportunities (e-learning in dates and technology projects; entrepreneurship in agro-food area) but these opportunities were either not explored or not pursued with sufficient rigour. There is no evidence that the team leader promoted IP integration proactively.

Programme management

During its development and initial implementation phase of the IP several team leaders were involved, all of them located at UNIDO HQ. Only once a UNIDO representative (who became also team leader) was fielded in 2003 the Government started funding at least some of the planned sub-components. However, there is no evidence of proactive team leadership or intense interaction among team members.

Similar to many other IPs, the practice of reporting and self-evaluation was weak. During six years no steering committee was in place and, in contradiction with UNIDO rules, no self-evaluation was carried out. Not surprisingly, the Iranian side complained about unsatisfactory reporting, a shortcoming that did not contribute to confidence building. This perceived lack of effective guidance and control may also have caused the tendency of the Iranian side to apply excessive hands-on management for some of the components.

UNIDO corporate strategy

UNIDO did not consistently succeed to “sell” its role as a neutral UN Organization to the Government. While the dates and technology sub-components benefited

¹ In certain cases the Iranian side insisted that project management responsibility should be assigned to UNIDO staff members from Iran.

significantly from UNIDO as a UN Organization, others did not. The above-mentioned tendency of the Government towards hands-on management can undermine UNIDO's capacity to act as a neutral player.

There is a long-standing debate in UNIDO whether Montreal Protocol projects should in certain cases be integrated into IPs. In the case of the IP Iran the potential for synergy between Montreal Protocol projects and certain IP activities has been underutilized. The dates project is a strong case in point demonstrating that a fundamental distinction between Montreal Protocol projects and other projects can be artificial. Better integration of the MP projects with other UNIDO activities should be considered.

Sustainability

Sustainability prospects of most sub-components are quite good. National ownership is expected to be sufficient for proper follow-up and continuity. Special attention should be given to ensuring sustainability of the future demonstration unit under the dates project. The three SME clusters need further intense and long-term support to become self-standing. The nascent self-employment support structures in Bam call for dedicated sustainability efforts.

Lessons learned

The IP Iran belongs to the first generation of IPs and as such confirms many lessons already learnt from other cases: An overly ambitious design originating from a superficial formulation process without a sound funding strategy will not fly. A formulation completed in a one-week mission by a group of UNIDO technical staff without participation of the partner country will not lead to sufficient ownership.

Besides these general and by now well-known lessons, the IP Iran offers specific insights on UNIDO's cooperation with middle-income countries. In such cases cooperation should not be built on vague ideas of possible third party funding but self-financing should be agreed upon from the beginning as the basic mode of cooperation. UNIDO and the Government should agree in an early stage on a realistic funding strategy and funding principles and an overall financial envelope and subsequently engage in joint project formulation.

For government financed IPs a strong steering committee is of particular importance. It must be designed accordingly and involve the Government both as beneficiary and as donor and the UR needs to be even more in the driving seat than in other cases. He should be the one and only interface between UNIDO and the Government for all projects and must be given all necessary information and resources to report and respond to the Government. Substantial annual IP reports that provide all necessary information on achievements, problems and finance are a must.

On the other hand, self-financing may lead to a situation where the Government is tempted to apply hands-on management and reduce UNIDO's role to the one of a consultancy. This misunderstanding of UNIDO's role will lead to inefficiencies as it is not compatible with UNIDO's internal rules and regulations. This means that the UR and all project managers should be able to explain and practically demonstrate the role and the strengths of UNIDO as a UN Organization.

UNIDO's Technical Cooperation Guidelines define self-evaluation as an essential "vehicle for steering corrective action by line management." In the case of the IP Iran the self-evaluation process and the self-evaluation report were not in compliance with the Technical Cooperation Guidelines. The first self-evaluation was carried out only six years after project start and the quality of the self-evaluation report was limited. Although the report was critical on a number of points it did not provide sufficient detail and the recommendations were not sufficiently detailed and well-founded.

The review mission, the tri-partite meeting and the present report helped overcoming the weaknesses of the self-evaluation process and endowed UNIDO and the Islamic Republic of Iran with a more solid basis for revisiting and further developing their cooperation.

The way ahead

The prospects for further enhancing the cooperation between the Islamic Republic of Iran and UNIDO are promising. In 2007, steps have been taken to pave the way towards a new UNIDO country programme that would be more visible, more comprehensive and better integrated. Major achievements are:

- The Creation of a "National Committee for UNIDO" (NCU) with representatives from all relevant ministries and bodies;
- A New UNIDO representative since June 2007;
- Stock taking of results achieved since 2001 through a self-evaluation report and the review mission by the UNIDO Evaluation Group.

It is recommended that:

- UNIDO should fully apply its new field policy and empower its representative (formally and in practice) as the coordinator of all UNIDO activities in the country;
- UNIDO should strictly apply the monitoring and reporting mechanism laid down in the TC Guidelines in order to improve its monitoring and reporting;
- The Government should take full advantage of UNIDO as a UN Organization;
- The Government of Iran and UNIDO should set up a joint reporting, steering and programming mechanism with the following features:
 - six-monthly progress reports of the UNIDO representative;
 - validation of these reports by the steering committee;
 - a political decision by the Government on the overall financial amount to be set aside for cooperation between Iran and UNIDO under the next IP;
 - joint programme and project design using a joint programme formulation fund.
- A whole range of new project ideas are currently under discussion but these ideas should not be developed in isolation. There is ample potential for synergies, justifying better integration of UNIDO interventions, on a case-by-case basis and also including Montreal Protocol projects.

1 Introduction

The tri-partite review of the IP Iran took place on 5 September 2007 at a meeting in Tehran organized by the UNIDO country office in the Islamic Republic of Iran. Representatives of the donor (Ministry of Foreign Affairs), of the various IP counterpart organizations and of UNIDO participated in this meeting (list of participants in Annex 1).

The tri-partite review was preceded by the following steps:

- Preparation of self-evaluation reports at the project level by the responsible project officers;
- Aggregation of the project self-evaluation reports into a self-evaluation report for the IP as a whole (report prepared by the former UNIDO representative and IP team leader and then validated and completed by Dr. Ayad from the UNIDO office; see annex 3);
- Validation of the self-evaluation report by a series of interviews with project officers, counterparts and stakeholders carried out by Peter Loewe, Senior Evaluation Officer of the UNIDO Evaluation Group (mission to Tehran from 30 August to 6 September 2007; list of persons interviewed in Annex 1).

At the tripartite review meeting the UNIDO evaluation officer presented the preliminary findings of the validation mission and collected the comments made by the participants and the results of the discussions.

Back to UNIDO HQ the findings were submitted to project officers and their comments were also taken on board.

On 24 September a presentation of the findings was given to UNIDO staff involved in the IP Iran and to a representative of the Permanent Mission of Iran. The comments and discussions at this meeting are also reflected in the final version of the slides.

The present report presents in a condensed manner the IP history, the results achieved by component and the recommendations of the evaluation officer. These have been validated by the Iranian counterparts, the UNIDO Representative and by Dr. Ayad from the UNIDO country office.

The applied multi-stage corroboration process assures sufficient validity of the findings. However, it should be underlined that the validation mission did not include any field visits and that the present exercise and report are not equivalent to an independent evaluation.

The evaluator extends his gratitude to all interview partners in Iran for their kind cooperation and to UNIDO colleagues at HQ, the UNIDO Representative and all other members of the UNIDO office for their collegial assistance and help.

2 History, structure and funding of the IP Iran

The IP Iran was part of the first wave of UNIDO IPs launched in the late nineties. Preparation started in 1999 with a mission to Iran of six technical staff members from UNIDO Headquarters, who prepared a “Country Service Framework” (CSF) including five programme components, 14 sub-components and 27 major outputs.

The estimated budget for this huge work programme amounted to more than 10 million USD. However, the empirical basis for this formulation was relatively weak, consisting of about one week of field studies followed by the formulation of the document at UNIDO HQ. At the time of the IP formulation there was no UNIDO representative located in Iran.

In line with the standard approach of the first wave of IPs, UNIDO management agreed on this work programme without any preliminary funds mobilization and submitted it to the Government of Iran.

The Government was reluctant to accept such an ambitious programme and asked UNIDO for reductions. In April 2000 UNIDO submitted a reduced programme of about 7.2 million USD. By a series of subsequent revisions requested by the Government the CSF was further reduced. The latest revision document (revision 7 of 2004) re-labeled the former CSF into an Integrated Programme. The document mentions five components of an overall financial volume of 3.1 million USD.

In August 2007 at the moment of the tri-partite review an overall amount of 1.9 million USD had been allotted to the IP out of which 1.1 million USD had been spent (see table 1 and overview table in annex 2). With the exception of UNIDO seed money and 70.000 euro from Hilfswerk Austria, almost all of this funding originated from the Government of Iran.

Service Module	Planned Amount	Total Allotment (PAD)	Total Expenditure	Uncommitted Allotment (PAD)
	3,112,797			
Agro-Industry		1,054,353	502,713	551,641
Investment and Technology Promotion		265,627	246,983	18,644
Private Sector Development		413,587	276,918	136,669
Sustainable Energy and Climate Change		254,125	217,419	36,706
Miscellaneous		4,241	3,581	661
<i>Total</i>	3,112,797	1,991,931	1,247,613	744,319

Table 1 Structure of the IP Iran
(source: UNIDO Infobase; status 30 September 2007)

To put the financial volume of the IP in perspective it should be mentioned that UNIDO currently implements several Montreal Protocol projects in Iran, with an overall volume of 6.7 million USD.

3 Results achieved and lessons learned

3.1 SME strategy

As an initial input to the IP Iran, UNIDO financed the development of a SME strategy document by a multidisciplinary team of national and international experts. A “*Strategy document to enhance the contribution of an efficient and competitive SME sector to industrial and economic development in the Islamic Republic of Iran*” was delivered in February 2003. The quality of this document has been widely recognized and contributed to the excellent standing of UNIDO in the country. The strategic analysis became the analytical basis for the IP and was subsequently translated and published by the Government.

3.2 Cluster project with ISIPO

The counterpart organization of this project is ISIPO. In line with the approach laid down in the project agreement the project is implemented without UNIDO national staff. The project coordinator is an ISIPO staff member and the project agreement stipulates that ISIPO should provide him with the necessary infrastructure and support.

The main project outputs consist of capacity building at ISIPO and of the initiation and support of three pilot clusters:

- Automobile cluster in Tabriz;
- Leather cluster in Tehran;
- Pottery cluster in Lalejin.

According to UNIDO methodology and in line with the project agreement one Cluster Development Agent (CDA) should be trained and made available for each cluster. It was agreed that, as part of his training, each CDA would have to prepare a cluster development study on the basis of which he would then assist and develop the cluster.

At the moment of the tri-partite review, the Tabriz cluster seemed to be operational since several months. Although administrative problems with contracting and remuneration of the CDA subsist, a number of promising steps are being made by the members of the cluster:

- Participation in auto component fair in Chennai (India);
- Purchasing networks for steel, sodium silicate and forging raw materials;
- Networking for establishing a factory based on up-to-date casting technology;
- Committee for decision making on the allocation of a 5 million USD bank credit to the cluster actors;
- Committee for networking in heat treatment.

The two other clusters are less advanced. After considerable delay, a CDA for the pottery cluster seems now to be under contract. The support structure at the Tehran leather cluster is still not operational.

The mutually agreed approach is being implemented in principle, however with certain delays. The organizational set-up is relatively complex due to ISIPO's structure as a decentralized public organization with a head office in Tehran and regional branch offices that are relatively autonomous and responsible for the different pilot clusters. ISIPO encountered difficulties with contracting the jointly identified and selected CDAs and decided unilaterally to contract other candidates, whose qualification for the CDA job was not mutually recognized between ISIPO and UNIDO. As a result, the cluster promotion methodology that is implemented on the ground does not entirely correspond to the UNIDO methodology.

On the other hand, the ISIPO project coordinator has made considerable contributions beyond the direct scope of the project by initiating adjustments of the political and legal framework for cluster development in Iran. These contributions laid the groundwork for launching the national cluster action plan.

While the high qualification and motivation of the project coordinator are beyond doubt, it seems that the organizational set-up and the mode of cooperation between ISIPO and UNIDO could be further improved.

Contracting the project coordinator by UNIDO and not by ISIPO would ensure a tighter project management by UNIDO and clearer accountability. Both sides should reconsider whether the standard mode of cooperation using a National Project Coordinator under UNIDO contract, which is so successfully applied in other components of the IP (dates project see below) could also be applied in the case of the cluster project.

Furthermore, the jointly agreed selection criteria for CDAs should be strictly applied and a more flexible model for contracting CDAs should be adopted by which these agents would be contracted not directly by ISIPO but through private sector structures.

Last but not least, ISIPO should make available all agreed logistical support to the project coordinator.

3.3 Women and youth entrepreneurship project (WED/YED)

This component did not receive the projected financial support and thus could not produce the expected results.

According to the planning in the IP document more than 500.000 USD should have been dedicated to this component. In practice the Government (MOLSA) financed a first pilot exercise of 40.000 USD in 2003/2004, which consisted basically of testing UNIDO's WED/YED approach together with the public vocational training organization TVTO.

The UNIDO approach was tested at the regional TVTO centers in Tabriz and Shiraz. Tests at the centre in Tehran were also foreseen but did not take place because of management problems. Government officials interviewed during the validation mission felt that the added value of the UNIDO approach as compared to other already ongoing entrepreneurship activities in the country was not clear to them. UNIDO efforts to mobilize Government funds or to bring in external donors such as Korea, France and Australia did not materialize and, as a result, the necessary funding for upscaling the initial pilot experience did not become available.

A new funding opportunity arose after the earthquake in Bam in December 2003, when the Austrian NGO “Hilfswerk Austria” (HWA) made available to UNIDO an amount of 70.000 USD for disaster relief activities. In 2004 a consultant from Austria specialized in e-learning was sent to Bam in order to identify a possible intervention strategy. In his report² the consultant identified the TVTO vocational training centre in Bam as a partner who would be experienced and interested in e-learning. The report did also analyze, although in a quite superficial and incomplete manner, possible training subjects and came up with construction and low-cost housing as first, solar energy as second and dates processing as third priority.

Although, according to stakeholders interviewed during the validation mission, the focus on e-learning in an earth-quake struck region was not fully shared by all parties, the three partners (TVTO Bam, UNIDO and HWA) decided to go ahead with this approach. UNIDO contracted a national project coordinator (NPC) who was not resident in the area but was supposed to stay at the project site for two weeks per month. However, the NPC was not integrated into TVTO and, as a result, national ownership of the WED/YED aspect of the project was relatively weak. Perceiving project management as a critical weakness, a view also shared by MAGFA and other project partners, UNIDO discontinued the contract with the NCP and contracted another person in May 2007.

On the other hand, partners showed strong interest in the e-learning aspect of the project. The software house MAGFA, one of the project partners, contributed 10.000 USD as well as a number of second-hand computers to the project and was committed to play its role in developing the e-learning tools. However, MAGFA considers that the software development part is insufficiently dealt with in the project document and that the HA funding is insufficient to carry out the software development as planned. They believe that a “plan B” should have been implemented once it became clear that no additional funding would become available.

As regards the subject matters to be trained through e-learning the initially suggested focus on construction and low-cost housing was not followed. A marketing consultant sent to the field in 2006 analyzed possible alternative options and reported that:

“60% of the people surveyed said that Agro-Food Processing should be the sector most concentrated on; 30% said that the niche production of Handicrafts should be a priority and 10% said that Tourism and related services should be a priority of UNIDO.”³

The agro-food sector and in particular dates processing had already been identified during the 2004 mission as a possible priority area with strong poverty reduction potential. This opportunity would have been particularly interesting because of strong synergy potential with the UNIDO dates project, which carries out a whole range of training courses in dates processing, packaging and quality assurance, also in the Bam region. Curricula and training material were ready and could have been used for e-learning.

² Mission report Iran (XP/RAS/04/006); by Mag. G. Oehling, UNIDO consultant on e-learning; October 2004

³ WED/YED through TVTO/BAM; An identification and analysis of the market potential of products and services for reconstruction and rehabilitation of communities with a focus on priority sectors including cultural tourism; by Sreekanth Sreenivasan; July 2006

However, the project moved into textile home appliances instead of dates processing. A first round of training of trainers in textile home appliances was carried out but sustainable results in terms of functioning marketing channels and ultimate income generation by the women target group remain still to be achieved.

The Iranian side seems to support the general idea of having a WED/YED component also in a future IP and recognizes UNIDO's efforts to mobilize the necessary funds from a variety of sources. However, the envisaged funding architecture of using public, private and various NGO sources from in- and outside Iran in parallel is far too complicated and ambitious.

Considering the funding difficulties encountered by the project the MIM advises that the WED/YED project in its present form should be phased out (see recommendations).

3.4 Agro-food project (dates processing)

The modernization of agro-food industries has been a priority theme of the IP Iran since its inception stage. A number of agro-food products (sugar cane; dairy; rice; tea; raisins; pistachio) have been under discussion at various stages of the IP. The latest version of the IP document mentions olives and dates as the two crops to be covered by the IP but only the latter was eventually retained by the Government for funding.

An initial phase was launched in 2002 with 150.000 \$ from UNIDO and 330.000 \$ in local currency from the Government. Additional Government funding of 586.000 \$ was pledged in 2004.

The expected outputs in the IP document mention a feasibility study of dates syrup production and the design and implementation of a "pilot dates processing unit". In practice the project as currently implemented expanded towards training and trade capacity building. The national project coordinator presented the expected outcomes of the project as follows:

- To translate the Government's strategy into action by strengthening the awareness of the necessity for a food safety system meeting international requirements;
- To revise and update food legislation (concerning dates) in conformity with international requirements;
- To upgrade and establish technical, managerial and marketing support services required to increase competitiveness, increase and broaden existing market shares;
- To upgrade selected date processing plants with respect to packaging, processing and storage.

The project implementation entered into full swing once the full Government funding became available (considerable delays occurred with the transfer of funds through a UNDP account in New York) and gained considerable momentum with the arrival of a new and very dynamic project team (national project coordinator and assistant) in early 2006. The team is located at the counterpart ministry and demonstrates impressive project management, monitoring and project ownership.

The project catalyzed cooperation with the various ministries concerned and initiated three inter-ministerial working groups. It also carried out a huge awareness and training programme:

- Awareness on marketing: 684 participants
- Awareness on processing and packaging: 208 participants
- Awareness on food safety and quality: 408 participants
- Training on GAP and IPM: 339 participants
- Training on food safety and quality: 663 participants

The technology demonstration unit is not yet implemented. This part of the project has been delayed first on the side of Iran by extended discussions about the most appropriate location of the unit and then on the side of UNIDO by delays in the procurement of equipment.

The project supports also private sector companies, a subject of increasing government interest. 15 companies are supported with a view to adopting HACCP. However, the physical infrastructure of some of these companies does not seem to be sufficient to achieve this objective. The project team should give high attention to even stronger involvement of the private sector and achieving visible results at company level.

The dates sector is of considerable economic importance in Iran and it is estimated to provide employment to some 200.000 persons, most of them poor producers of dates and many of them women. The project seems to have contributed to increasing dates exports (+40% in volume and +127% in value between 2003 and 2006). However, no particular priority is given as yet to bring into bearing the remarkable poverty alleviation potential of the project. A first step could be a dedicated study whether the increased export figures have already had an impact on income and job creation among poor dates producers. Poverty alleviation activities aiming at empowering poor producers along the value chain of dates production could become an integrated part of future projects in this area.

During the discussions with the evaluation mission, the Iranian side emphasized the need for the project to contribute to improved export linkages. Most Iranian dates are exported via the United Arab Emirates and Russia at low price and many exporters are not well experienced in optimizing export channels. According to the project, many exporters are not familiar with the demands structure on target markets and sometimes do not even know their customers. The fact that they are working individually and the absence of a dates exporters union are barriers for better competitiveness in the world market. There seems to be scope for promoting UNIDO's export consortia approach in the project, possibly by initiating mixed consortia of exporters not only of dates but also of other crops (e.g. raisins, pistachio).

Another priority to be met is the urgent need to come up with technological solutions for the substitution of methyl bromide for the pre-shipment treatment of dates. This particular application of methyl bromide is not banned by the Montreal Protocol and has thus not been covered by the various Montreal Protocol projects of UNIDO in Iran. However, in recent years other dates producing countries (e.g. Tunisia) have managed to substitute methyl bromide also for this particular application leading to competitive advantages on the European market. The Government considers UNIDO

as a centre of expertise for methyl bromide substitution and expects UNIDO to come up with appropriate solutions.

The project should address the following priorities until the end of the project (June 2008):

- Avoid any further delays with procurement of equipment;
- Accelerate and intensify HACCP (possibly replace some of the candidate companies);
- Involve private sector more strongly (for example as participants in the study tours organized by the project);
- Assess socio-economic impact and poverty alleviation;
- Showcase project successes (brochure; video).

3.5 Technology foresight

This project was carried out with the High-Tech branch (HTIC) of the MIM and has mainly consisted of the organization in December 2005 of an international five day conference featuring presentations by researchers and policy advisors from Germany, Hungary, Korea, Japan, Turkey and the UK. About 150 participants attended (policy makers, academia, industry).

The Iranian side carried out an extensive consultation process among all ministries and organizations involved in technology foresight. Full ownership was assured through consultation between all parties on the exact themes to be covered and experts to be invited. This process extended over a much longer period than initially foreseen. However, the Iranian counterpart feels that this successful concertation process was an important achievement and recognizes that UNIDO accompanied this process patiently and efficiently.

The Iranian side is fully satisfied with the results of this project and envisages a continuation that would expand the thematic coverage from the narrow subject of technology foresight to innovation policy in general. Setting up a virtual platform or portal could be an appropriate tool.

3.6 Technology management

This project was carried out with the Industry Management Institute (IMI) and consisted mainly of the translation and adaptation of the UNIDO training manual on technology management and of its application in a two-phased training exercise that lasted almost two years (training of twelve trainers who subsequently trained 80 managers from industry).

The training of trainers phase involved the preparation of twelve case studies on Iranian companies by the trainers themselves. This in-depth work explains the relatively long duration of this phase (August 2005 to March 2006). The training of 80 industry managers took place in several groups in March 2006.

While the quality of the initial UNIDO training material was found to be satisfactory, the quality of the case studies is variable. This is partly due to the quality of services

delivered by the international consultant, which the counterpart and the participants of the training of trainers course assessed as not entirely satisfactory.

Initially a further extension of the exercise to 1000 managers was foreseen. However, at the present stage, IMI does no more foresee such a quantitative extension but would rather envisage a more practical sector-oriented approach involving business associations or other private sector organizations.

3.7 National Strategy for Energy Efficiency and Energy Conservation

This project was issued in May 2002 as an addendum to revision 5 of the programme document. It was prepared at the request of IFCO and aims at the preparation of a National Strategy for Energy Efficiency and Energy Conservation. The project was budgeted at 225 k\$, including support costs, to be funded by Iran. The substance and scope of the project was fully endorsed by the management of IFCO but the final green light for funding and execution came in May 2004 only.

The terms of reference of the project agreement define the structure of the strategy document to be produced as follows:

- Energy policy framework in Iran
- Energy efficiency in residential and commercial sector
- Potential for savings in two industrial sectors (agro-based industries; non-metallic minerals)
- Synthesis of results, action plans and policy recommendations

The project started in September 2004 and UNIDO and IFCO agreed to set up a mixed team of three international and three national consultants for the preparation of the strategy document. When the responsible project manager at UNIDO HQ retired in 2005 his successor abandoned this approach, cancelled the contracts with the international experts and contracted instead another external expert as well as the former project manager.

The three national experts carried out their respective parts of the analysis apparently without major coordination inputs from the international expert. Delays accumulated in the course of the project and lead to an extension by 12 months in addition to the initial project duration of 18 months. By the end of 2006 the then project manager also retired and the project was handed over to a third project manager at UNIDO HQ.

In the meantime, major organizational changes had also occurred at IFCO, where the new management did not fully accept all previous shifts in the approach and management of the project. These differences in view became apparent at the end of the extended project period when a workshop was organised in May 2007. On this occasion a draft report was presented and discussed. IFCO requested UNIDO to include two additional sectors in the study that were not mentioned in the terms of reference of the project (transport and upstream industries) and pointed out that the study was still lacking conclusions and actions and hence could not yet be considered as the strategy document stipulated in the project agreement.

At the end of September IFCO requested UNIDO to submit a project document for an Energy efficiency study in the two additional sectors.

4 Recommendations

The ongoing projects should be finalized within the given timeframe.

4.1 Cluster project with ISIPO

- ISIPO should provide the national project manager (who is an ISIPO staff member) with the agreed support (assistant, car, office equipment; etc);
- ISIPO should solve the problem with contracting an assistant for the Tehran leather cluster; it will be necessary to solve this problem on an urgent basis to avoid serious problems with launching the cluster in line with the targets and timescale agreed in the project document;
- In order to achieve the overall targets and timescale defined in the project document, ISIPO should allow the national project manager to set his priorities accordingly and avoid using his capacities for purposes outside the project;
- The national project manager should set up a work programme for the next six months including a specification of necessary UNIDO support;
- ISIPO and UNIDO should analyze whether the project should and could play a role in executing the nation cluster action plan (25 new clusters) and, if necessary, revise the project work programme accordingly;
- ISIPO should revisit its approach to contracting Cluster Development Assistants. In the short term CDAs should be contracted not as individuals but through companies. In the medium term a more sustainable solution (for example an MSME Development Institute set up as a private sector entity without public funding could be a solution);
- The successes in the Tabriz automotive cluster should be documented as appropriate by photos, CD-ROM, video, interviews with CDA and company managers in order to showcase these successes as part of a concerted publicity effort of the entire IP.

4.2 WED/YED and e-learning project in Bam

- The newly recruited national project coordinator should analyze the situation on the ground in Bam and should submit, together with the TVTO Kerman and Bam, a realistic and detailed work programme with milestones for approval by the UNIDO project manager at HQ and endorsement by the UNIDO representative in Tehran;
- The newly recruited national project coordinator should concentrate her efforts on meeting the expectations of the beneficiaries trained to date under the project and on securing the sustainability of the results achieved as far as possible within the limited financial and time frame;
- The project should be phased out with the available funding and no further efforts should be applied to mobilize additional funding; the envisaged multi-donor funding architecture for expanding the project does not have the

necessary support and buy-in from the Government and should not be pursued;

- Employment creation and poverty alleviation are of high importance and UNIDO should make sure that these objectives, which are shared by both partners, would be addressed in an effective and credible manner under a future IP.

4.3 Agro-food project (dates processing)

- The technology demonstration unit at the Dates Research Laboratory should be fully operational before the end of the project; to this end UNIDO should apply a very tight time management for the procurement of the equipment in order to avoid a situation by which the equipment would not be properly installed or the laboratory staff not properly trained at project end;
- UNIDO should come up with possible technical solutions for substituting methyl bromide in dates conservation; to this end the project officer in UNIDO HQ should request contributions from the respective experts at HQ; possible synergies with the ongoing methyl bromide substitution project in Iran to be sought;
- The project should make sure that the target of 15 enterprises enabled to adopt HACCP will be reached; current candidate enterprises that would need major investments into building and equipment in order to achieve HACCP could be replaced by others that would not need such investments;
- The project should take into account the shift of government policy towards a stronger involvement and empowering of the private sector; the business association should be associated in all activities of the project; representatives of the private sector should participate in the forthcoming study tours;
- The national project staff should make themselves familiar with the UNIDO export consortia concept, which could become a line of action under the next generation of agro-processing projects of UNIDO in Iran; to this end a visit of the export consortia project in Tunisia should be included into the forthcoming study tour to Tunisia;
- The project should carry out a study to assess its current and potential socio-economic impact along the value chain (Did the poorest actors along the chain benefit from the increased export prices? How could their share in the overall added value be increased?);
- The project should establish direct contacts with MAGFA and exchange information on the training carried out and establish whether a future use of e-learning tools in this area would be appropriate and technically and economically feasible;
- The project should showcase its success stories; depending on the funds that could be made available for this purpose a brochure, a CD-ROM or a video could be prepared as an integrated part of a combined information effort of all projects under the IP Iran.

4.4 National Strategy for Energy Efficiency and Energy Conservation

- The ongoing project should be brought to an end without further delays and extensions. To this end UNIDO should seek an explicit and written agreement with IFCO what kind of strategy document is exactly expected from the project; on this basis the current draft should be revised.
- The study of the two additional sectors should be designed, negotiated and implemented as a new project.

4.5 New and enhanced IP review mechanism

UNIDO and the Government of Iran should enhance the monitoring and reporting for the IP Iran and set up the following IP review mechanism:

- The UNIDO representative should suggest to the Government of Iran the creation of an IP Steering Committee (joint UNIDO/Government chair; working level representatives from the main counterpart organizations of the IP);
- UNIDO HQ should enforce the strict application of the monitoring and reporting mechanism laid down in the TC Guidelines, which stipulate that project managers must keep the IP team leader constantly informed about project activities and prepare six-monthly progress reports;
- The UNIDO representative should consolidate the progress reports of the projects together with his own monitoring and appreciation of the activities carried out and results achieved into a six-monthly progress report of the IP;
- The IP steering committee should meet on a regular, at least six monthly basis to review progress; discuss the six-monthly progress report of the team leader; adopt the work plan and milestones for the next phase; agree upon the payment of installments;

4.6 Joint programming mechanism for the formulation of the next IP

Taking into account the expressed strong interest of both sides to enhance and extend their cooperation the Government of Iran and UNIDO should set up a joint programming mechanism, which will ensure the timely programming of the next UNIDO Integrated Programme in Iran. This joint programming mechanism should adopt the following principles and include the following components, steps and activities:

- The National Committee for UNIDO (NCU) is the central body of the Government of Iran to define the priorities and principles of its cooperation with UNIDO;
- All projects under the next IP shall be designed jointly by the Government and UNIDO based on the priorities of the Government and the volume of the financial support the Government will be prepared to dedicate to its cooperation with UNIDO;

- The Government of Iran makes a political decision on the overall financial amount that should be set aside for the cooperation between Iran and UNIDO under the next IP;⁴
- The Government of Iran and UNIDO establish a joint fund for joint project design and formulation;⁵
- The NUC collects and prioritizes project ideas from the UNIDO focal points in the various ministries;
 - for comparability and decision making these project ideas should be structured along a common format, which clearly describes the expected benefits, the estimated necessary means and time frame as well as the UNIDO comparative advantage in this area;
 - the NUC discusses and screens the received project ideas and may seek the advice of UNIDO for this purpose;
 - the NUC establishes a priority list of projects that should be formulated;
- The IP Steering committee launches and supervises the formulation process, defines the terms of reference, selects experts, etc
- On the basis of the formulation studies the IP Steering Committee submits a new Integrated Programme to the NUC for decision.

N.B.: According to UNIDO experience a time horizon of about one year is expected for the joint formulation of a new IP. In order to avoid a disruption of the activities between the current and the next IP it is recommended to launch the formulation process as soon as possible.

4.7 Project ideas that are currently being floated

The following project ideas are currently being floated based on experience made under the current IP and on new economic and political developments and requirements:

- Integrated value chain development projects for different fruits (dates; raisins; olives). Such projects would integrate improved storage, processing and packaging methods with downstream trade capacity building, export promotion and marketing activities and upstream enhanced production methods. The projects would include income generation and poverty alleviation activities for the most vulnerable actors in the value chain. A joint ‘One UN’ execution with FAO (upstream) and ITC (downstream) under UNIDO leadership along the lines of experience made in other countries could be envisaged.

⁴ In the future and as far as possible the time frame of the cooperation between Iran und UNIDO should be synchronized with the national five-year planning and UNDAF.

⁵ The amount necessary for programme formulation can be estimated at about 5% of the envisaged overall financial volume of the IP. Thus a volume of 2.0m\$ would require a joint fund for project design and formulation of 100k\$ to be shared on a 50:50 basis between the Government and UNIDO.

- Sector specific technology watch / technology roadmapping initiatives. Such initiatives would be carried out with the business associations of the related sectors and could include a strong South / South aspect. A project proposal for a three country technology foresight programme in the automotive sector involving Turkey, Tunisia and Iran is currently being circulated.
- The Government has expressed interest in a South/South technology center to support and enhance the technological cooperation of Iran with other developing countries in the region and beyond.
- Development of joint UNIDO/MAGFA e-learning products. Such product developments would be integrated parts of other projects (value chain; technology) and could also have a strong South / South potential;
- Development of a virtual center or platform to enhance networking in technology and innovation policy at the national level. The project would build upon the achievements of the technology foresight project under the current IP, which has successfully introduced a bottom-up and consensus building approach into the specific area of technology foresight.
- There is a window of opportunity for an energy efficiency project under the Global Environment Facility that would initiate pilot and demonstration projects in various industrial sectors. The financial volume earmarked for this project is 5.0m\$.

5 Annexes

Annex 1 List of persons interviewed

Saturday September 1st, 2007

Mr. Javadi, National Project Coordinator (Date Processing Project)	Javadi_sohrab@yahoo.com
Ms. Noei, Project Secretary	f-noei@yahoo.com
Mr. Mohamadzadeh, Managing Director of Tropic Fruits Department (Date Processing Project)	m.mohammadzadah@agri-jahad.ir
Mr. Moharer, Assistant director of tropical and semitropical areas in Iran	Ali_moharer@yahoo.com
Mr. Tamhidi, Expert in date production revenue	farid_tamhidi@yahoo.com
Mr. Mansouri, National Project Coordinator (Cluster Project)	isamansouri@gmail.com ; mansouri@iraniec.ir
Mr. Kaviani, Deputy to managing Director (Cluster Project)	

Sunday September 2nd, 2007

Ms. Nojabaei, National Project Coordinator (WED/YED project)	manigeh_n@yahoo.com
Ms. Sadeghi, e- learning Manager (WED/YED) project	n_sadeghi@magfa.com

Monday September 3, 2007

Mr. Balazade, IMI Project Coordinator	balazadeh_h@sbc.ir
Mr. Sharif, Director of IFCO Industry section and Project Focal point	sharif@ifco.ir
Mr. Behruz Poursina, Manager of the Energy Strategy Project	poursina@ifco.ir

Tuesday September 4, 2007

Ms. Shahraki, project Coordinator	mshahraki@hitech.ir
Mr. Shabboei, IFCO National Project Experts	shabboei@yahoo.com
Afshin Gholamrezaei, Director at SISCO	info@sisco.ws
Dr. Amiri, UNIDO Focal Point in MFA	aliamiri20@gmail.com
Mr. Soleimani, Director General of International Affairs in MoIM	soleimani@mim.gov.ir
Ms. Mahmoudian, Head of international Affairs in MOIM	mahmoodian@mim.gov.ir

Wednesday September 5, 2007

Stocktaking and feed-back meeting at UN offices in Tehran

Mr. Amiri (Ministry of Foreign Affairs)

Mr. Javadi (NPC dates project)

Mr. Mansouri (NPC cluster project)

Ms. Noei (secretary dates project)

Ms. Nojabaei (MAGFA)

Ms. Sadeghi (NPC WED/YED project)

Ms. Mahmoudian (Ministry of Industry and Mines)

Mr. Gong

Mr. Ayad,

Ms. Tashakori

Meeting with Mr. Knut Ostby, UNDP Resident Representative

Wrap-up meeting with Mr. Gong

Annex 2 Overview table

	Counterpart	Execution			Budget in thousand US\$					Status
		Init	Start	End	Plan	UNIDO	Gov	Other	Allot	
SME development										
– SME strategy document	ISIPO	01/00	05/01	02/03	70	70				Executed
– SME cluster development	ISIPO	10/02	01/06				435			Ongoing, on track
– Women & youth entrepreneurship	MOLSA/TVTO / MAGFA				536	50	10 100	70 (HA)	82	First phase finalized; current phase ongoing, but funding problems
Agro-based industries										
– Dates processing	MoJA	12/01	06/03			150	330 408 129		462	Ongoing, on track; problems with transmitting funds through UNDP solved
– Glucose processing							6		6	Executed
Investment & technology promotion										
– Technology management at enterprise level (training of managers)	IDRO/ IMI				150				101	Executed
– Technology foresight seminar	MIM		12/05						45	Executed
Industrial renovation										
– Upgrading of public enterprises	IRCI				1.000					Not executed
– Business plan for ICT park	MAGFA	03/04	08/05							Executed (budget?)
Energy & environment										
– National strategy for energy efficiency	IFCO	05/02	05/04	05/07					199	Finalisation of study pending
– Study tour waste water treatment	?	02/05		04/06					55	Executed, no report
– GEF project on energy efficiency	IFCO				5.000					In pipeline
Montreal protocol (outside IP)									3.100	

