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Independent Evaluation Report

West Africa

Independent Evaluation of UNIDO Regional
Programmes for Trade Capacity Building in West Africa

Volume I



UNITED NATIONS
INDUSTRIAL DEVELOPMENT ORGANIZATION

UNIDO EVALUATION GROUP

Independent Evaluation Report

West Africa

Independent Evaluation of UNIDO Regional Programmes
for Trade Capacity Building in West Africa

Volume I



UNITED NATIONS INDUSTRIAL DEVELOPMENT ORGANIZATION
Vienna, 2013

Distr. GENERAL

ODG/EVA/12/R.10-1

Volume I

April 2013

Original: English

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This document has not been formally edited.

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Abbreviations and acronyms

AAFEX	Association of West-African Agro-Food Exporters
ACP	African, Caribbean and Pacific Group of States
AFD	French Development Cooperation Agency
BDS	Business Development Services
BRMN	Bureau Régional de Mise à Niveau (French for 'Regional Office for Upgrading')
CEMAC	Communauté économique et monétaire de l'Afrique centrale (French for 'Central African Economic and Monetary Community')
CODEX	stands for <i>Codex Alimentarius</i> , a collection of internationally recognized standards, codes of practice, guidelines and other recommendations relating to foods, food production and food safety
COFRAC	Comité Français d'Accréditation (French for 'French Committee for Accreditation')
CTA	Chief Technical Advisor
DAC	Development Assistance Committee
ECOWAS	Economic Commission of West African States
EMQP	ECOWAS-Mauritania Quality Programme
EPA	European Partnership Agreements
EU	European Union
FAO	Food and Agriculture Organization
FDI	Foreign Direct Investment
FTA	Free Trade Agreement
GDP	Gross Domestic Product
IPR	Intellectual Property Rights
IR&D	Industrial Research and Development Programme
ISO	International Standards Organization
ITPO	Investment and Technology Promotion Office
IU	Industrial Upgrading
IUEC	Initiative on Industrial Upgrading and Enterprise competitiveness
IVA	Industrial Value Added
NORAD	Norwegian Agency for Development Cooperation
NORMCERQ	Secrétariat régional de la Normalisation, de la Certification et de la promotion de la Qualité (French for 'Regional Standardization, Certification and Quality Promotion Agency')
NPC	National Programme Coordinator
NQS	National Quality Systems
NSC	National Steering Committees

OIML	Organisation Internationale de Métrologie Legale (French for: 'International Organization of Legal Metrology')
PRDCC	Programme Programme de Renforcement et de Développement des Capacités Commerciales (French for 'Program for Building and strengthening Trade Capacity')
PRMN	Programme Régional de Mise à Niveau (French for 'Regional Upgrading Programme')
PTB	Physikalisch-Technische Bundesanstalt (Germany's National Metrology Institute)
QP	Quality Programme
RCU	Regional Coordination Unit
REC	Regional Economic Commission
RMRC	Regional Metrology Reference Centres
RSC	Regional Steering Committee
RTC	Regional Technical Centres
SAARC	South Asian Association for Regional Cooperation
SFP	Sustainable Fisheries Programme
SIDA	Swedish International Development Agency
SME	Small and Medium Enterprises
SMTQ	Standards, Metrology, Testing and Quality Management
SOAC	Système ouest-africain d'accréditation (French for 'West African Accreditation System')
SOAMET	Secrétariat ouest-africain de métrologie (French for 'West African Secretariat for Metrology')
SPS	Sanitary and Phytosanitary
SPX	Subcontracting and Partnership Exchange
SQAM	Standards, Quality Assurance, Accreditation and Metrology Programme
TA	Technical Assistance
TBT	Technical Barriers to Trade
TCB	Trade Capacity Building
TRAQUE	Trade-related assistance and quality enabling programme
TUNAC	Tunisian Accreditation Council
UEMOA	Union Economique et Monétaire Ouest Africaine (French for 'West African Economic and Monetary Union')
UNIDO	United Nations Industrial Development Organization
WAQP	West Africa Quality Programme
WHO	World Health Organization
WTO	World Trade Organization

Glossary of evaluation related terms

Term	Definition
Conclusions	Conclusions point out the factors of success and failure of the evaluated intervention, with special attention paid to the intended and unintended results and impacts, and more generally to any other strength or weakness. A conclusion draws on data collection and analyses undertaken, through a transparent chain of arguments.
Effectiveness	The extent to which the development intervention's objectives were achieved, or are expected to be achieved, taking into account their relative importance.
Efficiency	A measure of how economic resources/inputs (funds, expertise, time, etc.) are converted to results.
Impacts	Positive and negative, primary and secondary long-term effects produced by a development intervention, directly or indirectly, intended or unintended.
Indicator	Quantitative or qualitative factor or variable that provides a simple and reliable means to measure achievement, to reflect the changes connected to an intervention, or to help assess the performance of a development actor.
Institutional development impact	The extent to which an intervention improves or weakens the ability of a country or region to make more efficient, equitable, and sustainable use of its human, financial, and natural resources, for example through: (a) better definition, stability, transparency, enforceability and predictability of institutional arrangements and/or (b) better alignment of the mission and capacity of an organization with its mandate, which derives from these institutional arrangements. Such impacts can include intended and unintended effects of an action.
Lessons learned	Generalizations based on evaluation experiences with projects, programs, or policies that abstract from the specific circumstances to broader situations. Frequently, lessons highlight strengths or weaknesses in preparation, design, and implementation that affect performance, outcome, and impact.
Logframe	Management tool used to improve the design of interventions, most often at the project level. It involves identifying strategic

Term	Definition
	elements (inputs, outputs, outcomes, impact) and their causal relationships, indicators, and the assumptions or risks that may influence success and failure. It thus facilitates planning, execution and evaluation of a development intervention. Related term: results based management.
Outcome	The likely or achieved short-term and medium-term effects of an intervention's outputs. Related terms: result, outputs, impacts, effect.
Outputs	The products, capital goods and services which result from a development intervention; may also include changes resulting from the intervention which are relevant to the achievement of outcomes.
Recommendations	Proposals aimed at enhancing the effectiveness, quality, or efficiency of a development intervention; at redesigning the objectives; and/or at the reallocation of resources. Recommendations should be linked to conclusions.
Relevance	<p>The extent to which the objectives of a development intervention are consistent with beneficiaries' requirements, country needs, global priorities and partners' and donors' policies.</p> <p>Note: Retrospectively, the question of relevance often becomes a question as to whether the objectives of an intervention or its design are still appropriate given changed circumstances.</p>
Results	The output, outcome or impact (intended or unintended, positive and/or negative) of a development intervention. Related terms: outcome, effect, impacts.
Sustainability	The continuation of benefits from a development intervention after major development assistance has been completed. The probability of continued long term benefits. The resilience to risk of the net benefit flows over time.

Executive Summary

Background and introduction

This report covers an internal end-of-programme evaluation of two large-scale regional programmes implemented by UNIDO in West Africa:

- “*Restructuring and upgrading of industries in countries of the West African Economic and Monetary Union (UEMOA)*” (abbreviated as PRMN), with a total budget of €11.7 million, of which €10.9 million from the UEMOA and €0.8 million from UNIDO;
- “*Competitiveness support and harmonization of Technical Barriers to Trade (TBT) and SPS (Sanitary and Phytosanitary) measures*” (abbreviated as WAQP for West Africa Quality Programme), with a total funding of €16.9 million from the European Union (EU).

Both programmes started in 2007 and ended respectively in June 2012 (PRMN) and December 2012 (WAQP). In terms of country coverage, the PRMN encompassed all eight UEMOA Member States, whereas the WAQP covered the 15 Economic Commission of West African States (ECOWAS) Member States plus Mauritania.

The main purpose of this evaluation was to inform UNIDO decision-making as regards the envisaged next phases of each of the two programmes. The evaluation precedes and complements (but does not replace) the donor-led evaluations of the two programmes. It was conducted by a team led by Peter Loewe (Senior Evaluation officer of UNIDO) that included the following consultants: Leny van Oyen, Cécile Carlier, Jorge Canossa and Michaela Fleischer. The evaluation covered desk review, internet surveys and interviews (ECOWAS and UEMOA Commissions; EU Delegations in Abuja and Ouagadougou; UNIDO staff at HQ and in the field). A total of 8 of the 16 countries covered were visited.

General issues

The evaluation put emphasis on the need for a *systemic approach*, as industrial upgrading (IU) and SMTQ (Standards, Metrology, Testing and Quality) issues are influenced by a large number of factors and interrelationships. Also, as both programmes cover both regional and national level interventions, the *subsidiarity principle* was highlighted, reflecting the notion that supra-national authorities should focus on their subsidiary function and perform only those tasks which cannot be performed effectively at the national or local level. Moreover, the evaluation noted that both programmes included some degree of *subsidization*, the effect of which (in terms of overcoming market failures or eventually distorting the markets for the services) was not monitored by the two programmes.

PRMN

The regional scope of the PRMN (a “pilot” programme) was innovative yet its initial timeframe of two years was very ambitious and the programme actually covered five years. The identification of priority products within the pre-defined agro-industrial target sector was not fully used for targeting programme interventions. Notwithstanding considerable variations in country contexts, the budget and

programme targets were uniform across countries (“blueprint” approach). The programme supported the establishment of national IU Offices in all countries, with the exception of Senegal, Mali and Burkina Faso, as these countries had ongoing national IU programmes. In most cases, the IU Offices were set up as separate entities rather than “grafted” to the existing national enterprise support infrastructure. As the procedures of the PRMN and those of ongoing national IU programmes were not fully aligned, this created some frictions. The IU Offices felt at times marginalized in the implementation of the upgrading plans. The PRMN reached its objective to develop national IU programmes in all participating countries, although not all are funded and operational to date.

The programme undertook significant efforts to raise awareness and train public and private stakeholders on the IU concept and methodology. Still, the range of participants was considered wide and the nature of the training rather general. A total of 17 consulting firms from the region were involved in 116 diagnostic studies and upgrading plans. Around 190 national consultants worked in tandem with international consultants in the “soft upgrading” activities conducted by two international consulting firms at the level of 99 enterprises (number of enterprises with approved upgrading plans). Still, there is no indication to what extent the functioning of national and regional Business Development Services (BDS) markets related to IU has improved on a sustainable basis. For upgrading support related to quality, cooperation with the WAQP was envisaged and implemented, although with significant delays due to late completion of the upgrading plans, and coordination/communication challenges between the two programmes.

Overall, companies were very satisfied with the diagnostic reports (albeit the duration of their preparation was considered long) and with the quality and competence of the expertise provided through the programme. As access to finance to engage in “material investments” is of prime concern to companies, expectations of participating countries and companies as regards the PRMN subsidy scheme operated directly by UEMOA Commission were high. Still, less than half of the enterprises (44 out of 99) submitted requests for subsidies and the process of reimbursement managed centrally at the regional level was found cumbersome and generated frustrations. Linkages with the financial sector (typical feature of a systemic approach) got less emphasis than initially planned.

As regards programme management, notwithstanding dedication and expertise, high turnover both at the level of HQ and project coordination at the field level affected efficiency. The programme lacked a robust mechanism for results monitoring – key for learning and distilling lessons for “scaling up”. Even if many of the planned outputs have been achieved, scarcity of data does not allow a proper assessment of effectiveness of the programme at the outcome level. The provisions for evaluation of a programme of this size were not respected.

The draft programme document for the “scale-up” phase has been elaborated but was found to require thorough revision in order to duly reflect the lessons learned from the pilot phase.

WAQP

For the UEMOA member countries, the WAQP was the follow-up programme of an earlier SMTQ programme (Quality Programme 1/QP1), whereas in the other countries and for the ECOWAS Commission, it was the first regional SMTQ

programme. The planned duration of 3 years proved to be ambitious and the programme was extended several times; the last extension covered a one-year transition phase (2012). Working with two Regional Economic Commissions (“dual ownership”) was challenging and gaps in communication affected the speed of decision making on programme implementation. While initially split into QP2 (UEMOA) and ECOWAS + Mauritania (EMQP), a unified programme management structure was put in place in 2011, when also steps towards decentralization were made. Prior to the unification, the implementation mode was considered by the programme partners as overly centralized/HQ-driven.

The programme focused on developing/strengthening the quality infrastructure at the country level. At the regional level support covered policy advice to the regional SMTQ bodies created under QP1 (UEMOA). Towards the end of the programme, support was provided to ECOWAS Commission’s initiative towards a Regional Quality Policy (adopted in October 2012). Another regional activity concerns the quality awards system created for UEMOA; preparatory work to adopt an award system at the level of ECOWAS is ongoing. As regards the development of regional standards and regional product certification marks, there has been limited progress and the regional quality institutions at the level of the UEMOA are for now in a nascent stage, with no indication if/when/how they will be extended to ECOWAS. Stronger policy focus early on in the programme - considered catalytic to mobilize national and regional ownership and funding for sustaining quality infrastructure - was among the lessons learned from a remarkable internal review/self-evaluation (2011).

The WAQP assisted 48 testing laboratories of which 7 were accredited at the time of this evaluation, with another 13 expected to be accredited by the end of 2012. Whereas the programme monitored the technical progress of the laboratories, outcomes in terms of services provided by the laboratories and income generated were not monitored (though key for sustainability). The organizational, managerial and marketing aspects of laboratory upgrading (such as business plans and statutes of public laboratories) were considered to have received too little attention. The maintenance of laboratory equipment is an issue that received some attention under the WAQP at the regional level (in the form of studies and discussions) but steps towards a concrete solution to this recurrent problem are pending.

As regards the metrology component, the programme support covered areas such as policy advice and procurement of basic equipment to 15 national metrology bodies. Little information is available on trends in demand for metrology and calibration services offered by these bodies.

As regards inspection services, focus was on awareness creation and training of inspectors of phyto-sanitary and veterinary inspection bodies. There remain many challenges to streamline and harmonize inspection procedures at the regional and national level that involve multiple organizations. Compared to UN Agencies with normative roles as regards food safety issues – World Health Organization (WHO) and Food and Agriculture Organization (FAO) -, UNIDO is for now primarily concerned with voluntary standards.

The prime rationale for quality-related enterprise support was to develop specialized consultants and auditors. Enterprise support (in cooperation with the PRMN) focused primarily on subsidizing ISO process certification and covered 106 companies in UEMOA countries and 29 in EMPQ. At the time of this evaluation 13 firms had completed the certification process.

Another area of cooperation with the PRMN concerned the envisaged creation of seven Regional Technical Centres (aimed at demonstration state-of-the-art technologies, advice and training in selected agro-industrial subsectors), but apart from equipment provided to some of the centres, the activities under this component were not pursued (and are rather envisaged to be developed under the next phase of the PRMN).

In general, the level of achievement as regards the range of expected results (output level) of the programme are variable but overall satisfactory. It is difficult to assess effectiveness at the outcome level to the extent data on the use of the outputs are scarce.

Synergies

As regards *external coordination*, there is evidence of inter-programme cooperation with important EU-funded sectoral programmes at the regional and country levels, such as the Sustainable Fisheries Programme and programmes supported by bilateral donors, such as the support of the French Development Cooperation Agency (AFD) to the West African Agro-Food Exporters. In some cases cooperation could have gone deeper. There have also been linkages with PTB (Germany) - including on the idea of creating regional metrology reference centres (RMRC) initiated under QP1 – yet cooperation at the operational level has been challenging.

In terms of *inter-programme cooperation*, the PRMN and the WAQP undertook efforts to translate potential complementarities into joint activities, such as regarding support to enterprise certification. This being said, differences in procedures and communication problems led to substantial delays in joint implementation. Designed separately, the two programmes were complementary and confirmed to be of strategic relevance for the two Commissions, but had no common governance and implementation structures. Coordination between the PRMN and the national IU programmes proved to be complex and challenging (due to variations in procedures). In the case of the WAQP, the coordination between the regional programme and the national quality programme in Ghana was found to be a case of good practice.

Prospects for impact

Both programmes aimed at improving the competitiveness of the region and its integration in the global economy. Focus of interventions was initially sought by identifying so called “priority products” for the participating countries to increase chances for impact, yet this approach was not systematically pursued during implementation. The interventions certainly contributed to improving overall trade performance, yet are evidently not sufficient for bringing about improved competitiveness and trade. As regards the design of the WAQP, improved import competitiveness of local industry and protection of industry and consumers against sub-standard production and imports was not really among its priorities (which would widen chances for impact beyond improved export performance). It is considered a major shortcoming of the PRMN that it did not systematically extract and analyze information contained in the diagnostic reports.

Recommendations

The evaluation made a series of recommendations for (i) PRMN, (ii) WAQP and (iii) UNIDO Management. The main features are summarized below (for a complete list, reference is made to Chapter 10):

PRMN

- Revision of the draft programme document of the “scaling up” phase
- Adherence to the subsidiarity principle (emphasis of the regional level component on networking, exchange of good practices, training and advice)
- Phasing out of direct interventions at company level through UEMOA Commission and rather support to national programmes (financial support; support in funds mobilization for national programmes)
- Facilitation of access to finance through effective linkages with existing financial structures and identification of fiscal incentives as an option to finance upgrading (bonuses; exonerations)

WAQP

- Emphasis on complementarity of the regional programme and national programmes
- Adherence to the subsidiarity principle and priority to be given to issues with regional dimension (such as regional SMTQ bodies, laws, standards, product certification marks; regional harmonization of national regulations and policies; baseline assessments of the national quality systems as basis for SMTQ master plans and projects; monitoring of regional and national SMTQ related policies and projects; exchange of good practices; support to national programmes through advice and training)
- More emphasis on the market orientation of testing laboratories
- Search for solutions to the problem of poor maintenance of laboratory equipment
- More effective coordination among SMTQ related programmes and projects of different donors
- Deepening of cooperation with PTB as regards future programme support in the area of metrology (including study of current metrology capacities and needs and of the preconditions for the effective role of envisaged regional metrology reference centres)
- Strengthening of the regional pool of accreditation experts and expansion of the partnerships with accreditation bodies

UNIDO Management

- Deepening of coordination / integration of SMTQ and IU interventions
- Systematic review of regional programmes (in particular EU) and of the different ways to put into practice the subsidiarity principle
- Emphasis on more robust monitoring and learning, especially in the case of “pilot” initiatives
- Further decentralization of programme management to the field (making full use of its new Enterprise Resource Planning tool)

- Strict adherence to the application of mandatory evaluation rules, especially as regards programmes or projects with budget above € 1 million.

1. Introduction

1.1. Evaluation purpose and context

This independent evaluation covers two large scale regional programmes of UNIDO in West Africa:

- *“Restructuring and upgrading of industries in UEMOA countries”* abbreviated as “PRMN”; (10.9 million euro funding from the UEMOA, 0.8 million euro UNIDO funding)
- *“Competitiveness support and harmonization of TBT and SPS measures”*, abbreviated as “West Africa Quality Programme” (WAQP) (16.9 million euro funding from the EU).

Both programmes started in 2007. The PRMN (French abbreviation for “Regional Upgrading Programme” used throughout this report) ended in June 2012 and the WAQP in December 2012. The PRMN covered the eight UEMOA Member States and was explicitly positioned as a “pilot programme” in view of a future “deployment phase”. The WAQP covered the 15 ECOWAS Member States plus Mauritania (nine francophone, five anglophone, two lusophone).

The primary purpose of this evaluation is to support UNIDO decision making related to the envisaged follow-up programmes. Therefore, the evaluation focuses on questions and issues that are of direct UNIDO interest, in particular the design and management of large scale regional programmes. The evaluation has been executed under a very tight budget and time frame and complements (but does not replace) the meanwhile ongoing or forthcoming donor-led evaluations of the two programmes.

The present evaluation is an integrated part of UNIDO’s continuous efforts to take stock of and systematically learn from evaluations. It adopts the conceptual frameworks of the thematic evaluation of Standards, Metrology, Testing and Quality (SMTQ) conducted in 2010 and of the ongoing thematic evaluation of Industrial Upgrading. Both thematic evaluations are referred to in the text.

The evaluation has been conducted by a team of international evaluators: Leny van Oyen (PSD expert and former UNIDO Representative); Cécile Carlier (Investment and trade expert and former member of ITPO Paris); Jorge Canossa (SMTQ expert); Michaela Fleischer (junior consultant and data analyst) and Peter Loewe (Senior Evaluation Officer of UNIDO and team leader).

The evaluation encompassed desk reviews; internet surveys among laboratories, enterprises and national coordination teams; interviews by the evaluation team at the ECOWAS and UEMOA Commissions, EU Delegations in Abuja and Ouagadougou; UNIDO staff at HQ and in the field; and field visits to 8 of the 16 countries¹ in October 2012. This synthesis report is issued in French and in English. Evaluation evidence is provided in the annexes that are available from the electronic version of the report available on the UNIDO website but not printed.

¹ Nigeria; Burkina Faso; Ghana; Togo; Benin; Côte d’Ivoire; Senegal and Sierra Leone

1.2. Programme objectives, complementarity and overview

Table 1 shows the higher-level programme objectives as defined in the programme documents.

Table 1: Higher level objectives of PRMN and WAQP

Upgrading Programme (PRMN)	
General objective	Boosting industrial production, investment and employment promotion and improvement of the economies' competitiveness at regional and international levels
Specific objective 1	Enable the emergence of support services that will provide the necessary skills and qualifications needed by firms
Specific objective 2	Enable firms to become competitive
Specific objective 3	Strengthen the capacities of firms to enable them to track and master technological change and to adapt to the demands of regional integration and international competition

West Africa Quality Programme (WAQP)	
Overall objective	Contribute to the gradual integration of the West African region in the global economy
Specific objective	Strengthen the competitiveness of enterprises and ensure compliance with international trade rules and technical regulations
Result 1	National and regional quality infrastructure are able to provide services to enterprises
Result 2	Standardization, conformity assessment and accreditation activities are operational

Both programmes aim at the same high-level objective of “competitiveness”. While the PRMN focuses on enterprises directly and on the emergence and improvement of Business Development Services (BDS), the WAQP aims to develop the National Quality Systems (NQS) delivering Standards, Metrology, Testing and Quality (SMTQ) services to businesses.

The intervention logics of the two programmes and their respective use of RBM concepts and indicators will be discussed more specifically under the chapters dealing with “effectiveness” and “impact” below.

It can be retained here that both programmes are complementary in pursuing, from different angles, UNIDO's so called "Three C Approach" (Competitiveness, Conformity and Connectivity). The intention to assess this complementarity in practice has motivated, besides practical reasons, the decision to combine the evaluation of the two programmes under one single exercise.

Table 2 shows the country coverage and beneficiaries of the two programmes.

Table 2: Overview of country coverage and beneficiaries

			WAQP				PRMN		
			National Programme ¹	Testing Laboratories	Calibration Laboratories	Firms ²	National Programme	Consultants	Firms ²
UEMOA countries	1	Benin		4	1	15	xx	46	14
	2	Burkina Faso		4	1	16	x	50	18
	3	Côte d'Ivoire		4	1	12	xx	65	14
	4	Guinea Bissau		—	1	14	xx	27	13
	5	Mali		2	1	10	x	37	20
	6	Niger		1	1	10	xx	25	10
	7	Senegal		8	1	21	x	58	19
	8	Togo		3	1	8	xx	33	8
non-UEMOA countries	9	Cape Verde		1	2	5	No upgrading programme in these countries		
	10	Gambia		2	2	2			
	11	Ghana	x	4	1	3			
	12	Guinea		2	1				
	13	Liberia	x	2	1	4			
	14	Mauritania		3	1	5			
	15	Nigeria	xx	4	2	7			
	16	Sierra Leone	x	2	1	3			
Total	-	-		46	19	135		341	116

¹ x = under implementation; xx = under development

² Population of beneficiary firms of both programmes overlapping.

2. Regional and country context

The 16 countries covered by the two regional programmes are characterized by considerable variations. Figure 1 shows the evolution of GDP per capita for all countries between 2002 and 2011. According to the World Bank classification, 10 of the 16 countries are “lower middle income” countries (>1025 USD). Cape Verde is in the lead and reaches almost the “upper middle income” threshold of 4.035 USD. In this group, Cape Verde, Nigeria and Ghana exhibit dynamic growth rates, while Côte d’Ivoire has been stagnating, mainly because of conflict.

The other six countries belong to the “low income” group. In most of these countries - Benin, Guinea, Guinea Bissau, Niger and Togo – the economy is either stagnating or even contracting.

Figure 1: GDP per capita growth between 2002 and 2011

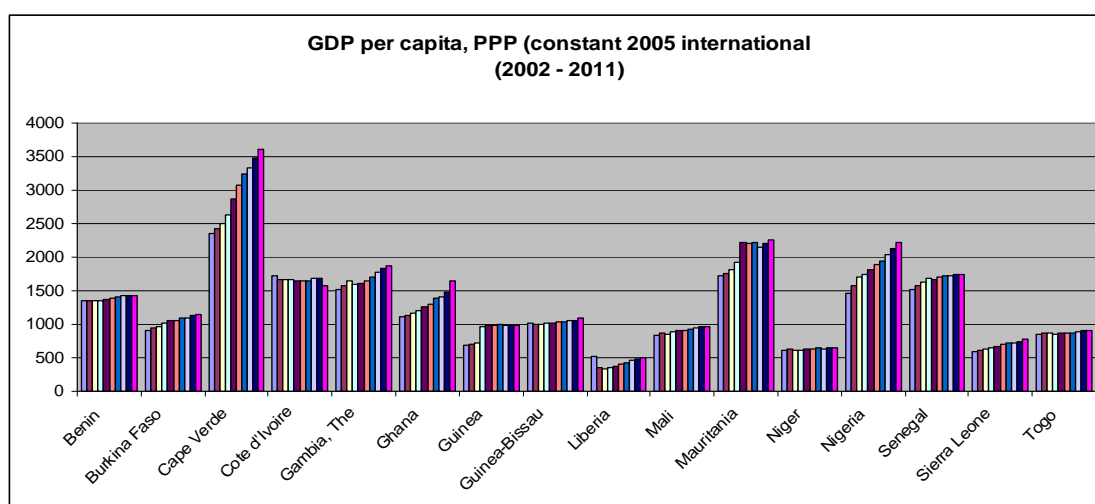


Table 3 shows GDP data and performance in terms of 9 development indicators. Trade Openness ranges from 11% for Burkina Faso to 62% for Mauritania. Niger, Guinea, Mauritania and, to a lesser degree, Ghana depend heavily on ores and metals exports (data for Liberia not available). Cape Verde’s leadership in GDP and growth results from the very strong role of tourism in this country.

Foreign Direct Investment (FDI) is low in most countries except for Niger (mining) and Liberia (mining and rubber). Industrial value added (IVA) and Gross fixed capital formation reflect the industrial development stage of the respective countries, however with caveats. For instance, Guinea’s leadership in IVA is primarily due to mining investments (bauxite) and reflects more the weaknesses of its (non-mining) industrial fabric than its strengths.

The two poverty related indicators confirm that, with the exception of Cape Verde and Ghana, poverty is a significant challenge in most of the countries. The country with the highest poverty gap is Nigeria.

Table 3: ECOWAS development indicators for 2010¹

	GDP per capita, PPP (constant 2005 int. \$)	Trade Openness (exports of goods and services in % of GDP)	Food exports (% of merchandise exports)	Ores and metals exports (% of merchandise exports)	International tourism, receipts (% of total exports)	Foreign direct investment, net inflows (% of GDP)	Gross fixed capital formation, private sector (% of GDP)	Industry, value added (% of GDP)	Poverty headcount at national poverty line (% of population)	Poverty gap² at \$1.25 a day (PPP) (%)
Benin	1423.89	14.28	(40.56)	(0.66)	(9.09)	1.69	16.13	[13.42]	[39.0]	[15.73]
Burkina Faso	1136.04	(11.38)	33.35	1.65	(9.40)	0.42	[11.15]	(22.36)	(46.7)	(14.66)
Cape Verde	3473.94	38.57	81.61	0.89	60.89	6.73	28.05	18.00	(26.6)	[6.05]
Cote d'Ivoire	1694.34	40.64	49.52	0.32	(0.98)	1.82	9.16	27.22	(42.7)	(7.5)
Gambia, The	1833.32	21.94	77.93	9.70	14.86	3.56	11.23	12.28	48.4	[11.69]
Guinea-Bissau	1064.11	[29.82]	[98.67]	[0.63]	(7.75)	1.06	[0.70]	[13.14]	[64.7]	[16.55]
Guinea	978.41	34.82	(2.49)	(59.21)	0.13	2.14	15.67	47.18	(53.0)	(14.96)
Ghana	1478.46	29.40	60.67	11.25	7.48	7.86	17.87	18.64	(28.5)	(9.88)
Liberia	482.26	25.04	n/a	n/a	3.01	45.79	28.83	n/a	(63.8)	(40.9)
Mali	966.86	(26.18)	29.78	0.67	(13.63)	1.57	(13.96)	(24.19)	(47.4)	16.36
Mauritania	2203.61	62.01	57.76	30.43	n/a	0.38	16.60	43.91	(42.0)	(6.79)
Niger	650.16	[15.04]	21.14	59.56	(6.29)	17.50	(12.24)	[17.12]	(59.5)	(12.42)
Nigeria	2134.95	37.90	3.34	1.08	0.96	3.07	n/a	(40.65)	(54.7)	33.74
Senegal	1738.00	24.79	28.56	3.76	(5.20)	1.85	18.2	22.35	[50.8]	[10.8]
Sierra Leone	741.69	17.10	[91.64]	[0.12]	6.15	4.53	8.02	20.66	[66.4]	[20.3]
Togo	898.22	37.31	15.01	5.61	(3.87)	1.29	11	15.67	(61.7)	(11.37)

¹ Figures in brackets are unavailable for 2010 and provided for the latest available year: [...] are data from 2002-2005, (...) are data from 2006-2009.

² The poverty gap is the average shortfall of the total population from the poverty line. This measurement is used to reflect the intensity of poverty. The poverty line that is used for measuring this gap is the amount typical to the poorest countries in the world combined with the latest information on the cost of living in developing countries. The poverty line is indicated by the widely accepted international standard for extreme poverty. This standard is \$1.25 daily.

Table 4: Agri-food exports from ECOWAS countries, 2010 (in Mio. US\$)

Category	Benin	Burkina Faso	Côte d'Ivoire	Cape Verde	Gambia	Ghana	Guinea	Guinea-Bissau	Liberia	Mali	Mauritania	Niger	Nigeria	Senegal	Sierra Leone	Togo	Total
Cocoa & cocoa prep.	0.0	0.0	4406.4	0.0	0.0	2595.2	12.3	0.0	14.5	0.1	0.0	0.0	870.4	0.4	41.6	274.2	8215.1
Fish and other aquatic invertebrates	1.1	0.4	9.2	17.5	11.9	51.3	34.6	19.1	1.3	0.3	596.3	0.0	67.4	291.1	1.1	7.2	1109.7
Edible fruit and nuts	86.7	11.3	633.1	0.1	14.8	204.9	12.3	66.0	0.0	7.0	0.5	0.0	47.3	21.8	0.3	2.2	1108.3
Oil seeds, oleaginous fruits	7.1	48.0	16.0	0.0	4.8	29.8	2.2	0.0	0.0	26.2	0.4	0.5	225.1	9.6	0.3	8.7	378.8
Fats and oils	0.5	5.2	149.5	0.0	10.2	44.3	0.8	0.2	0.4	0.7	2.8	0.0	0.2	76.6	0.1	2.1	293.6
Prep. of meat, fish or other aquatic invertebrates	0.0	0.0	127.0	18.2	0.0	125.9	0.3	0.0	0.0	0.6	3.4	0.0	0.0	12.3	0.0	0.2	288.0
Coffee, tea, maté, spices	0.4	0.0	162.2	0.1	0.0	3.7	38.2	1.5	0.1	0.3	0.1	0.1	17.6	0.7	5.6	47.9	278.5
Miscellaneous edible preparations	0.1	0.4	122.7	0.0	0.0	4.1	0.1	0.1	0.0	0.3	0.4	0.1	1.6	33.6	0.1	5.5	169.2
Residues and waste from the food industries	9.4	0.2	14.8	0.0	0.0	3.1	1.1	0.0	0.0	0.0	43.4	0.0	36.1	29.0	0.1	2.0	139.2
Edible vegetables	0.2	9.6	2.7	0.0	0.0	33.6	0.1	0.1	0.0	0.7	0.3	12.6	2.6	42.7	0.3	3.7	109.1
Preparations of cereals, flour, starch or milk	0.0	1.4	25.8	0.1	0.0	13.3	0.1	0.0	0.1	0.1	0.2	0.4	1.8	3.9	0.1	1.3	48.6
Cereals	10.4	1.2	1.6	0.1	2.1	0.0	0.0	0.0	3.1	0.2	0.0	8.1	2.1	0.0	6.4	0.0	35.3
Prod. of milling industry	0.9	2.2	20.1	0.0	0.0	2.5	0.0	0.0	0.0	0.3	0.1	0.1	1.7	4.6	0.0	0.4	33.0
Beverages, spirits, vinegar	0.3	0.7	0.4	0.9	0.0	4.1	0.3	0.0	0.0	0.6	0.2	0.1	5.4	2.7	0.1	17.0	32.8
Dairy produce; misc. edible products of animal origin	0.1	3.5	2.1	0.0	0.0	7.9	0.1	0.1	0.0	0.4	0.3	0.2	1.3	0.2	1.7	4.4	22.5
Sugars	5.7	0.3	6.5	0.0	0.0	0.8	0.0	0.0	0.0	0.0	1.7	0.0	1.6	0.4	2.7	2.6	22.3
Lac; gums, resins & other vegetable saps & extracts	0.0	0.1	0.1	0.0	0.0	0.7	0.0	0.0	0.0	0.5	0.0	0.1	11.6	1.6	0.0	0.0	14.9
Prep. of vegetables, fruit, nuts & other parts of plants	0.0	0.3	2.9	0.0	0.0	7.9	0.0	0.1	0.0	0.1	0.2	0.0	0.3	0.8	0.1	0.9	13.8
Others (<10 Mio US\$ total trade per category)*	2.4	3.2	7.0	0.1	0.1	5.9	1.2	0.0	0.0	0.9	0.6	0.1	3.1	0.7	0.3	1.0	26.6
Total trade value/country	125.3	88.2	5710.2	37.2	44.1	3139.0	103.8	87.1	19.6	39.1	651.1	22.5	1297.3	533.0	60.8	381.3	12339.4

Because both programmes concentrate on the agro-industrial sector and in particular on trade it is worthwhile to have a closer look at agro-food exports. Table 4 provides insight into the structure of agro-food exports from ECOWAS countries. In 2010, these exports amounted to more than 12 billion USD. More than 70% of these exports are coming from only two countries: Côte d'Ivoire and Ghana. Cocoa represents 57% of the exports, again mostly from Côte d'Ivoire and Ghana. Fish is the second biggest traded commodity but, again, almost 80% of the exports are coming from two countries only. Mauritania accounts for 53% and Senegal for 26% of fish exports from the region.

3. General considerations

3.1. Systemic approaches

Competitiveness and Quality are preconditions for Trade Capacity Building (TCB) and for industrial development at large. Both are complex issues that are influenced by a large number of factors. As it is typical for complex situations, addressing just one or a few underlying factors would be ineffective. Hence the need for so called *systemic* interventions, which normally address an entire set of underlying factors. Moreover, *systemic* interventions concentrate on the *interrelationships* between these factors. Quite often, these interrelationships are *supply-and-demand* relationships.

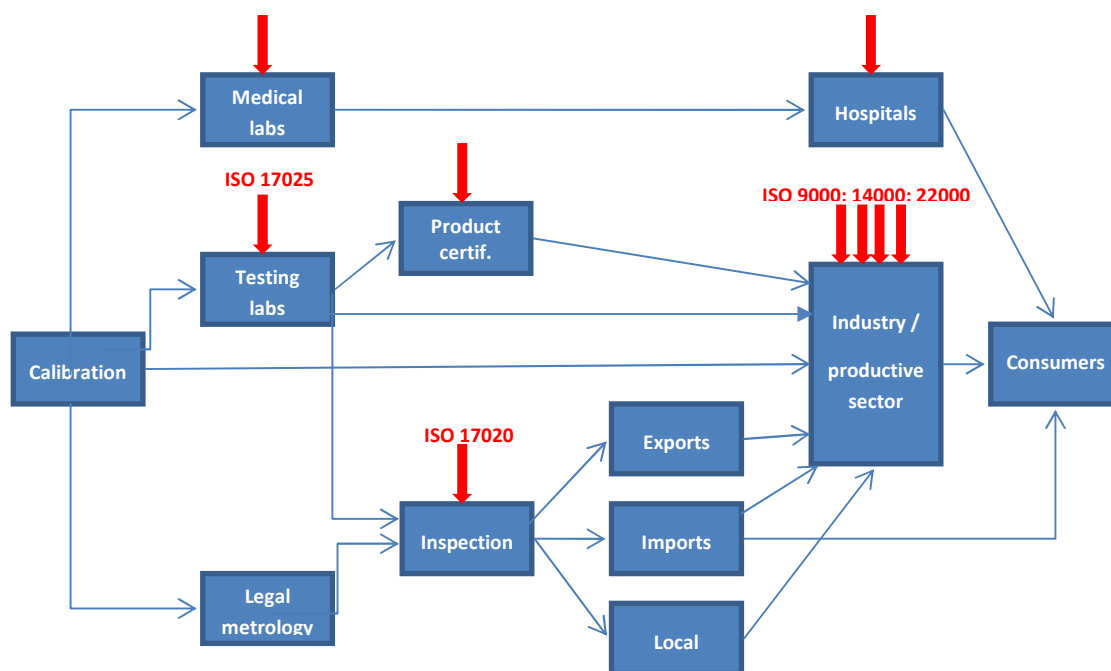
Systemic approach to Quality

Figure 2 shows the stylized and simplified structure of a typical NQS. The productive sector comes out as the central player with the highest number of supply-demand relationships. Taking into account the needs of the productive sector is therefore a key success factor of Quality programmes.

This emphasis on enterprise needs is also the key to sustainability. SMTQ services are costly and governments will not be able to sustain public SMTQ institutions services unless there is sufficient and growing demand (and willingness to pay?) for SMTQ services from the productive sector.

Figure 2 shows also the role of inspection bodies, which oversee local production, exports and imports and provide key linkages between testing laboratories (conformity assessment bodies) and the productive sector. Inspection bodies enhance the outreach of testing laboratories and make them ultimately effective. As a crosscutting issue, standards are not represented in Figure 2.

Figure 2: Simplified structure of a National Quality System



Furthermore, Figure 2 shows that most NQS players are subject to accreditation and/or certification according to ISO standards. As for *testing* services, the supply and demand for *certification* services need to be developed in parallel. To be sustainable, accreditation and certification bodies depend upon sufficient and continuous demand for services. They must deliver a minimum number of services per year in order to be internationally recognized and maintain their accreditation.

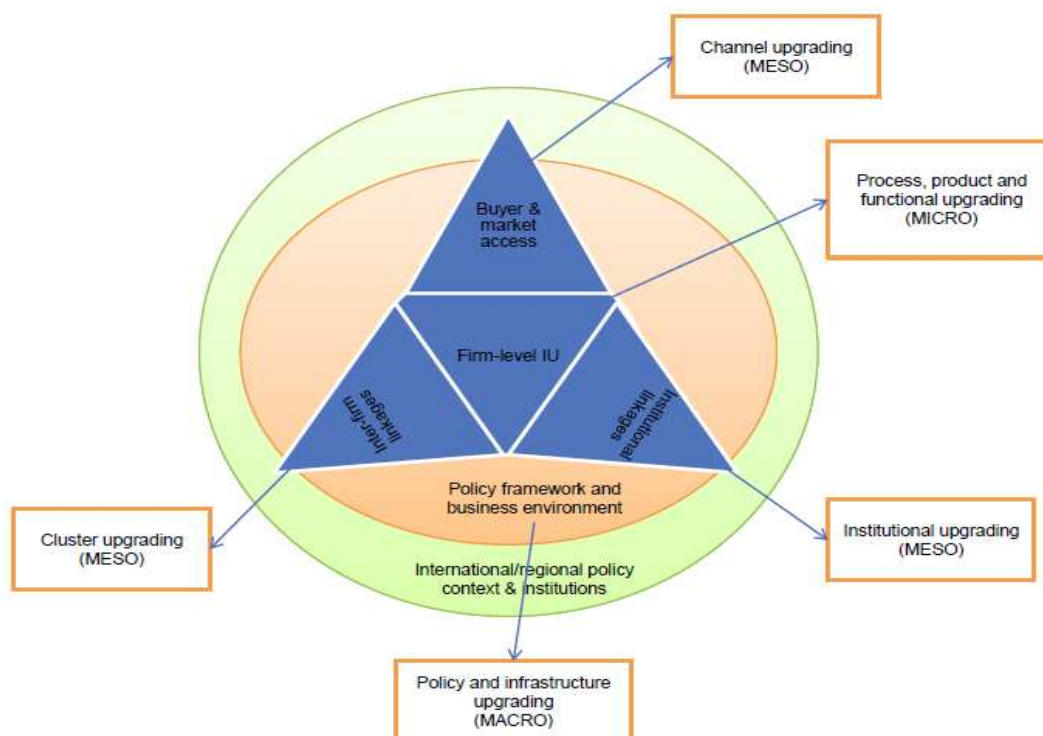
There is ample evidence from previous evaluations that SMTQ projects can make critical contributions to competitiveness, provided they adopt a systemic and holistic approach. The 2010 thematic evaluation of SMTQ initiatives offered detailed recommendations for systemic NQS development at the design and implementation stages (see Chapter 4.9 and Annex 4).

Systemic approach to Upgrading

The thematic evaluation of UNIDO's upgrading initiatives stresses the *systemic* nature of industrial upgrading. It makes the point that upgrading enterprises *in isolation* will not lead to the intended results, as enterprises interact along value chains (or "channels") and within clusters and are embedded in a meso and macro environment.

Figure 3 is taken from this thematic evaluation and shows the multiple dimensions of Industrial Upgrading (IU). As it will be explained in chapter 4, UNIDO's initial emphasis has been on firm-level IU and on institutional upgrading of Business Development Services (BDS) and better access to finance. Gradually, cluster and value chain linkages became integrated into the UNIDO IU methodology although this has not been the case under the PRMN.

Figure 3: Systems dimensions of Industrial Upgrading



3.2. Regional development programmes and the subsidiarity principle

By definition, regional programmes focus on regional issues. However, as in the present case, they may also reach out to the national level. The WAQP invested into the National Quality Infrastructures of the 16 participating countries. The PRMN built national capacities for industrial upgrading and provided indirect and direct subsidies to about 100 private firms in all UEMOA countries.

Regional programmes conducting national level interventions raise the issue of the so called “*subsidiarity principle*”. This principle is at the very basis of any supra-national community building. It suggests that *a supra-national authority should stick to its “subsidiary function” and perform only those tasks which cannot be performed effectively at a national or local level.*

Three categories of interventions can be distinguished that should be dealt with at the supra-national level:

1. interventions that have to be addressed at the regional level because national governments delegated their legislative or regulative power to the respective regional body (UEMOA and ECOWAS Commissions in the present case);
2. interventions for which the Commissions do not have legislative power but rather play a harmonization role;
3. interventions which are conveniently addressed at the regional level in order to assist national governments with delivering their own legislative and administrative duties.

Interventions under group 1 include regional policies (trade; industry; Quality; etc); regional regulative bodies; regional standards; regional product conformity marks.

Interventions under group 2 include harmonization of national rules and regulations; offering voluntary regional guidelines; benchmarking national performances; facilitate regional mobility of experts and exchange of good practices.

Interventions under group 3 include joint funds mobilization; economies of scale in training, procurement, maintenance, awareness raising and regional service centres.

In principle, all interventions that do not come under one of the three categories should be dealt with at national or local level. Although there may be exceptions, major risks tend to emerge in cases where the *subsidiarity principle* is not applied in Technical Assistance programmes. In case interventions are conducted top down from a higher level this may lead to:

- Relevance losses (“one size fits all”)
- Efficiency losses (time-consuming multi-layer decision making)
- Effectiveness losses (overlap and frictions with national initiatives)
- Weakening national commitment
- Sustainability problems (maintenance of regional infrastructures)

The present evaluation gives particular emphasis to these different dimensions and risks of the subsidiarity principle.

3.3. Subsidies and Public Goods

The WAQP and the Upgrading Programme intervened both through subsidies, although to a different degree and by different means. The WAQP focused on direct support to laboratories and other, mostly public, providers of SMTQ services. The PRMN targeted private industrial enterprises and, mostly private, BDS providers.

Subsidies are widespread practice in industrialized and in developing countries. But there is a widespread perception that subsidies to public institutions may be justified while subsidies to private industry should be avoided. This distinction is often made assuming that all public organizations deliver public goods while private enterprises operate commercially. However, this argument does not always hold scrutiny.

Subsidies should therefore be justified on grounds of the so called “market failures” argument. In the present context, the functioning of the markets for Quality and BDS services is of vital public interest for countries to compete globally. And, in most of the countries targeted by the present programmes, these markets are embryonic or virtually nonexistent. Therefore, subsidies that contribute to launching these markets and to making them effective are relevant, justified and “non actionable” in WTO terms.

However, subsidies may entail adverse effects. Economic theory has it that a subsidy which increases *supply* drives prices down while a subsidy that increases *demand* drives prices up. Balanced interventions on both supply and demand are therefore indicated, if distorted price levels are to be avoided.

As it will be explained below, it seems that in certain cases the subsidized investment of the WAQP into the supply of testing services may have led to laboratories offering services below cost and hence to unsustainable market equilibrium. This potential

distortion effect is further increased if laboratories are unable to establish their costs because they lack basic business plans and accounting systems and apply, instead, “political” prices at unjustifiably low levels.

On the other hand, there is also some evidence that, in particular in the case of the PRMN, the “artificial” demand for BDS services may have boosted the prices for such services to unsustainable levels that many enterprises cannot bear without further subsidies.

However, in some cases it might also be argued that the training opportunities for auditors and consultants offered by the WAQP and its predecessors have contributed to overcome the latent under-supply of such services and hence dealt with a specific market failure.

Besides these basic considerations, it should not be forgotten that the effectiveness and efficiency of subsidies depend heavily on delivery mechanisms. In general, the most common forms are indirect subsidies based on tax or tariff measures or indirect paths where industry benefits from decreased prices for public sector input. In general, direct subsidies are considered to be more targeted but also more costly in terms of bureaucratic and control costs. Moreover, it is widely recognized that direct subsidies bear the risk to be influenced by political criteria and that decisions on subsidies may reflect the response of elected officials to the demands of various interest groups, whose political support may be crucial for political success.¹

Promoting economic development and delivery of public goods through subsidies is current practice in the EU and other industrialized countries as well as in developing countries. It is widely recognized that subsidization strategies can be a highly relevant, justified and effective means for development.

However, in the present case both programmes relied on delivering subsidies without recognizing this as their basic intervention mode. Thus none of the programmes paid the necessary attention to monitoring the evolution of market prices and the potential effects of their interventions on supply, demand and market equilibrium.

Ultimately, none of them is therefore able to clearly demonstrate to what extent its subsidization strategies may have distorted the markets of the respective services or contributed to overcoming market failures.

These issues related to subsidies as a means for economic development and delivery of public goods are of fundamental importance for both programmes and will be discussed in greater detail further down in this report.

¹ WTO World Trade Report 2006

4. PRMN – achievements and challenges

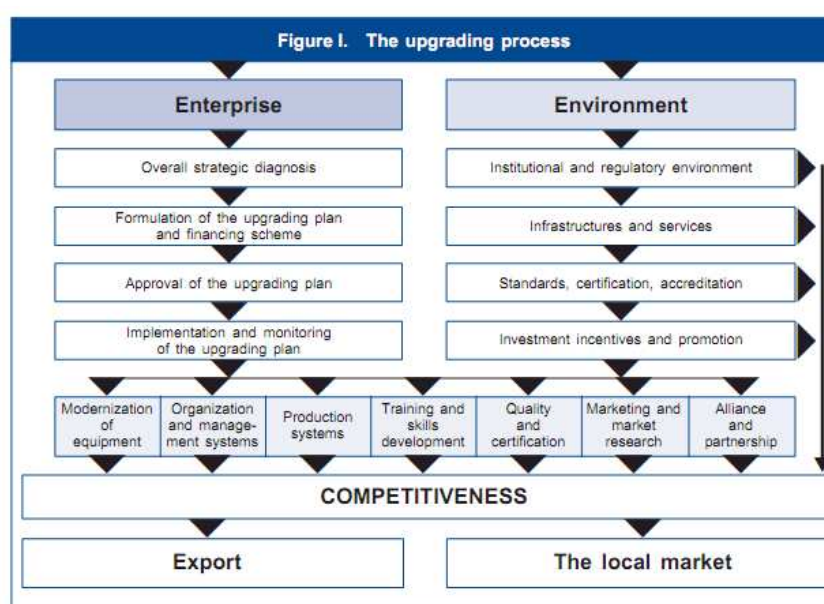
4.1 UNIDO’s approach to “Industrial Upgrading”

Industrial Upgrading (IU) programmes emerged in the 1980s as an instrument of the EU to support SMEs in Mediterranean countries to improve their competitiveness and resilience against the “EU accession shock”. Later on, when North African countries negotiated the Euro-Mediterranean Free Trade Agreement (FTA) with the EU and UNIDO supported Tunisia, Algeria, Morocco, Egypt and Syria with developing national IU programmes. In the current context of Economic Partnership Agreements (EPA) being negotiated between the EU and Africa, UNIDO is supporting several Regional Economic Commissions (REC) as well as Senegal and Cameroon with developing IU programmes. The PRMN has been part of this effort. UNIDO’s experience in earlier IU programmes in North Africa is instrumental but it is fully recognized that the IU methodology needs to be adapted to sub-Saharan Africa.

The UNIDO “Methodological Guide” for IU projects published in 2003 adopted a “two step” approach to IU encompassing not only the enterprises themselves but also their environment:

- *“The first step is designed to promote the modernization of the immediate environment by developing national restructuring and upgrading programmes and to establish a legal framework and management structure (in the form of upgrading offices), strengthening of the capacities of support and consultancy structures, improvement of quality infrastructure (quality assurance, certification, accreditation, metrology), and creation of a fund for upgrading the industry.”*
- *“The second step is designed to promote the development of competitive industries by helping firms, on a pilot basis, to position themselves most advantageously in an open economy and to formulate a strategy adapted to the new competition situation.”*

Figure 4: Dimensions of UNIDO’s Approach to Industrial Upgrading



Source: UNIDO Methodological Guide (2003) p.viii

In the present case, upgrading of the National Quality Infrastructure and of the Technical Centres - two key aspects of “step one” - were left to the WAQP. The PRMN was designed to focus on “step two” and to ensure the three remaining parts of “step one”: (i) creation of upgrading offices; (ii) strengthening consultancy structures and (iii) creation of a fund to distribute subsidies to industry. Vice versa, the WAQP included an action line (and a budget) for company certification activities and an action line for “Technical Centres”. This integrated design of the two regional programmes confirms their close conceptual and functional interdependence.

4.2 PRMN design and implementation milestones

Regional scope

The major innovation of the PRMN has been in its regional scope that necessitated an implementation mechanism at three different levels:

- Vienna: Programme Management Team at UNIDO HQ;
- Ouagadougou: UEMOA Commission; Regional Coordination Unit (RCU); Regional Steering Committee (RSC);
- Country level: Upgrading Offices (BRMN); National Steering Committees (NSC).

In Senegal, Mali and Burkina Faso the PRMN was implemented in parallel with national IU programmes causing challenges with regard to applying the “subsidiarity principle” (see chapter 2 above). This innovative nature of the PRMN has been one of the reasons for its positioning as a “pilot programme”. The PRMN worked under the assumption that the regional approach required intensive testing before it could be rolled out under a possible future “scaling up” programme.

Innovative design features

The PRMN design was based on a feasibility study of 2003 and did not yet include the innovative features that were developed later on in other programmes:

- The two track system developed in Senegal (in-depth track for “global upgrading” and fast track for “specific upgrading”);
- The linkages of the IU programme in Cameroon with the ITPO Paris and its access to finance, company twinning and subcontracting (SPX) instruments;
- The innovative features developed in Senegal (“green upgrading”) and in Côte d’Ivoire (export consortia).

The programme document includes a “restructuring” component and an “upgrading” component and sets targets of 60 companies to be upgraded and 60 companies to be restructured. However, it introduced the concept of “restructuring” without defining it, which is surprising because the “restructuring” components of earlier programmes did not perform. At inception, the Steering Committee re-interpreted “restructuring” as “upgrading with a focus on financial issues”. At programme end, and with the benefit of hindsight, the programme management assumed that about 25% of the beneficiary companies fell under this definition of “restructuring”.

The lack of innovative features is regrettable for a “pilot” programme. Neither the programme document nor the steering mechanism provided for the desirable flexibility. UNIDO suggested testing some of the above mentioned innovations but the UEMOA Commission turned down these suggestions arguing that the project document does not allow for such experiments. Moreover, the PRMN design did not include an appropriate mechanism for results monitoring that would have allowed for continuous learning and extraction of lessons for the “scaling-up” phase.

Time frame, budget and milestones

The very ambitious initial time frame of two years was already challenged during the internal appraisal process and turned out to be unrealistic. After several extensions, the duration of the PRMN stretched out to five years. For UNIDO, the PRMN is operationally closed since June 2012 but, at the time of the evaluation, the UEMOA Commission still considered a number of deliverables to be outstanding. The closing session of the RSC had not yet been held.

The PRMN budget of 14.7 million euro was mostly funded by UEMOA with a smaller contribution of 0.8 million from UNIDO. This overall amount was split into 10.9 million euro to be implemented by UNIDO and 3.8 million euro for direct enterprise subsidies to be distributed by the UEMOA Commission.

Bearing in mind the distribution of subsidies to industry as a key feature of IU programmes, an appropriate system of checks and balances and control points was put in place that includes NSCs in all eight countries and the RSC at the regional level. In most of these Committees private sector representatives played a strong role.

Table 5 shows the main milestones of the PRMN implementation process.

Table 5: PRMN milestones

<ol style="list-style-type: none"> 1. Creation of the BRMN (National Upgrading Office) 2. Awareness campaign for all eight countries 3. Identification of « priority products » for each country (ended : 09/2009) 4. Selection criteria and procedures approved by RSC (02/2008) 5. Call for expression of interest : publication in all 8 countries (04/2008) 6. Basic training for the consultants 7. Pre-selection of enterprises (desk review) 8. Pre-diagnosis 9. Final selection: BRMN and UNIDO 10. Final selection : Approval by NSC 11. Final selection : RSC informed 12. Diagnosis : Pilot phase in Senegal and Mali (individual consultants) 13. Call for tenders and selection of 17 national consulting firms 14. Implementation of diagnoses 15. Diagnosis reports : Acceptance by UNIDO/ firms/ BRMN 16. Upgrading plans/ restructuring : Approval by NSCs 17. Upgrading plans/ restructuring: Approval by RSC (06&12/2010) 18. Call for tenders/ selection of 2 international consulting firms (11/2009) 19. Feasibility study on the « upgrading » and « restructuring » funds (from 2009 to the end of 2010) 20. Immaterial assistance (11/2010 – 12/2011) 21. Reimbursement procedure for « specific » assistance (suspended since 02/2011) 22. Material assistance: Ordering of equipment (from 2010 onwards) 23. Material assistance: Installation of equipment 24. Material assistance: Request for the payment of the investment grant 25. Material assistance: Monitoring mission by the UEMOA 26. Material assistance: Reception of the investment grant

Given that the institutional upgrading of the NQS and the Technical Centres had been “outsourced” to the WAQP, the PRMN focused on the five main aspects that will be assessed below:

- Adapting the IU methodology to the region and to the countries;
- Launching National IU Offices and IU programmes;
- Strengthening Business Development Services (BDS);
- Access to finance and creation of an “upgrading fund”;
- Upgrading a sample of 120 firms (15 from each country).

4.3 Contextual adaptation of the IU methodology

Priority products

In view of contextual adaptation, both the PRMN and the WAQP made efforts to identify “priority products” within the pre-defined target sector of agro-industries. This focusing attempt reflects the guidance in the “Methodological Guide” for IU:

“Strategic studies and analyses need to be carried out in order to determine the industries in which the country possesses genuine and substantial advantages and to identify the industries that will flourish in the immediate future and/or in the long-term, taking into account the competitive advantages already existing and/or to be created and using relevant national and international technical, commercial and financial data as the basis. In order to carry out such strategic studies it is useful to conduct comparisons between industries and countries on the basis of performance and competitiveness indicators and benchmarking.”

The identification of “priority products” aimed to identify and target critical bottlenecks in value chains of strategic importance. It should be underlined that, in principle, UNIDO does have the instruments to analyze the “systemic competitiveness” of value chains. A recent guidance document¹ provides the tools for analyzing the socio-economic, industrial and technological environment of the targeted value chains along the following lines:

- *position the chain vis-à-vis alternatives or competitors – benchmarking;*
- *identify strategic and non-strategic activities;*
- *raise awareness among chain actors concerning cost drivers, margins for price negotiation, and possibilities for value addition;*
- *recommend leverage points for action at policy and institutional levels as well as at enterprise level.*

However, in the present case, this systematic approach was not applied. The PRMN, the QP2 and the EMQP all applied different analytical approaches. The scoping studies set the scene for the programmes and provided some rather general information but they were not really used for a better targeting of the programme (see chapter 9).

¹ Agro value chain analysis and development (2010)

Adaptation to country context

As mentioned in chapter 2, the economic and industrial environment and the developmental stage of the participating countries is quite heterogeneous. The industrial fabric in Guinea Bissau but also in Togo, Benin and Niger is characterized by the co-existence of islands of “modern” FDI in an environment determined by small and micro-enterprises, most of them still at the stage of informality. The situation of Senegal and Côte d’Ivoire is more advanced, although the latter is a special case due to enduring political conflict.

This heterogeneity is well known and its implications for applying “blue-print” approaches have been discussed quite widely. However, there is no evidence that the PRMN analyzed the industrial fabric of the participating countries in sufficient depth to draw conclusions for a possible contextual adaptation of the IU methodology.

Instead, the programme adopted an ‘equal rights for all’ approach with the same budget and the same number of 15 companies for each country.¹ Emphasis was given to the definition of standardized procedures for uniform application across all countries. Considerable efforts went into the elaboration of a comprehensive manual that was supposed to provide such procedures. Although several drafts were produced and formally submitted, this manual is one of the deliverables mentioned above that the UEMOA Commission considers as “not finalized”.

Similarly, the Commission considers that the delivery of the regional “dash board” for upgrading is incomplete. Potentially, such an instrument could have enhanced the regional dimension of IU and the contribution of IU to implementing the “Common Industrial Policy” (see chapter 8). However, it seems that the UEMOA Commission and UNIDO did not manage to come to a consensus about the purpose and the functionalities of this important tool.

4.4 Launching national IU Offices and programmes

When the PRMN started, the Senegalese IU programme had already been running for several years, Mali had launched a small pilot programme and the national IU programme in Burkina Faso was about to start.

The programme in Senegal had been developed and piloted between 2001 and 2005 with UNIDO’s assistance and its first operational phase was implemented between 2006 and 2010. As this programme is often considered as a model for Sub-Saharan Africa it should be reminded here that the first phase of the national programme in Senegal had a financial volume of 11.9 million euros (mainly financed by France). During this period, the programme “diagnosed” 215 companies but only 36 of them had their “upgrading plan” validated. These 36 companies received 6.2 million euros of subsidies for a total investment of 42 million euros. Since 2011 the second phase of the national IU programme in Senegal has been launched with a substantial budget jointly financed by France and the EU.

¹ This approach has been motivated by UEMOA requirements. However, in its first meeting the PSC decided to allow for some flexibility leading to a variable number of firms per country (see Table 2).

Similar to all other IU programmes the Senegalese programme is managed by a National IU Office. The Senegalese IU Office employs 10 experts plus support staff. Its independent status outside the national administration allows for competitive salaries, which was found to be a condition to attract and retain highly qualified staff. It should be underlined that such Offices only *administer* the IU programmes and do not provide substantial technical or managerial advice to enterprises. This support is provided by private BDS providers. The consulting pool of the Senegalese IU programme includes 352 individual consultants and 289 consulting companies.

Against this background of the Senegalese “model”, the PRMN initiated the creation of national IU Offices in all countries except Senegal, Mali and Burkina Faso. Despite some flexibility with the institutional set-up (for instance the Office in Burkina Faso comes under the Chamber of Commerce), there is no indication that the IU Offices were “grafted” to the existing national enterprise support infrastructure.

Although no financial support to this end was foreseen in the project document the PRMN ended up providing special grants of 68.000 euro to each country for the creation of the IU Offices, which should be commended as a sign of flexible management. Gradually the Governments took over the running costs of the IU Offices, although their staffing and institutional anchorage is still quite variable and it is considered too early to confirm their sustainability.

Initiating national IU Programmes has been one of the most prominent objectives of the PRMN and it is quite remarkable that this objective has been achieved. All participating countries have drawn their own lessons from the PRMN and developed detailed planning documents for national programmes (in most cases with PRMN support). It is also quite remarkable that these programme documents are not simple “blue prints” but take into account the variable national conditions. Benin for example puts particular emphasis on supporting micro-enterprises under its future national programme and Togo considers the coordination of the future IU programme with its national poverty reduction strategy as a priority. However, none of the newly designed national programmes is operational or even funded yet.

4.5 Strengthening Business Development Services (BDS)

As outlined above in chapter 4.1, the availability of state-of-the-art BDS – from public or private providers – is one of the pillars of IU programmes. This critical role of BDS for industrial development is enshrined in the “Guiding Principles” of the Donor Committee for Enterprise Development¹. These guidelines advocate a paradigm shift from the “old approach” by which Government agencies or donors delivered BDS directly towards a market based approach:

- *Donor and government support should be shifted away from direct support to particular BDS providers toward facilitation functions that develop the market in a sustainable way.*
- *Before designing interventions to develop BDS markets, it is critical to understand existing BDS markets and to conduct assessments of such markets.*

¹ Business Development Services for Small Enterprises: Guiding Principles for Donor Intervention (2001)

- *Subsidies should be applied, if at all, (1) to achieve specific BDS market development objectives; (2) at pre- and post-transactional level and not at the level of the BDS transaction (i.e., direct subsidies to reduce the cost or price of services) because, as a general rule, transactional subsidies are likely to be more distortionary than developmental subsidies; (3) with a clear exit strategy.*

It should also be underlined that the co-evolution of the industrial fabric and the consultancy scene in a country is considered to be a sign of successful industrial development. Firms and BDS providers need to develop a special relationship that is characterized by a high level of trust and continuity. As a key informant of the evaluation put it: *Industrial Upgrading is a matter of proximity.*

Of course, in the developmental context at stake, not all necessary expertise will be available in the country but, sometimes, needs to be sourced from the region or internationally. With regard to BDS development, the role of an IU programme could therefore be summarized as: *Facilitating the availability of an appropriate mix of proximity and external BDS by applying a market based approach.*

The following paragraphs assess how the PRMN pursued its objective to “*enable the emergence of support services that will provide the necessary skills and qualifications needed by firms*” through the relevant stages of the IU process:

- Awareness raising and training of BDS providers;
- BDS providers conduct “Diagnostic Studies” and produce “Upgrading Plans” in selected companies;
- BDS providers assist selected companies with “soft” upgrading.

Awareness raising and training of relevant BDS providers

The PRMN made significant efforts to raise awareness of the importance and the challenges of IU. In 2007 and 2008 a series of public events and briefing sessions was organized in all countries for a wide range of public and private sector stakeholders.

Subsequently, a massive training programme was conducted throughout the region. Four-day training events on enterprise diagnostics and upgrading were organized in each country using a specially developed training package (CD ROM). This training reached 584 persons including representatives of Ministries, business associations, financial institutions and technical centres as well as 410 individual consultants. 79% of the participants (460 out of 584) completed the training and were certified, representing an average of 57 trained persons per country.

The number of trained individuals is indeed impressive. However, participants interviewed by the evaluators felt that the range of participants was too wide (including persons not truly active in the consulting business) and the nature of the training too general.

With regard to the above mentioned guiding principles, it should be underlined that the PRMN did not make an effort to *understand existing BDS markets and to conduct assessments of such markets*. It conducted a wide ranging awareness campaign and trained a high number of individuals, but without an explicit strategy to develop the national and regional BDS markets specialized in the field of upgrading.

Diagnostic phase

In April 2008 the PRMN launched a call for interest inviting consulting firms from the region to bid for the enterprise diagnostics. One of the selection criteria was the inclusion of at least two participants from the 2007 training in the team. 44 consulting firms responded of which 17 were selected (in two rounds of bidding).

The diagnostics started in August 2009 and continued in 2010 and were supervised by a group of international consultants contracted by the PRMN. 116 of the planned 120 diagnostic studies and upgrading plans were finalized. 99 upgrading plans were approved in two batches in June and December 2010.

The regional distribution and workload of the 17 selected firms was rather uneven. Four countries had three firms; one country two firms and three countries one firm. One firm conducted 13 diagnostics, three firms covered 10, two firms 8 and the other ones covered between one and two diagnostics. In Niger and Côte d'Ivoire consulting firms from other countries led the diagnostics, reducing chances for sustained cooperation between the consulting firms and their clients. Consultants from Côte d'Ivoire were involved, but through a lead firm from Burkina Faso.

Soft upgrading

The "soft upgrading" activities specified in the upgrading plans were conducted by two international consulting companies from Belgium and Tunisia selected by UNIDO through international competitive bidding. 25% of the "soft upgrading" activities covered production technologies, followed by quality (18%), accounting (17%), management and marketing (each 14%) and software (10%).

Each of the two international consulting companies covered four countries. They hired national coordinators for each country and outsourced a high proportion of the work to national consultants. One of them used 179 consultants (155 national and 24 international and the other one 64 consultants (39 national and 25 international). The proportion of international consultants was particularly high for production technologies. The work of the two international subcontractors and their teams was monitored by several national experts contracted by UNIDO.

There are no figures available about the degree of continuity of national experts between the diagnostics and the "soft upgrading" phases. However, a number of companies interviewed complained about the fact that they had not been able to select the consultants themselves. Moreover, continuity between the two phases was hampered by the fact that the consultants implementing the "soft upgrading" had no or only limited access to the diagnostic reports.

Assessment

In the light of the above mentioned Principles and Good Practices, the contribution of the PRMN to strengthening BDS markets in the region is assessed as follows:

- Awareness creation has been widespread and 584 consultants from the region were trained on basic IU concepts, although this training was only introductory and considered rather superficial.

- For the diagnostics phase, the PRMN contracted 17 consultancy firms from the region. Except for Niger and Côte d'Ivoire the process catered for the necessary proximity. The teams applied the holistic analytical approach, although there is some evidence that the competences available in the diagnostic teams may have led to “supply driven” diagnostics and upgrading plans.
- Supervision by international consultants provided for the necessary exposure to international good practice. For some sectors (e.g. dairy, cotton and beverages) international experts contributed directly to the diagnosis.
- Trust building was somewhat hampered by the fact that the companies were not allowed to select the consultants for the diagnostics themselves. However, they were given the opportunity to reject consultants, in case they did not feel comfortable with the choice made by the programme.
- The outsourcing of the “soft upgrading” to two international consulting companies allowed for the mobilization of almost 250 consultants in a short period of time. UNIDO would not have been able to achieve this by contracting the experts directly. A good balance of national and international expertise was reached (194 national and 49 international). However, national consultants complained about the very low fee rates applied by the international consulting companies. Continuity and trust building was hampered by the fact that the consultants were more or less imposed on the companies and that they did not have sufficient access to diagnostic reports.
- Overall, it can be concluded that the programme struck a rather good balance between local capacity building and the need to provide a large number of consulting services in a short period of time. However, the approach was not really market driven. No information was collected on the regional and national BDS markets and the PRMN did not facilitate setting up a pool of consultants similar to the national IU programmes in Senegal or other countries. There is no information available that would allow an assessment to what extent the functioning of BDS markets related to IU (in terms of better quality, better supply, more competition, etc) has improved on a sustainable basis.
- In Senegal and Burkina Faso major frictions arose because the processes of the PRMN were not in line with the ones of the national IU programmes. Other shortcomings occurred because the national IU Offices felt sidelined and because the cost of the “soft upgrading” interventions was intransparent for client companies (see below).

4.6 Access to finance; creation of “upgrading” and “restructuring” funds

Upgrading is not only about the provision of consultancy services for “soft upgrading” but also about facilitating companies investing in new equipment. Beneficiary companies of IU programmes tend to have very high expectations in this regard. For many of them, and in particular for smaller companies, access to finance is of prime concern.

In principle, this priority is embedded in the IU methodology and mentioned in the project document of the PRMN. The need for linkages to lending programmes and to

the financial sector is a typical feature of a *systemic* approach and has been emphasized by all parties and stakeholders including donors. The Senegalese IU programme for instance puts particular emphasis on providing proactive linkages to the financial sector.

However, in the implementation of the PRMN these indispensable linkages with the financial sector got less emphasis than envisaged. It is true that representatives of the banking sector attended awareness building events and became members of the national and regional steering committees. Yet there is no indication of financial actors playing a pro-active role in the financial side of upgrading under the PRMN. There are cases, e.g. in Côte d'Ivoire, where national IU Offices assisted companies with access to banks. But this kind of assistance remained rather marginal and subject to good will.

The PRMN subsidies for material investments

Instead of providing linkages to the banking sector in a systematic manner, the PRMN became centered on its core mechanism of paying a 20% subsidy for "material investments". However, this subsidy did by no means solve the "access to finance" problem because companies needed to mobilize 100% of the investment in advance in order to obtain the 20% subsidy ex-post.

The upgrading plans envisaged investments into equipment of about 21 million euros corresponding to about 4.2 million of subsidies. However, according to UNIDO data provided to the evaluation team, the actual investments made amount only to about 11 million euro and only 41 of the 99 enterprises submitted requests for subsidies. The reasons why 60% of the enterprises did not ask for a subsidy are not clear. They may not have managed to mobilize the necessary finance; or they postponed the idea to invest due to internal or external factors; or they went ahead but did not request for a subsidy, as the process was considered cumbersome and the amount involved not worth the effort.

36 of the 41 applicants for subsidies were visited by a UEMOA verification mission. According to the interview with the UEMOA Commission, all pending payments of subsidies are under control. However, the field visits of the evaluation team did not corroborate this claim.

Recurrently, problems of refused incomplete dossiers have been reported and, in the absence of further details, the evaluation cannot ascertain the reasons why requested subsidies were not considered receivable. In any event, the field visits of the evaluators provided evidence that the subsidies are a 'hot topic' and have generated frustrations due to late receipt (or perhaps non-receipt in some cases). A number of enterprises met in Senegal complained about payments that, according to them, are outstanding since more than a year.

In theory, the 11 million euros of investments made would correspond to about 2.2 million euros of subsidy claims. However, according to the most recent information available to the evaluation team, only 0.8 million euros had been reimbursed. It should be emphasized, however, that the reimbursement mechanism for material investments comes entirely under the responsibility of the UEMOA Commission who

insisted to conduct the verification missions personally instead of outsourcing them to local audit offices.

Although the available information on the status and the delays of the reimbursements may be incomplete, there are serious doubts whether managing subsidies centrally at the regional level has been the most effective and efficient solution and the UEMOA Commission itself seems to be reluctant whether this approach should be replicated under the “scale-up” phase. This raises the question how a more effective approach to facilitating access to finance under a future programme could look like.

The feasibility study for future “upgrading” and “restructuring” funds

Exploring appropriate access to finance is part of the PRMN project document. The plan included the design and establishment of two funds for upgrading and restructuring while ensuring harmonization of these funds with existing financial instruments in the region. The intention to embed IU financing into existing financial instruments is in line with the “Finance in Africa” vision of the World Bank and the African Development Bank, which stresses the importance of better regulatory framework conditions for access to finance and the development of innovative financing instruments other than credit.

In early 2009 the PRMN launched country studies on the existing financial instruments followed by a series of national and regional workshops in 2010 to present and discuss the findings. The country and synthesis studies that emerged from this process are of good quality and illustrate the importance of systemic interventions.

However, important and well known alternatives to subsidies, such as fiscal bonuses or tax exonerations, have not been reviewed. The reason of this limitation may be that a regional programme cannot administer tax measures, which are per definition a national matter. Still, a regional programme could potentially make important contributions with identifying and benchmarking tax incentives in the participating countries that are potentially relevant to IU and assisting national Governments with developing and exchanging good practices in that matter.

In spite of the feasibility study’s detailed account of the available instruments and ongoing initiatives, it maintains the idea to create two Regional Funds. The rationale for envisaging the creation of not only one but two different funds remains unclear. However, no decision has been made yet and the UEMOA Commission has postponed the validation of the study to the “scale-up” phase.

4.7 Upgrading process and results

Selection process

The selection criteria were clear and the selection process was transparent. However, the programme faced certain difficulties in clarifying its underlying intervention rationale, i.e. whether it intended to tangibly improve the competitiveness of key

players in their respective sub-sector or whether it aimed at mere “demonstration projects”. As mentioned above, the identified “priority products” were not used for a more targeted selection of companies.

Service delivery and reimbursement of costs

Because of UNIDO’s ultimate accountability for the use of funds, the consultants mobilized for the programme were selected by UNIDO. Although the Organization made every possible effort to apply participatory decision making processes, beneficiary companies and national IU Offices were not in full control of the selection of the consultants.

The PRMN delivered its diagnostics free of charge, leading to ownership problems in certain cases. In the case of the “model country” Senegal, where the national programme does have an explicit policy of not providing any services free of charge, the “free lunch” approach of the PRMN led to irritations and frictions.

For the “soft upgrading”, the standard procedure in other IU programmes was not followed, which consists of firms contracting the consultants of their choice and then being reimbursed by the programme to an amount of 80%. Instead, the consultancy services for “soft upgrading” were eventually delivered free of charge because the intention to recover 20% of the cost from the beneficiary firms did not materialize. Beneficiary firms perceived that the amount of person/months delivered was not in line with the upgrading plans and the cost of the services delivered was not transparent to them. Consequently, none of the beneficiary companies paid the agreed share of 20% of the service cost and the envisaged income for the national IU Offices from collecting the reimbursements did not materialize.

Synergies with national IU programmes

When the PRMN was launched, the majority of participating countries did not yet have national IU programmes. In these countries, the PRMN played a positive role by creating awareness, putting in place national IU Offices and supporting them with the preparation of future national programmes.

However, certain shortcomings occurred due to the centralized delivery mode because the IU Offices were not always in control of the process and felt sometimes marginalized. As one manager of a national IU Office put it: *“Companies use us as an entry point for grievances but we can’t help them.”* As a matter of fact, because the envisaged reimbursement procedure for the “soft upgrading” support cost did not work out, the National IU Offices did not receive the 20% share from the beneficiary companies, as initially envisaged.

In Senegal and Burkina Faso, the two countries with national IU programmes, the discrepancies between the procedures of the PRMN and the national programmes caused distortions and, eventually, also frictions.

Perceived company benefits

The PRMN delivered services to a total of 99 enterprises (60 small; 26 medium; 13 large). The evaluation team contacted these enterprises through an internet survey to which 28 companies replied. The following highlights facts and trends that emerge from the survey:

- The diagnosis phase and the diagnosis reports resulting from this phase were found excellent or good by 17 companies. Five companies found the duration too long. Some companies responded that the upgrading plans should allow for more flexibility.
- The majority of the companies was satisfied with the “soft upgrading” process. 13 of them responded that their management, production or quality systems had improved. Delays and too short intervention periods were mentioned as weaknesses.
- The material upgrading encountered most of the problems. Only six companies responded that they had already received a subsidy while 16 responded that they expected a subsidy but had not yet received it. Reimbursement procedures were found tedious and inadequate. 11 enterprises responded that they did not benefit at all from subsidies.
- Overall, respondents mentioned the quality of the services and the competence of the experts as the most significant strengths while tedious procedures, lengthy decision making and unacceptable delays were the most frequently mentioned weaknesses.

These facts and trends are broadly in line with the results of an earlier survey conducted under the PRMN self evaluation in 2010 and they are also corroborated by complementary information collected during the evaluation field visits. Informants confirmed that, with some exceptions, the quality of the international and national expertise was good. Several companies praised the significant benefits they continue reaping from the services of “real” international experts who had provided them with holistic advice in production and packaging technologies, management and opening up new international markets. But there were also complaints about international consultants and their difficulties to add value in the given context.

A significant number of companies received targeted support, mostly from local experts, in management and accounting systems. In some cases thick manuals with detailed job descriptions and operational procedures had been developed but there was no evidence that the companies would be able or indeed give priority to implementing these procedures. But even in such cases the company managers felt they had benefitted from exposure to new methods. However, informants recurrently regretted that the assistance had been delivered in a rush and without the desirable continuity and proximity.

The field visits produced evidence that, for certain companies, there is a need for “restructuring” as a precondition for “upgrading”. However, neither the desk studies nor the field visits provided evidence about the results of the programme’s assistance for “restructuring”. The specificities of the “light” approach to “restructuring” as agreed

by the RSC (see chapter 4.2 above) and the cases where this approach was applied are not documented.

The field visits confirmed that beneficiaries were particularly discontent with the reimbursement procedures. The biggest frustrations arose from the so called “specific” upgrading activities relating to specialized trainings and company visits abroad or the acquisition of specialized software. In those cases, the companies were told their investment would be reimbursed at a rate of 80% (the same rate as for the “soft upgrading”). However, no such reimbursement had been made yet at the time of the evaluation. This is due to the fact that, after long discussions, it has been decided that these investments should be reimbursed by the UEMOA Commission and not by UNIDO, as initially envisaged. The evaluators were not in a position to determine the root causes of the unclear procedures on this subject.

The idea of opening a window of “specific” upgrading activities for tailor-made support was excellent but apparently too difficult to implement under the given multi-layered management structure. Understandably, the discontent beneficiaries are quite vocal, leading to considerable risks of ‘negative publicity’.

Another area of complaints has been the delivery of upgrading assistance related to Quality. For upgrading plans including a Quality component, the PRMN and the WAQP had agreed that the related assistance would be delivered by WAQP experts. However, due to communication and coordination problems between the two programmes, the delivery of such assistance was significantly delayed (see chapter 6. below).

The most salient feature emerging from the field visits has been, however, the absence of systematic data collection and lessons learning. The reports from the international consultants and the supervising experts made an attempt to monitor “customer satisfaction” but are substantially shallow. A database with the profiles, competences and performances of the several hundreds of consultants from throughout the region does not exist. Nor were the experiences codified of what worked and what didn’t.

4.8 Programme management

The three-level programme management structure was rather heavy but adequate for a regional programme. The regional Steering Committee (COFIL) has been in control of the implementation process and its meetings are well documented. COFIL decisions were sometimes delayed but not excessively.

UNIDO’s programme management was efficient although a more decentralized implementation mode would have been beneficial. Decentralization was constrained by the “UN Agency Implementation” mode which also caused certain incompatibilities due to the application of the “single audit principle”.

The UNIDO programme managers had excellent substantial knowledge in Industrial Upgrading. The regional coordination unit located at the premises of the UEMOA Commission was staffed with dedicated and highly qualified CTAs. Regrettably, staff turnover at both levels was high leading to efficiency losses.

Upon request of the UEMOA Commission a rather rigid system of procedural notes was adopted. This system provided clear descriptions of the procedures to be followed although it seems to have ended up stifling mutual communication and administration. Coordinating PRMN and WAQP procedures encountered considerable problems causing delays of the Quality-related upgrading activities.

Quite clearly, the programme has suffered from inadequate M&E. Monitoring was entirely activity based leading to the regrettable situation where the information included in the 99 company diagnosis reports and the considerable substantial lessons that could have been extracted from the upgrading processes remain untapped. In this respect, the PRMN did not fulfill the minimum requirements of a “pilot” programme.

With regard to evaluation, the PRMN did not fulfill the provisions in the programme document. The mid-term evaluation was not conducted. In 2010, the UNIDO programme management initiated a rigorous self-evaluation but the lessons from this exercise were poorly communicated and implemented. The UEMOA Commission encountered administrative difficulties to initiate the external final evaluation foreseen in the programme document.

4.9 Draft document for “scale-up” phase

A draft programme document for the “scale-up” phase has been elaborated by UNIDO and is currently under discussion. The document suggests the following main features of a future programme:

- Overall objectives:
 - o To allow the UEMOA Commission to pursue its direct interventions to reinforce the regional industrial tissue;
 - o To support the Member States to realize their objectives to create a favorable environment for the restructuring and upgrading of enterprises on their respective territories.
- Overall targets and support:
 - o 300 companies to be supported at the regional level (80 for restructuring and 220 for upgrading) including innovative types of support (export partnerships, clustering, etc);
 - o 580 companies to be supported at the national level (including support to Member States to create National Upgrading and Restructuring Funds).
- Management structure:
 - o UEMOA Programme Support Unit at UNIDO HQ that would be entirely dedicated to the execution of the programme and staffed by three UNIDO experts and one assistant;
 - o Technical Unit for Restructuring and Upgrading that would be attached to the UEMOA Commission but created and staffed by UNIDO (three international experts; three local assistants);

- IU Offices in the eight participating countries to be staffed by three national staff members (one Director, two experts and an assistant) and one regional expert seconded by the programme.
- Overall budget of approximately 18 million euros for a duration of three years (10.3 million euros for restructuring/upgrading at regional level; 2.2 million euros to support national offices; 1.9 million to support four regional technical centres; 3.6 million euros for administration).
- Additional budget to be mobilized for national programmes: 109 million euros.

The draft document does not explain the rationale for conducting a regional strand of action in parallel with the national programmes. It maintains a separate “restructuring” component (although the pilot phase applied an ad-hoc approach to “restructuring” without documenting the results of this approach) and does not elaborate on the linkages with the financial sector that would allow access to finance for the beneficiary companies under the regional component. The document does also not elaborate on the funds mobilization strategy for the national programmes (109 million euros).

A revision of the draft programme document would be necessary to duly reflect lessons learned from the pilot phase (see recommendations in chapter 10).

Furthermore, the draft programme document is not fully in line with the principles of the “UNIDO Initiative on Industrial Upgrading and Enterprise Competitiveness (IUEC)”. This initiative launched by the UNIDO management in 2011 revisits the content and the implementation modalities of UNIDO’s IU approach. More specifically, the IUEC puts forward the necessary mechanisms to ensure all UNIDO competences relevant to “Industrial Upgrading” are effectively mobilized.

5. WAQP – achievements and challenges¹

5.1 Overview of UNIDO’s approach to SMTQ

SMTQ is a core area of UNIDO’s Technical Assistance (TA). Projects in this area are normally implemented by the “Trade Capacity Building” (TCB) Branch. Between 2009 and 2011 this Branch and the UNIDO Evaluation Group conducted a major evaluation and learning exercise, leading to a thematic evaluation report and a series of recommendations endorsed by the TCB Branch. These recommendations are currently used as a checklist for SMTQ evaluations (see Tables in Annex 4 and chapter 4.9).

The thematic evaluation found that a holistic and *systemic* approach (see chapter 2. above) is a major success factor. Systemic SMTQ projects include policy interventions and general awareness raising activities, such as “Quality Awards” and support a whole array of different NQS players (see Diagram 1).

Regional Programmes add another layer of complexity. Certain regional SMTQ programmes focus on SPS protocols and procedures and other regional policies of a genuine regional nature. But they may also stimulate and guide national programmes, create synergies and support networking and exchange of good practices, in which case the levels of interventions - regional or national - need to be clearly distinguished, defined and coordinated in line with the “subsidiarity principle” (see chapter 3). As explained in chapter 2, the non-respect of the subsidiarity principle bears risks, such as loss of relevance (“one size fits all”), frictions between national and regional level and loss of commitment at national level.

Table 6: Features of UNIDO regional SMTQ programmes

Region	Period	Donor	Regional policies	National “autonomy”	Systemic approach
SAARC	2002 - 2012	NORAD	Low	High (separate country projects)	Focus on national SMTQ institutions
East Africa	2002 - 2006	NORAD	High (regional SPS protocol)	Medium (separate country budgets)	Strong private sector involvement at regional level
UEMOA (QP1)	2001 - 2005	EU	Medium (regional SMTQ bodies legally created)	Rather limited (national steering committees)	Wide range of activities including Quality Award
ECOWAS	2007 - 2012	EU	Relatively low (regional Quality Policy drafted)	Rather limited (national steering committees)	Includes inspection; Quality Award not implemented
Arab Region	2011 - 2012	Sida	High (Arab standardization strategy)	No national dimension / components	n/a - Regional Coordination Centre for Accreditation
Central Africa	Starting in 2012	EU	tbd - Regional Quality Policy planned	tbd	tbd

¹ This chapter builds upon the evidence provided in the synthesis of WAQP findings in Annex 3 and in the country reports in Annex 5.

UNIDO's regional SMTQ programmes have been dealing with the typical trade-off between focusing on regional issues and ensuring regional coherence while providing a high degree of autonomy to the national level. Table 6 shows some salient features of UNIDO's regional SMTQ programmes, which exhibit a large degree of variability. The East Africa programme had a strong focus on regional SPS harmonization. The SAARC programme provides the highest degree of autonomy at the national level. The programme with Arab countries implements a regional standardization and accreditation strategy.

5.2 WAQP implementation and milestones¹

For the eight UEMOA countries, the WAQP has been a follow-up programme and a geographic extension of an earlier SMTQ programme conducted between 2001 and 2005 (abbreviated Quality Programme number one: QP1). In the other countries and for the ECOWAS Commission, the WAQP has been the first regional SMTQ programme. Administratively, the WAQP was split into two sub-programmes, the QP2 in UEMOA countries and the "ECOWAS-Mauritania Quality Program" (EMQP) in the eight other countries.

While QP2 benefited from building on the achievements of QP1 and using the already existing human and institutional networks in UEMOA countries, EMQP had to start from scratch. However, EMQP had the opportunity to take advantage of the experience of QP1. Nevertheless, until 2011 the overarching management mechanisms to ensure the transmission of experience and convergence of methods between both sub-programmes were weak.

The WAQP started in 2007 for a planned duration of 3 years (following donor requirements). This timing turned out to be unrealistic and several extensions were agreed between ECOWAS, the donor and UNIDO. Eventually, an additional budget was allocated for a one-year transition phase in 2012. A detailed timeline of the programme is shown in Annex 3.

The following strategic design and management decisions were made:

- Focus on agro-industry (but mainly on voluntary standards and not on SPS issues as initially suggested in the programme title);
- Identification of "priority sectors" to further increase focus and impact;
- Inclusion of a programme component on enterprise upgrading to be executed jointly with the Upgrading Programme;
- Creation of two separate coordination units for UEMOA and ECOWAS;
- Contracting of one National Programme Coordinator (NPC) in each country (nominated by Governments for PQ2, through open calls for EMQP);
- Initial establishment of the EMPQ coordination unit in Accra (away from ECOWAS Headquarters in Abuja). This decision was found to affect ECOWAS ownership and was corrected in 2009.

¹ See also the TORs in Annex 1 for more detailed information.

- Staffing of both coordination units with mixed teams of international and regional experts, the latter being expected to be absorbed by the UEMOA and ECOWAS Secretariats (this approach succeeded partially in the case of UEMOA but not yet with ECOWAS)

Teams of motivated and committed experts were in charge of day-to-day operations in the two coordination units, in all countries and at UNIDO Headquarters. Oversight was provided by a three layer steering mechanism composed of 16 national steering committees, two regional ones and one central steering committee.

This multilayer management structure made coordination complex and costly and interventions were not always harmonized across the 16 countries. In 2011 the split into two sub-programmes was abandoned. One single management team was installed at UNIDO HQ and a unified field structure with one CTA and increased delegation of authority to the field within the limits of UNIDO rules and procedures.

The programme was periodically reviewed based on detailed progress reports. An internal review conducted in 2011 was remarkable and produced interesting and pertinent lessons learned. Of course, conducting such internal reviews more regularly and at an earlier stage would have been even more useful.

The donor conducted two rounds of monitoring missions (ROMs of 2010 and 2012) but postponed the planned independent evaluation several times. Eventually this evaluation was launched at the end of the transition phase immediately after the present UNIDO evaluation.

5.3 Policy component

QP1 was rooted in UEMOA's Industrial Policy of 1999. While the programme focused on developing the quality infrastructure of UEMOA member states, it also provided policy advice to the UEMOA Commission cumulating in the creation of the regional SMTQ bodies SOAC, SOAMET and NORMCERQ towards the end of the programme.

The EMQP's rooting in existing policies was less straightforward because ECOWAS finalized its industrial policy (WACIP) only in 2012. Regional policy issues became prominent towards the end of the programme, mainly motivated by the ECOWAS Commission's own drive towards a Regional Quality Policy, which was eventually adopted in October 2012 (see also chapter 8 below).

One of the lessons formulated under the self-evaluation in 2011 has been that a stronger policy focus at the start of the programme can be catalytic to mobilize national and regional ownership and funding for sustaining quality infrastructure. This is in line with the Thematic Evaluation, which found that a poor policy and legal framework for SMTQ often delays and constrains SMTQ projects (2010, p. 58).

In a number of countries the WAQP has facilitated national policy making through the national programmes. Sierra Leone is a prominent case, where a national Quality Policy has been developed and promulgated by the President.

5.4 Testing laboratories component

The WAQP assisted 48 testing laboratories that were selected from an initial list of more than 100. The selection criteria focused on the technical capabilities of the laboratories and not so much on their organizational status, management and systemic importance. TA was comprehensive including on-site training and coaching of staff, addressing gaps in equipment, organization of mock audits and follow-up advice, facilitating participation in inter-lab proficiency tests and eventually the organization and cost-sharing of accreditation.

The accreditation of a laboratory normally takes several years. To date seven laboratories are accredited and 13 other labs are expected to be accredited by the end of 2012. Most accredited laboratories are located in UEMOA countries reflecting the much longer duration of the support from which these countries have benefitted since the days of QP1. Inter-lab proficiency tests and blank audits started only late during the transition phase.

The majority of the supported laboratories did not yet reach accreditation. This is not surprising given the relatively low level from which they started and the very high requirements of ISO 17025, which is primarily tailored towards industrialized countries. Although there is no doubt that laboratories in the region must ultimately comply with this universal standard, the majority of them will not be able to reach that level in the foreseeable future. An additional set of milestones or benchmarks would be useful to better reflect the actual situation in the region and accompany laboratories on their step by step progress towards ISO 17025 accreditation.¹

The WAQP management showed flexibility by including also private laboratories² and some non-food testing laboratories (medical; civil engineering) and by adapting its support to the individual laboratories. This decision was motivated by the WAQP policy to privilege laboratories that are technically advanced. Of course there can be a certain tension of this focus on excellence and the “priority products” approach.

The evaluation team noted complaints by some laboratories about delays incurred in purchasing and installing equipment; incomplete installation or missing parts; lack of communication on warranty conditions and after sales maintenance. Maintenance of laboratory equipment has been studied and discussed under WAQP and some earlier projects including QP1.

The WAQP monitored the technical progress of the laboratories but it did not monitor laboratory outcomes. Apart from some indicative data from the evaluation survey, no information and figures are available on the laboratory clients, their demand and degree of satisfaction, the type and number of testing services they provide and the income generated. In that sense, the WAQP did not apply a systemic approach, nor did it convey the kind of market orientation and skills to the managers of the laboratories that are necessary for sustainability.

¹ The WHO applies a similar tool for medical laboratories: « Liste de contrôle pour l'accréditation des laboratoires » ; WHO (2009).

² Private labs seem to stand a better chance to reach accreditation.

In the absence of project monitoring and analysis of outcomes, the evaluators tried to collect evidence from other sources. An in-depth study of Senegal's laboratory landscape prepared under the EU funded "Sustainable Fisheries Programme" is highly instructive in this regard.¹ It demonstrates that, at least in this country, there is a tendency towards over-equipment of laboratories and hence over-supply of testing services. The study provides evidence that the prices for testing services in Senegal are below European levels and even the prices in some neighboring countries. This finding is in line with the considerations on potential adverse effects of subsidies in Chapter 2 above. The study concludes that donors should give higher priority to coordination, market focus and sustainability in their support to laboratories.

It is interesting to note, that the EU delegation in Dakar seems to be acting along these lines by making support to public laboratories subject to organizational, managerial and budgetary independence. The WAQP seems to be moving into the same direction by commissioning a study on the organizational status of laboratories in the region and by offering some basic support to business plan development for five of the most advanced laboratories, although this orientation emerged only towards the end of the programme.

5.5 Metrology component

15 national metrology bodies received basic equipment (mass, volume, temperature and pressure related) and staff training. This equipment was purchased jointly for a number of countries. Such joint procurement is likely to have certain advantages but it may also have caused some of the delays. In the case of EMQP, much of the metrology equipment arrived only in September 2012.

Some of the less advanced countries had to build new premises to host metrology laboratories. In Sierra Leone and Liberia, UNIDO managed to mobilize additional funds for this purpose demonstrating the fruitful interplay between national and regional initiatives. Without these additional contributions these countries could not have benefited from the metrology support of the WAQP.

In Ghana, with its much more advanced SMTQ infrastructure, the National Steering Committee decided to dedicate most of its financial envelope under the WAQP to sophisticated metrology equipment. The WAQP management accepted this orientation, which again demonstrates flexibility and willingness to avoid the pitfalls of a "one-size-fits-all" approach.

Similar to testing laboratories the WAQP monitored the technical outputs of the support but not the outcome. No information is available on the clients of the metrology labs and on trends in demand for metrology and calibration services.

In some countries, the WAQP supported the cost for national membership in the OIML (Organisation Internationale de Métrologie Legale; French for: 'International Organization of Legal Metrology') and for World Metrology Day events. However,

¹ Rapport de mission sur l'évaluation des laboratoires d'analyse du Sénégal pour la détermination des possibilités d'obtenir une accreditation ISO/CEI 17025, by Marc Fegueur (2009)

there is no indication to what extent such costs will be borne from national budgets in the future.

At the policy level, WAQP policy advice culminated in the adoption of metrology laws and regulations in Guinea Bissau, Mali, Gambia, Mauritania and Sierra Leone.

5.6 Inspection bodies component

The evaluation team found evidence that industry in the region is suffering from inspection deficiencies such as gaps in legislation, overlaps in the mandates of inspection services and problems with logistics and corruption leading to export barriers and unfair competition of sub-standard local production and imports. These problems concern not only agro- but also other industries. The inclusion of Inspection into the WAQP design is therefore relevant although it has been clear from the beginning that the WAQP could only address certain specific and limited aspects of Inspection.

The awareness creation events and trainings on ISO 17020 conducted by the AQP for inspectors from phyto-sanitary and veterinary inspection bodies were relevant. The effectiveness of this support is not yet documented but currently analyzed by the WAQP. Of course, much more would be needed to streamline and harmonize inspection procedures at national and regional level.

The issue is complicated by the involvement of different UN Agencies in this area. While WHO and FAO play a normative role with regard to food safety, UNIDO is more concerned with voluntary standards. The importance for industrial development of effective Inspection services clearly justifies UNIDO's presence in this thematic field and targeted assistance to inspection bodies.

5.7 Direct support to firms for process certification

Enterprise support focused primarily on subsidizing ISO process certification for 106 companies in UEMOA countries (in cooperation with PRMN) and 29 companies for EMQP. At the time of the evaluation 13 firms had been certified: nine for ISO 9001, two for ISO 22000 and two in Organic Agriculture. Many companies did not yet complete the process and it is too early to say to what extent these will become 'show cases'. In some cases very large enterprises were supported, raising questions of additionality.

Overall, the intervention rationale was not so much on certifying companies but on developing Business Development Services (BDS) related to Quality. WAQP and QP1 have trained considerable numbers of quality-related consultants and auditors and, in 2012, at least one certified ISO 9001 auditor exists in every French speaking country and in Guinea Bissau. The WAQP claims that the cost of ISO 9001 certification has significantly decreased as compared to 2001 when companies still had to use European experts and to 2005 when companies in countries like Guinea Bissau, Mali, Niger and Togo had to use consultants from Senegal and Côte d'Ivoire. There are no exact monitoring data on the development and costs of quality related BDS but the evaluation team found some anecdotal evidence that, in the case of Senegal, the training efforts of the programme contributed to reducing the costs of ISO 9000 certification.

The search for collaboration with the PRMN was laudable. Around 60 beneficiary enterprises of the PRMN with quality related actions in their upgrading plans were supported under WAQP. However, the process to agree on cooperation modalities between the two programmes proved to be lengthy. In a number of cases delays led to sincere frustrations. Companies in Senegal and Burkina Faso reported that support received under QP2 has been less diligent and effective than the support under the earlier QP1.

On a more fundamental note, it should be reminded that the enterprise component of the WAQP was limited to certification. Although this implies calibration aspects, more could have been done to create awareness and stimulate the demand of firms for testing services. As mentioned in chapter 3 the development of new markets should normally involve parallel supply and demand side interventions to avoid possible distortions.

5.8 Regional technical centres

Since 2005, the QP1, QP2 and the PRMN did some work on so called Regional Technical Centres (RTC). Seven RTC were envisaged to demonstrate state-of-the-art techniques in the production of meat, milk and milk products, fruits and vegetables and cotton and to provide technical advice and training for these sub-sectors.

Providing support to the RTCs was part of the QP2 workprogramme but, according to an assessment conducted in 2011 the follow-up of the support already provided to RTCs seems to be weak with negative effects for the QP2 image. Expectations were raised but the equipment received by some of the centres is not yet used or underutilized. A clear and shared understanding of the RTC concept does not seem to exist. Under its next phase, the WAQP intends to transfer the RTC component to the Upgrading Programme, which will have to clarify the concept and how to develop a viable and sustainable business model (see chapter 4).

5.9 Regional dimensions of the WAQP

Policy making

As already mentioned above, regional policy making has not been the prime concern and objective of the WAQP, also in comparison with other regional programmes (see Table 6). The programme did however support the ECOWAS Commission with drafting a regional “Quality Policy”, which was endorsed by ECOWAS ministers in October 2012. This policy identifies national and regional responsibilities for the various aspects of SMTQ and should provide a sound basis for the way ahead.

There is no evidence of significant advancements of regional policies in other areas, including the operationalization and transposition of the regional SMTQ bodies created under QP1 from UEMOA to ECOWAS level.

Quality awards

Quality awards are an appropriate means to build Quality awareness and generate demand for Quality related BDS in developing countries. The UEMOA Quality Award

created under QP1 has successfully demonstrated the potential of such an award at the regional level. ECOWAS has not yet adopted this model, but preparatory work to this end is ongoing with the support of the WAQP.

Laboratories

Under QP1 a manual of standard laboratory procedures for UEMOA countries had been developed and agreed upon, which governments and other donors continue using for planning purposes and project design. The countries covered by the EMQP have engaged in a similar process but the current status of this harmonization process is unclear. The regional dimension of the laboratory support component related mainly to networking and harmonization of procedures.

QP1 had made an attempt to make up-to-date information on testing capacities in the region available through an “UEMOA laboratory database” but this database has not been maintained and is hence obsolete. It is evident that reliable information on the status of laboratories in the region and the services they provide is key to regional planning but there is no indication that this aspect was followed-up under WAQP.

Maintenance of laboratory equipment is another aspect of potential regional relevance. In 2010 WAQP and PTB had concluded, after several studies and a series of discussions, that regional maintenance centres are the least feasible option, while supporting the exchange of knowledge between maintenance technicians in the region is considered to be a possible element for regional action. However, no concrete remedial action has been taken to date.

The evaluation team found anecdotal evidence whatever sales agents and commercial representatives of major equipment manufacturers are present in a country, this tends to have a positive influence on maintenance. Unfortunately, the international procurement rules applied by UNIDO and other UN Agencies tend to ignore and by-pass these key players in the proximity of the beneficiaries. New and innovative ways to address the maintenance problem by involving key private sector players in the region, possibly also through forms of public-private partnerships with major manufacturers and/or service providers, should be explored.

Accreditation

Already at the beginning of QP1, accreditation had been identified as a core aspect of regional relevance. Regional accreditation bodies are being discussed, not only in West Africa but also in East Africa and in the Caribbean, as an effective response to the challenges of smaller countries. Because of a limited demand for accreditation services many countries face difficulties to sustain a national accreditation body, in particular countries of a small size or at an early stage of industrial development.

It is to this end that UEMOA created SOAC at the end of QP1, signalling the political will of the UEMOA countries to go for regional accreditation. However, there is no evidence that SOAC is already operational and it seems that its legal status is still under discussion. At the moment, accreditation bodies of France and Tunisia are being used for accreditations in UEMOA countries. The initial plan to extend SOAC from UEMOA to ECOWAS has been postponed.

Despite these legal and institutional challenges, the WAQP has pursued building the foundations of a regional accreditation system by establishing a regional pool of accreditation experts and by providing them with opportunities to participate in laboratory accreditation processes together with their international peers under partnership agreements with TUNAC (Tunisian Accreditation Council) and COFRAC (Comité Français d'Accréditation; French for 'French Committee for Accreditation').

Metrology

The WAQP has fostered joint learning and networking among metrology experts through technical meetings and inter-lab comparisons. It also made steps to make SOAMET operational. This regional metrology body created at the end of QP1 covers UEMOA countries with Guinea as an observer. Some emphasis has also been given to drafting a regional UEMOA metrology law which is under review.

The so called "Regional Metrology Reference Centres" (RMRC) has been another regional aspect of the metrology component. The creation and support of four RMRCs (mass in Benin; temperature in Burkina Faso; volume in Ghana; pressure in Côte d'Ivoire) had been initiated under QP1 but then taken over by another UEMOA programme, supported by PTB that started in 2001. This programme was officially closed in 2009 although some activities continued until 2012. The idea behind the creation of RMRCs has been to provide regional traceability to the national metrology bodies and to avoid sending equipment to Europe. However, this would require accreditation of the RMRCs as "key comparison institutions". To date, only Egypt and South Africa have reached that level in Africa. Tunisia and Ghana envisage reaching this status in the coming years.

WAQP has systematically used the calibration laboratory of the Ghana Standards Authority to calibrate critical equipment for testing laboratories prepared for accreditation and found substantive cost advantages compared to calibration in Europe. Similar cost advantages could be expected with RMRCs, although it is not clear how many additional accredited calibration laboratories the region will be able to sustain, given the limited demand for calibration services in the region.

At present, there is no evidence that the RMRCs in the region would be able to reach and sustain the required levels of accreditation in the foreseeable future. Moreover, the evaluators are not aware of a comprehensive study of the current and prospective calibration capacities and needs in the region that would allow to assess the real benefits and costs of an accredited RMRC network and to establish the basis for long-term regional capacity building.

It seems that PTB pursues a regional metrology programme with the ECOWAS Commission but there is no evidence of an effective coordination mechanism between this programme and the WAQP. In the past, coordination of UNIDO's and PTB's activities in the region has been challenging. Recent progress at a higher level of the two Organizations should open new ways to resolving these difficulties.

Standards and product certification marks

The relevance of standards and product certification marks for regional and international trade is widely recognized and has been a WAQP priority. The

development, under QP1, of the first-ever cotton standards for West African cotton, in cooperation with the African Cotton Association and the French Cotton Association has been an achievement of major importance for the West African cotton industry. But more remains to be done in this area. The evaluation team found several cases of anecdotal evidence demonstrating the limitations encountered by firms in the region, due to the lack of regional harmonization of standards and regional product marks. The evaluation team is not aware of a WAQP baseline study that would systematically demonstrate the needs and the potential benefits of regional action in that area and set priorities for action.

At the institutional level, the establishment of NORMCERQ as a regional standards body for UEMOA countries under QP1 is considered a major breakthrough. WAQP assisted NORMCERQ with the development of a common UEMOA position towards international bodies dealing with standards and technical regulations, such as ISO, CODEX, WTO etc. However, the practical importance of NORMCERQ is still limited. Some 40 regional standards were developed and technically adopted, but their legal adoption and actual use is now limited. Reportedly, only one regional certification mark exists. Transposing NORMCERQ to the level of ECOWAS has been on the WAQP agenda but much remains to be done in this regard.

5.10 Conclusions and main challenges

Thanks to its dedicated and motivated management and staff at all levels the WAQP reached commendable achievements while working under complex circumstances. Annex 3 describes these achievements but also the challenges.

Taking into account the findings and recommendations from UNIDO's thematic evaluation of SMTQ initiatives (see above under chapters 1 and 4.1 and Annex 4) the conclusions and challenges are summarized as follows:

- Complexity of and delays in decision making at different levels when dealing with multiple layers, affecting the speed of recruitment, of equipment procurement, of cooperation with other programmes, such as PRMN;
- Gaps in communication and even frictions, considering the range of stakeholders with not necessarily converging positions (UNIDO, UEMOA, ECOWAS) and, in case of the RECs, with overlapping mandates, which has affected the efficiency of communications and the speed of decision making;
- The WAQP had to cope with the well-known challenges of UNIDO's centralized and HQ driven implementation mode. For improved programme efficiency, steps towards decentralization were made since the unification of programme in 2011.
- The planned duration of the programme was too short, which was corrected by several extensions and a transition phase;
- The focus on ISO 17025 accreditation was justified but it implied that many labs in the region could not meet the pre-requirements. For health laboratories, UNIDO experimented with the WHO pre-accreditation checklist but did not yet develop a similar tool that would allow structuring the pre-accreditation process of industry related laboratories;

- The organizational, managerial and marketing aspects of laboratory upgrading were somehow neglected during implementation, such as business plans, assessing organizational statutes (in case of public laboratories), and focusing on the system loop between enterprise support and lab upgrading;
- Challenges encountered in the field of regional legislation and harmonization of national laws and regulations such as:
 - o late attention to regional ECOWAS Quality policy including sub-optimal use of UEMOA experiences and UNIDO competences by the ECOWAS Commission;
 - o limited progress with regional standards and regional product certification marks;
 - o regional quality institutions still in nascent stage at level of UEMOA and no indication so far if/when/how these will be extended to ECOWAS.

6. Effectiveness

According to the DAC terminology, effectiveness is defined as *“the extent to which the objectives of a development intervention were or are expected to be achieved.”* As the generic use of the term “objectives” in this definition might lead to confusion it has become general evaluation practice to relate *“effectiveness”* to the (expected) achievement of *outputs and outcomes*, while the (expected) achievement of *development objectives* is dealt with under *“impact”*.

The analysis of this chapter has been based on the definition of objectives in the two programme documents. However, none of them adheres to the up-to-date UNIDO RBM terminology of “outcomes” and “outputs”. Instead, more fuzzy concepts such as “specific” and “immediate” objectives, “results” and “operational results” have been used.

PRMN effectiveness

The PRMN programme document exhibits a certain discrepancy between the target setting at the outcome and output levels. At the outcome level the document sets three “specific objectives” shown in Table 7 together with five “immediate objectives” shown in Table 8:

Table 7: “Specific objectives” of PRMN

Specific objective 1	Enable the emergence of support services that will provide the necessary skills and qualifications needed by firms
Specific objective 2	Enable firms to become competitive
Specific objective 3	Strengthen the capacities of firms to enable them to track and master technological change and to adapt to the demands of regional integration and international competition

None of these “specific” or “immediate” objectives is verifiable because none of them has been specified by indicators. Moreover, these outcome level objectives lack logic and coherence and there is disconnect between them and the 17 outputs shown in Table 8. Specific Objective 1 capturing the BDS dimension of the PRMN is similar to but not identical with the Immediate Objective III. Specific Objective 2 is identical with the Immediate Objective V. The Specific Objective 3 is disconnected from all other outcomes. None of the three Specific Objectives relates to capacity building of the national and regional administrations.¹

Table 8 demonstrates the contrast between the lack of logic and verifiability of indicators at the outcome level and the considerable achievements at the output level. The Table recapitulates the analysis in chapter 4, demonstrating that many planned outputs have been achieved. Therefore, the effectiveness of the PRMN *at output*

¹ A detailed analysis of the intervention logic and the use of RBM terminology can also be found in the PRMN self-evaluation, which also proposes a more coherent intervention logic for IU programmes.

level seems to be good. Unfortunately, the deficiencies of target setting and the scarcity of data *at outcome level* do not allow a proper assessment at that level.

Table 8: Levels of PRMN output achievement

Immediate Objective I	Support for the development and implementation of a restructuring and upgrading policy and strategy.	
Output I.1	Development of the regulatory and procedural framework for the PRMN.	+/-
Output I.2	Regional Steering Committee of the PRMN operational.	+
Output I.3	Assist the formulation of national restructuring and upgrading programmes.	+
Output I.4	Assist with the design and formulation of the regulatory framework and procedures for the national programmes.	+
Output I.5	Implementation of national coordination and monitoring structures for restructuring and upgrading programmes. (NSC and BRMN).	+
Output I.6	Formulation and implementation of a communication and promotion programme for national and regional restructuring and upgrading programmes.	?
Output I.7	Study and implementation of dashboards for restructuring and upgrading at the regional as well as national levels.	-
Output I.8	Strengthening of institutional capacities of the Ministries dealing with Industry, SMEs, businesses, professional associations, for the development and monitoring of restructuring and upgrading programmes.	?
Output I.9	Capacity of service providers for the implementation of restructuring and upgrading programmes strengthened.	+
Immediate Objective II	Technical Assistance for the study and implementation of a restructuring and an upgrading fund.	
Output II.1	Feasibility study for the creation of a restructuring and an upgrading fund.	+/-
Output II.2	Design of the procedures for these two funds.	-
Output II.3	Assist with the installation of the two funds.	-
Immediate Objective III	Regional restructuring and upgrading capacities created and/ or strengthened.	
Output III.1	Strengthening regional technical expertise: Training of 80 consultants/ trainers/ consulting engineers/ technical centers and bank staff.	+
Immediate Objective IV	Restructuring of enterprises that can be rehabilitated.¹	
Output IV.1	Restructuring diagnostics for 60 agro-industrial enterprises developed.	n/a
Output IV.2	60 agro-industrial enterprises assisted for restructuring.	n/a
Immediate Objective V	Improve the competitiveness of agro-industrial firms.	
Output V.1	120 upgrading diagnostics of agro-industrial firms conducted.	+
Output V.2	120 agro-industrial firms assisted for upgrading.	?

¹ "Restructuring" component was abandoned and upgrading targets doubled to 120 firms instead.

WAQP effectiveness

The RBM terminology adopted in the WAQP programme document is different from the one in the PRMN programme document. It defines one “specific objective” and two “results”, together with a number of indicators at each of these levels.

Table 9: Specific objective and expected results of PRMN

	Narrative	Indicators
Specific objective	Strengthen the competitiveness of enterprises and ensure compliance with international trade rules and technical regulations	Infrastructure and services related to SMTQ and Industrial Upgrading operate in line with international practice
Result 1	National and regional quality infrastructure are able to provide services to enterprises	<ul style="list-style-type: none">- 25% of beneficiary companies are certified- National or regional norms exist for 25% of the priority products
Result 2	Standardization, conformity assessment and accreditation activities are operational	<ul style="list-style-type: none">- On average, 2 testing or calibration laboratories accredited by country- 4 national product certification bodies operational in conformity with ISO Guide 65

The indicator of the specific objective is not verifiable and also not entirely in line with the narrative of the objective. The concept of “competitiveness of enterprises” is not operationalized and no assessment is possible whether progress has been made in that dimension. The compliance dimension is better reflected under results 1 and 2.

Result 1: Thirteen companies were certified at the end of September 2012 and an additional seven certifications were expected by the end of 2012. The target of 25% is therefore almost achieved. 42 *UEMOA norms* exist, although their implementation and reference to “priority products” are not clear. *ECOWAS norms* relevant to the target do not yet exist. The number of relevant *national norms* is not known.

Result 2: Seven laboratories were accredited at the end of September 2012 and an additional three were expected by the end of 2012. This would correspond to an achievement level of about 30%. However, a much larger number of laboratories made tangible *progress* towards accreditation. Three product certification bodies are in the process of establishing their conformity with ISO Guide 65 (75% achievement).

Similar to the PRMN, the target setting of the WAQP has been much more detailed at the lower levels of the intervention logic. However, it is rather striking that the WAQP programme document did not define any *outputs*. Instead it lists about 80 *activities* for the QP2 and about 75 activities for the EMQP component. The programme overcame this planning deficiency by defining targets for its different dimensions during implementation. As described in chapter 5, the level of achievement is variable but overall satisfactory in most of these dimensions.

Similar to the PRMN, the assessment of WAQP effectiveness is hampered by the poor target setting at outcome level. As mentioned in chapter 5, there are no figures on the use of outputs (e.g. the use of laboratory services by enterprises or public bodies), which would have been a viable way of outcome monitoring.

7. Linkages and coordination

TCB and IU are crosscutting themes of high importance. Most Governments and donors give high priority to these themes leading to multiple interventions. Linkages, synergies and coordination are therefore matters of concern.

Many of these interventions are sectoral. As an example, the QP2 country study for Senegal identified more than 25 projects conducted by Government, bilateral donors, UN Agencies and a number of NGOs for the Senegalese fisheries sector only.

External coordination

The European Union has been a particularly active donor for TCB support to West Africa at national and regional as well as at ACP wide levels. Important sectoral ACP programmes exist for traded agro-industry commodities such as fish and horticulture products. Similarly, the EU funds quite large national TCB programmes in most West African countries, such as the PRDCC programme in Senegal and the TRAQUE programme in Ghana.

Many of these programmes cut across the distinction between Quality and IU and are, therefore, directly relevant for the WAQP and the PRMN. The Sustainable Fisheries Programme (SFP) for example supported food laboratories in many West African countries. The PRDCC programme financed the upgrading of one of the biggest public laboratories in Senegal. And the TRAQUE programme sets out to provide cross-cutting support to the entire NQS in Ghana.

In some of these cases there is anecdotal evidence of inter-programme coordination. In Benin, for example, the SFP seems to have used plans prepared by the QP1 for its rehabilitation of fish harbouring facilities. However, there are also other cases, such as in Sierra Leone, where the two programmes supported two different and potentially competing laboratories for the fisheries sector. It also seems that there were overlaps in some of the studies conducted by the SFP and the WAQP.

An interesting networking initiative has been the cooperation agreement between the PQ2 and the Association of West African Agro-Food Exporters (AAFEX), which is also supported by AFD (French Cooperation Agency). Under this tripartite cooperation, AAFEX selected around 20 of its member firms for expert support from PQ2 in view of ISO 22000 certification. A number of these firms were, in parallel, also supported by the PRMN. This cooperation has been commendable, although only a few companies have actually reached ISO 22000 certification. In the meantime, AFD decided to launch its own Quality and Upgrading programme with AAFEX.

There is no evidence that the national IU Offices and programmes were “grafted” on existing private sector support programmes. A case in point is the quite successful “maison de l’entreprise” programme in Burkina Faso supported by the World Bank, which offers enterprise support that is rather similar to the PRMN, although not always compatible. The forthcoming private sector support programme in Burkina Faso financed by the EU will be implemented through the “maison de l’entreprise” while also including a Quality component.

The forthcoming UEMOA programme for SMEs expected to be launched in 2013 is of considerable size (10 million euros) and with potential overlaps and synergies with the planned up-scaling phase of the PRMN.

Inter-programme and inter-project coordination

As it has been explained above, the potential complementarity of the WAQP and the PRMN has been considerable. The two WAQP components on company certification and Technical Centres demonstrate the intention of the programme designers and of the donor to translate this potential complementarity into joint activities. However, due to differences in procedures between the two programmes and the respective Commission Directorates and communication problems between the two management units, the implementation has been less than perfect. Extensive delays have led to considerable frustration of beneficiary firms.

As it has been explained under chapter 4, the coordination between the *regional* PRMN and the *national* IU programmes has been one of the most challenging aspects and this will require particular attention in the design of the next phase.

In contrast, the coordination between the national Quality programme in Ghana and the WAQP should be highlighted as a case of good practice. Both programmes are run by UNIDO under the leadership of one national coordinator.

These contrasted findings indicate that a better integration of the WAQP and PRMN successor programmes is necessary but that this can only be achieved through common implementation structures. The evaluation team could not find valid reasons that would prevent the two future programmes from using joint governance and implementation structures.

Coordination with PTB

In the thematic area of calibration and metrology, PTB has been an active provider of TA to many countries in the region and also to the two regional Commissions. Hence the explicit mentioning of the need for coordination between WAQP and PTB in the WAQP programme document. At management level, both UNIDO and PTB are fully aware of the need for and potential benefits of better coordination. In 2012, both Organizations officially agreed to enhance collaboration through regular consultations. However, evaluation interviews with PTB and UNIDO staff revealed that, in the case of the respective West Africa programmes, coordination problems continue to exist at the operational level. The evaluators were not in a position to identify the root causes of these problems but there is certainly room for better coordination in this crucial area.

8. Relevance and ownership

UEMOA launched its 'Common Industrial Policy' as early as December 1999. The policy document mentions five implementation programmes:

Table 10: Strategic UEMOA Programmes

- | |
|--|
| <ol style="list-style-type: none">1. Quality and certification of enterprises2. Upgrading of enterprises and of their environment3. Promotion of information networks4. Export and investment promotion5. SME development programme (subcontracting; financing and incubators) |
|--|

The PRMN and the WAQP were both designed on this strong political foundation.

The situation was different for ECOWAS, which launched its "Common Industrial Policy" (WACIP) only in 2010, when the PRMN and the WAQP were already under implementation. The WACIP mentions the "Standardization, Quality Assurance, Accreditation and Metrology Programme (SQAM)" and the "Restructuring and Upgrading Programme" as two of the 10 strategic programmes through which WACIP should be implemented (Table 11).

Table 11: Strategic ECOWAS Programmes

- | |
|---|
| <ol style="list-style-type: none">1. Development of micro-enterprises, SME/SMIs and major industries2. Industrial research and development programme (IR&D)3. Development of intellectual property rights (IPRs)4. Development of regional financing5. Business Opportunity Information Management System6. Creation of the regional industrial partnership network7. Infrastructural Development8. Standardization, Quality Assurance, Accreditation and Metrology Programme (SQAM)9. Managerial capacity and skills development programme10. Restructuring and upgrading Programme |
|---|

The ECOWAS policy document puts the IU programme in the context of the ongoing negotiations for an "Economic Partnership Agreement" (EPA) stipulating that "*West Africa and the EU have agreed on the need for a restructuring and upgrading programme of the production sectors involved in the implementation of the EPA. Indeed the countries in the West African region must be assisted to adjust their economies to the liberalization process*". According to the policy document the IU programme "*has been validated by the regional authorities and will be implemented with the UNIDO technical assistance and EU financial assistance. It will capitalize on the experience of the UEMOA programme and implemented in coherence and consonance with this programme and the existing national programmes.*"

Although the policy document is less specific about the SQAM there is no doubt that ECOWAS attaches the highest political importance to both programmes. However, the policy document does not specify the coordination mechanisms between the 10 *regional* programmes and, as importantly, with relevant *national* programmes.

The programmes are also directly relevant to other UEMOA and ECOWAS policies, in particular to their Common Agricultural Policies adopted in 2001 (UEMOA) and in 2005 (ECOWAS). The WAQP programme document makes reference to the UEMOA regulation on SPS and food safety (2007). However, as mentioned above, SPS is mentioned in the programme title of the WAQP but the issue was downplayed during implementation.

During the evaluation interviews both Commissions confirmed the strategic relevance of the WAQP. The same is true for the PRMN, as far as the UEMOA Commission is concerned.

At national level, relevance is equally high although depending on national situations and priorities. In an advanced country like Ghana for instance, where Quality has been high on the political agenda since years, the relevance of a *regional* programme is not entirely obvious. However, through its flexible approach and good coordination with the national Quality programme, the WAQP managed to accommodate its niche. There have been similar reservations with regard to the need for a *regional* upgrading programme in countries with *national* IU programmes. These findings confirm the general considerations in chapter 2 on the need to avoid “blue print” approaches in regional programmes.

Governance and ownership

WAQP governance was structurally complicated by its “dual ownership”. The need to align UEMOA with ECOWAS while maintaining the UEMOA “*acquis*” has been a major challenge, which was further complicated by language issues. The split into QP2 and EMRN was probably unavoidable at the design stage but the dichotomy emerging from this decision did not help with establishing an effective governance structure. The management decision at programme start to allocate the EMRN management unit in Accra instead of Abuja turned out to be undermining ECOWAS ownership and was corrected. Equally, the initial split design was overcome in 2011, when both components were unified under one UNIDO management.

However, ownership problems surfaced again in 2012, when the ECOWAS Commission developed the ECOWAS Quality Policy without adequately involving the WAQP. There have been multiple reasons for these ownership problems but UNIDO’s difficulties to make available technical competence for policy making while respecting the prerogatives of policy makers may have been one of them.

For QP2 UEMOA’s political ownership has been high but certain weaknesses transpired at the operational level. Not all staff positions were created as planned. The three data bases for accreditation, standardization and quality that were created under QP1 became obsolete because of lack of ownership and poor maintenance.

Because the PRMN related only to the UEMOA, its programme governance has been rather straightforward and effective. The fact that the UEMOA Commission has also been the donor of this programme had positive influence on ownership. However, UNIDO’s “single audit principle” prevented the UEMOA from using an external auditor of its own choice. This incompatibility caused significant frictions until a viable compromise was found.

9. Prospects for impact

The WAQP and the PRMN aimed explicitly to improve the competitiveness of the region and its integration in the global economy (see chapter 1.2 above). Both programme documents refer to these overall objectives and include some tables with baseline trade figures and statistical analysis. However, none of the programmes made an attempt to monitor and assess whether the rather considerable investments might have led to any tangible impact. Given its limited resources, this evaluation cannot fill this gap. Nevertheless, some basic observations are offered below.

Table 12 shows ECOWAS agro-food exports to the European Union¹. The figures demonstrate that, overall, the annual agro-food exports from ECOWAS to the EU almost doubled between 2002 and 2010, however with distinct differences among countries. While imports from Senegal, Mauretania and Benin have been more or less stagnating, other countries such as Cape Verde, Togo and Liberia show significant growth rates. By contrast, exports decreased for other countries, e.g. by 90% in the case of Guinea Bissau and by 50% in the case of Guinea since 2006. These aggregate national export trends depend of course from a large number of factors and cannot be correlated to Quality interventions alone.

At regional level, the accumulate export growth rate of all UEMOA countries is around 7% while the equivalent figure for non-UEMOA countries reaches almost 13%. Intuitively one might have expected the opposite, taking into account that the volume and the duration of the interventions have been much bigger for UEMOA countries (two successive Quality programmes and one IU programme).

Attempt to enhance impact through identifying “priority products”

It has been widely recognized that tangible impact requires focused interventions and both programmes took this into account by identifying so called “priority products”. In case of the WAQP, the donor (EU) had explicitly asked for such an approach. However, the criteria, methodologies and levels of expertise used by the programme components to identify “priority products” vary widely. Table 13 shows the “priority products” for all countries and the different programmes. The most frequent priority product is fish (11 of 16 countries) followed by cashew and cocoa (4 of 16 countries).

QP2 identified “priority products” through eight country studies of high analytical quality and remarkable level of detail (around 100 pages for each country). The methodology adopted the “systemic approach” advocated in chapter 3. Laboratories, inspection bodies and other key *institutional* but also *private sector* players were identified. The recommendations made went beyond Quality, demonstrating that SMTQ interventions are necessary but not sufficient for improved competitiveness and trade. However, each of the country studies prepared under the QP2 offered a set of detailed, realistic and actionable recommendations.

¹ The EU is by far the biggest importer of agro-food products from ECOWAS countries. The US comes second with an annual average of 676 million US\$ as compared to 4735 million US \$ for the EU.

Table 12 : EU imports (in million US\$) of agro-food products from ECOWAS countries, 2002-2010

	2002	2003	2004	2005	2006	2007	2008	2009	2010	Average growth rate (2002-2010)
Country										
Togo	44,341	44,276	61,968	130,614	132,779	173,120	252,273	345,385	278,872	30.75
Niger	1,209	1,876	1,691	2,141	1,150	3,742	1,512	1,091	1,561	25.83
Burkina Faso	10,892	15,775	25,020	18,536	17,728	29,551	42,838	43,369	32,812	20.21
Mali	5,817	5,201	7,036	6,911	9,474	14,334	26,805	12,053	8,836	14.57
Côte d'Ivoire	1,821,982	2,352,715	2,119,258	1,814,717	1,769,474	2,148,211	2,645,114	2,922,706	2,985,074	7.44
Benin	15,242	17,549	16,133	17,074	23,230	24,638	36,790	20,137	19,995	7.30
Senegal	314,740	330,895	306,082	296,301	296,905	397,797	316,800	291,363	313,118	0.96
Guinea-Bissau	3,769	6,086	4,895	2,798	2,485	924	520	797	501	-12.82
Total UEMOA	2,217,992	2,774,373	2,542,083	2,289,092	2,253,225	2,792,317	3,322,652	3,636,901	3,640,769	7.21
Cape Verde	145	1,247	1,450	11,426	15,247	11,065	20,158	22,460	35,676	202.84
Liberia	1,463	3,594	2,680	4,116	1,766	2,526	11,307	13,082	18,448	70.51
Sierra Leone	6,473	10,198	11,889	16,290	20,572	31,310	33,043	36,688	37,711	26.12
Gambia	21,517	8,424	15,818	6,379	12,334	11,772	9,238	12,750	20,799	16.96
Ghana	565,260	736,282	971,737	917,183	1,008,112	1,290,704	1,597,822	1,360,711	1,718,168	16.22
Nigeria	356,774	541,601	425,917	502,616	410,902	511,660	598,469	780,358	774,588	12.67
Guinea	26,805	56,488	49,049	65,169	68,024	52,775	39,084	31,981	32,345	8.68
Mauritania	115,820	121,990	114,390	118,180	123,620	154,220	140,980	153,800	110,630	0.53
Total non-UEMOA	1,094,257	1,479,824	1,592,930	1,641,359	1,660,577	2,066,032	2,450,101	2,411,830	2,748,365	12.81
Grand total	3,312,249	4,254,197	4,135,013	3,930,451	3,913,802	4,858,349	5,772,753	6,048,731	6,389,134	9.20

Table 13: Priority products identified per country by the PRMN and WAQP

		UEMOA countries								non-UEMOA countries							
		Benin	Burkina Faso	Côte d'Ivoire	Guinea Bissau	Mali	Niger	Senegal	Togo	Cape Verde	Gambia	Ghana	Guinea	Liberia (1)	Mauritania (2)	Nigeria (3)	Sierra Leone
Fruits and vegetables	fruits	x o	x o	x o	x	xo		x o	x o					x			x
	vegetables	o	x o		x			x					x				x
	Tubers*	o		o				o	o								
Cereals	Rice*	o	o	o	o	o	o	o	o								
	other cereals	o	o			o	o	o	o			x					
Nuts and Seeds	cashew	x o	o	x o	x o						x						
	others**	sheanut (x)	sesame (x)	coconut (x)		sheanut (x)											
Fish	halieutic products/ fishing	x o			x o			x o	o	x	x	x	x	x	x	x	x
Raw hides and skins, leather, furskins			o			o	o										
Meat	poultry farming*		o		o	o	o										
	meat/ livestock		o		o	x o	x o										
Oil-seeds, oleaginous fruits and oil products	oil	edible oil (x)						edible oil (x)				palm oil (x)					
	oil-seeds		o			o	o	o	o								
	oil cake ('tourteau')	x															
	cotton	x	o			o	o		o								
Coffee tea, cocoa, spices	coffee**								x								
	cocoa			o					x		x		x				x
Others	horticultural products								o		x						
	packaging material (on wood basis)**			x													
	cautchuc, arabic gum*			o			o										
	milk*	o	o		o	o	o	o									

** = only mentioned as a priority product in the WAQP survey

x = identified as a priority product by WAQP

o = identified as a priority product by PRMN

(1) In addition, rubber, palm oil & coffee were identified as priority export products.

(2) In addition, live animals were identified as a priority export and milk and poultry as a priority local product.

(3) In addition, cocoa, cashew, sesame and gum-arabic were identified as key export food items.

It is unfortunate that the QP2 did not systematically follow-up and monitor these recommendations throughout implementation. This has been a missed opportunity to apply an impact oriented approach not only during design but also during implementation and, possibly, to also demonstrate tangible results at outcome and impact level. However, there is anecdotal evidence that some of the recommendations were taken into account during implementation, probably leading to enhanced prospects for sustainable outcomes and impact.

The EMQP applied a much lighter approach where the international expert in charge of identifying the laboratories picked a couple of figures from trade statistics and delivered a quite superficial analysis (maximum one page per country). Reportedly, one of the reasons for this approach was the political position of the ECOWAS Commission which insisted that identifying “priority products” is not a technical but a political task, which requires adequate consensus building and priority setting among member states. In any case, it is safe to say that the EMQP was not guided by the same kind of needs oriented analysis and recommendations as QP2.

It should also be mentioned here that, in the course of implementation, the WAQP voluntarily departed from its strict focus on agro-industries by including medical and civil engineering laboratories.

The PRMN identified its own list of “priority products” by commissioning a study that was supervised by the UNIDO agro-industry branch. It identified 17 priority products and made 36 recommendations in three areas (agricultural, animal and fish production; improving the economic and institutional environment; improving and increasing industrial transformation of agro-products). However, this study did not build on the priority products of a relevant UEMOA study.¹ Its analytical quality was rather shallow and most of the recommendations were quite general and not actionable.

Impact on priority products

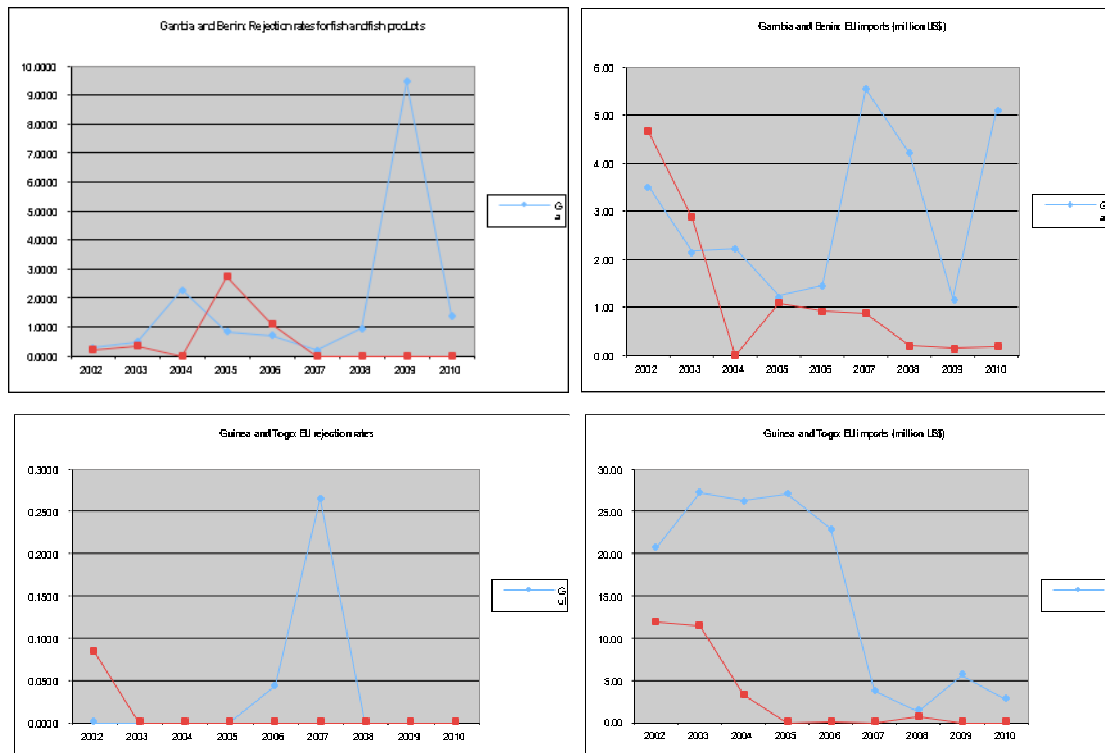
As mentioned above, none of the programmes made systematic use of the information in the “priority products” studies conducted during implementation and even less so for monitoring. The present evaluation is not in a position to fill this gap.

However, the evaluators made an attempt to probe the “priority products” approach by analysing the trade figures and the EU rejection rates for fish, which has been the most frequently mentioned priority product. To this end, fish import figures and rejection rates for Benin, Togo, Gambia and Guinea were analyzed. These figures are available at UNIDO’s TCB branch that uses them for its “Trade Compliance Report”. Rejection rates can be a good indicator for measuring the impact of TCB programmes but, because these figures became available only recently through close cooperation between UNIDO and the EU Commission, rejection had not been used as a parameter in the above mentioned “priority products” studies.

¹ Etude sur la compétitivité des filières agricoles dans l’espace UEMOA (2006).

Figure 5 shows fish exports to the EU and rejection rates for the four countries. All of them had been subject to inspections of the EU Veterinary Office and, in the case of Benin, Togo and Guinea also of import bans. In all cases, the correlation between fish exports and rejection rates and hence problems with fish quality can be clearly demonstrated.

Figure 5 : Fish and fish products: EU imports and rejection rates



In the case of Benin rejection rates were moderate in 2002 and 2004 but surged in 2005 and 2006. During the same period, fish exports decreased by more than 80% and Benin's current fish exports to the EU are insignificant. Togo had significant rejections in 2002. Its exports started declining in the same year and decreased to an insignificant level since then. Guinea's rejection rates peaked in 2006 and 2007. Since 2007 its exports are stagnating at a very low level.

For all four countries fish had been identified as a priority product. In the case of Togo and Benin the import bans occurred during the implementation period of QP1 and the programme had made special efforts to reach tangible impact on fish exports. Nevertheless, as it can be seen from Figure 5, these interventions were apparently not sufficient to solve underlying problems.

This tentative impact assessment indicates again quite clearly that *generic* SMTQ and IU programmes *alone* cannot produce tangible impact on trade, in particular if implemented without effective coordination mechanisms. *Sectoral* TCB programmes such as the ones on fish and horticulture products mentioned above stand a much better chance to produce such impact because they involve not only SMTQ and IU but also interventions in other key areas such as logistics and infrastructure.

However, this not to say that the WAQP and IU interventions did not *contribute* to the improved overall trade performance shown in Table 12. But it should also be

emphasized that improved export performance should by no means be the only objective of SMTQ and IU programmes, although the direct influence of quality compliance on agro-food exports has been the driving force behind the EU's emphasis on SMTQ programmes.

The Thematic Evaluation of UNIDO's SMTQ interventions has provided ample evidence that SMTQ programmes should be conceived for wider impact, including improved *import* competitiveness of local industry and protection of industry and consumers against sub-standard production and imports ("*import* capacity building").

The present evaluation produced anecdotal evidence pointing in the same direction. A case in point has been a manufacturer of tires in one of the UEMOA countries, who mentioned sub-standard imports from Asia as a major concern. Another case demonstrating the complexity of IU has been one of the biggest manufacturers of leather and leather products in the UEMOA region. In recent years, this company made considerable investments into equipment, quality and new products but still it encounters serious problems because raw hides and skins are becoming unaffordable because of being drained away from the local market by the heavily subsidized leather industry in one of the neighbour countries.

It is a most regrettable shortcoming of the PRMN that it did not systematically extract and analyze the wealth of information contained in the "diagnosis reports", which could help with improving the potential impact of the two follow-up programmes.

10. Recommendations

10.1. Recommendations for PRMN

1. In 2011, the UNIDO management launched the “UNIDO Initiative on Industrial Upgrading and Enterprise Competitiveness (IUEC)”. This initiative revisits the content and the implementation modalities of UNIDO’s IU approach. UNIDO management should relaunch the IUEC and make sure that the “scaling up” phase of the PRMN is planned and implemented in accordance with the IUEC principles and the recommendations of the forthcoming thematic evaluation of “Industrial Upgrading”.
2. The current draft programme document of the “scaling up” phase of the PRMN should be revisited. The design of a future PRMN programme should incorporate more thoroughly the lessons learned from the pilot phase and, in particular, adhere to the subsidiarity principle.
3. It is suggested to conduct a substantial in-depth analysis on a representative sample of beneficiary companies of the pilot phase to extract relevant lessons for further policy making and programming.
4. The *regional* component of the future programme should focus on networking, exchange of good practices and training activities in support of the *national* programmes. This component should be executed by UNIDO to assist the UEMOA Commission in its endeavour to ensure convergent framework conditions for industrial upgrading and development throughout UEMOA Member States. In this connection the following activities could be envisaged:
 - Monitor the framework conditions and support programmes for industrial upgrading and development in all Member States (could take the form of an “observatory” and become a more ambitious relaunch of the “dash board” of the pilot phase) and issue status reports on industrial upgrading in the UEMOA on a bi-annual basis;
 - Provide training and advisory services to the National Upgrading Offices (along the lines of the idea floated in the draft programme document to second one regional expert to each of these Offices);
 - Facilitate the emergence and functioning of a regional common market for BDS services in the field of industrial upgrading by identifying available capabilities and possible gaps as well as supporting national associations of such specialized BDS providers and encouraging regional exchanges and initiatives aiming at the elaboration and adoption of voluntary quality standards for BDS services.
 - Bring in international experts for training courses for BDS providers from all Member States in areas of knowledge of strategic importance for industrial upgrading in the region.

- Facilitate the exchange of know-how and of good practices with IU programmes in other regions and countries (“South-South development”).
5. Particular emphasis should be given to facilitating access to finance for companies benefiting from upgrading support. The efforts deployed under the pilot phase to identify and liaise with existing financial structures should be continued and reinforced. The feasibility study indicates that appropriate financial structures are available in all countries, which is why the creation of new funds for upgrading should only be considered as a means of last resort. In addition to loans and credits, the use of fiscal bonuses and tax exonerations should also be explored as an option. The regional component could make important contributions to identifying and benchmarking tax incentives in the participating countries that are potentially relevant to IU and assisting national Governments with developing and exchanging good practices in that matter.
 6. The UNIDO field office in Ouagadougou should be equipped with an “imprest account”. The UNIDO desk officer in Ouagadougou and the programme manager of the future regional upgrading programme should explore opportunities for using human and material resources (e.g. cars) jointly and improving their collaboration.

Recommendations to the donor (UEMOA Commission)

7. To assure adequate stocktaking of the experience made under the pilot phase, the findings and recommendations of this evaluation should be taken into account for the design of the “scale up” phase. The donor should conduct the pending external evaluation to allow feeding into the programme document of the “scale up” phase.
8. To avoid overlap and frictions between the regional and national level, the UEMOA Commission should consider phasing out its direct interventions at company level. Instead it should consider providing its active support to those Member States who have already created IU Offices and developed national IU programmes under the pilot phase. To this end, the UEMOA Commission should consider devolving financial support to these Member States to support their launching of *national* pilot programmes. The financial support should be disbursed in tranches subject to predefined performance criteria. Furthermore, the UEMOA Commission should support Member States with mobilizing donor support that will be necessary for the subsequent expansion of their *national* programmes.

10.2. Recommendations for WAQP

1. Ensure continuity and avoid a possible funding gap between the WAQP and its successor programme.
2. The future regional programme needs to be complemented by strong national programmes. The regional programme should support governments with the

formulation of and funds mobilization for national quality programmes in all 16 countries.

3. The future regional programme should assist the ECOWAS Commission with implementing the Regional Quality Policy and fully adopt the “subsidiarity principle” by giving priority to subjects with a strong regional dimension:
 - a. Pursue work on regional SMTQ bodies, laws, standards and product certification marks, preferably by building on UEMOA achievements and extending them to ECOWAS level.
 - b. Identify and prioritize national regulations and policies (also inspection related) that require regional harmonization and pursue such harmonization.
 - c. Conduct baseline assessments of the National Quality Systems of all participating countries by using a common “systemic” approach and include information on service provision and usage. The national baseline assessment reports could become the basis for the formulation of national SMTQ master plans and projects while enabling “learning by comparison” between countries across the region.
 - d. Monitor regional and national policies and projects related to SMTQ (could take the form of an “observatory”); identify issues that require harmonization or that could benefit from exchange of good practices and offer (voluntary) guidance and benchmarks.
 - e. Publish bi-annual “state of advancement reports” on the SMTQ performances and challenges of the region.
 - f. Support national programmes with advice and training but avoid overlaps between regional and national programmes. To the extent the regional programme might include national capacity building activities, the implementation of such activities should be entrusted to national governments, which could be assisted by UNIDO in this endeavour.
4. For testing laboratories more emphasis should be given to market orientation; the focus on ISO 17025 accreditation should be pursued but complemented by a structured set of economic and organizational benchmarks, which should be promoted among governments and donors across the region (inspiration could be taken from relevant work of the WHO); monitoring outcomes (clients, types and trends of testing services) and prospects for systemic impact should be a must.
5. Poor maintenance of laboratory equipment is a major threat to the sustainability of laboratories in the region. The future regional programme should explore whether a better involvement of local sales agents and representatives of equipment manufacturers and the collaboration with such agents through public-private partnerships could provide solutions to this challenge.
6. In the area of metrology the future regional programme should seek better coordination with relevant PTB activities. If appropriate, a common study could be conducted on current and future metrology capacities and needs in the region

that could become the basis for a medium-term development plan including the possible promotion of “Regional Metrology Reference Centres” provided a positive economic cost-benefit ratio and financial sustainability can be demonstrated for such centres.

7. In the area of accreditation the future regional programme should further strengthen the regional pool of accreditation experts. The partnerships with COFRAC and TUNAC should be extended to accreditation bodies from South Africa or other Anglophone countries.
8. UNIDO should make full use of its new Enterprise Resource Planning tool and make further practical steps towards decentralization of programme management to the field.

Recommendations to the donor

9. As a major sponsor of SMTQ and trade related initiatives, the EU might want to consider more effective coordination mechanisms between EU funded projects in the region and possibly invite other donors active in these fields to participate. The “observatory” and the bi-annual “state-of-advancement” reports that are recommended for the future regional programme could become useful tools in this regard.
10. The donor might want to consider the possibility of a policy component of the future programme to be implemented directly by the ECOWAS and UEMOA Commissions.

10.3. General recommendations to UNIDO management

1. Effective integration of SMTQ and Upgrading interventions is a key success factor of TCB programmes. The PRMN and the WAQP have taken this into account, by trying to coordinate and even integrate some of their interventions. However, despite these efforts, major coordination weaknesses occurred. In the meantime, deeper integration mechanisms have been implemented in other more recent programmes (Cameroon; CEMAC). It is highly recommended to adopt the highest possible degree of integration also under the forthcoming programmes in West Africa. To this end, UNIDO management should request the responsible branch directors (TCB and BIT) to submit an action plan on how to achieve such coordination.
2. There is a growing demand for “Regional Programmes”, in particular by the European Commission. However, such programmes should be more than a collection of national projects but rather be justified by the regional dimension and its different aspects. The EU has accumulated a wealth of experience with such regional programmes within Europe. UNIDO should conduct a systematic review of such European programmes in order to better understand the different forms their regional dimension can take and the different ways to put into practice the “subsidiarity principle”.

3. “Pilot” initiatives require special learning arrangements. Whenever a project or a programme is positioned as a “pilot” initiative, UNIDO management should ensure that the necessary monitoring, self-evaluation and learning mechanisms are included in the design and properly implemented.
4. Neither the PRMN nor the WAQP had budgeted for mandatory independent evaluations. In order to promote proper risk management and learning, UNIDO management should reinforce the strict application of its existing evaluation rules. Projects or programmes of a financial volume above 1 million euro without an appropriate evaluation budget should not pass the internal appraisal process.
5. There are cases where UNIDO’s “single audit principle” might be in conflict with the requirements of certain donors and hence complicate or even prevent collaboration with them. Moreover, ruling out external donor audits might be perceived as a lack of transparency. UNIDO management should request the Internal Oversight Service to provide advice in this matter.
6. Programmes such as the PRMN and the WAQP rely to a large extent on using highly qualified national consultants. In many cases, the market rates for this type of expertise exceed UNDP standard fee rates for national consultants. For certain cases, UNIDO internal rules and regulations do allow waiving UNDP standard fee rates but UNIDO management should consider simplifying these rules in order to facilitate better management of such programmes.
7. UNIDO should pursue its “decentralization to the field” initiative and take advantage of its new Enterprise Resource Planning software for more decentralized implementation. For large programmes such as the ones under evaluation here, there is scope for UNIDO programme managers to be located in the field and not in Vienna.

