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JOINT TERMINAL EVALUATION

of the **IMPLEMENTATION** of the **COOPERATION AGREEMENT** between
the **UNITED NATIONS INDUSTRIAL DEVELOPMENT ORGANIZATION**
and the **UNITED NATIONS DEVELOPMENT PROGRAMME**



UNITED NATIONS
INDUSTRIAL DEVELOPMENT ORGANIZATION



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United Nations Development Programme

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This document has not been formally edited.

FOREWORD

The Evaluation Office of United Nations Development Programme (UNDP) and the Evaluation Group of United Nations Industrial Development Organization (UNIDO) are pleased to present the report of the joint terminal evaluation of the implementation of the Cooperation Agreement between UNIDO and UNDP.

The evaluation was undertaken in response to the requirement of the UNIDO Industrial Development Board to assess the performance of the Cooperation Agreement between UNDP and UNIDO signed 23 September 2004. The objective of the evaluation was to assess the extent to which the work carried out under the Agreement succeeded in achieving its intended goals. In 2006, the UNDP Evaluation Office and the UNIDO Evaluation Group did a joint Midterm Assessment of the Cooperation Agreement. The present terminal evaluation builds on this previous study and focuses on the period between 2006 and 2009 to present evidence and findings on past performance as well as recommendations for future steps to be taken by both organizations.

The evaluation proved a demanding exercise to be accomplished in the short period of five months. It required carrying out a large number of interviews with UNDP and UNIDO staff, a survey and a self-assessment of UNIDO desks as well as five country-level case studies that were strategically selected to reflect performance under different circumstances: (1) pilot countries for the delivering as one initiative, (2) countries with donor funds that encourage UN system coherence (e.g., Millennium Development Goals Achievement Fund), (3) countries with reportedly successful performance under the Agreement and (4) countries where the performance was reportedly weak. The accomplishment of this demanding task stands as testimony to the strong cooperative

spirit, mutual understanding and trust developed in the context of our joint work in the United Nations Evaluation Group (UNEG).

The evaluation found that the Agreement was successful in creating the conditions for an expanded presence of UNIDO at the country level. However, while its objectives remain important, the Agreement lost its relevance as a platform for joint programming. A bilateral programmatic agreement at headquarters level is not needed in light of the United Nations Development Assistance Framework guidelines. However, a memorandum of understanding is still necessary to define operational and administrative arrangements at the country level, including provisions for UNIDO desks. Lack of established procedures and clear operational guidance for the implementation of the agreement at the country level led each organization to proceed according to their respective *modus operandi*, thus hindering progress in joint programming and fund raising. The evaluation also revealed that the bilateral partnership between UNIDO and UNDP failed to utilize the opportunity to involve other relevant United Nations organizations that work in the area of private sector development (for instance, United Nations Conference on Trade and Development and International Labour Organization). Nor did the Agreement promote a discussion within the United Nations to develop a common strategy to strengthen synergies in this emerging global priority. As an incentive for joint programming the Cooperation Agreement was of limited effectiveness. Other stronger incentives exist, including the Millennium Development Goals Achievement Fund and United Nations reform initiatives (delivering as one). These alternatives have proven much more effective in enhancing cooperation among agencies.

The evaluation team consisted of two independent senior consultants, Asbjorn Skaaland and Urs Zollinger, and staff of both evaluation offices, Suppiramaniam Nanthikesan, Co-task Manager and Team Member, UNDP Evaluation Office; Sergio Lenci, Co-task Manager and Team Member, UNDP Evaluation Office; Johannes Dobinger, Co-task Manager and Team Member, UNIDO Evaluation Group. The team was supported by Meghan Tierney, Research Support, UNDP Evaluation Office and Michelle Sy, Programme Support, UNDP Evaluation Office.

The evaluation team is grateful to the colleagues in both organizations and particularly in the country offices of Armenia, Bolivia, the Lao People's Democratic Republic, Nicaragua, and Rwanda who spared no effort to provide information in a timely, frank and constructive manner and organized field visit programmes in an extremely short period of time.



Margareta De Goys
Director, UNIDO Evaluation Office

The draft report was shared with management and staff of UNIDO and UNDP at headquarters and in the field. It was also shared with government and private sector counterparts interviewed during the validation missions. The evaluation team received a large number of comments, all of them in a constructive and positive spirit. These comments and the evaluation team's response to them can be accessed together with the final evaluation report at the web pages of both organizations (www.undp.org and www.unido.org).

The evaluation team hopes that this report will help both organizations to learn from the experience gathered during the implementation of the Cooperation Agreement and to take steps for a deepened implementation of the principles of cooperation, harmonization and alignment, with a view to enhanced relevance and results of the United Nations' interventions in member countries.



Saraswathi Menon
Director, UNDP Evaluation Office

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ACRONYMS AND ABBREVIATIONS

ADB	Asian Development Bank
Agreement	Cooperation Agreement Between the United Nations Industrial Development Organization (UNIDO) and the United Nations Development Programme (UNDP)
AECI	Agencia Española de Cooperación Internacional
APR	Annual project report
BA	Business association
BMO	Business membership organization
CCA	Common country assessment (United Nations)
CCI	Chamber of commerce and industry
Cooperation Agreement	Cooperation Agreement Between the United Nations Industrial Development Organization (UNIDO) and the United Nations Development Programme (UNDP)
CPAP	Country programme action plan (UNDP)
CPD	Country programme document (UNDP)
CSR	Corporate social responsibility
DOCO	Development Operations Coordination Office (United Nations)
EDC	Entrepreneurship Development Curriculum
FAO	Food and Agriculture Organization of the United Nations
Framework	Framework for Joint UNIDO/UNDP Technical Cooperation Programmes on Private Sector Development
GBS	General budget support
HUO	Head of UNIDO operations (UNIDO desk officer)
IFAD	International Fund for Agricultural Development
ILO	International Labour Organization (United Nations)
JPSD	Joint private sector development
JPSDP	Joint UNDP-UNIDO Private Sector Development Programme
LNCCI	Lao National Chamber of Commerce and Industry
MDGs	Millennium Development Goals
MDG-F	Millennium Development Goals Achievement Fund
Midterm Assessment	Joint Assessment: UNIDO-UNDP Cooperation Agreement Pilot Phase
MOU	Memorandum of understanding
MTA	Joint Assessment: UNIDO-UNDP Cooperation Agreement Pilot Phase
MTPF	Medium-term programme framework
MYFFR	Multi-year funding framework report (UNDP)
NRA	Non-resident agency
ODA	Official development assistance

PAD	Project allotment document
Para.	Paragraph
PSD	Private sector development
PTC	Programme Development and Technical Cooperation Division (UNIDO)
ROAR	Results oriented annual report (UNDP)
RR	Resident Representative (UNDP)
SID	Sustainable industrial development
SME	Small and medium enterprise
SWAps	Sector wide approaches
TC	Technical cooperation
UD	UNIDO desk
UN	United Nations
UNCT	United Nations country team
UNCTAD	United Nations Conference on Trade and Development
UNDAF	United Nations Development Assistance Framework
UNDG	United Nations Development Group
UNDP	United Nations Development Programme
UNEG	United Nations Evaluation Group
UNESCO	United Nations Educational, Scientific and Cultural Organization
UNFPA	United Nations Population Fund
UN-Habitat	United Nations Human Settlements Programme
UNHCR	United Nations High Commissioner for Refugees
UNICEF	United Nations Children's Fund
UNIDO	United Nations Industrial Development Organization
UNIFEM	United Nations Development Fund for Women
UNODC	United Nations Office on Drugs and Crime
UNRC	United Nations Resident Coordinator
UR	UNIDO Representative (in a UNIDO country office)
USD	United States dollar

EXECUTIVE SUMMARY

PURPOSE, OBJECTIVE AND SCOPE

The present evaluation report is the result of a joint terminal evaluation of the five-year 'Cooperation Agreement Between the United Nations Industrial Development Organization (UNIDO) and the United Nations Development Programme (UNDP)' that was signed 23 September 2004 (henceforth the 'Cooperation Agreement' or the 'Agreement'). The evaluation was launched in response to the requirement of the UNIDO Industrial Development Board. The purpose of the evaluation is to present evidence and findings on past performance as well as recommendations for future steps to be taken by both organizations. The evaluation findings and recommendations will be presented to the UNDP Executive Board during its second regular session in September 2009 and to the UNIDO General Conference in December 2009.

The objective of the evaluation was to assess the extent to which the work carried out under the Agreement succeeded in achieving the goals specified in the Agreement. The present terminal evaluation builds on the 'Joint Assessment: UNIDO-UNDP Cooperation Agreement Pilot Phase', which was conducted in 2006 (henceforth the 'Midterm Assessment' or 'MTA'), but focuses on the 2006 to 2009 period. This evaluation was conducted jointly from March to July 2009 by the UNDP Evaluation Office and the UNIDO Evaluation Group and carried out by two independent consultants with support from the professional staff of the evaluation offices of UNDP and UNIDO.

The evaluation covers the two components of the Cooperation Agreement: the UNIDO desks component and the joint private sector development component. It addresses the relevance, efficiency, effectiveness and sustainability of

the Cooperation Agreement; and, in so doing, it covers the implementation process and the progress made towards the intended results.

This evaluation does not assess development results of joint UNIDO-UNDP projects or programmes. This is not an evaluation of projects or a performance appraisal of individual local heads of UNIDO operations. Rather, it assesses the institutional performance related to achieving the objectives in the Agreement.

METHODOLOGY

Based on the experience of the midterm assessment of the Agreement, a mixed quantitative and qualitative approach was deemed necessary. The evaluation involved the following key components: background research and desk review; stakeholder mapping and analysis; data collection from primary and secondary sources, including field validation missions and visits to the headquarters of both organizations; and data analysis and triangulation.

The background research and desk review was conducted to understand the context of the Agreement and to design the evaluation. For primary data, partners were identified from government, bilateral donors, the private sector and the civil societies. For secondary data, the evaluation team selected staff of UNDP and UNIDO at headquarters and in pilot countries, as well as members of United Nations country teams.

The data collection involved desk review and document analysis, semi-structured interviews at headquarters and in five countries selected for the validation missions, and surveys targeting select stakeholders, including a self-assessment for the heads of UNIDO operations.

The evaluation included field missions to five selected countries, primarily to validate the findings of headquarter interviews and the desk review. The five countries were: Armenia, Bolivia, the Lao People's Democratic Republic, Nicaragua and Rwanda.

Views expressed by the staff from each organization were triangulated with the views of other agencies, evidence from national counterparts and documentary evidence.

LIMITATIONS AND CONSTRAINTS

There are structural asymmetries in the Cooperation Agreement that also affect the methodology of this evaluation. The most important asymmetries relate to the differences in financial and human resources available as well as the programming arrangements of both organizations. UNDP conducts operations in 166 countries and has a highly decentralized structure. The primary approach of UNDP is that of national execution.¹ UNIDO's field network has 16 country offices and 12 regional offices.² Programming arrangements are mainly determined at the headquarters. Thus the primary UNIDO approach is that of direct execution.

These asymmetries led to differences in terms of the immediate and potential benefits of the Agreement, which influenced the level of interest in each organization for the effective implementation of the Agreement. For UNIDO the stakes are much higher than for UNDP, in particular the potential expansion of its field presence. Information about the functioning of UNIDO desks comes mainly from UNIDO sources and UNIDO staff. UNDP's information about the UNIDO desks was rather limited, particularly at the headquarters level. As a result, UNIDO data sources are more frequently used in this evaluation. The evaluation team has taken this

imbalance into account and has made an effort to filter out possible biases in the data.

MAIN FINDINGS

While the objectives of the Cooperation Agreement remain important, the Agreement has lost its relevance as a platform for joint programming, particularly in light of the United Nations Development Assistance Framework (UNDAF) guidelines. Nonetheless, there still is need for operational agreements defining UNDP administrative and logistic support to the UNIDO desks.

FINDINGS: UNIDO DESKS

The expanded UNIDO field representation is increasingly important to UNIDO, whereas the UNIDO desks are of limited relevance to UNDP. The staffing of UNIDO desks with nationals is appropriate and adequate. However, there is a mismatch between the many tasks assigned to the heads of UNIDO operations and the tools provided to address those tasks.

With a field representation in 46 countries at the end of 2009, UNIDO has, thanks to the Agreement, expanded its country presence by over 50 percent. National governments and other development partners generally appreciate the actual or potential role of UNIDO desks as advisors on sustainable industrial development. UNIDO desks normally participate in the United Nations country teams and contribute to the Common Country Assessment and United Nations Development Assistance Framework processes and to the development of new UNIDO projects. However, the establishment of UNIDO desks does not automatically lead to an increased delivery of UNIDO services or to greater and more effective alignment with the national development planning and management processes.

¹ Regional and global programmes are overseen directly by UNDP headquarters. However, these programmes constitute a fraction of UNDP expenditure.

² In addition, UNIDO extends its presence through 34 National Cleaner Production Centres, 19 Investment and Technology Promotion Centres and 9 Technology Centres.

The contribution of UNIDO desks to the efficient implementation of projects is uneven. Several factors constrain the efforts of UNIDO desks, including limited decision-making power, time-consuming communication with headquarters via UNIDO regional offices, limited human resources, no access to UNIDO information technology tools for resource planning and unclear responsibilities of heads of UNIDO operations in programme implementation.

In several countries, the cost of the UNIDO desk is high compared with the volume of activities (delivery). Delivery is only one of several criteria and is indicative for only one of the core functions of a UNIDO desk, namely, support to project implementation. (See Chapter 3.2.4.) Desks serve other important functions, such as an advisory role to governments, participation in UNDAF processes or strengthening the United Nations country teams. Justification for a desk depends on the specific functions of a desk in a particular country in a particular period. Whether or not a UNIDO desk in a given country can be justified over the long term cannot be decided merely by comparing cost with delivery.

FINDINGS: JOINT PRIVATE SECTOR DEVELOPMENT PROGRAMMES

The emergence of several joint programme funding initiatives as well as the progress made in the execution of United Nations reform have, to a large extent, made the Cooperation Agreement redundant with respect to joint private sector development programmes.

The constraints encountered during the implementation of these programmes and subsequent lack of successes was not affected by the choice of pilot country. All of the host countries covered by the Agreement made employment creation and income generation a priority in their respective national policies.

Cooperation between UNIDO and UNDP has not led to expanded private sector development programmes with enhanced impact. Out of the original joint programming exercise, only two projects passed the formulation stage and went into implementation: the Lao People's Democratic Republic and Rwanda. In both cases, only a small fraction of the original budget could be mobilized.

Joint private sector development programmes did not lead to broader inter-agency coordination in private sector development, whereas the presence of the UNIDO desks did. The heads of UNIDO operations participated in most countries as members of the formulation teams of the joint projects and played an important role in relating the projects to local conditions by involving relevant partners and stakeholders.

CONCLUSIONS

- The Cooperation Agreement signed in 2004 was visionary in addressing, at an early stage, issues of enhanced system-wide coherence³ but did not fully internalize the country-level conditions or take into account the existing modalities for inter-agency collaboration, in particular the joint programming modalities as suggested by the United Nations Development Operations Coordination Office.
- The bilateral partnership failed to utilize the opportunity to involve other relevant United Nations organizations working in the area of private sector development.
- The systemic asymmetries in programming arrangements posed significant challenges to the successful implementation of the Cooperation Agreement.
- The focus of the Cooperation Agreement on private sector development was particularly difficult and posed an additional challenge.

³ High-level Panel on UN System-wide Coherence in the Areas of Development, Humanitarian Assistance and the Environment, 'Delivering as One', United Nations, 2006, (A/61/583).

- The Cooperation Agreement was of limited relevance and effectiveness as an incentive for joint programming.

UNIDO DESK

The central role of the United Nations Development Assistance Framework at the country level and the progress in the system-wide coherence process makes country presence of UNIDO and its continued participation in United Nations country teams relevant and in line with the triennial comprehensive policy review (2008). The Cooperation Agreement has helped UNIDO achieve its aim to enhance field presence to better support countries. However, the benefits to UNDP in expanding its capacity for private sector development through collaboration with UNIDO seem minimal.

Several UNIDO desks have demonstrated that the concept of the UNIDO desk works. However, not every UNIDO desk added value to the programme country. It is a shortcoming that UNIDO has not established a functioning review mechanism for country desks.

The ambitious goal of UNIDO to expand its field presence to 80 countries by means of the Cooperation Agreement has not been achieved and appears to be unrealistic without an increased capacity of UNIDO headquarters for technical cooperation.

In some countries the cost of the UNIDO desk is high compared with the volume of activities (delivery). However, an adequate ratio between the cost of a desk and its delivery can only be set on a country-by-country basis and depends on the relative importance of each of the core functions assigned to the desk. The current logistical arrangements of housing UNIDO desks in UNDP premises have been beneficial to UNIDO.

JOINT PRIVATE SECTOR DEVELOPMENT PROGRAMMES

- The initiative to establish a joint and coordinated approach to private sector development was visionary in responding to the recommendations of the 'Unleashing Entrepreneurship' report of the Commission on the Private Sector and Development.
- The private sector development component of the Cooperation Agreement did not achieve any results.
- Lack of established procedures and clear operational guidance for the implementation of the Agreement at country level led each agency to proceed according to their respective *modus operandi*, thus negatively influencing progress in joint programming and fund raising for private sector development.
- The comparative advantages and collaborative synergies of UNDP and UNIDO in private sector development were not obvious to governments or donors.
- Trust funds, such as the Millennium Development Goals Achievement Fund or the Trust Fund for Human Security, are stronger incentives than bilateral cooperation agreements in promoting collaboration among United Nations organizations.

RECOMMENDATIONS

1. In line with United Nations reform, a system-wide cluster approach involving all relevant UN organizations working on private sector development should replace bilateral agreements, so as to foster coordination, coherence and synergies.
2. Until a system-wide approach is developed, a memorandum of understanding defining operational and administrative arrangements at the country level and including provisions for UNIDO desks should replace the existing Cooperation Agreement between

UNIDO and UNDP. The memorandum of understanding should provide a framework of cooperation between the two agencies and facilitate collaboration between the parties.

UNIDO DESK

3. The expansion of UNIDO desks should be commensurate to the capacity of UNIDO headquarters to provide adequate technical, human and financial support in response to the increased national demands triggered by the new UNIDO desks.
4. UNIDO should establish a transparent selection and review mechanism to guide the expansion of its country presence through the desk modality and to monitor progress towards the intended results. The following are some of the considerations to bear in mind when expanding the desks:
 - level of government and private sector interest and demand
 - alignment with United Nations Development Assistance Framework
 - substantial pre-existing volume and trend in the UNIDO portfolio
 - funding opportunities for UNIDO projects
5. UNIDO should conduct a feasibility study based on the above-mentioned criteria before a new investment is made to establish UNIDO desk, so as to minimize the risks of failure.
6. The review of existing UNIDO desks, as outlined in recommendation 4, should be conducted annually by a panel representing the relevant divisions within UNIDO.
7. Taking into account the limited resources of UNIDO desks, UNIDO should establish priorities with regard to each desk's core functions on a country-by-country basis.

Not only should specific priorities be established, UNIDO should empower the heads of UNIDO operations and clarify their roles internally and externally. Taking into account the specific country situation, the evaluation team recommends using two different staffing modalities for the desks (see Table 11 for more details). Well-established desks or desks in countries with a significant UNIDO portfolio should be managed by national UNIDO Country Directors. New UNIDO desks or desks in countries with a small UNIDO portfolio should be managed by Assistant Representatives. UNIDO should eliminate the title head of UNIDO operations.

JOINT PRIVATE SECTOR DEVELOPMENT PROGRAMMES

8. UNIDO and UNDP should not renew the joint private sector development programmes component of the Agreement after expiry of the original five-year period. Evidence shows that other instruments constitute a more effective incentive for the coordination and cooperation envisaged in the Agreement, such as strengthened United Nations reform processes at the country level and new aid modalities such as the Millennium Development Goals Achievement Funds.
9. UNDP and UNIDO should resist the temptation of establishing a too rigid global division of labour within private sector development. Each country context is different and may require a different division of labour thereby building on each organization's comparative advantage in a particular country, such as its experience or local network.
10. Prior to new, joint projects, UNIDO and UNDP should pay due attention to the issue of implementation modalities and the division of labour. They should also refer to United Nations Development Operations Coordination Office modalities.

Finally, they should specify the agreed modalities, such as modalities of funds mobilization and division of labour in the project document beforehand.

LESSONS LEARNED

1. The central role of the United Nations Development Assistance Framework at the country level and progress in the delivering as one initiative makes the continued participation of the United Nations specialized agencies in United Nations country teams increasingly important. Although not a requirement, permanent country presence facilitates such participation.
2. The proximity of the United Nations specialized agencies to UNDP and other United Nations organizations in common premises (a United Nations House) is beneficial to the United Nations specialized agencies and the United Nations country teams as a whole. Proximity facilitates collaboration and allows for pooled administrative services and logistical support.
3. Having United Nations specialized organizations with relatively small country presences staffed and headed by nationals is a reasonable, cost-effective alternative to international heads of agencies. Their local knowledge and professional networks are a further asset.
4. In the case of the Cooperation Agreement, UNIDO and UNDP were not effective in raising funds for joint projects. The available evidence suggests that this approach is also very unlikely to produce results in possible future attempts given the trend in the United Nations towards joint planning and fund-raising, the trend towards an increased share of official development assistance being directed to budget support and the limited incentives to jointly raise funds when agencies are actually competing in a shrinking pool of funding for technical cooperation.
5. Many actors operating in private sector development, especially the larger ones, such as the European Union, the World Bank, the International Fund for Agricultural Development, have direct access to funds. Only when a United Nations organization, which lacks its own resources, offers specialized competencies will there be the possibility for funding. This is the case for most UN specialized organizations.
6. Agreements between organizations operating in private sector development should reflect their systemic asymmetries. The process of developing agreements between UNDP and non-resident agencies that aim at combining the advantages of UNDP country presence with the headquarters-based specialized competence of the non-resident agency should involve UNDP country offices.

Chapter 1

INTRODUCTION

1.1 PURPOSE AND OBJECTIVE

This report presents the findings of a joint terminal evaluation of the five-year 'Cooperation Agreement Between the United Nations Industrial Development Organization (UNIDO) and the United Nations Development Programme (UNDP), which was signed 23 September 2004 (henceforth the 'Cooperation Agreement' or the 'Agreement').

It also presents recommendations for future steps to be taken by both organizations. These findings and recommendations will be presented to the UNDP Executive Board during its second regular session in September 2009 Session and to the UNIDO General Conference in December 2009.

The objective of the evaluation was to assess the extent to which the work carried out under the Agreement achieved the goals specified in the Agreement. The Industrial Development Board, the governing council of UNIDO, initiated the evaluation, which was conducted from March to July 2009. The evaluation included meetings and interviews at UNDP and UNIDO headquarters and visits to UNIDO Desks in five pilot countries.

1.2 SCOPE AND CRITERIA OF THE EVALUATION

The evaluation examines the UNIDO desks component and the joint private sector development (PSD) component in the 19 pilot countries initially identified for the implementation of the Cooperation Agreement.

In 2006, the UNDP Evaluation Office and the UNIDO Evaluation Group did a joint

midterm assessment (MTA) of the Cooperation Agreement, which recommended continuing cooperation, provided that a number of changes were implemented. The present terminal evaluation builds on the MTA and focuses on the 2006 to 2009 period.

The evaluation addresses the relevance, efficiency, effectiveness and sustainability of the Agreement.

This evaluation does not assess development results of UNIDO/UNDP projects or programmes or evaluate the performance of local heads of UNIDO operations (HUOs). Rather, it assesses the institutional performance related to achieving the objectives of the Cooperation Agreement. The evaluation poses several key questions (for the complete list of questions, see Annex 1: Terms of reference for the evaluation):

- Taking into account other initiatives of UN reform and new funding sources and modalities, are all elements of the Cooperation Agreement between UNIDO and UNDP still relevant and appropriate?
- To what extent have the objectives set out in the Cooperation Agreement been achieved?
- What are the main results achieved?
- Are the objectives of the expanded UNIDO field representation and of the joint PSD programmes as set out in the Agreement still relevant?
- Is the UNIDO desk model of field representation appropriate to meet country demands?
- To what extent are UNIDO desks cost-effective?

This independent evaluation was managed jointly by the UNDP Evaluation Office and the UNIDO Evaluation Group and carried out by a team of two independent consultants with support from the professional staff of the evaluation offices of UNDP and UNIDO.

1.3 METHODOLOGY

The present evaluation adhered to the norms and standards of the United Nations Evaluation Group.⁴ The evaluation team designed and implemented the evaluation to accommodate the selection and treatment biases involved in multi-agency evaluations.

Based on the experience of the MTA of the Cooperation Agreement, this evaluation considered quantitative and qualitative data from primary and secondary sources. The design of the evaluation involved:

- background research and desk review
- stakeholder mapping and analysis
- field validation missions
- visits to UNIDO and UNDP headquarters
- data analysis and triangulation

The evaluation team conducted a background research and desk review which involved a close analysis of the following materials: background documents on the Cooperation Agreement, UN reform and UN Development Operations Coordination Office (DOCO) guidelines for country representation and joint programming; previous assessments, reviews and progress reports, including the MTA; strategy and policy documents of UNIDO and UNDP; programming and financial documents of UNIDO and UNDP; and policy and strategy documents from the countries in which the Agreement was implemented. The evaluation team paid particular attention to the documentation relating to the

original 19 pilot countries of the Agreement (see Annex 3), including United Nations Development Assistance Framework (UNDAF) documents, progress reports on PSD projects, and UNIDO delivery rates.

This research helped the team to prepare the evaluation work plan that spelled out the key stakeholders, evaluation issues, possible indicators, data sources and data collection instruments (surveys, interviews, etc.), and means of verification (field validation missions).

STAKEHOLDER MAPPING

Table 1 presents the categories of stakeholders at the headquarters for both UNDP and UNIDO and in pilot countries, identified through the desk research and experience from the MTA. For primary data, partners were identified from the government, bilateral donors and the private sector. Within the government, the counterparts related to PSD were selected. Key donors contributing to PSD were identified in pilot countries. For secondary data, staff at UNDP and UNIDO headquarters and in pilot countries as well as members of UN country teams were selected. The team paid close attention to identifying UNDP and UNIDO staff with direct experience, either in the design or in the implementation of the Agreement.

The team attempted to validate observations through triangulation of data from documentary research, interviews with stakeholders at headquarters and field visits. The team also attempted to collect counterfactual data, such as looking at activities of both agencies in countries where UNIDO desks were not established. Also, in the absence of documented results, and to better understand the weaknesses in the design and processes applied for the implementation of the Cooperation Agreement, semi-structured interviews were conducted where electronic surveys were found unsuitable.

⁴ United Nations Evaluation Group, 'Standards for evaluation in the UN System', 2005. Available at <http://www.fao.org/pbe/pbee/common/ecg/234/en/ACF61D4.doc>.

DATA COLLECTION

The data collection involved desk review and document analysis; semi-structured interviews at headquarters and in five countries selected for the validation missions; and surveys targeting select stakeholders, including a self-assessment for the head of UNIDO operations.

A desk review was conducted to collate available evaluative evidence: financial and human resources utilized under the Agreement, progress of PSD projects, and past reviews including the MTA.

Given the paucity of quantitative data revealed by the desk review, it became necessary to collect qualitative evidence. To this end, the team conducted semi-structured interviews with the broad range of stakeholders identified (see Table 1) in the headquarters of UNIDO and UNDP as well as in selected pilot countries. The interview guidelines were developed to address the key evaluation issues identified by the team. (See Annex 2.)

The evaluation included field missions to five selected countries, primarily to validate the findings of headquarter interviews and the desk review. The selection of countries for these missions was based on purposive sampling. The following criteria were used to select the mission countries (see Annex 1: Terms of reference for the evaluation):

- pilot countries with a UNIDO desk operating for at least two years with the same head of UNIDO operations in place
- existence of joint UNDP-UNIDO activities and active joint PSD programmes or related PSD programmes
- possibility of follow-up studies in countries that were visited during the MTA
- conditions that were conducive for UN agencies to work together, such as in pilot countries for the delivering as one initiative, and countries with donor funds that encourage UN system coherence (e.g., Millennium Development Goals Achievement Funds)

Table 1. Categories of stakeholders consulted

Stakeholder groups	Data collection instruments
Headquarters staff of UNIDO and UNDP	Headquarters survey, selected semi-structured interviews
UNIDO Regional Directors	Headquarters survey, selected semi-structured phone interviews
Head of UNIDO operations (UNIDO desk staff)	Self-assessment, selected semi-structured interviews
UNDP Resident Coordinators/UNDP Resident Representatives (or Country Directors)	Country office survey, selected semi-structured interviews
UNDP country office staff	Country office survey, selected semi-structured interviews
Government representatives	Selected semi-structured interviews
Private sector representatives	Selected semi-structured interviews
PSD project counterparts	Selected semi-structured interviews
PSD project staff	Selected semi-structured interviews
Main development partners in the PSD field	Selected semi-structured interviews

Notes: United Nations Industrial Development Organization (UNIDO), United Nations Development Programme (UNDP) and Private sector development (PSD).

The team also chose to include countries with successful UNIDO desk presences or PSD initiatives, as well as those where the performance in the context of the Agreement was reportedly weak. Based on these criteria, the following countries were selected: Armenia, Bolivia, the Lao People's Democratic Republic, Nicaragua and Rwanda.

The validation missions were conducted by either one or two members of the evaluation team, with each visit taking three to five days. Preparatory work for each mission involved the team members familiarizing themselves with the desk research to capture the specific context and framework conditions for the implementation of the Cooperation Agreement in each country. Evaluation team members conducted semi-structured interviews with different stakeholders at the field office locations (see Annex 2: List of interviewees). The findings of each field validation mission were summarized in a separate interim report in order to share the findings with other team members. The interim reports were key data sources for this evaluation.

To broaden the evidence base and validate the findings from headquarter interviews and validation missions, email-based stakeholder surveys were conducted among UNIDO and UNDP staff at headquarters and in all pilot countries. Based on experiences from the earlier MTA and the key evaluation questions, the team developed three surveys with slightly different questionnaires with the expectation that these surveys would map different aspects of the Agreement implementation results:

1. Self-assessment of the UNIDO desks directed to the heads of UNIDO operations in the thirteen original pilot countries (see Annex 4)
2. Survey for UNDP and UNIDO headquarter staff and staff at UNIDO regional offices (see Annex 5)
3. Survey targeting UNDP senior management in the 19 pilot countries (see Annex 6)

The team decided not to conduct a survey among government and private sector representatives, as the MTA did, because at the time of the MTA the surveys of government and private sector representatives had very low response rates. Whereas the self-assessment was circulated and responded to via email, the two other surveys were web-based and completed online. To encourage free expression of opinions, the respondents were assured that their responses would be dealt with confidentially and would not be quoted.

The team interviewed 123 stakeholders: 38 at headquarters and 85 in the pilot countries. Of these stakeholders, 37 were from UNDP, 31 from UNIDO, 8 from other United Nations organizations, 25 from government, 11 from donor agencies, and 11 from the private sector. The evaluation team received 48 survey responses: 28 from headquarters and 20 from pilot countries. Of these, 13 responses were from UNDP and 35 from UNIDO.

ANALYSIS AND SYNTHESIS OF DATA

As a multi-agency evaluation, this study encountered a number of specific challenges and challenges of a more general in nature.

The response rate of surveys was low, particularly on the UNDP side. For instance, only 7 UNDP country offices of the 19 selected countries completed the survey. Out of a total of 28 survey responses received from headquarters staff, only 6 came from UNDP in contrast to 22 from UNIDO. Time constraints prevented the utilization of other data collection mechanisms such as telephone interviews with targeted UNDP stakeholders. The meagre response rate had two consequences. The low number of responses from the country offices raises questions on the representative nature of the responses. And, the survey data may contain an unintended selection bias in receiving a total of 13 UNDP responses against a total of 35 UNIDO responses.

To address the low survey response rate, in making evaluation claims related to UNIDO

desks, the team gave relatively more weight to the views of the partners at the country level and quantitative data analysis, as opposed to the opinions expressed through surveys. In fact, the survey response was primarily used to highlight issues of importance.

In validating the data, triangulation of data sources and methods were used. The views expressed by secondary data sources (UNDP and UNIDO) were triangulated with the views of partners in countries and documentary evidence, where available. Views expressed by the staff from each organization were triangulated with the views of the other agencies, evidence from national counterparts and documentary evidence.

The evaluation team established benchmarks for assessing performance on the following considerations: Did UNIDO desks and joint PSD initiatives add value to the national development goals through private sector development in the pilot countries? Did the Cooperation Agreement promote synergies between the two organizations while strengthening the ongoing UN reform processes?

LIMITATIONS AND CONSTRAINTS

Time constraints and team capacities limited options for more extensive probing. However, the evaluation team is of the opinion that the key evaluation issues have been verified sufficiently to form a basis for drawing conclusions.

The team had difficulties obtaining aggregated data on PSD activities from both UNIDO and UNDP. At times, it was also difficult to decide whether certain activities fell under the PSD component of the Cooperation Agreement or not.

This evaluation builds upon the results and findings of the MTA. The MTA comprehensively collected data from all sources. As previously stated, the survey of government and private sector stakeholders was not repeated in this evaluation due to the low response rate for a

similar survey during the MTA. It was therefore agreed that stakeholder views would have to be collected mainly in the course of field validation missions. The field validation missions, for that reason, were carried out after the interviews of UNDP and UNIDO headquarters staff and aimed at validating preliminary findings. The focus of data collection was on developments since the MTA in 2006.

There are fundamental asymmetries in the Agreement that also affect the methodology of this evaluation. The most important asymmetry is the different levels of interest in the Agreement. For UNIDO, the stakes are much higher than for UNDP, in particular with regard to the expansion of its field presence. Information about the functioning of the UNIDO desk comes mainly from UNIDO sources and UNIDO staff. Information about the UNIDO desks on behalf of UNDP staff was rather limited, particularly at headquarters. As a result, UNIDO data sources are more frequently used in this evaluation. The evaluation team has taken the limitations in the data into account and has made an effort to filter out possible biases of the responses (e.g., HUC self-interest in maintaining a UNIDO desk, etc.).

Given the time constraints, the team could not develop benchmarks in consultation with the stakeholders and therefore used its own experience and judgment.

QUALITY ASSURANCE

A joint UNDP/UNIDO internal review team was constituted to do the following four tasks: (1) to ensure the rigour of the evaluation methodology, (2) to ensure the validity and quality of the evidence, (3) to verify that findings were based on evidence, and (4) to ensure that conclusions and recommendations were based on findings. The internal review team sought stakeholder feedback to check for factual inaccuracies, errors of interpretation and omissions of evidence that could materially change the findings.

1.4 STRUCTURE OF THE REPORT

This report is organized into five chapters. **Chapter 1** provides the rationale, scope and methodology of this evaluation. **Chapter 2** gives the background to the Cooperation Agreement and the UN reform context, as well as relevant information on the PSD strategies of UNDP and UNIDO. **Chapter 3** assesses the implementation and performance of UNIDO desks and the joint PSD programmes component and provides the findings of this evaluation. **Chapter 4** presents the conclusions of the evaluation. **Chapter 5** proposes a number of recommendations and options for the future, as well as some lessons learned beyond the immediate subject, which may be potentially useful to the United Nations.

Chapter 2

THE COOPERATION AGREEMENT AND ITS IMPLEMENTATION

2.1 THE COOPERATION AGREEMENT

In the summer of 2003, the UN Secretary-General convened the Commission on the Private Sector and Development to explore ways to stimulate the private sector in developing countries. Expanded business activity and increased local entrepreneurship would reduce poverty alleviation and contribute to the achievement of the Millennium Development Goals (MDGs). A key recommendation of the Commission was to apply the approach of specialization and partnership to private sector development (PSD), an area where both UNIDO and UNDP were involved.

In early 2004, the UNIDO Secretariat evaluated its field representation and submitted to Member States options for the rationalization of its field presence. Since the adoption of the business plan on the future role and functions of UNIDO in 1997, UNIDO's priority has been to strengthen its field representation. During sessions of the governing bodies, Member States recommended that UNIDO expand its field presence in a carefully planned and phased manner and encouraged the UNIDO Secretariat to consult with UNDP in this regard.

2.2 BACKGROUND FOR THE COOPERATION AGREEMENT

The UNIDO-UNDP Cooperation Agreement was developed through direct discussions between the Administrator of UNDP and the Director-General of UNIDO during the summer of 2004. In September 2004, the heads of UNIDO and

UNDP signed the Agreement, recognizing the core competencies of both agencies, particularly UNIDO's level of expertise in industrial development focused on PSD, and UNDP's strength at the country level, its capacity to deliver services to a wide range of partners and its capacity to act as a development broker.

Aligned with the Secretary-General's agenda for UN reform and call for greater inter-agency coherence, the UNDP Administrator was particularly keen to develop a model for inter-agency cooperation using the UNDP country office system as a platform for the provision of technical services by United Nations organizations. The UNIDO Director-General, in accordance with UNIDO's own internal planning and the mandates of Member States, was exploring options for expanding UNIDO's field representation. Additionally, UNIDO was seeking to serve its Member States better through an increased presence at the country and regional levels in order to be more responsive to their development needs.⁵ The heads of UNIDO and UNDP also saw opportunities for other synergies to evolve as a result of inter-agency cooperation in the context of UN reform.

Aimed at strengthening cooperation in a number of areas, but focused mainly on PSD, the Cooperation Agreement sought to allow government and private sector partners to benefit from more effective delivery and better quality of services and programmes in support of their national development goals, and their related MDGs, in countries where the two organizations were active.

⁵ Details of decisions and recommendations regarding the agreement are contained in GC.10/Res.2, GC.10/Res.10, IDB.28/Dec.2, IDB.29/CRP.4, and IDB.30/CRP.6.

The establishment of the Cooperation Agreement was the subject of extensive dialogue and consultations among UNIDO Member States, and UNIDO governing bodies made a number of decisions in this respect. The agreement was also presented to the UNDP Executive Board but was never a subject of a specific decision.

2.3 MAIN COMPONENTS OF THE COOPERATION AGREEMENT

The Cooperation Agreement highlighted two dimensions of collaboration: joint PSD programmes and the introduction of a new model of field representation, in which UNIDO would establish desks within UNDP country offices. Thus the agreement generally sought increased collaboration between the two agencies. In accordance with the recommendations from the report of the Commission on the Private Sector and Development, entitled 'Unleashing Entrepreneurship: Making Business Work for the Poor,' and UNIDO's corporate strategy, the Agreement aimed at implementing the principles of partnership and specialization. It defined joint technical cooperation programmes as the main tool to achieve this. The promotion of joint PSD programmes was codified in a separate agreement, entitled 'Framework for Joint UNIDO/UNDP Technical Cooperation Programmes on Private Sector Development.' The PSD areas of intervention defined in the agreement include: trade capacity building, investment promotion, agro-industries, energy, cleaner and sustainable industrial development, entrepreneurship, and small and medium enterprise development.

The second focus of the Cooperation Agreement, the introduction of new UNIDO desks, foresaw the establishment of UNIDO field posts to increase UNIDO's presence from 30 to

80 countries over a five-year period. To do so, the Agreement envisioned establishing desks at locations where UNIDO did not have an office, by converting UNIDO country offices into UNIDO desks or by establishing UNIDO regional technical centres. To support UNIDO's endeavour, the UNDP Administrator waived the mandatory cost recovery by UNDP country offices on local operational costs of UNIDO desks for two years in the 15 pilot countries.

The agreement was to begin with a pilot phase of two years, which was to be followed by a Joint Midterm Assessment⁶ (MTA) in 2006, evaluating the impact of the agreement in terms of enhancing and expanding technical cooperation services and providing a cost-effective modality for joint field representation. In response to the MTA, a joint management response endorsed the overall findings and agreed to establish a joint task force to manage the implementation of the agreement, work to expand the number of UNIDO desks to 30, develop a sustainable funding mechanism for the UNIDO desks and increase efforts to work on joint activities.

2.4 PROGRAMMING ARRANGEMENTS AND RESOURCES

The programming arrangements of the two organizations and the UN reform processes are keys to understanding the constraints and opportunities encountered during the implementation of the Agreement.

UNDP is one of the development organizations within the UN system and, in 2007, had an annual budget of \$4.9 billion⁷ and employed 4,392 staff.⁸ As a resident UN organization, operational in 166 countries, UNDP has adopted a highly decentralized structure. All country programming—prioritization, planning and

⁶ "It is important to note that the exercise was an assessment, not a full-fledged evaluation, given the limited implementation time of the agreement since its signature in September 2004 and hence the limited evidence of results achieved on the ground." 'Management Response of UNIDO to the Midterm Assessment', 2007.

⁷ 'UNDP Annual Report 2008: core resources \$1.1 billion and non-core \$3.8 billion.

⁸ Office of Human Resources, UNDP, third quarter, 2007.

implementation—is conducted at the country level.⁹ Country offices develop their programmes of work independently with a focus on the priorities identified in the United Nations Development Assistance Framework and in line with UNDP’s corporate priorities. The country programme document (CPD) provides an outline of the areas of focus and outcomes sought during a four-year period. The CPD is developed in close consultation with the national government and is submitted to the Executive Board, UNDP’s governing body, for approval. The country programme action plan (CPAP) is the formal agreement between UNDP and the government to execute the country programme. The CPAP details the programme, the major results expected and the strategies for achieving these results. It also clarifies the arrangements for programme implementation and management.

UNIDO is a specialized UN agency mandated to promote industrial development and international industrial cooperation. It employs 650 regular staff with a biennial budget volume of approximately \$537 million.¹⁰ UNIDO’s field network now has 12 regional offices, 16 country offices and 16 UNIDO desks, of which 13 were operational during the period of evaluation.¹¹ UNIDO management has repeatedly committed itself to strengthening its field presence in light of a growing technical cooperation portfolio and the increased need for implementation support and harmonization and alignment at the country level. In 2006, a field mobility policy was introduced to strengthen the human resources available at field offices. Programming arrangements, including priority setting, project formulation and procurement authorization, are mainly determined

by headquarters in collaboration with partner governments. Technical experts at headquarters lead the development of comprehensive technical cooperation proposals, and these documents are used for mobilizing non-core resources. The broad programmatic objectives and priorities of UNIDO are given in the Strategic Long-Term Vision Statement and in the Medium-Term Programme Frameworks (MTPF) (the current MTPF covers the period 2008 to 2011).

Besides acting as a global forum for issues relating to industrial development, UNIDO is primarily a technical cooperation agency. Technical cooperation is delivered primarily through integrated programmes and country programmes, based on combinations of its different services or through stand-alone projects involving only one or two different services. Since 1999, integrated programmes have been the preferred modality for technical cooperation delivery. Currently integrated programmes are ongoing in 51 countries.¹² Integration within an integrated programme is not just at the level of the different services selected for the programme. It also aims at the level of donor mechanisms, national counterparts and other development activities in the country or region.

2.5 UNDP AND UNIDO STRATEGIES IN PRIVATE SECTOR DEVELOPMENT

PSD is a corporate priority for both organizations. It has been identified as a priority by UNDP in the past three business plans.¹³ UNDP’s current PSD portfolio consists of over 400 projects in more than 100 countries accounting for approximately \$80 million in programme spending as of September 2007.¹⁴

⁹ Regional and global programmes are directly overseen by headquarters. However, these constitute a fraction of UNDP expenditure.

¹⁰ Source: UNIDO Annual Report, 2008. The budget was €382 million, figure in US dollars based on exchange rate applied by UNIDO as of 10 July 2009 (€1 = \$1.406).

¹¹ UNIDO Directory of Field Offices, UNIDO, 2009.

¹² UNIDO website, <http://www.unido.org/>, June 2009.

¹³ Namely, as a corporate outcome in the Strategic Plan (2008-2011), as Service Line 1.5 in the Multi-year Funding Framework-II (2004-2007) and as the Strategic Area of Support I.1.2. in the Multi-year Funding Framework-I (2000-2003).

¹⁴ Source: UNDP Partnership Bureau.

At UNDP headquarters, the Private Sector Division of the Partnerships Bureau and Bureau for Development Policy jointly direct UNDP's PSD strategy and provide technical advice to country offices while managing global programmes.¹⁵ The Partnerships Bureau Private Sector Division produced the UNDP Private Sector Strategy in September 2007, which was developed in consultation with a number of agencies and shared with UNIDO. This strategy document mentions the United Nations Capital Development Fund and the International Labour Organization (ILO) as partners for research and development. UNIDO and other specialized agencies working in PSD, such as ILO, the United Nations Conference on Trade and Development (UNCTAD), the Food and Agricultural Organization (FAO) and the International Fund for Agricultural Development (IFAD), are listed as partners for closer cooperation. The Cooperation Agreement between UNIDO and UNDP is not mentioned in the strategy document.

For UNIDO, being a significantly smaller organization and with its overall mandate being industrial development, PSD is of relatively high importance within the organization's portfolio of activities. Over the period 2002 to 2008, PSD represented approximately 10 percent of UNIDO's overall delivery.¹⁶ More importantly for UNIDO, cooperation with the private sector is a key strategy element that cuts across all service areas and is reflected in several corporate documents such as the Corporate Strategy and Long-Term Vision Statement. The PSD area of UNIDO is managed by the Industrial Policy and Private Sector Development Branch. In 2009, UNIDO developed a draft PSD strategy, which has not yet been formally approved. The draft version lists partnerships with UNDP and ILO¹⁷

and refers to the joint PSD programme in the Lao People's Democratic Republic,¹⁸ but does not refer to the Cooperation Agreement.

2.6 UN DEVELOPMENT ASSISTANCE WITHIN THE CONTEXT OF UN REFORM

The United Nations Development Assistance Framework was rolled out in 2000 as part of the UN reform and details the framework for all development assistance provided by UN agencies active in each country for successive four-year periods. UNDAF priorities are determined by the Common Country Assessment (CCA), which is an analysis of national development priorities. The UNDAF is developed by the United Nations country team (UNCT) (consisting of all accredited heads of agencies resident in the country), being coordinated by the UN Resident Coordinator (who is normally also the Resident Representative of UNDP).

The UNCT is typically complemented by a steering committee, consisting of staff from the different UN agencies, funds and programmes, which is in charge of the technical implementation and follow-up to the UNDAF. Finally, inter-agency operational coordination in specific thematic areas occurs through the inter-agency thematic groups, which are formed around the development priorities and the key areas of focus defined in the UNDAF.

At the time of implementation of the Agreement, the efforts to seek inputs from non-resident agencies with expertise relevant to UNDAF priorities were left to the discretion of the UN Resident Coordinator. New arrangements are being introduced, facilitated by the United Nations Development Operations Coordination

¹⁵ The following three global projects are currently being implemented by UNDP headquarters: Growing Inclusive Markets, Growing Sustainable Business and Public-Private Partnerships for Service Delivery.

¹⁶ UNIDO calculation based on UNIDO delivery reports, March 2009.

¹⁷ Draft UNIDO PSD Strategy, Executive Summary, last paragraph.

¹⁸ Draft UNIDO PSD Strategy, case study, p.20.

Office, to institutionalize the participation of the non-resident agencies in the UNDAF process, and thereby provide the full range of UN technical expertise in support of the country efforts to achieve development goals.

UN reform efforts continue. Since the implementation of the Cooperation Agreement, the delivering as one approach¹⁹ has been piloted in eight countries. Under this approach, UN agencies are expected to deliver their assistance in a coordinated fashion. According to DOCO, “the eight countries will pilot different models to deliver as ‘One’, looking at common elements, such as ‘One Programme’, ‘One’ Budgetary Framework’, ‘One Leader’, and ‘One Office’.” In addition, DOCO continues to update and expand the guidelines for cooperation among UN agencies. Along the same line, in December 2008, the Director-General of UNIDO has endorsed the principle of national execution,²⁰ in accordance with the efforts being made at the UN system level to simplify and harmonize operational and administrative mechanisms and procedures.

These changes are acquiring increasingly more weight, and the implications for inter-agency cooperation at the country level are

highly relevant for assessing the performance of the agreement and identifying possible ways forward.

UNIDO PARTICIPATION IN THE COUNTRY TEAM AND UNDAF

One of the aims of the agreement was for UNIDO to increase its participation in the UNCTs and UNDAFs. At the country level, full membership in the UNCT was assured for all accredited heads of resident UN agencies. For non-accredited heads of UN agencies, such as heads of UNIDO operations, regular participation is allowed only at the discretion of the UN Resident Coordinator. During the UNDAF process, many non-resident agencies are invited to participate. DOCO is taking steps to ensure greater participation of non-resident agencies in this process. This process is critical because resident agencies should, in principle, provide technical assistance only in the priority areas identified within the UNDAF. Participation in UNCTs and UNDAFs greatly enhances the ability of non-resident agencies to ensure that country priorities consistent with their organizational mandate are reflected in the UNDAF.

¹⁹ The creation of the delivering as one pilots was recommended by the Secretary-General's High-level Panel on United Nations System-wide Coherence, a group of heads of state and policy makers tasked to examine ways to strengthen the United Nations' ability to respond to the challenges of the 21st Century.

²⁰ Report: 'Action taken by the Executive Boards and Governing Bodies of the UN funds, programmes and specialized agencies in the area of simplification' (zero draft 19 April 2009).

Chapter 3

ASSESSMENT OF THE COOPERATION AGREEMENT

This chapter assesses the implementation of the Cooperation Agreement and provides the findings of this evaluation. The first section (3.1) presents a general finding on the relevance of the Cooperation Agreement between UNDP and UNIDO, taking into account current trends in intra-UN cooperation. The subsequent sections present the findings related to the UNIDO desks component (3.2) and the joint PSD programmes component (3.3) of the agreement.

3.1 GENERAL FINDINGS

Is the Cooperation Agreement between UNDP and UNIDO still relevant, taking into account current trends in intra-UN cooperation?

While its objectives remain important, the agreement has lost its relevance as a platform for joint programming, particularly in light of the UNDAF guidelines. On the other hand, there still is need for operational agreements defining the administrative and logistical support to the UNIDO Desks.

While the issue of cooperation and coordination addressed in the agreement has gained importance, the agreement as a tool has less relevance than newer initiatives. The pilot delivering as one initiative, in particular, focuses on the same issues of inter-agency collaboration.

At the country level, the UN reform efforts continued to gain traction after the agreement was signed. Institutional mechanisms for non-resident agencies (NRAs) to be represented by the UN Resident Coordinator have been strengthened. Moreover, NRAs are part of the UNCT, even if the NRAs are physically absent.

DOCO is developing guidelines for better representation of NRAs in UN programming at the country level. Moreover, DOCO has a related action plan, approved in January 2009, aimed at strengthening the participation of NRAs.

UNDP staff at headquarters and to some extent at the country level, emphasized that, within the context of UN reform, UNDP can no longer have a privileged relationship with other UN agencies. Since the agreement was signed, UNDP has developed a standardized memorandum of understanding (MOU) in order to harmonize its collaboration with UN specialized agencies. UNDP has recently signed MOUs with the United Nations Educational, Scientific and Cultural Organization (UNESCO) and the United Nations Office on Drugs and Crime (UNODC), for example. These MOUs provide a global umbrella for collaboration with each agency.

About two-thirds of the respondents of the survey, which was conducted among UNDP and UNIDO headquarters staff who were directly involved in the implementation of the agreement (including UNIDO regional offices), are of the view that the agreement has limited relevance or is no longer relevant in light of new trends in intra-UN cooperation.

However, UNIDO staff also highlighted the value of being located in the UNDP premises or United Nations House. Such proximity offered easier access to information and logistical and administrative support from UNDP.

3.2 FINDINGS: UNIDO DESK

This section assesses the UNIDO desk component of the Cooperation Agreement. The second component, the joint PSD programmes component, is assessed in Chapter 3.3.

3.2.1 DESIGN AND IMPLEMENTATION

The Cooperation Agreement was designed in 2004 within the context of the United Nations reform process and was seen, in part, as an attempt to develop a new model of collaboration for other UN organizations. Some of the key features of the agreement with regard to the UNIDO desks were:

- To initially establish 15 UNIDO desks within UNDP premises.
- To staff the UNIDO desk with one national officer financed by UNIDO (without accreditation to the host government).
- To have UNDP represent UNIDO at the country level where the UNIDO Desk is established.
- To provide administrative and logistical support from UNDP to UNIDO desks. UNDP was to meet the operational costs during the first two years of the desks' operation. After the first two years, UNDP was to provide implementation support services required by the UNIDO desks in accordance with the universal price list.
- To have the UNDP Resident Representative serve as the first reporting officer of the head of UNIDO operations. The UNIDO Regional Director was to act as the second reporting officer.
- To close the UNIDO desk, if, after two years of operation, it failed to generate programmes and projects with sufficient income to cover the cost of the UNIDO desk.²¹

Was the Cooperation Agreement implemented as planned?

With regard to the UNIDO desk component, the agreement was largely implemented as envisaged.

The evaluation team found that with regard to the UNIDO desk component, both parties largely met their obligations as agreed,²² thereby confirming the findings of the joint MTA conducted in 2006.

In more detail, the status regarding some of the key responsibilities is as follows:

1. By the end of 2009, UNIDO had established 16 desks. (See Table 2.) The agreement envisaged 15 desks in the initial phase.
2. All desks have been staffed by one professional staff member under a UNIDO letter of appointment. The cost of these staff members was and continues to be covered by UNIDO.
3. In all UNIDO desk countries, the UNDP Resident Representative officially represents UNIDO at the country level.
4. UNDP provides the UNIDO desks with office space within the UNDP premises. In some cases, the office space is not quite adequate, mainly due to space limitations for some premises.
5. UNDP met the operating costs for the initial 13 UNIDO desks during the first two years of the desks' operation. After the first two years, UNDP has been providing implementation support services required for the UNIDO desks in accordance with the Universal Price list.

²¹ The MTA recommended disregarding the self-financing clause, see para. 249.

²² Article V of the Cooperation Agreement.

6. The HUOs have been assessed periodically using a staff performance appraisal by the UNDP Resident Representatives as the first reporting officer.
7. No UNIDO desk has been closed, although some did not generate any programmes or projects after two years of operation.²³ Some desks did not generate any significant programmes or projects even after nearly four years of operation. (See Chapter 3.2.4. Effectiveness including Tables 4 and 5.)

Table 2. UNIDO desks		
No.	Country	Start Date of desk
1	Afghanistan	March 2005
2	Armenia	May 2005
3	Bolivia	June 2005
4	Burkina Faso	May 2005
5	Cambodia*	2009
6	Ecuador	March 2005
7	Eritrea	August 2005
8	Jordan	August 2005
9	Kyrgyzstan*	2009
10	Lao PDR**	March 2005
11	Mali	March 2005
12	Mozambique*	2009
13	Nicaragua	March 2005
14	Rwanda	October 2005
15	Sierra Leone	May 2005
16	Zimbabwe	January 2006

* Not included in this evaluation.

** The Lao People's Democratic Republic.

Did the Agreement provide sufficient guidance on implementation?

With regard to the UNIDO desk component, the agreement did not provide sufficient guidance for implementation. Country-level agreements complementing the agreement would have helped.

The majority of UNDP and UNIDO head-quarter staff and UNIDO regional offices directly involved in the implementation of the agreement are of the view that the Cooperation Agreement should have been complemented with a country-level agreement. This need for more specific, country-level arrangement indicates that the agreement had its limitations in terms of guidance.

The MTA identified some areas where the agreement did not provide sufficient guidance with regard to UNIDO desks, on which basis it provided a number of recommendations²⁴ (see paragraph on the follow-up to the recommendations of the MTA).

Directly linked to the issue of insufficient guidance, the evaluation team of this terminal evaluation found the following:

- The agreement did not provide adequate direction to the UNDP Resident Representative. For example, the agreement states that UNDP “shall ensure, through its Resident Representatives that government counterparts are provided with all appropriate information.” It is unclear what this statement exactly entails.
- UNIDO participation in the UNCT is uneven (see also Chapter 3.2.3 below on effectiveness regarding the contribution to the work of the UNCT). While in a majority of desk countries HUOs are full members of the UNCT, in some countries they are not.

²³ The MTA recommended disregarding the self-financing clause, see para. 249.

²⁴ MTA of the Cooperation Agreement between UNIDO and UNDP, 2006.

- The validation missions confirmed that there are no finalized job descriptions for the HUOs approved by UNIDO and UNDP. HUOs rely on “Draft Terms of Reference and Operational Guideline of the UNIDO Desks” or the vacancy announcements for the respective HUOs. This creates some ambiguity and diverging views among UNDP and UNIDO country office staff regarding the role of the HUOs. However, UNIDO has introduced results-based work plans for the HUOs (on an annual basis), which compensate to some extent for the lack of approved Terms of Reference.
- The agreement did not establish formal structures for joint management, which would have included joint monitoring, reporting, problem solving and decision-making.
- The agreement did not provide sufficient guidance with regard to possible examples of collaboration between UNDP and UNIDO. Staff members would have welcomed more guidance.

To what extent did UNIDO and UNDP facilitate and support country-level implementation of the Agreement?

While UNIDO Headquarters made efforts to facilitate the implementation of the activities related to the Agreement in many ways, there are still a number of issues which need to be resolved. UNDP’s support to the implementation of the Agreement was limited to the administrative support provided at the country level for the UNIDO Desks.

As emerged from the survey among HUOs and the validation missions, the HUOs, in general, expressed satisfaction with the technical and administrative support received from UNIDO headquarters. Moreover, by acting on the key recommendations of the MTA (see

further discussion below), UNIDO facilitated the implementation of the Agreement at the country level.

UNDP’s support to the implementation of the Agreement was limited to the logistical and operational support provided at the country level for the UNIDO desks. However, the team found a number of issues related to the support provided, which negatively affected the implementation of the Agreement:

- Support from UNIDO headquarters to HUOs in resolving issues at the country level was not always as forthcoming and timely as expected.
- HUOs had no access to AGRESSO.²⁵ Enabling access to AGRESSO is seen as an essential ingredient of headquarters support to the desks. The team was informed that UNIDO is currently working on a technical solution to provide full AGRESSO access to all desks by the end of 2009. This is expected to permit the HUOs to work more efficiently.

Although the HUOs were included in the UNIDO induction-training programme as a follow-up to the MTA, HUOs still expressed significant training needs after several years on duty. Most HUOs were new to UNIDO at their appointment and, for their optimal functioning, needed to learn as much as possible about (a) UNIDO’s mandate and areas of expertise, (b) the functioning of headquarters, (c) the implementation modalities at country level, and (d) the functioning of the UN system. Selected cases reveal that HUOs have only been to Vienna twice in a four-year period for training and networking for less than 10 days in total. Additionally, there was one global retreat of UNIDO Country Directors and HUOs in Bangkok in 2007.

²⁵ AGRESSO is enterprise resource planning software used by UNIDO as a central information technology tool for process management.

With regard to the UNIDO desk component, both parties shared the costs as envisaged in the Agreement.

The UNDP Administrator waived the mandatory cost recovery by UNDP country offices on expenditures incurred for the operation of UNIDO desks for two years in the 13 pilot desk countries.

After the first two years, UNIDO covered all the costs involved, including staffing and operational costs (with the exception of two country offices where the UNIDO desks are rent-free). UNDP provides operational services required for the functioning of the UNIDO desks in accordance with the Universal Price list.

Cost recovery is not without friction. In some cases, UNIDO is of the view that UNDP is pushing its cost recovery too far. In other cases, UNDP is of the view that despite the cost recovery, it is subsidizing UNIDO, as it cannot recover all its costs, for example, the costs of renovating a United Nations House.

Were the findings and recommendations of the 2006 joint midterm assessment acted upon?

The evaluation team found that the follow-up to the recommendations was mixed. UNIDO focused on those recommendations that it could implement unilaterally. The evaluation team found little evidence of UNDP taking action to follow up the recommendations of the joint midterm assessment.

The joint MTA of the Cooperation Agreement between UNIDO and UNDP provided a number of pertinent recommendations.²⁶ The evaluation team found that follow-up to those recommendations was mixed. In November 2007, the UNIDO Evaluation Group compiled a management response sheet to take stock of the follow-up. The team found that UNIDO focused on implementing recommendations related to

UNIDO desks while paying less attention to recommendations related to the joint private sector development programmes. Moreover, UNIDO focused on those recommendations that it could implement unilaterally.

UNIDO decided to cover the costs of all UNIDO desks, even those that have not become financially viable after two years, from its regular budget in line with the MTA recommendation to “devise a sustainable funding arrangement for UNIDO Desks.” Moreover, UNIDO is in the process of establishing three additional UNIDO desks in 2009, in accordance with the recommendation to “establish the two remaining Desks included in the pilot period.”

There is progress along a number of other recommendations of the MTA. Based on the field validation missions and the responses provided by the heads of UNIDO operations in the self-assessment, the evaluation team identified progress in the following areas:

- the incorporation of HUOs into the overall UNIDO structure
- the establishment of a system to monitor the UNIDO desk work plans
- an increase in the flow of information
- the streamlining of communication between UNIDO desks and UNIDO headquarters

Moreover, UNIDO adhered to the recommendation in the joint MTA to disregard the self-financing clause as a criterion for any closure or extension of UNIDO desks. (This terminal evaluation recommends different criteria. See Chapter 5.1 Recommendations.)

Some issues remain a challenge:

- The reporting and supervision lines between UNIDO desks and UNDP Regional Representatives are still unclear.

²⁶ ‘Joint Assessment UNIDO-UNDP Cooperation Agreement Pilot Phase’, Vienna, 2006, chapter 6.

- The relationship among integrated programmes, stand-alone projects and joint programmes is unclear as is the expected support to the HUU.
- The administrative and financial authority of HUOs is still very limited.
- The provision of seed money is very limited.
- The responsibilities of HUOs regarding programme development and implementation remain unclear.
- In the event that a UNIDO desk must be closed, an exit strategy is necessary. To date, no exit strategies for UNIDO desks have been designed.
- Furthermore, the MTA recommended the establishment of a “formal joint management mechanism/group to manage the continuing implementation of the Agreement.” A Joint Task Force was established but met only once.

Apart from continuing the Cooperation Agreement as the MTA recommended, the evaluation team found little evidence of UNDP taking action to follow up the specific recommendations of the MTA. UNDP did, however, give a management response.

Interviewees at UNIDO and UNDP headquarters expressed the view that joint follow-up to the recommendations of the MTA was limited due to a partial loss of interest in revitalizing the operational part of the agreement. The evaluation team determined that the main reason for the diminishing interest in the agreement was a fundamental asymmetry in the design of the agreement. Whereas the establishment of UNIDO desks in UNDP country offices was and still is of great interest to UNIDO, the benefits for UNDP are limited. Therefore, UNIDO had a higher stake to follow up the recommendations of the MTA than UNDP had.

Does an effective working relationship exist between UNIDO desks and the staff of respective UNIDO regional offices?

The effectiveness of the working relationship between the UNIDO desks and their respective UNIDO regional offices vary widely.

Twelve of the thirteen UNIDO desks report to their respective UNIDO regional offices. Armenia, which is not covered by an UNIDO regional office, reports directly to headquarters. UNIDO established regional office coverage of UNIDO desks in June 2006.²⁷

Of the eight UNIDO Regional Directors who participated in the stakeholder survey, seven are of the view that they have a very effective (3 directors) or an effective (4 directors) working relationship with their UNIDO desks.

Their opinions contrast with the views of the HUOs and the findings of the validation missions. Based on the responses provided by the HUOs in the self-assessment and the research of the validation missions, the evaluation team found that the working relationships between UNIDO desks and UNIDO regional offices differ widely. Some HUOs have a very close working relationship with Regional Directors with whom they communicate frequently on all matters related to UNIDO activities and receive guidance. Other HUOs have relationships with their Regional Directors which are limited to administrative matters, such as formulating contracts for national experts or information sharing. Likewise, the team found that some UNIDO Regional Directors visited the UNIDO desk countries regularly periodically, while others followed an ad-hoc approach.

The team also found that the role contemplated for UNIDO Regional Directors in representing UNIDO in UNIDO desk countries is ambiguous. Although, in general, the UNIDO

²⁷ UNIDO Field Reform. Note by the Secretariat, UNIDO, IDB.31/CRP.6, 1 June 2006.

Regional Director is officially accredited with the host government, the cooperation agreement states “UNDP will represent UNIDO at the country level where the UNIDO desk is established.”²⁸ In other words, officially and formally, the UNDP Resident Representative represents UNIDO in the desk countries whenever the accredited UNIDO Regional Director is not in the country. Unofficially and informally, the head of UNIDO operations represents UNIDO vis-à-vis government and development partners on a day-to-day basis. Thus, two persons represent UNIDO officially (UNDP Resident Representatives and UNIDO Regional Directors) and one person represents UNIDO unofficially (HUOs). This ambiguity of roles creates confusion among stakeholders.

Moreover, the responses of the HUOs to the survey and the validation missions suggest that the UNIDO regional offices constitute an additional layer of communication between the UNIDO desks and UNIDO headquarters, which creates a bottleneck causing unnecessary delays in decision-making. It is necessary for HUOs to consult with project managers at UNIDO headquarters, who are responsible for all technical decisions related to projects.

3.2.2 RELEVANCE OF THE AGREEMENT

Two dimensions are key to assessing the relevance and appropriateness of the agreement with regard to the UNIDO desk component:

- Dimension 1: relevance of the expanded UNIDO field representation to partner countries, UNIDO, and UNDP
- Dimension 2: appropriateness of the UNIDO desk model of field representation

Is the objective of an expanded UNIDO field representation as set out in the agreement of relevance to partner countries, UNIDO, and UNDP?

Field visits have shown instances where UNIDO desks have added value to governments’ development efforts. The expanded UNIDO field representation is increasingly important to UNIDO. To UNDP, the UNIDO desks are of limited relevance.

Based on the interviews with government representatives in the five countries selected for the validation missions, it can be said that governments value UNIDO’s services. The support provided by UNIDO desks was appreciated by all five governments, particularly in Rwanda and Armenia (see also chapter 3.3.3 on the relevance of PSD).

UNIDO staff recognizes the importance of expanded field representation, which offers programme countries improved access to UNIDO services. Interviews with UNIDO staff at headquarters and at the country level highlighted four reasons for this improved access. First, UNIDO desks increase visibility and profiling of UNIDO services. Second, UNIDO desks allow participation in a range of country-level activities, such as advising various PSD activities of the host government or preparing a UNDAF. Third, UNIDO desks facilitate project development and implementation. Fourth, desks help build networks and position UNIDO better for resource mobilization activities. In the voice of one UNIDO staff, the desks are “UNIDO’s ears and eyes in the country.” UNIDO management has taken a decision to continue the UNIDO desks and to allocate the necessary resources in the agency’s budget 2010-2011. This demonstrates the importance UNIDO places on expanding its country presence.²⁹

The evaluation team found that in the context of increasing collaboration between UN organizations, the presence of UNIDO at the country level has gained importance since the Agreement was launched in 2004. Country presence through UNIDO desks facilitates UNIDO participation

²⁸ Cooperation Agreement, para. 5.4.a.

²⁹ Programme and budgets, 2010-2011, Proposals of the Director-General, UNIDO, IDB.36/7-PBC.25/7, 24 March 2009.

in UNCT and UNDAF. The Rwanda experience supports this view. In Rwanda, the HUU facilitated UNIDO participation and active involvement under One Programme. Rwanda is the only delivering as one UN pilot country with a UNIDO desk.

Moreover, UNIDO staff at headquarters and at country level stated that the field presence is indispensable for developing projects financed by new funding modalities, such as global Multi-Donor Trust Funds. For example, in Armenia, the HUU's role was instrumental for UNIDO becoming a participating organization in a programme headed by the United Nations High Commissioner for Refugees and funded through the United Nations Trust Fund for Human Security. Similarly, UNIDO desks in Bolivia and Nicaragua had activities funded through the Millennium Development Goals Achievement Fund (MDG-F). With regard to this funding source, it is interesting to note that of the 14 countries with UNIDO activities funded through the MDG-F, only one has no UNIDO country presence (see Table 3). Although country residency is not a formal requirement to access the MDG-F, country presence de facto facilitates participation in MDG-F and is formally required for leading a joint programme.

UNDP staff at headquarters does not consider UNIDO country presence important for UNDP. The views expressed by UNDP staff reflect a perceived limited benefit for UNDP of having UNIDO desks, although individual views vary, especially at the country level. While the HUOs are highly appreciated by UNDP staff in some countries, in other countries the desks are seen as an additional burden, particularly in countries where UNIDO has only very few activities. In one case, UNIDO is seen as a 'paper-agency' with no projects. The value added by UNIDO desks to the work of UNDP depends to some extent on the priority areas of UNDP. If there is limited thematic overlap between the two organizations, naturally there is little reason for collaboration. UNDP staff at the country level also mentioned that it is not always obvious how to use UNIDO expertise, if UNDP can get similar expertise from other agencies, sometimes at a lower cost.

Although the direct value of UNIDO desks for UNDP might be limited, it appears to the evaluation team that UNIDO desks contribute to the work of the UNCT by expanding its overall capacity and know-how in all five validation countries. (see also Chapter 3.2.3 below, regarding the contribution of UNIDO desks to the UNCTs.)

Table 3. Countries with UNIDO activities funded through the MDG-F

With UNIDO country presence		Without UNIDO country presence
UNIDO Country or Regional Office	UNIDO desk	
China	Bolivia	Honduras
Egypt	Nicaragua	
Ethiopia	Mozambique*	
Mexico		
Morocco		
Senegal		
Tunisia		
Turkey		
Uruguay		
Viet Nam		

* UNIDO Desk established in 2009 Previously, UNIDO was present with a UNIDO Focal Point.
Source: UNDG/UNDP Multi-Donor Trust Fund Office, May 2009.

Is the UNIDO desk model of field representation appropriate and adequate to meet country demands?

Staffing UNIDO desks with nationals is appropriate and adequate. However, there is a mismatch between the many tasks assigned to HUOs and the resources available.

The nationals selected as HUOs in general were valued by UNIDO headquarters staff, UNCTs and government representatives. Overall, the HUOs were considered to be well qualified to perform their tasks. Some stakeholders highlighted the need for HUOs' expertise in industrial development.

Many actors see national HUOs as adding value since nationals generally have a good understanding of the country context and excellent contacts with governments and civil society. It is no disadvantage that national officers are not accredited with governments. The evaluation team found that many other UN organizations operate with nationals without accreditation. For example, the Food and Agricultural Organization of the United Nations (FAO) operates in Armenia and the International Monetary Fund operates in the Lao People's Democratic Republic with a model of regional representation similar to UNIDO.

The evaluation team found that the HUOs are charged with many tasks. A brief, generic job description could look like:

- represent UNIDO *vis-à-vis* government officials, private sector, UNCT and development partners
- liaise between UNIDO headquarters and regional offices on all matters related to UNIDO
- facilitate government and private sector access to UNIDO expertise
- identify technical cooperation requirements and develop UNIDO projects with headquarters

- formulate joint UNDP/UNIDO programmes on PSD
- engage in resource mobilization
- facilitate and host UNIDO and joint missions
- participate in UNCT activities
- play an advisory role regarding sustainable industrial development to UNDP and other UN partners
- participate in donor coordination meetings and networking with international organizations

It appears to the evaluation team that there is a mismatch between the many tasks assigned to the HUOs and the tools provided to address them. First, the team found that some of the above tasks could consume significant amounts of time. For example, full participation in the UNCT (or expanded UNCT) resulted in substantial demands on the HUOs' time in order to participate in meetings and to contribute to the work of the UNCT.

Second, many stakeholders made a point in interviews and in the survey that HUOs have very limited authority and recognition. In particular, UNIDO's centralized decision-making process was mentioned as debilitating the UNIDO desks. Typical comments stated: "they always have to go back to headquarters," "the HUO is a tiger without teeth," or "the HUO is only a post-office."

Third, respondents stated that the ambiguous status of HUOs affected their standing *vis-à-vis* UNCT, other development partners and funding organizations. Specifically, the title, 'head of UNIDO operations,' is ambiguous.

Fourth, the evaluation team found that the adequacy of one-person staffing depends to a large degree on the volume of UNIDO activities. In some cases, stakeholders questioned the appropriateness of the one-person staffing (e.g., only a 'one man show'). HUOs indicated to the

evaluation team that one-person staffing may not be sufficient in the long run. The evaluation team found that in countries with a growing portfolio, the capacities of UNIDO desks were increased by engaging full- or part-time assistants financed either by the desk budget, UNIDO projects or UNIDO integrated programmes. The UNIDO desk in Bolivia, for example, now consists of seven people.³⁰ In the Lao People's Democratic Republic, the HUU can rely on the support from the integrated programmes assistant and driver.

Fifth, some government officials and stakeholders regret that the UNIDO desks have no programmable resources.

3.2.3 EFFECTIVENESS

It is important to recall that this evaluation does not assess development results of UNIDO/UNDP projects or programmes. It assesses the effectiveness of the agreement and its signatories in achieving the agreed upon objectives. The terms of reference for the terminal evaluation identified five criteria to measure the effectiveness of the agreement with regard to the UNIDO desk component:

- extent to which the UNIDO desks have been an effective tool for facilitating government and private sector access to UNIDO expertise through the UNDP country offices
- contribution of the UNIDO desks to enhance UNIDO participation in national, UNDAF and One UN objectives
- advisory role played by UNIDO desks to UNDP and other UN partners regarding sustainable industrial development
- contribution of the UNIDO desks to the work of UNCTs
- extent to which coverage of 80 countries has been achieved

To what extent have the UNIDO desks been an effective tool for facilitating government and private sector access to UNIDO expertise?

The performance of UNIDO desks with regard to facilitating access to UNIDO expertise is uneven and depends to some extent on the size of the UNIDO portfolio.

The evaluation team found several examples demonstrating the role of UNIDO desk role in facilitating access to UNIDO expertise, which benefited the host government and the private sector. The examples ranged from becoming a trusted advisor of the government or guiding the government in policy formulation, to conducting technical roundtables or consultations with the government and the private sector; from introducing UNIDO mandated activities in the UNDAF or developing new projects, to organizing regional or local UNIDO events; and from facilitating UNIDO's mission or distributing UNIDO's print production, to channelling requests for expertise supply. (see Box 1.)

Previously, the MTA found that the "Desks are relevant ... to Member States who want to expand access to the technical expertise of UNIDO."³¹

In contrast, however, the evaluation team found that in Bolivia and Nicaragua there is currently limited governmental interest for traditional PSD assistance. In these two situations, although both desks have been active in trying to develop and implement a number of initiatives, their role as policy advisors has been limited.

Enabling access to technical expertise also depends on the number and nature of UNIDO projects. In countries with a low volume of UNIDO technical cooperation, access to UNIDO's technical expertise is naturally hampered, in spite of the HUOs' best efforts (e.g., Armenia). Some

³⁰ In addition to the head of UNIDO operations, the UNIDO desk now consists of a secretary, a communication/library assistant, two project managers and two internees.

³¹ MTA, 2006, para. 43.

Box 1. How UNIDO desks are useful: experience from Rwanda and Armenia

In Rwanda, government counterparts clearly expressed that the establishment of the UNIDO desk has improved their access to UNIDO expertise and services. The head of UNIDO operations (HUO) has been a member of the board of a national institution for small enterprise development providing direct advice on industrial development issues. Before the UNIDO desk, there was a national consultant acting as coordinator of the UNIDO integrated programme in Rwanda. This consultant was placed in the offices of UNIDO's main government counterpart, Ministry of Industry, Commerce and Cooperatives, which today considers it more useful to have a desk than an integrated programmes coordinator, because the HUO has better access to the One UN fund and acts more as an independent advisor than project staff. The HUO also participates in the donor coordination group on private sector development. The Rwandan government also felt this role to be beneficial.

Similarly in Armenia, the government, the development partners and the private sector all confirmed the need for UNIDO services in Armenia. The current global economic crisis reinforces the need for support in the area of private sector development (e.g., investment and export promotion). The HUO in Armenia is widely respected by government, development partners and the private sector and is considered to add value to the development community. This HUO is seen as proactive, facilitating communication with UNIDO Headquarters and access to UNIDO expertise, even though the HUO's role in facilitating access to expertise was limited because, until very recently, UNIDO had only one project in Armenia.

UNIDO headquarter staff members believe that the UNIDO desks played a limited role in facilitating government and private sector access to their areas of expertise (e.g., energy).

What has been the contribution of the UNIDO desks to national, UNDAF and One United Nations Initiative objectives?

Although UNIDO desks contribute to national development objectives, by facilitating UNIDO participation in UNDAFs, and to the development of new UNIDO projects, the establishment of UNIDO desks does not automatically lead to an increased delivery of UNIDO services.

As mentioned above, this evaluation does not assess actual development results. Furthermore, it is difficult to isolate the specific contribution of UNIDO desks to national development objectives. This question can therefore only be answered by using proxy indicators³² and agreeing on a few plausible assumptions.

This evaluation uses the following proxy indicators to measure the specific role of the UNIDO desks in contributing to national development objectives:

1. Changes in financial delivery figures. Assumptions: changes in delivery figures say something about the level of activity in a given country and thematic area; increasing delivery figures point towards a growing UNIDO portfolio which might, at least to some extent, be attributed to having a UNIDO desk in a country; and, increasing delivery figures could indicate that the UNIDO desks are instrumental in developing new projects and in implementing on-going projects. However, change in financial delivery figures does not indicate the quality of the development results.
2. Pipeline projects. Assumptions: new projects will ultimately contribute to development results; and, UNIDO desks can play an active role in developing new projects.

³² A proxy indicator is a variable used to stand in for one that is difficult to measure directly. See *Handbook on Monitoring and Evaluating for Results*, UNDP, 2002.

3. Extent to which UNIDO's mandate is represented in UNDAFs. Assumptions: UNIDO representation in an UNDAF increases the funding potential of UNIDO activities, which may ultimately contribute to more development results; and, UNIDO desks can play a role in the development process of UNDAFs.

Changes in financial delivery figures: The evaluation team analyzed UNIDO delivery figures between 2002 and 2008 for 13 UNIDO desk countries. A limitation or deficit in the country delivery figures is that they do not take into account regional projects. For the African region, approximately 50 percent of the current UNIDO volume of ongoing projects is in regional projects. For Latin America this percentage is 5 percent, for Asia Pacific it is 4 percent and for Europe 10 percent³³. The volume of regional projects has to be taken into account when looking at delivery figures.

Most UNIDO desks were established in 2005. The evaluation team assumed that the UNIDO desk had little influence on delivery during the year it was established. Therefore, the team compared the average, annual delivery of UNIDO services for the four-year period, 2002-2005, which was prior to the establishment of UNIDO desks, to the average, annual delivery for the three-year period, 2006-2008, subsequent to the establishment of UNIDO desks. (See Table 4.)

Delivery in PSD substantially increased in four UNIDO desk countries (Jordan, the Lao People's Democratic Republic, Nicaragua and Rwanda) and decreased in six countries. In three countries, the PSD delivery in both periods was zero or negligible (Armenia, Bolivia and Mali). The annual average 2006-2008 PSD delivery in desk countries was \$63,500. For comparison, the average delivery in PSD for all countries globally with a UNIDO PSD portfolio was \$171,878.

Total delivery of all UNIDO services modules, including PSD, increased in six countries and decreased in seven countries. (See Table 5.) The annual average 2006-2008 total delivery in desk countries was \$381,500. For comparison, the annual average delivery in all UNIDO service modules in all UNIDO programme countries was \$700,744 (annual average 2006-2008).

This analysis indicates that establishing a UNIDO desk will not automatically lead to an increased delivery of UNIDO services. Furthermore, the analysis of delivery figures is insufficient to assess the role of UNIDO desks in delivery. Delivery depends on many factors. For example in Zimbabwe, the high increase in delivery is directly accredited to two Montreal Protocol projects. While the UNIDO desk might play a small role in facilitating the implementation of the projects, UNIDO project development happens at its headquarters, generally without UNIDO desk involvement.

Pipeline projects: Pipeline projects are approved projects under advanced preparation. Based on the five validation missions to Armenia, Bolivia, the Lao People's Democratic Republic, Nicaragua and Rwanda, the team found that HUOs are actively involved in developing new projects, a number of which have been recently approved. In other desk countries, which the evaluation team did not visit, a number of pipeline projects have been developed. In these countries, the main challenge is to mobilize the necessary financial resources.

Representation in UNDAFs: The validation missions to the five programme countries revealed that HUOs play a crucial role in enhancing UNIDO's representation in the UNDAF. For example, in the Lao People's Democratic Republic UNDAF (2007-2010), UNIDO has the ninth largest share of the resources allocated among the 15 participating UN organizations with \$4.6 million resource allocations and contributions to three UNDAF

³³ Percentages are based on figures from UNIDO Infobase as per 9 July 2009.

outcomes. In addition, UNDP staff interviewed in country offices confirmed the active role of HUIOs in the development of UNDAFs. For example in Bolivia, the participation of the UNIDO desk in the UNDAF process and its contribution are highly appreciated by the United Nations Resident Coordinator, UNDP and the Resident Representatives of FAO and the World Food Programme. An analysis of the UNDAF documents of the 13 UNIDO desk countries confirmed that, in general, UNIDO's mandate is well reflected in the UNDAF priorities. The self-assessment among HUIOs suggests that almost all HUIOs participated in the UNDAF development process in their countries.

There were conflicting views on whether or not country presence is required to fully participate in the UNDAF process. UNDP staff interviewed in country offices, on one hand, mentioned that country presence is not a requirement to participate in the UNDAF process. The evaluation team was given examples of non-resident agencies that fully participated in the UNDAF process without having a local presence (e.g., UNESCO in Armenia). UNIDO staff at headquarters, on the other hand, stated that in some desk countries UNIDO participated in the UNDAF only thanks to interventions of HUIOs. In any case, being represented in the UNDAF, while necessary for UNIDO programming activities, does not necessarily translate in higher delivery, as funding for envisaged activities must first be secured.

Table 4. Change in delivery of UNIDO service module private sector development in UNIDO desk countries, 2002-2008

	Pre-Agreement 4-year average (2002-2005) USD	Post-Agreement 3-year average, (2006-2008) USD	Change
Afghanistan	50,091	22,174	-56%
Armenia	0	0	--
Bolivia	0	9,787	(+)
Burkina Faso	26,402	7,639	-71%
Ecuador	104,748	2,124	-98%
Eritrea	70,192	6,745	-90%
Jordan	29,876	40,116	+34%
Lao PDR*	76,505	93,288	+22%
Mali	0	0	--
Nicaragua	293,134	512,640	+75%
Rwanda	65,770	109,332	+66%
Sierra Leone**	27,854	21,648	-22%
Zimbabwe	109,604	0	-100%

Source: evaluation team, based on UNIDO delivery figures.

* The Lao People's Democratic Republic.

** Sierra Leone 2004-2008.

Table 5. Change of total delivery of all UNIDO services modules including private sector development in UNIDO desk countries, 2002-2008

	Pre-Agreement 4-year average (2002-2005) USD	Post-Agreement 3-year average, (2006-2008) USD	Change
Afghanistan	250,198	502,111	+101%
Armenia	152,668	84,094	-45%
Bolivia	133,604	51,992	-61%
Burkina Faso	246,949	76,908	-69%
Ecuador	327,286	175,910	-46%
Eritrea	365,363	103,461	-72%
Jordan	800,154	270,290	-66%
Lao PDR*	432,599	476,792	+10%
Mali	162,524	103,848	-36%
Nicaragua	298,572	710,814	+138%
Rwanda	253,458	774,729	+206%
Sierra Leone**	53,485	312,775	+485%
Zimbabwe	146,161	1,316,002	+800%

Source: evaluation team, based on UNIDO data.

* The Lao People's Democratic Republic.

** Sierra Leone 2004-2008.

Are the UNIDO Desks playing an effective advisory role regarding sustainable industrial development to UNDP and other UN partners?

The UNIDO desk role as advisors on sustainable industrial development to UNDP and other UN partners varies and depends on the UNCT thematic priorities.

UNDP headquarters staff is of the view that the experience is mixed. Some see limited value added. Others believe that UNIDO desks serve the UN Resident Coordinator as an advisor in matters related to industrial and private sector development. Other findings of this evaluation, including field validation missions, confirm a mixed picture. This evaluation identified several examples, which indicate that UNIDO desks play an advisory role regarding sustainable industrial development:

- In Nicaragua, the UNDP Resident Representative or other UNDP staff normally invite the HUU to participate in meetings with national or international counterparts to discuss PSD issues. In addition, the Nicaraguan UNIDO desk contributed to the design of and resource mobilization for a number of joint initiatives, which are now ongoing (e.g., MDG-F).
- In Bolivia, UNDP staff members recognized that they benefit from the specialized expertise of the UNIDO desk in areas related to the agreement.
- In Rwanda, stakeholders confirm the HUU's role as a competent advisor on industrial development issues in different arenas, for example, the donor group on private sector development.
- In Armenia, the HUU chairs the Economic Equity Working Group of the UNCT.

- In the Lao People’s Democratic Republic, the HUU is the focal point for trade and private sector development and is also responsible for coordinating the efforts of the non-resident agencies, specifically UNCTAD and ITC, in the field of PSD.
- In Jordan, the HUU is invited to play a role whenever there is a UN concern regarding industrial development.

These positive findings are supported, albeit modestly, by the results of the survey of headquarters staff. Over two thirds of the respondents are of the view that UNIDO presence through a desk adds some value to UNDP’s efforts.

HUOs reported that in countries where UNIDO’s mandate was not reflected in the UN priorities, the advisory role of desk was also limited (e.g., Afghanistan, Ecuador, Eritrea and Zimbabwe).

Are the UNIDO Desks effectively contributing to the work of UNCTs?

UNIDO desks contribute rather well to the work of the UN country teams, particularly with regard to the UNDAF process and thematic working groups. HUOs who are not full members of UNCT cannot fully participate in all UNCT meetings. This limitation hinders their ability to contribute to the work of UNCT.

The evidence found during the evaluation suggests that the UNIDO desks contribute rather well to the work of the UN country teams, particularly with regard to the UNDAF process and thematic working groups. The HUOs not only participate actively in working groups, but at times also take the lead. For example, UNIDO was the lead agency for the private sector development MDG-F window in Bolivia and Ecuador. Interviews at headquarters and the validation missions to the five selected countries largely confirmed the responses provided by the HUOs. (See Table 6.)

The contribution of UNIDO desks to the work of the UNCT is also widely recognized by UNDP staff and other UNCT members at the country level. The contribution of HUOs to the work of the UNCT goes beyond the ‘narrow’ interests of UNIDO. For example, the HUU in the Lao People’s Democratic Republic coordinated the staff forum during the UN Secretary-General’s recent visit. In fact, it appears from the interviews at the country level that collaboration with the larger UNCT works better than the collaboration between UNIDO and UNDP.

The participation of HUOs who are not full members of UNCT in UNCT activities is an issue. While in a majority of desk countries the HUOs are full members of the UNCT, the HUOs in a minority of countries are not full members and cannot, for example, participate in

Table 6. Assessment of the contribution of the UNIDO desk to the work of the UN country team (UNCT)

Answer each component	Fully agree	Mostly agree	Disagree somewhat	Fully disagree	Don’t know
The head of UNIDO operations is a full member of the UNCT.	8	1	0	4	0
The head of UNIDO operations fully participates/ed in the UNDAF process.	10	2	1	0	0
The head of UNIDO operations regularly participates in inter-agency meetings.	7	5	0	1	0
The head of UNIDO operations is an active participant in thematic working groups.	11	1	1	0	0

Source: Self-assessment questionnaire for heads of UNIDO operations, 2009.

all UNCT meetings. (See Table 7.) Generally speaking, only heads of agencies can attend UNCT meetings and UNIDO is in this regard represented by the UNDP Resident Representative. It is under the UN Resident

Coordinator's authority to decide to what extent the HUU can participate in the UNCT. Beyond those meetings, HUOs can always participate in the extended UNCT meetings and as such have an opportunity to contribute.

Table 7. Participation of the head of UNIDO operations (HUO) in the UN country team (UNCT)

Afghanistan	HUO fully disagrees that s/he is full member of UNCT, but actively participates in thematic working groups and inter-agency meetings.
Armenia	Fully participating member of UNCT
Burkina Faso	Fully participating member of UNCT, contributes to Resident Coordinator annual reports, and can represent UNCT in technical committees.
Bolivia	Member of UNCT, including accepting delegation of UNCT tasks in the economic development field.
Ecuador	Full Member of UNCT, participating in most inter-agency meetings. Co-chairs and/or participates in several working groups, as well as MDGs Fund proposals.
Eritrea	HUO fully disagrees that s/he is a full member of UNCT; fully disagrees that HUO regularly participates in inter-agency meetings; and disagrees that HUO is an active participant in thematic working groups. The UNIDO Desk did not have access to UNCT and there could not be any contribution as such.
Jordan	Not a member of UNCT, does participate in some inter-agency meetings and actively participates in thematic working groups. UNIDO Desk office is also invited and effectively engages in various UN common exercises.
Lao PDR*	Fully participating member of UNCT
Mali	Fully participating member of UNCT, as of January 2009 and active participant in UNDAF thematic groups
Nicaragua	Fully participating member of UNCT, including four working groups
Rwanda	Member of UNCT, though room for growth. Participates in the Development partners consultative Group and Member of the UN Communication group.
Sierra Leone	Fully participating member of UNCT. Once, UNIDO prepared an advisory note (on request) for the UNCT as part of a submission to the Head of State.
Zimbabwe	Not a full member of UNCT. Only participates upon invitation by the UN Resident Coordinator. Participates some in inter-agency meetings and thematic working groups.

Source: Self-assessment questionnaire for heads of UNIDO operations, 2009.

*The Lao People's Democratic Republic.

To what extent has the objective of UNIDO expanding its field presence to 80 countries, as set out in the agreement, been achieved?

With a country representation in 46 countries by the end of 2009, UNIDO, thanks to the agreement, expanded its country presence by over 50 percent.

The agreement intended to introduce a new model of field representation, which sought to allow UNIDO “to ultimately expand its field presence to 80 countries.” The field presence in 80 countries includes the 30 UNIDO country and regional offices already established prior to the agreement. The agreement did not specify the time period for expanding UNIDO’s field presence.

Of the 50 new UNIDO desks envisaged in the agreement, 13 were established within the first two years of the agreement. Three additional UNIDO desks are being established in 2009 in Cambodia, Kyrgyzstan and Mozambique. At the end of 2009, a total of 16 UNIDO desks will have been established. Although the target of coverage of 80 countries has not been achieved, adding 16 UNIDO Desks to the 30 country offices, an increase of over 50 percent, is a major expansion of UNIDO’s country presence. The main reason for failing to complete the objective in the agreement seems to have been the unrealistic assumption that a newly established desk would become self-sustainable within two years, after which UNIDO would be able to open additional, new desks.³⁴ With the cost of the UNIDO desks now covered by the regular budget of UNIDO, plans to expand will continue to face financial constraints.

3.2.4 EFFICIENCY

UNIDO desks have a number of core functions:

- to facilitate government and private sector access to UNIDO expertise

- to contribute to the development of new UNIDO projects and programmes
- to contribute funds mobilization
- to contribute to the implementation of UNIDO projects and programmes
- to enhance UNIDO participation in national, UNDAF and UN delivering as one objectives
- to advise UNDP and other UN partners regarding sustainable industrial development, including contributing to the work of UNCTs.

However, the evaluation team found that assessing the efficiency of UNIDO desks with regard to these core functions is not feasible, because data of the actual cost of each function is not available. Therefore, the evaluation team chose one core function, as a proxy, to assess the efficiency of the UNIDO desks—contribution of the UNIDO Desks to the implementation of projects and programmes—based on feedback from stakeholders involved and on a review of the ratio between cost of the UNIDO Desk and the volume of activities (financial delivery).

To what extent do UNIDO desks contribute to efficient implementation of projects and programmes?

UNIDO desks contribute to efficient implementation of projects, but several factors constrain them.

The findings regarding the contribution of UNIDO desks to project implementation is mixed. The HUOs themselves are of the view that UNIDO desks:

- make communication between projects and headquarters (UNIDO or UNDP) more efficient

³⁴ MTA, 2006, para. 224.

- make communication between projects and the host government much more efficient
- provide crucial support to project staff
- increase UNIDO's and UNDP's responsiveness to national needs and priorities with regard to private sector development

In addition, the survey of headquarters staff reveals that UNIDO desks have made communication between projects and headquarters (UNIDO or UNDP) more efficient.

To UNIDO staff at headquarters, the HUOs are beneficial in:

- providing information on countries
- establishing contacts
- working with counterparts
- preparing UNIDO missions

However, national stakeholders mentioned the slow communication between UNIDO projects and UNIDO headquarters, in spite of UNIDO desks. Beyond communication, UNIDO's centralized implementation approach in general was an issue, particularly in comparison with UNDP's highly decentralized structure. In some instances, UNIDO's general implementation capacity was questioned.

Different stakeholders mentioned several factors that hampered the ability of the UNIDO desks to contribute to a more efficient implementation:

- HUOs' very limited decision-making power, including limited authority to decide how to use financial resources for technical cooperation projects
- the pressure under the agreement to become financially self-sustaining after two years
- UNDP management has sometimes perceived the UNIDO desks as 'overdoing'

its role in its effort for increased visibility and wider networking, not always in full coordination with UNDP

- the UNIDO regional offices create an additional layer of communication which created delays and still does
- HUO's limited human resources to provide implementation support because of the many tasks at hand and lack of support staff
- UNIDO desks are not sufficiently integrated in UNIDO and UNDP information technology networks (desks lack access to AGRESSO or ATLAS³⁵)
- HUOs' responsibilities regarding programme implementation at the country level remain vague

What is the efficiency in terms of ratio between cost of the UNIDO desk and the volume of activities (delivery)?

In some countries the cost of the UNIDO Desk is high compared with the volume of activities (delivery). However, the presence of a UNIDO desk in a country cannot be justified by comparing cost with delivery.

The ratio between the cost of desks and delivery can be seen as a proxy indicator for desk efficiency from an overall UNIDO perspective. This indicator helps to determine whether it is efficient for UNIDO to maintain a desk in a certain country, assuming that one of its core functions is the support to implementation of projects and programmes.

Based on the latest figures available, the average annual cost of a UNIDO desk is approximately \$88,000. (See Table 8.) On average, staff costs (salary) are approximately \$56,000 and operating costs (e.g., rent) around \$32,000. The total costs of the UNIDO desks vary considerably from one country to the next. Whereas the total cost of the

³⁵ Corporate information system for programme administration and management.

desk in the Lao People's Democratic Republic is around \$33,000, the desk in Ecuador costs approximately \$140,000.

A comparison between total costs of the UNIDO desks and the volume of activities reveals a diverse picture. (See Table 8, column E.) While the total annual cost of the UNIDO desks in the Lao People's Democratic Republic and Zimbabwe only amounts to seven percent of the total UNIDO delivery in those countries (using a three-year average), the comparable ratio is 242 percent for the UNIDO desk in Bolivia. However, in comparing cost of a desk against delivery, we have to remember, as mentioned earlier, that the delivery figures available per country do not take into account the delivery under regional projects (which would significantly change the ratios in some cases, e.g., Bolivia and Burkina Faso) and the delivery figures do not take into account pipeline projects. Thus, Table 8 is only indicative and an illustration of how the cost/delivery ratio as a dimension of efficiency could be looked at.

Keeping in mind these limitations, it is nevertheless interesting to also look at 'cost recovery.' Assuming a 13 percent cost recovery rate,³⁶ the cost recovery is met or within reach for UNIDO in five countries (See Table 8, column F). In the other eight countries, the cost of the UNIDO desk is higher than what is being recovered from project implementation under this assumption.

Full cost recovery may not be an appropriate benchmark, however. The criterion to generate programmes and projects with sufficient income to cover the costs of the UNIDO desk³⁷ was

questioned by the MTA: "The financing strategy was unrealistic and inappropriate."³⁸ Although the current evaluation agrees with the MTA that most variables, which affect the volume of technical cooperation and income for UNIDO, are beyond the control of the UNIDO desk, the volume of activities compared to the cost of the UNIDO desk is a useful comparison for assessing whether or not a UNIDO desk in a given country is justifiable.

It is up to UNIDO to establish a meaningful ratio between desk cost and delivery. This will to a large extent depend on the importance that UNIDO assigns to the desk core function 'contribution to implementation'. For illustrative purposes, the evaluation team assumed that the ratio between desk cost and delivery in a given country should, at least in the medium and long term, be less than roughly 50 percent, meaning that UNIDO should spend at least twice as much on projects than on its desk. Under this assumption, the cost of the UNIDO desk is in five countries still higher than 50 percent of the delivery. (See Table 8, column G.)

Whether or not a UNIDO desk in a given country is justifiable in the long term cannot be determined by only comparing cost with delivery. As demonstrated in Chapter 3.2.3 on the effectiveness of the UNIDO Desk, delivery is only one of several criteria and it is indicative only for one of the core functions of a UNIDO desk. UNIDO desks serve other important functions, such as the advisory role to governments, UNDAF participation or strengthening the UNCT. Justification of a desk depends on the specific functions of a desk in a particular country in a particular period.

³⁶ In the absence of budget figures, the recovery rate is calculated on financial delivery and is assumed at the standard rate of 13 percent of UNIDO project support .

³⁷ Para. 5.3.k of the Cooperation Agreement requires UNIDO to "... close the UNIDO desks, if after two years of operations, it fails in any country to generate programmes and projects with sufficient income to cover the costs of the UNIDO Desks."

³⁸ MTA, para. 150-153.

Finally, while the average, annual cost of a UNIDO desk of approximately \$88,000 is certainly lower than the average, annual cost of the full-fledged UNIDO country office (estimated

at \$350,000³⁹), this evaluation is of the view that cost efficiency is not about comparing different modalities, but about the ratio between cost and delivery in any given country.

Table 8. Indicative comparison between costs of UNIDO desks and delivery 2006-2008

	A	B	C (A+B)	D	E (C/D)	F (E<≈13%)	G (E<≈50%)
	Staff cost 3-year average (2006-2008) USD	Operating cost Allotment* (2008) USD	Total cost	Delivery 3-year average** (2006-2008) USD	Total cost in % of delivery	Cost-recovery*** within reach: ✓ (13% cost recovery rate)	Cost < 50% of delivery
Afghanistan	49,639	29,750	79,389	502,111	16%	✓	✓
Armenia	45,419	31,200	76,619	84,094	91%	✗	✗
Bolivia	79,759	46,290	126,049	51,992	242%	✗	✗
Burkina Faso	51,990	31,990	83,980	76,908	109%	✗	✗
Ecuador	105,583	34,370	139,953	175,910	80%	✗	✗
Eritrea	26,531	17,460	43,991	103,461	43%	✗	✓
Jordan	73,641	20,700	94,341	270,290	35%	✗	✓
Lao PDR†	15,153	17,390	32,543	476,792	7%	✓	✓
Mali	58,615	32,053	90,668	103,848	87%	✗	✗
Nicaragua	72,259	14,100	86,359	710,814	12%	✓	✓
Rwanda	66,130	36,000	102,130	774,729	13%	✓	✓
Sierra Leone	27,711	67,825	95,536	312,775	31%	✗	✓
Zimbabwe	57,968	32,410	90,378	1,316,002	7%	✓	✓
Total	730,399	411,538	1,141,937	4,959,727	23%	✗	✓
Average	56,184	31,657	87,841	381,517	23%	✗	✓

Source: evaluation team, based on UNIDO data. USD/Euro exchange rate 1.35.

† The Lao People's Democratic Republic.

* 2008 allotment: actual figures are not yet known as the accounting exercise through processing IOV (Inter Office Vouchers) submitted by UNDP has not been completed. Savings are expected.

** Figures do not include regional projects' components delivered at country level.

*** In the absence of budget figures, the recovery rate is calculated on financial delivery.

³⁹ MTA, 2006, para. 45.

3.2.5 SUSTAINABILITY

Are the UNIDO desks sustainable?

Sustainability depends on many factors, including: country demand; demonstrable comparative advantage of partnerships to meet country demands in the context of changing aid environment; and commitment to partnership at all levels of organizations which in turn, depends on the strength of the mutual benefits accruing through the agreement including resource mobilization. Sustainability can only be decided on a case-by-case basis.

The Agreement states an optimistic expectation that revenue generated over time, such as support costs from the implementation of new programmes, will offset the costs of the desks.⁴⁰ This served as a strong incentive for the UNIDO desks to develop as many projects as possible. The MTA concluded that this financing strategy was unrealistic and inappropriate and recommended that UNIDO “devise a sustainable funding arrangement for UNIDO desks.”⁴¹ The strategy was not only unrealistic. It weakened the cooperation between UNDP and UNIDO, as financial pressure caused desks to move forward without UNDP participation. Consequent to the shortcomings of the original approach, UNIDO decided to cover all costs for the UNIDO desks from its regular budget. UNIDO management decided to continue with the UNIDO desk model and has allocated the necessary resources from the UNIDO budget 2010-2011.⁴²

The sustainability of the UNIDO desks depends on a number of factors such as the continued demand for UNIDO services. In this regard, the team found that in the five countries visited by the team, there is clear demand for industrial development as reflected in the national development priorities. In addition, governments in

the countries visited expressed appreciation for the contributions of UNIDO’s support in areas related to PSD.

Sustainability of UNIDO desks also depends on UNIDO’s ability, not the ability of HUOs, to mobilize funding. As such, it depends on the willingness of donors to fund UNIDO projects. The evaluation found that it is very hard for HUOs to mobilize funds at the country level. This difficulty relates to a general trend towards increased direct budget support (for example, European Commission support in Armenia, Bolivia, Nicaragua and Rwanda), which diminishes resources for project type technical cooperation available at the country level. Moreover, HUOs have very limited programmable resources to bring to the table. Several development partners mentioned that co-financing of activities is theoretically possible provided UNIDO contributes financial resources as well. Last but not least, the limited authority and ambiguous status of HUOs impedes fundraising.

The long-term success of a UNIDO desk depends on the ratio between the cost of an UNIDO desk and its delivery in a given country. As discussed above, the ratio between UNIDO desk costs and delivery should, at least in the medium or long term, not be higher than around 50 percent. Seven of the 13 UNIDO desks currently meet this criterion. (See Table 8.)

Sustainability depends on the performance of the HUOs. Overall, the team found that the HUOs are well-qualified, as confirmed by many stakeholders.

Finally, the sustainability of the UNIDO desks also depends on UNDP’s readiness to host the desks within the UNDP premises. Although UNIDO now reimburses UNDP for the costs

⁴⁰ Cooperation Agreement, Article 5.3.k requires to “... close the UNIDO desks, if after two years of operations, it fails in any country to generate programmes and projects with sufficient income to cover the costs of the UNIDO Desks”.

⁴¹ MTA, 2006, para. 37 and 56.

⁴² Programme and budgets, 2010-2011, Proposals of the Director-General, UNIDO, IDB.36/7-PBC.25/7, 24 March 2009.

of an UNIDO desk, the readiness to provide provision of office space and logistical support remains crucial.

3.3 FINDINGS: JOINT PRIVATE SECTOR DEVELOPMENT PROGRAMME

3.3.1 THE PSD CONCEPT IN THE AGREEMENT

The scope of cooperation as described in Article II of the Cooperation Agreement was that the UNIDO and UNDP should “work together at the country level on issues of sustainable industrial development in line with the national priorities and the Millennium Development Goals as expressed in country level frameworks, in particular the CCA/UNDAF.” In conjunction with the MDGs promoted by the UN system, the Agreement was seen as a platform for coordinated contribution aimed at involving the private sector in the efforts of creating employment and reducing poverty.

The main objectives of the joint PSD programmes are expressed in the Cooperation Agreement’s “Framework for Joint UNIDO/UNDP Technical Cooperation Programmes on Private Sector Development” paragraph 2.3:

“The ultimate objective of joint programmes is to expand, and enhance the impact of, both organizations’ PSD support programmes with a view to strengthening the contribution of the private sector to the achievement of the Millennium Development Goals (MDGs) in developing countries. Special emphasis will be placed on the joint design and development of mutually reinforcing, interlinked support programmes, which can effectively tackle existing constraints to unleashing dynamic entrepreneurship.”

Furthermore, the main benefit of joint PSD support programmes would be derived from the design of innovative solutions and partnerships, according to the Framework (Para 2.4).

The broad nature of the PSD concept and the resulting varying applications of the concept by different actors in the PSD field, including UNDP and UNIDO, have led to a lack of common understanding of what PSD is supposed to encompass. Furthermore, the agreement and the PSD framework have different sets of activities for joint programme development. The Agreement states that:

“UNIDO, within the overall vision and framework to foster private sector development and with ultimate view to reducing poverty, shall make available the services described below, namely: 1) Trade capacity building 2) Investment promotion 3) Agro-industries 4) Energy 5) Cleaner and sustainable industrial development 6) Entrepreneurship and SME [Small and Medium Enterprise] development.”

Alongside the Cooperation Agreement, a Framework for Joint UNIDO/UNDP Technical Cooperation Programmes on Private Sector Development was drafted as a companion document to the Agreement and signed together with the Agreement. It describes the objectives, substantive areas and cooperation modalities of the envisaged joint programmes aimed at strengthening PSD in developing countries. The Framework responds to the analysis, conclusions and recommendations of the United Nations Commission on the Private Sector and Development and gives substance to the fundamental recommendation of the Commission that the operational strategies of development agencies be redirected towards a better coordination of collective actions, based on specialization and partnerships.

The Cooperation Agreement Framework defines four quite different components of programme areas:

1. Create an enabling environment
2. Assist skill and knowledge development

3. Develop broad financing and investment options for entrepreneurs
4. Mobilize private sector capabilities and resources

These components are typical ingredients of many UNIDO and UNDP interventions, not only those that are labelled as PSD (e.g., many projects in the area of environment and industry have these components).

The concept of PSD in the Cooperation Agreement does not refer to the commonly found distinction between interventions that strengthen the private sector as an engine for growth and development (sometimes referred to as PSD in a narrow sense) and interventions that involve the private sector in partnerships for development (sometimes referred to as private sector engagement. This distinction, however, can now be found in the PSD strategies of both UNIDO and UNDP.

For UNIDO, the ambiguous definition of the PSD concept in the Agreement means that most of the UNIDO services to promote sustainable industrial development can be interpreted as falling under the Agreement. At the same time, UNIDO has a branch that specializes in PSD with a given set of services (policy support, cluster and business linkages, rural development and women entrepreneurship). UNIDO anchored implementation of the Cooperation Agreement to that particular branch, resulting in a narrower focus than the one reflected in the Agreement.

3.3.2 THE PSD CONTEXT

The roots of donor interest in PSD lay in the early 1980s, when the 'Washington consensus' shifted the focus from the regulatory role of the

state in economic development to the idea of a self-regulating market. Correspondingly, the private sector and market forces became perceived as more efficient, more productive and more conducive to promoting the economic growth necessary to achieve poverty reduction. Privatizing state-owned enterprises, 'unleashing' market forces, increasing competition, and paring back the state's role became viewed as the optimal means of attaining development goals, including poverty reduction. The development agencies could not ignore PSD, which, amongst other things, promised to mitigate a growing sense of aid fatigue.

Most of the international cooperation agencies started discussing the issue of PSD in the early 1990s. The Development Assistance Committee of the Organisation for Economic Co-operation and Development published its 'Orientations for development co-operation in PSD' in 1995.⁴³ However, since then, the concept has remained difficult to operationalize. This issue has been raised by different stakeholders during this evaluation and is underpinned by findings of relevant research: "donors work with concepts of PSD that are highly abstract..."⁴⁴ This can also be gathered from the very broad descriptions of PSD used in different publications of UN agencies, development banks and bilateral donors⁴⁵. In fact, the PSD concept could as well be interpreted as a cross-cutting theme similar to gender-related concepts. The list of UN organizations that have appointed private sector focal points include not only the agencies usually involved in economic development, like UNIDO, UNDP and IFAD, but also UN Environment Programme, World Food Programme, World Health Organization, UN Population Fund, UNODC, UN Volunteers, UNESCO, UNICEF (United Nations Children's Fund), and others.⁴⁶

⁴³ See: 'Support of Private Sector Development', Organisation for Economic Co-operation and Development, 1995.

⁴⁴ Lau Schulpen and Peter Gibbon, *Private Sector Development: Policies, Practices and Problems*, Centre for International Development, Issues Nijmegen, Denmark, 2001.

⁴⁵ See, for example: Office for Economic and Social Council Support and Coordination (<http://webapps01.un.org/nvp/frontend/polCat.action?id=122>).

⁴⁶ UN System Private Sector Focal Point meeting 2006, final participation list.

The eight Millennium Development Goals that were formulated by the UN in 1999 established very measurable goals for official development assistance. However, publicly financed development would not alone be sufficient to achieve such goals. Since the private sector controlled significantly larger amounts of financing directed towards the developing countries, the UN system developed the 'Ten Principles' described in the 'Global Compact' as an invitation to partnership with private sector enterprises. This led to a new concept of corporate social responsibility (CSR). CSR then became the vehicle of cooperation that many donors applied in order to achieve their objective: reducing poverty by promoting economic growth and social development in developing countries. The Cooperation Agreement reflects much of the philosophy described above.

The publication of 'Unleashing Entrepreneurship',⁴⁷ a report of the United Nations Commission on the Private Sector and Development, recognized the importance of mobilizing the private sector in order to achieve the MDGs. It focused on two broad areas of action. First, it focused on unleashing entrepreneurial forces, that is, the creation and strengthening of private companies and related institutions to stimulate the growth of the economy to benefit the poor. Second, it focused on engagement with the private sector in development to leverage additional resources. This last area, examples of which are CSR and foreign direct investment, is also referred to as private sector engagement. While the report intended to provide guidance for the PSD efforts of the United Nations system and other partners, it did not foresee the creation of a new coordinating mechanisms, such as UN-Energy, or new funding vehicles, such as the United Nations Trust Fund for Human Security, for private sector development.

Today, the PSD area is often referred to as a 'crowded' field of development cooperation, with many bilateral donors and multilateral agencies implementing their own strategies and projects. Many donors have their own PSD programmes that often connect to and cooperate with their domestic productive sector. PSD became a concept that includes all types of activities directed at strengthening the productive sectors in developing countries, from micro to international.

Organizations usually apply the term PSD in accordance with their own mandate and needs. Some organizations have developed defined PSD strategies (UNDP, World Bank, UNIDO, IFAD), while others use the term more loosely.

Given that there is no universally accepted definition of PSD, it is not possible to obtain meaningful information on the volume and scope of international cooperation in private sector development. For example, road and energy infrastructures have direct linkages to PSD. Many of the larger loans and projects under the PSD heading include such components. However, it is safe to assume that both UNDP and UNIDO are rather small players in terms of financial volume of PSD cooperation. In 2006, for example, the Asian Development Bank (ADB) approved 22 PSD projects with a combined value of \$1.42 billion.⁴⁸ The UNIDO PSD portfolio in 2009 showed a budget volume of approximately \$80 million (UNIDO Infobase 2009) and an annual expenditure of \$18 million for 2008. In recent years, annual UNDP PSD expenditures amounted to approximately \$80 million.⁴⁹ UN agencies are different from development banks in terms of structure and mandates. Nevertheless, the example above illustrates that a wide range of organizations are involved in the PSD field and that cooperation programmes reported under the PSD heading can include very different

⁴⁷ 'Unleashing Entrepreneurship', Commission on the Private Sector and Development, 2004.

⁴⁸ Operations Evaluation Department, 'Private Sector Development and Operations: Harnessing Synergies with the Public Sector', Asian Development Bank, 2007.

⁴⁹ UNDP Private Sector Development Strategy, 2007.

components, such as investment, finance and technical cooperation.

Both UNIDO and UNDP work under serious constraints due to the limited availability of core resources for projects and programmes. Both organizations depend to a large extent on non-core funding from bilateral donors and from the governments of host countries for their technical cooperation activities, including PSD projects. Moreover, budgets of donors for PSD are limited. With the exception of the MDG-F, which opened a private sector development funding window in 2008, there are no other major funds directly focused on PSD support.

Another factor potentially constraining a greater engagement in PSD on behalf of the UN has to do with the current trends in official development assistance. The increasing share of direct budget support in overall official development assistance (ODA) further reduce the amount of funds that can be channelled directly through UNDP or UNIDO, and poses a serious challenge in terms of redefining their role in the ODA system.

In most PSD strategies the reasoning to strengthen and involve the private sector is based on an assumed direct link to poverty reduction and income generation. Combined with the fact that today most developing countries have adopted private sector friendly policies, it is assumed that the need for PSD in the developing world is enormous. This, of course, does not necessarily result in a real developing country demand for PSD support from UN agencies. However, since there is very limited coordination in the field of international PSD cooperation⁵⁰, no guidance documents or mechanisms exist to define specific roles for different actors (banks, bilateral donors, UN agencies, etc.).

3.3.3 IMPLEMENTATION

Was the Cooperation Agreement implemented as planned?

The MTA found that “the Agreement and the implementation strategy needed to be revisited” in order to “overcome the implementation shortcomings identified.”⁵¹ After the MTA in 2006, no changes have been implemented.

After the Cooperation Agreement was signed in September 2004, UNIDO started organizing formulation missions in 2005 which included attempts to involve UNDP country offices and host governments. During 2005, six projects were formulated and presented to donors for financing. The following year some more projects were jointly formulated, but the lack of success in achieving financing chilled further efforts. The participation of local UNDP staff varied. UNIDO headquarters and UNDP country offices interpreted the agreement in different ways or adapted it to suit the specific context in which they were working. The MTA found that this tendency led to different types of programmes.⁵²

The MTA also stated that some of the reasons for the limited success after two years were due to the fact that the Cooperation Agreement did not sufficiently consider the organizational changes that were necessary for effective implementation.⁵³ “Top management in both agencies underestimated the order of magnitude of the changes that the Agreement was mandating for their respective organizations.” A number of factors clearly suggested the need for a broader joint strategy. These factors included:

“(a) The two organizations did not, at many levels, know each other very well in regard to programmes, operations and cultures;

⁵⁰ A noteworthy exception is the Donor Committee for Enterprise Development, www.enterprise-development.org.

⁵¹ MTA (2006), Para 221.

⁵² MTA (2006), Para 131.

⁵³ MTA (2006), Para 163.

- (b) There was internal resistance or indifference in both organizations; ignorance and pessimism about the other party continues at present in both agencies to some degree.
- (c) The changes in organizational behaviour mandated by the Agreement required motivational communications designed to convince concerned personnel in both agencies of its value. In particular, UNDP's de-centralized management structure necessitated a promotional effort with its Country Offices for the Agreement, above and beyond simply communicating its terms. Such an effort was especially important since Country Offices were being asked to absorb the local operational costs of the Desks for two years".

Since no further project formulation activities have taken place after the pilot phase according to the UNIDO portfolio listing, the finding is also valid for the final assessment of the Agreement.

The MTA had found that the different formulation and approval processes were causing difficulties for implementing the agreement. "Related to the problems of monitoring already described is the specific issue of 'approval' and what it means to the two organizations in the context of collaborative efforts. For UNDP approval will usually come after resources have been mobilized, the project has gone through a local appraisal process and has been signed by the government. For UNIDO, approval precedes funds mobilization and will usually come after the project or programme document has been formulated. This difference in approach can help explain apparent misunderstandings and the long delays between UNIDO approval and final approval by UNDP."⁵⁴ The MTA found that Cooperation Agreement was insufficiently specific for effective implementation, but no action has been taken after the MTA in order to bridge the differences between the two organizations.

In classifying the projects, there still exists a lack of conceptual clarity defining which programmes that can indisputably be considered to be 'joint'. Both UNDP and UNIDO are members of the United Nations Development Group (UNDG) and the UNDG guidelines produced in late 2003 provide a menu of approaches for preparation of joint programmes:

"A joint programme is a set of activities contained in a common work plan and related budget, involving two or more UN organizations and (sub-) national partners. The work plan and budget forms part of a joint programme document, which also details roles and responsibilities of partners in coordinating and managing the joint activities. The joint programme document is signed by all participating organizations and (sub-) national partners." (Source: www.undg.org)

The UNDG guidelines were not utilized (see also paragraph 173 of the MTA). Additionally, the guidance provided in the agreement itself was not sufficiently clear for operational purposes, hence different interpretations were found during this evaluation. The Cooperation Agreement left implementation modalities to be decided between the UNIDO and UNDP at the country level, which resulted in lengthy processes. The Agreement was not very specific on how the above objectives of PSD should be achieved programmatically. Due to this lack of clarity, deadlock situations between the partners occurred at the operational level, which hampered and delayed implementation in several cases. It took, for example, three years to resolve the implementation modalities for just one of three approved projects in Sierra Leone even after the project was partly funded by an Irish Trust Fund.

The MTA found that the Agreement described an inappropriate approach for pilot activities. "The Agreement was too rigid for what was meant to be a pilot exercise. It neglected to

⁵⁴ MTA (2006), Para 198.

provide for a mechanism for adaptation during the pilot phase. This was a critical oversight as any pilot activity requires a robust framework for monitoring and feedback so that required adaptations can be identified and implemented.⁵⁵ The parties to the agreement established a formal joint management mechanism, as recommended in the MTA, to monitor, identify and resolve operational problems, but the mechanism never functioned.

A total of 11 countries were identified for joint programmes on PSD at the outset of the cooperation: Afghanistan, Burundi, Ethiopia, Ghana, Jordan, the Lao People's Democratic Republic, Nicaragua, Nigeria, Rwanda, Sierra Leone, and the United Republic of Tanzania. A reserve list was established in January 2006 for periodical review or reactivation of activities, including Angola, Ecuador, Kazakhstan, Mozambique, Senegal and regional Asia. However, the formulation of joint projects stopped at the end of 2006 and almost no further activities were registered until the MDGs Achievement Fund opened its Private Sector Window in 2008 for joint projects executed by UN agencies.⁵⁶ At the time of this terminal evaluation, 15 countries are listed as having draft documents for joint PSD programmes under the Agreement. UNIDO headquarters provided a list of jointly formulated projects as of February 2009 as presented in Table 9. However, it is unclear what the role of the Agreement was in their preparation of these joint PSD programmes. In cases where the documents were prepared for submission to the MDG-F and where other agencies are usually involved, it is safe to assume that these documents would have been produced with or without the limited guidance provided by the PSD component of the Agreement and that the PSD component of the Agreement. As such, the Cooperation Agreement did not add any value to the formulation of new, joint PSD programmes.

The Framework states clearly that the format of joint PSD programmes should "... follow the formats defined in the UNDP Programming Manual" (Article 4.4). This procedure could place UNIDO in the role of contractor to UNDP and is contrary to the spirit of partnership upon which the Agreement is based. The Agreement and the Framework do not refer to the DOCO's work on policies and procedures on UN reform, including the harmonization of operational procedures that were issued in December 2003. The MTA recommended that the DOCO Joint Programming Guidelines should be applied as default guidelines to facilitate inter-agency cooperation. However, the agreement was never amended. With respect to the joint PDF programmes, the guidance in the agreement was generally found to be insufficient.

The MTA found that "the two organizations and the PSD Framework had different concepts and areas of interest related to PSD. Not much had been done to enhance conceptual clarity."⁵⁷ The MTA team considered that there had been missed opportunities in this respect despite the great potential for collaboration in this area. Further, the relationship between various country level programming instruments (i.e. UNDAF, UNIDO integrated programmes and joint programmes) was identified as a source of confusion. In that sense the Cooperation Agreement was vague.

After the MTA, both organizations developed their own PSD strategy documents. Both strategies are to a large extent similar in terms of areas of intervention (e.g., value chains, cluster, policy, corporate social responsibility, etc.), but reflect each agency's approach to technical cooperation, which attempted to define specific niches. Both documents can be considered products driven by the respective agency. As such they do not contribute to the

⁵⁵ MTA (2006), Para 220.

⁵⁶ The exceptions include Armenia and Mali (Valorisation Produits Agropastoraux funded by Luxembourg).

⁵⁷ MTA (2006), Para 31.

conceptual clarification demanded by the MTA. Conceptual clarification would have required an ample consultation process resulting in strategies based on a common understanding of PSD.

The strategy for cleaner production recently developed by the United Nations Environment Programme and UNIDO can serve as an example for successful collaboration.

Table 9. Progress report on the UNIDO/UNDP Framework Agreement, February 2009.

Countries	Formulation date of joint Concept/ Project Document	Title	Budget in USD	Amount of mobilized funds and source of funding incl. UNIDO and/or UNDP funding
Afghanistan	2006	Private-sector-led Growth for Sustainable Livelihood in the Balkh Province	\$2,250,847	
Armenia	June 2007	UNDP-UNIDO Joint PSD Programme	\$1 million	
Bolivia		None		
Burkina Faso		None		
Burundi	Jan 2005	Politiques de développement industriel du Burundi et cadre de mise en oeuvre		
Ecuador	Oct 2008	Programme for economic inclusion through public-private sector coordination	UNIDO: \$2,753,628 UNDP: \$2,426,760 FAO: \$875,260 ILO: \$749,749 UNESCO: \$603,373 UNICEF: \$257,197	Waiting for MDG-F response on whether Ecuador PSD window proposal is approved and funded
Eritrea		None		
Ethiopia	2005	PSD and TCB Programme	\$5.8 million	
Ghana	2005	UNIDO contribution to PSD in Ghana in the framework of UNDP-UNIDO joint program formulation	\$1.215 million	
Jordan	Dec 2008	Strengthening the capacities in the Jordanian private sector to reduce poverty & promote development	\$4.2 million	Submitted for approval from MDG-F
Jordan	Nov 2008	Promoting food security in Jordan	\$6.11 million	Submitted MDG-F
Lao PDR*	2005	Promoting PSD through the strengthening of chambers of commerce and industry (CCIs) and business associations (BAs)	\$2.3 million	UNIDO: €200,000 UNDP: \$250,000

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Countries	Formulation date of joint Concept/ Project Document	Title	Budget in USD	Amount of mobilized funds and source of funding incl. UNIDO and/or UNDP funding
Mali		None		
Nigeria	2005	UNDP/UNIDO Private Sector Support Programme	\$18.234 million	
Nicaragua	2005	Programa de desarrollo del sector privado enfocado en las PYME del rubro agroindustrial	\$14.804 million	
Philippines		None		
Rwanda	Sep 2005	Promotion of opportunities for private sector enterprise expansion, development and shared-growth	\$1.475 million	UNIDO: \$155,000 UNDP: \$150,000
Sierra Leone	2006	UNDP/UNIDO Joint Programming in PSD	\$1.735 million	UNDP/Irish Trust Fund: \$760,000
Tanzania	2005	Private Sector Support Programme	\$6 million	UNIDO: €300,000
Zimbabwe		None		

Source: UNIDO PTC/PSD progress report, February 2009.

* The Lao People's Democratic Republic.

To what extent were joint fundraising activities undertaken?

The MTA found that no joint PSD programmes mobilized the intended level of resources. No changes have taken place for the joint PSD programmes since the MTA with the exception that some components have been presented to the Millennium Development Goals Achievement Fund.

Resource mobilization proved to be one of the major constraining issues facing joint PSD programmes. Much time and resources went into preparing the programmes, but after some discouraging results, resource mobilization efforts did not receive priority since earlier efforts yielded meagre results. The Agreement handles the fundamental issue of resource mobilization in a subclause under the UNDP obligations:

“UNDP undertakes to explore with UNDO further opportunities for cooperation, including the possibility of joint resource mobilization activities to secure additional funding for joint programmes and projects.” (Cooperation Agreement, para. 2.1.5.)

The MTA found that many joint PSD programmes were very ambitious from a resource mobilization perspective.⁵⁸ Programme formulation missions contacted donors at the country level and were in some cases preceded by stakeholder consultation missions. This approach, however, proved to be not sufficiently effective and should have been backed by more high-level joint resource mobilization efforts, including a joint approach to donor capitals, as originally envisaged by the Agreement.⁵⁹

⁵⁸ MTA, 2006, para. 192.

⁵⁹ See point 6 of the 'Framework for Joint UNIDO/UNDP Technical Cooperation Programmes on Private Sector Development', 2004.

Only in a few countries did joint fundraising take place. In Nicaragua, for example, three meetings were held with donors, but lack of positive response by the donors stopped further efforts to fund the total programme as a single package. In most countries, no initiatives were undertaken. Some UNDP Resident Representatives found that the procedures for both joint project formulation and joint fundraising were contrary to the UNDP priorities and therefore not implemented. In the self-assessment, nine HUOs state that fundraising rarely was undertaken during the functioning of the desk. Three respondents state that fundraising never took place. Only one HUUO responded that fundraising happened occasionally.

By May 2007, six PSD programmes had received approval from UNIDO Headquarters: the Lao People’s Democratic Republic, Nicaragua, Nigeria, Rwanda, Sierra Leone, and the United Republic of Tanzania. At the time of this evaluation, limited implementation of activities in two programmes is ongoing with UNIDO funds in the Lao People’s Democratic Republic and with UNIDO and UNDP co-funding in Rwanda under the delivering as one UN pilot. As per February 2009, \$363,000 were spent. The third

joint PSD programme has begun implementation in Sierra Leone late 2008 with funding from the Government of Ireland.

Of an accumulated budget of \$5.5 million for these three projects, only \$760,000 has been obtained from external financing and \$760,000 has been provided from core resources. In spite of external funding having been available for the Sierra Leone project that was formulated in 2006, delivery is still below 10 percent. As of February 2009 no joint PSD programme has yet mobilized the budgeted amount of resources. Some core resources have been committed by both UNIDO and UNDP, but this is insignificant seen in light of the financing need. (See Table 10.)

The potential for raising financial resources at the local level to finance UNIDO or UNIDO and UNDP joint PSD activities is questionable in some countries. In the Lao People’s Democratic Republic, for example, there are a rather limited number of donors active in PSD. These donors have well defined agendas and are not necessarily inclined to fund the UN in PSD. Evidence of similar agendas was observed in Nicaragua and Bolivia.

Table 10. List of ongoing activities within the UNIDO/UNDP Framework Agreement

Country	Formulation date	Title	Budget USD	Amount of funds mobilized	Expenditures as of end Feb 2009
Lao PDR*	2005	Promoting PSD through the strengthening of chambers of commerce and industry (CCIs) and business associations (BAs)	\$2.3 million	UNIDO: €200,000 UNDP: \$250,000	XP/LAO/06/001: \$191,668

Status: Implementation of the project started in Aug 2006 with seed fund allocations by UNIDO (€200,000; for project outputs 2-4, all dealing with advisory and capacity building support geared at business membership organizations [BMOs]) and UNDP (\$250,000; for a focus on output 1 on PSD-related research). Since funds mobilization attempts for the remainder of the overall \$2.3 million project budget failed, UNIDO support focused on “first things first”. i.e. assistance towards the creation of a new legal base for the transition of an erstwhile state chamber system to a “continental system” that the government had initiated with the formal release of the Lao National Chamber of Commerce and Industry (LNCCI) from government coffers to becoming an independent, private sector led entity.

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Country	Formulation date	Title	Budget USD	Amount of funds mobilized	Expenditures as of end Feb 2009
Rwanda	2005	Promotion of opportunities for private sector enterprise expansion, development and shared growth	\$1.5 million	UNIDO: \$155,000 UNDP: \$150,000	FB/RWA/08/B01 \$70,793 FB/RWA/08/H01 \$33,284 XP/RWA/06/005 €67,868
<p>Status: Programme formulation mission in September 2005; follow-up UNIDO mission October 2005, preliminary programme document endorsed by UNDP Local-PAC May 2006, cleared by UNIDO PAC for donor negotiations in June 2006. Programme launched 26 September 2006, UNIDO allocated seed money of \$155,000, UNDP contributed \$150,000; UNIDO project monitoring mission in March 2007. In October 2007, two SMEs were selected to serve as food-processing demonstration units.</p> <p>2009; With the joint ONE-UN/UNIDO funds upgrading of technical equipment of selected SMEs and on-site training in operation/maintenance of equipment and processing techniques is now scheduled for June 2009. FB/RWA/08/B01 Entrepreneurship Development Curriculum (EDC); FB/RWA/08H01 Capacity Building Food Processing; XP/RWA/06/005 PROPSEED.</p>					
Sierra Leone	2006	UNDP/UNIDO Joint Programming in PSD	\$1.7 million	UNDP/Irish TF funds: \$760,050	DZ/SIL/08/001: (so far no expenditures)
<p>Status: After UNDP Resident Representative expressing high interest in January 2006, kick-off programming mission was held 25 March – 4 April 2006. Draft document with initial comments by FAO, UNIFEM and UNDP finalized in February 2007 together with Letter of Agreement for UNDP/Irish TF funding. Approved by UNIDO Project Approval Committee on 13 March 2007.</p> <p>Upon receipt of work plan, UNDP has transferred the first installment of the project budget, €0.3 million including support costs, to UNIDO in late 2008. After PAD issuance, implementation will start 2nd quarter 2009. DZ/SIL/08/001 (\$760,000) UNDP/Irish TF funds received in 2008, Project Allotment Document (PAD) issuance delayed; Back stopping officer (BSO) to clarify budget total.</p>					

Source: UNIDO PTC/PSD progress reports, March 2009.

* The Lao People's Democratic Republic.

In spite of very limited results in raising funds for joint PSD programmes conceived and formulated under the Agreement, some good practices have been identified in terms of coordinated resource mobilization efforts of UNIDO and UNDP at the country level. One such case is that of Nicaragua, illustrated in Box 2 on the next page.

To what extent did UNIDO and UNDP promote the Agreement at the country level and among donors and facilitate country level implementation of the Agreement?

Promotion of the Agreement by the two organizations and facilitation of the implementation at the country level were limited

during the pilot phase and even less evident during the final phase.

The MTA team observed that arrangements for the management of the implementation of the Agreement were sub-optimal in both organizations and that divided responsibilities left voids in ownership and management follow-up at the country level.⁶⁰

The extent of promotion of the Cooperation Agreement at the country level and among donors after the MTA is not evident. General lack of knowledge of the existence of the agreement particularly on the UNDP side was found in some country offices that were interviewed during the

⁶⁰ MTA, 2006, para. 170.

field visit. In one case, a member of the country office management team was only made aware of the Cooperation Agreement in connection with the evaluation visit.

Box 2. Nicaragua: an example of collaboration at the country level

After its establishment, the UNIDO desk, in cooperation with the UNDP Cluster Coordinator for Equitable Economic Development, has worked to design a joint programme for private sector development (PSD) support in Nicaragua. This resulted in the formulation of a large PSD support programme with a budget of \$14 million. Once the programme had been approved by UNIDO headquarters, the UNIDO desk in Nicaragua and UNDP engaged in joint resource mobilization activities. Three meetings with different donors were held to present the programme and discuss funding possibilities. None of the donors committed to finance the entire programme, though some interest was shown. Some of the donors stated that they were increasingly shifting their official development assistance to budget support, away from project finance through agencies.

Unable to secure funding for the joint programme in 2006 as a single package, the UNIDO desk and UNDP decided to use the joint programme document as a programmatic framework, within which they would raise funds for specific components from different donors, while trying to maintain an overall coherence and coordination of the activities of the different projects.

When the MDG-F opened a window in 2008, this proved to be a successful strategy that led to the funding of three joint programmes⁶¹ in which both UNIDO and UNDP participate, together with other UN Agencies, Funds and Programmes, as well as national institutions. All of the three programmes focus on issues that are relevant to the Agreement, such as employment generation and creation of opportunities for economic development.

In some cases it was found that rotation of UNDP field staff has further decreased the level of awareness of the agreement at UNDP field offices.

During the agreement period, UNDP developed its own headquarters PSD unit and finalized its PSD strategy in 2008. UNIDO is in the process of preparing its PSD strategy, but its draft strategy only mentions the existence of the agreement along with other partnerships and does not reflect on coordination or modes of cooperation. A joint strategy would have been a desirable result of the Agreement. The interaction between the UNDP PSD unit and the UNIDO PSD unit was limited and ad hoc in nature. However, some exchange took place in the context of the Donor Committee for Enterprise Development, in which both agencies participated.

The MTA noted that there had been no joint presentation of the Cooperation Agreement to the headquarters of key potential donors and no joint mobilization of funds for specific activities, including joint PSD programmes.

The evaluation team found no evidence that UNDP facilitated country-level implementation. Promotion and facilitation of the Agreement depends more on country offices than on headquarters. This observation was confirmed in interviews at UNDP headquarters and during the field validation missions. The main support from UNIDO in implementation of the agreement was the formulation missions for joint PSDs already mentioned above. With respect to development of joint PSD programmes, UNIDO made investments of approximately \$500,000 for project formulation activities under the agreement during the initial two-year pilot phase. The MTA found that “UNIDO had high expectations with regard to increasing its resource mobilization and formulated the PSD programmes accordingly. It seems that some of this optimism

⁶¹ Six joint programmes involving several UN agencies, funds and programmes have been approved and funded by the MDG-F in Nicaragua, three of which involve UNIDO and UNDP.

resulted from perceived donor enthusiasm for joint or harmonized approaches, at least in their headquarters rhetoric.”

Were the findings and recommendations of the MTA carried out in 2006 acted upon?

With respect to joint PSD programmes, the recommendations of the MTA were not implemented. A task force was established but did not produce observable effects with regard to the joint PSD programmes.

The MTA recommended both assigning more resources to carry out comprehensive country analysis and giving high priority to joint global resource mobilization. Neither was acted upon. None of the respondents have seen any tangible evidence of response to the MTA recommendations by the agreement partners. The recommendation of the MTA to clarify complementarities in PSD was also not acted upon.

3.3.4 RELEVANCE

Taking into account other initiatives of UN reform, new funding sources and modalities, are all elements of the Cooperation Agreement between UNIDO and UNDP still relevant and appropriate to the country context?

The emergence of several joint programme funding initiatives as well as the progress made in the operationalization of the UN reform have, to a large extent, made the Agreement redundant with respect to joint PSD programmes.

The Agreement was important in establishing stronger local presence and profile for UNIDO. The establishment of UNIDO desks led also to closer cooperation and better coordination with other agencies. However, with respect to joint PSD programmes, other institutional developments promoted by the United Nations Development Group and parts of the UN reform, including delivering as one, have presented clearer guidelines and better protocols than the ones described in the Cooperation

Agreement. More importantly, the examples of the MDG-F, other trust funds (such as the United Nations Trust Fund for Human Security) and the One UN funds have clearly demonstrated that cooperation among agencies occurs swiftly as soon as funding opportunities are attached to the cooperation frameworks. Whereas the projects prepared under the agreement to date have encountered limited success of achieving funding, the MDG-F so far has had substantially more success both with regards to funding and joint cooperation. As already stated in this chapter, increased priority on the budget support modality will represent a new challenge for the UN. The limited willingness expressed in interviews and track records of host governments in ‘buying services from the UN system’ indicates the need to explore new sources of funding or to pursue a new role in the overall official development assistance system and particularly as relates to PSD support.

The stakeholder survey confirms these findings, with almost two thirds of the headquarters staff who responded stating that the Cooperation Agreement had no or limited relevance with regard to PSD activities.

Are the objectives of the joint PSD programme as set out in the agreement of continuous relevance to partner countries, UNIDO and UNDP?

All of the host countries covered by the Agreement have set employment creation and income generation as priority areas in their respective national policies.

The overall objectives of enhanced impact of PSD activities are of continued relevance to partner countries.

However, while economic development, employment creation and income generation are a priority in all the countries covered by the Agreement, the policies to achieve them do not always coincide. In some countries, like Bolivia and Nicaragua, there is greater emphasis

on community-level initiatives and on state-led industrialization than on private sector industrial development. In other countries, such as the Lao People's Democratic Republic, the government explicitly mentioned that PSD, and, in particular, entrepreneurship development, is seen as very important for the future of the country. These policies are very much in line with the origins of the agreement ("Unleashing Entrepreneurship").

The relevance of overall objectives to partner countries was confirmed by the responses of the stakeholder survey among headquarters staff, where a great majority view the objectives of the agreement with regard to joint PSD programmes as still relevant to partner countries. The evaluation team was not able to collect sufficient evidence from the partner countries to determine if they shared this opinion.

However, the relevance of cooperation between UNIDO and UNDP, the more immediate objective of the Cooperation Agreement, was not confirmed during stakeholder interviews in selected countries.

Also, a great majority of the UNIDO and UNDP staff surveyed stated the opinion that the objectives of the agreement with regard to joint PSD programmes are still relevant to UNIDO and UNDP.

The HUOs are of the opinion, as expressed in the self-assessment, that the agreement's objective to enhance the impact of both organizations' PSD support programmes are of continuous relevance to host countries.

Has the selection of target countries for the implementation of the Agreement been relevant?

The constraints encountered during the implementation of the joint PSD programmes and the lack of successes is not found to have been affected by the choice of target countries.

The MTA found that, in selecting countries for PSD programmes, a conscious choice was made to identify countries meeting the criteria of demand orientation and existence of good potential for PSD development (including linkages with CCA, UNDAF, Poverty Reduction Strategy Papers and funding opportunities). However, the care in selecting countries that met the criteria was swamped by other factors. Several constraints internal to the United Nations were found to be rather limiting, in particular the lack of conceptual clarity and common understanding of PSD priorities and planning mechanisms, the lack of foreseen fundraising, limited funding opportunities for joint PSD programmes and asymmetry between the organizations.

At the time of this evaluation, no evidence was found that selection of countries in general was the prime cause for the limited joint PSD achievements. The political environment, placement of a UNIDO desk, the continuity of support received from UNDP, funding, and a facilitating legal and economic framework are important factors for establishing successful PSD cooperation at the country level. Some of these factors have changed considerably in some countries during the evaluation period, namely, Bolivia, Eritrea, Nicaragua and Zimbabwe.

Is the Agreement relevant to strengthening complementarities and to creating synergies between the two organizations?

Relevance of the Cooperation Agreement in creating synergies between the two partners was initially limited by lack of interest. Gradually, through the presence of the UNIDO desks at the country offices, synergies and evidence of complementarities are emerging. But the joint PSD programme component of the Agreement did not play a role in this.

At the time the Cooperation Agreement was executed, UNIDO was mainly known for advocating for and providing policy advice on the business environment and appropriate interventions to support small and medium scale

enterprise development. The UNIDO competence in these areas was supposed to add value to the cooperation, benefiting UNDP's increasing PSD activities. The MTA found that the potential for synergy was not fully grasped by UNDP.⁶² Interviews with UNDP staff at headquarters and some country offices suggested that in many cases the specialized role and competence of UNIDO in PSD was not recognized. A better understanding of areas and modalities of UNIDO's work could have helped to make the Cooperation Agreement more effective.

The relevance of the Agreement in strengthening the complementarities and in creating synergies between the two organizations currently varies from country to country. In the Lao People's Democratic Republic, for example, the Agreement was certainly the reason behind the development of the joint PSD project. It was the first time UNDP became active in PSD in that country. UNDP is interested in expanding collaboration with UNIDO, but needs to clarify its own role with regard to PSD in the Lao People's Democratic Republic first. Both organizations confirm the good working relationship related to PSD in that country. The objective of the Agreement to strengthen the collaboration in PSD is still seen as relevant.

As described in the Cooperation Agreement, the segments of PSD are many and difficult to define precisely. Both parties to the agreement now work in the PSD field and this could be seen as a UNDP 'mandate creep.' However, the needs and demand in countries outweigh the supply capacity of both agencies, making it possible both to avoid direct competition between the two Agencies and to focus on different aspects of PSD. While this scenario offers the potential to avoid conflict, it does not promote synergies between the organizations either.

In the self-assessment, the HUOs who responded indicated that complementarities and synergies between UNDP and UNIDO were strengthened to some extent following the establishment of the

UNIDO desk. The HUOs also indicated that, although joint activities took place, there was competition and lack of interest in collaborating on UNDP's side.

Is the Agreement relevant in relation to other multi-partner cooperation initiatives in the area of PSD?

Recent developments at the UNDP country offices in planning and implementation have made the relevance of the agreement to multi-donor PSD cooperation redundant.

The cooperation that exists at the project formulation and implementation level between agencies in the countries visited is, with the exception of the Lao People's Democratic Republic, not directly attributable to the Cooperation Agreement. Other cooperation initiatives have appeared, like the donor-initiated coordination at country level (e.g., MDG-F), which is frequently organized in thematic groups including private sector development. Recent UN reforms changing the programming arrangements and implementation processes include wider cooperation and coordination. These processes provide more powerful incentives for cooperation than the Agreement.

Another question is whether the Agreement has added any value to the discussion in PSD, in particular regarding other initiatives such as Global Compact, donor coordination such as the Global Reporting Initiative or World Business Council on Sustainable Development. Given that, on one hand, the Agreement has produced limited results in furthering the substantive discussion in the PSD area, and, on the other hand, taking into account that the Agreement did not have a strong management mechanism that both agencies could have used as a platform to voice common concerns and launch joint proposals (e.g., to improve Global Compact), it is clear that the Agreement did not offer any value to other multi-partner cooperation initiatives in the PSD field.

⁶² MTA, 2006, para. 164.

Representatives of donors in host countries expressed reservations when considering whether to finance United Nations private sector development projects. Donors interviewed generally regarded United Nations organizations as less than efficient. Many bilateral donors prefer to develop direct budget support or to implement project work directly through their own executing agencies. On the other hand, there is also no evidence that governments will, to any significant extent, finance general PSD projects with their own funds (e.g., the ones they obtain through budget support), except for very specific strategic interventions. The MTA pinpointed the changes in international development assistance that affect the relevance of the Cooperation Agreement in the following quote:

“International development assistance is undergoing a transformation, emphasising greater national ownership and the harmonisation and alignment of donor programmes with the development priorities of recipient countries. Principles behind the transition have been outlined in the Paris High-Level Forum on Aid Effectiveness (2005). New aid modalities are emerging to support implementation of the harmonisation and alignment agenda, among them Direct Budget Support in the forms of General Budget Support (GBS) and Sector Wide Approaches (SWAs). These modalities are the logical outcome of reform policies championed by the United Nations over the past two decades. However, their implementation erodes some of the organisation’s traditional roles, programmes and funding sources. The United Nations system is, therefore, challenged to respond both in its country programmes and at the corporate level.” (‘The UN System and New Aid Modalities’, Scanteam, Oslo, 2005.)

3.3.5 EFFECTIVENESS

*Did the cooperation lead to expanded PSD programmes of both organizations with enhanced impact?*⁶³

The cooperation has not led to expanded PSD programmes with enhanced impact.

There is clear evidence that the Agreement did not lead to expanded PSD programmes with enhanced impact. As mentioned earlier, out of the original joint programming exercise, only two projects passed the stage of formulation and went into implementation (the Lao People’s Democratic Republic and Rwanda). In both cases, only a small fraction of the original budget could be mobilized. The total amount implemented in these two projects, approximately \$500,000 each, represents less than 1 percent of the combined PSD portfolios of both organizations. While this does not answer the question of whether or not the two projects have led to results at the country level, it clearly proves that the agreement has not led to expanded PSD programmes of both organizations.

During the MTA the team found that the joint activities had not progressed and required more attention. There did not appear to have been any corporate effort on the part of UNDP to consider the implications of disseminating information on UNIDO advisory and project services, or to develop a promotional strategy for the Agreement to country offices. UNIDO, for its part, could have been more proactive in promoting its services at the country level and in a country relevant context.

The direct and tangible results of the joint PSD programme running nearly five years are minimal compared to the time and resources invested. Some results have been achieved, as described by the joint PSD programme in the Lao People’s Democratic Republic (see Box 3). However, the degree to which it has strengthened the contribution of the private sector in achieving the MDGs has so far been too small to be measured. This illustrates another weakness of the agreement: it specified no targets or benchmarks. The one benchmark established, cost recovery of the

⁶³ Impact is described in the Framework as “strengthening the contribution of the private sector to the achievement of the MDGs in developing countries” and “effectively tackling constraints to unleashing dynamic entrepreneurship.”

UNIDO desks after two years, was at the time of the MTA found to be unrealistic and therefore ignored. If the ultimate goal had been taken seriously, it was probably not justified to continue the Agreement after the MTA, since the progress up to that time had been so limited. However, no further resources have been invested after the MTA, except for one meeting held by the task force in 2007.

Box 3. The Lao People's Democratic Republic: Promoting private sector development through strengthening of chambers of commerce and industry and business associations

Intended outcome: Strengthened business member organizations and an improved enabling business environment contributing to accelerated private business sector growth.

Total project budget: \$2.3 million. However, as fundraising did not succeed, only \$500,000 have been allocated. UNDP and UNIDO contributed \$250,000 each from regular resources to the project.

Results achieved by April 2009: There has been some progress in strengthening the management capacities in Lao chambers of commerce and industry and business associations. In addition, the Prime Minister's decree has been drafted and official endorsement is expected in 2009.

Finally, the evaluation did not find evidence that the joint PSD programmes generated any 'innovative solutions' as originally envisaged in the Agreement.

Have the joint PSD programmes led to broader inter-agency coordination in PSD?

No evidence has been found indicating that the joint PSD programmes led to broader inter-agency coordination in PSD, the presence of the UNIDO Desks did.

The Agreement was generally found to be top-down and met with considerable resistance from the operational levels on the UNDP side. Operational issues were left unresolved and have in practice caused huge delays, even when financing was available (as happened for three years in Sierra Leone). Even if the modality of inter-agency coordination had been defined in the formulated projects, little or nothing was realized since the project could not find financing. None of the programs were implemented as planned. The organizations did not experience any increased inter-agency coordination as result of the Agreement.

However, UNIDO staff felt differently. Less than a third of the respondents to the stakeholder survey at headquarters are of the view that the joint PSD programmes led to broader inter-agency coordination in private sector development. Of those who responded (7) to the self-assessment, a majority of HUOs believe that the joint PSD programme in their country led, at least partially, to broader inter-agency coordination in PSD. And, of those who responded (9), a majority of HUOs believe that the Agreement helped to bring about, at least to some extent, inter-agency coordination in areas other than PSD (e.g., environment or energy). Seven of the HUOs who responded to the self-assessment, a majority, believe that the joint PSD programme in their country led, at least partially, to broader inter-agency coordination in PSD. And, nine of the HUOs who responded believe that the Agreement helped to bring about, at least to some extent, inter-agency coordination in areas other than PSD, such as in the environment or energy.

With respect to the joint PSD programmes, in most countries HUOs participated as members of the formulation teams of the joint projects and played an important role in relating the projects to local conditions by involving relevant partners and stakeholders. This study finds that the reason for the meager external resources mobilized for activities under the agreement cannot be attributed to the lack of initiatives of the HUOs.

Indeed, given the need for UN system-wide coordination at the country level, the activities of HUOs were at times regarded by UNDP as overreaching.

3.3.6 EFFICIENCY

To what extent have the implementation of UNDP, UNIDO or joint UNIDO/UNDP projects and programmes been influenced by the presence of UNIDO desks?

Validation missions confirmed that donors regard UNIDO's headquarters-based project execution to be more complex and less efficient than local execution and found evidence of significant delays in obtaining information and decisions from headquarters. The presence of the desks helped somewhat, but delegations to the desk were too limited to ameliorate this weakness.

Furthermore, the team found that the desks could not always count on timely responses from UNIDO Headquarters when they required inputs to formulate joint projects or when they required expert advice in the course of UN-wide country programming. Frequently, technical advice that is needed urgently at the country level takes too long to reach the UNIDO desks. This issue of headquarters implementation capacity will become more important with increased numbers of UNIDO desks handled by a limited number of staff at headquarters.

3.3.7 SUSTAINABILITY

To what extent is the cooperation between UNIDO and UNDP, as described in the Agreement, sustainable, and will the efforts under joint PSD lead to sustainable results?

The joint task force, established after the MTA, met only once in three years. The PSD strategies formulated by both agencies were not complementary to each other and did not establish any cooperation mechanisms. These strategies did not refer to the Cooperation Agreement. Thus, the agreement led to only insignificant sustainable structures or mechanisms, rather than to robust structures, which could have allowed a more sustainable relationship between UNIDO and UNDP with regard to PSD.

With the limited progress of the three operational projects formulated and partly implemented, it is too early to judge sustainability of results.

The observations made both at headquarters and in the field indicate that, with respect to joint PSD programmes, the Agreement did not survive beyond the first two years. Over the past three years, other institutional and organizational operating systems have taken dominance and made the cooperation, as described in the agreement, redundant. Considering the limited progress the three jointly formulated and initiated projects have made, it is still too early to tell whether the efforts under joint PSD programmes will lead to any sustainable results.

Chapter 4

CONCLUSIONS

This section presents the conclusions of this evaluation. The first section (section 4.1) presents the overall conclusions, looking at how the cooperation agreement benefited programme countries, through strengthening UN capacity at the country level in line with efforts towards UN reform. The subsequent subsections present the conclusions of this evaluation that address the two main components of the Agreement, UNIDO desks and PSD. These two components have different stakeholders and different implications as to the future steps required. These component-specific conclusions are presented in sections 4.2 (UNIDO desks) and 4.3 (private sector development programme).

4.1 OVERALL CONCLUSIONS

1. **The cooperation agreement signed in 2004 was visionary in addressing, at an early stage, issues of enhanced ‘system wide coherence,’⁶⁴ but did not fully internalize the country level conditions and did not take into account the existing modalities for inter-agency collaboration, in particular the joint programming modalities as suggested by UN Development Operations Coordination Office.**

The intention of the Cooperation Agreement was twofold. First, it aimed to strengthen the field representation of UNIDO by using the infrastructure of UNDP. Secondly, it intended to strengthen collaboration between the two UN organizations, particularly in the area of PSD. Both objectives were designed with a UN system perspective in mind and are still relevant today. In fact, the

Agreement addressed at an early stage issues that are now key elements of the delivering as one process with regard to, for example, joint programming.

The design and implementation of the Agreement failed to take into account the modalities for UN agency cooperation as developed by DOCO, which aimed to address the increasing demands from non-resident agencies, and the UNDAF mechanism at the country level. While the former were completely ignored, the latter was not sufficiently built into the agreement as an impetus for joint programmes.

2. **The bilateral partnership failed to utilize the opportunity to involve other relevant UN agencies that work in the area of PSD (for instance, UNCTAD and ILO). Nor did the Agreement generate a UN-wide discussion to develop a shared strategy to strengthen synergies in this emerging global priority.**
3. **The systemic asymmetries in programming arrangements between UNIDO and UNDP posed important challenges to the successful implementation of the Agreement.**

The Cooperation Agreement did not make adequate arrangements to address the operational difficulties associated with implementing cooperation between the two agencies which have completely different programming arrangements. UNDP operates with a decentralized, country-based programme development, and UNIDO operates with a rather centralized headquarters-based

⁶⁴ High-level Panel on UN System-wide Coherence in the Areas of Development, Humanitarian Assistance and the Environment, ‘Delivering as One’, United Nations, 2006, (A/61/583).

programme development. The Cooperation Agreement was concluded at the headquarters of both organizations. It was left to the staff at the country level to find solutions as problems arose in the course of cooperation. It became apparent that the mechanisms available at the country level to correct mistakes were weak and ineffective. Moreover, it should be noted that for UNIDO the stakes were much higher than for UNDP, in particular with regard to the expansion of the UNIDO's field presence.

4. **The focus of the Cooperation Agreement on private sector development, a particularly difficult area for cooperation, posed an additional challenge.** While industrial development is clearly of increasing importance to governments in the developing world, as reflected in national priorities and interventions, this does not necessarily result in a demand for cooperation and support from United Nations organizations. The vague definition of PSD further complicates the emergence of a clear demand for services from different cooperation partners. Additionally, PSD may not always be a priority for all countries. In this respect, the team did not observe innovative ways of presenting and promoting UNIDO services in order to better fit the diversity of national contexts.
5. **As an incentive for joint programming the Cooperation Agreement was of limited relevance and effectiveness.** Other stronger incentives for joint programming exist, including the MDG-F and UN reform initiatives, such as delivering as one, which have proven effective in enhancing cooperation among agencies. However, little is yet known about the effectiveness of these initiatives in terms of development results. Where there has been country ownership of the initiatives and demand for technical assistance, joint programmes between UNDP

and UNIDO have been developed outside the Agreement. While progress under the Agreement has been very limited in general, in countries where one or more of these conditions prevailed, UNIDO and UNDP have developed joint programmes independent of the Agreement.

4.2 CONCLUSIONS: UNIDO DESK

The evaluation concludes that the central role of the UNDAF for the UN system at the country level and the progress in the system-wide coherence process makes country presence of UNIDO and the continued participation in UNCTs relevant to and consistent with the Triennial Comprehensive Policy Review (2008).⁶⁵ Field visits pointed to instances where country presence in the form of a UNIDO desk adds value to the UN support to countries. Other UN organizations, such as the FAO, ILO or United Nations Human Settlements Programme (UN-Habitat), maintain a country presence using a variety of different modalities, which are similar to the UNIDO desk modality.

The Agreement has helped UNIDO achieve its aim to enhance field presence to better support countries. However, benefits to UNDP in expanding its capacity for PSD through collaboration seem minimal. The Agreement was beneficial for UNIDO, which expanded its country presence by over 50 percent, from 30 to 46 countries by the end of 2009. However, the benefits for UNDP were marginal and primarily consisted of enhanced competence and increased human capacity in the country offices where the UNIDO desks are placed.

Several UNIDO desks have demonstrated that the concept of the UNIDO desk works. UNIDO desks are expected to fulfil several core functions:

- to facilitate government and private sector access to UNIDO expertise

⁶⁵ Triennial Comprehensive Policy Review, 2008, para. 101 and 109.

- to contribute to the development of new UNIDO projects and programmes
 - to contribute funds mobilization
 - contribute to the implementation of UNIDO projects and programmes
 - to enhance UNIDO participation in national, UNDAF and UN delivering as one objectives
 - to advise UNDP and other UN partners regarding sustainable industrial development, including contributing to the work of UNCTs
- availability of highly qualified and well connected heads of UNIDO operations
 - strong technical and administrative support to the UNIDO desk from UNIDO headquarters

While the staffing of the UNIDO desks with national officers is appropriate, the evaluation team believes that there is a mismatch between the many tasks assigned to the desks and the resources available. Critical areas include:

1. The level of authority and status of heads of UNIDO operations is insufficient, in particular with regard to their decision-making power and representation role. Officially and formally, the UNDP Resident Representative represents UNIDO in desk countries whenever the accredited UNIDO representative, who is the head of the regional office, is not in the country. Unofficially and informally, the head of UNIDO operations represents UNIDO vis-à-vis government and development partners on a day-to-day basis. Thus, two persons represent UNIDO officially: UNDP Resident Representatives and heads of UNIDO regional offices. One person represents UNIDO unofficially: the head of UNIDO operations. This creates confusion among stakeholders.
2. The title 'head of UNIDO operations' is not accurate and creates confusion. The heads of UNIDO operations are neither heads of operations, as the project responsibilities lie with the project managers in Vienna, nor heads of agencies, given their current level of authority and status.
3. Regional office organizational authority over UNIDO desks has been inefficient in some cases. As such, it might create bottlenecks in communication with headquarters or undermine the representational role of heads of UNIDO operations to some extent.

However, while the UNIDO desk concept works, not every UNIDO desk has added value to the programme country. It is a shortcoming that UNIDO has not established a functioning review mechanism for the desks. For example, establishing a UNIDO desk in a country does not automatically increase delivery of UNIDO services. The value added by UNIDO in a given country depends on many factors of which the UNIDO desk is one. The potential of the UNIDO desks should not be overestimated.

Some of the emerging contextual factors for the successful establishment of new UNIDO desks include:

- government demand for UNIDO services
- strength of the UN reform and links to UNDAF processes
- general availability of donor funding for industrial development
- in particular, the availability of multi-donor trust funds, such as MDG-F and Multi-Donor Trust Fund for human security, since implementing a UNIDO desk requires interagency coordination

In addition, there are key institutional factors. These include:

- track record of past UNIDO projects in the country

4. Lack of programmable resources, namely seed-money, is problematic, particularly in countries with no or very limited UNIDO activities. The government and potential donors are in some cases prepared to co-finance activities. However, their expectation is that UNIDO contribute at least some resources. The capacity of heads of UNIDO operations to raise funds is very limited, for three main reasons: the heads of UNIDO operations lack of access to donors, the heads of UNIDO operations cannot develop proposals on their own, and the support of UNIDO headquarters is often difficult to secure. Fundraising is a corporate task and the UNIDO desks can contribute to fundraising only to a limited extent.
5. Technical support from headquarters is insufficient, in particular training on UNIDO services.
6. Human resource capacity of the UNIDO desk is limited, especially when the UNIDO portfolio is growing.
7. The value of UNIDO being represented by the UNDP Resident Representative must be weighed against the value of being represented by the UN Resident Coordinator. The heads of UNIDO operations are in some cases well qualified and positioned to represent UNIDO at a higher level than is the case now. In such cases, a reporting line to the United Nations Resident Coordinator seems to be more appropriate than to the UNDP Resident Representative.

The ambitious goal of UNIDO to expand its field presence to 80 countries by means of the cooperation agreement has not been achieved and appears to be unrealistic without increasing technical cooperation from UNIDO headquarters. A new UNIDO desk creates additional demand on headquarters in terms of technical and administrative support. In particular, new project development and implementation require increased capacities at headquarters, as the

responsibility for project implementation resides with project managers in Vienna. Currently, the technical experts in Vienna have difficulties servicing all the needs of the UNIDO desks in a timely manner. The desks are very active and develop projects for which they depend on headquarter support. Therefore, any significant expansion of the UNIDO desk network will require more support from UNIDO headquarters. With more desks, the technical and administrative workload at headquarters will increase significantly. UNIDO must provide adequate human and financial resources before significantly expanding the desk network, and such expansion inevitably will have implications on the UNIDO corporate budget.

In some countries the cost of the UNIDO desk is high compared with the volume of activities. However, an adequate ratio between the cost of a UNIDO desk and the volume of UNIDO activities can only be set on a country-by-country basis depending on the relative importance of each of the core functions assigned to a UNIDO desk. The total cost of the UNIDO desk network is significant and amounts to approximately \$1.5 million annually for the current 16 UNIDO desks. As these costs are covered from the limited UNIDO programmable resources, they are partially seen as 'seed funds' and are expected to translate into new projects funded from third party sources. In this respect, UNIDO desks are not different from any other UNIDO country office or units at headquarters. In general, only very few offices or units would become self-financing. However, an adequate ratio between the cost of a UNIDO desk and the volume of UNIDO activities should be achieved. An adequate ratio, however, can only be set on a country-by-country basis, as the costs of the UNIDO desks vary significantly. More importantly, functions other than technical cooperation delivery, such as direct advice to the government and private sector, might be deemed more important for a certain period. The Agreement's expectation that over time revenue generated would cover the costs of the UNIDO desks was not only unrealistic, but also inappropriate.

The current logistical arrangements of housing UNIDO desks within UNDP premises have been beneficial to UNIDO. Although in some countries rent outside the UNDP premises is cheaper, the proximity to UNDP and other UN organizations in a United Nations House provides access to information, administrative support and programmatic synergies which benefit UNIDO and, as anecdotal evidence suggests, also government and private sector entities. This arrangement appears to justify the additional costs. Inasmuch as UNIDO benefited more from the Agreement than UNDP, it was appropriate for UNIDO to cover most of the costs of the desk after the initial, two-year phase.

4.3 CONCLUSIONS: JOINT PRIVATE SECTOR DEVELOPMENT PROGRAMME

The initiative to establish a joint and coordinated approach to private sector development was visionary in responding to the recommendations of the ‘Unleashing Entrepreneurship’ report of the Commission on the Private Sector and Development. The objectives with respect to unleashing the entrepreneurial forces to reduce poverty as described in the agreement remain relevant for the large majority of countries. However, the Agreement did not succeed in establishing a comprehensive guiding framework for PSD work by the two organizations or with other partners. Instead of establishing such a framework (e.g., a joint PSD strategy), the agreement left the options open for the partners to try cooperation through a number of joint pilot projects.

The PSD component of the Agreement did not achieve any results. With only three joint projects under initial implementation and only partly funded, no significant results have so far been achieved through the joint PSD component of the Agreement. The time and resources spent on joint PSD programmes have not provided any measurable advance towards the ultimate purpose of the joint programme.

Considered in light of what was achieved within PSD, the expectations of the Agreement appear to have been overly optimistic. While both agencies have been able to raise funds individually for PSD initiatives, joint fund raising was not successful. Several factors impeded joint fund raising for PSD initiatives.

In the **absence of established procedures and clear guidance on joint fund raising** in the Agreement, each organization proceeded to raise funds in accordance with their own practices. As mentioned earlier, these practices were fundamentally different given the asymmetries in the structure of the two organizations (see Section 2.4). Moreover, **the added value of joint interventions between UNIDO and UNDP was not evident for national governments and potential donors.** In this respect, there is room for improvement in both organizations to effectively communicate the rationale and the advantages of joint programmes. In addition, **some joint private sector development programme formulations were ambitious in their scale,** making it difficult to find donors to finance them. Lastly, the lack of corporate incentives for joint fund-raising was unhelpful.

The drive to establish joint PSD programmes essentially stopped even before the MTA. **The criteria for success identified by the MTA were not given proper attention by the agreement partners and recommendations to overcome the barriers for enhanced cooperation were not implemented.** The two partners developed their own PSD strategies, but these documents show very limited regard for coordination, synergy or cooperation. A shared PSD strategy would have been more in line with the spirit of the cooperation agreement, but the limited results and problematic cooperation experienced by the few joint PSD programmes did not provide a motivation for agencies to work more closely together on PSD concepts and strategies. When funding became scarce, the agencies found themselves in a competitive rather than cooperative relationship.

Multi-Donor trust funds, such as the Millennium Development Goals Achievement Fund or the Trust Fund for Human Security, represent opportunities for the UN system to effectively work together. Cooperation among UN organizations, including cooperation on

joint projects in the PSD area, has happened swiftly when multi-agency participation was a funding prerequisite. No additional agreements, beyond joint project agreements, were needed to facilitate cooperation among organizations.

Summary of Conclusions

1. In aiming to promote synergies and collaboration between the organizations, the Agreement was in line with the spirit of the UN reform and should be regarded as a positive step. However, the Agreement was not embedded in the principles of UN reform and did not fully internalize the systems for inter-agency cooperation at the country level:
 - a. The Cooperation Agreement focused exclusively on UNIDO and UNDP and failed to include other relevant UN organizations involved in PSD (UNCTAD, ILO, etc) to be part of a larger UN strategy on PSD.
 - b. The Cooperation Agreement ignored UNDAF processes and DOCO modalities.
2. Systemic asymmetries between organizations posed significant challenges (e.g., lack of shared commitment, inability to 'enforce' the Agreement and correct mistakes, etc.) to the successful implementation of the Agreement.
3. While industrial development is clearly of increasing importance to governments in the developing world (reflected in national priorities and interventions), this does not necessarily result in a clear demand for cooperation and support from UN organizations. The vague definition of PSD further complicates the emergence of a clear demand for services from different cooperation partners.
4. As an incentive for joint programming, the Agreement was of limited relevance and effectiveness. Other stronger incentives exist; aid modalities (such as MDG-F) and UN reform experiments (particularly, delivering as one) have thus far proven more effective than the Agreement. Where there has been country ownership and demand, as in China, UNDP and UNIDO have developed joint programmes outside the Agreement. While general progress under the Agreement has been anaemic, in countries where country ownership or demand prevail, robust joint programmes have resulted.
5. UNIDO country presence expanded from 30 to 46 countries as a result of the Agreement. The evaluation concludes that the presence of desks added value to programme countries in the presence of the following conditions:
 - a. Contextual factors: Favourable conditions include, aid modalities that encourage joint UN efforts, strength of UN reform processes, and country demand for UNIDO services.
 - b. Institutional Factors: Including how well UNIDO was represented (formally and informally) in the programme country; clear and functional institutional arrangements with UNDP for logistics and supervision; substantial devolution of authority from UNIDO headquarters; support from UNIDO regions and headquarters. Presence of strong HUOs is central to strengthening UNCT in the area of PSD.
6. The initiative to establish a joint and coordinated approach to private sector development was visionary in responding to the recommendations of the 'Unleashing Entrepreneurship' report of the UN Commission on the Private Sector and Development. However, the PSD component of the Cooperation Agreement did not achieve any results.

RECOMMENDATIONS AND LESSONS LEARNED

5.1 RECOMMENDATIONS

GENERAL

1. **In line with United Nations reform, bilateral agreements among United Nations organizations working on private sector development should be replaced with a system-wide, cluster approach involving all such relevant organizations.** UNDP and UNIDO should spearhead an effort to ensure that the United Nations develops a cluster approach to further coordination and coherence as well as to promote synergies among UN organizations working in private sector development. A joint UNDP and UNIDO effort should articulate a United Nations system-wide approach on critical issues to clarify and provide a platform for sustained collaboration. This cluster approach should be based on the experience of the United Nations and other organizations working on private sector development. Specifically, this effort should draw from the lessons from the cluster approaches followed by United Nations in providing emergency response to disaster-affected countries and the United Nations Chief Executive Board Inter-agency Cluster on Trade and Productive Capacity as well as the Donor Committee for Enterprise Development. Such a collaborative effort could eventually become a driving force for more effective support to the partner countries.
2. **Until a system-wide approach is developed, the existing partnership agreement between UNIDO and UNDP should be replaced with a memorandum of understanding that defines operational and administrative arrangements**

at the country level, including provisions for UNIDO desks. The memorandum of understanding should address the following issues:

- Describe the thematic areas of cooperation and common interest. This should not be limited to private sector development but include other areas of common interest such as energy. The memorandum of understanding should resist the temptation to clarify a division of labour in PSD. Each country is different and the country context should define who does what.
- The principle administrative arrangements for hosting the UNIDO desk (e.g., office space, cost recovery, etc.).
- The preferred modality or modalities for joint collaboration at the country level to simplify and standardize the collaboration. An annex to the memorandum of understanding could provide templates. This should fully reflect the inherent challenges in bridging the asymmetries in the operational modalities of a decentralized organization like UNDP and a more centralized one like UNIDO. The modalities should be developed in line with the UN Reform and in consultation with DOCO. The modalities of cooperation should be consistent with other memoranda of understanding and practices of the UN system.

UNIDO DESK

3. The expansion of UNIDO desks should be commensurate to the capacity of UNIDO headquarters to provide adequate technical,

human and financial support in response to the increased national demands triggered by the new UNIDO desks.

4. **UNIDO should establish a transparent selection and review mechanism to guide the expansion of its country presence through the desk modality and to monitor progress towards the intended results.** The following are some of the considerations to bear in mind when expanding the desks:

- a. Level of government and private sector interest and demand: Strong stakeholder interest in UNIDO services is essential. National development priorities and strategies should reflect the need for UNIDO services. Evidence shows that country commitment to thematic areas of the agreement (as measured, for example, by articulation in national development plans) in conjunction with strong government interest in UNIDO or United Nations services are critical prerequisites for success. Clear and comprehensive assessment of demand for UNIDO services must be conducted.
- b. Alignment with UNDAF: Ideally, the UNIDO mandate is already reflected in the on-going UNDAF even before a desk is established. If UNIDO is absent or only marginally represented in the ongoing UNDAF, the establishment of a new UNIDO desk must be timed with the development of the next UNDAF, specifically, the second half of the ongoing UNDAF programming cycle.
- c. Substantial pre-existing volume and trend in the UNIDO portfolio: Having a track record of past UNIDO projects in a country helps to justify the continued presence of UNIDO desks. A good portfolio demonstrates a robust relationship with the government and financial feasibility of UNIDO activities. It also suggests country demand. Clear targets for annual delivery rates must be set when a UNIDO desk is established. If, after

four years of operation, the annual delivery is less than the agreed goal, where a typical goal might be an annual delivery equal or exceeding twice the cost of the desk, the continued presence of that desk should be questioned. However, strategic considerations should be allowed to prevail under exceptional circumstances. For instance, UNIDO may position itself to support countries in economic transition or crisis. Under such conditions, clear and measurable outcomes must be specified upfront and verified annually during operations.

- d. Funding opportunities for UNIDO projects: A history of funding for UNIDO services by government or donor sources within a country is essential for success of a desk. In addition to clear evidence of government or donor commitment to industrial development within national development priorities, donor funding is essential for related initiatives that lack resources. Funding scenarios should be developed that take into account the general trends in official development assistance in a given country.
5. UNIDO should conduct a feasibility study based on the above-mentioned criteria before a new investment is made to establish UNIDO desk, so as to minimize the risks of failure.
 6. The review of existing UNIDO desks, as outlined above, should be conducted annually by a panel representing the different divisions in UNIDO.
 7. **Taking into account the limited capacities of the UNIDO desks, UNIDO should establish priorities with regard to each desk's core function, on a country-by-country basis.** The core functions of the UNIDO desks are:
 - to facilitate government and private sector access to UNIDO expertise
 - to contribute to the development of new UNIDO projects and programmes

- to contribute funds mobilization
- to contribute to the implementation of UNIDO projects and programmes
- to enhance UNIDO participation in national, UNDAF and UN delivering as one objectives
- to advise UNDP and other UN partners regarding sustainable industrial development, including contributing to the work of UNCTs

While the implementation of UNIDO projects might be a priority in one country, in other countries the priority might be to develop new projects or to advise the government and private sector.

Not only should specific priorities be established, UNIDO should empower the heads of UNIDO operations and clarify their roles internally and externally. This evaluation recommends new staffing modalities for the UNIDO desks depending, for example, on the volume of the UNIDO portfolio. The evaluation team recommends using two different staffing modalities for desks. Desks in countries with a significant UNIDO portfolio should be managed by national UNIDO Country Directors. UNIDO desks in countries with a small UNIDO portfolio should be managed by Assistant Representatives. This is to avoid a situation of a national Country Director with no or insignificant UNIDO portfolio. The titles of both new staffing modalities are in line with the practice of other UN organizations and clarify roles and status. UNIDO should eliminate the title, ‘head of UNIDO operations.’ Moreover, UNIDO might wish to consider changing the term ‘UNIDO desk’ to ‘UNIDO office’ in order to clarify the difference between the institution (UNIDO office) and the person (national Country Director or Assistant Representative). Until now the terms ‘UNIDO desk’ and ‘head of UNIDO operations’ have been used almost synonymously.

The staffing of a UNIDO desk can be changed as appropriate, i.e., a desk can be upgraded from being staffed with an Assistant Representative to being staffed with a national UNIDO Country Director. However, the decision should be based on institutional criteria, not on individual performance.

The roles and responsibilities of national UNIDO Country Directors could be defined as follows (see Table 11 for more details):

- National UNIDO Country Directors are heads of agency with the same status and responsibilities as the international UNIDO Country Directors except that they are not accredited with the Government. There is no need for accreditation.
- National UNIDO Country Directors are, as a head of agency, part of the UNCT. Accreditation, that is, a formal agreement with the host government, should not be a criterion to participate in the UNCT, as the experience of UNCT in Cape Verde demonstrates.⁶⁶ However, the UN Resident Coordinator remains the ‘primary interlocutor for the UNCT with the Head of State or Government.’⁶⁷
- National UNIDO Country Directors are not under the supervision of UNIDO regional offices. Unless the regional office in question has significant capacities and resources to ensure efficient supervision and administrative support to the desk, National UNIDO Country Directors should communicate directly with UNIDO headquarters, keeping regional offices duly informed.
- National UNIDO Country Directors should enjoy financial authority similar to the authority enjoyed by international Country Directors.

⁶⁶ Cape Verde Delivering as One—Stocktaking Report, 2008.

⁶⁷ UN Resident Coordinator generic job description, approved by UNDG, 29 January 2009.

The roles and responsibilities of Assistant Representatives could be defined as follows (see Table 11 for more details):

- Assistant Representatives are under the supervision of UNIDO regional offices.
- Assistant Representatives should have more financial authority than current heads of UNIDO operations. Minimally, they

should be empowered to manage the office budget in order to reduce time required for administrative activities.

However, as the portfolio within a country grows, either the capacity of the UNIDO office (formerly UNIDO desk) needs to be expanded or the responsibility for implementation support needs to be reduced.

Table 11. Recommended modalities to replace the heads of UNIDO operations

	Recommended post-agreement modalities (2010 onwards)		Agreement modality (2004-2009)
Title	National UNIDO Country Director	Assistant Representative	Head of UNIDO operations
Nationality	National officer	National officer	National officer
Status	Head of agency	Assistant head of agency	Unclear
Supervision and line of reporting	Director, Regional Field Office, UNIDO headquarters	Representative and head of UNIDO regional office	Unclear, dual line of reporting to the UNDP Resident Representative and the Representative and head of UNIDO regional office
Criteria	Significant UNIDO portfolio	Small UNIDO portfolio	All new and established UNIDO desks
Relationship with UNIDO regional office	Coordination (i.e. exchange of information, briefings on issues of mutual interest such as regional projects, etc.)	Head of the UNIDO regional office is also the head of the country office with a UNIDO desk	Officially representing UNIDO at the country level
Relationship with UNRC	UNRC primary interlocutor with Head of State or Government	UNRC primary interlocutor with Head of State or Government	UNRC primary interlocutor with Head of State or Government
Relationship with UNDP Resident Representative (UNDP Country Director)	Colleague in the UNCT	Colleague in the extended UNCT	UNDP RR primary interlocutor on behalf of UNIDO with government officials, first reporting officer
Relationship with government	Direct communication with senior officials (UNRC primary interlocutor with Head of State or Government)	Direct communication with senior officials (UNRC primary interlocutor with Head of State or Government)	Direct communication with senior officials (UNRC primary interlocutor with Head of State or Government)
UNCT	Full member	Member of the extended UNCT	At times full member, at times member of the extended UNCT

(cont'd) ►

◀ (cont'd)

	Recommended post-agreement modalities (2010 onwards)		Agreement modality (2004-2009)
Role of UNDP	Host of UNIDO desk	Host of UNIDO desk	Host of UNIDO desk, Joint PSD development, Joint fundraising for PSD
Fundraising	Fundraising responsibility in coordination with UNCT and UNRC	Fundraising responsibility in coordination with UNCT and UNRC	Fundraising under the leadership of the UNDP RR
First reporting officer	Regional Director, PCF, UNIDO headquarters	Representative and head of UNIDO regional office	UNDP Resident Representative
Second reporting officer	MD/PCF	Chief, RP	
Accreditation with government	No (only UNRC)	No (Representative and Head of UNIDO regional office Director is accredited)	No (Representative and head of UNIDO regional office Director is accredited)
Financial authority	Similar to UNIDO Representatives	empowered to manage the office budget	None

UNRC: UN Resident Coordinator; RR: Resident Representative; PCF: Programme Coordination and Field Operation Division.

JOINT PRIVATE SECTOR DEVELOPMENT PROGRAMMES

8. **It is recommended not to renew the joint PSD programmes component of the agreement after expiry of the original five years period.** Evidence shows that other developments provide more effective incentives for the coordination and cooperation envisaged in the Agreement, such as strengthened UN reform processes at the country level and new aid modalities such as the MDGs Achievement Funds. This leaves no justification for extending this component of the Agreement.
9. **UNDP and UNIDO should resist the temptation of establishing a too rigid global division of labour within private sector development.** Each country context is different and may require a different division of labour, thereby building on each organization's comparative advantage in a particular country, such as its experience or local network. As demonstrated above, the main challenge is not to define each organization's role, but to meet the huge demand for PSD and access the financial resources necessary.

10. **Prior to new, joint projects, UNIDO and UNDP should pay due attention to the issue of implementation modalities and the division of labour.** They should also refer to the United Nations Development Operations Coordination Office modalities. Finally, they should specify the agreed modalities in the project document beforehand. In addition, they should agree upon the modalities of funds mobilization in advance. Such agreements should help avoid the deadlock situations seen in the implementation of the present agreement.

5.2 LESSONS LEARNED

1. The central role of the UNDAF for the UN system at the country level and progress in the delivering as one initiative makes the continued participation of the UN specialized agencies in UNCTs increasingly important. Although not a requirement, permanent country presence facilitates such participation.
2. The proximity of the UN specialized agencies to UNDP and other UN organizations in common premises or a United Nations House

is beneficial to the UN specialized agencies and the UNCT as a whole. Proximity facilitates inter-agency collaboration and allows for pooled administrative services and logistical support.

3. Having UN specialized agencies with relatively small country presences staffed and headed by nationals is a reasonable, cost-effective alternative to international heads of agencies. Their local knowledge and professional networks are a further asset.
4. In the case of the Cooperation Agreement, UNIDO and UNDP were not effective in raising funds jointly for joint projects. The available evidence suggests that this approach is also very unlikely to produce results in possible future attempts. First, individual fundraising, even if done by two UN agencies at the country level, is increasingly difficult given the trend towards UN-wide joint planning and fundraising. Second, the trend towards an increased share of official development assistance being directed to budget support diminishes resources for technical cooperation available at the country level. Third, the agencies have limited incentives to jointly raise funds when they are actually competing in a shrinking pool of funding for technical cooperation.
5. Many actors operating in private sector development, especially the larger ones, have direct access to funds, such as the European Union, the World Bank, the International Fund for Agricultural Development, and so forth. Only when a United Nations organization, which lacks its own resources, offers specialized competencies will there be the possibility for funding. This is the case for most UN specialized organizations.
6. Agreements between organizations operating in private sector development should reflect their systemic asymmetries. The process of developing agreements between UNDP and non-resident agencies that aim at combining the advantages of UNDP country presence with the headquarters-based specialized competence of the non-resident agency should involve UNDP country offices.

Annex 1

TERMS OF REFERENCE FOR THE EVALUATION

BACKGROUND AND RATIONALE FOR THE EVALUATION

On 23 September 2004 UNDP and UNIDO signed a Cooperation Agreement to work together at the country level to better support developing countries achieve their Millennium Development Goals. The agreement sought “to establish the basis for both Organizations to develop joint technical cooperation programmes, particularly in support to private sector development in developing countries. At the same time it introduces a new model of field representation with UNIDO desks established in UNDP Offices”.⁶⁸

The overall objective of the Cooperation Agreement was the reduction of poverty. To do so, there will be collaboration at the country level on issues of sustainable industrial development, in line with national priorities and the Millennium Development Goals as expressed in particular in the country in the CCA/UNDAF. Areas of intervention defined in the agreement are: trade capacity building; investment promotion; agro-industries; energy; cleaner and sustainable industrial development; entrepreneurship and small and medium enterprise (SME) development. Also agreed was a joint UNIDO/UNDP technical cooperation initiative on private sector development, defined in a separate framework document, aimed at implementing the recommendations of the United Nations Commission on Private Sector and Development.

For UNIDO, in addition to the programmatic objectives outlined above, objectives include the better reach of its Member States through an increased presence at the country and regional levels in order to be more responsive to their development needs.⁶⁹

As of February 2009 a total of 13 UNIDO desks were operational worldwide: Afghanistan, Armenia, Bolivia, Burkina Faso, Ecuador, Eritrea, Jordan, the Lao People’s Democratic Republic, Mali, Nicaragua, Rwanda, Sierra Leone, Zimbabwe. Three further desks are in the process of being established: Cambodia, Kyrgyzstan and Mozambique.

By May 2007 six private sector development programmes had been approved: the Lao People’s Democratic Republic, Nicaragua, Nigeria, Rwanda, Sierra Leone and the United Republic of Tanzania. Implementation of programme activities has started with UNIDO funds in the Lao People’s Democratic Republic and with UNIDO and UNDP co-funding in Rwanda.

As required by the Resolution GC 11/Res 5 (December 2005), an assessment of the pilot phase of the agreement was conducted. This assessment was jointly conducted by UNDP Evaluation Office and UNIDO Evaluation Group in 2006. It recommended continuation of the cooperation provided that a number of changes were implemented.⁷⁰ This

⁶⁸ Letter on Cooperation Agreement between UNDP and UNIDO dated 23 September 2004 and signed by Mark Mallock Brown, Administrator UNDP and Carlos Magariños, Director General of UNIDO,

⁶⁹ Details of decisions and recommendations regarding the agreement are contained in GC.10/Res.2, GC.10/Res.10, IDB.28/Dec.2, IDB.29/CRP.4, and IDB.30/CRP.6.

⁷⁰ Joint Assessment: UNIDO-UNDP Cooperation Agreement Pilot Phase, 2007.

terminal evaluation is required by the UNIDO Industrial Development Board and the UNDP Executive Board.

PURPOSE OF THE EVALUATION

The present evaluation is the terminal evaluation for the five-year Cooperation Agreement between UNDP and UNIDO that was concluded on 23 September. This evaluation is designed to present evidence and findings on past performance as well as recommendations for future steps to be taken by both organizations.

AUDIENCE

The evaluation findings and recommendations will be presented to the General Conference of UNIDO in December 2009 and to the Executive Board of UNDP during its second regular session in September 2009 Session.

SCOPE OF THE EVALUATION

The evaluation will build on the 'Joint Assessment: UNIDO-UNDP Cooperation Agreement Pilot Phase', (henceforth the 'Midterm Assessment') carried out by both organizations in 2006. Focus of the information gathering will thus be on the developments after the Midterm Assessment (period 2006 to 2009).

The evaluation will cover the two components of the agreement: UNIDO desks and the Joint Private Sector Development (PSD) Programme. It will cover all geographic regions.

KEY EVALUATION QUESTIONS AND CRITERIA

- The evaluation will address the performance related to the partnership agreement in terms of results and processes. The evaluation will evaluate against the evaluation criteria of relevance, efficiency, effectiveness and sustainability. To the extent possible, the evaluation may also address other criteria: impact, value-for-money and client satisfaction. The key questions posed by the evaluation include:

Effectiveness of Processes

- Was the Cooperation Agreement implemented as planned (refer in particular to the specific responsibilities of both partners as set out in the agreement)?
- Did the Agreement provide sufficient guidance on implementation?
- Were the findings and recommendations of the Midterm Assessment carried out in 2006 acted upon?
- To what extent were joint fund raising activities undertaken?
- To what extent did UNIDO and UNDP Headquarters promote the Agreement at the country level and among donors?
- To what extent did UNIDO and UNDP Headquarters facilitate country level implementation of the Agreement?
- Does an effective working relationship exist between UNIDO desks and the respective UNIDO regional offices?

Relevance and appropriateness

- Taking into account other initiatives of UN reform (e.g., delivering as one) and new funding sources (e.g., MDG-F) and modalities (e.g., budget support), are all elements of the cooperation agreement between UNIDO and UNDP still relevant/appropriate?
- Is the objective of an expanded UNIDO field representation as set out in the Agreement of continuous (past and present) relevance to partner countries, UNIDO and UNDP?
- Is the UNIDO desk model of field representation (staffing, etc...) appropriate to meet country demands?
- Are the objectives of the joint PSD programme as set out in the Agreement of continuous relevance to partner countries, UNIDO and UNDP?
- Has the selection of target countries for the implementation of the Agreement been

relevant (relevant selection criteria and adequate selection process)?

- Is the Agreement relevant to strengthen complementarities and to create synergies between the two organizations?
- Is the Agreement relevant in relation to other multi-partner cooperation initiatives in the area of PSD (e.g., Global Compact)?

Effectiveness

To what extent have the objectives set out in the Agreement been achieved?

- Desks: progress towards coverage of 80 countries
- PSD: joint design and implementation of PSD support programmes (article 4.4.)

What were the main results of UNIDO desks? In particular:

- What has been the contribution of the UNIDO desks in enhancing UNIDO contribution to national, UNDAF and One UN objectives?
- To what extent have the UNIDO desks been an effective tool for facilitating Government and private sector access to UNIDO expertise through the UNDP country offices?
- Did UNIDO desks effectively contribute to the work of UNCTs?
- Did the UNIDO desks play an effective advisory role regarding sustainable industrial development (SID) to UNDP and other UN partners?

What are the main results of the Joint PSD Programme? In particular:

- Did the cooperation lead to expanded PSD programmes of both organizations with enhanced impact⁷¹?

- Have the joint PSD programmes led to broader inter-agency coordination in PSD?

Efficiency

- To what extent have the costs incurred by both parties been commensurate to the achieved and/or planned benefits?
- To what extent were UNIDO desks cost effective? Were comparable results achieved in countries where UNIDO was active without field presence?
- Is the overhead income on technical cooperation programmes and projects a relevant parameter for measurement of cost effectiveness?
- To what extent have UNIDO desks contributed to efficiency in the implementation of UNDP, UNIDO or joint UNIDO/UNDP projects and programmes (including responsiveness of UNIDO/UNDP to national needs and priorities)?
- To what extent have the two parties, including the respective field offices, been efficient in selecting, managing, coordinating, monitoring and providing administrative as well as technical support for the implementation of the activities related to the Agreement?

Sustainability

- Are UNIDO desks sustainable?
- To what extent is the cooperation between UNIDO and UNDP as described in the Agreement sustainable?
- Have the efforts under joint PSD led to sustainable results?

EVALUATION APPROACH

The UNIDO desk modality

- Desk review of background information available within both organizations

⁷¹ Impact is described as “strengthening the contribution of the private sector to the achievement of the MDGs in developing countries” and “effectively tackling constraints to unleashing dynamic entrepreneurship”, Framework, 2004, para. 2.3.

- Self-assessment of UNIDO desks to obtain structured information on issues such as: advisory, programming and technical cooperation support function, funds mobilization, relations with UNDP and with UNIDO headquarters and field representations, thematic focus of activities, etc. (through questionnaires to HUOs, UNIDO and UNDP headquarter staff, UNDP field offices and UNIDO regional offices).
- Survey among UNCT, UNIDO regional offices, UNDP Regional Service Centers, UNDP country offices and relevant headquarter staff in both organizations to assess the usefulness of UNIDO desks for main stakeholders and to collect information on the implementation of the Agreement
- Field assessment of selected UNIDO desks in four countries (jointly identified by UNDP and UNIDO) to assess their progress in the areas of priority identified in the agreement. Interviews will be carried out with the Resident Representatives, UNDP and UNIDO field staff as well as selected government and private sector representatives.

Programmatic Cooperation in Private Sector Development

- Desk review of all developed Joint PSD Programmes covered by the Agreement to determine progress in implementation of these joint programmes
- Interviews with PSD staff of both organizations
- Field assessment of selected joint PSD programmes
- Comparative review of the PSD strategies of both organizations to determine the potential for synergies between the organizations and to what extent potential synergies have been exploited

Necessary background information related to UNDP, including the inputs and activities under

this partnership agreement evaluation, can be obtained from the sources and references listed in Annex 3.

Counterfactual: To assess the contribution of the UNIDO desks, this study will compare countries with UNIDO desk with those where UNIDO has been active without having a field presence. To assess the contribution of the agreement to PSD cooperation, the study, to the extent possible, will compare PSD cooperation with cooperation between UNIDO and UNDP in other areas (e.g., environment & energy).

Data collection will be made through surveys, field validation studies as well as intense desk studies. The studies will focus both on countries with successful UNIDO desk presences or PSD initiatives as well as those where the performance is weak.

MANAGEMENT ARRANGEMENTS AND SCHEDULE FOR EVALUATION OUTPUTS

Team Composition

The evaluation team will be composed of a team leader, two or more international evaluation consultants one evaluation staff member of UNIDO and one evaluation staff member of UNDP. The task managers of the exercise (one from UNDP and one from UNIDO) will be joining the team in conducting field validation missions. A research assistant recruited by UNDP Evaluation Office will provide research support and the designated programme associate at UNDP Evaluation Office will provide necessary programme support.

Quality Assurance

An external advisor (a head of evaluation of a UNEG member organization) will be appointed jointly to advise the evaluation team. The Advisory Panel will review the design of the evaluation as well as the draft evaluation report.

The conduct of this evaluation will be guided by the following norms, standards and policies:

- 'Norms for Evaluation in the UN System' and 'Standards for Evaluation in the UN System', UNEG, April 2005⁷²
- The UNEG 'Ethical Guidelines for Evaluation', June 2008, and UNEG 'Code of Conduct for evaluations in the UN system', UNEG, June 2008⁷³
- The Evaluation Policy of UNDP⁷⁴
- 'UNDP Programme and Operations Policies and Procedures',⁷⁵ and *Handbook on Monitoring and Evaluating for Results*, UNDP.⁷⁶
- Should have joint UNDP-UNIDO activities with verifiable results (that is, the activities might be with or without a direct relation to the Cooperation Agreement and ideally would include PSD activities)

Furthermore the following criteria should be taken into account:

- Viability and usefulness of follow-up studies in countries that were visited (Armenia, the Lao People's Democratic Republic, Sierra Leone and Nicaragua) during the Midterm Assessment
- The sample should include countries with successful UNIDO desk presences or PSD initiatives as well as those where the performance is reportedly weak
- Conditions conducive for UN agencies to work together, such as pilot countries for delivering as one initiative or countries with donor funds that encourage UN system-wide coherence (e.g., MDG-F)

UNDP and UNIDO will provide necessary logistical support to field visits. The consultants will be responsible for their own travel arrangements.

**ADDENDUM:
CRITERIA FOR THE SELECTION
OF COUNTRIES TO BE COVERED
BY VALIDATION MISSIONS**

Countries visited during the terminal evaluation:

- Should have a UNIDO desk that has been operating for at least two years with the same head of UNIDO operations in place (that is, the validation mission should not visit a country where the head has been appointed recently)

⁷² http://www.uneval.org/normsandstandards/index.jsp?doc_cat_source_id=4

⁷³ <http://www.uneval.org/papersandpubs/index.jsp?ret=true#>

⁷⁴ UNDP Executive Board document DP/2005/28, June 2006.

⁷⁵ <http://content.undp.org/go/userguide/results/>

⁷⁶ <http://www.undp.org/eo/methodologies.htm>

Annex 2

LIST OF PERSONS INTERVIEWED

UNITED NATIONS INDUSTRIAL DEVELOPMENT ORGANIZATION, VIENNA

- Akmel P. Akpa, Officer-in-Charge,
Regional and Field Operations Branch,
Programme Coordination and
Field Operations Division
- Klaus Billand, Senior Coordinator for
UN System Coherence
- Massata Cissé, Chief, Africa Programme,
Programme Coordination and Field
Operations Division
- Margareta de Goys, Director,
Evaluation Group, Bureau for
Organizational Strategy and Learning
- Adrie de Groot, Director, Resource
Mobilization and Quality Assurance
Branch, Programme Coordination and
Field Operations Division
- Mohamed-Lamine Dhaoui,
Officer-in-Charge, Industrial Policy
and Private Sector Development Branch,
Programme Development and
Technical Cooperation Division
- Grzegorz S. Donocik, Chief, Europe and
NIS Programme, Programme Coordination
and Field Operations Division
- Mohamed El Gallaf, Chief, Arab Programme,
Programme Coordination
and Field Operations Division
- Victor Hinojosa-Barragan., Chief, Latin
America and the Caribbean Programme,
Programme Coordination and Field
Operations Division
- Konstantin Ivanov, Unit Chief, Human
Resources Management Branch,
Programme Support and General
Management Division
- Agerico O. Lacanlale, Director, Strategic
Planning and Coordination Group, Bureau
for Organizational Strategy and Learning
- Heinz Leuenberger, Director,
Environmental Management Branch,
Programme Development and
Technical Cooperation Division
- Paul Maseli, Unit Chief, Human Resources
Management Branch, Programme Support
and General Management Division
- Pradeep Monga, Director, Energy and Climate
Change Branch, Programme Development
and Technical Cooperation Division
- Behrouz Moradi, Chief and Legal Adviser,
Legal Department, UNIDO
- Chua Chin Pen, Deputy to the Director and
Chief, Asia and the Pacific Programme,
Programme Coordination and Field
Operations Division
- Dmitri I. Piskounov, Managing Director,
Programme Development and
Technical Cooperation Division
- Juergen Reinhardt, Industrial Development
Officer, Industrial Policy and
Private Sector Development Branch,
Programme Development and
Technical Cooperation Division
- Hans Rosnitschek, Senior Programme
Management Officer, Office
of the Managing Director,
Programme Coordination and
Field Operations Division
- Yoshiteru Uramoto, Deputy to the Director-
General and Managing Director,
Programme Coordination
and Field Operations Division

**UNITED NATIONS SYSTEM AND
UNITED NATIONS DEVELOPMENT
PROGRAMME, NEW YORK**

Carlos Benitez, Nicaragua Desk Officer
Jonathan Brooks, UNDP Partnership Bureau
Daphne Casey, United Nations Volunteers
Sophie De Caen, Director, Millennium
Development Goals Achievement Fund
Yamina Djacta, Deputy Director, New York
Office, United Nations Human
Settlements Programme (UN-Habitat)
Tegegnetwork Gettu, Regional Director
and Assistant Administrator, Regional
Bureau for Africa
Marija Ignjatovic, PSD Focal Point, Regional
Bureau for Europe and the Commonwealth
of Independent States
Chandi Kadirgamar, Evaluation Adviser,
United Nations Capital Development Fund
Arun Kashyap, UNDP Partnership Bureau
Azusa Kubota, Evaluation Specialist,
UNDP Evaluation Office
Deborah Landey, Director,
United Nations Development Operations
Coordination Office
Ade Lekoetje, Head, Tokyo International
Conference on African Development in the
Regional Bureau for Africa
Magnus Magnusson, Business Development
Adviser, United Nations Capital
Development Fund
David Morrison, Executive Secretary,
United Nations Capital Development Fund
Romesh Muttukumar, Deputy Director,
UNDP Partnership Bureau
Nelima Okhoya, Policy Specialist,
Regional Bureau for Africa,
UN Support and Partnerships
Marielza Oliveira, Programme Advisor,
PSD Focal Point, Bolivia and
Ecuador Desk Officer
Douglas Passanisi, UNDP Partnership Bureau

Michael Reynolds, Evaluation Adviser,
Team Member of UNIDO-UNDP
Cooperation Agreement Midterm Review
Tomas Sales, UNDP Partnership Bureau
Tega Shivute, Consultant,
Regional Bureau for Africa
Sahba Sobhani, UNDP Partnership Bureau
Akiko Suzuki, PSD Focal Point, Regional
Bureau for Asia and the Pacific
Gerd Trogemann, Deputy Director, Division
for Resource Mobilization (One UN Fund),
UNDP Partnership Bureau
Felix Ugbor, Director, United Nations
Industrial Development Organization
Office, New York
Christine Umutoni, Programme Specialist,
Regional Bureau for Africa
Liselotte Waltmann, Director,
Multi-Donor Trust Fund Office,
UNDP Partnership Bureau
Kadmiel Wekwete, Local Development
Director, United Nations Capital
Development Fund

ARMENIA VALIDATION MISSION

**UNITED NATIONS INCLUDING
PROJECT STAFF**

Dirk Boberg, Deputy Resident Representative,
UNDP
Bushra Halepota, Representative, United
Nations High Commissioner for Refugees
Diana Harutyunyan, UNDP Energy Efficiency
and Atmosphere Protection Annual
Workplan Manager (Project Coordinator),
UNDP
Nune Hovhannisyan, National Coordinator,
Industrial Labour Organization
Armen Martirosyan, Environmental Portfolio
Manager, UNDP
Narine Sahakyan, Assistant Resident
Representative Programme, UNDP

Sara Sangoi, United Nations Volunteers
Programme Officer, UNDP

Anahid Simonyan, Head of UNIDO Operations

Consuelo Vidal, United Nations Resident
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Small and Medium Entrepreneurship
Development National Center of Armenia

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Ministry of Nature Protection

Aram Gabrielyan, Head of Environmental
Protection Department, United Nations
Framework Convention on
Climate Change National Focal Point

Hranush Hakobyan, Minister,
Ministry of Diaspora

Robert Harutyunyan, Director-General,
Armenian Development Agency

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Levon Mnatsakanyan, Expert,
Financial Support Programs

Simon Papyan, First Deputy Minister,
Ministry of Nature Protection

Andranik Petrosyan, Head of International
Relations and Marketing Department

Levon Rukhkyan,
Deputy Minister of Agriculture

Vache B. Terteryan, First Deputy Minister,
Ministry of Territorial Administration

Nerses Yeritsyan, Minister,
Ministry of Economy

PRIVATE SECTOR

Gagik Makaryan, Executive Director,
Union of Employers of Armenia

Raffi Mekhjian, Chairman, Union of Exporters
of Armenia, and General Manager,
Raffael Contini Trading Company

DONORS AND INTERNATIONAL FINANCIAL INSTITUTIONS

Hayley Alexander, Chief of Party,
United States Agency for International
Development CAPS project

Zara Allahverdyan, Senior National
Programme Officer, Swiss Agency for
Development and Cooperation SDC

Karen Grigorian, Senior Economist,
Private and Finance Sector Department,
The World Bank

Uffe Holst Jensen, Head of Operations,
European Union Delegation to Armenia

Raul de Luzenberger, Ambassador,
Head of Delegation to Armenia,
European Union

Jose Garcia Medrano, Adviser to the
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European Union Advisory Group to the
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BOLIVIA VALIDATION MISSION

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Gonzalo Calderon, Project Director, UNDP

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World Food Programme

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Monica Mendizabal, National Coordinator
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Development Fund for Women

Cielo Morales, Deputy Resident Representative,
UNDP

Alejandra Ovando, Communication Assistant,
UNIDO

Elisa Panades, Country Representative,
Food and Agriculture Organization
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Cesar Sevilla, Head of UNIDO Operations

Yoriko Yasukawa, Resident Representative,
UNDP Resident Coordinator

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Javier Fernandez Vargas, Vice-Minister of
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Avrello Maldonado Apaza, Technisian,
Aymara sin Fronteras Mancomunidad

Ninotshka Calderon, Sub-Director of
Industrial Development,
National Chamber of Industry

Alejandro Choque, Director,
Aymara sin Fronteras Mancomunidad

Nestor Tenorio Franes, President,
Aymara sin Fronteras Mancomunidad

Marco Antonio Gonzales, President,
National Confederation of Micro and
Small Scale Enterprises

DONORS AND INTERNATIONAL FINANCIAL INSTITUTIONS

Ivo Hoefkens, Chief Economic Development
Section, European Union Delegation

Ricardo Losa Jimenez, Second Secretary,
Embassy of Spain

Gonzalo Vidaurre, Economic Development
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THE LAO PEOPLE'S DEMOCRATIC REPUBLIC VALIDATION MISSION

UNITED NATIONS INCLUDING PROJECT STAFF

Sengdavone Bangonsengdet,
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Employers' Bureau Activities, Lao National
Chamber of Commerce and Industry and
Project Manager of Joint UNIDO-UNDP
PSD project

Ayumi Fujino, Representative and
Head of Regional Office Thailand,
UNIDO Regional Office in Bangkok
(telephone interview)

Kheungkham Keonuchan,
Head of UNIDO Operations

Jaakko Korpela, Technical Laboratory Officer,
Food and Agriculture Organization of the
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Phanchinda Lengsavath, Assistant Resident
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Unit (including private sector development),
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Siena Perry, Communications Officer,
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Latsany Phakdisoth, Programme Analyst,
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Avi Sarkar, Chief Technical Advisor, South
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Jos van der Zanden, Chief Technical
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Serge Verniau, Representative,
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Stéphane Vigié, Deputy Resident
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Sonam Yangchen Rana, Resident Coordinator,
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NICARAGUA VALIDATION MISSION

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Alvaro Herdocia, Coordinator Economic Development, UNDP

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DONORS AND INTERNATIONAL FINANCIAL INSTITUTIONS

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Yader Baldizon, Adviser Small and Medium Enterprise, Austrian Cooperation, Austrian Embassy

RWANDA VALIDATION MISSION

UNITED NATIONS INCLUDING PROJECT STAFF

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Canisius Karurange, UNIDO National Expert
(Industrial Governance)

Anthony Kwaku Ohemeng-Boamah,
UNDP Country Director

Safiou Eso Ouro-Doni, UNDP Deputy
Country Director

Jean Paul Rwabuyonza, Programme Specialist,
UNDP Economic Advisor

GOVERNMENT COUNTERPARTS

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Rwanda Development Board

Annoncee Kuradusenge,
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PRIVATE SECTOR

Manzi Rutayisire, Private Sector Federation

DONORS AND INTERNATIONAL FINANCIAL INSTITUTIONS

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Commission in Rwanda

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of the United Nations

Lamech Nambajimana, Desk Officer,
Industrial Labour Organization

Ryan Washburn, United States Agency for
International Development

Annex 3

KEY DOCUMENTS REVIEWED

1. 'Cooperation Agreement Between the United Nations Industrial Development Organization (UNIDO) and the United Nations Development Programme (UNDP)', 2004.
2. 'Framework for Joint UNIDO/UNDP Technical Cooperation Programmes on Private Sector Development', 2004.
3. 'UNIDO-UNDP Cooperation Announcement', September 2004.
4. 'Joint Assessment: UNIDO-UNDP Cooperation Agreement Pilot Phase', 2006.
5. Management response of UNIDO to the Midterm Evaluation, amendment, November 2007.
6. Joint management response of UNIDO and UNDP to the Midterm Assessment, for Executive Board of the UNDP and UNFPA, first regular session (DP/2007/7), January 2007.
7. Relevant reviews or studies conducted on projects/activities related to the cooperation agreement.
14. 'Country Programme Action Plans (CPAP)', selected countries.
15. Relevant project and programme documents.
16. ATLAS project tree, UNDP.

UNDP Other Documents

UNDP Reporting Instruments

8. Results Oriented Annual Reports (ROARs)', UNDP, for the period.
9. 'Multi-Year Funding Framework Reports (MYFFR)'.
'
10. 'Annual Project Reports (APR)', selected UNDP country offices.

UNDP Planning Instruments

11. 'Common Country Assessment (CCA)' in selected countries.
12. 'United Nations Development Assistance Framework (UNDAF)', selected countries.
13. 'Country Programme Documents (CPD)', selected countries.

17. 'Memorandum of Understanding between UNDP and UNESCO', 2008.
18. 'Memorandum of Understanding between UNDP and UNODC', 2008.
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22. 'Creating Value for All: Strategies for Doing Business with the Poor', a Growing Inclusive Markets Initiatives report, UNDP, 2008.
23. Standard UNDP Joint Programme Document, 'Memoranda of Understanding', and Administrative Arrangement documents.
24. 'UNDP Guidelines and Procedures on SBS and pooled funding', March 2009.
25. 'UNDP Private Sector Community of Practice Action Plan'.
26. *Handbook on Monitoring and Evaluating for Results*, UNDP, 2002.

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30. Conceptual Foundation and Special Support Programmes of UNIDO's PSD Branch, February 2009.
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32. 'Supply Chain Global Compact', UNIDO, 2005.
33. 'Global Compact, Survey of SMEs', UNIDO, 2004.
34. 'UNIDO Annual Report 2008'.
35. 'UNIDO Programme and Budget (2010-2011)'.
36. 'UNIDO country workplans' in selected countries.
37. 'Statistics on PSD deliveries', UNIDO, extracted from UNIDO Infobase.
38. 'UNIDO PSD Strategy (draft)', 2009.
39. 'UNIDO Field Reform', note by the Secretariat, UNIDO, IDB.31/CRP.6, 1 June 2006.
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41. UNIDO internal progress reports, Industrial Policy and Private Sector Development Branch, 2009.
42. UNIDO internal document on PSD Cooperation with other UN organizations.
43. UNIDO Progress Reports on Joint PSD Programmes, January 2005, April 2007, January 2008.
44. UNIDO Mission Report on PSD Cooperation Strengthening, Geneva, June 2008.
45. UNIDO Integrated Programme and Project/ Programme reports, selected countries.

United Nations Development Operations Coordination Office

46. 'Guidance Note on joint programming', UNDG, December 2003.
47. 'Summary report of lessons learned from UNDG – Review of joint programmes', UNDG.
48. 'Enhancing the Effectiveness of Efficiency of Joint Programmes', UNDG, March 2006.
49. UN Resident Coordinator Generic Job Description, approved by the UNDG 29 January 2009.
50. 'Enhancing the participation of non-Resident Agencies in UN country-level development activities', 2006.
51. 'Non-Resident Agency Workplan 2009-2011', UNDG.

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53. 'Cape Verde Delivering as One—Stocktaking Report', 2008.
54. 'Unleashing Entrepreneurship: Making Business Work for the Poor', Commission on the Private Sector and Development, March 2004.
55. 'Independent strategic evaluation of the performance and impact of Habitat Programme Managers (HSP/GC/21/INF/4)', 2006.
56. 'Actions taken by the Executive Boards and Governing Bodies of the United Nations funds, Programmes and specialized agencies in the area of simplification and harmonization of rules and procedures (preliminary unedited version)', May 2009.
57. National, Government and UN planning, review and progress report documents, related to achieving the MDGs, poverty reduction, and One UN agendas in selected countries.
58. 'UN Private Sector Focal Points', meeting reports, 2006 and 2008.

Annex 4

SELF-ASSESSMENT QUESTIONNAIRE FOR HEADS OF UNIDO OPERATIONS

This questionnaire will serve as a key input into the Joint Evaluation. Please return by mail before (date) to (e-mail address)

Background

The present Self Assessment is part of the terminal evaluation for the Cooperation Agreement between UNDP and UNIDO that was concluded on 23rd September 2004 for an initial period of five years. The evaluation is designed to present evidence and findings on past performance as well as recommendations for future steps to be taken by both organizations.

The evaluation is of strategic importance to both organizations. Its findings and recommendations will be presented to the General Conference of UNIDO in December 2009 and to the Executive Board of UNDP during its September 2009 Session.

The evaluation covers the two components of the Agreement: UNIDO Desks (UD) and the Joint Private Sector Development (PSD) Programme. It will cover all geographic regions.

The evaluation team is composed of two external evaluators, one of which is the team leader, and two internal evaluators one from UNDP and one from UNIDO.

The evaluation builds on the “Joint Assessment” which was carried out by both organizations in 2006.

How to use the questionnaire?

As this is a self assessment, this questionnaire can only be filled in by the Head of UNIDO Operations (HUU). Please respond to the questions as accurately as possible. Please comment your responses where we invite you to do so.

Please fill in this questionnaire electronically and e-mail it back to (e-mail address) no later than (date).

Your responses will be kept confidential and you will not be quoted.

The evaluation team appreciates your collaboration.

Factual Information

Please provide us with some factual information.

UNIDO Desk in country: _____

How long have you been a HUO (e.g., since May 2006): _____

Is there a joint UNDP-UNIDO Private Sector Development Programme (PSD) in your country which is funded and operational?

Yes No

If yes, please provide project name, number and amount (in USD): _____

Follow-up to the recommendations of the Joint Assessment

1. In 2006, UNDP and UNIDO conducted a Joint Assessment of the Cooperation Agreement between UNDP and UNIDO. In the assessment a number of recommendations were made. Please indicate the extent to which you agree with below statements.

Answer each component	Fully agree	Mostly agree	Disagree somewhat	Fully disagree	Don't know
The working arrangements at country level have been formalized. (K2a)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
The arrangements at country level are coherent with the provisions of the agreement. (K2b)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
You, the HUOs, are fully incorporated in the overall organizational structure of UNIDO. (L2a)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
The system to monitor the UD work plans is working well. (L2c)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
The support and flow of information from UNIDO HQs and Regional Offices to UDs is satisfactory. (L2d)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
The reporting and supervision lines between UDs and UNDP RRs are clear. (L3a)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
The administrative and technical relationship and reporting lines between UDs and UNIDO HQs are clear. (L3b)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
The administrative and technical relationship and reporting lines between UDs and UNIDO Regional Offices are clear. (L3b)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
The relationship between Integrated Programmes, stand-alone projects and joint programmes and the role of the HUO in support to all these is clarified. (L3c)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
The HUO has more administrative and financial authority and accountability compared to role in 2006. (L4a)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

(cont'd) ►

◀ (cont'd)

Answer each component	Fully agree	Mostly agree	Disagree somewhat	Fully disagree	Don't know
The UD was provided with sufficient seed money for programming and advisory activities after 2006. (L4b)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
The responsibilities regarding programme development and implementation at the country level has been clarified. (regarding joint and integrated programmes) (L4c)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Questions related to the implementation of the Agreement					
<p>2. Who is officially representing UNIDO in your country <i>vis-a-vis</i> the Government? ^(A1) <i>Tick only one:</i> <input type="checkbox"/> The UNDP Resident Representative <input type="checkbox"/> The Head of UNIDO Operations <input type="checkbox"/> The UNDP Resident Representative and the Head of UNIDO Operations, depending on the occasion</p>					
<p>3. In your country, to what extent were joint UNDP-UNIDO fund raising activities undertaken since the UNIDO Desk was established? ^(A4) Frequently <input type="checkbox"/> Occasionally <input type="checkbox"/> Rarely <input type="checkbox"/> Never <input type="checkbox"/></p>					
<p>4. What is the volume of funds jointly raised since the establishment of the UNIDO Desk? ^(A4) <i>(please provide project names, numbers and amounts in USD)</i></p> <hr/> <hr/>					
<p>5. From your point of view, how would you describe the efforts of <i>UNIDO</i> Headquarters to promote the Cooperation Agreement at the country level? ^(A5) Strong efforts <input type="checkbox"/> Some efforts <input type="checkbox"/> Only few efforts <input type="checkbox"/> No efforts <input type="checkbox"/></p>					
<p>6. From your point of view, how would you assess the efforts of <i>UNDP</i> Headquarters to promote the Cooperation Agreement at the country level? ^(A5) Strong efforts <input type="checkbox"/> Some efforts <input type="checkbox"/> Only few efforts <input type="checkbox"/> No efforts <input type="checkbox"/></p>					
<p>7. Do you have an effective working-relationship with your UNIDO Regional Office? ^(A7) Very effective <input type="checkbox"/> Effective <input type="checkbox"/> Only occasionally effective <input type="checkbox"/> Not effective <input type="checkbox"/> <i>Please explain briefly your rating:</i></p> <hr/> <hr/>					
Questions related to the Relevance of the Agreement					
<p>8. In your country, is, in your opinion, the Agreement between UNIDO and UNDP still relevant, taking into account current trends of intra-UN cooperation and new funding modalities (e.g., 'Delivering As One', One Programme, MDG-F)? ^(B1) Highly relevant <input type="checkbox"/> Relevant to some extent <input type="checkbox"/> Limited relevance <input type="checkbox"/> No longer relevant <input type="checkbox"/> <i>Please explain briefly your rating:</i></p> <hr/> <hr/>					

(cont'd) ▶

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<p>9. From your point of view, is the UNIDO presence with a Desk in the country of continuous (past and present) relevance to the <i>Government</i>? ^(B2)</p> <p>Highly relevant <input type="checkbox"/> Relevant to some extent <input type="checkbox"/> Limited relevance <input type="checkbox"/> No longer relevant <input type="checkbox"/></p> <p>Please explain briefly your rating:</p> <hr/> <hr/>
<p>10. From your point of view, is the UNIDO presence in the country of continuous (past and present) relevance to <i>UNIDO</i>? ^(B2)</p> <p>Highly relevant <input type="checkbox"/> Relevant to some extent <input type="checkbox"/> Limited relevance <input type="checkbox"/> No longer relevant <input type="checkbox"/></p> <p>Please explain briefly your rating:</p> <hr/> <hr/>
<p>11. From your point of view, is the UNIDO presence in the country of continuous (past and present) relevance to <i>UNDP</i>? ^(B2)</p> <p>Highly relevant <input type="checkbox"/> Relevant to some extent <input type="checkbox"/> Limited relevance <input type="checkbox"/> No longer relevant <input type="checkbox"/></p> <p>Please explain briefly your rating:</p> <hr/> <hr/>
<p>12. From your point of view, to what extent is the UNIDO Desk model of field representation (staffing etc) meeting country demands? ^(B3)</p> <p>Very Well <input type="checkbox"/> Well <input type="checkbox"/> Not quite appropriate <input type="checkbox"/> Not appropriate <input type="checkbox"/></p> <p>Please explain briefly your rating:</p> <hr/> <hr/>
<p>The Agreement sets out the following objectives of the JPSD: <i>The ultimate objective of joint programmes is to expand, and enhance the impact of, both organizations' PSD support programmes with a view to strengthening the contribution of the private sector to the achievement of the MDGs.</i></p>
<p>13. Are these objectives of continuous relevance to Your Host? <i>country</i>? ^(B4)</p> <p>Highly relevant <input type="checkbox"/> Relevant <input type="checkbox"/> Limited relevance <input type="checkbox"/> No longer relevant <input type="checkbox"/></p>
<p>14. Are these objectives of continuous relevance to <i>UNDP</i>? ^(B4) Necessary?</p> <p>Highly relevant <input type="checkbox"/> Relevant <input type="checkbox"/> Limited relevance <input type="checkbox"/> No longer relevant <input type="checkbox"/></p>
<p>15. Are these objectives of continuous relevance to <i>UNIDO</i>? ^(B4) Necessary?</p> <p>Highly relevant <input type="checkbox"/> Relevant <input type="checkbox"/> Limited relevance <input type="checkbox"/> No longer relevant <input type="checkbox"/></p>
<p>16. Do you consider your country to be a good choice for the establishment of a UNIDO Desk? ^(B5)</p> <p>Very good choice <input type="checkbox"/> Good choice <input type="checkbox"/> Not so good choice <input type="checkbox"/> Bad choice <input type="checkbox"/></p> <p>Please explain briefly your rating:</p> <hr/> <hr/>
<p>17. Were complementarities and synergies strengthened between UNDP and UNIDO since the establishment of your UNIDO Desk? ^(B6)</p> <p>Very much so <input type="checkbox"/> To some extent <input type="checkbox"/> Only to a limited extent <input type="checkbox"/> Not really <input type="checkbox"/></p> <p>Please explain briefly your rating:</p> <hr/> <hr/>

(cont'd) ▶

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18. In your country, is the partnership with UNDP relevant in relation to other multi-partner cooperation initiatives in the area of PSD? ^(B7)

Very much so To some extent Only to a limited extent Not really

Please explain briefly your rating:

Questions related to the Effectiveness of the Agreement

19. Below are two statements on UNIDO Desk's contribution to national and UN objectives. Please indicate the extent to which you agree that these statements apply to your UNIDO Desk. ^(C2)

Answer each component	Fully agree	Mostly agree	Disagree somewhat	Fully disagree	Don't know
The UNIDO Desk has contributed to enhance UNIDO's role in meeting national development objectives.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
UNIDO's mandate is better than before represented in such planning documents as CCA/UNDAF.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

20. To what extent have the UNIDO Desks been an effective tool for facilitating *Government* access to UNIDO expertise through the UNDP Country Offices? ^(C3)

To a large extent To some extent Only to a limited extent Not really

Please explain briefly your rating and provide examples:

21. To what extent have the UNIDO Desks been an effective tool for facilitating *private sector* access to UNIDO expertise through the UNDP Country Offices? ^(C3)

To a large extent To some extent Only to a limited extent Not really

Please explain briefly your rating and provide examples:

22. Below are some statements on UNIDO Desk's contribution to the work of the UN Country Team.

Please indicate the extent to which you agree that these statements apply to your UNIDO Desk. ^(C4)

Answer each component	Fully agree	Mostly agree	Disagree somewhat	Fully disagree	Don't know
The Head of UNIDO Operations is a full member of the UNCT.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
The Head of UNIDO Operations fully participates/ed in the UNDAF process.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
The Head of UNIDO Operations regularly participates in inter-agency meetings.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
The Head of UNIDO Operations is an active participant in thematic working groups.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Please provide additional examples of contributions to the work of the UN Country Team:

(cont'd) ►

◀ (cont'd)

23. Are the UNIDO Desks playing an effective advisory role regarding sustainable industrial development (SID) to UNDP and other UN partners? ^(C5)
 To a large extent To some extent Only to a limited extent Not really
 Please explain briefly your rating and provide examples:

Only answer the following question if there is a Joint UNIDO-UNDP Private Sector Development Programme in your country. Otherwise move to the next question.

24. Has the joint PSD programme in your country led to broader inter-agency coordination in private sector development? (The question goes beyond the collaboration between UNDP and UNIDO and refers to other UN agencies)? ^(C7)
 Very much so To some extent Only to a limited extent Not really

25. Has the agreement helped to bring about inter-agency coordination in areas other than private sector development (e.g., environment or energy)? ^(G7)
 Very much so To some extent Only to a limited extent Not really

Questions related to Efficiency

26. Below are some statements on UNIDO Desk's contribution to efficiency in the implementation of UNDP, UNIDO or Joint UNIDO/UNDP projects and programmes. Please indicate the extent to which you agree that these statements apply to your UNIDO Desk. ^(D4)

Answer each component	Fully agree	Mostly agree	Disagree somewhat	Fully disagree	Don't know
The UNIDO Desk makes communication between projects and Headquarters (UNIDO and/or UNDP) much more efficient.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
The UNIDO Desk makes communication between projects and the Government much more efficient.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
The UNIDO Desk provides crucial support to project staff.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Because of the UNIDO Desk, UNIDO/UNDP are much more responsive to national needs and priorities with regard to private sector development.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

27. Below are some statements regarding the technical and administrative support received by the UNIDO Desks. Please indicate the extent to which you agree that these statements apply to your UNIDO Desk. ^(D5)

Answer each component	Fully agree	Mostly agree	Disagree somewhat	Fully disagree	Don't know
The technical support received from UNIDO headquarters was always satisfactory.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
The administrative support received from UNIDO headquarters was always satisfactory.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
The technical support received from UNDP country office was always satisfactory.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
The administrative support received from UNDP country office was always satisfactory.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

(cont'd) ▶

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Questions related to Sustainability

Only answer the following question if there is a Joint UNIDO-UNDP Private Sector Development Programme in your country.

28. Have the efforts under joint PSD led to sustainable results on the ground? ^(E3)

Yes To some extent Not really Too early to tell

Please explain briefly your rating:

29. Is there donor interest or cost-sharing possibilities to fund UD modality in your country?

Very much so To some extent Only to a limited extent Not really

30. Expanding the Agreement to include other related UN agencies such as ILO and/or UNCTAD will help improve the effectiveness, efficiency and relevance of UNIDO and UNDP support to programme country:

Very much so To some extent Only to a limited extent Not really

This is the end of the questionnaire. Thank you very much for your collaboration.

We would like to invite you to provide concrete recommendations or suggestions with regard to the way forward and steps that UNIDO and UNDP should take to achieve the objectives of the agreement.

If you have such recommendations, please insert them below.

Further comments:

Annex 5

QUESTIONNAIRE FOR HEADQUARTER STAFF (UNDP AND UNIDO) AND UNIDO REGIONAL OFFICES

This questionnaire will serve as a key input into the Joint Evaluation. Please return by mail before (date) to (e-mail address)

Background

The present questionnaire is part of the terminal evaluation for the Cooperation Agreement between UNDP and UNIDO that was concluded on 23rd September 2004 for an initial period of five years. The evaluation is designed to present evidence and findings on past performance as well as recommendations for future steps to be taken by both organizations.

The evaluation is of strategic importance to both organizations. Its findings and recommendations will be presented to the General Conference of UNIDO in December 2009 and to the Executive Board of UNDP during its September 2009 Session.

The evaluation covers the two components of the Agreement: UNIDO Desks (UD) and the Joint Private Sector Development (PSD) Programme. It will cover all geographic regions.

The evaluation team is composed of two external evaluators, one of which is the team leader, and two internal evaluators one from UNDP and one from UNIDO.

The evaluation builds on the "Joint Assessment" which was carried out by both organizations in 2006.

How to use the questionnaire?

This questionnaire should be filled in by UNDP and UNIDO staff at headquarters directly involved in the implementation of the Cooperation Agreement between UNIDO and UNDP, in particular staff dealing with the UNIDO Desks (UD) and staff being involved in PSD. This questionnaire is also for UNIDO regional offices.

The questionnaire has three parts. The *first part* is related to the Agreement in general. The *second part* is related to the UNIDO Desks. And the *third part* is related to Joint UNDP-UNIDO Private Sector Development Programmes (JPSDP). Please only respond to those parts you feel comfortable having sufficient knowledge. (e.g., if you are engaged in PSD but have no knowledge about the UNIDO Desks only respond to the questions in first and third Part).

Please respond to the questions as accurately as possible.

Please fill in this questionnaire electronically and e-mail it back to (e-mail address) no later than (date).

Your responses will be kept confidential and you will not be quoted.

The evaluation team appreciates your collaboration.

Factual Information

Please provide us with some factual information.

- a) The division you are working in (e.g., UNIDO, Evaluation Group): _____
- b) Your position (e.g., Programme Officer): _____
- c) Your link to the implementation of the Cooperation Agreement (e.g., monitoring of private sector development projects):

1. Part: About the Agreement in General

1. Is Private Sector Development (PSD) an important area for your organisation?
Very important Important Limited importance Not important
2. From your point of view, is the Agreement between UNIDO and UNDP still relevant, taking into account current trends of intra-UN cooperation and new funding modalities (e.g., 'Delivering As One', One Programme, MDG-F)? ^(B1)
Highly relevant Relevant to some extent Limited relevance No longer relevant
3. Did the Agreement serve its intended purpose?
Very much so To some extent Only to a limited extent Too early to tell
4. In general, have the right countries been selected for the implementation of the Agreement? ^(B5)
Very good selection Good selection Not so good selection Bad selection
5. In your opinion, do you think that the complementarities and synergies between UNDP and UNIDO were strengthened since the Agreement is in place? ^(B6)
Very much so To some extent Only to a limited extent Not really
6. In your opinion, is the partnership between UNDP and UNIDO relevant in relation to other multi-partner cooperation initiatives in the area of PSD? ^(B7)
Very much so To some extent Only to a limited extent Not really
7. From your point of view, how would you describe the efforts of *UNIDO* Headquarters to promote the Cooperation Agreement at the country level and among donors? ^(A5)
Strong efforts Some efforts Only few efforts No efforts
8. From your point of view, how would you assess the efforts of *UNDP* Headquarters to promote the Cooperation Agreement at the country level and among donors? ^(A5)
Strong efforts Some efforts Only few efforts No efforts
9. The agreement at Headquarters level needs to be complemented with country-level agreements.
Very much so To some extent Only to a limited extent Not really

2. Part: About the UNIDO Desk

10. *This question is only for UNIDO Regional Offices:* Do you have an effective working-relationship with the UNIDO Desk(s) in your region? ^(A7)
Very effective Effective Only occasionally effective Not effective
Please explain briefly your rating:

11. From your point of view, is the UNIDO presence with a UNIDO Desk at country level adding significant value to the host *Government*? ^(B2)
Significantly To some extent Of limited value No longer useful

(cont'd) ►

◀ (cont'd)

12. From your point of view, does the UNIDO presence with a UNIDO Desk (past and present) provide value addition to <i>UNDP's efforts</i> ? ^(B2) Significantly <input type="checkbox"/> To some extent <input type="checkbox"/> Of limited value <input type="checkbox"/> No longer useful <input type="checkbox"/>					
13. From your point of view, does the UNIDO Desk modality at the country level provide value addition to <i>UNIDO's efforts to promote its mandate</i> ? ^(B2) Significantly <input type="checkbox"/> To some extent <input type="checkbox"/> Of limited value <input type="checkbox"/> No longer useful <input type="checkbox"/>					
14. From your point of view, to what extent is the UNIDO Desk model of field representation (staffing etc) appropriate for meeting country demands? ^(B3) Very appropriate <input type="checkbox"/> Appropriate <input type="checkbox"/> Not quite appropriate <input type="checkbox"/> Not appropriate <input type="checkbox"/>					
15. Below are some statements on UNIDO Desk's contribution to efficiency in the implementation of UNDP, UNIDO or Joint UNIDO/UNDP projects and programmes. Please indicate the extent to which you agree with the following statements. ^(D4)					
Answer each component	Fully agree	Mostly agree	Disagree somewhat	Fully disagree	Don't know
The UNIDO Desks make communication between projects and Headquarters (UNIDO and/or UNDP) much more efficient.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Because of the UNIDO Desks, UNIDO and UNDP are much more responsive to national needs and priorities with regard to private sector development.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
16. Does the performance of the UNIDO Desks in general meet your expectations? (this question does not refer to specific Desks or the HUU, but to the overall performance of the UNIDO Desk model, taking into account the HQ support it receives and other factors) Exceeds expectations <input type="checkbox"/> Satisfactory <input type="checkbox"/> Below expectations <input type="checkbox"/> Poor <input type="checkbox"/>					
17. What do you consider to be the main value added of the UNIDO Desks? <i>Please describe briefly:</i> _____ _____					
18. What are the most important challenges/problems faces by the UNIDO Desks? <i>Please describe briefly:</i> _____ _____					
19. How could the UNIDO Desks' relevance, effectiveness and efficiency be improved? <i>Please describe briefly:</i> _____ _____					
20. Would you recommend the UNIDO Desk scheme to be replicated in other countries? Yes <input type="checkbox"/> No <input type="checkbox"/>					
3. Part: About the Joint UNIDO/UNDP Private Sector Development Programmes (JPSDP)					
The Agreement sets out the following objectives of the JPSDP: <i>The ultimate objective of joint programmes is to expand, and enhance the impact of, both organizations' PSD support programmes with a view to strengthening the contribution of the private sector to the achievement of the MDGs.</i>					
21. Are these objectives of continuous relevance to <i>partner countries</i> ? ^(B4) Highly relevant <input type="checkbox"/> Relevant <input type="checkbox"/> Limited relevance <input type="checkbox"/> No longer relevant <input type="checkbox"/>					

(cont'd) ▶

◀ (cont'd)

22. Are these objectives of continuous relevance to <i>UNDP</i> ? ^(B4) Highly relevant <input type="checkbox"/> Relevant <input type="checkbox"/> Limited relevance <input type="checkbox"/> No longer relevant <input type="checkbox"/>
23. Are these objectives of continuous relevance to <i>UNIDO</i> ? ^(B4) Highly relevant <input type="checkbox"/> Relevant <input type="checkbox"/> Limited relevance <input type="checkbox"/> No longer relevant <input type="checkbox"/>
24. Has the joint PSD programmes led to broader inter-agency coordination in private sector development? (The question goes beyond the collaboration between UNDP and UNIDO and refers to other UN agencies)? ^(C7) Very much so <input type="checkbox"/> To some extent <input type="checkbox"/> Only to a limited extent <input type="checkbox"/> Not really <input type="checkbox"/>
25. Has the agreement helped to bring about inter-agency coordination in areas other than private sector development (e.g., environment or energy)? ^(G7) Very much so <input type="checkbox"/> To some extent <input type="checkbox"/> Only to a limited extent <input type="checkbox"/> Not really <input type="checkbox"/>
26. Have the efforts under joint PSD led to sustainable results on the ground? ^(E3) Yes <input type="checkbox"/> To some extent <input type="checkbox"/> Not really <input type="checkbox"/> Too early to tell <input type="checkbox"/> <i>Please explain briefly your rating:</i> _____ _____
This is the end of the questionnaire. Thank you very much for your collaboration. We would like to invite you to provide concrete recommendations or suggestions with regard to the way forward and steps that UNIDO and UNDP should take to achieve the objectives of the agreement. If you have such recommendations, please insert them below.
<i>Further comments:</i> _____ _____

Annex 6

QUESTIONNAIRE FOR UNDP COUNTRY OFFICES

This questionnaire will serve as a key input into the Joint Evaluation. Please return by mail before (date) to (e-mail address)

Background

The present questionnaire is part of the terminal evaluation for the Cooperation Agreement between UNDP and UNIDO that was concluded on 23rd September 2004 for an initial period of five years. The evaluation is designed to present evidence and findings on past performance as well as recommendations for future steps to be taken by both organizations.

The evaluation is of strategic importance to both organizations. Its findings and recommendations will be presented to the General Conference of UNIDO in December 2009 and to the Executive Board of UNDP during its September 2009 Session.

The evaluation covers the two components of the Agreement: UNIDO Desks (UD) and the Joint Private Sector Development (PSD) Programme. It will cover all geographic regions.

The evaluation team is composed of two external evaluators, one of which is the team leader, and two internal evaluators one from UNDP and one from UNIDO.

The evaluation builds on the “Joint Assessment” which was carried out by both organizations in 2006.

How to use the questionnaire?

This questionnaire should be filled in by the UNDP Resident Representative or by someone delegated by the RR who is knowledgeable about UNIDO. The questionnaire should *not* be filled in by the Head of UNIDO Operations (HUO). The HUO has to fill in a different questionnaire.

The questionnaire has three parts. The *first part* is related to the Agreement in general. The *second part* is related to the UNIDO Desks. And the *third part* is related to Joint UNDP-UNIDO Private Sector Development Programmes (JPSDP). If in your country there is no UNIDO Desk, please only respond to the *first* and *third* part.

Please respond to the questions as accurately as possible.

Please fill in this questionnaire electronically and e-mail it back to (e-mail address) no later than (date).

Your responses will be kept confidential and you will not be quoted.

The evaluation team appreciates your collaboration.

Factual Information

Please provide us with some factual information.

- a) UNDP office in country: _____
- b) Your position (e.g., Deputy Resident Representative): _____
- c) Is there a UNIDO Desk in your country?
Yes No
- d) In your country, is there a Joint UNIDO/UNDP Private Sector Development Programme (JPSDP) which falls under the UNIDO/UNDP Agreement?
Yes No
If yes, please provide project name, number and amount (in USD): _____
- e) Beyond JPSDP, are there any other joint UNIDO/UNDP activities?
Yes No
If yes, please specify: _____

1. Part: About the Agreement in General

1. Is Private Sector Development (PSD) an important area of UNDP operations in your country?
Very important Important Limited importance Not important
2. In your country, is the Agreement between UNIDO and UNDP still relevant, taking into account current trends of intra-UN cooperation and new funding modalities (e.g., 'Delivering As One', One Programme, MDG-F? ^(B1)
Highly relevant Relevant to some extent Limited relevance No longer relevant
3. In your opinion, do you think that the complementarities and synergies between UNDP and UNIDO were strengthened since the Agreement is in place? ^(B6)
Very much so To some extent Only to a limited extent Not really
4. In your country, is the partnership with UNIDO relevant in relation to other multi-partner cooperation initiatives in the area of PSD? ^(B7)
Very much so To some extent Only to a limited extent Not really
5. In your country, to what extent were joint UNIDO/UNDP fund raising activities undertaken during the last five years since the Agreement was signed? ^(A4)
Frequently Occasionally Rarely Never
6. From your point of view, how would you describe the efforts of *UNIDO* Headquarters to promote the Cooperation Agreement at the country level? ^(A5)
Strong efforts Some efforts Only few efforts No efforts
7. From your point of view, how would you assess the efforts of *UNDP* Headquarters to promote the Cooperation Agreement at the country level? ^(A5)
Strong efforts Some efforts Only few efforts No efforts
8. Below are some statements regarding the *technical* and *administrative* support received from UNDP and UNIDO Headquarters related to the Agreement. Please indicate the extent to which you agree with the below statements. ^(D5)

Answer each component	Fully agree	Mostly agree	Disagree somewhat	Fully disagree	Don't know
The <i>technical</i> support received from <i>UNIDO</i> headquarters was always satisfactory.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

(cont'd) ►

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The <i>administrative</i> support received from UNIDO headquarters was always satisfactory.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
The <i>technical</i> support received from UNDP headquarters was always satisfactory.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
The <i>administrative</i> support received from UNDP headquarters was always satisfactory.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
9. In 2006, UNDP and UNIDO conducted a Joint Assessment of the Cooperation Agreement between UNDP and UNIDO. In the assessment a number of recommendations were made. Please indicate the extent to which you agree with below statements. (A3)					
Answer each component	Fully agree	Mostly agree	Disagree somewhat	Fully disagree	Don't know
UNDP Headquarters has issued clear directives to UNDP RRs delineating their responsibilities under the Agreement. (M2)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
UNDP has initiated knowledge-sharing and networking with UNIDO counterparts to enable access to and participation in relevant UNDP knowledge networks. (M3)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
10. Expanding the Agreement to include other related UN agencies such as ILO and/or UNCTAD will help improve the effectiveness, efficiency and relevance of UNIDO and UNDP support to programme countries: Very much so <input type="checkbox"/> To some extent <input type="checkbox"/> Only to a limited extent <input type="checkbox"/> Not really <input type="checkbox"/>					
11. 'Bilateral agreements' between resident and non-resident UN agencies may be still necessary within the context of UN reform Strongly Agree <input type="checkbox"/> Agree <input type="checkbox"/> Only to a limited extent <input type="checkbox"/> Not really <input type="checkbox"/>					
12. The agreement at Headquarters level needs to be complemented with country-level agreements Very much so <input type="checkbox"/> To some extent <input type="checkbox"/> Only to a limited extent <input type="checkbox"/> Not really <input type="checkbox"/>					
2. Part: About the UNIDO Desk					
<i>Only respond if there is a UNIDO Desk in your country; if not move to the 3. Part.</i>					
13. In the Joint Assessment a recommendation regarding the working arrangements was made. Please indicate the extent to which you agree with below statement.					
	Fully agree	Mostly agree	Disagree somewhat	Fully disagree	Don't know
The working arrangements at country level have been sufficiently formalized to define specific mutual responsibilities between UNDP and the UNIDO Desk (K2a)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
14. Who is officially representing UNIDO in your country <i>vis-a-vis</i> the Government? (A1) <i>Tick only one</i> <input type="checkbox"/> The UNDP Resident Representative <input type="checkbox"/> The Head of UNIDO Operations <input type="checkbox"/> The UNDP Resident Representative and the Head of UNIDO Operations, depending on the occasion					
15. From your point of view, is the UNIDO presence with a UNIDO Desk at country level adding significant value to the host <i>Government</i> ? (B2) Significantly <input type="checkbox"/> To some extent <input type="checkbox"/> Of limited value <input type="checkbox"/> No longer useful <input type="checkbox"/>					

(cont'd) ►

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16. From your point of view, does the UNIDO presence with a UNIDO Desk (past and present) provide value addition to <i>UNDP's efforts</i> ? ^(B2) Significantly <input type="checkbox"/> To some extent <input type="checkbox"/> Of limited value <input type="checkbox"/> No longer useful <input type="checkbox"/>					
17. From your point of view, to what extent is the UNIDO Desk model of field representation (staffing etc) meeting country demands? ^(B3) Very well <input type="checkbox"/> Well <input type="checkbox"/> Not quite appropriate <input type="checkbox"/> Not appropriate <input type="checkbox"/>					
18. Do you consider your country to be a good choice for the establishment of a UNIDO Desk? ^(B5) Very good choice <input type="checkbox"/> Good choice <input type="checkbox"/> Not so good choice <input type="checkbox"/> Bad choice <input type="checkbox"/> <i>Comments, if any:</i> _____ _____					
19. Below are two statements on UNIDO Desk's contribution to national and UN objectives. Please indicate the extent to which you agree that these statements apply. ^(C2)					
Answer each component	Fully agree	Mostly agree	Disagree somewhat	Fully disagree	Don't know
The UNIDO Desk has contributed to enhance UNIDO's role in meeting national development objectives.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
UNIDO's mandate is better than before represented in such planning documents as CCA/UNDAF.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
20. To what extent have the UNIDO Desks been an effective tool for facilitating <i>Government</i> access to UNIDO expertise through the UNDP Country Offices? ^(C3) To a large extent <input type="checkbox"/> To some extent <input type="checkbox"/> Only to a limited extent <input type="checkbox"/> Not really <input type="checkbox"/>					
21. To what extent have the UNIDO Desks been an effective tool for facilitating <i>private sector</i> access to UNIDO expertise through the UNDP Country Offices? ^(C3) To a large extent <input type="checkbox"/> To some extent <input type="checkbox"/> Only to a limited extent <input type="checkbox"/> Not really <input type="checkbox"/>					
22. Below are some statements on UNIDO Desk's contribution to the work of the UN Country Team. Please indicate the extent to which you agree with below statements. ^(C4)					
Answer each component	Fully agree	Mostly agree	Disagree somewhat	Fully disagree	Don't know
The UNIDO Desk has strengthened the capability of the UN Country Team to provide technical expertise in the fields covered by the Agreement. ⁷⁷	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
The Head of UNIDO Operations has contributed substantially to the development of the UNDAF related to the fields covered by the Agreement.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

(cont'd) ▶

⁷⁷ Trade Capacity Building, Investment Promotion, Agro-industries, energy, Cleaner and Sustainable Industrial Development, Entrepreneurship and SME Development)

◀ (cont'd)

23. Below are some statements on UNIDO Desk's contribution to efficiency in the implementation of UNDP, UNIDO or Joint UNIDO/UNDP projects and programmes. Please indicate the extent to which you agree with the following statements. (D4)					
Answer each component	Fully agree	Mostly agree	Disagree somewhat	Fully disagree	Don't know
The UNIDO Desk makes communication between projects and Headquarters (UNIDO and/or UNDP) much more efficient.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
The UNIDO Desk makes communication between projects and the Government much more efficient.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
The UNIDO Desk provides crucial support to project staff.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Because of the UNIDO Desk, UNIDO/UNDP are much more responsive to national needs and priorities with regard to private sector development.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
24. Does the performance of the UNIDO Desk meet your expectations? (this question does not refer to the HUU, but to the overall performance of the UNIDO Desk, taking into account the HQ support it receives and other factors) Exceeds expectations <input type="checkbox"/> Satisfactory <input type="checkbox"/> Below expectations <input type="checkbox"/> Poor <input type="checkbox"/>					
25. What do you consider to be the main value added of the UNIDO Desks for UNDP in the country? <i>Please describe briefly:</i> _____ _____					
26. What are the most important challenges/problems faces by the UNIDO Desks? <i>Please describe briefly:</i> _____ _____					
27. How could the UNIDO Desks' relevance, effectiveness and efficiency be improved? <i>Please describe briefly:</i> _____ _____					
28. Is there donor interest or cost-sharing possibilities to fund UD modality in your country? Very much so <input type="checkbox"/> To some extent <input type="checkbox"/> Only to a limited extent <input type="checkbox"/> Not really <input type="checkbox"/>					
29. The arrangement for the UNIDO Desk performs better than similar arrangements with other non-resident agencies. Very much so <input type="checkbox"/> To some extent <input type="checkbox"/> About the same <input type="checkbox"/> Worse <input type="checkbox"/>					
30. Would you recommend the UNIDO Desk scheme to be replicated in other countries? Yes <input type="checkbox"/> No <input type="checkbox"/>					

(cont'd) ▶

◀ (cont'd)

3. Part: About the Joint UNIDO/UNDP Private Sector Development Programmes (JPSPD)

The Agreement sets out the following objectives of the JPSPD: *The ultimate objective of joint programmes is to expand, and enhance the impact of, both organizations' PSD support programmes with a view to strengthening the contribution of the private sector to the achievement of the MDGs.*

31. Are these objectives of continuous relevance to *partner countries*? ^(B4)

Highly relevant Relevant Limited relevance No longer relevant

32. Are these objectives of continuous relevance to *UNDP*? ^(B4)

Highly relevant Relevant Limited relevance No longer relevant

33. Has the joint PSD programme in your country led to broader inter-agency coordination in private sector development? (The question goes beyond the collaboration between UNDP and UNIDO and refers to other UN agencies)? ^(C7)

Very much so To some extent Only to a limited extent Not really

34. Has the agreement helped to bring about inter-agency coordination in areas other than private sector development (e.g., environment or energy)? ^(G7)

Very much so To some extent Only to a limited extent Not really

35. Have the efforts under joint PSD led to sustainable results on the ground? ^(E3)

Yes To some extent Not really Too early to tell

Please explain briefly your rating:

This is the end of the questionnaire. Thank you very much for your collaboration.

We would like to invite you to provide concrete recommendations or suggestions with regard to the way forward and steps that UNIDO and UNDP should take to achieve the objectives of the agreement. If you have such recommendations, please insert them below.

Further comments:



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