



TOGETHER
for a sustainable future

OCCASION

This publication has been made available to the public on the occasion of the 50th anniversary of the United Nations Industrial Development Organisation.



TOGETHER
for a sustainable future

DISCLAIMER

This document has been produced without formal United Nations editing. The designations employed and the presentation of the material in this document do not imply the expression of any opinion whatsoever on the part of the Secretariat of the United Nations Industrial Development Organization (UNIDO) concerning the legal status of any country, territory, city or area or of its authorities, or concerning the delimitation of its frontiers or boundaries, or its economic system or degree of development. Designations such as “developed”, “industrialized” and “developing” are intended for statistical convenience and do not necessarily express a judgment about the stage reached by a particular country or area in the development process. Mention of firm names or commercial products does not constitute an endorsement by UNIDO.

FAIR USE POLICY

Any part of this publication may be quoted and referenced for educational and research purposes without additional permission from UNIDO. However, those who make use of quoting and referencing this publication are requested to follow the Fair Use Policy of giving due credit to UNIDO.

CONTACT

Please contact publications@unido.org for further information concerning UNIDO publications.

For more information about UNIDO, please visit us at www.unido.org

20604

Distr.
RESTRICTED

FMD/R.6
28 March 1994

UNITED NATIONS
INDUSTRIAL DEVELOPMENT ORGANIZATION

ORIGINAL: ENGLISH

**ACTION PROGRAMME TO SUPPORT THE DYNAMIC DEVELOPMENT OF
THE BUILDING MATERIALS INDUSTRY (WITH PARTICULAR REFERENCE
TO THE CEMENT INDUSTRY) IN THE PTA SUB-REGION**

TF/RAF/90/902

REGIONAL AFRICA

Report of the evaluation mission*

Prepared in cooperation with
the Government of Japan and
the United Nations Industrial Development Organization

* This document has not been edited.

TABLE OF CONTENTS

	PAGE
EXECUTIVE SUMMARY	iv
INTRODUCTION	1
I. PROJECT CONCEPT AND DESIGN	
I.1 The Project's Overall Policy, Institutional and Economic Context	3
I.2 The Macroeconomic Environment	4
I.3 The Policy Environment	7
I.4 The Institutional Context	8
I.5 The Enterprise Level	9
I.6 Overall Assessment of the Socioeconomic Environment	11
I.7 The Project Document	12
I.8 Assessment of the Project Document	15
II. PROJECT IMPLEMENTATION	
II.1 Delivery of Inputs	18
II.2 Implementation of Inputs	18
II.3 Assessment of Project Implementation	21
III. PROJECT RESULTS AND ACHIEVEMENT OF OBJECTIVES	
III.1 Outputs	22
III.2 General Assessment of Outputs	23
III.3 Achievement of Immediate Objectives	25
III.4 Contribution of the Achievement of the Development Objectives	26
IV. ISSUES RELATED TO UNIDO STF PROGRAMME	27
V. CONCLUSIONS	
V.1 Project Justification And Rationale	28
V.2 Project Design	28
V.3 Project Implementation : General Aspects	28
V.4 Project Implementation : Inputs	28
V.5 Project Implementation : Activities and Outputs	29
V.6 Target Group and Beneficiaries	29
V.7 Counterpart Organizations	29
V.8 Project Environment	30

VI.	RECOMMENDATIONS	
VI.1	Related to the Project	31
VI.2	Related to UNIDO	31
VI.3	Related to the Government of Japan	32
VII.	LESSONS LEARNED	33

LIST OF TABLES

	PAGE
TABLE 1: Selected Economic Performance Data of Kenya, Tanzania, Mozambique and Zambia	5
TABLE 2: Urbanization Levels and Growth of the Urban Population	6
TABLE 3: Project Budget and Distribution of Budget over Inputs - 1991, 1993	19

LIST OF BOXES

BOX 1: Summary Assessment Volume 1 : Developments in the International Cement Industry and Implications for the PTA Sub-region	23
BOX 2: Summary Assessment of Volume 2 : Diagnostic Analysis of Selected Cement Plants in the PTA Sub-region	24

LIST OF ANNEXES

ANNEX 1: Terms of Reference	35
ANNEX 2: Organizations Visited and Persons Met	41

LIST OF ACRONYMS

COMESA :	Common Market For Eastern And Southern Africa
DFR :	Draft Final Report
FDI :	Foreign Direct Investment
GOJ :	Government of Japan
HQ :	Headquarters
JICA :	Japan International Cooperation Agency
ODA :	Official Development Assistance
OECF :	Overseas Economic Cooperation Fund
PTA :	Preferential Trade Area
PTDS :	PTA Trade and Development Strategy
PPER :	Project Performance Evaluation Report
SADCC :	Southern African Development Coordination Conference
TOR :	Terms of Reference
UNIDO :	United Nations Industrial Development Organization

EXECUTIVE SUMMARY

The project document design is unsatisfactory. It lacks coherence, consistency and a detailed workplan and implementation time table. A proper problem analysis is missing. As a consequence, objectives are rather vague. They are defined as activities. Inputs are not properly identified, the identification of fields of expertise in the personnel component is missing. The project document was never signed by UNIDO. A chapter on project organization and management, which would have been essential in a regional project involving so many parties, is missing. The critical assumptions are not properly clarified and, hence, the risk analysis is of no practical value.

The quality, timeliness and adequacy of inputs delivered by UNIDO is questionable and so is the level of expertise.

Some of the planned activities have been carried out, but with difficulties in terms of timing and substance. The project, which was originally scheduled to be implemented in the course of 1.5 years, has already now a time overrun of over 60 %. According to UNIDO it "could" be completed by August 1994. Out of two planned seminars only one has taken place so far with a changed emphasize as originally planned. Training material and case studies intended for use in the seminars have not been prepared. Likewise, on-the-job training in the cement enterprises has not yet taken place.

It is questionable whether the outputs produced so far have had a real development impact. The claimed primary beneficiaries of the project did not feel to be the primary target group. Likewise, the PTA Secretariat as well as the national Governments concerned could not provide any evidence that the project's outputs had actually been utilized as inputs in their problem solving or decision taking.

Hence, the project's critical assumption that outputs would be used by the intended beneficiaries could not be substantiated. In fact, it appears from the field interviews that nobody has taken "ownership" of this project.

In addition the project's overall socioeconomic and institutional environment has undergone substantive changes since the project was formulated. None of the parties involved has taken due note of these fundamental changes and attempted to adjust the project accordingly.

The project was poorly monitored and backstopped. In-house cooperation and coordination within UNIDO has failed to function properly. No PPER has been prepared yet and no Tripartite Review meeting has been held. Below standard outputs have been accepted.

It is the considered opinion of the evaluation mission that under these circumstances the project is highly unlikely to achieve its immediate objectives. No basis is therefore given for a contribution to the realization of the development objective.

The evaluation mission recommends therefore the following course of action :

- (i) to immediately freeze project implementation with a view to reorient and redesign the project fundamentally
- (ii) to use part of the project balance for a "Preparatory Assistance" activity to identify a viable project
- (iii) to postpone the Tripartite Review meeting until a date when both, the evaluation report and PA reports are available.

The evaluation mission is further of the opinion that UNIDO should take the necessary measures to ensure compliance with established procedures (appraisal, backstopping, monitoring) and that the requirements of trust fund arrangements (mainly accountability to the donor) are properly understood in the house.

The evaluation mission also feels that the Government of Japan may wish to consider defining more clearly eligibility criteria for UNIDO trust fund projects in general and/or the PTA sub region in particular. One core problem in this context is the question of what constitutes "sustainable development " in these countries and how UNIDO's important role and Japan's development objectives can be linked to support such development.

INTRODUCTION

The regional project TF/RAF/90/092 "Action Programme To Support The Dynamic Development Of The Building Materials Industry (With Particular Reference To The Cement Industry) in the PTA Sub-Region" is one of the sub-projects financed under the umbrella of the Japanese trust fund project GLO/91/800. A formal request seeking funding for the project was forwarded from the "Preferential Trade Area " (PTA) Secretariat to UNIDO by telex dated 30 May 1991.

The project is the third in a sequence of similar projects which have been implemented since 1985 on PTA sub-regional level. It is with a total volume of US \$ 801,000 (including 13 % UNIDO program support cost) by far the largest of the projects which have so far been undertaken.

According to the Division of Industry and Energy of the PTA Secretariat, the project idea originated from a Tripartite Review Meeting held under DP/RAF/88/077. The project's design and formulation was undertaken by UNIDO's FEAS in close consultation with UNIDO's CHEM and the PTA Secretariat.

Project operations commenced in July 1991. Total implementation duration was originally estimated at 18 calendar months, implying an end of project status by the end of 1992. As of December 1993, no Tripartite Meeting has been held, nor has a "Project Performance Evaluation Report (PPER)" been prepared.

The PTA has identified in its two policy declarations of 1988 and 1992 the building materials subsector as a priority sector earmarked for sub-regional development. The 1988 framework paper identifies brick making, natural stone, cement, lime, fine ceramics and sheet glass as building materials of interest and gives cement the highest priority for sub regional action.

The 1992 policy paper " PTA Trade And Development Strategy - PTDS" reconfirms in more general terms than the 1988 document the building materials industry as a priority subsector.

The project document makes no provisions for an in-build and/or ex-post project evaluation exercise. The present in-depth evaluation was initiated by UNIDO/OSG/EVAL with a view to "assess the overall achievements of the project and suggest changes for the second phase". The in-depth evaluation focus is on the objectives and results of the project, that is relevance and critical assumptions, rather than on inputs, administrative and financial aspects. The detailed terms-of-reference (TOR) are attached as ANNEX I to this document.

The evaluation took place over the period 21 November 1993 to 20 December 1993. Field visits were undertaken to Lusaka, Zambia,; Maputo,

Mozambique; Dar-Es-Salaam, Tanzania and Nairobi, Kenya. An official debriefing meeting was held at UNIDO HQ's on 17 December 1993. During the field survey the mission undertook over 30 formal and informal meetings with decision takers from the cement plants, the PTA Secretariat, the national ministries responsible for state-owned enterprises, the building materials sector, UNIDO field offices, the Embassies of Japan and other ODA agencies. A comprehensive list of persons interviewed is contained in ANNEX II of this document.

The evaluation mission comprised two members, namely Mr. I.Kobayashi, representing the Government of Japan (GOJ) and Mr. K.D.Schneider, representing UNIDO.

The structure and format of this report follows the requirements as outlined in UNIDO's DG bulletin UNIDO/DG/B.106 of 18 April 1989. The report was finalized in Japan at the consultant's own expense, since no time and budget allocation was provided for report writing.

The mission wishes to thank all officials and individuals met for their active support and candid expression of views, which facilitated greatly the mission's accomplishments. However, the views expressed and recommendations made in this report are the sole responsibility of the evaluation team and are not necessarily shared by the recipient countries, the donor and UNIDO.

The recommendations made need their consent for actual implementation.

I. PROJECT CONCEPT AND DESIGN

I.1 The Project's Overall Policy, Institutional And Economic Context

The PTA comprises 18 countries ^{*)} with a total population of some 212 million people (status as of 1990). However, member countries are very heterogeneous in terms of stage of development, cultural heritage, size of the economy and development potentials and constraints. The population size varies from some 410,000 people in Djibouti to about 48.8 million in Ethiopia. The size of the economies varies from US \$ 209 million in the Comoros to US \$ 7.7 billion in Angola; representing a gap factor of 36.8. The share of manufacturing in "Gross Domestic Product - GDP" varies from a minimum of 4 % to a maximum of 25 %.

The section of the PTA Treaty which deals with sub region wide cooperation in the field of industrial development (Article 24 of Annex VIII of the treaty) state that meaningful arrangements among PTA member countries cannot be realized without the restructuring of their economies through cooperation in industrial development. The PTA's long-term objective in the sectors of industry and energy is to promote cooperation in the :

- (i) rationalization and expansion of existing capacities
- (ii) creation of new capacities
- (iii) promotion of cross-border, vertically and horizontally integrated production, marketing and distribution system.

The building materials industry is one among 11 priority areas for intended joint action. The promotion of the building materials industry is interpreted as a contribution to meeting the "basic needs" of the sub region's population. Building materials of interest are : brick making, natural stone, cement, lime, fine ceramics and sheet glass. However, the PTA's first interest is to develop cement.

There are some 26 cement plants in the PTA sub region with a total installed capacity of some 7.56 million tons per year. Total installed capacity in the fur countries covered by the evaluation mission is some 4. million tons per year, equivalent to about 60 % of total installed capacity in the sub region.

^{*)} The are, listed in alphabetical order : Angola, Burundi, Comoros, Djibouti, Ethiopia, Kenya, Lesotho, Malawi, Mauritius, Mozambique, Rwanda, Swaziland, Somalia, Sudan, Uganda, Tanzania, Zambia and Zimbabwe.

Key features of the project's socioeconomic and institutional context shall be discussed thereunder in view of their outstanding importance for the project's rationale, relevance and impacts as well as its implementation organization.

I.2 The Macroeconomic Environment

The economies of the four countries visited remain to be severely constrained by continuing internal structural weakness and imbalance coupled with chronic foreign exchange shortages. Poor overall economic performance together with very high population growth rates have resulted in stagnating or declining "Gross National Product - GNP" per capita income.

Over the period 1980 to 1989 average annual real GDP growth rates have been recorded as 0.4 % in Kenya; -6.9 % in Mozambique; -1.6 % in Tanzania and -3.8 % in Zambia. Average population growth rates over the same period have been 3.8 % in Kenya; 2.7 % in Mozambique; 3.5 % in Tanzania and 3.7 % in Zambia (Table 1 refers).

The structural aid dependency and overall indebtedness of the economies remains at unsustainable high levels. In 1989, for example, the aid dependency ratio measured in terms of share of ODA receipts in per capita income was between 11.4 % in Kenya and 62.0 % in Mozambique. External debts to be serviced(if expressed as percent of per capita income) range from 66.4 % of per capita income in Kenya to 387 % in the case of Mozambique.

All four countries visited have sizable urban populations (Table 2 refers). The absolute urbanization rate is with 49 % of the total population highest in Zambia and with 23 % lowest in Kenya. However, in terms of absolute urban population, Tanzania has with some 7.4 million the highest and Zambia with some 3.8 million the lowest absolute urban population. The average annual growth rate of the urban population over the period 1980 to 1989 has been with 10.8 % highest in Tanzania and with 6.2 % lowest in Zambia.

The building materials sector in general and the cement subsector in particular are very sensitive to :

ON THE DEMAND SIDE

- (i) the overall per capita income level
- (ii) the existence and scope of public financed private housing schemes
- (iii) the size and phasing of public infrastructure investments

TABLE 1 : SELECTED PERFORMANCE DATA OF KENYA, TANZANIA, MOZAMBIQUE AND ZAMBIA

COUNTRY	AVERAGE GDP GROWTH RATE	GNP PER CAPITA	TOTAL ODA RECEIPTS			TOTAL EXTERNAL DEBTS		
			ABSOLUTE	PER CAPITA	% OF PER CAPITA INCOME	ABSOLUTE	PER CAPITA	% OF PER CAPITA INCOME
UNIT:	[1980 - 1989] %	[1989] US\$	[1989] mioUS\$	[1989] US\$	[1989] %	[1989] mioUS\$	[1989] US\$	[1989] %
KENYA	0.4	360	967	41	11.4	5,690	239	66.4
TANZANIA	-1.6	130	918	39	29.7	4,918	207	159.0
MOZAMBIQUE	-6.0	80	759	50	62.0	4,737	310	387.0
ZAMBIA	-3.8	390	388	50	12.8	6,874	881	226.0

NOTE : ODA = Official Development Assistance, that is technical and financial assistance together.

SOURCE : Evaluation mission compilation from "World Development Report 1991", The World Bank, Oxford University Press 1991.

TABLE 2 : URBANIZATION LEVELS AND GROWTH OF URBAN POPULATION

COUNTRY	TOTAL POPULATION 1989	URBANIZATION RATE 1989		AVERAGE ANNUAL GROWTH RATE OF URBAN POPULATION over the period 1980-1989
		ABSOLUTE	IN % OF TOTAL POPULATION	
UNIT:	million people	million people	%	%
KENYA	23.5	5.4	23	8.2
TANZANIA	23.8	7.4	31	10.8
MOZAMBIQUE	15.3	4.0	26	10.7
ZAMBIA	7.8	3.8	49	8.2

NOTE : ODA = Official Development Assistance, that is technical and financial assistance together.

SOURCE : Evaluation mission compilation from "World Development Report 1991", The World Bank, Oxford University Press 1991.

- (iv) the level and performance of "Gross Fixed Capital Formation" going into commercial buildings and facilities

ON THE SUPPLY SIDE

- (i) the size and location of cement plants, their operating efficiency and the price of cement
- (ii) the existing state of inter linkages between the cement manufacturers and building material manufacturers using cement as an input
- (iii) Government intervention into company operations and pricing
- (iv) the overall "enabling environment".

I.3 The Policy Environment

The project is a regional one embedded into a regional policy framework. The mission is of the general impression that the regional policy framework for the building materials sector as it is defined in the 1992 PTDS document is of less focused nature than the one outlined in the preceding 1988 document. The 1988 document identified a group of building materials on which regional action should focus and gave as short-term priority the rehabilitation of cement plants in Uganda, Mozambique, Malawi, Tanzania and Zambia. Thus, the 1988 policy document stated at least short-term regional policy targets and it identified the enterprise level as entry point for such joint action.

The 1992 document states in chapter 4, "Co-operation in Industrial Development", in paragraph 136 :

"An integrated programme for industrial development, consistent with increased emphasis on investment in production is required. Emphasis should be placed on the subregional projects which have upstream and downstream linkages with other key sectors of the economies." [Source : PTDS, p.37]

The document continues to list cement, glass and other building materials as product groups on which emphasis is to be placed. It does, however, not state any specific targets, nor does it identify any short-, medium- or long-term measures.

The mission finds it difficult to grasp the major elements of the PTA's regional policy as regards the building materials sector including cement. Likewise, the relationship, if any, between the regional policy and the policies pursued on national levels remains somewhat obscure. No complementarities, if any, are identified and it is unclear to what extent

the regional policy approach supplements national endeavors and vice versa.

One reason for the "watering down" of the policy formulation at regional level may be that essential changes have taken place at national levels since the first framework paper was published in 1988. Such changes refer to the overall "enabling environment" and relate to the following areas:

- (i) the fundamental redefinition of the roles of the public and private sectors geared towards the privatization of part of the parastatal sector, including the cement enterprises covered under the project
- (ii) the gradual liberalization and opening of the economies with emphasis on export promotion and incentives for attracting foreign direct investment (FDI)
- (iii) the lifting of formal cement price controls. However, while enterprises are free now to set their own ex-factory prices, substantial coordination takes place between the enterprises and the governmental bodies concerned before price increases are implemented.

The above is a clear indication that the overall policy environment under which the project and its target groups and potential beneficiaries operate, underwent essential changes, since the project was formulated and commenced operations.

I.4 The Institutional Context

The project's counterpart organization is the PTA Secretariat. However, project implementation involves three main institutional layers; namely regional, national and enterprise levels. The national level is again split at least into two sublayers; namely the technical ministries responsible for the cement enterprises and the ministries responsible for building and construction.

Already during project finding and formulation there have been two de facto competing and overlapping organizations for regional cooperation and integration; the PTA and the "Southern African Development Coordination Conference (SADCC)". Membership in both organizations is not identical. Tanzania; Zambia and Mozambique are, however, represented in both, the PTA and SADCC *).

*) SADCC comprises Angola; Botswana; Lesotho; Malawi; Mozambique; Namibia; Swaziland; Tanzania; Zambia and Zimbabwe.

The PTA's role and functions for regional integration have been subject to controversial discussion from the onset. There is, for example, considerable overlapping between the PTA and SADCC in the field of industry. SADCC is actually responsible for industrial cooperation among member countries.

The most fundamental change, however, which has taken place since the project was designed is the formulation of a common market comprising 23 potential member states. The "Common Market for Eastern and Southern Africa - COMESA"; the treaty of which was signed by 15 **) out of the 23 eligible states has created one more institutional set up in the region with plans for linking not just trade, but also everything from industry to the environment.

The counterpart organization itself; that is the Division of Industry and Energy, admits that it has neither the institutional nor the personnel capacity to formulate and/or monitor "their" projects. They have one officer who is responsible for a wide range of industrial subsectors. The Division's Director made it also clear to the mission that they were unaware of UNIDO's procedures.

1.5 The Enterprise Level

There have been in the past and there continue to be both, substantial ODA inputs and private sector involvement through equity participation and/or management or technical support contracts at cement enterprise level. All four countries visited have declared privatization policies which are gradually being implemented.

ZAMBIA

In Zambia the Government is with 60 % still the majority shareholder in the Chilanga plant. The balance of shares is held with 23 % by the Commonwealth Development Corporation; 7 % are owned by the Anglo American Corporation and 10 % by small shareholders. The plant has a technical management agreement with the Irish Cement Company since 1978. Presently there is one expatriate staff still assigned to the company. The enterprise is listed for privatization in the second tranche. It may, however be privatized with at the same time as the enterprises in the first tranche.

**) COMESA has the following potential member states : Burundi; Comoros; Djibouti; Eritrea; Ethiopia; Kenya; Lesotho; Madagascar; Malawi; Mauritius; Mozambique; Namibia; Rwanda; Somalia; Sudan; Swaziland; Uganda; Tanzania; Zaire; Zambia and Zimbabwe. However, the president of Zimbabwe has made it already clear that he would not agree to the new alliance because the relationship between COMESA and SADCC has not been clarified.

MOZAMBIQUE

Cimentos de Mozambique, which is the parastatal owner of Mozambique's three cement factories, has over many years received for some of the plants assistance from ODA sources as well as the transnational cement group SCANCEM. The Motola plant near Maputo is subject to a rehabilitation scheme funded by the World Bank and the European Investment Bank. This rehabilitation is not progressing satisfactorily, because the factories are subject to privatization.

In this context a strategy paper is currently being prepared for the top management of the enterprise by the firm Coopers & Lybrand. The privatization drive is currently blocking ODA assisted initiatives because of a "privatization first, rehabilitation later " approach taken by donors.

TANZANIA

The parastatal "Tanzania Saruji Company (TSC)" is the majority owner of Tanzania's three cement plants. The Twiga factory (TPCC) near Dar-Es-Salaam has received for some seven years substantial ODA assistance from Sweden and has a management contract with the SCANCEM group. The Government is with 74 % still the majority shareholder in this plant. However, during the mission's stay negotiations were going on between SCANCEM and the Government for increased participation in the plant.

KENYA

The Kenyan cement sector must be considered the most advanced among the countries visited. The "East African Portland Cement Company (EAPCC) has received a rehabilitation loan from the Japanese "Oversea Economic Cooperation Fund - OECF". The Government is with 52 % still the majority shareholder. Some 14 % of the shares are owned by Blue Circle of the UK and 14 % by the French controlled Cementia/Lafarge. The company is listed for privatization.

The rehabilitation funded by the OECF is not going smoothly, because the company has problems in raising financing for the local cost component. In addition, if the company is privatized before the rehabilitation is implemented, which is now scheduled to be finalized by mid 1996, in that case the OECF loan cannot be disbursed, because the OECF cannot finance a private company. The EAPCC had a technical management contract up to 1988 with the British firm Blue Circle. This contract was terminated, because EAPCC could not pay the fees involved.

I.6 Overall Assessment of the Socioeconomic Environment

Since this regional project was formulated and commenced operations it has been embedded in a highly complex socioeconomic environment with high levels of uncertainty and risk.

ECONOMIC ENVIRONMENT

The overall economic situation in the countries covered was depressed when the project was formulated and approved. This situation continues with potential negative effects on the demand for building materials. Investments into residential and non-residential buildings remain weak. The cement sector has been opened to private players and an opening of the cement market will reveal the distinct structural problems in this sector. South-Africa has been invited to "jump start" the economies of the sub region. The role South Africa can and will play remains unclear.

REGIONAL AND NATIONAL LEVEL POLICY ENVIRONMENT

A coherent and consistent regional policy has not been and still is not in place as regards the building materials and the cement subsectors. National policies appear not to be harmonized and the countries concerned are apparently pursuing "national" approaches, mainly by employing bi- and multilateral ODA schemes.

The privatization drive has, at least in the four countries covered by the field survey, changed fundamentally the "rules of the game". Open market competition will lead to uneconomic units being forced out of the market.

INSTITUTIONAL ENVIRONMENT

The project's counterpart organization, the PTA Secretariat, had and continues to have only very limited institutional capacity and capability to monitor and/or manage projects of that nature and size. Given the overlapping and competing functions and roles various regional organizations claim, it is not evident at first sight that the PTA is the most appropriate counterpart organization for that type of project *).

*) Assuming that the project's scope and direction of activities are needed and desirable from a point of view of supporting "sustainable development".

Communication flows and coordination efforts between (a) the regional and national levels and, (b) at national level are lengthy and cumbersome. This has resulted in a communication breakdown between the parties concerned and, more importantly, the parties not assuming "ownership" of the project.

CEMENT ENTERPRISE LEVEL

All enterprises in the four countries covered by the field survey fall still in the parastatal category. In Kenya, Tanzania and Zambia, however, there is considerable foreign private and local equity participation. In all cases there have been sizable inputs into some of the factories provided either by ODA sources or through technical or management contracts with foreign cement manufacturers.

The privatization drive in all four countries coupled with an overall adjustment in the enabling environment has changed fundamentally the "rules of the game. It has also created additional constraints for ongoing rehabilitations in Kenya and Mozambique.

I.7 The Project Document

The project document identifies in part B. titled "Project justification" the core problem, which the project is supposed to address, as follows :

" ... it is common to observe extremely low average levels of profitability and capacity utilization rates as low as 30 percent."

The document explains this phenomenon by establishing a cause - effect relationship when it states that the situation is due to :

" ... a number of constraints including old plants, lack of spare parts, transport problems, marketing problems and manpower problems."

The following development objectives are identified :

- (i) to "accelerate industrial growth in the PTA"
- (ii) to "generate productive employment"
- (iii) to "increase the productivity of installed capacity"
- (iv) to make a contribution to the "balance of payments through reduced imports and increased exports.

The immediate objectives are split into two categories, overall and just immediate objectives. The project's two overall immediate objectives are :

- (i) "to determine and action oriented, perspective program for the future development of the building materials sector (with particular reference to cement) in the PTA countries"
- (ii) "to assist promoters facing increased future local demand with the complete techno-economic analysis and direct technical assistance in order to increase the profitability of the sector and the capacity of the PTA to produce building materials locally."

With the above definitions the project assumes a direct support function geared at a sector wide coverage, that is making the whole sector the implicit target group of project activities.

Following the above the document states five immediate objectives as follows:

(i) IMMEDIATE OBJECTIVE I (IO I)

" To carry out an international, African- and PTA wide analysis of the building materials industry to ascertain the general dimensions of the problems being faced, to judge their complexity, to make policy recommendations on the nature of the assistance required, to determine the viability of a possible expansion exercise, and to assess the probability of success of an eventual enterprise -level expansion programme for the PTA."

(ii) IMMEDIATE OBJECTIVE II (IO II)

"The analysis of the perspective supply and demand situation and future, medium- and long-term development (expansion and diversification) requirements and opportunities in individual enterprises active in the cement industry in each of eight countries in the PTA states together with the designing of appropriate follow-up actin."

(iii) IMMEDIATE OBJECTIVE III (IO III)

"To carry out seminars on "The Economics, Technological and Technical Dimensions of Industrial Expansion, Diversification and Modernization", with particular reference to the cement industry."

(iv) IMMEDIATE OBJECTIVE IV (IO IV)

"Carry out direct, medium-term "human" technical assistance, as well as "technical" technical assistance in three selected enterprises."

(v) IMMEDIATE OBJECTIVE V (IO V)

"To evaluate the extent to which the enterprises diagnosed were able to implement the short-term measures proposed and to generate the maximum multiplier effect from outputs 1,2,3 and 4 above and to assist the PTA to promote the maximum possible investment in the sector."

Seven outputs are supposed to contribute to the above identified objectives. The are

(i) OUTPUT 1 (RELEVANT TO IO I)

"A survey (report) of the state of the building materials industry internationally, with particular reference to the PTA"

(ii) OUTPUT 2 (RELEVANT TO IO I)

"Eight national cement surveys reviewing the status of the cement industry in each selected country"

(iii) OUTPUT 3 (RELEVANT TO IO II)

"Eight enterprise surveys for each of the enterprises to be examined in the diagnostic analyses"

(iv) OUTPUT 4 (RELEVANT TO IO III)

"Two seminars completed on "The Economic, Technological and Technical Dimensions of Industrial Expansion, Diversification and Modernization", with particular reference to the cement industry."

(v) OUTPUT 5 (RELEVANT TO IO IV)

"Carry out direct, medium-term technical assistance to three of the enterprises diagnosed..." under output 3 above

(vi) OUTPUT 6 (RELEVANT TO IO V)

"An evaluation of the extent to which the 8 enterprises diagnosed under output 2 were able to successfully implement the short-term remedial measures proposed."

(vii) OUTPUT 7 (RELEVANT TO IO V)

"A series of meetings and discussions throughout the course of the project, as well as active negotiations between project personnel, UNIDO HQ's staff, enterprise representatives, and policy, financial and industrial partners designated to foster the financing and implementation of those expansion and diversification projects deemed viable."

The project document differentiates explicitly between three types of target groups as follows :

(i) GENERAL TARGET GROUP

"The entire population will benefit from the improved quality of shelter".

(ii) PRIMARY TARGET GROUP

"... all the enterprises in the building materials industry in each of the selected countries"

(iii) SECONDARY TARGET GROUP

"... the Governments of the selected countries who will not only benefit from the direct technical assistance to their enterprises, but also through the recommendations made in the project concerning macro- and industrial sector level policy changes to foster the rehabilitation process".

The project document does not explicitly identify a strategy, but outlines an overall approach in chapter 4. The project's designers state :

"Having carried out whatever short-term purely technical assistance that was possible, it is now appropriate to move to a comprehensive and integrated approach to the building materials sector. This is the content of the present programme."

They continue :

"The design of the present project is based on the programme approach... the project is oriented towards reinforcing the harmonious, integrated and balanced development of the building materials subsector. As such, it views the subsector as a system and aims at taking into consideration all the supply and demand components of the subsector and the linkages between them, as well as policies that effect specific components and the system as a whole."

Emphasis in the text by the evaluation team.

1.8 Assessment of the Project Document

A mere desk review of the project document itself reveals two fundamental weakness with strong repercussions on both, overall project design and, consequently, overall project implementation. These weakness are :

- (i) the lack of an adequate problem analysis, and consequently no clear answer to the question of what the project is supposed to achieve
- (ii) the lack of a consistent and coherent overall design.

The mission is of the opinion that the lack of a clear problem analysis constitutes the single most detrimental omission in the project. There are well proven tools for problem analysis inside and outside the UN family, such as problem tree or hierarchy and/or strength/weakness profile. No clear answer was provided why these tools were not or not properly applied. This lack of a clear problem analysis together with the vagueness of a suitable "entry point" for project assistance (regional, national, sector, enterprise level) resulted in inconsistencies and contradictions. The following observations and comments are offered on the major points.

The "key factors of success" are distinctly different for all building materials subsectors as against cement manufacturing. No analysis in

qualitative and/or quantitative terms has been provided on the existing interrelationship between :

- (i) regional and national policies for the building materials subsector and the cement subsector (coherence; complimentarity)
- (ii) the supply side situation in both, cement and building materials manufacturing
- (iii) the demand side of the equation; that is market segments, housing programs; investment levels and the like.

There is no definition or indication which product groups are covered by the term "building material subsector". A four layer development objective is already somewhat unusual. Some of the objectives are inherently exclusive to each other. For example, increasing productivity at process industry plants such as cement often means the release of redundant labor and not the creation of additional employment. There are too many and too broadly defined immediate objectives. They are defined as activities rather than objectives. The same applies to the output section.

The project lacks a strategy while claiming at the same time to apply a quite sophisticated "comprehensive and integrated" "programme approach", which views the subsector as a "system".

The definition of objectives, outputs and activities is blurred. As a result the linkage and interaction of activities, leading to outputs, which contribute to objectives is shaky. Neither objectively verifiable indicators are identified, nor any means and sources of verification. Hence, the overall relation and adequacy of inputs/activities and outputs/objectives are unclear.

No primary function of the project is stated. The mission was told by UNIDO that direct support is the primary function. Target group and beneficiary identification is likewise quite unsatisfactory. Some parts in the document claim all enterprises in the building materials subsector to be primary beneficiaries, while others reduce this intentions to three cement enterprises.

The document has a very general workplan, identifying only posts, some activities; the estimated total duration of the input and the overall budgetary allocation for that input. No precise workplan and implementation schedule is attached; which renders it virtually impossible to make any judgment about the appropriateness of timing of input, its overall duration and rephasing, if any.

Budget revisions and copies of informal progress reports were made available to the evaluation team only during the mission's debriefing at UNIDO HQ's. The progress reports, which do not follow established

standards; are of general nature. The actual implementation of activities, including the rephrasing and their justification had to be logically deduced from the sketchy data provided.

A proper chapter on project organization and management, which would have been vital for a project involving so many institutional layers and not having a "Chief Technical Advisor - CTA" attached to it, is completely missing. How the six main parties concerned, namely the PTA Secretariat, the cement industry, the national ministries concerned, the project's experts, UNIDO HQ's and the donor country interact and coordinate in project monitoring and follow-up has to be imagined from scattered information contained in various parts of the project document.

Counterpart support activities are only broadly defined. The mission could not determine exactly, whether all the counterparts outlined in chapter 8 of the document had actually been assigned to their project supporting duties.

The document does not present any consistent information on the project's important assumptions, that is the factors that cannot be influenced by the project's management, but that are of vital importance for successful project completion. Hence, the risk analysis presented in part F is virtually of no value.

Another surprising feature is the fact that the project budget makes under line 13-00 an allocation of US \$ 9,000 for "Administrative assistance to assist in preparation in Vienna produced under outputs 1,2 and 3...". The project's total budget reflects 13 % UNIDO program support cost which should cover expenditures for such type of activities.

II PROJECT IMPLEMENTATION

II.1 Delivery of Inputs

Table 3 summarizes the project's original budget as well as the planned budget for 1993. The original budget of US \$ 708,850 (excluding the program support cost component) was distributed as follows : 70.4 % for the project personnel component; 5.6 % for training and 21.7 % for the equipment component.

Total project implementation in 1991 accounted for US \$ 159,684, equivalent to some 22.5 % of the total budget. Total project expenditure in 1992 accounted for US \$ 118,594, equivalent to 16.7 % of the project's budget.

The remaining project balance of US \$ 430,572 was rephashed into 1993. However, as of December 1993 only US \$ 106,265 have been utilized, that is 24.7 % of the total 1993 budget. In other words, as of December 1993 the project has unused funds in the amount of US \$ 324,307, which is equivalent to 45.8 % of the original project budget.

Resources have been shifted between budget lines. The single most significant shift has been the allocation of US \$ 80,000 for budget line 21-00, subcontracts. According to UNIDO's backstopping unit this allocation was intended for on-the-job training in the target cement enterprises. However, no such training has materialized as of December 1993.

The following basic inputs were to be provided by the PTA Secretariat and the participating national Governments. One delegate national expert to be attached to the teams working in each enterprise; all local transportation; a local bureau with secretarial assistance. The mission could not establish with certainty whether all these inputs had been provided.

II.2 Implementation of Inputs

No "Project Performance Evaluation Report (PPER)" has been prepared up to date for the project. The first PPER was under preparation in December 1993 and a copy of this unofficial document has been given to the team. The implementation status is summarized according to that paper below (activity numbers refer to those in the original project document) :

TABLE 3 : PROJECT BUDGET AND DISTRIBUTION OF BUDGET OVER INPUTS, 1991 AND 1993

BUDGET LINE	ITEM	ORIGINAL PROJECT BUDGET (May 1991) [US\$]	DISTRIBUTION OF ORIGINAL PROJECT BUDGET [%]	LATEST REVISION (May 1993) [US\$]	DISTRIBUTION IN LATEST REVISION [%]	ACTUAL EXPENDITURES 1993 [US\$]
BL11-01	No title *)	25,000)	0		
BL11-02	No title *) Econ./Fin Anal	68,750)	0		
BL11-03	No title *) Cement Techn.	68,750)32.6	0		
BL11-04	No title *) Prev.Maint.	68,750)	0		
BL11-05	Build.Mater.	0		0		
BL11-06	Econ.Build.	0		0		
BL11-07	Financ.Anal.	0		0		
BL11-08	Standard.	0		50		
BL11-09	Cement Techn.	0		0		
BL11-10	Prev.Maint.	0		0		
BL11-50	Short-term Cons	144,000	20.3	160,818	37.3	
BL11-XX		375,250	52.9	160,818	37.3	55,695
BL13-99	Administrative support	9,000	1.3	9,000		818
BL15-00	Project travel	52,100	7.3	28,960		0
BL16-00	Other personnel cost	26,500	3.7	22,185		5,235
BL17-99	National experts	36,000	5.1	17,000		
BL18-00	Surrender by Oblig.	0		552		
BL19-99	TOTAL PERS. COMPONENT	498,850	70.4	236,565	54.9	84,178
BL21-00	Subcontracts	0		80,000		0
BL35-00	Non-UNDO meetings	40,000	5.6	44,742		38,798
BL39-99	TOTAL TRAINING COMPON.	40,000	5.6	124,742	29.0	38,798
BL41-00	Expendable Equipment	142,000	20.0	37,407		103
BL42-00	Non-expend. equipment	12,000	1.7	17,847		0
BL49-99	TOTAL EQUIPM. COMPONENT	154,000	21.7	55,254	12.8	103
BL51-00	Sundries	16,000	2.3	14,011	3.3	1,381
BL99-99	PROJECT TOTAL	708,850	100.0	430,572	100.0	106,265

NOTE : *) All items marked with an asterisk have no functional titles in the original project document. Titles appear in the revision quoted.

SOURCE : A) Original project document. B) PAD TF/RAF 90/092F, approved 27 April 1993.

(i) ACTIVITY 1.1.1; STATUS: COMPLETED

This activity comprised mainly consultation activities. The activity was geared towards output 1. The mission has, however, no concrete evidence of what the actual outcome of these consultations were and whether they were essentially required to produce the desired output.

(ii) ACTIVITY 1.1.2 STATUS: COMPLETED

This activity is also relevant to output 1 and relates to coordination activities. Again, the mission could not trace any direct, project relevant output of that activity.

(iii) ACTIVITY 1.1.3; 1.1.4 AND 1.1.5 STATUS: COMPLETED

These activities are relevant to output 1 and covered the collection and analyses of information on the building materials industry as well as recommendations for decision takers.

(iv) ACTIVITIES 1.2.1; 1.2.2; 1.2.3; 1.2.5 STATUS: COMPLETED

These activities are relevant to output 2, the national cement surveys. Apart from the fact that these activities cover again discussion and consultations, the results and direct relevance could not be specified by the mission. The mission has doubt that activity 1.2.3 and 1.2.4 have been carried out.

(v) ACTIVITIES 2.1.1; 2.1.2; 2.1.3; 2.1.4 STATUS: COMPLETED

These activities refer to the diagnostic analyses to be carried out for the eight enterprise surveys. The mission has problems to agree with the PPER statement that these activities have been completed - at least from a substantive point of view.

(iv) ACTIVITIES 3.1.1; 3.1.2; 3.1.3; 3.1.4 STATUS: COMPLETED

These activities refer to the two planned seminars. The mission disagrees with the statement that these activities are completed. Only one seminar with a different than planned topic has taken place. In addition; the project has so far neither produced any teaching material (activity 3.1.1) nor any case studies (activity 3.1.2).

The activities outlined in the original project document as being needed for immediate objectives 4 and 5 have not been recorded as on-going or completed. The mission can, therefore, not comment on them.

Neither the draft PPER nor any other information provided to the mission allowed to establish the exact starting and completion dates of the

above activities. The same holds true for the assignment dates of both, international and national experts. The evaluation mission views with concern that it was not possible to determine exactly the individual fields of assignments (area of expertise) and the actual entry on duty and planned and actual completion of assignment for the project personnel.

II.3 Assessment of Project Implementation

The project commenced operations in June 1991 and was designed to be completed by the end of 1992. It is estimated by UNIDO that it "could" be completed by August 1994. The project has an implementation overrun of some 67 % as of December 1993. No satisfactory justification for this delay has been produced by the PTA and/or UNIDO.

After repeated unrealistic rescheduling of project implementation and therefore rephasings of the project's budget there remains a balance of some US \$ 324,265 of unused funds, equivalent to about 45.8 % of the original budget.

Timeliness and appropriateness of the activities has to be doubted. It appears that difficulties were encountered in identifying national and international experts and that their assignments could not be aligned adequately.

The mission has also quite some doubts as to the need and appropriateness of certain inputs and activities. The project is the third in a series of three on similar subjects. The mission's time frame did not allow for a systematic screening of the outputs produced under the preceding projects. However, some sample examination was carried out and this question was raised with the PTA Secretariat. For example, a report produced in 1985 for UNDO³⁾ gives a fairly well prepared overview on the cement sector and cement enterprises in the PTA. An update of this report, if the project personnel took note of its existence, may have been cheaper and better than the general reports produced under the project. Likewise, the PTA Secretariat claims that the two previous projects established supply and demand scenarios. While these data were not made available to the mission, it would be interesting to learn why this activity was again included into the subject project.

III PROJECT RESULTS AND ACHIEVEMENT OF OBJECTIVES

III.1 Outputs

The project has up to December 1993 resulted in the following seven general and one summary report :

(i) **Volume 1** : "Developments in the International Cement Industry and Implications for the PTA Sub-region" (Experts H.Carlsen; A. Alexander and W. Huebner)

(ii) **Volume 2** : "Diagnostic Analysis of Selected Cement Plants in the PTA Sub-region" (Experts H.Carlsen; A.Grisar and W. Huebner)

(iii) **Volume 3** : "Review of Reports by National Experts on the Cement Industry and Implications for the PTA Sub-region" (Expert H. Carlsen)
[Comment : Sections 3 and 4 of the report are missing]

(iv) **Volume 4** : "A Study of the present Situation and Proposal for a Development Strategy of the Cement Industry in Kenya" (Experts W.Huebner and H.Carlsen)

(v) **Volume 5** : "Promotion of PTA Cement Standards Co-ordination" (Experts U.A.Halvorsen and H.Carlsen)

(vi) **Volume 6** : "Guideline for Improvement of Plant Maintenance in the PTA Cement Industry" (Expert T.Buchacz)

(vii) **Volume 7** : "Promotion of Preventive Maintenance Routines in Selected PTA Cement Plants" (Expert T.Buchacz)

(viii) **Volume 8** : "UNIDO PTA Seminar on Technical Cooperation and Mobilization of Investment Resources for the Cement Industry"

The following reports are currently under preparation according to an internal note from UNIDO's backstopping unit :

(i) **Volume 9a** : "Comparative Feasibility Study Report for Zambia "

(ii) **Volume 10** : " "Database for Managerial Decision Making in the Cement Factories in Cement Industry in PTA"

(iii) **Volume 11** : "Environmental Protection / Dust Prevention"

(iv) **Volume 12** : "Sub-regional Feasibility Technical and Economic Analysis on the Local Production of Paper Bags for Cement"

III.2 General Assessment of Outputs

The overall timeliness, appropriateness, adequacy and quality of the outputs leaves something to be desired.

The timeliness of the general reports cannot be established with certainty in view of the absence of a detailed work plan and implementation schedule in the project document and the omission of publication dates on the reports.

The appropriateness, adequacy and quality of the reports is likewise subject to doubts. It remains unclear what particular problems were supposed to help addressing. Two examples are listed to make the point. Box 1 below provides a brief summary assessment of output 1, which was to be a survey on the international building materials industry.

Box 1 : Summary assessment Volume 1 : "Developments in the International Cement Industry and Implications for the PTA Sub region"

The 72 page report claims to provide a summary of the "(i) present situation of the international cement industry", "(ii) the state of the art of the manufacture" and, "(iii) " comments on the present and future options for the development of the cement industry in the developing countries and especially in the PTA countries".

The report is a compilation of general observations on subjects such as the raw material side, infrastructure, the chemistry of cement, cement manufacturing processes, process aspects, financing, environmental factors, management aspects and the need for developing human resources.

Major conclusions are :

- (a) deregulation of cement prices
- (b) privatization of cement companies
- (c) collaboration with foreign cement companies
- (d) training at all levels
- (e) attraction of foreign direct investment.

COMMENTS: The report is of such a general nature that it reads like an introduction to the cement industry. Major international development trends and their implications for the PTA are not identified. The conclusions are a truism in the countries covered by the project. The critical aspects such as the implications of privatization and potentials and constraints for sub regional cooperation are not picked up and discussed in detail at all. Collaboration with foreign companies has been and continues to be a fact, which does not need to be raised in principle. To discuss the implications of such involvement would have been more needed and interesting.

The question of the impact of this report, that is to what extent it has been used by the target group for the problem solving and decision taking remains an obscure question. The report was distributed to the PTA member countries, to the 1991 PTA cement manufacturer's meeting and

the 1992 meeting of the PTA's committee on industrial cooperation. Up to date none of these entities has provided UNIDO with any reaction on this document.

Box 2 below summarizes the assessment of volume 2 of the reports, which was to provide a complete techno-economic diagnosis of cement enterprises.

Box 2 : Summary Assessment of Volume 2 "Diagnostic Analysis of Selected Cement Plants in the PTA Sub-region"

The report, which is based on the preparatory assistance mission by the international experts in July - August 1991 is to "identify the most acute problems of the building materials/cement sector and to formulate proposals for UNIDO/PTA assistance pertaining to the strategically important developments of the sector.

The report covers the field investigation in eight PTA countries, Zambia, Tanzania, Kenya, Uganda, Zimbabwe, Malawi, Angola and Mozambique. The report gives a general overview type of description of the situation at the plants and identifies some potential assistance ideas.

COMMENT : No in-depth diagnosis (for which UNIDO has a standard format) or analysis is provided, company and/or factory performance data based on an audit of operations and performance are lacking. There is no systematic discussion or presentation of a constraint analysis on company or national levels, only single issues are identified and elaborated on. It is unclear how a simple listing of potential areas (isolated recommendations) for UNIDO and/or ODA assistance can be amalgamated into an action oriented perspective program for the future development of the building materials sector. The linkage to the building materials sector is completely missing. Recommendations are not focused. A market and demand side analysis is missing.

This report, too, has been distributed to the PTA Secretariat, member states and the factories/companies visited. However, up to December 1993 no reaction or comment has been received by UNIDO from the parties concerned.

Another matter of concern is the changing and/or addition of outputs in the course of project implementation for which no clear reasoning or justification is provided. Already volume 1 of the project reports introduces three new and additional project tasks, which were not in the original project document. These are :

- (i) the promotion of cement standards
- (ii) preventive maintenance in cement plants, and
- (iii) the development of a development strategy for the cement industry in Kenya, suitable as a "development model" for the sub-region.

These topics are covered by volumes 6 and 7, 5 and 4 , respectively.

The two previous past projects have already established a vast amount of information and data. It is unclear to what extent the reports produced under the project have had a real additive value. The mission is under the impression that no real stock-taking of material available has taken place and that there is repetition and duplication, raising the issue of cost effectiveness.

III.3 Achievement of the Immediate Objectives

The achievement of the project's immediate objectives is closely intertwined with the timely preparation and actual utilization of outputs by the main target groups and beneficiaries. The evaluation mission is of the considered opinion that the project is unlikely to achieve its immediate objectives, if it continues its present course.

The critical assumption that outputs (of whatever quality) would be employed as inputs by decision takers in the target group could not be substantiated during the field interviews. If one accepts the notion that the three selected enterprises in Kenya, Tanzania and Zambia have been the prime beneficiaries of the project (which contradicts the project document), then the project would have to be rated a failure so far. None of these target enterprises felt that they were "primary beneficiaries".

The same assessment holds true for the PTA Secretariat and the national Governments concerned. None of these three groups provided the mission with any evidence that they actually had used the project's outputs for any problem solving and decision taking. UNIDO's backstopping unit never received during the three years of project operations any official feedback from the project's potential stakeholders.

UNIDO's backstopping unit argues that the forthcoming reports volume 10, 11 and 12 will provide the intended measures for short and medium term technical assistance for the three cement enterprises. However, if the intended beneficiaries do not use the support given to them or perceive such support not to be of primary importance, than any report of even the highest quality remains in vain.

Positively seen by company managers and political decision takers was the meeting held in Kigali in August 1993. However, the use of project funds for a general meeting are justified, if the objectives of this meeting are clearly defined. Up to now there is no evidence that the recommendations of this meeting will have an impact on decision finding .

III.4 Contribution of Achievement of the Development Objectives

The economic systems of the countries visited are being fundamentally reformed away from a centrally planned and socialist to a more market oriented and open system. A larger role for the private sector in the development process and the privatization of the parastatal sector have become key issues. These fundamental changes at national level together with the increased complexity and uncertainty on the institutional side (regional integration) raise basic questions about the continuing validity of the project's design and objectives.

A significant impact on the countries' sustainable development in the sense of strengthening and/or assisting in the establishment of structures and procedures (on institutional or enterprise levels), which can become self-sustainable in the long run could not be detected by the mission. The mission feels it to be timely and adequate to reassess how the project could make a contribution to the countries' overall development target.

IV. ISSUES RELATED TO UNIDO STF PROGRAM

The comments presented thereunder are based on the administrative instructions (UNIDO/DG/B.73/Rev.2) guiding the development, appraisal, approval and implementation of special trust fund projects.

The mission has the general feeling that trust fund arrangements were not very well understood by the substantive units involved in this project, in spite of the detailed responsibilities and functions outlined in the DG's administrative instructions. One main area in which understanding lacks seems to be that in trust fund arrangements UNIDO is accountable to the donor about the use (purpose, efficiency, satisfactory progress and so forth) of funds.

The subject project is financed from Japan's umbrella trust fund project "UNIDO - Japan Cooperation Programme for Acceleration of Industrial Development". The umbrella project was approved by the Government of Japan by letter to UNIDO dated 31 October 1991. The subject project commenced operations in July 1991. How this timing is possible could not be firmly established by the mission.

It appears that in the case of Japanese trust fund arrangements only two "soft" conditionalities apply, namely that the recipient country is a LDC and that the project makes a contribution to "sustainable development". Such soft or loose criteria seem to have been a liability and not an asset in the approval of the project.

In the early stages of project formulation and implementation cooperation and coordination attempts were undertaken between the trust fund section and the substantive branch. However, these efforts collapsed soon due to personality clashes and were never restored up to the date of the evaluation. This worked clearly detrimental to overall project quality and implementation. UNIDO must ask itself why, in light of clearly established in-house responsibilities and procedures, nobody took the initiative to resolve this problem in the interest of the project, UNIDO and the donor and recipient countries.

As regards monitoring of project implementation all parties involved have overlooked established standard procedures (for example timing and format of progress reports, conducting of Tripartite Review Meetings). Informal briefing notes and meetings cannot and should not substitute for these mechanisms.

With the exception of the Embassy in Tanzania, Embassies of Japan in the countries visited have not received detailed information and/or reports about this project. The Ministry of Foreign Affairs in Tokyo has received reports and does comment. The gist of these comments could not be determined.

V. CONCLUSIONS

V.1 Project Justification And Rationale

The project is the third in a series of similar projects on regional level. In spite of the groundwork prepared by its two preceding projects, no clear problem identification and analysis has been carried out with fundamental detrimental repercussions on both, overall project design and implementation. As a consequence of the above, the project's overall design is over ambitious, trying to address too many problem clusters and consequently lacks focus.

V.2 Project Design

The conceptional flaw has translated into major deficiencies in project document design. The building materials sub sector has neither been addressed as a "system" taking all the supply and demand components and the linkages between them into account, nor does the document itself or the project's implementation reflect a "programme approach".

A clear link between activities which produce outputs, which in turn contribute to objectives is not established. A suitable work program identifying inputs and activities, their planned starting and completion dates, has not been prepared. A chapter on project organization, which would have been imperative given the nature of the project, is missing. The project's major assumptions have not been identified and a suitable risk assessment is missing.

The application of a logical framework and/or planning matrix would have revealed fairly quickly the overall weakness in the design.

V.3 Project Implementation : General Aspects

The project's total duration was planned for 1.5 years, that is a completion date of December 1992. As of December 1993 the project is still not completed, indicating so far a time overrun of some 63 %. According to UNIDO the project "could" be finalized in August 1994.

No Tripartite Review Meeting was held yet and no "Project Performance Evaluation Report - PPER" has been prepared yet ; against established procedures.

V.4 Project Implementation : Inputs

The project has no CTA and national and international short-term experts have been fielded more in line with availability than a prescribed implementation time table.

Out of the two planned seminars only one was so far implemented. Materials intended as inputs during the seminar, that is teaching materials and case studies, have not been prepared.

In-house training in the selected enterprises has not taken place.

V.5 Project Implementation : Activities And Outputs

Project activities have concentrated on field visits, writing of reports and the one seminar mentioned above. Generally speaking, the overall approach of the reports is too general and the quality leaves something to be desired. The evaluation mission finds the Kenya strategy paper one of the more relevant and interesting outputs of the project. But this document, too, stops at outlining the general options for developing the domestic cement industry. But it is precisely this point where the document should have started and then elaborate on strategic options, the strength and weaknesses of the alternative options, their cost-benefit implications and, finally, recommend an optimal strategy mix to be considered by policy decision makers.

The seminar or rather meeting held in Kigali in August 1993 was welcomed and found useful by both enterprise personnel and national officials.

V.6 Target Group And Beneficiaries

The interview with the project beneficiaries revealed that the project's critical assumption that project outputs would be used by this group does not hold true. In fact this group said that they did not get the impression that they were "primary beneficiaries" of the project. Neither the PTA Secretariat, the national ministries, the enterprise management, nor the UNIDO field offices did provide the mission with any evidence that outputs had been employed directly or indirectly by beneficiaries for problem solving and/or decision support.

Neither the counterpart organization nor the intended beneficiaries have taken "ownership" of the project.

V.7 Counterpart Organization

The self assessment of the Division of Industry and Energy of the PTA Secretariat is that it has neither the capacity nor capability (institution and personnel wise) to formulate and monitor projects.

The Secretariat claimed that they were unaware of UNIDO's procedures and requirements. They also felt that they did not have sufficient say in the overall direction of the project

V.8 Project Environment

The project's environment has changed drastically since it was designed and commenced operations. These fundamental changes with their implicit implications for the project have gone by without any party involved taking any corrective action. One major issue is the redefinition of the roles of the private and public sectors, which has a profound impact on the on-going and planned cement enterprise rehabilitation schemes.

The whole "entry point" for assistance has to be reviewed, that is the question must be raised of who are the primary beneficiaries of assistance. The PTA, for example, has no coherent and consistent regional strategy for either the building materials nor cement subsectors.

On the other hand, there are clear national approaches mainly employing ODA schemes and foreign private sector firms.

Institutional responsibilities in the sub region are also confusing (PTA, SADCC, COMESA). The PTA Secretariat itself has only limited institutional and personnel capacity to deal with ODA projects.

VI. RECOMMENDATIONS

VI.1 Related to the Project

The evaluation mission recommends as an immediate and short-term oriented measure to freeze project implementation in order to review the project's concept and fundamentally reorient it.

The project has some US \$ 324,307 of unused funds. It is recommended to undertake a budget revision and to use some of the funds for a PA exercise. This exercise could cover, but must not be necessarily limited to the following topics :

- (i)** an in depth needs assessment in the building materials sub sector with a view to identifying a suitable "entry point" for assistance
- (ii)** an assessment of housing policies and low cost housing schemes in the sub region, including the institutional set-up
- (iii)** an assessment of training needs in the cement industry, including the potential and possibilities for a viable sub regional training center
- (iv)** an assessment of the privatization drive and a definition of the role UNIDO could play in assisting national Governments and/or enterprises in this process
- (v)** an assessment on support for a sub regional cement manufacturers association and the role UNIDO could play in supporting such a body
- (vi)** a review and assessment whether UNIDO advice is sought and needed for regional and/or national level policy formulation
- (vii)** an in-depth institutional analysis of the capacities and capabilities of the PTA Secretariat.

The outcome of the above PA should be a catalogue of potential project outlines, including a priority ranking for implementation.

It is also recommended in this context to postpone the Tripartite Review Meeting for a later date when both, the evaluation mission report and the PA report are available for said meeting.

VI.2 Related to UNIDO

UNIDO should take measures to ensure compliance with established in-house procedures, in particular as they refer to project appraisal, standard reporting procedures and overall project management.

The management of complex projects may require the establishment of "task forces" and/or "task managers" and, in fact, UNIDO's administrative instruction on trust fund projects makes such provisions. UNIDO should ensure compliance with these instructions.

VI.3 Related to the Government of Japan

The Government of Japan (GOJ) should ensure that there is a capacity and capability on their side to undertake appraisals of trust fund projects, monitor project implementation and the quality of project outputs.

The GOJ should, if possible, more precisely define the eligibility criteria for projects to be funded from trust funds.

The GOJ may also wish to consider positively stronger institutionalized ties in evaluation exercises between relevant agencies in Japan and UNIDO. Such arrangements may include, but not be limited to :

- (i) the establishment of institutionalized links with the evaluation division of JICA
- (ii) the participation of members of the Permanent Mission in Vienna in evaluation exercises and Tripartite Review Meetings
- (iii) the establishment of a pool of "in-house" consultants, who are full familiar with the UN or UNIDO systems and who assist in project formulation, appraisal, monitoring and evaluation.

VII. LESSONS LEARNED

Major lessons learned are :

- (i) all projects, irrespective of source of financing, should be subject to UNIDO's internal appraisal procedure**
- (ii) all projects should follow the logical framework approach**
- (iii) the suitability and absorptive capacity of the counterpart organization should be determined**
- (iv) ensure coordination among UNIDO's concerned units**
- (v) since the project had no CTA, it would have been imperative to establish clear project management responsibility, including in the PTA Secretariat**
- (vi) standard monitoring procedures should be adhered to.**

ANNEX I

TERMS OF REFERENCE

IN-DEPTH EVALUATION

Project No: TF/RAF/90/902
Action Programme to Support the Dynamic Development of the Building
Materials Industry (with particular Reference to the Cement Industry)
in the PTA Sub-region

TERMS OF REFERENCE

I. BACKGROUND

The economic development programmes of most countries of the PTA contain key elements in their objectives for the fulfillment of the requirements of the population in the areas of food, shelter, and health. Because of its direct relation to the provision of adequate shelter, the building materials industry a key part, not only of the economies, but also of the social development plans, and projects of the region. Moreover, the impact of this sector extends into other dimensions of everyday life of the population, such as education, health, community life and administration, as well as being basic to the establishment of and continuous improvement of the fundamental infrastructure of the countries.

By and large, almost all the countries of the sub-region are confronted with the serious problem of providing shelter to the poorest sections of their population, as well as meeting the growing needs for housing for the population in general. The problem is exacerbated by high population growth rates, the general state of the economies, and the scarcity of building materials in the region as a whole. A significant proportion of building materials used in the sub-region are imported, and represent a foreign exchange drain of considerable magnitude.

In view of the foregoing, the project seeks to undertake the following in eight selected countries of the PTA:

1. An analysis of sectoral-level policy making in the building materials industry, thereby providing a basis on which policy changes necessary to foster a self-supporting domestic industry in each country can be made.
2. Thorough assessment of cement enterprises in the region, containing a blue print for each company on the following:
 - i) Short-term measures the enterprise can undertake itself without further assistance;
 - ii) Medium-term measures focusing on human resource development;
 - iii) Medium-term measures focusing on technical assistance;
 - iv) Long-term requirements for capital investments.
3. Promote an understanding, on the part of enterprise managers in all cement companies in the PTA, of the problems facing cement enterprises in the PTA, as well as methods for their resolution.
4. Transformation of three selected cement enterprises into modern profitable enterprises which can serve as models for the rest of the sub-region.
5. Increase the level of national expertise in the areas related to pre-investment and investment analysis related to the cement industry in the PTA.

The first phase of the project has been completed, and plans are underway to embark on the second phase.

It has been agreed by all parties concerned to undertake an in-depth evaluation in order to assess the overall achievements of the project and suggest changes for the second phase of the project.

II. SCOPE, PURPOSE AND METHODS OF THE EVALUATION

In accordance with the provisions of the UNDP Policies and Procedures Manual (PPM), the primary purpose of the in-depth evaluation is as follows:

a) To assess the achievements of the project against its objective and expected outputs, including a re-examination of the project design, which will include an assessment as to whether:

- i) The problems the project is supposed to address and the approach being used are sound;
- ii) The beneficiaries and the users of the project results were properly identified and are being served by the project;
- iii) The objectives and outputs are related explicitly, precisely and in terms that are verifiable;
- iv) The objectives are achievable and whether the relationship between the objectives, outputs, activities and inputs are clear, logical and commensurate with the time and resources available;
- v) A time-phased work plan exists and is being adhered to.

b) To identify and assess the factors that have facilitated the achievement of the project's objectives, as well as those factors that may have impeded the fulfillment of the objectives. This will include an assessment of the following: The quality and timeliness of the inputs and activities; a responsiveness of the project management to changes in the project environment; the quality of monitoring and backstopping; and the calibre of the consultants.

As part of the above-mentioned tasks, the mission will also review whether the approach utilized in the project has led to optimum results, or whether another approach could have improved the results. This will include a review of the following:

- a) Relation of the project with the end-user industries.
- b) Lessons learned

While a thorough review of the past is in itself very important, the in-depth evaluation is expected to lead also to detailed suggestions for the future of the project, based on findings and lessons learned.

Issues related to UNIDO STF programme

- i) Approval process (selection procedure, including criteria for selection of Japan as donor);
- ii) Time required for approval by UNIDO and by the Government of Japan.
- iii) Criteria used for project approval;
- iv) Commitment of UNIDO - Headquarters to execute this STF project compared to other projects;
- v) What was the degree of cooperation and coordination between the STF section and the substantive operation branch at UNIDO Headquarters?
- vi) Quality of backstopping of project;
- vii) Assess training component;

- viii) How were the findings and conclusions of the project presented?
- ix) Are project reports examined or appraised by Japan and UNIDO, either in draft or after completion?
- x) Was there any feedback from Japan and UNIDO on project reports;
- xi) Was there any involvement of Japan and UNIDO in the follow-up to the project reports? What further follow-up is required?

III. COMPOSITION OF THE MISSION

The mission will be composed of the following:

1. An evaluation consultant with development experience in the production of building materials, with special emphasis on cement.
2. A representative of the Japanese Government .

These representatives should not have been directly involved in the designing appraisal or implementation of the project.

IV. CONSULTATIONS IN THE FIELD

The mission will maintain close liaison with the resident representatives of the UNDP in the respective countries, as well as with the concerned PTA officials, local UNIDO staff, and the projects national and international staff.

The mission is also expected to visit the user industries in order to determine to what extent their needs are being taken into account by the project.

Although the mission should feel free to discuss with the authorities concerned all matters relevant to its assignment, it is not authorized to make any commitment on behalf of the donor or UNIDO.

V. TIMETABLE AND REPORT OF THE MISSION

In so far as required, the Japanese representative and the UNIDO consultant will receive briefings at their respective Headquarters. Upon arrival in each of the PTA countries, the mission will be briefed by the respective resident representatives of UNDP as well as PTA representatives. The mission will attempt to complete its work within three weeks starting in 21 November 1993. Upon completion of its work, it will be debriefed by appropriate PTA officials, at which occasion the mission will present its initial findings, conclusions and recommendations.

The mission will produce a report in accordance with the attached guidelines.

UNIDO will be responsible for the submission of the report to the Japanese Government.

TF/RAF/90/902

PTA COUNTRIES

TITLE: Action programme to support the dynamic development of the buildings materials industry (with particular reference to the cement industry) in the Preferential Trade Area (PTA) sub-region

BUDGET: \$708,850 (excl. overheads)

TRUST FUND

BENEFICIARY: The following Preferential Trade Area countries (Angola, Mozambique, Malawi, Zambia, Zimbabwe, Tanzania, Kenya, Uganda, Zambia)

FIELD COVERED: Building materials, with emphasis on the cement industry

PROJECT

OBJECTIVES: The project seeks to undertake the following in the eight selected countries of the PTA:

1. An analysis of sector-level policy making in the building materials industry, thereby providing a basis on which policy changes necessary to foster a self-supporting domestic industry in each country can be made.
2. Thorough assessment of cement enterprise in the region, containing a blue print for revitalization of each company.
3. Promote an understanding, on the part of enterprise managers in all cement companies in the PTA, of the problems facing cement enterprises in the PTA, as well as methods for their resolution.
4. Transformation of three selected cement enterprises into modern profitable enterprises which can serve as models for the rest of the subregion.
5. Increase the level of national expertise in the areas related to pre-investment and investment analysis related to the cement industry in the PTA.

OUTPUTS:

1. Comprehensive policies for the development of the building materials industries in the PTA sub-region.
2. A report containing recommendations for revitalizing cement plants in the region.
3. Three selected cement enterprises transformed into modern profitable enterprises.
4. Increased expertise in the areas related to pre-investment and investment analysis related to the cement industry.

ANNEX II

LIST OF PEOPLE MET AND ORGANIZATIONS INTERVIEWED

Mr. O. Gonzalez Hernandez, UNIDO, ODC /EVAL
Mr.H.Farooque, UNIDO, ODC /EVAL
Mr.H.H.Heep, UNIDO, ODC /EVAL
Dr.P.Wiedemann, UNIDO, FEAS
Dr.Abd El-Rahim Marei, UNIDO, PPD/ICFM/OD
Dr. M.Maung, UNIDO, PPD/ICFM/ICMS
Mr.T. Otsuka, UNIDO, PPD/ICFM/ICMS
Mr.K.O.Hagan, UNIDO, CHEM
Mr. K.Tanaka, Minister, Permanent Mission of Japan, Vienna

Mr.F.Gestblom, UNIDO, Lusaka
Dr.S.Horiuchi, Ambassador of Japan, Lusaka
Mr.K.Obara, First Secretary, Embassy of Japan, Lusaka
Mr.S.Katsuhiko, JICA Office, Lusaka
Mr. J.E.O.Mwencha, Director Of Industry and Energy, PTA, Lusaka
Mr.M.M.Mwinga, General Manager, Chilanga Cement Ltd, Lusaka
Mr.K.Karima, Technical Manager, Chilanga Cement Ltd., Lusaka
Mr.C. Sengebwila, Financial Controller, Chilanga Cement Ltd, Lusaka

Mr.I.D.C. Fraquelli, Country Director, UNIDO, Maputo
Ms. G. Ott, Junior Professional Officer, UNIDO, Maputo
Mr. H.C.P. Cossa, Central Commission of Housing, Maputo
Mr. J. Amaral, Central Commission of Housing, Maputo
Mr. H.V. Rodrigues, Director General, Cimentos de Mozambique,
Maputo
Mr. I.O. Issufo, Productin Chief, Cimentos de Mozambique, Maputo
Mr. L.Ch. Simaugo, Chief Mechanical Personnel, Cimentos de
Mozambique, Maputo
Mr.P.de Assis Sarmento, Electrical Engineer, Cimentos de
Mozambique, Maputo
Mr. P.J. Manuel, Chief Electronics Department, Cimentos de
Mozambique, Maputo
Mr. J.P. Fagima, Electronics Engineer, Cimentos de Mozambique,
Maputo
Mr.S. Nakakarumai, Counsellor, Embassy of Japan, Maputo
Mr.S. Sechene, Permanent Secretary, Ministry of Trade and Commerce,
Maputo
Mrs.M.I. Munguambe, Economist, Ministry of Trade and Commerce,
Maputo
Mr.T. Oliveira, Director, Mozambique Institute Of Export Promotion,
Marketing and Commodity Division, Maputo

Mr.A. Krassiakov, UNIDO Country Director, Dar-Es-Salaam
Mr.F. Gestblom, UNIDO Programme Officer, Dar-Es-Salaam
Mr.S. Ito, First Secretary, Embassy of Japan, Dar-Es-Salaam
Mr. K. Hirakawa, JICA, Dar-Es-Salaam
Mr. M.M. Shemakame, Principal Industrial Economist, Heavy Industries
Division, Ministry Of Industry And Trade, Dar-Es-Salaam

Mr.A. Tvedt, Vice President, SCANCEM INTERNATIONAL ANS., Dar-Es-Salaam

Mr.J.E.Erichsen, General Manager, TWIGA CEMENT, Dar-Es-Salaam

Mr. U.Joenssen, General Manager, TWIGA CEMENT, Dar-Es-Salaam

Mr.G.J. Nasari, Manager Operations Division, TWIGA CEMENT, Dar-Es-Salaam

Mr.T. Saamoto, Deputy Project Manager, Dar-Es-Salaam Road Improvement and Maintenance Project, Konoike Construction Co. Ltd., Dar-Es-Salaam

Mr. S. Bologna, UNIDO Country Director, Nairobi

Mr. S. Koivola, Programme Officer, UNIDO, Nairobi

Mr. A. Lulu, Chairman, E.A. Portland Cement Co., Athi River

Mr.E.C.Birya, Process Manager, E.A. Portland Cement Co., Athi River

Mr. N.K. Kagio, E.A. Portland Cement Co. Ltd., Athi River

Mr.J.K. Kirima, Ministry of Commerce & Industry, Nairobi

Mr.S. Aoki, Deputy Resident Representative, JICA, Nairobi

Mr. Y. Kashihara, Assistant Resident Representative, JICA, Nairobi

Mr. Y. Nagamine, Chief Representative, OECF, Nairobi