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HANDICRAFTS AND SMALL-SCALE INDUSTRIES DEVELOPMENT - PHASE II

DP/ETH/83/012

ETHIOPIA

Report of the evaluation mission*

Prepared in co-operation with the Government of Ethiopia,
the United Nations Development Programme and the
United Nations Industrial Development Organization

United Nations Industrial Development Organization

Vienna

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SUMMARY OF FINDINGS AND RECOMMENDATIONS

Summary of Evaluation

I.	<u>Project number</u>	<u>Title</u>	<u>Date of evaluation</u>
	DP/ETH/83/012	Handicrafts and Small-Scale Industries Development - Phase II	24 March-4 April 1986

II. Summary of Project Objectives

To further strengthen the capability of HASIDA to promote the development of handicrafts and small-scale industries in Ethiopia. In particular, the project will assist HASIDA:

1. To establish - for training and demonstration purposes - two pilot industrial co-operatives for the production of essential goods and services;
2. To undertake a full feasibility study and to prepare the necessary engineering designs for a pilot industrial estate;
3. To upgrade the technical, economical, managerial, supply and marketing services provided through the Engineering and Technical Services Centre to artisans, co-operatives and small-scale industries;
4. To design and draw up manufacturing specifications for all products to be produced by the pilot industrial co-operatives;
5. To develop prototypes of improved tools and implements for use by artisans and co-operatives;
6. To train its management staff in promotion of artisanal and industrial co-operatives, as well as of small-scale industries;
7. To train its engineers and technicians in the design and production of tools and implements, as well as in other relevant technical skills;

8. To train its field workers in a variety of technical and management subjects related to their extension activities; and
9. To train selected artisans and small-scale industry workers from different parts of the country in fundamental workshop skills, etc.

III. Findings of the evaluation mission

The project has suffered constant delays in approval of the project document, as well as in delivery of inputs. While slowing down progress, these have not seriously influenced overall results. This can be attributed to a large extent to strong HASIDA management.

HASIDA is a relatively strong organization, although it is still building up its staff, facilities and services. It clearly has the support of the Government and has succeeded in convincing the Government to adapt its policies to private small-scale industries.

Partly due to its licensing functions as well as its role in allocating foreign exchange, HASIDA has strong links with the co-operatives and SSI. The departments related to these functions and co-operatives are strongest. The Engineering Department and the Export and Training Departments are still rather weak, partly due to serious shortages of qualified national staff. Overall, it is clear that HASIDA still needs a lot of further building up, not surprising as it is still a very young organization.

In addition to these institution-building results, the project has also been active in work related to the establishment of two model industrial co-operatives and an industrial estate. These efforts are, however, still in an early stage.

Overall, the project has achieved reasonable results, mainly in the form of a stronger HASIDA. The design of the project was very optimistic and a lot of problems and misunderstandings could have been avoided and a more specific assessment of the results made if a better design had been available.

IV. Recommendations of the evaluation mission

To the Government/HASIDA

1. A clear commitment from the Government for staffing allocations to HASIDA for the next few years to enable realistic planning of development;
2. Further clarification and adequate publication of the policies regarding handicraft and SSI sectors;
3. The main priority should be to fully establish the headquarters functions and ensure full utilization of these. In addition, regional offices should gradually be established, initially providing only simple services such as information and organization/co-ordination of training;
4. Priorities for HASIDA development are specifically
 - increase in staff for technical departments, which includes not only engineers but (mainly) medium-level technicians for workshop activities,
 - develop extension services to co-operatives and SSI,
 - restructure the Training Department and separate the training and production aspects, increase systematic preparation of training programmes and materials and co-ordination of training activities,
 - expand information and documentation services,
 - establish the Export Department as a separate legal entity,
 - clarify organizational and financial aspects of the pilot co-operative activities.

- ensure limiting production activities in the workshops to prototype, single units and very small series, transfer other production activities to SSI.

To the UNDP/UNIDO

For the remaining part of the present project, the following additional inputs are required:

- additional foundry and electroplating equipment,
- training funds for the foundryman.

For the future, a further phase of HASIDA development is necessary, which should focus on:

- engineering services (new "projects" for SSI and tool/implements design),
- tool and die making,
- workshop management,
- Training Department organization,
- extension services, and short-term training abroad, including
- co-operatives and SSI management/extension services,
- in-service training of engineers and technicians.

As part of the preparation for the next phase, a realistic timetable for expanding HASIDA's regional activities should be established. If required, direct support type assistance to regional offices should be considered if national priorities require immediate large-scale regional activities, for instance related to the relocation programmes.

LIST OF ABBREVIATIONS

ONCCP	Office of the National Committee for Central Planning
HASIDA	Handicrafts and small-scale industries Development Agency
SSI	Small Scale Industry
1 US \$	2.07 Birr
AID Bank	Agricultural and Industrial Development Bank

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INTRODUCTION

One of the national development objectives for the industrial sector, relates to the promotion and strengthening of handicrafts and small-scale industries. Other objectives are to increase production of consumer and industrial goods, to save and earn foreign exchange, to create employment and achieve the regionalization of industrial activities.

The Handicrafts and Small-Scale Industries Development Project, number DP/ETH/83/012, constitutes the Phase II of a project initiated in 1978 (DP/ETH/77/018) and ended in 1982. The primary purpose of Phase I was to strengthen the capabilities of HASIDA by training and expert assistance in organization, engineering and marketing.

The second phase of the project was initiated in January 1983 so as to ensure continuity with Phase I; the formal approval of the project document was however delayed until January 1984.

The project document had foreseen an in-depth evaluation according to the policies and procedures established for this purpose by UNDP. In view of imminent constraints on the equipment budget and recurrent problems in the recruitment of experts causing serious delays in the implementation of this project, the review has been scheduled for March 1986.

The primary purpose of the evaluation was to assess the achievements of the project and examine the extent to which its results have contributed towards the building up of HASIDA's capabilities to assist the handicrafts and small-scale industrial sector as well as identify the factors that facilitated and/or impeded the fulfillment of the objectives of the projects. The in-depth evaluation was also to provide recommendations for future action until the end of the project and for inclusion into the next Country Programme Cycle (detailed terms of reference are given in Annex I).

The mission started its work in Addis Ababa on March 24th 1986 and submitted its preliminary findings and recommendations to the Government and UNDP/UNIDO on April 4th 1986. The team members for the evaluation mission were:

Mrs. Suzanne Turgeon	-	UNDP Representative
Mr. Adrie de Groot	-	UNIDO Representative
Ato Tekle Tsadik Haile	-	Government Representative
Ato Daniel Gebre Wold	-	Government Representative

The mission held meetings with UNDP/UNIDO representatives, HASIDA's representatives in Addis Ababa and the regional offices of Awassa, Dire Dawa and Harrar. A number of co-operatives and small-scale industries were visited in those localities; the complete programme of the mission is given in Annexes II to IV.

CHAPTER I: PROJECT FORMULATION

A. Objectives of the project

The project document identifies under "development objectives" the following:

- strengthen the national economy and its self-sufficiency by more effective utilization of manpower and capital resources and increased production of essential agricultural and industrial goods;
- increase the share of the industrial sector in the GNP of the country;
- expand employment opportunities in general and achieve a more equitable geographical distribution of employment and income by decentralization of industry;
- strengthen the rural sector by creating the required supporting industries and services, especially through support to local co-operatives and artisans; and
- decrease the foreign currency requirements inherent in the import of machinery implements and parts.

These adequately reflect the government priorities towards which the project is expected to contribute.

Under "Immediate objectives" the project document states:

The immediate objective of the project is to strengthen further the capability of HASIDA to promote the development of handicrafts and small-scale industries in Ethiopia. In particular the project will assist HASIDA:

1. to establish - for training and demonstration purposes - two pilot industrial co-operatives for the production of essential goods and services;
2. to undertake a full feasibility study and to prepare the necessary engineering designs for a pilot industrial estate;
3. to upgrade the technical, economical managerial, supply and marketing services provided through the Engineering and Technical Services Centre to artisans, co-operatives and small-scale industries;
4. to design and draw up manufacturing specifications for all products to be produced by the pilot industrial co-operatives;
5. to develop prototypes of improved tools and implements for use by artisans and co-operatives;
6. to train its management staff in promotion of artisanal and industrial co-operatives as well as of small-scale industries;
7. to train its engineers and technicians in the design and production of tools and implements as well as in other relevant technical skills;
8. to train its field workers in a variety of technical and management subjects related to their extension activities; and
9. to train selected artisans and small-scale industry workers from different parts of the country in fundamental workshop skills, etc.

The objectives were not formally changed during the implementation of the project.

It is clear from the statement of the objectives above that the function of the project was institution building, and it is very clear in what functions HASIDA was to be strengthened. On the cover page however the "primary function" is given as "direct support" and "institution building" as secondary function. This is clearly in conflict with the objective as stated.

B. Socio-economic and institutional setting of the project

Introduction

Ethiopia is still basically an agricultural country. The industrial sector is at a very early stage of development. The contribution of the industrial sector including handicrafts to GDP is 11% while it employs only 3% of the workforce.

Most manufacturing industries were established in the 50's and 60's in Asmara and Addis Ababa and were geared to import substitution and producing for the national market. After the reform of the land tenure system the increase in income of peasants has helped to increase the size of the domestic market.

In 1984 there were 197 state owned industrial enterprises that accounted for 95% of industrial output. Private industries were allowed only in certain sectors and only in the small scale category. Due to uncertainty in the Government policies and other causes, relatively few small scale industries developed, and at the end of 1984 only about 200 were in operation, mainly in Addis Ababa and Asmara.

After the change of Government, the cooperative sector did develop strongly. Cooperatives were established mainly in weaving and tailoring; most of them are service cooperatives, where the members produce and sell individually but work together in purchasing of raw materials, building of factory etc. Only a small part of the cooperatives are production cooperatives, actually full enterprises where all members work together on the production process.

National development priorities

The Ten Years Perspective Plan 1984/85 - 1993/94 states ten objectives. They are:

1. improving gradually the material and cultural well-being of the people;
2. accelerating growth of the economy through the expansion of the country's productive capacity;
3. ensuring structurally balanced development of the national economy by expanding domestic resources based industries;
4. conserving, exploring, developing and exploiting rationally the natural resources of the country;
5. expanding and strengthening socialist production relations;
6. raising the level of education and skills of the people;
7. laying down the basis for the development of national science and technology capability;
8. eliminating unemployment gradually;
9. alleviating social problems;
10. ensuring balanced and proportional development of all regions of the country.

To achieve those objectives, fourteen strategies have been identified. Those strategies cover a wide range of sectors from agriculture to public finance and banking, industry and construction, training and co-operativization, etc.

However the Ten Years Plan gives priority to agriculture "as the foundation of the country's economy" and to industry "as the leading sector"

Industrial sector priorities

Seven specific objectives have been identified for the industrial sector. They are:

1. to increase the production of basic consumer goods for the working people;
2. to promote and strengthen handicrafts and small-scale industries;
3. to raise the output of industrial goods that serve as inputs for the agricultural sector and for the construction industry;
4. to strengthen and to give due emphasis to non-metallic mineral products, and to metal and chemical industries with the view of laying down the necessary foundation for the expansion of heavy industry;
5. to save and earn foreign exchange;
6. to create employment through the expansion of labour intensive industries, in as much as that is possible to do;
7. to attain, as far as feasible, balanced regional distribution of industrial development.

A total of nine specific strategies are identified to attain those objectives. They relate to the:

- increased use of the installed capacity;
- level of investment;
- productivity of labor through training and incentives;

- quality control of production;
- procurement of raw material and increase of exports to save and earn foreign exchange;
- co-operativization and technical improvement of handicrafts
- development of design, engineering and research capabilities in appropriate technologies;
- assistance to handicrafts and small-scale industries through credit, tax policies, supply of raw materials and marketing services;
- regionalization of industry through among others the strengthening of HASIDA'S regional offices.

The evaluation mission has been able to verify that HASIDA's functions and activities conform very closely to both national and sectoral objectives and priorities, namely in the fields of co-operatives, training, indigenization of supplies and marketing of outputs, regionalization of industry and development of appropriate technologies.

HASIDA is very active in the field of cooperatives. It promotes the formation of cooperatives it issues licences for the cooperatives, assists in organizing them and provides assistance in various ways. It is also responsible for regular audits of all cooperatives in the country.

Since the creation of HASIDA in 1978, the number of co-operatives increased from 470 to 873 while accumulated capital has increased five fold to 52 million Birr. Actual membership is approximately 50,000, and total output in 1983/84 is estimated at 144,7 million Birr.

For small scale industries HASIDA is also a very important organization. HASIDA has the authority to issue licenses and its approval is vital to obtain any financing from the banks.

Since 1977, 217 small-scale industries excluding oil, salt and grain mills, coffee roasting installations, knit wear manufactures and garages, have been licensed by HASIDA and were in operation at the end of 1985. Total employment in those SSI is close to 3,000; capital investment in direct production and machinery is exceeding 20 million Birr. Most of those industries are located in Addis Ababa and Asmara.

Development problems in the cooperatives and small-scale industrial sector.

A constant problem faced by the industrial sector is the insufficient supply of raw material due to the unavailability of foreign exchange in the case of imported goods, or to the shortage of domestic supplies. A problem of quality and variety is also associated to domestic supplies of cloth and wool and other raw materials, that are produced by large state owned companies that find it difficult to deal with such small buyers. HASIDA does assist cooperatives and industries in obtaining such supplies where possible.

The total foreign exchange allocation of the National Bank for all co-operatives and small scale industries amounts to 15,2 million Birr this fiscal year for raw material and 4 million for capital equipment. An increase of 5 million Birr is foreseen each year for the next two years. Even with those increases it does not seem that all imported raw materials requirements can be met, especially if the sector is to sustain its present growth rate. As HASIDA knows the sector best and has full jurisdiction on it, HASIDA actually allocates these foreign exchange resources for the Bank. It is clear that this gives a lot of power to HASIDA and ensures that SSIs come to it for help.

Formal training of the labour force is also non-existent and this inflicts an additional financial burden to the entrepreneurs who have to train them. Co-operatives do not face that problem to the same extent, as members usually gain access to the co-operatives through apprenticeships.

A corollary of this is the lack of technical manpower for the maintenance and repair of the machinery. Some organizations have developed a sufficient know-how for the basic maintenance procedures but face serious problems of both expertise and availability of spare parts when major break-downs occur.

The growth and diversification of small-scale industries is also hampered by the imposed ceiling for private ownership of 200,000 Birr in fixed assets excluding land and buildings. Some modern industries require more investment in machinery and tools, and thus cannot be set up; for all others that ceiling limits growth. Proposals formulated within HASIDA to raise that ceiling to 1 million and 2 million Birr, for sole proprietorship and partnerships respectively are likely to be accepted soon, reflecting the increased attention of the Government to the sector.

A problem faced mostly by co-operatives is the lack of management skills; co-operatives do rely on HASIDA's assistance for their accounting procedures and benefit from their auditing services. They are however mostly on their own for the marketing of their products, especially those co-operatives involved in weaving and tailoring. It can be expected that the development of the industrial co-operatives will be seriously affected by the lack of management skills of their members.

Another barrier to the industrialization of co-operatives is the 7% transaction tax which they have to pay on all their products when they introduce electricity in their production. This tax acts as a disincentive to the modernization of production through the use of powered tools and machinery.

For many small scale industries there does not seem to be a marketing problem in principle. The Ethiopian market for many consumer goods is rather large and the scope for import substitution very good. The only problem conflicting with the Government objective of "regionalisation of industry" is the fact that buying power is very concentrated in Addis Ababa and Asmara, making it very difficult for industries to establish elsewhere. Government incentives that could promote industries outside the urban centres do not exist.

The drought of 1984 and 1985 caused serious problems in the economy, straining government resources as well as reducing buying power overall in the economy.

As a direct consequence of the drought a number of activities are now developing in which HASIDA is expected to play a major role. This includes the rehabilitation of drought affected areas where attempts are being made to establish income generating activities. More important however are the relocation programmes under which the Government plans to relocate millions of people to areas with more reliable rains. As part of these programmes in the new areas small scale industries and cooperatives are planned to be established both to provide tools and repair services, other items such as carpentry and furniture as well as other income generating activities.

Institutional setting

HASIDA is the only Government agency responsible for the development of handicraft and small-scale industries. HASIDA maintains offices in the 15 regions of the country. A proposal to grant it the status of an authority is presently being studied; such a status would give HASIDA both incentives and more financial autonomy by, for example, allowing it to earn money for the services it actually provides free of charge.

The Executive Board of HASIDA is chaired by the Minister of Industry; other members include several other ministries as well as the Office of the National Committee for Central Planning, and the National Bank.

The industrial promotion department of HASIDA maintains close operational links with the National Bank and the Agriculture and Industrial Development Bank (AIDBank) as well as with the municipalities and utilities authorities.

C. Project design

The objective as given in part I "A" is certainly clear and clarifies the main function of the project: institution building. In most projects designed at that time the outputs are rather confused. Several are not project output but tasks of HASIDA which were to be carried out with assistance from and during the project.

The establishment of two pilot industrial co-operatives is certainly a HASIDA task to which the project was to contribute equipment, while HASIDA staff assisted by experts was expected to provide all required support such as feasibility study, equipment selection, installation, training, reorganization advice, etc. Also product design, tool development etc. are certainly HASIDA activities in which they were to be strengthened, rather than project outputs.

Other outputs are correctly stated as direct support type outputs (feasibility study for a pilot industrial estate) while others (outputs 6 to 9) are indicating numbers of different categories of staff and other nationals to be trained by the project.

The activities, grouped by output show the same pattern. Overall, the problems of the project design (project document) are that:

1. the document does not distinguish between HASIDA on the one hand and the project on the other;
2. it does not clearly specify what the institution building results (outputs) were to be, in other words what capacities were to be established or strengthened in HASIDA.

These two weaknesses almost certainly have led to a number of misunderstandings and confusions, both on the part of experts active in the project as well as the HASIDA staff. The situation has also not contributed to a clear internal structure of HASIDA as we will see later.

In spite of these weaknesses the project was not reformulated during its life; as in many other projects, attention was focused on the day to day problems. Also the original appraisals by the respective head-quarters did not discuss or address the weaknesses of the project document. One main reason for this may have been that it was considered very important not to have a break in the assistance after phase I; all parties were thus pushing for rapid approval.

It is also justified to remark that in spite of the vagueness of the outputs specified, the design of the project was rather optimistic. "Complete indigenization of HASIDA's engineering and technical service staff" in the given circumstances is certainly not possible in just a few years. This optimism is also reflected by the assumptions that the pilot co-operatives would be organized and implemented, and the engineering workshop extension completed in a very short time. In fact at the time of this mission construction has only started for the first of the two co-operatives and the HASIDA engineering department building extension is not yet completed.

CHAPTER II PROJECT IMPLEMENTATION

A. Delivery of inputs

UNDP/UNIDO Inputs

Budget line	Original budget (A)		Latest budget (G)	
	M/M	S	M/M	S
11-01 Products and implements expert	6,0	279.600	31,1	238.609
11-02 Tool & jig design expert	12,0	73.800	12,0	62.665
11-03 Industrial estate expert	12,0	94.800	-	-
11-04 Garment expert	12,0	91.800	16,0	103.129
11-05 Cooperatives expert	18,0	122.400	18,0	158.134
11-06 Marketing expert	12,0	96.000	17,0	119.505
11-07 Tool making expert	18,0	144.000	14,0	169.541
11-50 Short term consultants	13,0	103.100	17,8	136.087
11-99 Sub total	133,0	1.005.500	135,9	987.670
13-00 Adm. support personnel				7.868
14-00 UN Volunteers total	72,0	100.800	24,0*	31.956
15-00 Travel		6.000		4.351
16-00 Other personnel cost		22.500		19.246
17-01 National Project Officer	30,0	25.000	26,0	28.179
17-02 National Consultants	24,0	24.000	24,0	30.840
19-00 Total Personnel	259,0	1.183.800	209,9**	1.120.110
21-00 Sub-contracts		-		90.600
31-00 Fellowships		289.400		208.774
32-00 Study tours		110.000		55.116
33-00 In service training		133.300		61.700
39-00 Training total		532.700		325.590
41-00 Expendable equipment		-		16.827
42-01 Engineering Centre equip.		280.000	}	919.369
42-02 Sheet metal co-operative		200.000		
42-03 Textile weaving co-operative		120.000		
42-04 Cooperatives education materials		100.000		
42-05 Vehicles		55.000		
48-00 Allotments				-232
49-00 Equipment total		755.000		935.964
59-00 Miscellaneous total		28.500		27.736
GRAND TOTAL	259,0	2.500.000	209,9	2.500.000

(*) Project revision G does not specify number of m/m; estimation made by evaluation team.

(**) Includes 24 m/m estimated under budget line UN Volunteers

As can be seen in the summary budgets above, the total budget of the project has not changed. Within this total however some changes have been made between different components.

The planned industrial estate expert who was expected to prepare the feasibility study for the pilot industrial estate was replaced by a subcontract to the Industrial Projects Service. Approximately \$200,000 were transferred by tripartite decision in 1985 from the training component, where due to various circumstances the foreseen budget could not be utilized, to the equipment component where additional funds were required due to inflation and original underestimation. It was further decided that two UNV posts, in ceramics and foundry/pattern making were not appropriate as the planned activities in this area were more of an industrial than handicraft nature, requiring a higher level of expertise.

At the time of the evaluation it is clear that some elements are further delayed, this will be discussed in chapter II Part B.

Government Inputs

Government inputs required were not specified in the project document, only total budgets for HASIDA and the target number of 70 staff members with degree level education was given.

The Government funding of HASIDA is considered to have been adequate on the whole. The target number of 70 degree level staff members has been reached but there is still a need for qualified engineers. Only 6 are now available which in present circumstances must be considered highly inadequate, and will certainly be when all workshops are installed and operating and the engineering design department functioning. It must however be recognized that there is an acute shortage of engineers in the whole country and that HASIDA is only one of many organizations requiring engineers and higher level technicians.

A second main problem in the provision of government inputs is the late construction and completion of new buildings. Certainly for the engineering workshop and design activities this has slowed down project work. Further delays can be expected when the equipment already installed has to be moved to the new buildings.

B. Implementation of activities

The implementation of the project has seen several problems. The main expert post, the products/implements expert, that should have been occupied throughout project duration was only filled part of the time. The expert who had been well accepted during Phase I died, a replacement left after only a short period as his wife died, and the third one, only selected after a long delay left the project due to health problems just when activities were developing. The post has not been filled since his departure in March 85 and this has certainly hampered major project activities in developing the engineering department, and delayed preparatory work for the pilot industrial co-operatives. In HASIDA's point of view, the long delay was partly due to the fact that UNIDO - Vienna did not make available appropriate candidates for the position to be filled. A new incumbent is however expected soon.

Another problem with project personnel was encountered with the marketing expert who did not perform satisfactorily and was repatriated after only 5 months. A new expert is expected for this post.

The implementation of the planned fellowships has also seen problems, mainly due to the fact that qualified national staff are too few to allow several to undergo training at the same time. Also one engineer did not return from the fellowship.

Thirdly there were repeated problems between HASIDA and UNIDO headquarters on the selection and delivery of equipment. In several cases no final consultation took place with HASIDA after a bid had been selected to check suitability and acceptability in terms of total cost of the equipment involved and the way of transport to the project site. There was also a serious delay as well as misunderstandings on the rules and procedures concerning the subcontract with the I.P.S. for the pilot industrial estate feasibility study. To the extent the evaluation team could check these problems, they were due to inadequate communications between the project and headquarters, as well as some errors at UNIDO headquarters regarding applicable procedures.

Although these problems are certainly serious and should be avoided in the future (apparently they were carefully discussed in a recent visit of the National Project Coordinator to UNIDO headquarters and solutions were found), they were not in themselves responsible for extra delay in the project as related other inputs (the main expert, the engineering department building and adequate national technical staff) were not available either.

In the project the international staff operated as individuals working with their counterparts. They did not really operate as a team. This was partly caused by the diversity in the jobs to be done, partly by the fact that at any time only few experts were on the project. While the quality of the relations between experts and national staff varied as can be expected, only in the case of the marketing expert were these problems serious. This was rapidly dealt with when the expert was repatriated.

A very positive feature of the project is the employment of a "National Project Officer". He has been able to relieve the National Project Coordinator and General Director of HASIDA in technical and administrative tasks related to the project, and at the same time due to his background been able to assist the project in some of the technical tasks. Also some other tasks have been performed by locally hired nationals, such as the study now under way on the limits and strengths of the handicrafts and small-scale industrial sector. This study is expected to lead to recommendations on the strengthening of the sector.

A weak feature of the implementation of the project has been that the weak design was not really improved. Only minor adjustments were made such as deletion of some planned activities (design and improvement of agricultural implements and a study for the establishment of a raw materials bank and low interest credit schemes). This in spite of the fact that the weaknesses of the design had been pointed out repeatedly, among others in the UNIDO internal evaluation reports.

CHAPTER III. PROJECT RESULTS AND ACHIEVEMENTS OF OBJECTIVES

A. Outputs

The project was designed to produce both direct support and institution building type of results. We will here discuss these two categories separately.

Institution Building Results

As the project document did not clearly specify how HASIDA was to be strengthened in its activities, we will here discuss the actual situation of HASIDA and its situation department by department.

The engineering department

This department consists of an Engineering Design and a Technical Service divisions. The engineering design division is responsible for design and improvement work in civil, electrical, chemical, mechanical and industrial engineering, both for products production processes, tools and dies, lay out, buildings etc. At present the chemical engineering unit has not yet been established. The civil engineering service is fully operational (with one civil engineer, one architect and 2 diploma level staff). The main service, mechanical and industrial engineering, is operating but at too low a level. Only three mechanical engineers and two draftsmen are employed which number must be considered inadequate for the tasks. In addition, due to the fact that the products and implements expert post is and has been vacant, the level of staff training and organization of the department is not sufficient. The industrial experience of the engineering staff is insufficient.

The technical service division at the moment consists of a metal working machine shop, a woodworking workshop and a very limited electrical unit; programmed are a forging and sheet metal shop, a small foundry, an electro plating shop and later, a materials testing laboratory.

The metal working and woodworking shops have several tasks: training of industry trainees; jig, die, tool and prototype production as well as production of spare parts for co-operatives and SSI. This last task is a very important function as no other fully equipped workshop exist in Ethiopia, which can assist the co-operatives and SSIs in that field. The workshops have a problem of understaffing with a total of 23 staff, of which 15 are diploma level technicians and 8 lower level technical staff. This problem will become more serious as more equipment is delivered and installed. In addition training levels of almost all staff is insufficient. Equipment for the metal working and wood-workshops will be adequate at the end of the present project but the foundry, electroplating and sheet metal shops will not be fully equipped.

The target for the department, full indigenization of the design and technical services, has certainly not been achieved. In retrospect this target must however be considered very optimistic.

At the moment a lot of attention is paid to the new buildings and routine jobs in HASIDA. However, approximately 20 calls per month are made by the engineering and technical department to co-operatives and small-scale industries to help solve problems, and this number is increasing.

Co-operative promotion department

This department has the following tasks: research and preparation of government policies on co-operatives, organization and registration of co-operatives, extension services and training concerning provision of inputs, management and finance, marketing and other information, audit (required by law) and identification and formulation of potential projects for co-operatives. In its three divisions: Organisation and Registration, Education Research and Training, and Audit and Inspection, the Department has 22 professional staff of which more than half are degree graduates and 7 support staff.

In addition the department has staff in HASIDA field offices consisting of 26 regional co-operative supervisors (diploma level), 30 auditors and inspectors and 226 co-operative organizers, responsible for organisation, training etc. with a minimum of 2 in each of the 102 provinces. Some of these are technical school graduates.

The department is very well organized, with clear procedures, manuals, guidelines and instructional material. Financial and other book-keeping procedures for co-operatives are very well structured and applied by all cooperatives. Also co-operative organization is highly standardized. Consultancy services are provided to help cooperatives with book-keeping and organizing.

The only weakness seems to be the lack of capabilities to provide extension services, both in managerial and technical topics; the industry experience of HASIDA staff is far too limited to be effective in those fields. The project has provided four fellowships to the department but this cannot solve the problem. The main contribution of the project was the co-operatives expert who in Phase I assisted in a major way to develop HASIDA's methods, guidelines etc. Further assistance to the department should be aimed at providing industrial experience to the staff.

Project and Planning Department

The tasks of the Department include identification of project ideas, preparation of project profiles, promotion to potential investors and preparation of full feasibility studies. In addition some SSI sector surveys are done and plans drafted for the government organizations concerned. About 30-40 feasibility studies are done per year.

The staff consists of 10 degree level economists, 3 graduate statisticians, 7 enumerators and 2 service staff. At the moment department has only one staff member, an economist, is stationed outside Addis Ababa in the regional office of Asmara.

While in itself the HASIDA methodology for project preparation seems to be well worked out, improvement is possible, certainly in terms of harmonizing with the AIDBank. This is actively being pursued.

The project contributed to this department through three fellowships in project analysis, and a short term assignment of 2 experts who helped identify 45 project ideas. About 10-15 of these are now in progress.

Industrial Promotion Department

This department has been established recently. Its functions are rather wide, encompassing basically all types of extension services, information services, etc, that support SSIs. The department consists of the head of department, 4 economists of which one works as accountant and one as management consultant (based in Asmara) and a secretary. The project has supported the department through 2 fellowships only. At the moment the Department can certainly not do much in terms of extension services; it will need considerable strengthening and training to achieve that goal.. To date the main achievement has been the publication of some booklets, of a book-keeping manual and the organization of related training.

Ethiopian Handicrafts Centre

This part of HASIDA existed long before the Agency was established. It basically consisted of a number of separate production oriented handicrafts workshops with about 460 staff members. Today it consists of several handicrafts workshops, mainly carpet workshop, garments, jewelry, weaving, bamboo, silkscreen printing workshop as well as a textile dying plant. The functions of these workshops include training, demonstration, production and prototype development. In addition to the workshops there is a sales shop which markets the products. At present, EHC employs 292 persons.

The main contribution of the project to the EHC has been the establishment of a garment design and manufacturing training unit; one expert was assigned and equipment was provided. This unit is now operational with counterparts and instructors trained. Regular training activities have not yet started but the unit is producing sample garments, partly to obtain more experience before regular training starts.

Export (Marketing) Department

This department was established in 1981, mainly to assist handicrafts co-operatives in marketing their products. The department purchases the products in bulk, or acts as commission agent for exports. It also assists in design of products and in quality control, fumigation etc. The main export product is carpets (90%), followed by horn products and musical instruments.

The staff consists of 9 persons of which 1 has a degree (a B.A. level staff member recently left). The export target is at least 600,000 Birr per year but at the moment only goods with a value of 300,000 Birr are exported. The staff of the department is certainly not yet able to perform fully. In addition the fact that the department is part of a larger government structure seriously hampers its operations. Attempts are being made to convert it into a separate legal entity as a profit centre, which will improve its flexibility.

The department had assistance from the marketing expert who did not perform satisfactorily; another expert is awaited to improve the functioning of the department. A short term carpet specialist was assigned who provided useful recommendations, and developed some new designs that are now being made.

The Training Department

The training department started its activities in 1980 in Addis Ababa and in 1984 in Awassa. It has also four mobile units, two in

weaving, and one each in carpet making and sheet metal, which travel in the regions. Since the beginning a total of 1204 people have been trained, two thirds of them in Addis, 162 in Awassa and 252 by the mobile units. The training department has a weak organisational structure; one director is involved in administrative duties and the elaboration of programmes and other material used in the training process. A total of 20 trainers form the staff of the department, some of which have a limited academic training. The training activities are organised upon requests addressed to the department from the other units of HASIDA.

Other Departments

Apart from these departments HASIDA has also an Administrative and Finance Service, an Industrial Licensing and Registration Service, an Information and Documentation Service and a Regional Co-ordination Service. The Information and Documentation Service could have benefitted from the present project; unfortunately it was not included at the design stage. At the moment this important function is weak. The other services are outside the scope of the project and seem to be functioning well.

Direct Support Outputs

In addition to the assistance provided to co-operatives and SSI through and by assisting HASIDA, the project provided direct support type assistance. The main elements are discussed here.

Establishment of two pilot industrial co-operative and finalization of a third one that had already started in the phase I project.

This activity was meant to establish modern industrial type production co-operatives to demonstrate the advantages to other co-operatives. A second result expected was the training effect on HASIDA staff by going through the identification of co-operatives to be

transformed, product design, production process development, equipment specification, including design and production of tools, dies and jigs, building and layout designs, installation and start up, etc. The situation is as follows:

- Metal stamping and Forging Co-operative (Maresha).
This co-operative financed by the government but entirely developed and set up by HASIDA and the project, is in full operation since early 1985. It has however technical management and marketing problems that can only be solved by HASIDA.

- Textile Weaving Industrial Co-operative.
A market analysis and product identification was done, building design completed and equipment specified. The building is under construction and the selected machinery will be inspected in June before confirmation of the order and delivery. The machinery is project financed.

- Sheet Metal Industrial Co-operative
The market analysis and product identification has been completed and equipment specified. The design of the building is under way, land has been acquired. The equipment for this co-operative is project financed.

The delays in realization of all three has been due to a number of factors. The non availability of sufficient qualified national HASIDA staff, the problems with the products/implements expert, delay in fielding the tool making expert and under-estimation of the financial requirements for the equipment.

While now good progress is being made with the second and third co-operatives HASIDA has not yet fully finalized and agreed the conditions of the financial inputs to the co-operatives. While HASIDA agrees the investment in machinery should be paid back by the co-operatives, possibly into a revolving fund, this has not yet been finalized. This may partly be due to the fact that it is legally very

difficult for HASIDA to handle such a fund, within the limits of its present status as an agency; the change envisaged in HASIDA'S status, from an agency to an authority, could help resolve that situation.

Preparatory work for the Pilot Industrial Estate

This work which was planned to be done by one expert, was actually changed and assigned to IPS through a subcontract. After various misunderstandings and long delays in granting the subcontract through IPS to an Indian company and serious problems with the quality of work produced by the subcontractor, the feasibility study is now complete, infrastructure and building design under way and 42 industry profiles prepared. Part of the delay was also caused by problems in acquiring the required land which seemed to have been resolved recently with the acquisition of the title deed. During a short visit to the site by the evaluation team along with HASIDA's staff, it appeared, however, that another government organization had illegally started construction at the site. Efforts are under way to resolve this situation but further delays are likely.

B. Achievement of the immediate objective

It is clear to the evaluation team that the project including phase I, has certainly strengthened HASIDA in a number of ways. It must be said that the project must be understood as a joint Government/UN undertaking where the results are to a high extent due to the high quality of Government inputs. The co-operatives department is very active throughout the country and the engineering department is now partly operational. However a number of project outputs have been delayed and it is too early to judge to what extent these outputs will contribute to the achievement of the objective.

HASIDA today is an organization that has a number of good contacts with co-operatives and SSIs, originally mainly through licensing and control. It is now more and more support and service oriented, and HASIDA now seems to have the confidence of the clients; both the co-operatives and the SSIs seem to accept HASIDA as a useful and strong organization for some of the tasks (the role of HASIDA in clearing all new SSIs and allocating foreign exchange for equipment and raw material purchases obviously has contributed to its acceptance).

The organization is clearly developing rapidly and is now building up more extension services and training capabilities. These functions were not really part of the project design and should be addressed in a further phase of assistance. It is now very important that HASIDA starts providing a higher level of services to SSIs and cooperatives, certainly the engineering type services that are in very short supply in the country. This will really strengthen the confidence in HASIDA and strengthen industrial development.

C. Contribution to the achievement of the development objective

HASIDA, and therefore the project, is certainly contributing to the development of industrial activities in the country be it through co-operatives or SSIs. HASIDA is in fact the only organization active at the national level to support these sectors. It is of course much too early to expect an 8 year old organization to have reached its full maturity. The team is of the opinion that the impact of HASIDA on the co-operatives and SSI sector can be expected to increase through the extension of HASIDA's activities both in the capital and throughout the country.

IV. CONCLUSIONS AND RECOMMENDATIONS

A. Conclusions

The conclusions hereafter follow from the preceding chapters of this report. They are organized in three subsections, the first one dealing with the implementation of the project itself, the second with the present status and capabilities of HASIDA as the main result of the project and the third with the Direct Support elements of the project.

Project implementation

The project has been characterized since its beginning by delays, first in approval of project document, then in the posting of the expert, the assignment of national staff to HASIDA, the identification of training institutions abroad and the lack of trainees with the proper background, in the selection and deliveries of equipment, the engineering building extension and the construction of the pilot co-operatives buildings.

In each case various circumstances were involved, ranging from bad luck in the case of the product implement expert, to, in HASIDA's point of view, the inadequate qualifications of the candidates proposed by UNIDO. The insufficient availability of national staff, counterparts, especially at the engineer and technician level has also been an acute problem. The delays experienced in machinery deliveries and building construction stem from a lack of communication between the field and Vienna.

An important delay has also been experienced with the industrial estate activity mainly because of the delay in approving the change in the project document from expert assistance to a subcontract with IPS, the poor work of the subcontractor and the acquisition of land.

Overall however the delay in implementing the project as a whole has not been serious certainly in relation to other similar projects. At the end of the year almost all resources will have been

committed. To a large extent this must be attributed to the strength of the HASIDA management and, since 1984 the strengthened project organisation (assignment of a National Project Officer). The main problem in terms of impact on the results of the project has been the vacancy of the products and implements post which has slowed down the establishment of the very important engineering department. It should be remarked here that the original time table for a fully independent engineering capability was very optimistic, even in the best of circumstances with sufficient international and national staff this would have taken much more than the 2-3 years allowed.

HASIDA

The evaluation team has been able to ascertain that HASIDA is a relatively strong organization, especially when considering it was established only eight years ago and still is in the middle of the process of building up its staff, facilities and services. Moreover, HASIDA is well supported by the Government that has recently given increased attention and official support to the importance of private sector small scale industries by, among other actions, raising the ceiling of investment qualifying for private ownership.

HASIDA can play its role of promoting co-operatives and small-scale industries in a very effective way because of its licensing function, the auditing services it provides to co-operatives and the role it plays in the allocation of raw materials and foreign exchange. This is a very good incentive for HASIDA's customers to approach HASIDA on these matters and establish contacts which facilitates use of other services.

At present the Agency presents some strong and some weaker links. Of the major departments of HASIDA, the co-operative and the project planning departments are the strongest. Their functions and mandate are clear, they are well structured in various divisions with different responsibilities. Their staffing is at least sufficient to give co-operatives and SSIs a minimum level of services; the staff has an adequate training for their tasks. The co-operative department has a

very strong regional representation with strong contacts with co-operatives in their respective region.

At present the weaker points in the organization are the engineering department, the export and training departments and the Ethiopian Handicrafts Centre. As previously discussed the engineering department which has only partly been established faces a serious shortage of trained staff aggravated by the various demands imposed on it: design, production of prototypes and tools, extension services to co-operatives and SSIs, and other occasional tasks.

As for the export department it is in a weak legal position and cannot operate as a full trading organization. It has no formal budget to promote Ethiopian handicrafts products abroad. It cannot pay for production of samples, and its participation in fairs and other similar promotion activities is limited. As a result it can only achieve limited sales results.

The training department has no formal structure as such and basically provides training for co-operative members and SSI's workers referred to it by other departments. It does, however elaborate some training programmes, and prepare materials and handouts used during training. The annual number of trainees appears low (average of 12 per trainer) considering that, in most cases, training consists in skills upgrading. A more systematic approach to training is required as the demand for the right type of training must be very large (no assessment of training needs is available).

The Ethiopian Handicrafts Centre, where more than one third of HASIDA's employees are concentrated is also a weak link in the organization because it is still mostly oriented towards production rather than training. It certainly must continue to be reoriented to serve HASIDA's regular functions.

While the above described institution building results of the project are certainly important, it is clear that they are not complete. No department is at this moment fully self sufficient although two are

reaching that level. Already however HASIDA is providing very important services to the cooperative and small scale industry sectors and has certainly contributed to the growth of these.

Direct Support Results

These consist of the results in the establishment or conversion of the model industrial cooperatives and the work for the pilot industrial estate. These three activities are far from completed, only one cooperative has started building, the other two activities are still only in the study phase and more delays can be expected.

For the project as a whole the evaluation team is of the opinion that reasonable results have been achieved, mainly in the form of a stronger HASIDA. Most of this is clearly due to the management of HASIDA. The design of the project was very optimistic and much too unspecific. If a more complete design had been made and a better, more realistic assessment of the possible rate of progress included, many of the problems and misunderstandings could have been avoided. For a next phase this experience should certainly be taken into account.

B. RECOMMENDATIONS

In light of the above conclusions, the evaluation team formulates a series of recommendations addressed to HASIDA, the Government of Ethiopia and UNDP/UNIDO, aiming at further strengthening HASIDA's capabilities and identifying necessary actions to be undertaken before the end of the project and in its continuation.

To HASIDA

The main priority for HASIDA over the next 4-5 years should be the full establishment of all headquarter functions, build up a core of staff with at least a minimum of industrial experience and further build up relations with the cooperatives and small scale industries so that all services are fully utilized for the benefit of industrial development. In addition the regional offices and services should be built up gradually, starting with the relatively simple functions including the active dissemination of information (including project profiles), data collection as well as a channel of communication between cooperatives and SSIs and the HASIDA headquarter functions. Later regional training and extension services can be developed, but timing of these must depend on adequate staffing of the equivalent headquarter functions.

HASIDA at this stage should not be expected to bear alone the full load of special activities such as large scale rehabilitation or resettlement activities. While certainly HASIDA is the unique institution in Ethiopia to be responsible for all industrial cooperatives and SSIs related activities, such special activities should be of a direct support nature in association with HASIDA and under its supervision or coordination. For implementation of and for the technical expertise required for such efforts special (expatriate) staff should be used while the scarce HASIDA technical staff is used for its regular functions, of course taking opportunities to work together with experienced staff.

Within this framework the following are the priorities for HASIDA's development:

- 1) The Staff of the engineering department has to be increased; the needs are not only for engineers but also for technicians of a lower level who could undertake the necessary production of tools, jigs, prototypes, spare parts, etc. related to the extension services provided to co-operatives and small-scale industries. This need will still increase when all equipment has been delivered and installed in the new buildings.
- 2) Extension services in co-operatives and SSI's management should be developed, addressing especially the needs of the industrial co-operatives that should increase in number in the near future. Those extension services should be in the form of specific training, information handouts, and managerial and technical trouble-shooting services.
- 3) The training department has to be restructured and strengthened in its capabilities of preparing programmes, and training materials for various levels of training required by co-operatives members and SSIs workers. A clear separation of training activities and production activities should be established, so as to increase the output (measured in number of trainees) of the department. A regular programme for all training should be established based on a regular survey of training needs.
- 4) The information and documentation services should be expanded so as to make available to co-operatives and SSI's, at least basic information on technologies, production, management, marketing, etc. For this HASIDA has to expend its own data bank on these subject.
- 5) The export department has to be established as a separate legal entity, and endowed with a budget sufficient for its

promotion and sales activities. It can then start with more active trading of products, product development, marketing, etc.

- 6) The organizational and financial aspects of the pilot co-operatives should be clarified as to the reimbursement of the investment provided by HASIDA and the set up of a revolving fund, for HASIDA's future involvements in the establishment of industrial co-operatives.
- 7) The transfer of actual production in series in the EHC workshops (especially of the looms, tools, jigs and dies) to the private sector should be prepared by the identification of potential entrepreneurs or co-operatives, and eventually the training of workers, so as when market conditions are favourable, a smooth transition can be managed. HASIDA workshops should be utilized only for production of single items and very small series of parts, tools, etc., and for pilot production of new items, not for regular production.

To the Government

- 1) A commitment from the Government as to the staffing of the engineering department should be made for at least the next few years so that the Agency can program efficiently its future targets regarding design, prototype making test production, and extension services as well as the project related training activities.
- 2) The policy regarding the development of the handicrafts and small-scale industrial sector should be adequately publicized in order to reassure private manufacturers; in that same line, the annual renewal of licenses that is now being planned for all SSIs should be a routine procedure established for administrative and data collection purposes only, otherwise it will again damage the confidence of SSIs in the stability of their position.

To UNDP/UNIDO

1) In order to conclude successfully the present phase of the project by the end of 1986, the following actions are necessary:

- expand the equipment budget by the amount needed to complete the foundry workshop equipment and the electroplating equipment. The postponement of that acquisition will unduly delay the set up and operation of the foundry activities, and thereby the full operation of the engineering department.
- the on the job training activities, planned in the project document, having been cancelled due to the transfer of fund to the equipment budget line, it is necessary to make new funds available for the training of the foundry specialist.

2) Considering the level of development now achieved by HASIDA it is necessary to further strengthen its capabilities focussing on some specific fields. In the next phase of the project it is recommended to complete the facilities and expertise already in place. That third phase must focus on both expert assistance in:

- engineering services (project and implements design)
- tool and die making
- workshop management
- training department organization
- extension services

and short-term training abroad in the following:

- co-operatives and small-scale industries management/extension services;
- in-service training of engineers and technicians;

It may be worth investigating to what extent some industry training could take place in the large public sector industries in Ethiopia.

The regional capabilities of HASIDA should be strengthened both in terms of training and technical assistance to co-operatives and small-scale industries, in order to reverse the present trend of concentration of new enterprises in the Addis Ababa region. A realistic and progressive calendar for regionalization of HASIDA's activities should be established, taking into consideration available resources, both human and financial. Direct support type assistance to the regional offices should be considered if the national priorities require immediate regional activities.

- 3) Good use has been made of national staff in the project, both as the National Project Officer and as consultants. This should continue to be applied as in this way national expertise that is not available through HASIDA or the regular civil services can be obtained.

ANNEX I

TERMS OF REFERENCE OF THE EVALUATION MISSION

Tripartite In-depth Evaluation of

DP/ETH/83/012

Handicrafts and Small-scale Industries Development, Phase II

Terms of Reference

I. Background

The Government of Ethiopia has fully recognized the importance of the handicrafts and small-scale industry sector on the economy. In 1977, broad policy guidelines were issued to the effect that it would undertake measures "... to ensure the transformation of handicrafts to cottage industries via the support of modern technology". In the same year HASIDA (Handicrafts and Small-Scale Industries Development Agency) was created to implement the Government's policies. In 1978, additional responsibility was bestowed upon HASIDA to organize handicrafts co-operatives. The recently adopted Ten-Year Perspective Plan (1983-1992) confirms the importance attached to this sector and, inter alia, includes the following objectives:

- increased co-operativization of the handicrafts and cottage industries;
- up-grading of the skills available to craftsmen and industrial co-operatives through the provision of credits for buildings, machinery and equipment, and the provision of technical and managerial assistance;
- expanded training facilities for artisans;
- strengthened organization of HASIDA as well as reinforced staff and facilities.

Under the first phase of UNDP/UNIDO assistance to HASIDA (DP/ETH/77/018), which started in 1978 and completed operations at the end of 1982, the total input of UNDP resources amounted to US\$ 1,361,165. During the same period, the Government allocated approximately 20 million Birr from its own resources to HASIDA's activities. Among the achievements of the project's first phase are:

- Statistical surveys of co-operatives and the handicrafts and small-scale industries sector in Ethiopia;
- Up-grading of the Ethiopian Handicrafts Centre, which constitutes the key training institution for HASIDA's own staff and for artisans from different parts of the country;
- Construction and deployment of four mobile vocational training and demonstration workshops designed to serve local artisans in the rural areas;
- Close to fifty HASIDA employees trained abroad in organization and management of co-operatives, or in development of small-scale industries;

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In-depth tripartite project evaluation
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- Establishment of the sales centre "Handicrafts in Ethiopia" and preparation of a plan for the marketing of Ethiopia handicrafts articles overseas;
- Progress in improving the design and construction of looms and tools by the Engineering Department of HASIDA and its workshops;
- Assistance to co-operatives in the form of technical advice and support in project appraisal, procurement, marketing, management, auditing, etc.;
- First step toward the development of a pilot industrial co-operative.

To make HASIDA a fully self-reliant agency for the promotion of handicrafts and small-scale industries activities in Ethiopia, a second phase of UNDP/UNIDO assistance under project DP/ETH/83/012 was approved in January 1984. UNDP provided US\$ 2,500,000 from IPF funds while the Government input amounts to 22.7 million Birr. Expert assistance was foreseen for:

- The development of improved tools and implements, as well as of improved production techniques among co-operatives and artisans;
- Further development of and support to existing co-operatives plus preparatory work leading to the establishment of the country's first industrial estate;
- Further improvements in marketing procedures for handicrafts.

In addition, it was foreseen to assist HASIDA in the establishment of two pilot industrial co-operatives and to provide funds for further training of HASIDA's own staff and local artisans.

It was agreed upon in the project document that this project should be subject to an in-depth evaluation according to the policies and procedures established for this purpose by the UNDP.

In view of imminent constraints on the equipment budget and recurrent problems in the recruitment of experts causing serious delays in the implementation of this project, the review should be scheduled at this stage.

II. Scope and Purpose of the Evaluation

In accordance with provisions contained in Chapter 3470 of the Policies Procedures Manual (PPM) and the relevant guidelines described in UNDP/PROG/FIELD 150 of 30 September 1982, the primary purpose of the evaluation mission is:

- a) Assess the achievements of the project against the set objectives and expected outputs. This will include a re-examination of the project design;

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- b) Examine the extent to which the results/outputs produced by the project have contributed towards the building up of Government capability to assist the handicrafts and small-scale industries to develop;
- c) Identify and assess the factors which facilitated the achievements of the project's objectives, as well as those factors that impeded the fulfillment of those objectives.

As part of the above tasks, the mission will specifically review if the approach utilized on the project has led to optimum results, or if another approach could have improved the results. This will include a review of:

- a) The degree of utilization of the major assistance components received by the project, namely
 - (1) The experts and the provision of qualified local staff to co-operate with them;
 - (2) The local and international sub-contractors;
 - (3) The equipment in the central workshop and elsewhere.
- b) The extent to which HASIDA has established working links with the small-scale industries and co-operatives, which services they are providing, and to what extent this helps the clients improve their operations.

While a thorough review of the past in itself is very important, the evaluation is expected to also lead to detailed suggestions for the remaining part of the project.

The primary purposes of the review are:

- To make recommendations for future action, particularly improvements that should be introduced in the implementation of the activities to be carried out until the end of this project;
- To carry out, in light of the achievements of the on-going project thus far and results expected by the end of it, a preliminary assessment of HASIDA's most imminent future requirements for assistance to be considered for inclusion into the next Country Programme Cycle. In this respect, special emphasis shall be placed on:
 - The requirements for equipment for HASIDA's Engineering Research and Service Centre;
 - The requirements for training of HASIDA's own staff, taking the availability of counterparts into consideration;
 - The agency's assistance requirements to promote co-operative development in both technical and managerial skills;

- The assistance requirements for the introduction of a small loans scheme for co-operatives;
- The adequate phasing of assistance provided for equipment, manpower development and co-operative development.

III. Composition of the Mission

The mission will be composed of the following:

- One representative of UNDP
- One representative of UNIDO

The Ethiopian Government is invited to associate itself with the mission's work and to nominate an official to be associated as fully as it wishes with the Mission.

The representatives should not have been directly involved in design appraisal or implementation of the project.

IV. Consultations in the Field

The mission will maintain close liaison with the UNDP Resident Representative in Ethiopia, the UNIDO staff, the concerned Government organizations, and the project's national and international staff.

The mission is also expected to make intensive contact with the small-scale industry and co-operatives as users of HASIDA, as well as any other organizations that may be relevant to the evaluation.

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

V. Time-table and Report of the Mission

Insofar as required, the UNDP and UNIDO representatives will receive briefings at their respective headquarters. Upon arrival in Addis Ababa, the mission will be briefed by the UNDP Resident Representative, who will also provide the necessary substantive and administrative support. The mission will attempt to complete its work within 2-1/2 weeks, starting in Addis Ababa on -- (date) --. Upon completion of its work, it will be debriefed by the UNDP Resident Representative. At the end of the mission, the UNDP Resident Representative will organize a meeting involving senior Government officials where the mission will present its initial findings, conclusions and recommendations, and be ready to discuss these.

The mission will complete its report in draft in Addis Ababa and will leave behind a copy of the draft with the Resident Representative.

The final version of the report will be submitted simultaneously to UNDP and UNIDO headquarters, which, in agreement, will transmit the report to the Government of Ethiopia through the Resident Representative.

ANNEX II

LIST OF PERSONS CONSULTED DURING THE MISSION

1. Ato Bacry Yusuf - Head Industry Department ONCCP
2. " Selameab W/Tsadik - National Project Officer and General Manager of HASIDA
3. " Berhanu Ejigu - D/General Manager of HASIDA
4. " Girma Seyoum - Head Medium and Large Scale Industries, Agricultural and Development Bank
5. " Tadele Tefera - Head - Small-Scale Industries, Agricultural and Development Bank
6. " Girma Hundi - Head - Co-operative Department HASIDA
7. " Kebede Shifferaw - Head - Project Department HASIDA
8. Captain Gelgelo Doyo - Manager - Ethiopian Handicraft Center, HASIDA
9. Ato Abebe T/Mariam - A/Head - Industry Promotion Department, HASIDA
10. " Gizachew Tsegaye - Head - Training Department Ethiopian Handicraft Center, HASIDA
11. Wt. Aleme Feyessa - A/Head - Export Department, HASIDA
12. Ato Abebe Negash - A/Head - Engineering Department HASIDA
13. " Million Dinku - Secretary - Chamber of Commerce Dire Dawa Branch
14. " Assefa Germamo - Head - Awassa Regional Office, HASIDA
15. " Daniel Aderra - Deputy Head - Co-operative Department, HASIDA
16. " Mulugeta Debela - Division Head Co-operative Department, HASIDA
17. " Mesfin Alemayehu - A/Head - Hararge Regional Office, HASIDA

ANNEX III

LIST OF UNDP/UNIDO AND PROJECT STAFF MET

1. Mr. E. Boelens - Deputy Resident Representative
UNDP
2. Mr. K Vencatachellum - SIDFA- UNIDO
3. Mr. Wolfgang Meyer - JPO - UNDP
4. Mr. Hinz Buguslaw - Tool Making Expert
DP/ETH/83/012
5. Mr Stefano Bologna - Mechanical Engineer
Associate Expert
6. Ato Hagos Tsehaye - National Expert - Sector Review
7. Ato Demrew Metaferia - National Project Officer
Project DP/ETH/83/012

ANNEX IV

LIST OF CO-OPERATIVES VISITED

1. Co-operatives in Addis Ababa:
 - 1.1 Selassie Carpet Weavers Co-operative
 - 1.2 Takle Haimanot Weavers Co-operative
 - 1.3 Gullele Woodwork Co-operative
 - 1.4 Dil-Betigle Tailors Co-operative
 - 1.5 Taxidermy Co-operative
 - 1.6 Maresha Industrial Co-operative
 - 1.7 Sheet Metal Co-operative
 - 1.8 Semen Terrara Textile Co-operative

2. Co-operative in Awassa:
 - 2.1 Awassa Weavers Co-operative

3. Co-operative in Dire Dawa & Harrar:
 - 3.1 Dire Dawa Tailors Co-operative
 - 3.2 Dire Dawa Weavers Co-operative
 - 3.3 Harrar Weavers Co-operative

4. Other:
 - 4.1 Awassa Training Center and Regional Office
 - 4.2 Dire Dawa Regional Office
 - 4.3 Ethiopian Handicrafts Center

ANNEX V

LIST OF SMALL-SCALE INDUSTRIES VISITED

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1. Small-Scale Industries in Addis Ababa:
 - 1.1 Sumera Garment Factory
 - 1.2 Carbon Paper Factory
 - 1.3 Fuel Briquette Factory
 - 1.4 Ethio-Pottery Ceramics Plants
 - 1.5 Asmara Metals

2. Small-Scale Industries in Awassa:
 - 2.1 Awassa General Metal Works
 - 2.2 Awassa Soap Factory

3. Small-Scale Industries in Dire Dawa:
 - 3.1 Aziza Zipper Factory
 - 3.2 Rustom Jeans
 - 3.3 Sukreil Metallic Buttons
 - 3.4 Himmriel Pants and Children Clothes
 - 3.5 Dire Dawa Printers
 - 3.6 Sanitary ware Factory (yet to be established)