

# UNITED NATIONS DEVELOPMENT PROGRAMME



# UNDP

Distr.  
GENERAL

DP/1983/70/Add.1  
1 June 1983

ORIGINAL: ENGLISH

GOVERNING COUNCIL  
Thirtieth session  
6-24 June 1983  
Agenda item 4 (d)

## PROGRAMME IMPLEMENTATION EVALUATION PROGRAMME

UNDP comments on the joint UN/UNDP/UNIDO evaluation on manufactures

### Note by the Administrator

#### Summary

As indicated in document DP/1983/16, paragraph 5, the Administrator has examined the staff evaluation report and the summary of it prepared by the United Nations which was presented to the Committee for Programme Co-ordination (CPC) at its meeting in May 1983, under cover of a report by the Secretary-General (E/AC.51/1983/5 and /Add.1).

A great deal of work went into this evaluation, and the recommendations are important and far-reaching. Action has already been taken on some of the issues raised, and is under consideration for others. However, the Administrator has a number of serious reservations on the report with regard to the methodology employed, the evidence presented, the conclusions reached and the recommendations made. The conclusions and many of the recommendations based on them have implications going far beyond the industrial sector, especially with regard to institutional structure and inter-agency relations. The recommendations are too general to be of specific and practical use to improve project operations and performance in the sector examined. The Administrator does not consider that the Study, in its present form, meets the requirements of a thematic evaluation. He intends, therefore, to undertake a further analysis of the substantive data collected by the evaluators in order to examine the technical evidence on the factors which have influenced project performance from a practical point of view. He will then review the conclusions and recommendations of the Study in the light of this evidence and prepare an appropriate report for the Governing Council as soon as possible.

1. The Administrator has carefully reviewed the report of the evaluation team which conducted the joint United Nations /United Nations Development Programme (UNDP)/United Nations Industrial Development Organization (UNIDO) evaluation on manufactures as well as the summary of the report submitted by the Secretary-General to the Committee for Programme Co-ordination (CPC) at its twenty-third session in May 1983 (E/AC.51/1983/5 and Add.1). A great deal of detailed work went into the conduct of this evaluation and the preparation of the report and the evaluators have formulated important and far-reaching recommendations. The Administration agrees with a number of these recommendations and has already taken action or will consider appropriate action on some of the issues raised. Other recommendations have implications going far beyond the industrial sector and would have repercussions for the entire tripartite system of technical co-operation; these would need more detailed analysis as well as consultation with other organizations within the system before they could be considered for follow-up action.

2. The Administrator has a number of serious reservations with regard to the way in which the agreed methodology was applied and with the structure of the report, and would wish to examine the evidence obtained during the study and the conclusions based upon it in greater depth than is possible on the basis of the material so far available. He would then consider the recommendations in the light of this further examination, and report to the Governing Council at its thirty-first session on his conclusions.

#### Methodology and study design

3. The methodology was agreed upon by the three collaborating organizations and was endorsed by CPC in 1982. Thereafter the three evaluators were given complete freedom to conduct the study without direction or supervision from the three organizations, which simply received the report. The agreed methodology called for an assessment of the effectiveness and impact (or potential impact) of a sample of projects, but it did not specify how this assessment was to be conducted or reported.

4. The methodology used by the evaluators to assess project effectiveness and impact was to construct a numerical scale from 1 to 5 (1 to 3 for the larger samples, and "zero" to indicate "cannot determine") and to rate projects on the basis of examinations of project documentation and files and interviews held by the evaluators with government officials and UNDP and UNIDO staff. The report gives average numerical ratings for effectiveness and impact (tables 2 to 7) and percentages of projects achieving effectiveness and impact "as planned" or higher (tables 8 and 9). However, the report contains no factual evidence describing substantive or technical results of the projects examined to support the conclusions and it provides no specific description of the factors which influenced these results. In fact, it is said in paragraph 33 of the summary that the implementation process per se was not a major area of focus in the study.

5. It is difficult to understand the high degree of confidence with which the ratings obtained in the field are extrapolated backward and considered to be representative of the total inventory of 906 projects (paragraph 20), or to understand how the ratings for large-scale projects can be generalized to cover small-scale and Special Industrial Services (SIS) projects (paragraph 13). Only 49 projects were subjected to intensive desk review, supplemented by interviews and 14 projects in 7 countries were visited in the field. The bulk of the projects were examined on the basis of the files, yet the evaluators state that, because of the paucity of information in the files, "only in-country studies can produce a reasonably accurate assessment of effectiveness" (paragraph 67). The report also states that there are no established standards of acceptable performance of industrial technical co-operation projects which could form a basis for comparison, and that the ratings in themselves may reflect the difficulties and complexities of the task as much as they reflect any absolute performance standards (paragraph 68).

6. The study design called for the evaluation to focus on a minimum of three subject matter categories, each linked to an "industrial global priority theme", and to relate the findings on the project level to one or more industrial global priorities. The subject matter categories tentatively chosen were fertilizer, packaging and food-related metal products related to the industrial global priority theme "food production and delivery". Of the 49 projects examined in detail at the desk levels, only 5 were in food processing and 4 in fertilizers; a fourth category, petrochemicals, with 12 projects, was included. There is no description of the substantive nature of the projects and it is not clear how several of those examined in the field relate to the global priority theme.

7. The study design stated that "it is expected that the exercise will result in suggestions for operational policy, programme and management guidelines". Yet, because the report is devoid of detailed substantive case material, even for the 14 large-scale projects which were analysed by the field missions, the discussion lacks an empirical basis which makes it impossible to relate it to the actual problems faced by UNDP/UNIDO technical co-operation in the industrial sector. In this connection, paragraph 9 states that a large body of substantive information in support of the findings was collected. It is unfortunate that none of this information is cited either in the full report or in the summary. Had the frequent repetitions in the summary been avoided, it would have been possible to include substantive and technical data and evidence from the projects examined, on which some of the conclusions are based, and still keep the length of the report within reasonable limits. This material could have been used by UNDP and UNIDO directly to improve project design and implementation in the future.

8. The original study design agreed upon by the three organizations required each team undertaking field missions to prepare a report on its findings and recommendations on specific project issues arising from the performance evaluation. Such reports were to have been made available informally to the United Nations resident co-ordinator or UNDP resident representative and the Government as an input into subsequent tripartite or

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mid-term reviews or other appropriate discussions of the selected projects. No such reports have been made available. Apparently the teams left notes and outlines in the country, and held discussions with the resident representative and/or senior industrial development field advisers (SIDFAs), to meet this requirement. Country-level reports would have been most useful, however, and could have provided the substantive data and operational evidence which are missing in the report.

9. The greater part of the report of the evaluation team is focused on an assessment of the performance of the tripartite system. The understanding of UNDP was that this item of the study design was intended to permit an examination of those specific problems at the project level which seemed to be caused mainly by institutional shortcomings (headquarters-field, resident representative-SIDFA, field office-government relationships, etc.) The report contains no factual evidence of experience at the project level which demonstrates the effect any such shortcomings had on specific projects so as to justify the changes in the system which are proposed. It nevertheless makes many broad and generalized statements about system-wide shortcomings at the policy, institutional and organizational levels in UNDP and UNIDO.

#### Conclusions of the study

10. A principal conclusion of the study is that 83 percent of the 49 large-scale projects examined in detail at the desk level and 57 per cent of the 14 projects examined in the field (and nearly 60 per cent of all projects examined) achieved their objectives to the extent planned or better; and that 76 per cent of the former and 50 per cent of the latter achieved impact to the extent planned or better (discounting those projects for which no assessment is possible). While there is undoubtedly much room for improvement, this result is not unsatisfactory, given the difficult nature of technical co-operation, the complexity of the sector and the high-risk nature of many of the projects. In this context, it should not be overlooked that effectiveness and impact were apparently measured against objectives established in the project document, which the report maintains were often badly stated or over stated. Despite this finding, the report is unbalanced by focusing almost entirely on shortcomings of UNDP and UNIDO in the areas of project design, implementation, follow-up, on deficiencies in the operation of the tripartite system, and on inadequacies in the number and qualifications of the staff of UNDP and particularly of UNIDO. There is no analysis of any examples in which UNDP and UNIDO have been successful, so that such experience could be learned from, built upon and applied elsewhere. This imbalance is, in fact, recognized in paragraph 232 of the evaluation staff report which states that:

"it concentrates on the problems and may unintentionally give an unbalanced picture regarding the accomplishments . . . yet in spite of these problems, close to 60 per cent of the projects included in the sample had effectiveness ratings as planned or better . . . which could be accomplished because of the dedication, imagination, ingenuity and ideals of the international staff and national counterparts concerned".

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This statement is not included in the summary of the report before CPC. The whole discussion of impact does not adequately take into account the fact that the impact of technical co-operation projects is notoriously difficult to determine given the complex nature of many projects and given the fact that the United Nations system inputs, particularly in industrial projects, are usually extremely small in relation to the over-all expenditures on the activity being assisted, and that impact is usually influenced by many factors outside the control of the project.

11. The study was confined to the industrial sector, and yet several of the conclusions and recommendations of the report would have repercussions far beyond the industrial sector. One example is the proposal that UNDP engage engineering experts in industry for programme management functions in the field (paragraphs 90 and 110 (c)). The recommendation would of course imply similar treatment of other sectors, i.e. technical staffing such as agronomists, teachers, doctors, geologists, etc., which is a total reversal of the division of labour within the United Nations system, namely, that UNDP rely primarily on the specialized agencies for project design and technical advice, and maintain only a very limited central technical capacity of its own. It is, furthermore, logistically impractical. In its 114 field offices, UNDP has 412 international professional posts (of whom 114 are resident representatives) and 174 national (local) professional posts. Half of the offices have only 2 international professional posts and one national professional post, which have to cover all programme needs in all sectors as well as administrative functions.

12. Paragraphs 49, 62, 63, 70 and 71 of the summary indicate that the problem identification and diagnosis stage of the project cycle does not sufficiently assess the state of industry in a country and that UNIDO is rarely requested to participate in this stage; they also call for a thorough diagnosis of problems in the sector if UNDP/UNIDO projects are to be effective. One can accept that sound assessment of the state of the industrial sector is needed for good project planning, and the report recognizes that Governments can request a country survey of the industrial sector by means of a project designed specifically for that purpose. Yet the limited resources available to UNDP and UNIDO, and the fact that their contribution to industrial development represents a very small portion of the total effort in most countries, make it unlikely that UNDP country programmes could focus on a detailed analysis of the industrial sector. In many countries, to do so would require resources far in excess of the indicative planning figure (IPF). It should also be remembered that, in many countries, comprehensive industrial sector surveys have been carried out, often with external assistance (e.g. from the World Bank) and are drawn upon by UNDP and UNIDO for project identification. In any case, the absence of an extensive sectoral analysis cannot, in practice, be a reason to preclude UNDP/UNIDO assistance to the industrial sector; in fact such assistance often identifies and fills critical gaps in a country's industrial development programmes. The statement that UNIDO rarely is requested to participate in this stage overlooks the role SIDFAs can play in problem identification and sector analysis.

13. The discussion seems to assume that UNDP and UNIDO can have a predominant input into industrial development, whereas the amount of resources actually available is marginal. In fact, over the five-year period 1977-1981, the proportion of total UNDP expenditures in the industrial sector for field programmes in all countries varied between 8.0 and 10.7 per cent, rising from \$42 million in 1977 to \$77 million in 1981. For the third cycle, 117 country programmes devote 12 per cent of the total foreseen programme to the sector, or an average of \$2.2 million per country. In most cases this average sum covers a five-year period and amounts to well under \$500,000 per country and per programme year. Clearly the UNDP input in most cases is extremely small in relation to total expenditures in the sector. In these circumstances, a pragmatic approach, i.e. filling critical gaps, is more warranted than an attempt at all-embracing coverage.

14. The treatment of how country programmes are drawn up and how they relate to the selection and design of projects indicates a misunderstanding of this vital part of UNDP work. Country programmes are prepared by the government of the recipient country with the assistance of the UNDP resident representative. In this process Governments may draw on the expertise of United Nations agencies and they frequently do so through informal consultations or through sectoral studies. The programmes thus reflect priorities and linkages established in the Governments' development policy; these are based not only on national plans for the future but also on the past, i.e. on preceding country programmes; individual projects reflect priorities within the sector concerned. The introduction of continuous programming in recent years has facilitated the process, leaving detailed project choices open for the latter part of the programme cycle. The allegation in paragraph 50 that project funds are assigned prematurely is hard to understand when sector analyses and choices stand at the beginning of the process. The full staff evaluation report refers briefly to an important problem, namely, that projects are frequently designed after the financial magnitude of the UNDP contribution has been predetermined at the country programming stage, rather than by the reverse process of identifying the problem, ascertaining the means of solving it and determining the means required. Unfortunately this finding is only briefly mentioned in the recommendations. It would be helpful to know what repercussions the ex post design had on the quality of the projects concerned.

15. Paragraphs 23 to 31 and 72 and 73 of the summary deal with project design and appraisal. Many of the findings are similar to those of other recent evaluations. UNDP is aware of the need for constant improvement in these important areas, and already has taken action accordingly. Nevertheless, the report does not give specific examples of deficiencies. For example, paragraph 29 speaks of a logical means-end chain and causal relationships but does not explain where the deficiencies lie; paragraph 29 states that one common problem was that project and development objectives were often stated at inflated levels; paragraph 31 mentions the frequent failure clearly to identify the purpose or function of a project. In all these cases, examples drawn from actual projects would have made the arguments much clearer and might point to aspects of the UNDP Policy and Procedures Manual (PPM) which need revision.

16. It is true that compliance with the requirements for written reports on projects upon their completion is frequently unsatisfactory, as mentioned in paragraphs 35, 56 and 75 of the summary. It does not follow, however, that there is "little real demand for objective information concerning project effectiveness and almost none concerning actual or potential impact" (paragraph 35). The Joint Inspection Unit (JIU) in contrast, in its recent report (JIU/REP/82/12) (paragraph 62) on United Nations System Co-operation in Developing Evaluation by Governments, states:

"National and international development resources have become increasingly tight while needs remain urgent. Governments are therefore more concerned with the quality and results of their programmes, and they expect development activities to bring meaningful specific benefits and avoid waste".

UNDP field offices and Governments devote a great deal of time and effort to trying to ensuring the effectiveness of the Programme in their day-to-day contacts.

17. Paragraph 35 (c) states that there has been no UNDP nor UNIDO insistence on the PPM requirement for evaluation and reporting of impact, and paragraphs 33 (v) and 69 state that there is an absence of an effective evaluation effort, either ongoing, terminal or ex post. In fact 122 in-depth project evaluations were carried out in 1981/1982, 16 of them in the industrial sector, and similar numbers in the preceding years. The PPM, in chapter 3470, section 3.2 (d) and (e), inter alia, requires an assessment of the contribution of the results of the project to the realization of the development objective and the identification of factors which facilitate or impede the achievement of the immediate objective and the contribution to the development objective. Many evaluation reports deal extensively with these matters. It is true, however, that little ex post evaluation has been carried out, and that much of the evaluation which has been carried has focused on ongoing projects and those which are expected to be followed by a subsequent project phase. Proposals to strengthen the evaluation of UNDP-assisted projects, including the conduct of ex post evaluation, have been made to the Intersessional Committee of the Whole of the UNDP Governing Council and are before the Council at its thirtieth session (DP/1983/ICW/6).

18. The statement in paragraph 50 that UNDP almost never withholds approval of projects is misleading. UNDP, either through its field or its headquarters staff, frequently influences Governments to change project proposals. It is true that, wherever possible, a confrontation is avoided, so that unsuitable projects may be modified, postponed for further analysis, or dropped by common consent, rather than by formal rejection by UNDP. If it has been found that this responsibility has not been exercised properly in the projects examined, this should be demonstrated by case examples.

19. Paragraph 55 states that tripartite reviews were seldom held, did not always support decision-making and were deficient because they tended to focus largely on input delivery, budget issues and administrative changes and lacked

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end-user participation. UNDP has recognized that these shortcomings often exist and, as noted in the report, has taken corrective steps. Paragraph 55 also states that "in depth evaluations were infrequent in comparison with PPM requirements". It has long been recognized that the PPM criteria regarding size of projects and frequency of in-depth evaluations had become unrealistic and outdated and these requirements have been modified.

20. Paragraphs 76 to 90 deal with the roles, responsibilities and authority of the three partners in the tripartite system. While there can be no question that an examination of such structures would be worthwhile, as their importance for programming and project implementation is obvious, the limited scope of the study would not appear to provide an appropriate basis for such wide-ranging conclusions. It is stated that the responsibilities of the participants in the tripartite system are diffuse and unclear. It is true, of course, that the relationships inherent in the tripartite system are complex, but the complexities attributed to Governments' structures are a matter largely outside the control of UNDP and UNIDO. On the other hand, the relationships between UNDP and the executing agencies and their respective responsibilities are clearly defined in PPM. Relationships between UNDP headquarters and the resident representatives similarly are clearly established. What problems exist, therefore, stem not from lack of definition, but from failures in understanding and compliance. However, the report does not present evidence based on specific cases of such failures and of their consequences in terms of the performance of specific projects. A main responsibility of UNIDO is, of course, to provide project inputs, but the statement that UNIDO has become primarily a purveyor goods and services seems exaggerated. The whole treatment is at a level of generality which makes it impossible to derive operational conclusions from it.

21. The conclusion in paragraphs 91 to 94 that there should be a greater role for industry in programme planning and project identification and that representatives of industry should become in effect "the fourth partner" in the tripartite system is highly important. However, the proposal should be addressed to Governments and should also be qualified to take account of the share of industry which is in the public sector. Unfortunately, the recommendation is not illustrated with examples of projects which were irrelevant to the needs of industry and/or could have been made more relevant through industry participation in programming or project design, and it is stated in rather weak and equivocal terms (Recommendation No. 2).

#### Recommendations of the study

22. UNDP comments on the recommendations follow logically from the preceding discussion of the conclusions of the evaluation, and so can be stated briefly:

(a) Certainly UNDP and UNIDO could do better and more effective work with more staff resources as recommended in paragraph 108 of the summary. However, an increase in staff is totally unrealistic given the present resource situation; the tendency of intergovernmental bodies has been to

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press for smaller staff and UNDP has taken steps to reduce staff considerably in the last two years;

(b) Recommendation No. 2:

- (i) Paragraph 110 (a). Reference to country programming process should be specifically addressed both to Governments and UNDP and should recognize the fact that country programmes are based on national development plans. If the recommendation relates only to industry, it must take account of the limited resources available to UNDP and the relatively small contribution UNDP and UNIDO make to the total industrial development effort in most countries. On the other hand, programmes can always contain projects for industrial policy formulation and industrial planning;
- (ii) Paragraph 110 (b). The meaning of "high-risk venture projects" and special arrangements needed is not clear;
- (iii) Paragraph 110 (c) and (d). The recommendation that programme staff should have professional engineering qualifications, both at headquarters and in the field, would logically apply to all sectors and would mean that UNDP would in effect duplicate the staff in the agencies. It would be impossible for UNDP to recruit staff specialized in all major sectors in all field offices. A modest strengthening of technical staff at UNDP headquarters to increase the capacity for technical backstopping of field operations by participating in programming, project design, appraisal, monitoring and evaluation is desirable and is under consideration;
- (iv) Paragraph 110 (e). This recommendation is not clear. UNDP resident representatives, backed up by headquarters, already have the responsibility for overseeing the relevance and quality of project design;
- (v) Paragraph 110 (f). The recommendation to expand and intensify training in design and evaluation is acceptable. Training in project design is already widely undertaken (including pre-investment projects) and proposals for staff training in evaluation methodology have recently been put forward;
- (vi) Paragraph 110 (g). Compliance with the existing reporting system is more important than redesigning it, although certainly the system could be improved;

(c) Recommendation No. 3:

- (i) Paragraph 111 (a) and (b). These provisions are all adopted in the revised project document format which was introduced in 1982;

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- (ii) Paragraph 111 (c). Simplified procedures are certainly desirable, but specific recommendations on what simplifications are proposed are not given in the report;
- (iii) Paragraph 111 (d). This recommendation is acceptable; proposals for routine terminal tripartite assessments and ex post evaluation have recently been put forward (DP/1983/ICW/6);
- (iv) Paragraph 111 (e). The recommendation to involve industry more in problem identification, especially where there is a large private sector, is important and acceptable but it needs elaboration. It should be addressed primarily to Governments; where Governments concur, UNDP would be willing to collaborate fully;
- (d) Recommendation No. 4:
  - (i) Paragraph 113 (a). This would imply extending the UNDP programming cycle and hence the IPF cycle to ten years, which is unrealistic. Even the present five-year cycle has severe problems with respect to obtaining assured and continuous funding, as recent experience of UNDP has shown. In addition, the priorities of Governments change, making long-term programming extremely difficult;
  - (ii) Paragraph 113 (b). The recommendation is similar to that contained in paragraph 111 (e), and is acceptable;
  - (iii) Paragraph 113 (c). The priorities for UNDP assistance are, in accordance with the Consensus of 1970, for Governments to determine. Where Governments agree to the priorities given in this paragraph, UNDP is prepared to provide assistance;
  - (iv) Paragraph 113 (d). The recommendation to undertake such analyses at the country programme level is not of general applicability, and the feasibility of such studies would depend on the size of the country and the importance of the industrial sector. Specific projects could serve this purpose on a case by case basis, as indicated earlier in this note;
  - (v) Paragraph 113 (e). The recommendation is similar to paragraph 110 (b) and its meaning is not clear;
  - (vi) Paragraph 113 (f). Encouragement of the use of IPFs by Governments for sectoral problem-solving, if Governments so wish, is always possible. This recommendation is referred to in the comment above on paragraph 113 (d).
- (e) Recommendation No. 5:
  - (i) Paragraph 114 (a). This recommendation is similar to paragraph 110 (a);

- (ii) Paragraph 114 (b). This recommendation is similar to the one made in paragraph 111 (a) and (b);
  - (iii) Paragraph 114 (c). UNDP does decline to approve projects when necessary, through common consent, although a formal confrontation is avoided where possible, as discussed in detail earlier in this note;
  - (iv) Paragraphs 114 (d) See remarks under paragraph 110 (e);
  - (v) Paragraph 114 (e) The reference to "review at headquarters" is unclear. If UNIDO headquarters is meant, that is implicit in the first sentence. If UNDP headquarters is meant, this would be implicit in the Administrator's responsibility to designate the executing agency;
  - (vi) Paragraph 114 (f). The intrinsic nature of tripartite collaboration at various points in the project cycle makes it difficult to divide up primary responsibility so discretely.
- (f) Recommendation No. 6. See remarks on staffing of UNDP field offices and headquarters and on training under Recommendation No. 2, paragraphs 110 (c), (d) and (f).
- (g) Recommendation No. 7. This recommendation is acceptable. In order to be of practical value, the report would have to be refocused and it would have to incorporate much more of the evidence gained from case studies and the desk review than is the case so far. Specifically this would imply:
- (i) An inventory of types of UNDP-assisted projects executed by UNIDO in the field of manufacturing (e.g. training, institution-building, industrial policy advice, marketing, pilot plants, including an analysis of priority sectors). This could serve as a backdrop to the rather abstract ratings given in the introductory sections;
  - (ii) A thorough analysis, illustrated by case examples, of the project design and implementation problems revealed by the field missions and of their effect on project results, with corresponding recommendations both for manufacturing projects and for projects in general (e.g. on design, implementation, monitoring, evaluation). As far as is necessary, institutional issues could be dealt with in this context;
  - (iii) An analysis of industrial policy making and programming as far as it is relevant to country programming, taking into account the fact much of the industrial sector is "private" and would thus have to be treated differently from other sectors, such as education and health education, where public institutions prevail.

Such a revised study could then be published in the UNDP series of thematic evaluation studies and serve as a basis for a programme advisory note (to be worked out jointly with UNIDO).

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