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**Activities of the Evaluation Group****Synthesis of findings and lessons learned from evaluations  
conducted in 2010-2011****Note by the Secretariat****Contents**

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## **I. Background**

1. In decision IDB.29/Dec.7, the Board, inter alia, affirmed the importance of Member States' receiving objective and credible feedback on the performance of UNIDO country-level programmes based on the findings and lessons learned from independent evaluations. The present report is submitted in accordance with paragraph (h) of that decision, which requested the Secretariat to report on evaluation activities on a biennial basis. The present document expands on the information provided in document IDB.40/13 on activities of the Evaluation Group and thus should be considered as a complement thereto. Moreover, all UNIDO independent evaluation reports are available on the UNIDO website ([www.unido.org/evaluation](http://www.unido.org/evaluation)).

2. This report synthesizes findings from evaluations conducted by the UNIDO Evaluation Group (ODG/EVA) during the 2010-2011 biennium. It also conveys the main lessons learned from the evaluations and in particular the more strategic or thematic ones, with a potential to inform strategic level decisions. More specific lessons learned from each evaluation can be found on the ODG/EVA website. There is thus a strong emphasis on learning, to identify areas with strong progress as well as to guide necessary adjustments that might be needed for strategic development or enhanced organizational performance.

## **II. Context and function**

3. The Evaluation Group (ODG/EVA) derives its roles and responsibilities from the UNIDO Evaluation Policy (2006). According to this policy, evaluation serves three purposes: it assures accountability, supports management and drives learning and innovation. ODG/EVA is responsible for independent evaluations of UNIDO projects and programmes, as well as of global, regional or organizational issues. Furthermore, it undertakes thematic evaluations in relation to specific programme areas, a development priority and for contributing to organizational learning. The UNIDO evaluation function is aligned to the United Nations norms and standards for evaluation and their emphasis on independence, credibility and utility.

4. In recognition of the critical role of evaluation in assessing and validating results and in promoting internal and external learning, UNIDO allocated €640,000 for the implementation of the ODG/EVA work programme, 2010-2011. This was mainly to cover country, strategic and thematic evaluations. The budget entailed an increase by 12 per cent, compared to the previous biennium. Independent project and programme evaluations continued to be directly financed from the respective budgets.

## **III. Activities and contributions of the Evaluation Group**

### **Evaluations**

5. The focus on thematic and strategic evaluations was motivated by their learning potential and higher value added and in order to create synergies among evaluations for reasons of resource efficiency. The five thematic

evaluations: UNIDO's contribution to One UN mechanisms; UNIDO field office performance; UNIDO's contribution to the Millennium Development Goals (MDGs); enterprise upgrading initiatives; and UNIDO persistent organic pollutants (POPs) projects, were selected due to their strategic importance and learning potential. They covered areas with growing portfolios and a need to provide evidence-based information to feed into policymaking and strategic decision-making. Moreover, ten country evaluations offered opportunities for systematic analyses and learning. At the same time, evaluation findings should not be regarded as representative of all UNIDO interventions.

6. The 2010-2011 ODG/EVA work programme has, with some minor modifications, been implemented as planned. One country evaluation (Cuba) as well as the evaluation of the UNIDO climate change initiative were postponed. Moreover, nine planned project evaluations were carried over to the next biennium as the completion dates had been moved forward. Two country evaluations (Nigeria and South Africa) were added to the work programme while one country evaluation (Mexico) was removed. Evaluations of two centres in India, the International Centre for Advancement of Manufacturing Technology (ICAMT) and the UNIDO Centre for South-South Industrial Cooperation (UCSSIC), were also added. A list of all the evaluations conducted during the biennium can be found on the ODG/EVA website.

7. During 2010-2011 ten country evaluations were conducted which reviewed the UNIDO presence in the respective countries. Thus, in addition to integrated programmes (IPs) or country service frameworks (CSFs), components of regional programmes, individual stand-alone projects, including Montreal Protocol (MP) and Global Environment Facility (GEF) projects, the contribution to the UNIDO global forum function, UNIDO participation in the United Nations Development Assistance Framework (UNDAF) as well as in other One UN mechanisms, and the performance of field offices were assessed. Findings of the individual country evaluations fed into thematic evaluations, as appropriate. Furthermore, 34 stand-alone projects were evaluated during the biennium. Moreover, the COMFAR programme<sup>1</sup> was evaluated and, in order to learn from the e-learning initiative of the Procurement Unit, an evaluation was conducted of the online procurement training.

8. The focus on thematic evaluations and on evaluations assessing results at outcome levels continued to be high. Due attention was equally given to capturing results at the impact level and, in particular of the UNIDO contribution to poverty reduction. As indicated in the preceding paragraphs, five major thematic evaluations were conducted or initiated in the course of the biennium.

## **IV. Synthesis of evaluation findings**

### **General findings**

9. There is evaluative evidence that the ongoing reform process to strengthen the field presence of UNIDO and its impact "on the ground", as well as its efforts to

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<sup>1</sup> The Computer Model for Feasibility Analysis and Reporting (COMFAR), is a software application developed by UNIDO for the analysis and appraisal of any investment project.

become a “seamless” organization, are worthwhile and have the potential to alleviate many of the challenges and constraints identified in the past. A large number of evaluation recommendations, such as stronger decentralization, enhanced authority of field offices (FOs) and UNIDO Representatives (URs), a stronger role of FOs in project monitoring and implementation and increased administrative capacities of FOs are being responded to through the new enterprise resource planning (ERP) system.

10. Country programmes are gaining ground and seen as a more flexible instrument than integrated programmes but there is still a need to clarify the key characteristics and structure of a UNIDO country programme and to enhance the demand orientation. Still, most country-level programmes demonstrate alignment with national strategies and priorities as well as to United Nations planning frameworks, such as UNDAFs. UNIDO projects and programmes often have a catalytic role and lead to policy or strategy development but many pilot projects could benefit from an increased attention to assessing results and, if achieved, the development of upscaling or dissemination strategies.

11. Evaluations often found that there was scope for additional inter-branch cooperation, that potential synergies between projects are untapped and that the roles of units other than the leading one are unclear. As an example, pilot initiatives in agro-industry or renewable energy could benefit from enhanced collaboration with the UNIDO Business, Investment and Technology Services Branch, which in addition to higher results would also foster sustainability. Moreover, linkages to the private sector are often weak and although partnerships with the private sector are frequently mentioned, project documents do not specify how the engagement will take place. Measures put in place by UNIDO for higher development results, including an ongoing planning process to identify potential synergies and to foster inter-branch collaboration are encouraging.

12. A holistic results-based monitoring system still needs to be put in place in order to capture programme-level results and aggregate performance. Many of the evaluated programmes and projects lacked proper baselines and/or indicators against which progress could be assessed. Efforts are currently under way to develop a coherent results framework for the Organization, including the use of key performance indicators (KPIs). A RBM-based project document has been conceived and in addition to the RBM-focus, it will serve as a tool to identify and manage risks. A new monitoring system, following RBM principles, is presently under development to systematically manage all stages of the project cycle.

13. The promotion of gender equality and mainstreaming of gender was often lacking, with some promising exceptions in agribusiness projects.

## **Relevance and ownership**

14. Programmes and projects were generally found to be relevant and aligned to priorities and strategies of partner Governments and to UNDAFs and other One UN mechanisms. Moreover, evaluated interventions have addressed challenges to sustainable industrial development and have been in line with UNIDO strategic areas and competences. National ownership was generally present, in particular when national stakeholders had been substantially involved in the design of the

intervention and steering committees or other joint decision-making mechanisms had been established. For some projects, however, evaluations found limited involvement of national stakeholders. UNIDO expertise was found to be in high demand.

### **Achievement of objectives**

15. Most evaluated projects had produced the planned outputs. Outcome-level results were more difficult to assess and validate due to suboptimal monitoring and reporting systems and the absence of established benchmarks and/or performance indicators. It is expected that the newly introduced SAP software system in UNIDO will remedy many of the existing deficiencies.

16. Many pilot projects and the UNIDO supported technology centres achieve their objectives in terms of demonstrating relevant technologies, for instance in the area of renewable energy, but lack outreach and dissemination strategies, needed for greater impact.

17. Evaluations also found examples of weak intervention logics, i.e. logical frameworks where outcomes were too far-reaching in relation to the outputs to be produced and where the outcomes could not, realistically, be attained within the projects' lifetime.

### **Efficiency in implementation**

18. The cost-effectiveness of UNIDO projects/programmes is generally high. Delays had been encountered in a number of projects, often due to unrealistic planning and in particular in relation to procurement and the fielding of experts but there were also examples of delays in the provision of counterpart contributions and notably physical infrastructure. Centralized management was in some cases found to have impeded implementation, in particular for small-scale rural-based projects. Procurement was, as mentioned, often found to slow down implementation and there were instances when UNIDO procurement procedures had made the participation of local providers difficult.

### **Sustainability**

19. Institutional sustainability was found to be high when host-country institutions were directly involved in implementation but weaker when projects were implemented by independent project management units.

20. Financial sustainability was, in particular, promising when existing national institutions had been involved throughout implementation. However, the absence of exit strategies was noted for many projects and the availability of national funds to continue operations after project completion was often uncertain. In this respect, evaluators recommended to better align UNIDO projects to Government planning frameworks and budgets.

21. There were no cases reported of projects posing a threat to environmental sustainability. Rather, many projects have positive, long-term environmental effects,

including those related to the Montreal Protocol, POPs phase-out, cleaner production and energy efficiency.

### **Key findings from country evaluations**

22. UNIDO was found to be an appreciated partner and its competence and expertise valued. Many host-country Governments expressed the need for UNIDO services and a wish to partner with the Organization. UNIDO participation was considered to add value to One UN mechanisms and to respond to national needs and priorities. Relevance was high for the large majority of UNIDO programmes and projects and also national ownership was rated as high in many cases but not for all due to limited involvement of local stakeholders. The orientation and focus of country programmes often reflect the availability of funding rather than national priorities or needs. In fact, the lack of programmable resources, at the disposal of UNIDO and the dependence of donor-directed funding, makes it difficult to design and implement country-driven and holistic country-level programmes.

23. Generally, there is a need to reinforce the demand orientation of UNIDO programmes and to mainstream gender. A key recommendation was that UNIDO country programmes should be developed jointly with the main counterparts, feed into national programmes and strategic frameworks and that indicators for joint monitoring and evaluation should be defined. Moreover, the provisions of the UNIDO gender policy (gender action plan, gender focal points, etc.) should be implemented at the country level.

24. Country programme frameworks and integrated programmes encountered challenges such as low level of funding and unrealistic assumptions and objectives. Attempts at integration have not always been successful and potential synergy effects remained untapped.

25. Reporting requirements are clear but often not adhered to and six-month progress reports are often missing. Results-based management (RBM) workplans have been developed for many field offices but not been systematically used as a planning or implementation tool and there is a need to improve this management tool. UNIDO has initiated the mainstreaming of RBM but there is a need for increased efforts to promote the use of RBM in project and programme design, monitoring and reporting and for technical cooperation as well as global forum activities and to develop a systematic framework giving consideration to both intra- and inter-branch synergies.

26. Procurement procedures were often found to have slowed down implementation. The case for decentralized procurement officers at Regional Offices has been made as well as the need for improved procurement planning.

27. Ownership and active participation of Government counterparts and other stakeholders increase the success rate of projects and programmes. Active involvement in design and implementation tends to increase relevance, efficiency, effectiveness as well as sustainability.

## Key findings from thematic evaluations

### UNIDO's contribution to One UN mechanisms

28. The thematic evaluation of the UNIDO contribution to One UN mechanisms revealed that UNIDO had contributed, in a satisfactory manner, to One UN coherence. In particular, UNIDO participated in One Programme design in the Delivering as One (DaO) pilot countries and became an important driver in promoting industrial development issues and ensuring the inclusiveness of the United Nations response to national priorities and needs. One Programmes have provided opportunities for UNIDO to assert leadership in areas of its mandate and to promote UNIDO thematic areas in country-level frameworks.

29. UNIDO participation in DaO programmes has been characterized by budgets at a higher level than pre-DaO expenditures. Often, there has been a high dependence on One Funds but UNIDO has been successful in mobilizing funds and these have been disbursed as planned. UNIDO has also been reliable in providing announced own resources. It seems unlikely, however, that the United Nations and UNIDO will be able to continue to rely on One Funds.

30. UNIDO has proved its capacity to deliver under One UN and reached a delivery rate, for the One Funds received, of 82 per cent. It has partnered with a range of other United Nations agencies, such as the United Nations Conference on Trade and Development (UNCTAD), United Nations Development Programme (UNDP), United Nations Environment Programme (UNEP), International Trade Centre (ITC), International Labour Organization (ILO), Food and Agriculture Organization of the United Nations (FAO) and UN Women in order to improve division of labour and increase synergies in the productive sectors. However, there is no indication that the current joint programme modality is more efficient and effective than coordinated stand-alone programmes. In addition, given their often specialized nature, not all areas of UNIDO work lend themselves to the joint programme modality.

31. Opportunities and constraints for achieving operational coherence are less evident. Relocating to One UN Houses and the use of common services has, at times, turned out to be more expensive than previous arrangements. However, accruing costs and necessary budget modifications need to be seen in a wider context of benefits arising from DaO, such as larger project portfolios, improved communication and collaboration and a clear increase in UNIDO's visibility.

32. UNIDO has not always been well resourced to participate in demanding One UN planning and coordination processes as its human and financial resources are relatively small. In this respect, the UNIDO programme "Enhancing the coordination and support of UNIDO's involvement in CCA/UNDAF and DaO mechanisms" was a valuable initiative, which addressed distinct and specific support needs.

33. Evaluation findings suggest that country presence is important for participating in One UN mechanisms but that the type of UNIDO presence does not seem to matter. The presence of a UNIDO Regional Office or field office led by international staff, as opposed to UNIDO desks with national staff, has not

systematically resulted in larger project portfolios, more resources, larger transfers from or higher delivery of One Funds.

### **Field office performance**

34. The thematic evaluation of field office (FO) performance has been built on the assessments under the country evaluations and on a specific survey targeting all FO heads. It confirmed the relevance and utility of UNIDO field representation. The FOs contribute to the identification and formulation of UNIDO technical cooperation (TC) projects and programmes. They also provide valuable support to project/programme implementation but assuming more administrative than substantial functions. For 2011, it was estimated that 7.5 per cent of UNIDO technical cooperation was implemented by FO staff. The possibility to take over more direct responsibility for TC implementation (increased decentralization) was, however, questioned by many offices due to capacity constraints.

35. The contribution to funds mobilization was also apparent, though some FOs pay more attention to this than others. Country-level reporting continues to be weak in terms of frequency but also the quality, utility and results-orientation of the reporting need to be improved. The large majority of FOs have prepared RBM-based workplans but there is a need for making this tool more useful to the offices. Recent changes have helped to simplify and accelerate financial transactions.

36. FOs enable an efficient participation in United Nations Country Teams, UNDAFs and One UN Programmes and have been critical to the inclusion of UNIDO thematic areas and the more general theme of economic growth in One UN frameworks. Generally, FOs promote UNIDO visibility in the host countries. They contribute to global forum functions and conduct related activities at the national level. Often, however, the results of such activities are difficult to assess and the results dimension could be improved. Moreover, an effort should be made to integrate such activities in overall RBM frameworks.

37. The introduction of the UNIDO ERP system is expected to further strengthen UNIDO field presence and pave the way for more decentralized management, increased integration of FOs and make UNIDO a more “seamless” Organization. As such, the ERP system addresses many recommendations of past country-level evaluations. At the same time, clear lines of command and reporting, especially between FOs and Headquarters and between UNIDO Representatives (URs) and UNIDO centres in the host countries, will have to be worked out for improved efficiency and effectiveness. Generally, the role of FOs in TC implementation needs to be further clarified and many evaluations call for a higher level of empowerment of the UR.

38. UNIDO decentralization targets have been met and the UNIDO field mobility policy was instrumental in this. Nevertheless, evaluations call for a further strengthening of the field network and for the creation of project management capacities or, at least, strengthened monitoring capacity. Both recommendations have human and financial resource implications. One way proposed is the creation of L-posts, in the field, through the pooling of TC funding. Evaluations also argue for increased authority of URs, in the design of country programmes.

## **UNIDO contribution to the Millennium Development Goals (MDGs)**

39. In 2000, United Nations Member States adopted the Millennium Development Declaration leading to the MDGs. Subsequently, at the tenth session of the UNIDO General Conference in 2003, Member States acknowledged the importance of the role of UNIDO in pursuing the MDGs (resolution GC.10/Res.5). Since then the Organization has incorporated the MDGs into its policy documents. UNIDO seeks to contribute to four of the eight MDGs:

Goal 1: Eradicate extreme poverty and hunger

Goal 3: Promote gender equality and empower women

Goal 7: Ensure environmental sustainability

Goal 8: Develop a global partnership for development.

40. The thematic review of the UNIDO contribution to MDGs found that UNIDO projects under the thematic priorities of poverty reduction through productive activities and trade capacity-building are likely to contribute to Goal 1, Target B “Achieve full, productive employment and decent work for all, including women and youth”. The review found, however, only a few quantified contributions of UNIDO projects to job creation or improved livelihoods of target beneficiaries living below the national poverty line. Exceptions were projects for post-crisis training and entrepreneurship development. Many evaluation reports highlighted examples of plausible links between project outcomes and the preservation and/or expansion of employment in manufacturing sectors. In some cases these refer to thousands of jobs, but the respective numbers could not be verified. Many projects were found to have vast potential for future contributions to employment generation. In addition, the review identified contributions to employment creation or preservation from some environment projects.

41. Initiatives to improve pro-poor targeting were also identified. For example, in the area of cluster development, UNIDO has developed extensive tools and methodologies, including a comprehensive project planning and monitoring framework. It is also intended that project impact be increased through a value chain approach.

42. Many UNIDO projects have the potential to contribute to Goal 3, Indicator 2 “Share of women in wage employment in the non-agricultural sector”. UNIDO women entrepreneurship development projects belong to this category. Many other projects included women in the target group, but due to lack of gender mainstreaming or gender disaggregation of data, it was not possible to assess the effects on wage employment for women.

43. The review found a high degree of alignment between the UNIDO thematic priority of environment and energy and Goal 7, particularly Target A “Integrate the principles of sustainable development into country policies and country programmes” and related indicators. UNIDO projects were found to have contributed to sustainable energy plans, ozone-depleting substance (ODS) phase-out policies, national implementation plans for persistent organic pollutants (POPs) and a range of environmental policies, strategies and plans.

44. With respect to the implementation of environmental policies, many UNIDO project contributions were demonstrated. Notably, UNIDO projects resulted in decreased consumption of ODS (Indicator 7.3). These results could be quantified at national levels and compared to country targets. By the end of 2011, UNIDO projects had accounted for 16 per cent of all developing country ODS phase-out. Furthermore, many projects contributed to reduced CO<sub>2</sub> emissions (Indicator 7.2). These contributions were often quantified at the enterprise level but aggregation across enterprises was a challenge. Similarly, with respect to water consumption (Indicator 7.5) reductions were mostly reported at enterprise levels, as one among several indicators related to resource efficient and cleaner production. The project indicator would have been compatible with the MDG indicator if it had been aggregated at national levels.

45. With respect to Goal 8 targets, it was found plausible that UNIDO promotes the channelling of more aid to least developed countries (LDCs) (Goal 8, Target C). Moreover, the ongoing project to strengthen local manufacturing of essential drugs, once completed, could contribute to better access to affordable drugs (Goal 8, Target E). The UNIDO technology centres were found to have made some modest contributions to transferring new technologies to developing countries (Goal 8, Target F).

46. Monitoring of results relevant to the MDGs was found to be quite systematic in Montreal Protocol projects, mainly due to their compliance requirements, but less systematic in other projects. The lack of proper project monitoring systems and associated results data was found to hinder the identification and assessment of MDG contributions. Such systems could lay the foundation for data collection and feed into national MDG monitoring systems. Three projects were identified that supported such national monitoring systems, namely two related to national industrial performance, including employment, and one related to national CO<sub>2</sub> emissions.

47. The review concluded that contributions of UNIDO projects to the MDGs were diverse but not systematically measured and reported upon. The exception was Montreal Protocol projects that clearly contributed to Goal 7, Indicator 7.3 (consumption of ODS). Less systematically reported contributions were observed from resource efficiency and cleaner production projects to Goal 7, Indicators 7.2 (CO<sub>2</sub> emissions), and 7.5 (consumption of water). Plausible links between trade capacity-building projects and employment were also highlighted.

48. UNIDO needs to pay closer attention to relevant MDG definitions, targets and indicators in order to contribute to their achievements. The use of project indicators that are compatible with national MDG indicators would be a good way forward for enhanced capture of MDG-related results.

### **Industrial upgrading**

49. The ongoing thematic evaluation of UNIDO industrial upgrading activities complements the earlier thematic evaluation of UNIDO support to standards, metrology, testing and quality (SMTQ) and building national quality infrastructures. In combination, these two thematic evaluations will provide a better understanding of UNIDO performance in the area of trade capacity-building.

50. The thematic evaluation of UNIDO industrial upgrading activities adopts a comprehensive approach encompassing the different types of UNIDO projects and intervention strategies aiming at improved industrial competitiveness. This comprehensive approach will enable comparisons between different types of projects and highlight complementarities. The thematic evaluation of industrial upgrading is still ongoing and the report is expected to become available in the beginning of 2013.

### **Independent thematic evaluation of UNIDO work in the area of persistent organic pollutants**

51. The thematic POPs evaluation found that UNIDO assistance was instrumental for many countries in preparing their National Implementation Plans (NIPs). This included establishing foundational capacities for Governments, initial POPs inventories and raising the awareness of policymakers. Building on these NIPs and other country priorities, UNIDO developed over 30 post-NIP demonstration and investment projects.

52. UNIDO also played a key role in demonstrating and transferring new technologies to enable treatment and safe destruction of POPs. Emerging information indicate positive results and that UNIDO is generally doing the right things, i.e. addressing policy and capacity-building needs and combining this with investments in technologies to phase-out POPs.

53. In particular, UNIDO has been instrumental in assisting countries in meeting their obligations to the Stockholm Convention on Persistent Organic Pollutants and in transferring non-combustion destruction technologies to developing countries. Moreover, UNIDO has assisted countries in putting in place policies and capacities for enforcement and implementation of environmentally sound management of chemicals.

54. The POPs programme was thus found to be relevant to country priorities and well aligned to UNIDO strategies and the priorities of the Global Environment Facility (GEF). Project designs were generally coherent and rooted in the country context but also exhibited weaknesses, in particular with regard to monitoring and evaluation, sustainability planning, the promotion of synergies with other projects and incorporating lessons learned from other POPs and non-POPs projects.

55. While project development was largely efficient and GEF deadlines were met, project implementation faced considerable delays, often due to procurement and contracting issues. In China, UNIDO has delegated project execution to the national counterpart. This is working well but has not yet been replicated in other countries where, instead, UNIDO retains the dual role of implementing and executing agency.

56. The thematic evaluation highlighted that the rapidly growing POPs portfolio has led to some difficulties in terms of UNIDO capacity which — if not addressed — could threaten the ability of UNIDO to deliver on expected results. Currently, the Organization does not have the human resources needed to effectively implement the large portfolio and pipeline.

57. The evaluation recommended that UNIDO addresses design weaknesses through more in-depth project preparation and ex-ante assessments. Furthermore, as

UNIDO continues to move into post-NIP projects, it should forge partnerships with the private sector, to phase-out POPs and/or to modify product life cycles (production, recycling and disposal) to reduce various types of POPs.

58. The evaluations also recommended that UNIDO continue its move towards focusing on the implementing function, delegating the executing functions to qualified national partners, and address the human resource gaps with a view to improve efficiency and effectiveness of projects.

## **V. Synthesis of lessons learned**

59. Lessons learned from country evaluations point to the importance of close engagement, at both the design and implementation stages, with partner country Governments and other national stakeholders. Ownership and active participation of Government counterparts increase the success rates of programmes and projects. In order to ensure the sustainability of supported institutions, national human and financial resources need to be available and beyond the lifespan of the project. Co-funding by recipient countries is also found to enhance ownership and to facilitate a smooth implementation.

60. Adequate time and resources spent on project identification and preparation (including attention to strategic issues such as institutional anchorage, selection of technology and exit strategy) are good investments and pave the way for efficient implementation and sustainability. In-depth problem and stakeholder analyses are vital for an appropriate project design.

61. Linkages to national strategies and budgetary frameworks promote results and sustainability. Horizontal linkages can also be created between UNIDO projects and programmes at the country level for higher impact and increased cost-effectiveness but many potential areas for horizontal synergies remain untapped. Despite organizational efforts to promote internal collaboration, programme coordination and the creation of synergies need specific attention, allocation of resources and assignment of responsibilities.

62. Many UNIDO projects entail the establishment of pilot projects, often promoting innovative approaches and introducing new technologies. In order for such projects to play the intended catalytic role, there needs to be thorough assessments of the operations, including the suitability of the technology, the available options for upscaling and feeding information into peer learning and policy- and decision-making.

63. When pilot projects are executed by a grass-roots organization, parallel efforts to strengthening its management capacity is a good investment. In fact, pilot projects not only test and validate new technologies but also local management modalities. It is good practice to launch managerial capacity-building before commissioning the physical facility instead of having this as an add-on once the production process has started.

64. Procurement is at the heart of many projects, including in the area of SMTQ. It is a complex and protracted process that needs to be given due attention from the start. Close collaboration among the various concerned UNIDO functions and

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officers facilitates the process, and reduces the risk of communication errors and mistakes in specifications.

65. Another lesson is that projects should develop better linkages between skills training and employment creation. It is particularly important from a gender perspective that a distinction be made between home-based and market-based employment. Employment promotion projects need to begin with a properly resourced assessment of the gender context with a view to promote more and better opportunities for women. Often post-graduation support is needed to address specific obstacles faced by women and UNIDO needs to develop the adequate tools.

66. Direct support to individual institutions and companies, public as well as private, entails the risk to distort the market. Therefore, wider support to a larger number of companies is to be preferred, if possible. Capacity-building of public service providers, such as laboratories, can lead to a more competitive market for testing services with both the private sector and clients benefiting. Results could be further enhanced if the private sector was explicitly targeted.

67. South-South cooperation is a relevant area of cooperation but many opportunities remain untapped. South-South cooperation projects are often complex and need careful planning, proper resourcing and adequate management, including in the recipient country. Many South-South cooperation projects have been implemented in remote areas, under difficult conditions and on-the-spot management was vital but often underestimated. UNIDO monitoring has been difficult in countries without a UNIDO presence.

68. In a period of an expanding project portfolio without related increases in staff, a full-time project coordinator could provide necessary management and monitoring and ensure the achievement of results.