

# Mid-Term Review

Competitive Industries and Innovation Program

# Executive Summary

**CIIP** Competitive Industries and Innovation Program

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# Mid Term Review of Competitive Industries and Innovation Program (CIIP)

## EXECUTIVE SUMMARY

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## **MID TERM REVIEW OF COMPETITIVE INDUSTRIES AND INNOVATION PROGRAM (CIIP)**

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The present Mid-Term Review (MTR) is the first independent assessment of the CIIP program. The MTR was prepared by Anteja ECG d.o.o. (Slovenia) in cooperation with the Center for Strategy and Evaluation Services (United Kingdom), VDI/VDE Innovation + Technik GmbH (Germany) and Economisti Associati (Italy). The core team, led by Mateja Dermastia was comprised by Mark Whittle, Dr. Gerd Meier Zu Köcker and Fernando Quezada. Valuable inputs were provided by Giulia Stecchi and Nana Adeishvili. The team benefited from strategic advice from Roberto Zavatta on the design of the Mid-term Review.

## **EXECUTIVE SUMMARY**

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### **INTRODUCTION**

The Competitive Industries and Innovation Program (CIIP) was created to enhance country growth and job creation prospects by supporting public policies and investments that promote competitiveness and innovation within and across industries. The CIIP was launched in November 2012 through a multi-donor (MDTF) and a single donor trust fund (SDTF). The participating partners include the World Bank Group (WBG), the European Union (EU), the African Caribbean and Pacific Group of States (ACP) Secretariat, and the governments of Austria, Switzerland and Norway.

Policy makers around the world agree that economic growth is a necessary pre-condition for job creation and that focusing on competitiveness can create better and more inclusive jobs. The 2013 World Development Report on Jobs estimated that 600 million new jobs need to be created over the next 15 years to keep pace with the rapid growth of the world's working population. Job creation is increasingly being positioned at the center of economic development efforts. CIIP-funded efforts are designed to enhance economic growth, accelerate the creation of jobs, and maximize client countries' capacity to design and implement pro-growth investments. CIIP achieves impact by mobilizing global expertise, applying cutting-edge knowledge, and catalyzing investments in support of transformational projects and frontier knowledge initiatives.

### **CIIP's APPROACH**

At the heart of the CIIP approach is a new growth paradigm that seeks to motivate collective action by public and private actors at the industry level, and to forge linkages to the larger domestic economy through cross-sectoral and spatially-targeted efforts. The innovative aspects of the program lie in the ability to bundle and deliver support to industries; to coordinate macro, mezzo, and micro-level reforms; and to convene public and private sector actors. Increased private sector investment, greater entry of new firms, and higher productivity in select industries will result in positive spillovers to the broader economy and sustainable job growth. These approaches can be complex and challenging to implement. However, there is also a growing consensus that the risks associated with implementation of this model can be managed through pragmatic design and prioritization of actions along with public-private consultations, active monitoring and short feedback loops.

CIIP provides funding at the project preparation stage to shape project design and enhance the early stages of project implementation. CIIP projects apply a variety of instruments from analytics through the provision of Technical Assistance (TA) through catalytic support for firms to PPD. Typically, more than one instrument is used in the targeted industry or service sector and projects are implemented using a combination of integrated solutions.

## MID TERM REVIEW METHODOLOGY

The MTR assesses the program design and structure, the portfolio of projects supported by the Country Operations (CO) and the Knowledge Initiative (KI) windows, as well as progress in the achievement of its objectives. The findings and conclusions offer insight into what has been done and what has been achieved by supporting industrialization in the selected beneficiary countries, and draw key lessons and recommendations for future management and implementation. The MTR is structured around a set of eight evaluation criteria presented in the table below.

Evaluation Criteria	Questions
#1 Appropriateness of Program Design and Management	<ul style="list-style-type: none"> <li>• EQ 1 – To what extent are CIIP’s structure and approach suitable to achieving the program’s objectives? Are there differences across regions (e.g. what is the added value of the ACP window)?</li> <li>• EQ 2 - To what extent is CIIP effectively complementing other WBG’s project preparation activities (e.g. IFC’s Advisory Services – now part of T&amp;C Project Preparation Facility)?</li> <li>• EQ 3 – To what extent are CIIP’s current operational procedures and administrative set-up able to ensure a fair transparent and efficient deployment and utilization of resources?</li> </ul>
#2 Relevance	<ul style="list-style-type: none"> <li>• EQ 4 – To what extent are the objectives of CIIP projects aligned with (i) country priorities and needs and (ii) WBG priorities?</li> <li>• EQ 5 – To what extent are the different intervention strategies or integrated solutions deployed by CIIP projects consistent with the objectives?</li> <li>• EQ 6 – To what extent is CIIP optimizing the available knowledge and expertise (breadth and depth) of the WBG in achieving the program objectives?</li> </ul>
#3 Effectiveness	<ul style="list-style-type: none"> <li>• EQ 7 – To what extent have CIIP activities (Country Operations and Knowledge Initiatives) been able to deliver the expected outputs?</li> <li>• EQ 8 – What are the factors influencing the ability to achieve the expected results (outputs)? In particular are there differences across the various intervention strategies or integrated solutions?</li> </ul>
#4 Impact	<ul style="list-style-type: none"> <li>• EQ 9 – To what extent CIIP activities (Country Operations and Knowledge Initiatives) are likely to achieve the intended outcomes by the Program’s end?</li> <li>• EQ 10 – To what extent have CIIP projects been successful in generating WBG lending projects?</li> <li>• EQ 11 – To what extent is CIIP’s current M&amp;E system able to effectively measure progress towards objectives? How can the M&amp;E system be further improved?</li> <li>• EQ 12 - To what extent are CIIP project contributing to the achievement of the intended impacts either independently or via the facilitation of WBG lending projects?</li> </ul>
#5 Efficiency	<ul style="list-style-type: none"> <li>• EQ 13 – To what extent are CIIP costs commensurate with the results (outputs outcomes impacts) achieved or likely to be achieved? What is the value for money?</li> </ul>
#6 Sustainability	<ul style="list-style-type: none"> <li>• EQ 14 – To what extent are the results achieved by CIIP projects likely to persist in the future? How can the sustainability of the results be strengthened?</li> </ul>
#7 Visibility and Customer Satisfaction	<ul style="list-style-type: none"> <li>• EQ 15 – What is the visibility of the CIIP Program overall and of project activities in target countries?</li> <li>• EQ 16 – What is the visibility of the CIIP Program among donors i.e. the European Commission and the ACP Secretariat in the activities financed by the CIIP? What is the visibility of the CIIP Program among donors e.g. Austria Switzerland Norway?</li> <li>• EQ 17 – What are the perceptions of the partners benefiting from CIIP support?</li> </ul>
#8 Cross Cutting Issues	<ul style="list-style-type: none"> <li>• EQ 18 – To what extent have gender equality environmental social and governance issues been successfully integrated into the Program?</li> </ul>

Each evaluation criterion is disaggregated into a number of judgment criteria, making the assessment specific and objective. The six-tiered rating scale is consistent with the WBG scale used to rate the progress and performance of CIIP projects in the annual Grant Reporting and Monitoring (GRM) reports. Further definitions of the rating categories are given in the Table below.

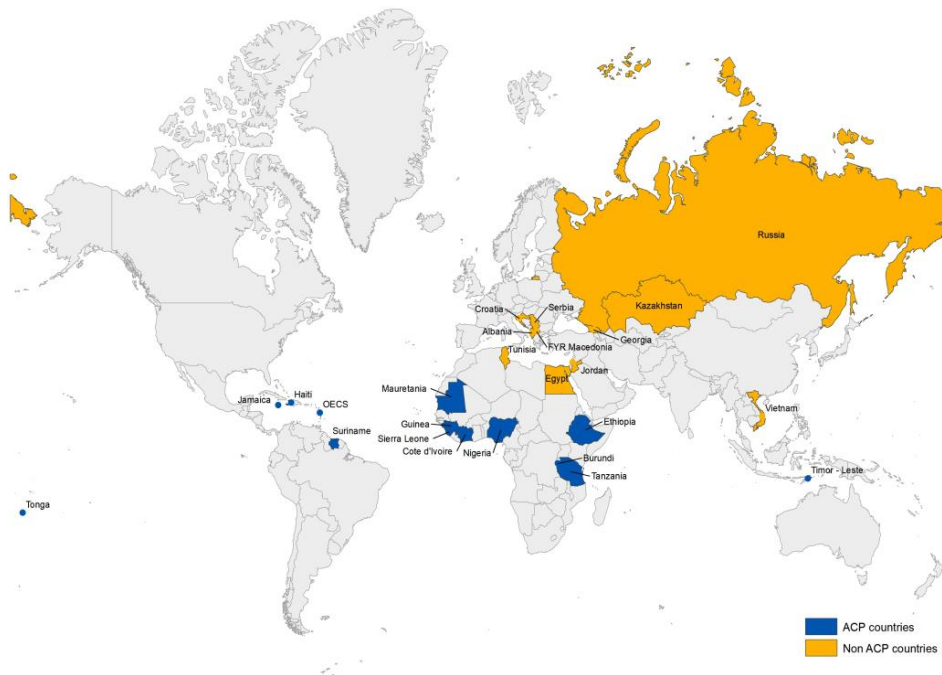
Description	Definition
Highly Satisfactory	Outmatching the original expectations; no shortcomings
Satisfactory	Adequately matching the original expectations; minor shortcomings
Moderately Satisfactory	Satisfactory matching original expectations; moderate shortcomings
Moderately Unsatisfactory	Partly matching the original expectations; significant shortcomings
Unsatisfactory	Majority of the original expectation not matched; major shortcomings
Highly Unsatisfactory	Original expectations not matched at all; severe shortcomings

**CIIP PROJECT PORTFOLIO**

Over the period FY13-17, CIIP supported 37 projects in 25 countries. The CIIP portfolio -- with a total value of USD 22.75 million -- includes beneficiary countries facing extreme poverty as well as countries that are economically advanced EU member states. 28 country operations were conducted in 13 ACP countries ( Cote d'Ivoire, Ethiopia, Guinea, Haiti, Jamaica, Mauritania, Nigeria, OECS, Sierra Leone, Suriname, Tanzania, Tonga, Timor-Leste) and 11 non-ACP Countries (Albania, Croatia, Egypt, FYR Macedonia, Georgia, Jordan, Kazakhstan, Russia, Serbia, Vietnam, Tunisia). Most of the projects supported through the CIIP’s CO window are still ongoing (17 projects). While some projects are nearing completion, others have been extended and several are only just getting underway.

The CIIP also supported nine KI focused on intervention approaches that are of interest and of relevance to CIIP’s country operations. CIIP’s KI are intended to provide value added and cumulative benefits for the broader community of development professionals and for the client countries themselves. In this regard, the knowledge window shows an effort to learn from effective global practices in relevant intervention approaches and instruments.

**GEOGRAPHICAL DISTRIBUTION OF CIIP COUNTRY OPERATIONS**



Source: CIIP

## SUMMARY OF CIIP RESULTS

In assessing the relevance, effectiveness, impact, sustainability and efficiency of CIIP's project activities, the present MTR concludes that CIIP scores highly satisfactorily. A key finding is that CIIP has succeeded in effectively initiating and implementing interventions designed to increase competitiveness and innovation in the beneficiary countries. CIIP's organizational agility and flexibility allow it to respond to countries' needs and priorities in a timely manner. The projects are well aligned with CIIP objectives and are highly relevant for government teams that are implementing or preparing lending operations financed by the WBG.

The CIIP program has made a positive contribution through the different types of results it has achieved to date. Most projects established more than one or two years ago are broadly on track to achieve desired outputs. The MTR shows that the target value of nine out of 13 standard output indicators have been met or outperformed. For instance, CIIP can be credited for putting in place 48 cross institutional coordination mechanisms at a local, national or sectorial level in 15 countries. Furthermore, 39 sectorial analyses were completed in 7 countries, 28 strategy or reform programs were conducted in 16 countries, and 11 reforms were enacted through the public private dialog mechanism in 5 countries. SME support has constituted a major part of these efforts. The CIIP CO in the Eastern *Caribbean* States (OECS) mobilized 500 Micro, Small and Medium Enterprises (MSME) in cluster cooperation. Nine CIIP CO projects included training programs for SMEs. Per CIIP's M&E system, 642 SMEs were supported in FYR Macedonia, Georgia, Jamaica, and Mauritania. In addition, 436 people were trained or certified in Ethiopia and Mauritania.

Analysis of country operations shows that, within the limits of the available data on CIIP impact indicators, a significant number of jobs, private investments, and firms have been created since its inception. 22,253 jobs have been created by only five CIIP projects, while 328 new firms have been created by three projects. Furthermore, a total of USD 856.5 million in private investments has been leveraged by five CIIP projects. This does not mean that all the other projects did not or will not have an impact, but the GRM / M&E monitoring system does not currently provide sufficient evidence to make an absolute determination. Moreover, the potential of recently initiated projects that are still ongoing should not be overlooked.

## EVALUATION FINDINGS

### DESIGN AND MANAGEMENT

The EQs around CIIP Design and Management are intended to assess the extent to which CIIP's structure and approaches are appropriate for achieving the program objectives. The overall performance rating for CIIP Design and Management can be summarized by the corresponding judgment criteria as follows:

Appropriateness of the CIIP structure and approach	Highly Satisfactory
Complementarity of CIIP with other WBG project preparation activities	Highly Satisfactory
Appropriateness of CIIP operational procedures and administrative set-up	Moderately Satisfactory

The CIIP design enables a broad range of implementation modalities to address the different and specific needs of beneficiary countries by facilitating the conditions for job creation. The multi-level engagement and the high flexibility of the CIIP's design and approach are key assets that have enabled a high number of CO projects to address country demand with tailor-made support sensitive to a country's level of readiness.

The CIIP structure is well embedded in the WBG organization with deep links with Task Team Leaders (TTLs) and technical experts and strong support from management. The management and implementation of the projects have been done professionally. CIIP grants complement other operations well, in most cases facilitating the preparation of lending projects. The proposal selection process is in line with international good practices. However, the high complexity of CIIP and related lending projects has made it challenging to keep the donors involved and informed about project and program level achievements in a timely manner. The CIIP must be considered a living program, with procedures and operations that should be reviewed regularly.

## RELEVANCE

The EQs on Relevance assess the extent to which CIIP programs are relevant to the needs of partners in developing countries and to the program's overall goals. The overall performance rating for CIIP Relevance can be summarized by the corresponding judgment criteria as follows:

Alignment of CIIP projects' objectives with country priorities and needs	Highly satisfactory
Alignment of CIIP projects' objectives with WBG strategies	Highly satisfactory
Alignment of the CIIP projects' objectives with knowledge window	Satisfactory
Appropriateness of the mix of instruments	Highly satisfactory

CIIP addresses limitations and/or gaps in formulating competitiveness and innovation related policies and interventions. CIIP is well integrated and highly aligned with the Bank's country assistance strategies and country priorities. The desk research found evidence of clear consistency between CIIP interventions and national strategies and policy priorities emerging from (i) countries strategic planning and policy documents, (ii) studies and surveys that support sector selection and other spatially-targeted investments. This was confirmed by (iii) the views of informed stakeholders, such as other development partners working in CIIP target countries. For example, CIIP project support helped the Government of Jamaica (GOJ) utilize World Bank support to achieve its industrial and development goals. The CIIP grant supported the GOJ in improving its policies aimed at job creation and investment attraction through the implementation of a WBG lending project on Competitiveness and Growth, a Development Policy Loan and an IFC Food SME project, funded by the EU.

The MTR acknowledges that Task Team Leaders (TTLs) play a crucial and pivotal role in assuring that CIIP activities are in alignment with the partners' national and sectorial priorities. The communication between the TTLs and the corresponding country agencies provides for a general consistency between CIIP activities and the beneficiary country's competitiveness and innovation programs and strategies. The TTLs are in close contact with various partners in developing countries to identify their needs and to help design lending operations. They are also in regular contact with the bank's staff in the regions, and are well-informed about the needs of development partners.

CIIP mix of instruments is highly relevant for a wide range of countries in different geographical regions. These countries significantly vary in terms of development level and challenges. Regardless of the level of development, each of these countries is looking to apply systemic approaches to economic development. About six basic elements and a set of different instruments were used to contribute to the design of 62 integrated solutions. Examples of selected implementation modalities are listed in the table below.

Basic elements	Instruments	Menu of Integrated Solutions
• Business environment	• Analytics	• Value chains
• Institutional Strengthening	• Public-private dialogue	• Clusters
• Labor and skills	• Technical assistance	• Growth poles and corridors
• Infrastructure	• Public investments	• Economic zones
• Access to Finance	• Catalytic support for firms	• Competitive Cities
• Innovation	• Evaluation and feedback	• Innovation Systems
	• Policies and regulation	• Matching Grants

## EFFECTIVENESS

Effectiveness measures the extent to which targets are being met, and the factors that hinder or facilitate their realization. The overall performance rating for CIIP Effectiveness can be summarized by the corresponding judgment criteria as follows:

Ability to deliver the expected outputs	Satisfactory
Ability to achieve the intended outcomes	Satisfactory
Ability to generate WBG lending projects	Highly Satisfactory



The MTR found good evidence that CIIP has been broadly effective in generating expected outputs. Most projects established more than a year or two ago are broadly on track to achieve desired outputs and outcomes. The outcomes from Knowledge Initiatives are often more qualitative than quantitative. However, there is a need for greater consistency in the use of a standardized set of indicators to improve quantitative data to be able to shed further light on quantitative aspects of effectiveness. In different country operating contexts different combinations of implementation modalities are required for the projects to be effective. It is difficult to generalize as to whether some instruments and integrated solutions are more effective than others, since CIIP projects involve a diverse set of combinations of implementation modalities.

Overall, CIIP projects have been quite successful in facilitating subsequent WBG lending operations and national public and private investment overall, which is one of the primary objectives for setting up the Trust Fund. The findings of the MTR confirm the CIIP design and related projects to be a useful mechanism for catalyzing WBG additional resources and for leveraging funding from national sources especially in middle and upper middle-income countries.

## IMPACT

The assessment of impacts at the program level discusses the extent to which the CIIP program has achieved its strategic objectives, while at the project level, the extent to which the longer-term outcomes anticipated in the proposal and MEF are likely to materialize. The overall performance rating for CIIP Impact can be summarized by the corresponding judgment criteria as follows:

Ability to contribute to the achievement of intended impacts – Direct impact	Satisfactory;
Ability to contribute to the achievement of intended impacts – via facilitated WBG lending projects	Highly satisfactory
Appropriateness of M&E System	Satisfactory

The monitoring database of CIIP-related impacts has allowed some impacts to be analyzed quantitatively. The program has been broadly successful in generating the anticipated impact, though at the MTR stage, further time is needed to assess the CIIP program's full impacts. A significant level of public and private investment has been leveraged by CIIP projects, estimated at USD 3.5 billion combined.

Some projects are still ongoing and some types of longer-term impacts may depend on the successful implementation of inter-linked, planned follow-up projects. For example, many CIIP project will not be able to report on gross jobs created for several years before the linked lending operation is fully implemented. This is particularly true in countries where awareness raising and capacity building is the primary focus of interventions.

A review of the quality and consistency of monitoring and reporting information available through the CIIP monitoring system was undertaken. It found that the data reported annually is of reasonable quality, at least with respect to core indicators identified in the CIIP results framework. However, due attention is needed to ensure that data entered into the monitoring system is consistent with the information and data reported in the annual GRM forms and vice versa. The GRM forms tend to be more qualitative, with key achievements explained in the narrative. Stronger links need to be established between project activities and targeted impact to demonstrate the projects' theory of change and facilitate assessment of project contribution to results, particularly in relation to the linked lending operation.

## EFFICIENCY

Efficiency was evaluated through the assessment of financial aspects in the portfolio analysis. To the extent possible, a review of the relationship between inputs (financial and human resources, technical assistance provided) and outcomes (measured in terms of outputs, outcomes and impacts within the context of the CIIP results framework) has been carried out and an assessment of the value received for the money spent

The overall performance rating for CIIP Sustainability can be summarized by the corresponding judgment criteria as follows:

Cost effectiveness at the Program level	Highly satisfactory;
Cost effectiveness at the Project level	Satisfactory

In most cases, project costs were found to be commensurate with project results. The costs of the program overall and of individual CIIP grants are relatively modest when compared to with the amount of leverage achieved through CIIP grants. The ability to facilitate follow-on WBG lending operations generates significant leverage on investment for CIIP grants. Attracting public and private investment, both from national sources and through FDI, is the major way in which the CIIP demonstrates value for money. The assessment found that the CIIP generates very significant follow-on funding by facilitating WB lending operations, with an average leverage ratio of 1:170, and as high as 1:617.

The efficiency assessment also considers the administrative and operating costs, both at the program level and for specific operations. A comparative review was undertaken of the cost-effectiveness of the CIIP with comparable operations in comparator development assistance programs. The CIIP can be considered to be efficient in terms of the level of administrative costs relative to the total program size, and comparable with other similar programs. Although a significant proportion of the budget for CIIP grants goes to WB staff time and travel, this reflects the nature of the type of support that WBG TTLs and other staff from across global practices provide. The management of the project proposal selection and peer review processes were found to be very efficient.

## SUSTAINABILITY

When assessing the sustainability of CIIP projects within the frame of this MTR, it is necessary to consider that only nine CIIP CO and seven KI have been completed. The overall performance rating for CIIP Sustainability can be summarized by the corresponding judgment criteria as follows:

Ability of country operations to persist in the future.	Highly satisfactory
Ability of knowledge initiatives to persist in the future.	Moderately Satisfactory

The ability of results achieved by CIIP operations to persist in the future can be considered to be high. CIIP activities are well aligned with beneficiary country priorities and adhere closely to long-term government plans. Thus, the risk of dispersion of capabilities created by CIIP is low. Equally significant for the sustainability of CIIP efforts is the level of involvement at the policy level as well as its connections with private sector associations and its relevance to private sector interests. CIIP projects have been developed with a broad-based buy-in from their inception. Consequently, it is less likely to be subject to discontinuity as a result of changes in governments or government administrations. Lastly, the close interplay between CIIP and WBG lending projects is a key success factor to assure high sustainability of CIIP projects and related outcomes. While capacity building and participant training provide important conditions for the continuation of the project benefits, such efforts involve a certain amount of lead time before some of the results are seen. Certain threshold factors are required to reach a “take-off” point for self-sustaining momentum of the development effort.

## VISIBILITY

The EQ of visibility evaluates the level of appreciation of CIIP support from developing countries’ partners. The MTR assesses the extent to which the overall CIIP program, the different project activities in the target countries, and the donors to the CIIP program are visible. It also involves an assessment of the target groups to whom the CIIP shall be visible.

The overall performance rating for CIIP Sustainability can be summarized by the corresponding judgment criteria as follows:

Degree of visibility among developing countries’ partners	Highly satisfactory
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Degree of visibility by donors' perspective	Moderately Satisfactory
Degree of customer satisfaction <ul style="list-style-type: none"> <li>• Beneficiaries and national stakeholders</li> <li>• TTL / country managers</li> <li>• Donors</li> </ul>	Satisfactory Highly satisfactory Moderately Unsatisfactory

Visibility of CIIP for key beneficiaries is comparatively high but CIIP as a dedicated program is not fully understood. The "CIIP" brand has not yet been promoted as a stand-alone brand but rather has often been co-branded together with the WBG brand, which is very strong and well-known. However, since the new brand (CIIP) was promoted alongside the established brand of the WBG, it has been difficult to gain traction in terms of raising awareness levels. This has led to low visibility of the CIIP program and of CIIP-financed interventions at country level. WBG staff and country managers are often not aware of how to promote CIIP and separate it from other WBG operations. The rules for applying the visual identity of CIIP have not been applied in practice as strictly as in other programs. More effort is needed to strengthen the CIIP communications strategy to succeed in building awareness of the CIIP brand and of a "CIIP global network".

### CROSS CUTTING ISSUES

The original Terms of Reference for the present MTR identify several cross-cutting issues of relevance to CIIP-sponsored projects: (i) gender equality, (ii) the environment, (iii) creation of cohesive societies and (iv) good governance. The extent to which these issues have been integrated into the CIIP were assessed through a combination of desk research and interviews. The overall performance rating for CIIP Sustainability can be summarized by the corresponding judgment criteria as follows:

Inclusion of cross-cutting issues and concerns in the design and implementation of CIIP projects.	Satisfactory
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One of the primary lessons learned is that the mainstreaming of more cross-cutting issues in all CIIP-sponsored development projects may require a higher priority level in the original call for proposals and related assessment criteria. CIIP's most recent annual report prominently features the notable advancements in the empowerment of women in Mauritania through CIIP-sponsored efforts. The same report cites the creation of more than 5,000 new jobs which are filled by women in the ACP countries served by CIIP. While gender equality and "social spillovers" are included as criteria in CIIP call for proposals, additional attention to environmental issues, good governance, and other social considerations may require greater systematization and integration of these considerations starting at the project selection stage as well as through ongoing monitoring.

## CONCLUSIONS AND ADJUSTMENTS

The present MTR offers a *de facto* description of CIIP as a young, small and nimble trust fund program designed to address gaps in the development assistance process. One of CIIP's value-added contributions is to provide this assistance in a flexible and timely manner consistent with the rapidly changing conditions of the developing regions. In this regard, CIIP is not a "stand-alone" program. By the nature of its organizational competence and expertise, its fundamental contribution is always linked with lending projects from WBG and other international lending operations. As a flexible, on-the-spot entity embedded in the WBG, CIIP can take advantage of the WBG organizational structure while still maintaining its ability to support the operational needs of WBG staff in addressing priorities of beneficiary countries.

The multi-level engagement, the ability to combine different intervention modalities and the high flexibility of the CIIP's design has led to a good number of country operation projects able to address the demand with tailor-made support regardless of the level of development of the beneficiary. The implementation of nine knowledge initiatives further generated new insights on what works and what does not in project implementation. CIIP acts as a catalyst for growth, and without providing a great deal of resources, it has served to enable the conditions described in the theory of change.

The MTR identifies ways in which CIIP can benefit from certain operational and strategic adjustments as it moves forward. On the part of the CIIP Secretariat, these include an increased level of communications with TTLs as well as increased dissemination of knowledge initiatives to the respective country operations and beyond. From a strategic point of view, said improvements relate to the design and implementation of the selection, monitoring and reporting of both the Country Operations and the Knowledge Initiatives. Also, there are lessons to be learned from ongoing review and analysis of projects that have turned out to be more successful than others. Given that successful outcomes are often linked to the degree to which CIIP-sponsored field staff has sought to work closely with the highest levels of government from the beginning, efforts should be made to monitor this practice and ensure that it becomes a required condition for all country operation projects. In this regard, while coordination between WBG lending operations and the CIIP is well established and reinforced by the TTLs, communication with the development partners could be intensified. Greater attention is needed to improve the reporting in the GRM forms on the specific role that the individual CIIP projects have played within the context of the theory of change so that their contribution to development outcomes can be more readily assessed.

As CIIP moves forward, strategic considerations remain regarding the degree to which CIIP can or should seek to promote itself as an independent brand or assume a secondary profile as part of the World Bank. There can be advantages and disadvantages to both. For example, the former may involve taking on a larger profile which, in turn, implies the acceptance of certain trade-offs with the flexibility and timely response rate that CIIP is currently known and appreciated for.

The interface between the Knowledge Initiatives Window and Country Operations Window can be reinforced in order to gain the maximum benefit from the knowledge initiatives through effective knowledge management. Along this line, it will be important to define the role of CIIP either as an independent knowledge hub or as part of the WBG itself. The right balance must be reached between these dually important roles.

## RECOMMENDATIONS

**Recommendation 1:** Promote the idea of CIIP and share the lessons learned (including the content of the Knowledge Initiatives) during its implementation among the development community, including third-party donors.

**Recommendation 2:** Revise selection criteria to bring the number and value of projects submitted in line with the available budget. It should be clear that the remaining budget within the current program period is available only for ACP countries.

**Recommendation 3:** Assure verification of the extent to which all CIIP projects contributed to program objectives or are expected to do so. This also means that the TTL must be motivated to report through the GRM system in a more consistent way.

**Recommendation 4:** Strengthen the consistency of indicators reported in the M&E table and in the GRM. Focusing on fewer core indicators will contribute to an easier aggregation. Collecting basic data on the number of basic elements, instruments and integrated solutions being implemented across the CIIP project portfolio is one means of strengthening the quality of monitoring data for future evaluations; especially in terms of being able to assess the relative effectiveness of different combinations of implementation modalities.

**Recommendation 5:** Reach a consensus on the extent to which donors should be involved in a selection process of projects. The MTR revealed that there are different interests among donors as to the extent to which they intend to be involved. There are at least two options: (1) active involvement of the donor with rebalancing of the areas of responsibility or (2) empowering the WBG to act as the fully responsible manager of CIIP.

**Recommendation 6:** Review the communications strategy of the CIIP Strategy and Business Plan and strictly implement what is considered to be relevant. Adapt the timing and content of the information and reporting according to the donors' needs. One possibility would be to provide data on a limited number of core indicators bi-annually to donors. This would require more frequent updating of the data by TTLs. Another option is to agree with donors on common requirements relating to information needs.

## REFLECTIONS ON STRATEGIC SUCCESS FACTORS FOR THE NEXT PHASE OF CIIP BEYOND 2019

With approximately 15 months remaining in CIIP's current mandate, the following statements are preliminary reflections on strategic success factors pertaining to a potential next phase of CIIP operations.

**Reflection 1: Continue to capitalize on CIIP's flexibility and timely response capability.** Donors and the WBG Trade and Competitiveness Global Practice work with the same clients through Foreign Investment Climate Advisory service, other trust funds, and bilateral and multilateral institutions. CIIP is in a unique position to address the needs of beneficiary country clients and the long-term objectives of the donors themselves. Instead of stand-alone advisory services with standardized interventions, CIIP allows development partners to combine integrated solutions with a variety of instruments in a targeted way when a window of opportunity opens in high potential sectors. Being managed by the Trade and Competitiveness Global Practice gives CIIP access to qualified technical experts and provides the institutional standing needed to support the selected intervention modalities. The WBG Task Team Leaders are the principal link with the main target groups in the beneficiary countries and with the integrated solutions applied therein.

**Reflection 2: Continue to promote CIIP's theory of change.** CIIP is entering discussions with potential new donors. The involvement of a few new donors from non-EU countries might be advisable to support the global visibility of CIIP and its donors as well as to stimulate an exchange of mutual experiences among them. New donors bring a fresh perspective that can enrich CIIP approaches as long as they are in line with CIIP's theory of change. Continuation and common interest among donors and development partners in this regard will further strengthen CIIP's position. An overall target budget of 50 million Euros will allow CIIP to keep the high quality of support to Country Operations and to maintain CIIP's facilitation role.

**Reflection 3: Optimize the regional coverage of the CIIP portfolio.** The MTR has shown that the selection process of the CIIP projects is transparent and able to support those applications with the highest likelihood to succeed. Development partners have different regional priorities and expressed the need for optimization of regional coverage of the CIIP portfolio. To better address this demand without interfering with the neutral and transparent selection process, future CIIP calls can prioritize specific geographical regions with a dedicated preference for funding. As long as these regions are not defined too narrowly, this can be a good way to maintain a balance between the CIIP Secretariat's transparent and merit-oriented selection process and the development partners' interest in providing input regarding the regions where the CIIP CO will be implemented. Even if future project selections were to show a preference for specific regions, the key selection criteria should remain

unchanged. The close inter-linkage between CIIP CO and WBG lending operations should be maintained. The right balance can be defined in the CIIP calls for proposals and can be adapted to the objectives of different calls.

**Reflection 4: Further promote cross-sectorial design and use of modern technologies.** Since the establishment of CIIP, the global innovation environment has changed and digital transformation has become imperative for all businesses, small, medium, large as well as for small entrepreneurs and women. Business formation, creation of jobs, lower production costs and faster integration of country value chains and clusters into regional and global markets increasingly depend on digitalization. Be it automation, logistics, food processing, tourism or medicine, digital disruptions are ubiquitous. In this regard, skills development becomes even more critical. Efforts should be made to promote further cross-fertilization among different sectors such as manufacturing, services and education. It is also essential to promote the use of renewable sources as well as the concept of a circular economy.

**Reflection 5: The mainstreaming of cross-cutting issues** such as gender equality in employment, environmental protection and good governance in all CIIP-sponsored development projects **requires a higher priority level** for these issues in the original calls for proposals and related assessment criteria. Additional attention to these areas will require greater systematization and integration of these considerations starting at the project selection stage as well as through ongoing monitoring.

**Reflection 6: Further promote synergies and cross-fertilization between country operations and knowledge initiatives.** Efforts should be made to systematically capture the knowledge created in the CO and to align the CO and KI to assure that front-end knowledge can be embedded in the CO projects. Also, CIIP could more efficiently use its tripartite governance structure, i.e., the WBG and donor's team, a competitive brain trust of scholars and industry leaders. As the European Commission with member states and CIIP donors are among leaders in industrial and innovation policies, the participation of EU practitioners and scholars in the current CIIP Brain Trust would enrich the knowledge creation and provide value in this regard. On the budgetary side, more efficient knowledge management would allow for an adjustment of the budgets for the two CIIP project windows. The current level of 25% of the total CIIP project budget for KI can be reduced to 15-20% of the overall CIIP budget.

The full MTR report is organized as follows. Chapter 1 provides an introduction to the MTR and assessment methodology. Chapters 2 – 10 present the results of the assessment and cover all evaluation criteria namely, design and management, relevance, effectiveness, efficiency, impact, sustainability, visibility and cross cutting issues. The last part of the report provides the annexes, including Country and Knowledge Initiatives and Country Fact Sheets.

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# CIIP Competitive Industries and Innovation Program

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