

Distr.
RESTRICTED

FOA/R.1
1 April 1998

UNITED NATIONS
INDUSTRIAL DEVELOPMENT ORGANIZATION

ORIGINAL: ENGLISH

UNIDO IPS TOKYO

US/GLO/95/120, US/GLO/96/140, US/GLO/97/101

*UNIDO Service in Japan for the Promotion of
Industrial Investment in Developing Countries*

and

US/GLO/95/098, US/GLO/96/128

*Industrial Cooperation for Promotion of Investment Projects
in Developing Countries to be Undertaken by the Japanese
Private Sector*

Report of the evaluation mission*

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

* This document has not been edited.

Table of Contents

	Page
LIST OF ACRONYMS	4
HIGHLIGHTS OF THE EVALUATION	5
A. Strengths and Weaknesses	5
B. Main Recommendations	5
1. INTRODUCTION.....	6
2. PROGRAMME CONCEPT AND DOCUMENTS	7
2.1 Socio-Economic Framework for Investment Promotion in Japan	7
2.2 UNIDO Concept of Investment Promotion	8
2.3 Position of MITI and MOFA.....	9
2.4 Programme Documents	10
3. IMPLEMENTATION.....	11
3.1 Total Budgets and Expenditures	11
3.2 Delivery of Inputs	11
3.3 Average Expenditures	16
3.3.1 Delegates	16
3.3.2 Feasibility study	16
3.4 Integration of the Two Programme Components	16
3.5 Cooperation with Other Agencies/ Institutions.....	17
3.6 UNIDO IPS Tokyo as Part of the IPS Network	18
3.7 Operational Management and Administration	18
3.8 Monitoring and Backstopping by UNIDO Headquarters	19
3.9 Monitoring by MITI and MOFA.....	19
4. RESULTS.....	20
4.1 Outputs Produced.....	20
4.1.1 Outputs produced by the IPS	20
4.1.2 Outputs produced by the FS programme.....	25
4.2 Achievement of the Purpose (Immediate Objective).....	26
4.3 Achievement of the Development Objective	27
5. FINDINGS AND CONCLUSIONS	28
6. RECOMMENDATIONS	32
7. LESSONS LEARNED	36

Tables

1.	Total Original Budget & Expenditure of Projects under Evaluation.....	12
2.	Comparison of Total Expenditure against Total (original) Allotment of Projects under Evaluation.....	13
3.	UNIDO IPS Tokyo: Selected Indicators	21

Annexes

1.	Terms of Reference.....	37
2.	List of Persons Met.....	41
3.	Framework for the Evaluation	45
4.	The Status Report of Investment Projects.....	47
5.	Concluded Projects - IPS (1995-1997).....	50
6.	Concluded Projects - FS (1996-1997)	51

Appendixes

1.	Back-to-Office Mission Report - Czech Republic.....	53
2.	Report on the Visit to Uzbekistan	55
3.	Report on the Visit to Thailand	60
4.	Report on the Visit to The Philippines.....	65

LIST OF ACRONYMS

AOTS	-	Association for Overseas Training and Scholarship
ASEAN	-	Association of South East Asian Nations
BOI	-	Board of Investment
COMFAR	-	Computer Model for Feasibility Analysis & Reporting
DFI	-	Direct Foreign Investment
ECFA	-	Engineering Consulting Firms Association
FIA	-	Foreign Investment Agency
FOA/EUR	-	Europe & NIS Bureau
FS	-	Feasibility Study
IDEC	-	Industrial Development Corporation
IDF	-	Industrial Development Fund
IIPP	-	Industrial Investment Project Profile
IPA	-	Investment Promotion Agency
IPS	-	Investment Promotion Service
ISED	-	Industrial Sectors & Environment Division
ITPD	-	Investment & Technology Promotion Division
ITPD/IS	-	Investment Services
JAIDO	-	Japan International Development Organization
JETRO	-	Japan External Trade Organization
JICA	-	Japan International Co-operation Agency
JODC	-	Japan Overseas Development Corporation
LDC	-	Least Developed Country
MITI	-	Ministry of International Trade and Industry
MOFA	-	Ministry of Foreign Affairs
MOI	-	Ministry of Industry
SME	-	Small and Medium Enterprise

HIGHLIGHTS OF THE EVALUATION

1. Strengths and Weaknesses

Major strengths:

- S The Delegate programme: very efficient support to the delegates by the IPS staff, effective in opening doors of companies which might otherwise be difficult to enter. Cost-effective: most of the actual impact has been achieved due to the Delegate programme.
- S Good professional capability to advise on and conduct financial analysis of investment projects.
- S Good working contacts with embassies of a number of developing and transition countries in coordinating investment promotion activities for those countries.

Major weaknesses/constraints:

- S Venturing (without professional backing of the Headquarters) into some upstream activities for which the IPS does not have sufficient expertise and resources (Eurasia Comprehensive Development Plan, sectorial plans).
- S Large portion of the programme devoted to activities which, according to the Business Plan of UNIDO, should be discontinued (feasibility studies).
- S Relatively quick turnover of staff (11 out of 13 in three years, 7 in IPS and 4 in FS).

2. Main Recommendations

- S Extend the programme for at least another 3 years.
- S Continue to put emphasis on the Delegate programme; increase the actual number of delegate/month.
- S In order to reflect the new Business Plan of UNIDO, some aspects of the IPS need to be reviewed by the Headquarters (involvement in upstream activities, feasibility studies, activities not related to investment promotion). The following position is recommended for consideration:
 - ° Upstream activities should focus on investment promotion and be conducted after consultation with the Headquarters. They should be planned with consideration of resources and expertise available for their implementation.
 - ° Feasibility Studies component: in addition to selective support at formulation stage (feasibility studies) provide more intensive support at project identification stage (in the target countries/regions).
 - ° Large projects need not be rigorously excluded if some conditions are met but cost sharing for the preparation of studies should be applied. Concurrence of the Headquarters for undertaking such studies for large-scale projects must be sought in advance.
- S Support by the IPS to UNIDO activities not related to investment promotion could be provided under the condition that no IPS funding is required for those activities and the IPS support does not imply extensive employment of the IPS staff and other resources.

1. INTRODUCTION

1. In August 1997 two UNIDO programmes in the field of investment promotion funded by the Government of Japan were merged. They were: "*UNIDO Service in Japan for the Promotion of Industrial Investment in Developing Countries*" (UNIDO IPS Tokyo) and "*Industrial Cooperation for the Promotion of Investment Projects in the Developing Countries to be Undertaken by the Japanese Private Sector*" (Feasibility Studies [FS]). Both programmes were implemented on the basis of annually prepared separate project documents. As of September 1997 there is only one project document (US/GLO/97/101).

2. UNIDO IPS Tokyo has been operating since 1980 and the FS programme since 1990. The FS programme was evaluated in 1994, the IPS Tokyo in 1995. Conducting an evaluation of the IPS Tokyo in February 1998 is stipulated in the above-mentioned project document. The evaluation covers the last three years of the programme (since September 1995). To respect integration of the two programmes and to save costs, the evaluation covers also the FS programme for a similar period (1996-1997). (To make the period under review compatible for both programmes, the results and expenditures related to the project "*US/GLO/94/202 - Industrial Cooperation for the Promotion of Investment Projects in the Developing Countries to be Undertaken by the Japanese Private Sector*" were not considered.) Implicitly the evaluation also covers at least partly (the Uzbekistan component) another project funded by the Government of Japan: "*US/GLO/94/076 - Investment Promotion Programme for Developing Countries*" (implemented by IPS staff in Kyrgyzstan and Uzbekistan).

3. The Terms of Reference for the evaluation (Annex 1) were reviewed with the Permanent Mission on 4 February 1998 and were amended to comply with its comments.

4. The evaluation team consisted of Mr. J. Navratil, nominated by UNIDO, and Mr. H. Tanaka, nominated by the Government of Japan. Prior to starting work in Tokyo Mr. Navratil got acquainted with projects' reports, prepared methodological tools for the team and interviewed relevant UNIDO staff members at the Headquarters as well as a former Czech delegate in Prague (see Appendix 1). On the way to Tokyo he visited Uzbekistan and Thailand in order to meet and interview clients and target beneficiaries of both programmes in those selected countries (Appendix 2 and Appendix 3). For the same purpose Mr. Tanaka visited the Philippines (Appendix 4).

5. In Tokyo the team was briefed by MITI and MOFA, reviewed selected project files at the IPS office, interviewed IPS staff and visited a number of organizations and companies (Annex 2). At the end of the field mission (6 March 1998), the evaluation team presented the mission's conclusions and recommendations to MITI and MOFA and discussed their comments. A presentation to UNIDO staff was held on 17 March 1998 and to the representative of the Permanent Mission of Japan on 26 March 1998. The Project Manager and the IPS Head had the opportunity to review the whole text of the draft report. All comments were considered by the evaluation team and most of them were reflected in the final report.

6. During the evaluation work the team was extended full support and cooperation by both the staff of the IPS office and the Headquarters staff concerned.

2. PROGRAMME CONCEPT AND DOCUMENTS

2.1 Socio-Economic Framework for Investment Promotion in Japan

7. The flow of foreign investment since late 1980s has been generated by a push-factor in domestic production for losing price competitiveness under high Yen conditions, as well as surplus in trade balance. As for geographical preference of Japanese investors, China, Vietnam and ASEAN are still dominant, but recently Central Asia and Caspian Sea areas are attracting large trading companies for their oil and other mineral resources. Many SMEs are investing in ASEAN countries as supporting industry for Japanese automobile, electric and electronic appliances manufacturers, which have already set up their assembly plants in those countries.

8. Within private sector, large **trading houses** with their networks play a key role in foreign investment, having dominance in finance mobilization capacity, coordination function with foreign parties and their domestic industry channels through share holding and trading. Itochu Corporation for example, which employs 20,000 staff and operates 160 overseas offices including 20 offices in China alone, is expanding its activity more in foreign investment, rather than trading. Commercial Banks also play an important role in investment promotion through seminars and consultations provided to their clients on financing overseas investment.

9. **Japan Federation of Economic Organizations (KEIDANREN)** consists of 1,000 large enterprises and industrial associations. KEIDANREN is a major organization of the Japanese private sector, currently chaired by Mr. Toyota of Toyota Motor Corporation. It hosts economic cooperation committees and sends large missions to various developing countries. KEIDANREN initiated establishment of the Japan International Development Organization (JAIDO), an investment company for projects in developing countries.

10. The government organizations, on the other hand, put more emphasis on small- and medium- scale enterprises and support their foreign investment. Ministry of International Trade and Industry (MITI) has several supporting organizations to assist SMEs. **Japan External Trade Organization (JETRO)**, 100% subsidiary of MITI, acts as information network for private enterprises particularly for SMEs. Its original mandate was export promotion of Japanese products, however, due to recent changes in international economic environment, JETRO's current major activity is for import of goods from overseas and foreign investment promotion of Japanese enterprises. JETRO owns extensive overseas offices network currently 77 offices in both developed and developing countries. The offices regularly send investment and trade information through "JETRO News" to Japanese business community.

JETRO conducts its own investment promotion activities through seminars, missions and by providing advisory services to potential Japanese investors. A monthly investment new sletter is sent out to more than 2,000 enterprises. Besides general promotional activities, JETRO initiates pre-investment study service for SMEs through JETRO Overseas Investment programme (JOIN) mainly in ASEAN, China, Indo-China and South Asia.

11. **Japan Overseas Development Corporation (JODC)** provides financing and financial support to expert service for SME foreign investment. JODC was established jointly by government fund and private sector contribution, while large part of the operating budget is covered by the government subsidy through MITI. For appraisal of a loan application, a feasibility study is required. So far, JODC co-financed 156 projects in the developing countries, only three of them had total capital requirements exceeding US\$ 5 million.

12. The **ASEAN Centre** was established in 1981 as a small international organization. Ninety percent of its budget is financed by the Japanese government and the rest is shared by six ASEAN countries. The Secretary General is an ex-ambassador from MOFA, while the head of General Affairs Division is an ex-MITI staff, and the heads of other three divisions, Trade, Investment and Tourism, were appointed by the member

country governments. Vietnam is expected to join the Centre in 1998. The main activities of the Investment Division are: 1) Bilateral investment seminars held in Japan, 3 or 4 times in a year for each country; 2) Sending investment missions to each country every year; 3) Publications in Japanese on investment regulations in each ASEAN country. The Centre has a database on 6,000 to 7,000 Japanese enterprises.

13. **Regional industrial organizations**, set up by the prefecture and the municipal governments, also play important roles in encouraging enterprises located in their respective areas and establishing direct linkages with foreign organizations in promoting international business collaborations. One of them, the Yokohama Industrial Development Corporation (IDEC), established by Yokohama Municipality, holds seminars on foreign investment and offers free office space to foreign business promotion associations, such as Thai BOI, Chinese (Shanghai) office, Czechinvest and US States Association office.

14. As one of the effective tools of Japanese private sector in maintaining communication with a foreign government, **Joint Economic Committees** are set up for each country. In the case of Central Asia, Joint Economic Committees are established with each country and hold the conference annually in those countries and also in Japan. Those committees are managed by several economic organizations, such as KEIDANREN and Chamber of Commerce and Industry. In the case of the former Soviet Union countries, the **Russia and East Europe Trade Association (ROTOBO)** acts as secretariat of such committees.

15. As demonstrated above, there are numerous mechanisms of investment promotion established both by the private sector and the Government or jointly. Support by the Government and municipalities to industry in investing abroad is very strong and manifold. In this context UNIDO IPS Tokyo can play a role only if it does not substitute but rather complements the bilateral agencies and cooperates with them, making use of the professional backing by UNIDO and linkages with its other promotional activities.

2.2 UNIDO Concept of Investment Promotion

16. The UNIDO concept of investment promotion was explained in detail in the previous (1995) evaluation report. There is no need to repeat it in this report, only two important features of the IPS offices distinguishing them from other investment promotion agencies need to be remembered: provision of advisory services to partners and networking among IPS offices themselves and IPS offices and cooperating investment promotion agencies in the developing and the transition countries.

17. Formulation of recommendations for the future has to consider new principles and objectives as stipulated in the new Business Plan of UNIDO. While promotion of investment and related technologies remains to be one of the key activities of UNIDO, some other stipulations of the Business Plan provide additional guidance for these activities:

- S Activities should be directed primarily to support institutions rather than to individual enterprises, thus emphasizing upstream activities such as policy advisory services and institutional capacity building;
- S Special emphasis should be given to the least developed countries, in particular those in Africa;

S The preparation of project-specific feasibility studies within investment promotion activities should be discontinued;

S Services in support of SMEs should be given added emphasis.

18. While the Business Plan should be reflected in the recommendations for the future, the past performance of the project should be assessed against objectives set in the agreed project documents.

A structured set of objectives and potential indicators as a framework for the evaluation is given in Annex 3.

2.3 Position of MITI and MOFA

19. At the meetings with MITI and MOFA the following positions were articulated:

S Geographical orientation of the IPS activities is not in conflict with policy priorities of the Government. MOFA follows the new development cooperation strategy adopted by OECD (stressing local ownership and broadly conceived partnerships and programme coordination) which has been agreed upon by a number of developing countries. However, the list is open ended so that it may be extended in the future. Development cooperation with countries currently not on the list does not pose any problem. Furthermore, MITI considers it natural for the Japanese investors to be interested primarily in Asia but if a Japanese investor is interested in a project in any other country the programme should support such a project.

S While SMEs should be the primary target for the IPS support, large-scale projects should not be resolutely excluded.

S Upstream activities of the IPS are considered to be in compliance with the new Business Plan.

S MITI considers the FS project/component to have achieved substantive results in terms of realized investment.

20. It was stressed that the visibility of UNIDO IPS Tokyo should be enhanced in order to be able to maintain political support to the IPS and UNIDO. It was also recommended that the programme should consider how to contribute to implementation of the new development cooperation strategy which Japan has been advocating since the Tokyo Summit in 1993 (particularly coordination of multilateral and bilateral agencies).

21. It was also stated that the IPS Tokyo may support (for example by searching for Japanese experts) UNIDO technical cooperation activities not related to other investment promotion under the condition that such activities are not funded by the IPS Tokyo.

2.4 Programme Documents

22. The programmes were implemented on the basis of project documents. As the Government of Japan cannot make any financial pledge to UNIDO for more than one year, project documents were prepared and signed every year. Apart from that Work Programmes were prepared annually.

23. Due to the integration of the two programmes the number of project documents decreased. The new project document US/GLO/97/101 has (rightly) only one purpose (Immediate Objective) as recommended in the previous evaluation report. For methodological improvements the drafters of the new project document

should consult Annex 3. (For example the current Output 1 - database of companies - is a supporting internal working tool and should be preferably listed under Activities).

24. One recommendation of the previous evaluation was not implemented. It relates to the fact that project documents, which are attached to the annual Memoranda of Understanding between UNIDO and the Government of Japan, are identical except for the inputs and budgets. Thus there is a discrepancy between the inputs and annual budgets on one side and the constant outputs and activities on the other side. While the cover page, inputs and budgets are related to a one-year performance, some outputs are quantified for a three-year performance and some for a one-year performance which makes monitoring and evaluation difficult. If for serious reasons the previous recommendation (to have one basic project document with Outputs for the 3-year period followed by annual Work Programmes and Budgets) cannot be implemented then, alternatively, the annually submitted (generic) project document with the (annual) budget should be supplemented with the Work Programme for the relevant year (to establish transparency between the budget/inputs, activities and outputs). This should be easily implemented since the Work Programmes are prepared anyway.

25. The Work Programmes prepared by the IPS described in sufficient details what was planned to be done and to be achieved. The Work Programme for 1998 deserves to be mentioned in particular because it announces a plan to undertake feasibility studies for two large-scale projects - one in Georgia (oil refinery) and one in Morocco (steel plant) - which can be hardly in compliance with the Business Plan. The intention to promote BOT projects in manufacturing also deserves more convincing explanation of the modalities of its implementation.

3. IMPLEMENTATION

3.1 Total Budgets and Expenditures

26. Annual contributions of the Government of Japan to IDF for the two programmes for the period under evaluation - expressed in US dollars - were quite constant (with slight increase for the FS project in 1995 and some decrease after integration of the projects in 1997). Total annual expenditures were close to total budget allocations with the exception of US/GLO/96/128 (Feasibility Studies) which lagged behind in implementation (see Table 1).

3.2 Delivery of Inputs

27. Table 2 provides an overview of delivery of major inputs (personnel/experts, training = delegates, and equipment which includes rental) in financial terms under both programmes. Figures on the IPS programme reveal that:

- S there were no significant changes between the planned and the actual structures of inputs; the personnel component represented 65-70% of total budgets as well as total expenditures (slightly more than corresponding figures in the period covered by the previous evaluation);
- S expenditures on the delegates lagged significantly behind the budget allocations (less than 50%); this implies that there is significant scope for increasing the number/duration of delegates even without increasing the budgetary allocation for this component;
- S the share of the Budget Line 39 (delegates) on total expenditure is surprisingly low (less than 5%); this figure, however, does not include a share of the IPS fixed costs required to implement the Delegate component (IPS support staff, rental) and other office costs (communication, supplies, etc.).

28. The most significant finding is the low implementation of the Delegate programme in financial terms. A number of factors contributed to this situation: lower number of delegates (particularly in 1996/97), increased cost-sharing by the delegates' countries and in one case cost sharing by UNDP.

The lower number of delegates reflects the fact that appointing a delegate is not as easy as it might appear. The IPS rightly follows a selective approach, attempting to receive delegates primarily from countries or regions which are less attractive for foreign investment. In these countries the identification of the right agency and candidate is frequently difficult and is time consuming. Sometimes the proposed candidates did not meet the required qualifications. Furthermore, as exemplified by the IPS, agreed upon arrangements were sometimes canceled, deterioration of political situation suspended implementation of the Programme, etc.

29. As regards the Feasibility Studies programme, more than 90% of both the budget and expenditure have been used for personnel. The personnel expenditures have two main components: personnel stationed in Tokyo and short-term consultants recruited to conduct the feasibility studies in the field. The latter category represented 45-55% of the total personnel expenditures, a percentage not deviating significantly from the percentage planned in the budget (52%). It should be also noted that staff stationed in Tokyo also participated actively in field work and preparation of the studies.

Table 1: Total Original Budget and Expenditure of Projects under Evaluation (US\$)

Expenditures as of December 1997

Project		Total Budget	Total Expenditure
1	US/GLO/95/120	1,692,719	1,580,613
2	US/GLO/96/140	1,519,093	1,281,595
3	US/GLO/97/101	2,588,685	528,643
4	US/GLO/95/098	1,445,133	1,341,123
5	US/GLO/96/128	1,311,324	957,724

] IPS projects
] Feasibility Studies Projects

**Table 2: Comparison of Expenditures against
(original) Allotments of Projects under Evaluation**

Expenditures as of December 1997

<i>Budget Line</i>	<i>Total allotment</i>		<i>Total expenditure</i>	
	<i>w/m</i>	<i>US\$</i>	<i>w/m</i>	<i>US\$</i>
<i>US/GLO/95/120 - UNIDO Service in Japan for the Promotion of Industrial Investment in Developing Countries (IPS)</i>				
19-99 Experts	97	1,155,605	99	1,021,049
39-99 Training		153,061		68,749
49-99 Equipment		294,388		366,422
59-99 Sundries		89,665		124,393
99-99 Total	97	1,692,719	99	1,580,613
<i>US/GLO/96/140</i>				
19-99 Experts	116	1,075,794	87.5	897,822
39-99 Training		105,505		46,438
49-99 Equipment		256,880		234,406
59-99 Sundries		80,914		102,929
99-99 Total	116	1,519,093	87.5	1,281,595
<i>US/GLO/97/101 (integrated)</i>				
19-99 Experts	209	2,007,869	24.8	329,506
39-99 Training		157,627		11,495
49-99 Equipment		278,729		123,692
59-99 Sundries		144,460		37,010
99-99 Total	209	2,588,685	24.8	528,643
<i>US/GLO/95/098 - Industrial Co-operation for Promotion of Investment Projects In Developing Countries to be Undertaken by the Japanese Private Sector (Feasibility Studies)</i>				
19-99 Experts	86	1,351,009	77.8	1,257,663
49-99 Equipment		54,000		45,299
59-99 Sundries		40,124		38,161
99-99 Total	86	1,445,133	77.8	1,341,123
<i>US/GLO/96/128</i>				
19-99 Experts	86	1,240,426	58.9	891,199
49-99 Equipment		49,000		45,480
59-99 Sundries		21,898		21,045
99-99 Total	86	1,311,324	58.9	957,724

In physical terms the actual delivery of the main inputs was as follows:

30. *S T A F F I N G*

A) International Experts

BL-1101 Head of Service: Mr. Takeshi Izumi has been in this position since October 1991.

BL-1102 Investment Promotion Expert: Mr. Naoshi Miwa has been in this position since January 1997. He replaced Mr. Yuji Shim-Oosawa who was with the IPS from December 1994 to December 1996. Mr. Miwa is responsible for the Delegate programme and other investment promotion activities.

BL-1103 Investment Promotion Expert: Mr. Jun Nishida has been in this position since October 1995, primarily responsible for administration, documentation, accounting, personnel affairs and computer system management. With regard to investment promotion, attention is given to upstream activities. He acts as officer-in charge for administrative affairs during the absence of the IPS Head.

BL-1104 Feasibility Study Expert: A post in the former Feasibility Study project. Presently discharged by Mr. Masayoshi Matsushita who has been with the project since July 1995. Mr. Matsushita is primarily responsible for pre-investment studies and acts as officer-in-charge for investment promotion activities during the absence of the IPS Head.

B) National Professional Officer

BL-1201 (1111) : Mr. Ferda Gelegen has been with the IPS Tokyo since January 1995 as a national expert. Mr. Gelegen is in charge of upstream investment activities, Delegate programmes and other investment promotion activities such as business missions. He covers in particular the Middle East, Turkey, India and Pakistan.

C) Administrative Support Personnel

BL-1300 This covers secretarial, accounting and general services. Six staff are currently employed under this category, of which three staff are under annual contract with the Headquarters, two staff are under short-term contract with the IPS and one staff is under special service agreement with the Headquarters.

D) National Experts

BL-1701 Senior Investment Promotion Expert: Mr. Hiroyuki Shimatani has been assigned to the post since April 1995. He is mainly in charge of upstream investment promotion activities primarily in China, Central Asia and Latin America.

BL-1702 Investment Promotion Expert: Ms. Yuko Tanaka has been assigned for investment promotion programme in Africa and Eastern Europe. She is also in charge of computer system service.

BL-1703 National Expert for Delegate programme: Ms. Shio Nemoto was in this position from January 1994 to July 1997. This post is currently vacant.

BL-1704 National Expert: Currently vacant.

BL-1705 National Expert for Pre-investment Studies: Ms. Kinuyo Fukuda was in this position covering pre-investment studies from August 1996 to February 1998.

31. The current staff have adequate educational background, very good command of English, sufficient operational knowledge of computer and communication devices. In terms of knowledge and experience of international and national experts, notable improvement can be observed in comparison with the previous evaluation. Staff with linguistic capability in Russian, Turkish and other non-English languages are an asset for the IPS Tokyo.

32. Relatively quick turn-over of the staff was observed. Eleven staff left the programmes in the past three years, 4 from the former FS programme and 7 from the IPS programme. (The current staff of the integrated IPS office is 13.) Among 7 international and national experts, the Head and the National Professional Officer are the only two who have been continuously on board during the past three years. This is partly due to the annual contract system of employment, which makes it difficult to employ professionals for long-term career development. However, there might have been other factors contributing to the turnover. Their identification would require interviews of some of those who left.

The change of staff is a weakness of the IPS as it deprives it from maintaining institutional memory in investment promotion activities and relations with relevant organizations.

33. *D E L E G A T E S*

In the period under review (September 95 - December 97) 16 delegates were seconded to the IPS Tokyo for a period of two to four months each.

Year	No. of Delegates	Period (months)	Country of Origin
1995	8	2-4	Tunisia, Peru, Sri Lanka, Thailand, Jordan Mongolia, Bangladesh, Czech Republic,
1996	5	2-4	Uzbekistan, Tunisia, Sri Lanka, the Philippines, Morocco
1997 (December)	3	2-4	Mongolia, Czech Republic, the Philippines

For 1997/98 period, 6 more delegates were planned (three were already at the IPS at the time of evaluation), raising the total number of delegates for the three years to 22. The IPS Tokyo follows the policy of cost-sharing arrangements with recipient countries: for LDC, one-way air fare is to be covered by the recipient side; for middle income countries, accommodation cost and one-way air fare is to be covered by the recipient. This arrangement makes the use of budget more efficient while sharing ownership with recipient government or institution and supporting more serious attention by the recipient institution for the effectiveness of the Programme.

34 *E Q U I P M E N T*

A substantial upgrading of the computer system has been done in the past three years. The system update to Windows 95 operating system was done in early 1996, Internet and e-mail connection was made

available by end of 1996, and finally local area network (LAN) within the IPS Tokyo was installed in mid-1997. This improvement now enables more efficient and accurate communication with the Headquarters and the recipient organizations. Networking with Japanese bilateral technical cooperation organizations is under preparation.

3.3 Average Expenditures

3.3.1 Delegates

35 Average expenditure for a delegate (BL 39) in the period under review amounted to US\$ 5,700 (excluding the two short-term delegates from the Czech Republic in 1997). As mentioned elsewhere, this is far from the total costs which should include not only the other inputs provided by the IPS office but also the costs shared by the delegate's institution. The total cost of a delegate for 3 months (excluding air travel and share of the IPS fixed costs) is estimated by the IPS at US\$ 15,000 on average. This cost includes accommodation (US\$ 6,000-7,000), stipend, domestic travel, DSA and costs of promotional activities such as seminars, meetings, material printing, etc.

3.3.2 Feasibility study

36 For each study usually 3 short-term consultants were recruited under the scheme of a reimbursable loan with the Japanese investor company. With 3-4 weeks in the field the expert expenditures ranged between US\$ 60,000-80,000 per study. Consultants for the study for a project in Brazil were more expensive (approximately US\$ 150,000).

However, taking into consideration all project expenditures the average cost (borne by the project) of a feasibility study in the period under review amounts to approximately US\$ 145,000. Additional costs borne by the Japanese companies themselves differed but the minimum cost was US\$ 10,000 (for English translation of the feasibility study). Some of the companies incurred considerable additional costs to carry out supporting surveys.

Given the fact that (with the exception of the Brazil project) the average investment cost of projects supported by the feasibility studies amounts to approximately US\$ 5 million, the cost of the feasibility study represents on average more than 3% of the project investment cost. This is a relatively high percentage; it is influenced by two factors: small size of the investment projects (SME) and high quality of the feasibility study.

3.4 Integration of the Two Programme Components

37 So far only one investment (joint venture) project supported by a feasibility study (under the FS component) has originated through the IPS promotion activities: all the others originated outside of the IPS. The possibility to conduct a feasibility study to support investment decision was learned by the Japanese investors after the project ideas and/or project partners have been identified through their own mechanisms. Thus the merger of the two programme components streamlined project management and reduced its management cost but integration of the two activities into one project promotion cycle has not been achieved yet. This is understandable in view of the short period since formal merger of the two components. In fact currently some feasibility studies are being completed which were initiated before the merger of the programmes.

3.5 Cooperation with Other Agencies/ Institutions

38 The IPS programme as well as the FS programme cooperated with a number of other agencies; the intensity of cooperation varied depending on the acquired experience, achieved results and established priorities for the work of the two programmes. The most significant cooperation linkages are listed below:

- JETRO issues monthly a newsletter which is sent out to more than 3,000 enterprises. The newsletter includes information supplied by the IPS on UNIDO investment fora, delegates and the investment project proposals they brought with them. As the newsletter takes three months to actually publish the information delivered by the IPS, the information on fora sent by the Headquarters can be disseminated through the JETRO newsletter only if received by the IPS well in advance of the event.

JETRO and the IPS Tokyo also co-sponsor seminars on investment opportunities abroad. In 1997 seminars on India, Malawi and Pakistan were attended by 70 to 80 participants each.

- ASEAN Centre - three staff of the IPS Tokyo participated, in 1996 and 1997, as resource persons for seminars on "How to attract Japanese investment" which were organized by the ASEAN Centre in a number of rural areas in some ASEAN countries. The Centre also co-financed one delegate from one ASEAN country.

- JODC promoted the use of the FS programme by Japanese industry. However, only two projects, for which feasibility studies were prepared under the FS programme, were financially supported by JODC. (JODC requires a bank guarantee which fends off some potential applicants.)

- KEIDANREN co-sponsored some seminars organized by the IPS but the cooperation has been less intense in the past three years due to the focus of the IPS on SMEs.

- JAIDO used to be the key partner in implementing the FS projects at the beginning of 1990s. With the shift to SMEs the cooperation became only sporadic. Recently JAIDO was a partner in conducting a feasibility study for an auto-door manufacturing project in Brazil.

- Yokohama Industrial Development Corporation (IDEC) cooperated with the IPS Tokyo in organizing investment seminars for the Philippines and the Czech Republic. The IPS Tokyo played also an important role in supporting Czechinvest in opening its office at IDEC.

- Commercial Banks Investment seminars were jointly organized with the Bank of Tokyo, Mitsubishi, Export-Import Bank of Japan, Daiwa Bank and Sakura Bank. Through maintaining regular contacts with the major banks, the IPS Tokyo was introduced to some of their clients interested in foreign investment.

39 The IPS Tokyo has established good working relations with a number of embassies (such as those of Uzbekistan, Morocco, the Czech Republic, Tunisia, etc.) and outposts of investment promotion agencies of the developing countries and the countries in transition located in Japan (such as BOI Thailand, Czechinvest).

40 When organizing seminars outside of Tokyo the IPS avails itself also of the services of regional offices of MITI.

41 In addition to cooperation in investment promotion the IPS cooperated with other agencies particularly when conducting upstream activities in the developing countries, such as ECFA and AOTS. A representative of the Itochu Corporation participated in a policy-dialog mission to Myanmar.

42 To conclude, the IPS Tokyo maintains contacts and engages itself in cooperation arrangements with other agencies to the extent commensurate to its size and resources. Most contacts have been established in the Tokyo-Yokohama agglomeration, contacts are maintained also with organizations in Osaka, Nagoya and

the Gifu prefecture. These include the regions with the most acute need of industry to relocate their operations abroad. From this point of view the selected geographical focus of the IPS activities in Japan is rational.

3.6 UNIDO IPS Tokyo as Part of the IPS Network

43 UNIDO IPS Tokyo has had intense contacts with the Headquarters but networking with other IPS offices has been only occasional and limited to some of them. The IPS Tokyo supported a delegate from the IPS Seoul in conducting a seminar on Malawi in Japan. A number of IIPPs were received from the IPS offices in Moscow and India and were promoted in Japan. A staff from the IPS Bologna stayed at the IPS Tokyo for one week to learn from its experience.

44 The IPS has had more intense contacts with the former delegates and the organizations in which they worked. These on-going contacts served the purpose of continuous promotion of projects started during the visit of the delegate. Sometimes these delegates initiated upstream activities of the IPS in their countries (Uzbekistan, the Philippines, Jordan, etc.). To conclude, the IPS Tokyo has made good use of the delegates for establishing contacts with IPAs in the developing and transition countries but limited use has been made of the network of IPS offices themselves.

3.7 Operational Management and Administration

45 The IPS Tokyo was subject to internal audit in 1997. In order to avoid duplication of individual oversight functions this evaluation does not deal with issues covered by the above-mentioned audit.

46 On the basis of the working contact with the IPS Tokyo the following observations regarding operational management can be made:

- S files on activities and results are comprehensive and well organized, even old documentation can be retrieved easily;
- S weekly meetings of the staff continue to be held;
- S annual and four-monthly reports are being submitted regularly, though with some delay (in particular for the FS component); annual Work Programmes are also prepared and submitted by the IPS to the Headquarters and to MITI;
- S back-to-office mission reports are prepared in a comprehensive way (they allow for very good understanding of activities and achievements) and submitted to the Headquarters;

- S central monitoring of inquiries recommended by the previous evaluation was introduced but not consequently maintained; the data is far from complete;
- S similarly, the indicator "jobs created" was not introduced as a standard indicator for concluded investment projects so that it appears only in some of them.

3.8 Monitoring and Backstopping by UNIDO Headquarters

47 In addition to the Annual and Four-monthly reports and the annual Work Programmes the Headquarters received detailed and comprehensive Back-to-office mission reports. The files at the Headquarters provide evidence that the reports were read and distributed within ex-ITPD, however, only rarely a feedback was channelled back to the IPS. For the first time more extensive comments were provided on the Work Programme for 1998.

48 As mentioned above, the IPS Tokyo and in particular its Head kept intense contacts with most of the investment promotion officers in the then ITPD so that both parties were relatively well informed about their on-going and planned activities, particularly in Asia and Europe. However, information about the IPS activities going beyond investment promotion proper, such as master plan for the electronics industry in Uzbekistan or survey of SMEs in a rural area in the Philippines was not passed on by the backstopping unit to the relevant professional units of UNIDO. Thus, the IPS started such activities without knowledge and advice of the professional units responsible for the quality of UNIDO activities in these areas.

49 As regards the Feasibility Studies programme, regular and intense contacts were maintained between the project management in Tokyo and the backstopping unit at the Headquarters. Comments on the draft feasibility studies were always offered. Usually they dealt with methodological and editorial issues. Views of technical units of UNIDO on selection of technology were sought in a few cases when the programme was dealing with large investment projects but no advice on technology or environment issues was sought by the backstopping unit during the period under review.

3.9 Monitoring by MITI and MOFA

50 Regular quarterly meetings with MITI and MOFA were held at the IPS office. Occasionally the Director of Technical Cooperation of MITI participated in the meeting. Due to frequent consultations both MITI and MOFA were well-informed about IPS and FS activities.

4. RESULTS

51 The evaluation should assess achievement of the objectives which were planned in the project documents. However, as explained in Chapter 2, the structure of objectives (Outputs - Immediate Objective/Purpose - Development Objective) in the project document can be improved to better comply with the Logical Framework Approach (LFA) and for that purpose a proposal was formulated in Annex 3. Guided by that proposal Table 3: "UNIDO IPS Tokyo: Selected Indicators" was prepared. Description of the results in this Chapter respects the outputs and objectives as formulated in the project document for the integrated programme while at the same time referring to Table 3 whenever applicable.

4.1 Outputs Produced

4.1.1 Outputs produced by the IPS

Output 1: *An up-to-date list of enterprises in Japan interested in and suitable for investing in developing countries*

52 The database was updated and contains now approximately 2,500 entries. The quality of the information was improved, idle information was reduced. The structure of each record was improved in terms of parameters so that name of countries and industrial sectors can be used as a key to search in the database. Thus the database makes it possible to select companies potentially interested in a selected country or sector specific IPPs received from the Headquarters or other sources (other IPS, IPA, etc.). The database has not been used for such a targeted promotion so far, it has been mainly used as a mailing list for UNIDO IPS Tokyo Newsletter. To verify effectiveness of selective promotion it is recommended that this approach be tested on a sample basis and the response evaluated. When selecting the sample, preference should be given to IPPs from the LDCs and Africa which in particular would deserve such an active promotional effort. (The probability of success is very low because indication of interest in a region or a country is not based on explicit indication of interest by the company but it is rather indirectly derived, for example from the participation of a company in a country seminar. In spite of that verification of such a promotional approach is worth the effort.)

Formally the database is a tool to produce outputs and not an output in its own right so that it is better to include the maintenance of the database under Activities (as proposed in Table 3).

Output 2: *Approximately 300 projects promoted including those promoted by the delegates*

53 To quote from the Operational Manual for the IPS, a project is under promotion when an IIPP is sent to a company that is a potential supplier of the required foreign investment resources. (Sending an IIPP to a company implies a prior indication of interest by the company.)

To produce this output the IPS carried out a number of activities (see Table 3):

S Titles of more than 3,000 IPPs were disseminated through UNIDO IPS Newsletter (circulation 2,500) and other newsletters of cooperating agencies (such as JETRO, Japan Small Business Corporation - JSBC). Due to the high number of IPPs only in some cases the basic information on the IPPs was published (primarily on IPPs submitted by the delegates). For reasons explained in Chapter 3.4 information on IPPs prepared for some investment fora could not be published in the newsletters of the cooperating agencies (due to short lead time). Recently the monthly "ASIA" started to publish information about some IPPs for Asian countries.

Table 3: UNIDO IPS TOKYO: SELECTED INDICATORS

	<u>Sept 1992 - Dec 1994</u>	<u>Sept 1995 - Dec 1997</u>
<u>Development Objective</u>		
- Value of investment (million US\$)		
IPS	24 ¹⁾	150.0
FS	Y	35.1
- Job creation		
IPS	Y	1290 ²⁾
FS	Y	558
<u>Purpose</u>		
- Number of concluded projects		
IPS	10	15
FS (all operational).....	Y	7
<u>Outputs</u>		
IPS:		
- Projects promoted.....	...	180
- Projects under negotiation	17	11
- Delegates.....	14	16
- Participants at investment fora.....	138	259
- Participants at seminars in Japan.....	2535	2424
- Participants at seminars abroad	N.A.	688
- Contacts/visitors	Y	477
FS:		
- Participants at presentations.....	Y	400
- Feasibility studies	Y	16
<u>Activities</u>		
IPS:		
- companies/organizations in database.....	3200	2500
- titles of IIPPs disseminated.....	2474	3057
(generator by delegates).....	(377)	(195)
- seminars (co)organized in Japan.....	62	59
- investment fora promoted.....	12	13
- newspaper articles.....	30 ³⁾	63
workshops/seminars abroad.....	N.A.	14
- surveys/plans abroad	N.A.	7
FS:		
- presentations organized		
-for companies	Y	38
-for organizations	Y	27
<u>Inputs</u>		
- Expenditure (in US\$1000)		
IPS:	2432	3912
FS:.....	2783	2329
Total:	5215	6241
- Staff (International & national experts)		
IPS:	7	10
FS:.....	2	--

¹⁾ 9/93 B 12/94 only, ²⁾ 1997 only, ³⁾ 1993/94 only

IPS = Investment Promotion Service project FS = Feasibility Studies project (component)

S 59 seminars were organized or co-sponsored in Japan, with more than 2,000 participants attending them; the interest demonstrated by the number of participants was thus satisfactory but not much interest was shown in the IIPPs prepared and presented by the delegates. In spite of that the seminars were useful as they contributed to the awareness about the presence of the delegates at the IPS.

S 13 investment fora organized by the Headquarters were promoted by the IPS Tokyo but the number of Japanese companies mobilized to take part in the fora was rather low. The only exception was the investment forum in North Korea. In some cases (such as the forum in Pakistan) the IPS had to face considerable problems in the preparatory phase due to uncertainties of requirements for logistical support to the planned investment promotion mission prior to the forum.

S 63 articles were published in the Japanese newspapers.

54 In spite of the extensive activities described above only 180 projects were reported to have been promoted up to December 1997 so that the planned target will hardly be achieved by the end of August 1998.

55 Some of the activities stipulated in the project document were conducted to a very limited extent, such as providing information to developing countries on available technologies and existing possibilities of transfer of technology from Japan, providing information and advice to interested parties in Japan regarding forms of industrial cooperation, such as joint ventures, licensing, etc. (The latter activity could avail itself of professional support from the Headquarters.) When preparing the new project document the technology promotion staff should be consulted.

Output 3: *12 delegates trained on the job; on the average, 15 projects promoted in Japan per delegate*

56 The target set in the project document (12 delegates per year) will not be reached primarily due to problems in securing sufficient number of suitable candidates from recipient countries. (The problems were explained in paragraph 28.)

57 There was a general satisfaction of the delegates with the support provided to them. As one of them put it, thanks to the link to the UN system the IPS was very effective in opening doors of companies which otherwise might be difficult to enter. The organizational and logistical support was also highly appreciated.

58 The delegates had prepared 10-12 project profiles each (not all of them, however, followed the required IIPP form) before they arrived at the IPS Tokyo. Hardly any of those projects were promoted to the level of actual negotiations between the partners. In some cases the profiles served as a starting point for promotion which resulted in identification of a different project. The delegates, however, were effective in the promotion of projects originating on the Japanese (supply) side. This reflects the fact that the Japanese investors prefer to implement their projects rather than react to proposals prepared by others.

59 In addition to promotion of projects the Delegate programme contributes to capacity building of the home institutions by training the delegates. In addition to the currently available public relations and activities it is proposed to prepare and made available for initial orientation of the delegates additional reading materials related to the Japanese economic system and its organizations and allocate some time for questions and answers.

Output 4: *Support services provided to smoothen or accelerate the process of investment project development, including advice upstream of the investment cycle (such as surveys)*

60 This output groups upstream activities which should support identification of project ideas. The most significant activities were two surveys (Uzbekistan, the Philippines) and participation of the IPS staff in missions of Japanese businessmen. Some of the activities were conducted in cooperation with other Japanese organizations (such as ECFA).

61 While the impact of missions of Japanese businessmen organized and/or supported by the IPS staff could not be verified in the countries themselves, the evaluation team obtained positive feedback about the mission to Myanmar from some (non-IPS) participants. The mission was praised for good composition of its members (mission included a representative of a big trading house), access to high-level policy-makers (thanks to the UN flag), and good team spirit (consolidating common position on specific policy issues raised during the day). The mission is said to have raised interest of high-level policy makers willing to discuss policy issues and listen to the mission's observations.

62 Upstream advisory services to the electronic and electrical industry of Uzbekistan (Uzeltechprom) were less successful. It took long time to agree on the type of service to be provided to the sector and even at the stage of implementation the interviews conducted by the evaluation mission in Tashkent and at the IPS Tokyo revealed that there continued different perceptions between the IPS and Uzeltechprom about the adequacy of the obtained information, about the type of report to be produced and about the follow up. It will be hardly possible to meet fully the expectations of the Uzbek side also due to the fact that none of the consultants in the mission which was carried out in cooperation with ECFA was a specialist in electrical or electronics industry. For more details see Appendix 2 (Report on the visit to Uzbekistan).

63 A survey in a rural region in the Philippines has better chances for success (see Appendix 4). However, the expectations are high and ultimate success will be achieved only if investment opportunities are identified and successfully promoted (at least some of them).

In both cases the IPS started rather ambitious activities without adequate own professional and financial resources and without professional support of UNIDO Headquarters.

64 The same applies to the Euroasian Comprehensive Development Initiative started by the IPS Tokyo in 1995. This activity should not be pursued independently of the UNIDO Headquarters but as an integral part of UNIDO contribution to the UNDP programme on Euro-Asia Continental Bridge. UNIDO involvement has so far been coordinated by the two relevant regional bureaux (Europe and Asia/Pacific).

Output 5: *Approximately 50 -100 professionals (government officials and entrepreneurs) from developing countries oriented on how to attract foreign direct investment and on how to prepare Industrial Investment Project Profiles of international standards*

65 This output was implemented in a different way from what was planned in the project document. As planned, two seminars (5 days and 3 days each) were conducted in Mongolia but no IIPPs were produced as it was envisaged in the Activities. The seminars, however, included training on investment project preparation.

66 In addition, 12 other seminars were organized or co-sponsored by the IPS abroad, with approximately 600 participants attending them. However, in majority of cases those seminars differed from the seminars planned in the project document. Most of these seminars were short (usually half-a-day) awareness raising events. They were often organized for SMEs outside of the capitals. As a representative example the workshop in Thailand could be referred to. The workshop consisted of the following topics: results of a survey in Japan about plans and expectations of SMEs as regards investing abroad, Japanese

organizations to be contacted in search of information or technical assistance (JETRO, AOTS, JODC, World Trade Center, trading houses, etc.), modalities how to promote a project in Japan (participation in investment missions organized by BOI and MOI, Thailand, participation in exhibitions organized by Ministry of Commerce - Department of Export Promotion).

67 Review of the documentation available at the IPS confirmed that the transparencies/handouts were well prepared and contained the key information delivered at the workshop. The most relevant for the participants seems to have been the list of agencies and trade houses, some of them with addresses, which could be approached by the Thai companies. However, it is questionable whether any impact can be expected from such a stand-alone activity directed at local entrepreneurs. In most cases it is the Japanese investor with his needs who takes the initiative in looking for a possibility to invest abroad. Furthermore, the information disseminated by the workshop is of elementary type and can be conveyed by local officers of BOI to local entrepreneurs. It would, therefore, be more efficient to organize training of as many as possible officers from regional (provincial) offices in order to contribute to institution strengthening. The addresses of Japanese agencies can be left with the offices and continuously updated through permanent contact with them. (For more information see Appendix 3.)

Thus, while in quantitative terms the number of participants in workshops organized or co-sponsored by the IPS exceeded by far the target level, the intended effect of producing IIPPs was not achieved.

68 Outputs produced by the IPS under the US/GLO/94/076:

- a) *Approximately 50-100 professionals (government officials and entrepreneurs) oriented on how to attract FDI and on how to prepare Industrial Investment Project Profiles of international standard.*
- b) *At least 30 accurately prepared IIPPs with potential for promotion as FDIs.*

The above outputs were to be produced in two countries: Kyrgyzstan and Uzbekistan. This evaluation could verify only the results achieved in Uzbekistan where approximately 60 people attended a 5-day workshop. Interview of some former participants and review of the training documentation revealed the following:

- S Contents of the workshop were only partly relevant (coverage too broad, heterogenous composition of participants, a number of other training possibilities in company management both in the country and abroad).
- S In spite of the very good preparation by the lecturers of their contributions and the handouts, the overall implementation faced problems in efficiency (delays in preparatory work in the countries resulting in time pressure, too many people mobilized indiscriminately with the resulting high drop-out).
- S The workshop was effective in the sense that it was considered useful even if only for the objective of increased awareness of some issues (and some use of methodological tools after the event); it was not effective in using the training results in support of IIPP preparation.
- S Hardly any tangible impact of the project could be found mainly due to the fact that the concept of the project document to use training as a means to produce IIPPs for promotion in Japan was not implemented. The failure to integrate training and IIPP preparation was the most important shortcoming of the project. For more information see Appendix 2.

The workshops in Mongolia and in Uzbekistan seem to highlight that the concept of integrating training and preparation of IPPs is sound but rather difficult to implement successfully. The following principles should be followed:

- S The target group needs to be homogenous and be involved in the preparation of projects;
- S The contents of training should focus on issues supporting the preparation of IPPs;
- S To contribute to institution building, some participants should be from agencies or consulting companies capable of providing advice in this field after the project is completed.

4.1.2 Outputs produced by the FS programme

Output 6: *Detailed technical, marketing and financial analyses (e.g. technical review, market and raw material analyses, feasibility studies, etc.) prepared for approximately 8-10 industrial projects, to facilitate investment decisions by the Japanese entrepreneurs interested in the proposals*

69 During the years 1996-97 the Output was produced as planned (16 feasibility studies were prepared) due to the fact that a larger number of studies (10) were completed during 1996. In 1997 the implementation lagged behind the annual target since only 6 studies were completed. A few other studies are still under preparation

70 As recommended by the previous evaluation, most feasibility studies were prepared for small- and medium-scale projects. However, in 1997 a few studies for large projects were approved (car doors in Brazil, diesel engine piston cylinders in Poland) or promised (steel plant in Morocco).

71 In order to raise awareness about the facility approximately 65 presentations were organized for institutions or companies with approximately 400 participants attending the presentations. Interest of companies for the use of this facility was commensurate to the available financial resources. Only in one case an applicant was rejected. Thus the situation proved to be different from what was expected in the project document (larger number of applications with the need to make a selection).

72 The feasibility studies produced by the project were of good quality as regards methodology of preparation. Application of UNIDO methodology ensured standard structure of the reports and full coverage of cost factors. The quality of the studies was verified at the Headquarters by the ex-ITPD/IS. From their comments on a sample of studies reviewed by the evaluation mission one can conclude that most of the draft reports were prepared in a satisfactory way. Application of the methodology was facilitated by the participation of one staff from the FS project component (usually the financial analyst) who - in addition to conducting the financial analysis with the support of COMFAR- helped the team to structure the report. The interviewed members of the study teams considered the UNIDO system to be good and suggested that working with the system brought them professional benefit. Some of them explicitly expressed thanks for the support provided by the UNIDO programme.

73 As the technical and marketing experts in the teams were proposed by the (Japanese) investors' companies (usually technicians and members of the management of the investor company themselves were recruited under reimbursable loan to conduct the study), the technical aspects of the study have not been questioned or verified by ex-ITPD/IS. Consultations on technology with sectoral specialists in ex-ISED were carried out in a few cases only prior to 1995 when large investment projects were supported by the FS project. Since 1995 when the project shifted its focus on SMEs hardly any consultation on technology or environment was held with the relevant UNIDO units.

74 The studies served primarily the investors and their partners, if there were any, in making an investment decision. In some cases the study might have helped in securing a loan. (In one case JODC confirmed that the study helped them in preparing their appraisal report. It was, however, not a condition for the extension of the loan to have such a study since the majority of projects applying for the loan prepare much simpler documentation which is considered sufficient by JODC.) While a Government body of the developing country (usually BOI) has to sanction the investment idea before the study starts, it does not insist on receiving the study once it is ready: BOI approves and registers the project on the basis of information filled in its own form. Sending the studies to BOI by UNIDO is a commendable practice which is appreciated by BOI, it is, however, not a condition for the approval of the project.

Given the fact that the primary user of the study is the investor and his/her partner, the studies - understandably - deal purely with commercial and financial profitability and disregard issues of economic effectiveness (developmental impact, such as national value added, export earnings, etc).

Output 7: *Viable investment projects negotiated between local and foreign partners, based on the studies completed*

75 The Activities assumed arranging mutual visits of partners. Such activities were not required as the partners organized and carried out the required visits by themselves. However, some negotiations were supported by the UNIDO project staff.

4.2 Achievement of the Purpose (Immediate Objective)

76 The purpose of investment promotion is conclusion (contract) of a partnership project or a decision to invest in a project abroad. As indicated in Table 3, the IPS programme contributed to the conclusion or investment decision on 15 projects in the period under review (see Annex 5). Given the fact that four projects in Bangladesh are in fact replications of one project, the results are only slightly higher than those in the comparable period for the previous evaluation. Most of the projects are located in Asia and some of them in Europe (in the Czech Republic). Overwhelming majority of concluded projects can be attributed to the promotional activities of the delegates. The disquieting fact is that the number of concluded projects has been decreasing in the most recent period. It should be also noted that the number of concluded projects reported by the IPS Tokyo is lower than the number of projects concluded with the support of some other IPS offices, such as the IPS Paris or the IPS Bologna.

77 In the case of the Feasibility Studies programme/component the 16 feasibility studies contributed to the conclusion/investment decisions on 7 projects (see Annex 6). At the time of evaluation most of them were already implemented and operating (some of them in running in phase). All the projects are in Asia.

78 The rate of success (almost 50% of studies resulted in investment decision) is higher compared with the situation in the past when the programme supported large-scale investment projects. However, all Japanese companies interviewed by the evaluation team stated that they would have done a pre-investment study on their own (probably a simpler one) if UNIDO support had not been available. And in case of similar results of the analysis they would have made the same investment decisions. Thus the studies proved to be important but the UNIDO support was not necessarily critical for the investment decisions by the Japanese companies. (It is, however, possible to assume that the quality of the studies influenced the quality of investment decisions.) It should be also noted that some of the partners were well functioning companies which could afford payment for such studies.

4.3 Achievement of the Development Objective

79 Out of a number of potential indicators listed in Annex 3 the following two indicators were selected to measure the impact of the programme: value of investment and employment impact (number of jobs created by the projects).

80 Anticipated impact of the concluded and implemented projects resulting from the downstream activities of the IPS Tokyo amounted to US\$ 150 million of generated investment and - at least - 1,300 new jobs. This is a very good result, in absolute terms better than the same indicators for other IPS offices. It should be, however, noted that large portion of the total impact is due to three large projects in the Czech Republic. The Czech delegates supported by the IPS managed to mobilize interest of some large Japanese companies which resulted in investment of US\$ 88 million (approximately 25% of all Japanese investment in the Czech Republic) and additional investment of US\$ 25 million was facilitated by the activities of the delegates stationed at and supported by the IPS.

81 The Feasibility Studies programme resulted in investment in the value of US\$ 35 million and 558 new jobs. Though most of the projects concluded on the basis of the feasibility studies are already operational, these figures are rather indicative: they represent values for the period of full capacity utilization, usually after year 2000.

5. FINDINGS AND CONCLUSIONS

The findings and conclusions follow the main issues to be addressed as specified in the Terms of Reference.

Compliance with objectives of the Government and UNIDO

82 No divergence was found between the project strategy and the Government objectives in terms of geographical orientation and involvement of the IPS in upstream activities. In one case concern of the donor was noted about supporting a large-scale project through a feasibility study.

83 The activities of the Feasibility Studies (FS) programme complied with UNIDO objectives and recommendations of the previous evaluation (focus on SMEs) except for the recent period when large projects have been supported (Brazil) or considered for support (Morocco, Georgia). Scope of involvement of the IPS in upstream activities (seminars and surveys abroad) differentiates this office from most of the other UNIDO IPS offices.

84 Priorities of UNIDO are newly defined in the Business Plan of UNIDO. Their application for operations of the IPS needs to be elaborated in more detail. Some proposals of the evaluation mission are formulated in Chapter 6: Recommendations.

Linkage with the Japanese business community

85 UNIDO's unique position, as a neutral and independent organization, has been viewed by the users of UNIDO IPS and FS services as its key advantage. This was expressed by one of the large trading houses which takes a leading role in foreign investments. Recognition by staff of such a trading house is important also for the impact on small and medium enterprises, since their contacts with banks and trading houses bring services of the IPS to their attention. (This was confirmed by interviews with SMEs).

86 Seminars, workshops and other public relations activities are quite extensive. Even though they do not bring immediate results, they form the basis for maintaining contacts with Japanese private industry and updating database of the IPS. However, given the size of Japan the database (2500 entries) and knowledge of UNIDO among the SMEs are necessarily limited to a fraction of the total business population.

87 Linkages with relevant agencies are made by the IPS on selective basis based on the past experience from collaboration with them. In particular, linkage with the ASEAN Centre, JODC and some regional industrial promotion organizations are considered to be quite effective.

The IPS has also established good working relations with a number of embassies of the developing and transition countries for coordinating investment promotion activities for those countries.

Downstream activities

88 Delegates represent the most effective component of the promotional activities; almost all concluded projects (15) in the IPS programme were generated or supported by the delegates. The IPS support to the delegates is very efficient in establishing contacts, accessing media and in logistical support. It helped open doors of companies which might be difficult to enter. Given the low share (approximately 5%) of the net expenditures on the Delegate component (disregarding cost of IPS staff support and office rental) the component was also very cost-effective.

89 Participation of Japanese companies in investment fora (except for North Korea) was rather modest and did not bring significant results which is felt (by the IPS) to be a general problem of the promotional meetings. Apart from that, in some cases (such as Pakistan) the IPS had to face considerable problems in the preparatory phase due to uncertainties of requirements for logistical support. Also the dissemination of IIPPs from other countries received through the Headquarters found little response. However, the established mechanism of disseminating information on IIPPs does not include selective targeting of potentially interested companies identifiable according to specific criteria from the database.

90 The project has very good capability to manage preparation of feasibility studies; the (16) studies produced in the period under review are of good quality particularly in terms of the applied methodology. This has been achieved also due to close working linkages with the backstopping unit at UNIDO and its professional support. The number of projects implemented on the basis of these studies (7) is satisfactory. However, one should understand that the studies were not critical for implementing the projects: in most cases the interviewed companies would have done a study on their own, though in a less elaborate form.

91 Anticipated impact of the concluded and implemented projects resulting from the downstream activities can be expressed in terms of generated investment (US\$ 185 million, out of which FS = US\$ 35 million) and jobs (1848, out of which FS = 558). These figures, however, are rather indicative: they represent values for the period of full capacity utilization, usually after year 2000. It should also be noted that large portion of the total impact is due to three large projects in the Czech Republic. Apart from the above three projects in the Czech Republic all other projects are located in Asia.

Upstream activities

92 Upstream activities as defined by the IPS (policy advice, seminars, surveys carried out in the developing countries) have been extensively conducted particularly in the period under review. Analysis of such activities in Uzbekistan, Thailand and the Philippines revealed that:

- lecturing material for the workshops (handouts) was well prepared;
- one-week workshop in Uzbekistan (part of US/GLO/94/076) faced problems due to functional and professional heterogeneity of participants and too broad contents coverage of the workshop; in spite of that it was perceived by participants as useful in raising awareness on a number of issues;
- investment profiles, which were supposed to have been worked out by the participants, were not formulated; consequently the project US/GLO/94/076 did not achieve its main objective;
- awareness raising (half a day) workshops for SMEs in rural areas conducted by the IPS for the ASEAN Centre in Thailand and the Philippines were well received but hardly any impact can be expected; to achieve lasting impact and sustainability such training should be targeted at institutions in those regions;
- the Eurasia Comprehensive Development Plan as an initiative of the IPS is usually met with doubts on its feasibility (no backing by resources);

- master plan for the electronics industry in Uzbekistan (originally "sectorial plan") conceived as a contribution to the Eurasia Comprehensive Development Plan turned out to be a problem for the IPS due to raised expectations on one side and limited resources and expertise to satisfy them on the other;
- the SME survey in a region of the Philippines (yet to be completed) is associated with expectations of the North Quad commission to identify potential industries for investment promotion; this will be the main indicator of success;
- both UNIDO Headquarters and relevant UCDs were informed by the IPS about these activities; however, relevant professional staff in non-ITPD units were neither asked for support nor were they informed by the UNIDO backstopping unit.

93 Conducting policy dialogues by an IPS-led mission to Myanmar was positively assessed by the relevant UCD as well as a participant from the Itochu Corporation.

94 Increased acquaintance of the delegates with the Japanese economic system can be also considered as upstream activity as it contributes to strengthening of the home institutions. On-the-job training should be complemented by systemic reading materials on the Japanese economic system and its components.

95 Thus, the issue is not if upstream activities should or should not be carried out, but which ones and how. Some proposals are presented in the Recommendations.

Project management

96 Integration of the two programmes resulted in simplified management structure and some cost saving for the management functions. In working terms the two operations have not yet been integrated in one investment promotion cycle: so far only one feasibility study has been prepared for a project generated in the IPS. The time for integration of processes has been, however, rather short, the FS component is still finalizing studies initiated before integration. There is, also, still considerable distance between the activities of the IPS programme at the identification stage and those of the former FS programme at the project formulation stage.

97 Operational management seems satisfactory, weekly meetings of the staff continue to be held, files are well organized and easy to retrieve. However, the recommendation of the previous evaluation to introduce and maintain central monitoring of inquiries and to introduce the indicator "job creation" for all concluded projects was not consequently implemented.

98 Personnel management was not assessed. Turnover of staff is relatively high (11 staff left the office in the last 3 years, 7 from IPS and 4 from FS).

99 Reporting to and contacts with the Headquarters were satisfactory, however, policy guidance by the Headquarters was rather liberal. More specific guidance was noted recently.

Regular quarterly meetings with MITI and MOFA were held.

Relations with agencies abroad

100 The relations with the organizations in the target countries are, in most of the cases, established through or in conjunction with the Delegate programme. In most cases these contacts have been maintained and in a number of them it was the delegate who initiated the upstream activity of the IPS in the country.

101 Contacts with the organizations hosting training activities abroad are usually not maintained. Networking with other IPS offices is limited to a few of them.

6. RECOMMENDATIONS

The numbers given in the boxes refer to the paragraph numbers in the text.

102 The programme should be extended for at least another three years. However, some modifications need to be applied as proposed below.

UNIDO action: The IPS Coordinator to initiate action for extension of the programme.

103 The most effective component in the programme (in terms of successful investment promotion) is the Delegate programme. This component should continue to be the core component; in terms of resource (budgetary) allocation this component should not be reduced.

28, 35, 76, 88

UNIDO action: The IPS Coordinator to reflect this recommendation in the new project document.

104 UNIDO Headquarters should review the concept of the IPS in view of the new Business Plan particularly as regards involvement of IPS offices in the "upstream activities" in the developing and transition countries (policy advice, training and awareness raising workshops, surveys, etc.) and in feasibility studies. On the basis of this evaluation it is recommended that upstream activities of the IPS Tokyo should:

- S focus on investment promotion (be planned and carried out with the purpose of investment promotion and avoid activities such as sectorial plans);
- S be always planned and conducted after consultation with UNIDO Headquarters (or field office) in order to ensure coordination with other UNIDO activities (promotional meetings, capability building projects);
- S be planned and conducted in the context of a broader programme aiming at capability building and networking for investment promotion; ad hoc stand-alone advice/ workshops should be avoided. (As a consequence, such activities need to be limited in terms of their number and country coverage.);
- S be planned with consideration of resources available for their implementation.

As regards the former Feasibility Studies programme, this component could be modified as follows:

- S downstream support to Japanese investors at the project formulation (feasibility studies) stage should be de-emphasized and substituted by support at the project identification stage; this support may be less efficient in terms of visible results but it represents the critical, most difficult phase in investment promotion, which merits to be supported.
- S the above support should be extended to identification of investment projects primarily in the LDCs, in Africa, in the transition economies not attractive for private investors and in less developed (rural) areas.

83, 84, 90, 92

UNIDO action: The Director of the Investment and Technology Promotion Branch to consider the above proposal and provide guidance to the Head of the IPS as regards the IPS involvement in the upstream activities and in conducting pre-investment studies.

105. The Euroasian Comprehensive Development Initiative started by the IPS Tokyo in 1995 should not be pursued independently of UNIDO Headquarters but as an integral part of UNIDO contribution to the UNDP programme on Euro-Asia Continental Bridge.

64, 92, Appendix 2

UNIDO action: The IPS Coordinator to agree with FOA/EUR (Mr. Donocik) on the role to be played by the IPS in the UNIDO contribution to the UNDP programme and to provide the IPS Head with relevant guidance and documentation.

106. Awareness raising workshops in less developed areas of the ASEAN countries can be supported as long as they are organized and co-financed by other organizations; however the programme and selection of participants should be influenced by the IPS with the purpose to increase capability building and networking effects (for example, participants to be mobilized should be primarily from the regional BOI offices and other local offices of investment promotion agencies).

66, 67, 92

UNIDO action: The IPS Head to report on the implementation of this recommendation in the Annual Reports.

107. While engaging in upstream activities abroad, the main focus of the IPS activities should remain to be the Japanese SMEs, their organizations and the supporting Government agencies. In this context the IPS should verify the effectiveness of directly targeting (sending list of relevant IIPPs to) selected groups of companies in the database with possible interest for specific sectors in specific regions. Preference for such a promotional activity should be given to the most difficult regions (Africa, LDCs).

52, 89

UNIDO action: The IPS Head to implement direct targeting for at least two investment fora in Africa and to report on the results in the next Annual Report.

108. While the IPS should promote primarily projects for SMEs, large-scale projects should not be generally excluded since:

- S in some countries (with transition economies) the local SMEs in manufacturing are yet to be developed;
- S large projects (flagships) entail investment by supporting Japanese SMEs;
- S the IPS Tokyo and UNIDO need to strengthen their visibility for the public, which is easier to achieve with a large project with significant development impact.

However, because of its exceptional nature such support should be consulted in advance with UNIDO Headquarters. In the case of project identification or formulation activities the cost of any pre-investment study should be borne by the large company, with financial implications for UNIDO to be kept to a minimum. (In this context the present arrangements and cost implications for the large projects announced in the Work Programme 1998 need to be reconsidered.)

25, 88

UNIDO Action:

- 1) The Director of the Investment and Technology Promotion Branch to review with the IPS Head the plans for feasibility studies for large projects and to take a decision on their implementation.
- 2) The IPS Coordinator to inform the Head of the IPS about cost-sharing arrangements practiced by some other IPS offices.

109. As some of the activities of the IPS contain professional elements outside of investment promotion (particularly in upstream activities abroad) it is important that their professional quality is monitored and supported by relevant professional units at UNIDO Headquarters (and/or the field office). A mechanism to ensure smooth flow of information for this purpose needs to be established by the Headquarters.

92

UNIDO action: The IPS Coordinator to elaborate principles for the flow of information between the IPS and UNIDO units and inform the Head of the IPS.

110. Guidance of the IPS Tokyo by the Headquarters should be enhanced.

47, 99

UNIDO action:

- 1) The IPS Coordinator to consolidate and submit UNIDO comments to the IPS Head on each Work Programme and Annual Report.
- 2) The IPS Coordinator to request comments on the Work Programme 1998 from the technology promotion staff (particularly on the plans for BOT activities) and convey them to the Head of the IPS.

111. Support by the IPS Tokyo to UNIDO activities not related to investment promotion could be provided under the condition that no IPS funding is required for those activities and the IPS support does not imply extensive employment of the IPS staff and other resources.

21

UNIDO action:

- 1) The Director of the Investment and Technology Promotion Branch to inform all UNIDO staff that any request for support by the IPS should be submitted through the IPS Coordinator.

- 2) The IPS Coordinator to consult the IPS Head on each case individually and to take a joint decision.

112. In order to strengthen the training dimension of the Delegate programme the IPS should compile reading material in English on the economic system and its relevant organizations of Japan and make it available to the delegates on the occasion of their first visit.

59, 94

UNIDO action: The IPS Head to report on the implementation of this recommendation in the next Annual Report.

113. Recommendations of the previous evaluation not consequently implemented so far should be implemented (indicator "jobs/employment created" in the concluded projects, central monitoring of inquiries).

46, 97

UNIDO action: The IPS Head to report on the implementation of this recommendation in the next Annual Report.

114. Efforts should be taken to increase visibility of the IPS Tokyo among the Japanese public through more intense explanation and publicity of policy guidelines and activities of the IPS.

20, 86

UNIDO action: The IPS Head to discuss this recommendation with MOFA, prepare a plan for additional activities and report about it in the next Annual Report.

115. In order to increase efficiency of the operations, cooperation should be strengthened with other relevant organizations such as JICA, JETRO, JODC, JAIDO, ECFA, the ASEAN Centre and other government, local government and private organizations.

15, 20, 87

UNIDO action: The IPS Head to report on newly established working contacts and on the implementation of the communication network with the above organizations in Annual Reports.

116. When preparing the new project document the technology promotion staff should be consulted and the proposals explained in Chapter 2.4 should be considered.

23, 24, 55

UNIDO action: The IPS Coordinator to prepare a draft project document in accordance with the above recommendation.

7. LESSONS LEARNED

117. Weaknesses of the programme are caused partly due to the fact that individual actors act independently and do not make use of the other professional expertise available in UNIDO as a whole. While the IPS programme is an entity in its own right, its integration with other UNIDO investment and technology promotion programmes and supporting activities needs to be more intense. Changing the situation requires stronger coordination mechanism as well as willingness/motivation to cooperate on the part of the key actors (Project Managers, professionals at the Headquarters, the IPS staff).
118. Investment promotion implies intense cooperation and networking with many organizations and agencies both in the host country and abroad. The type and intensity of cooperation and networking depend also on personal relations of those involved. Cultivation of these personal relations is, therefore, part of the promotional work. The shuttle form of the Delegate programme provides a good framework for developing such conducive relations.
119. The concept of integrating training and preparation of IIPPs is sound but it is rather difficult to be implemented successfully. The following principles should be followed:
- S The target group needs to be homogenous and be involved in the preparation of IIPPs;
 - S The contents of training should focus on issues supporting the preparation of IIPPs;
 - S To contribute to institution building, some participants should be from agencies or consulting companies capable of providing advice in this field after the project is completed;
 - S The contents of training and the selection of consultants should be consulted with the Headquarters which have extensive experience in conducting training workshops in this field.
120. Impact of the upstream activities of the IPS is more difficult to discern than impact of the downstream activities which have better chances to demonstrate tangible results. Thus the visible success of the IPS depends primarily on the scope of downstream activities. Shifting to upstream activities implies lower expectations in terms of standard success indicators of generated investment flows. In view of the need of the IPS programme to demonstrate tangible results in terms of development impact the shift to upstream activities needs to be cautious in order not to jeopardize standard success indicators.
121. Objectives and principles of the UNIDO Business Plan are in some aspects inconsistent. While investment promotion is considered a priority area for the Organization, interventions at company level are to be avoided. Investment promotion, however, can hardly avoid downstream activities involving individual companies. At (UNIDO) programme ("product") level a pragmatical solution has to be sought in striking a balance between policy advice and capability building with long-term impact on one side and project/company level interventions (activities) with immediate effect on the other.

In-depth evaluation

US/GLO/95/120, US/GLO/96/140, US/GLO/97/101

*UNIDO Service in Japan for the Promotion of
Industrial Investment in Developing Countries*

and

US/GLO/94/202, US/GLO/95/098, US/GLO/96/128

*Industrial Cooperation for Promotion of Investment Projects
in Developing Countries to be Undertaken by the Japanese
Private Sector*

TERMS OF REFERENCE**I. BACKGROUND**

In an endeavor to assist the developing countries in their industrialization efforts through promotion of foreign investment and transfer of related technology and UNIDO in meeting its development cooperation objectives, the Government of Japan has made available to UNIDO a special-purpose contribution for the "UNIDO Service in Japan for the Promotion of Industrial Investment in Developing Countries" - UNIDO Investment Promotion Service (IPS).

IPS Tokyo was established in July 1980 based on an Agreement signed between UNIDO and the Government of Japan for the purpose of further mobilizing the transfer of financial resources and technology from Japan into developing countries. Since then the Agreement was repeatedly renewed for periods of two or three years. The extension of the Agreement was usually based on an evaluation of the IPS. The most recent evaluation took place in February 1995 and consequently UNIDO and the Government agreed to extend the Agreement for another three years until 31 August 1998.

In parallel, from 1990 on the Government of Japan funded a series of projects called "Industrial Cooperation for Promotion of Investment Projects in Developing Countries to be Undertaken by the Japanese Private Sector." In 1994 the first 3 years of that programme were evaluated. The relevance of the project was revalidated but it was recommended that the project be reoriented to small and medium industries.

Both evaluations recommended that the cooperation of the two programmes be intensified with the purpose of examining whether IPS-promoted projects can make use of the feasibility studies support provided by the other project. In 1997 the two projects were integrated. This is already reflected in the project document US/GLO/97/101.

II. PURPOSE, SCOPE AND METHODS OF THE EVALUATION

Purpose

The purpose of the joint evaluation is to enable the Government of Japan and UNIDO to take decisions on the extension of the project and its orientation.

The project document US/GLO/97/101 stipulates that a joint evaluation will be conducted "well in advance to consider possible extension of the project" beyond 31 August 1998.

Scope

The evaluation will cover projects enumerated in the title of these Terms of Reference. The evaluation will assess the achievements of the projects against their objectives and expected outputs as set out in the project documents. In this context it will in particular assess the effectiveness and impact of the projects. It will also identify and assess the factors that have facilitated the achievements of projects' objectives, as well as those factors that have impeded the fulfillment of those objectives. The evaluation will also review to what degree the recommendations of the previous evaluations were followed up.

The evaluation will in particular address the following issues:

- * Compliance of project objectives (project strategy) with those of the Government of Japan and UNIDO; their reflection in project documents;
- * Relevance of the projects as viewed by the Japanese private industry; linkage with the Japanese business community and investment-related agencies.
- * Project management; actual integration of the operations of the IPS and the former "feasibility studies" component;
- * Relevance and effectiveness of the "upstream" activities (such as survey missions, promotional seminars, policy advice) and their impact on capacity building in the target countries;
- * Effectiveness and impact of the "downstream" (project-related) activities such as promotion of IPPs through Delegates, participation at investment meetings, advice in negotiations, preparation of feasibility studies, etc.;
- * Efficiency of different promotional activities:
 - dissemination of IPPs generated from different sources
 - delegate programme
 - country seminars and presentations
 - investment fora

- * Geographical orientation of the activities;
- * Integration of the projects into UNIDO's IPS network and UNIDO technical cooperation activities. The quality of direction and guidance provided by UNIDO Headquarters; mechanism to ensure quality of studies produced by the project; use of UNIDO methodological tools; the quality of reporting and monitoring;
- * Relations established by the IPS with investment-related agencies and industry associations in the targeted countries; role of the delegate programme in establishing the linkages.

Method

The evaluation will consist of desk studies (analysis of the project documents, annual reports and other project files both at the UNIDO headquarters and at the IPS office in Tokyo), review of databases and other facilities at the IPS office, interviews with the staff at UNIDO Headquarters and at the IPS office, with governmental bodies, representatives of private industry in Japan and cooperation agencies. In particular the mission will interview end users of the projects' services both in Japan and in selected target countries. The mission is expected to be briefed by the Permanent Mission in Vienna, Ministry of Foreign Affairs (MOFA) and the Ministry of International Trade and Industry (MITI).

As mentioned above, the members of the evaluation team shall (separately) visit selected target countries in order to interview direct users of the services provided by the projects (entrepreneurs, delegates, investment promotion agencies, if appropriate). The countries to be visited will be selected jointly by UNIDO and the Government of Japan. The criteria for the selection of the countries will be: number of projects concluded, scope of the upstream activities and possibility to verify their use, delegate programme implemented, travel costs and duration of the mission. The following countries are considered: Uzbekistan and Thailand (to be visited by the UNIDO staff on the way to Tokyo), the Philippines (to be visited by the Government nominee) and the Czech Republic to be visited by the UNIDO staff member prior to his mission to Tokyo.

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

III. COMPOSITION OF THE MISSION

The mission will be composed of the following:

- One expert nominated by the Government of Japan
- One representative of UNIDO

These team members should not have been directly involved in the design, appraisal or implementation of the project.

IV. TIME TABLE, REPORT AND BUDGET

The evaluation mission is scheduled as follows:

- one day visit in the Czech Republic;
- two working days visit in three target countries each;
- five working days in Tokyo for interviews;
- two working days in Tokyo for drafting the conclusions and recommendations and debriefing at MITI and MOFA.

Tentative time schedule:

17-25 February country visits (Uzbekistan, Thailand, the Philippines)
 26 February 6 March Tokyo
 (7 March departure to Vienna)

A meeting will be organized at UNIDO Headquarters between representatives of the Permanent Mission of Japan, staff from ITPD/IS, CFD/CFM, CFD/AREA and EVAL, in order for the evaluation team to present the findings of the evaluation mission.

Following discussions with the officers concerned with the evaluated projects, and upon comments of these organizational units for factual omission or errors, the final version of the report will be submitted simultaneously to the Government of Japan and UNIDO.

The costs associated to the evaluation will be charged to the project US/GLO/97/101.

Tentative budget requirements: UNIDO staff

travel	US\$	2,200
DSA Tokyo 9 days + travel time	US\$	2,900
DSA target countries	US\$	1,200
Miscellaneous	US\$	<u>300</u>
Total:	US\$	<u>6,600</u>

Tentative budget requirements: Government nominee

Fee for one consultant (0.5 man/month) US\$		10,000
Travel (one developing country)	US\$	1,300
DSA	US\$	<u>500</u>
(developing country 2 days + travel time)		
Total:	US\$	<u>11,800</u>

List of Persons Met*Annex 2***UNIDO Headquarters, Vienna**

Mr. T. Abela
 Mr. A. Akopov
 Ms. U. Bull
 Mr. G. Donocik
 Mr. D.-E. Ghozali
 Mr. W. Kalinowski
 Mr. L. Kurowski
 Mr. Y. Maruno
 Mr. M. Maung
 Mr. J. Moongananiyil
 Mr. R. Norris
 Mr. T. Otsuka
 Mr. N. Prasad
 Ms. A. Suzaki
 Mr. N. Suzuki
 Mr. P. Wiedemann
 Ms. E. Zimmermann

C z e c h R e p u b l i c**CZECHINVEST**

Mr. J. Lebl, Czech Delegate at the IPS Tokyo in 1995, 1996 and 1997

Embassy of Japan

Mr. T. Ishigure (Former member of the Permanent Mission in Vienna)

U z b e k i s t a n**UNDP Office**

Mr. C. Bahuet, Acting Deputy Resident Representative
 Ms. F.S. Perevertailo, National Programme Officer
 Ms. V. Kogay, UNIDO Assistant

Foreign Investment Agency

Mr. S. Shoaziz, Director
 Mr. A.A. Khakimov, Deputy Director (Former Delegate at the IPS Tokyo)

The Uzbekistan Association UZELTECHPROM

Mr. R. Salimov, Deputy Chairman
 Mr. B.V. Zhuchkov, Head of Department

Former Participants at the US/GLO/94/074 Workshop

Mr. M.A. Usmanova
 Mr. T. Muchamedov

Mr. A. Dogonkin
Mr. R. Garipov
Mr. N. Schafikova

T h a i l a n d

UNIDO Office

Mr. A. Huhtala, UNIDO Country Director

Ministry of Industry

Mr. N. Suthawaree, Director, Industrial Enterprise Promotion Division

Board of Investment, Laem Chabang

Mr. B. Sriratana, Assistant Director

SIAM SERA F.B Co. Ltd.

Mr. P. Suwankesa, President
Mr. Y. Sera, Managing Director
Mr. T. Kido, Managing Director

S.K.I. Ceramics Co., Ltd.

Mr. R. Ito, President
Ms. S. Kungpanichkul, Executive Secretary

Srithai Superware Public Company Limited, Bangpakong Plant

Mr. S. Bauer, Factory Director
Mr. Y. Narksuk, Operation Manager

T H E P H I L I P P I N E S

UNIDO Office

Mr. M. Kohonen, UNIDO Country Director

Office of the President

Mr. H.C. Dumlao, Executive Director, Program Management Office, Northwestern Luzon Growth Quadrangle Commission (North-Quad)

Board of Investment (BOI)

Mr. M.S. Salazar, Under-Secretary and Managing Head
Mr. F.C. Chavez, Director, Regional Growth Area Center
Mr. A.M. Samson, Head, Japan Desk
Ms. M.G. Tulaylay, Senior Investment Specialist, Japan Desk
Ms. P. C. Morales, Senior Trade & Industry Development Specialist, Japan Desk

Gunma Gohkin Philippines Corporation

Mr. H. Suno, General Manager

Precision Springs Manila Inc.

Mr. S. Suzuki, Managing Director

J A P A N

UNIDO IPS

Mr. T. Izumi, Head
 Mr. M. Matsushita
 Mr. J. Nishida
 Mr. N. Miwa
 Mr. F. Gelegen
 Mr. H. Shimatani
 Mr. Y. Tanaka
 Ms. I. Toshinaga

Mr. B.K. Malikov Delegate, Uzbekistan
 Mr. A. Bettaieb Delegate, Tunisia
 Mr. B. Acharya Delegate, Nepal

Ministry of International Trade & Industry (MITI)

Mr. H. Hirota, Director, Technical Cooperation Division
 Mr. M. Watanabe, Deputy Director, Technical Cooperation Division
 Mr. A. Kaneko, Assistant Chief, Technical Cooperation Division
 Mr. M. Tsuruda, Chief of General Coordination Section, Technical Cooperation Division

Ministry of Foreign Affairs (MOFA)

Mr. T. Kawada, Director, UN Administration Division
 Mr. T. Kimura, Deputy Director, UN Administration Division
 Mr. T. Yamada, UN Administration Division

ASEAN Promotion Centre on Trade, Investment and Tourism

Mr. K. Shimakura, Assistant Director, Investment Division

Japan International Development Organization Ltd. (JAIDO)

Mr. S. Hayashi, General Manager, Project Division

Japan Overseas Development Corporation (JODC)

Mr. T. Morioka, Deputy Director, Loan Department
 Mr. Y. Fujii, Senior Manager, Loan Department

Yokohama Industrial Development Corporation (IDEC)

Mr. T. Fujii, Managing Director
 Mr. S. Sasano, Director, International Business Department
 Mr. M. Kaneko, Deputy Director, International Business Department
 Mr. N. Sakamoto, Assistant Manager, Exchange Promotion Section, International Business Department
 Mr. K. Ikeya, Assistant Manager, Business Development Section, International Business Department
 Mr. Y. Saito, Business Development Section, International Business Department

CZECHINVEST Office in IDEC

Mr. Svajcr

The City of Yokohama

Mr. K. Wakabayashi, Assistant Manager, International Business Development Economic Affairs Bureau
Mr. M. Kaneko, International Business Development Economic Affairs Bureau

System for Information Technology Inc. (SIT)

Mr. K. Okamoto, President

ITOCHU Corporation

Mr. K. Shimizu, Senior Project Manager, Trade Promotion & Development Department, Corporate Project Planning Division

Mitsubishi Corporation

Mr. S. Mochizuki, Assistant General Manager, Automotive Plant & Component Business Department

Embassy of the Czech Republic, Tokyo

Mr. J. Havlas, Ambassador

Embassy of the Republic of Uzbekistan, Tokyo

Mr. A. Shaykhov, Ambassador
Mr. M. Zakhidov, First Secretary