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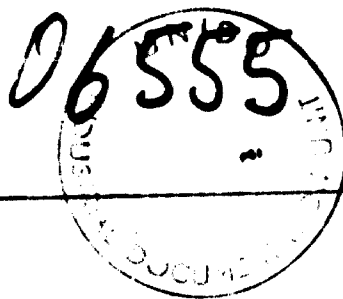
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Report of a Mid-term Review Mission

(DP/REM/71/288)

Bureau for Europe, Mediterranean and the Middle East (BEMME)

ASSISTANCE TO THE CENTRAL ADVISORY SERVICES OF IDCAS .

by

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and  
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We regret that some of the pages in the microfiche copy of this report may not be up to the proper legibility standards even though the best possible copy was used for preparing the master fiche.



**Lee C. Nehrt**  
**Representing UNDP**



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## SUMMARY OF FINDINGS AND RECOMMENDATIONS

1. The project has been of significant assistance to IDCAS in market studies, pre-feasibility studies, and preparation of terms of reference for sub-contracting feasibility studies for textile machinery, petrochemical industries, and synthetic fibers.
2. The project has also made and is continuing to make a very useful contribution in the Industrial Information and Documentation Unit.
3. However, IDCAS has not given sufficient priority to the training aspects of the project, nor has IDCAS achieved the anticipated level of "counterpart contributions" in most of the budgetary components.
4. Out of the nine "immediate objectives" given in the project document, only two are being fully achieved, and three others marginally.
5. Out of the five "long-range objectives", one is in the process of being achieved, a second should be achieved by the end of the project, a third will be achieved to a limited extent, while two will not be achieved.
6. It is recommended that the project document be revised, eliminating three expert posts and substituting three new ones.
7. However, it is recommended that additional experts not be sent until IDCAS can give a commitment that one or more members of its full-time staff have been designated to work full-time with each given expert.
8. It is recommended that the UNDP host, jointly with the Coordinating Committee for Specialized Arab Organization, a meeting of the Arab Fund, the CAEU and IDCAS, for the purpose of assuring the most desirable method of adopting the project documents 011 and 288 to meet the needs of assigning optimum division of responsibility for industrial development aspects to the respective organizations.

## INTRODUCTION

9. The project REM/71/288, "Central Advisory Service to IDCAS", was started on 1 December 1971, with pre-project activities of one year, the main project beginning in January 1973, to run for a period of four years to January 1977. Tripartite Review took place in May 1974, but it was still suggested that a mid-term review mission be fielded in late 1974 or early 1975.
10. This Mission, consisting of Professor Lee C. Nehrt, Consultant to the UNDP, and Mr. A. Tamimi, staff member of UNIDO, was in Cairo from 29 March to 11 April. Meetings were held with key individuals in IDCAS and elsewhere; a complete list is given in Appendix II.
11. The Mission was asked, in its terms of reference,
  - (a) to evaluate the project in order to determine how far its long-term and immediate objectives are being achieved and how effective it has been or is likely to be in helping the Secretariat of IDCAS in promoting industrial cooperation among the Arab countries;
  - (b) to identify the factors which have facilitated or deterred the achievements of the project's objectives; and
  - (c) in light of (a) and (b) above, to make recommendations concerning the future shape of the project.
12. The full text of the terms of reference is given in Appendix I.
13. In addition, the Mission was asked to examine the capability of IDCAS to ascertain what role it might play in the implementation of three projects contained in the Regional Programmes for BEMME 1975-1981, namely:
  - (a) Improvement of Packaging of Industrial and Other Products;
  - (b) Small Industries Development; and
  - (c) Regional Development of Fertilizer Industry.Appendix III has a detailed description of IDCAS, its organization, personnel and activities, while Part D of this report contains a discussion of those three projects.
14. The findings and recommendations of the Mission were discussed with the Director-General of IDCAS and his staff, as well as with the Resident Representative and Deputy Resident Representative of the UNDP.



## A. PROJECT FORMULATION

### PROJECT PURPOSE AND OBJECTIVES

15. The purpose of the project, as stated in the Plan of Operations, was to strengthen the staff of IDCAS to enable it to carry out studies and activities which will implement IDCAS objectives. This is the essential raison d'etre of the project. At the end of this project, IDCAS should be able to carry out its activities without extensive UNDP/UNIDO assistance.

### LONG-RANGE OBJECTIVES

16. The IDCAS is a regional organization. Consequently, the requested project would give a distinctive assistance in the activities with external economies, that is, those activities which cannot be efficiently and profitably carried out at a national level but can be economically undertaken on a cooperative basis by the member countries. These activities would aim, inter-alia, at the following long-range objectives:
- (a) Harmonization of industrial development policies and plans of member countries with a view to eliminating conflicts and promoting cooperation.
  - (b) To upgrade the capability of the IDCAS staff for the formulation and implementation of various techno-economic studies for the promotion of the enterprises and industries. The main line of activities would be the formulation and implementation of the regional projects which cannot be profitably established by individual countries but would become viable by cooperative efforts of the member countries by means of pooling financial and foreign exchange resources, the mobilization of geographically dispersed inputs and the creation of an enlarged and unified market for specific products and services.
  - (c) Development of criteria for the equitable distribution of benefits among the participating countries in joint enterprises.
  - (d) Development of unified concepts and methodology in national accounts relating to the industrial sectors, industrial censuses and statistics, industrial standards, etc.
  - (e) Establishment of joint industrial information and research services in which external economies are proved.

### IMMEDIATE OBJECTIVES

17. The immediate objectives of the project are as follows:
- (a) To provide the necessary assistance needed to IDCAS staff and to improve the implementation of its programmes over the next five years. The practical training of IDCAS staff during the execution of the requested project would be one of the main objectives.
  - (b) To assist in the formulation analysis and processing of the data which will be collected in specific areas of industrial development throughout the Arab States.
  - (c) To assist in the development of the Industrial Information and Documentation Unit at the Centre and to coordinate its activities with other specialized centres to be established in the member states.

- (d) To identify, through the analysis of the data collected, specific areas where regionalization of industrial development between the member states is feasible.
- (e) To identify possibilities of any break-through in local or international markets through statistical studies or collected data.
- (f) To identify and promote a specific regional industrial project with particular attention to the textile machinery, petrochemicals, and synthetic fibers, electrical equipment, and other basic industries.
- (g) The execution of the two selected project studies under sub-contract component will provide opportunity for practical training of IDCAS staff throughout all stages of project preparation for further actions in the course of industrial development of Arab countries.
- (h) Fellowships provision will improve significantly the capability of IDCAS staff.
- (i) To improve IDCAS equipping in order to provide more effective consultancy services to the Arab countries.

#### SOCIO-ECONOMIC PERSPECTIVES

- 18. The project was conceived during a period of rapidly rising Arab nationalism. Some of the Arab States were obtaining significant petroleum income; several, such as Libya, beyond their absorptive capacity. All of the countries realized the need to industrialize in order to achieve the desired economic growth rates and levels of per capita income, but most of the economies were too small to support large-scale modern industrial investment.
- 19. The Arab nationalism and the fragmentation into small States gave rise to two forces: political cooperation ... through the Arab League; and economic cooperation ... through various institutions which were established during the decade of the sixties. The Arab League itself was formed in 1945. An Arab Economic Unity Agreement was signed in 1964 and a Common Market of Arab States was also created the same year. But, these agreements had had little success, and it became clear that economic research and financial institutions were necessary to prepare the way for economic integration.

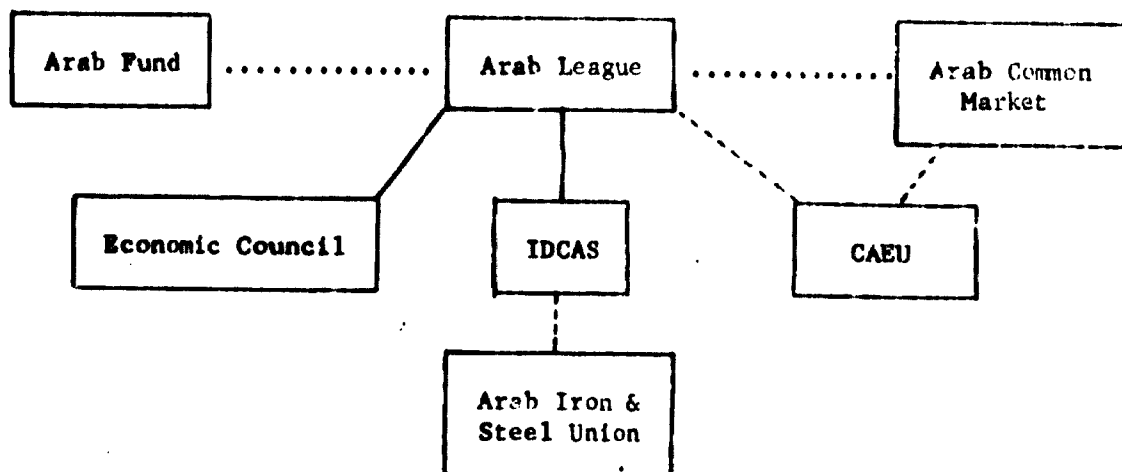
#### INSTITUTIONAL SETTING OF THE PROJECT

- 20. Consequently, in 1968, the Economic Council of the Arab League established IDCAS, which began operations in April 1969. Its objectives were to serve as a technical organ of the Arab League to coordinate the work of the work of the Arab States in order to promote industrialization. In assuming this responsibility, IDCAS is to carry out the following functions:
  - (a) Conduct basic studies in various branches of industry at a factory level, as well as at sectoral levels;
  - (b) Industrial information and documentation gathering, storage, retrieval and dissemination;
  - (c) Encourage bilateral and regional Arab industrial cooperation;
  - (d) Organize meetings and conferences;
  - (e) Provide technical assistance to Arab States in various branches of industry, as requested.

21. However, at the same time other institutions involved in regional economic integration and industrialization have come into operation. The Arab Fund for Economic and Social Development was established in 1968 to finance economic infrastructure and industrial projects. The Council for Arab Economic Unity was created to foster the growth of the Arab common market. And, IDCAS itself founded several "Unions" and "Centers", such as the Arab Iron & Steel Union, to encourage regional cooperation in specific industrial sectors.
22. It is important to understand the interrelationships between these institutions. In Figure I, the dotted lines indicate that the subsidiary institutions were created by or sponsored by the superior ones but now operate independently.

FIGURE I

ARAB ECONOMIC AND INDUSTRIAL ORGANIZATIONS



23. Thus, the Arab Fund has the same relationship to the Arab League as the World Bank has to the UN. The Arab Common Market is encouraged and assisted by the Arab League through the CAEU. And, IDCAS has fostered the formation of several sectoral unions, but each functions independently of IDCAS.

### PROJECT DESIGN

24. The pre-project activities, begun in December 1971, were to identify the assistance required by IDCAS with more precision, but constituted 42 m/m of expert services, including the Project Manager plus four experts. The project period itself anticipated the use of seven experts, plus 51 m/m of short-term consultant. Most of the consultancy was earmarked for assistance in carrying out detailed studies in specific industries which were potentially multinational investment. Finally, the project document anticipated the use of 99 m/m of fellowships to upgrade the capability of the IDCAS staff.
25. During the preparation of the project document, it was made clear, in memoranda and letters, that the project was to be a set of activities aimed at strengthening IDCAS through the training of its professional staff, and not to act in an executive role. Also, it was emphasized that the project was only to become involved with activities with external economies, that is, those activities which cannot be efficiently and profitably carried out at a national level but could be economically administered on a regional or multi-country basis. Thus, the project should aim at promoting cooperative efforts among Arab States for harmonious and mutually beneficial industrial development.

### **B. PROJECT IMPLEMENTATION**

#### NEGOTIATION OF THE PLAN OF OPERATION

26. In late 1969, IDCAS submitted its request for this project. In March 1970, the UNDP approved assistance consisting of six experts for a total of 36 m/m under SIS at a cost of \$82,100, while UNIDO contributed \$150,000 to IDCAS from its Voluntary Contributions. This was changed, however, into a proposed long-term project with a Pre-Project period of one year, approved by the UNDP in December 1971. The Pre-Project Activity permitted the elaboration of the major project document which was approved by the member governments of IDCAS in December 1972, and by the UNDP in January 1973.
27. In May 1974, a tripartite (UNDP/UNIDO/IDCAS) review meeting decided on certain revisions, shifting funds from short-term consultancy services and fellowships into providing more long-term experts. Additional funds were added to permit the recruitment of yet more long-term experts. This revision was approved by the UNDP in October 1974.

#### UNDP/UNIDO INPUTS AND THEIR UTILIZATION

28. UNDP/UNIDO inputs can be discussed under the general headings: Experts, Consultants, Fellowships, Sub-contracts, and Equipment.

#### Experts

29. The expert on Export Promotion Techniques was assigned to the project for six months (January 1972 - June 1972) as foreseen by the project

document. However, there was inadequate preparation for his arrival and no clear idea of what role IDCAS should play in export promotion, if any. The expert was given two counterparts with whom he could work and they were able to initiate several activities. It does not, however, appear that IDCAS has yet defined a useful role in export promotion. One of the counterparts has been assigned to another department.

30. The Industrial Policy Advisor (March 1972 - August 1972) only made a very limited contribution. He had a poor command of English. He spent much of his time trying to collect investments codes and industrial policy legislation from member countries, unaware that most of them are already available in published literature. Although he prepared a report on basic principles with some recommendations for regional industrial policy for the Arab countries, it can only be considered as a working paper for a future study (which is being undertaken by the CAEU).
31. The Training Needs Expert (June 1972 - December 1972) arrived 5 months after the scheduled date. It would appear that the six-month assignment was too short. Although the expert was able to establish a methodology and prepare forms for a manpower survey, he departed before the data could be collected from Libya and Kuwait, so he could not demonstrate the utility of the procedure in projecting training requirements.
32. The Industrial Information and Documentation (IID) Expert (September 1972 - September 1973) arrived 5 months after the scheduled date. He was recruited as a general expert in IID, but his area of expertise was only in the operation of enquiry services. Although he did an excellent job in that area, he could be of only very general assistance to other areas of the IID Department, resulting in the recommendation by the Tripartite Review that four more experts in IID (36 m/m) be recruited and scheduled for 1975 and 1976.
33. The Petrochemical Industry Expert (March 1973 - September 1974) arrived as scheduled. After serving the planned six months in this post, he was transferred to fill the post of Industrial Engineer, to continue his work, with his counterparts and with the Project Manager, on the petrochemical industry study.
34. The Industrial Economist arrived in July 1974, eight months after schedule, and was on board at the time of this Mission. He has organized and conducted a course of 20 lectures, for IDCAS personnel, on Project Planning and Implementation. A total of twenty persons enrolled in the course but an average of twelve attended each lecture. He is planning another seminar on National Profitability Analysis. Most of his time, however, has been occupied with the preparation of a Manual on Project Evaluation, even though this manual is a joint UNIDO-IDCAS project and is outside of the "Central Advisory Services" project. IDCAS, however, felt that none of the existing manuals on this subject, in the world, fitted the needs of the Arab countries. The process of preparing this manual has been laborious and lengthy and must be judged as a very inefficient use of the Expert's time.

35. The Industrial Management Expert arrived in January 1975, four months late. It is unfortunate that an industrial engineer was recruited for the post. He is unfamiliar with the literature in the field of management and has made no attempt to profit from material which has been prepared in various productivity centres throughout the world. He is, consequently, in the process of laboriously writing material which is already available. Also, he is insufficiently familiar with management organization to be useful to IDCAS in its own needs for organizational restructuring.
36. The Project Manager has been with the project since the start of Pre-Project Activities, 15 December 1971. Besides his work in administering the project, he participated as a lecturer in a number of the seminars on project preparation and evaluation. In the initial period he was actively involved, with the engineering industry expert, in the preparation of the terms of reference for the Textile Machinery Study. He subsequently worked with the expert on the Petrochemical Industries Study and has continued to do the substantive work on that study.

#### Consultants

37. The project document called for 51 m/m of short-term consultancy services. Of these, 8 m/m were utilized for an industrial survey advisor, prior to the PPA and prior to the arrival of the Project Manager.
38. Finally, an Engineering Industry Expert, who had been with the project for six months on SIS funds, was continued for three more months (May 1972 - August 1972) utilizing the consultancy funds. He was thus able to complete the opportunity study on the Textile Machinery study. That study was subsequently dropped from the project. However, IDCAS has recently revived the study, up-dated the terms of reference, and let a contract for the feasibility study in early 1975. Thus, the work of this consultant has borne fruit.
39. Another 4 m/m were utilized by an advisor on Industrial Performance Evaluation Profiles (February 1974 to June 1974). He assisted in the preparation or modification of questionnaires for a number of industries. This work has been continued as a joint effort between IDCAS and UNIDO. UNIDO has subsequently published two profiles in English; IDCAS has published 11 in Arabic.
40. Consequently, of the 51 m/m of short-term consultancy allocated, only 15 m/m were utilized.

#### Sub-contracts

41. Provision was made for sub-contracting one feasibility study ... for petrochemical industries. The sub-contract was let in March 1975 for the amount of \$97,000. It was anticipated that this sub-contract work would be carried out in 1974-75; instead it will be in 1975-76.

### Fellowships

42. A total of eight persons were sent on fellowships in 1973 and 1974. One spent six months doing techno-economic studies in the food industries, but he was not even a member of the IDCAS staff. A second individual spent six months in London on project implementation; he remains with IDCAS. The other six people were all from the Industrial Information and Documentation Department. One had a tour of one month; another a tour of two months; the others fellowships of three months each. Hence, a total of 27 m/m of fellowships were utilized at an expenditure of \$20,000.

### Equipment

43. The project document called for \$72,000 for equipment purchases. Of this, \$40,000 of equipment has been received. The remaining \$32,000 worth is on order or identified for a specific future need. In general, the equipment obtained seems to be useful and appropriate.

### GOVERNMENTS' COUNTERPART CONTRIBUTIONS

44. In evaluating these counterpart contributions, it is important to appreciate the fact that IDCAS is involved in many activities other than those with which the project is concerned. Hence, one should isolate the contributions which are directly related to the joint project activities.
45. There have been 25 m/m of salary of staff while on fellowships. The ten people who served as counterparts did so for an average of ten months each. However, only about one-third of their time was devoted to working with the expert, so the effective contribution is about 33 m/m of staff time to the project, or, a total of 58 m/m. At £400 per month this totals £23,200, compared to £115,000 foreseen in the Project Document Budget for this post by end of 1974. It is difficult to identify the 288 m/m (£18,720) of Administrative support to the project. Also, no typists or drivers were supplied. The non-expendable equipment (£21,500) is also difficult to identify. One expert attempted in vain to get the Center to supply a heater for his office, as an example.
46. One must conclude, therefore, that IDCAS' counterpart contributions to the Central Advisory Service project, per se, have been minimal and have little relationship with those anticipated by the project document.
47. However, IDCAS is in the process of financing the textile machinery feasibility sub-contract out of its own funds, which had not been budgeted by the project document.

### IMPLEMENTATION OF ACTIVITIES

48. During the Pre-Project Activities, a number of changes (reductions in funds and activities) were made in the draft project document. One victim of these cuts was a feasibility study sub-contract on textile

machinery. Considerable preparatory work had been done on this study, including preparation of terms of reference for the contract. It is unfortunate that this study was thus delayed for three years and is only now being undertaken, utilizing funds from IDCAS' operating budget.

49. Four of the experts joined the project when scheduled while the others were four, five, and eight months late. This appears, unfortunately, to be about average for projects of this type.
50. The major problem in the implementation of the project was in the area of training. As noted earlier, only 40 percent of the fellowship funds were utilized. Because of a shortage of professional staff workers, IDCAS found it difficult to release economists or engineers for periods of three to six months. Also, as noted later, there was no commitment on the part of IDCAS to utilize counterpart training or seminars as a means of upgrading their staff.
51. Finally, it was originally anticipated, in the project document, that studies might be undertaken in electrical equipment, cars, trucks, and tractors, so short-term consultants in these fields were included. It was subsequently determined that such studies would not be undertaken during the project period.
52. At the Tripartite Review on 8 May 1974, it was consequently decided to reallocate \$65,000 of short-term consultant funds and \$30,000 of fellowship funds to the posts of long-term experts and to add another \$160,000 for long-term experts, thereby increasing the total UNDP contribution to \$914,620.

### C. PROJECT RESULTS

#### GENERAL RESULTS

53. Useful project results, to date, can be summarized under the following four headings: Studies; Training; Preparation of Manuals; and Strengthening of IID Services.

#### Studies

54. During the Pre-Project Activities, the market survey and preparation of the terms of reference for a feasibility sub-contract on textile machinery were completed. Market studies and terms of reference for a feasibility sub-contract on two petro-chemical industries (ethylene and aromatics) have been completed and the contract let to Chem International---a British firm.

#### Training

55. Seven members of the IDCAS staff were sent on fellowships. Eight others served as counterparts in useful, continuing activities. An average of twelve staff members attended the seminar on project planning and implementation.



### Preparation of Manuals

56. A manual on "Methodology of Training Needs Survey" was prepared. Extensive work has been exerted in the preparation of a Manual of "Project Evaluation", but it is not yet completed. Model questionnaires, for several industries, for industrial performance evaluation profiles were completed and profiles on eleven different industries completed and published in Arabic.

### Strengthening of IID Services

57. Most of the equipment expenditures have gone into purchase of books and periodicals for the library and of equipment for industrial information and documentation services. It is now quite well equipped to carry out its functions.

### ACHIEVEMENT OF OBJECTIVES

58. To what extent are the immediate and long-range objectives being achieved or likely to be achieved by the end of the project period?

#### Immediate Objectives

59. The project document lists nine immediate objectives. Their achievement can be evaluated as follows:
- (a) The practical training of the IDCAS staff to permit it to better implement its own programmes has been minimal, as noted previously under the categories of fellowships, counterpart training, and seminars.
  - (b) Assistance has been rendered in the formulation, analysis, and processing of data regarding the industry studies undertaken by the project and for other studies. This objective is being achieved.
  - (c) The objective of developing the Industrial Information and Documentation Unit is also being achieved.
  - (d) There has not been a systematic effort, as a result of the project, to identify specific areas where regionalization of industrial development between member states is feasible. The textile machinery industry was selected and studied. The petro-chemical study is gradually zeroing in on some specific products with potential for regionalization.
  - (e) The IID Unit is developing a program for trade analysis, but is not yet close to the point where data can be gathered and analyzed to identify new potentials for new markets.
  - (f) IDCAS has not identified and promoted any specific investment projects as a result of the Central Advisory Services project. It is not likely that they will have done so by the end of the project period.
  - (g) The execution of two projects (textile machinery and petro-chemical industries) has not resulted in the desired amount of training of IDCAS staff because of insufficient attention to counterpart training and because IDCAS is not assigning any of its staff members to work with the sub-contractor throughout the period of the feasibility study. (They only plan to assign two people for two to three months of the period.)

- (h) The objective of fellowship training is not being met, with the exception of the IID Department, which made excellent use of them.
- (i) Finally, no effort has been made to improve the competence of the Consultancy Services Unit.

60. We see, therefore, that of the nine immediate objectives, only two are being fully achieved, and three others marginally.

#### Long-range Objectives

61. The project document lists five long-term objectives. Their achievement can be evaluated as follows:
- (a) The objective of harmonization of industrial development policies and plans is not being achieved; the effort by IDCAS is being abandoned; this is primarily the responsibility of the CAEU.
  - (b) The objective of upgrading the staff of IDCAS to identify, study, promote, and implement regional projects is being achieved to only a limited extent, for the reasons noted above under immediate objectives.
  - (c) The project has not been involved in the development of criteria for the equitable distribution of benefits among the participating countries in joint enterprises. However, it is anticipated that an expert will be recruited during 1975 and be engaged, during 1976, in the development of such criteria, as well as in the preparation of a manual on evaluation of multinational industrial projects.
  - (d) Nothing has as yet been done to develop a unified concept and methodology in national accounts related to the industrial sectors. However, the CAEU has begun work in this area.
  - (e) The development of a joint industrial information service is being achieved through the development of the IID Unit.
62. We see, therefore, that of the five long-range objectives, one is in the process of being achieved, one should be achieved during the remaining period of the project, another will only be achieved to a limited extent, while the other two will not be achieved.
63. It should be noted, at this point, that when the project document was drafted and the objectives set, it anticipated a UNDP contribution of \$1,379,000. That contribution was then cut to \$755,600, without reducing the objectives.

#### **D. FUTURE NEEDS**

##### REGIONAL PROGRAMME PROPOSALS

64. In the Regional Programme for BEMZ, 1975-1981, there are three projects where it is indicated that IDCAS might be involved in their implementation. The Mission discussed these proposals with IDCAS and offers the suggestions noted below.

Improvement of Packaging of Industrial and Other Products

65. There may be a need to establish a new Regional Centre for the Packaging Industry, but the Mission is in no position to evaluate such a need. A Centre for the packaging industry exists in Morocco, but is now strictly a "National" Centre. Meanwhile, a meeting is scheduled to take place in October at which time the Arab States will make a decision as to the need for and location of such a regional centre.
66. To the extent that such a centre would be concerned with market studies and prefeasibility studies for industrial investments, IDCAS would certainly have to be involved. IDCAS has sufficient experience now to organize such market and feasibility studies, in general, and, to a certain extent, could build on its current studies in the petro-chemical and pharmaceutical industries, but there is, now, no special competence, in the packaging industry, in IDCAS itself. Maximum advantage would have to be taken of the experience of the Centre in Morocco.

Small Industries Development

67. IDCAS has a Small-Scale Industries Unit in the its Technology and Design Department. However, that Unit consists of only one man, the Acting Head. He has a BSc in Chemical Engineering and no essential experience in small scale industries. Hence, there is no real competence and experience on which to build.
68. It should be noted that the ILO had a very large project to establish an Egyptian Small Scale Industries Centre, in Cairo, in the late 1960's and trained a large number of people. That project was discontinued after seven years and the Centre disbanded.
69. Meanwhile, IDCAS has requested that UNIDO send a staff member to Cairo to review the situation and examine the need for building up some competence in IDCAS to serve small-scale industry at regional level.

Regional Development of Fertilizer Industry

70. A draft project document, prepared by UNIDO, to establish a Regional Centre for the Fertilizer Industry, is now under study at IDCAS. It might be noted that the Board of Directors of IDCAS approved the establishment of a Fertilizer Development Center (along with seven or eight other Centers) in 1972, but never implemented it.
71. IDCAS is certainly in a position to undertake market studies (in cooperation with the Arab Organization for Agricultural Development) and prefeasibility studies, as a natural follow-up to the current study of basic petro-chemical industries. However, careful consideration will have to be given to the three alternatives of: (a) establishing a new Regional Centre; (b) starting a new and separate project within IDCAS to carry out most of the functions of a fertilizer center; or (c) merely broadening the on-going efforts of IDCAS, considering the fertilizer industry as one of the several industries which IDCAS will be studying in the coming years.

COORDINATION WITH CAEU

72. The Mission reviewed the project document of the UN project at the Council for Arab Economic Unity (CAEU) and noted the intention of the CAEU to become involved in the field of industry, referring to a list of industries similar to those on which IDCAS has placed priority. The Mission took the occasion to visit the Secretary General of the CAEU to ascertain the level of coordination which might be expected between CAEU and IDCAS.
73. The Secretary General agreed, after considerable discussion, that the UNIDO Project Manager at IDCAS and the UN Project Manager at CAEU should establish a close working relationship to assure coordination and avoid duplication of efforts. A subsequent meeting with the UN Project Manager at CAEU, including the UNIDO Project Manager at IDCAS, leads one to believe that a good working relationship can be achieved.

REVISION OF PROJECT DOCUMENTATION

74. As a result of discussions with the Project Manager and with various Department Directors, the Mission feels that a revision of a number of expert posts is advisable.
75. The work which was anticipated for the Synthetic Fibre Expert has been completed by the Project Manager; the terms of reference for a feasibility study in the synthetic fibre industry has been prepared. Thus, the 6 m/m allotted to this expert is available for other uses. There is no longer a need for the Industrial Performance Evaluation Expert, so the 16 m/m foreseen for that expert becomes available. Nor will there be a need for the Industry Profile Expert, freeing those 12 m/m for other purposes. The Industrial Management Expert who is now on the project on a twelve-month contract is in a post which has 18 months allocated to it. It is now felt that only twelve months will be needed for this expert, freeing the additional 6 m/m for other purposes.
76. Thus, a total of 40 m/m (or \$120,000) is available to be allocated to other purposes before the end of the project period.
77. The Mission recommends that three experts in other fields be recruited to serve needs to which IDCAS gives priority. These expert posts are as follows:
- |                                |       |               |
|--------------------------------|-------|---------------|
| (a) Electrical Industry Expert | ----- | 12 m/m        |
| (b) Industrial Economist       | ----- | 12 m/m        |
| (c) Industrial Economist       | ----- | <u>16 m/m</u> |
|                                | Total | 40 m/m        |
78. This reallocation has been discussed with the Director General of IDCAS and is agreeable to him. The Project Manager is in the process of preparing a revision of the project document to reflect the above changes. It is expected to be forwarded, by the Director General of IDCAS, to UNIDO within a week of the departure of the Mission.
79. It should be noted that IDCAS had recently requested that the 6 m/m (\$18,000) allocated to the Synthetic Fibre expert be utilized (supplemented by funds from IDCAS) to pay for sub-contracting a

feasibility study on synthetic fiber. During the visit of the Mission, IDCAS decided to utilize its own funds for the full cost of this sub-contract so they can negotiate it themselves and avoid the delays in UNIDO bidding procedures.

Coordination with the Arab Fund

80. The draft UNDP project with the Arab Fund (REM/74/011) anticipates a number of activities in the industrial sector. These would include: (a) the development of a methodology and of a manual for the identification, preparation, and evaluation of multinational investment projects in industry; (b) market surveys for the identification of potential projects; (c) pre-feasibility studies of selected industries; (d) determination of interest by one or more governments in selected industrial investments; (e) preparation of terms of reference for sub-contracting of feasibility studies; (f) financing the sub-contracting of feasibility studies on those projects for which "promoters" are identified, (g) follow-up on completed feasibility studies.
81. It appears to the Mission that IDCAS has a clear responsibility to undertake (a), (b), (c), and (e) above. At the same time, it appears to the Mission that a danger exists that the Arab Fund may attempt to carry out some of these activities itself, particularly (a) and (b). The conversations which the Mission had at the CAEU confirmed the level of that danger.
82. To avoid the above danger and to continue a firm support of the activities of IDCAS, the Mission strongly recommends that the project document with the Arab Fund clearly reflect that IDCAS would have responsibility for points (a), (b), (c) and (e) above, in the field of industry. The UNDP contribution for this industry portion (perhaps \$750,000 to \$800,000) could be deducted from Project 011 and allocated to IDCAS as a Phase II to the current project 288, or become a major project revision prior to the completion of the current project.
83. The Project 011 with the Arab Fund is such a large project that it could dislocate the past clear area of responsibility which IDCAS has had in the industry field. It should be noted that while IDCAS depends directly on the Arab League, the Arab Fund and the CAEU (which were originally founded by the Arab League) are now autonomous bodies. The only body which appears to have a degree of moral suasion (if not authority) over all three of these organizations is the Coordinating Committee for the Specialized Arab Organizations, which attempts to deal with all Arab organizations.
84. Following discussions with the Director General of IDCAS relative to this situation, the Mission recommends that the UNDP and the Arab Coordinating Committee jointly sponsor a meeting, in Cairo, to be attended by the Arab Fund, the CAEU, and IDCAS, to assure an efficient coordination of work in the industry sector and to ascertain the most desirable method of adapting the project documents (011 and 288) to meet the needs.

E. FINDINGS AND RECOMMENDATIONS

FINDINGS

85. The project has been of significant assistance in the preliminary studies and preparation of terms of reference for sub-contractors' feasibility studies in three industries: textile machinery, petro-chemical, and synthetic fiber.
86. The project has made, and is continuing to make, a very useful contribution in the improvement of the Industrial Information and Documentation Unit. However, it is the only Unit which has taken full advantage of fellowship and counterpart training.
87. Two of the experts (Export Promotion and Industrial Policy) were in areas where IDCAS has no continuing interest.
88. The Training Needs Expert was assigned for too short a period (six months) to complete his work. On the other hand, it is not at all clear to the Mission that manpower surveys and training should come within the competence of IDCAS or be assisted there by the UNDP.
89. The Industrial Management Expert now on the project does not have the training and experience required for the post nor for the needs of IDCAS.
90. The Project Manager, because of his training and background, has been extremely effective in furthering the work of the petro-chemical industry study. However, because of the great amount of time which he has spent on this study, he has not, perhaps, given sufficient attention to such administrative aspects as assuring that the training components of the project be carried out.
91. However, the major difficulty for the Project Manager has been that IDCAS has not given sufficient priority to the training of its staff. IDCAS did not select sufficient personnel for fellowship training, assign counterparts to work full-time with UN Experts, nor hold an adequate number of training seminars for its own staff. But, it is then up to UNIDO to use its position to insist that the terms and intent of the project document be carried out.
92. The procedure adopted for preparation of the Manual for Project Evaluation is very lengthy.
93. IDCAS is not achieving the anticipated level of "counterpart contributions" in most of the budgetary components.
94. Out of the nine "immediate objectives" given in the project document, only two are being fully achieved and three others marginally.
95. Of the five "long-range objectives" given in the project document, one is in the process of being achieved, a second should be achieved by the end of the project, one will be achieved to a limited extent, and two will not be achieved.
96. Regarding the financial situation of the Project, the fellowship and short-term consultant components have been eliminated, the equipment

component is fully allocated, and the long-term expert component should be fully utilized by the end of the project period if there are no inordinant delays in recruiting the experts now under recruitment and the three recommended by the Mission.

#### RECOMMENDATIONS

97. That the project document be revised as noted in the earlier section on "Revision of Project Document", eliminating three expert posts and substituting three other posts.
98. That IDCAS increase its staff sufficiently so that counterparts can be assigned to work full-time with UNIDO experts. Additional experts should not be sent until IDCAS can give a commitment that one or more members of its full-time staff have been designated to work full-time with each given expert.
99. That a definite two-hour period be set aside each week for lectures, discussions, and training seminars on a variety of topics, so that IDCAS can take maximum advantage of the presence of UNIDO experts, during the remainder of the project, for the training of its own staff.
100. That the UNDP project 011 with the Arab Fund be drafted in such a way as to permit allocation of funds and responsibility of the industrial portion of the project directly to IDCAS.
101. That the UNDP host, jointly with the Coordinating Committee for Specialized Arab Organizations, a meeting of the Arab Fund, the CAEU, and IDCAS for the purpose of assuring the most desirable method of adapting the project documents 011 and 288 to meet the needs of assigning optimum division of responsibility for the industry portion to the respective organizations.

APPENDIX I

JOINT UNDP/UNIDO EVALUATION MISSION ON REM/71/288

"Central Advisory Services to IDCAS"

Terms of Reference

I. Background

The first request for this project was received in 1969 and pre-project activities were approved by UNDP and started in December 1971. In January 1973, the Administrator approved the present five years and one month project.

In April 1974, UNIDO proposed to field a Mid-term Review Mission, but the Tripartite Review held in May 1974 recommended a postponement of this mission. After a project revision based on the recommendation of the above Tripartite Review was approved by the Administrator in October 1974, and taking into account the potential role of IDCAS, as one of the inter-governmental organizations in the region, in UNDP's Regional Programme for Europe, Mediterranean and the Middle East covering the period of 1975-1981, it was decided by the UNDP that the fielding of a Mid-term Review Mission was now desirable.

II. Scope and Purposes of the Review

1. To evaluate the project in order to determine how far its long-term and immediate objectives are being achieved and how effective it has been or is likely to be in helping the Secretariat of IDCAS in promoting industrial cooperation among the Arab countries;

2. To identify the factors which have facilitated or deterred the achievements of the project's objectives; and

3. In the light of 1 and 2 above, to make recommendations concerning the future shape of the project.

In carrying out these duties, the Mission will in particular:

(a) Assess the timing and the effectiveness of the UNDP/UNIDO contribution;  
(b) Assess the governments' support to the project including provision of counterpart personnel, premises, services, etc.;

(c) Examine the current and proposed training programme for the IDCAS staff, and propose ways of enhancing the effectiveness of the training programme;

(d) Appraise the activities of IDCAS during the following few years, taking into consideration the activities and achievements thus far. The Mission is in this connexion requested to undertake an assessment of the capacity of IDCAS to participate in the execution of large UNDP financed regional technical assistance projects in the framework of the UNDP inter-country programme for the region, and to explore and recommend ways and means for IDCAS to be strengthened to conduct identification and appraisal of investment projects in the field of industry; and

(e) Appraise the present and future financial situation of the project.



The Mission should feel free to review all steps in the formulation and implementation of the project and make recommendations as to its future.

### III. Composition of the Mission

The Mission will be composed of the following:

Professor Lee C. Nehrt, Consultant to UNDP Administrator.  
Mr. Tamimi, Technical Co-operation Division for Africa, UNIDO.

The participating governments are invited to associate themselves with the Mission's work.

### IV. Consultations in the Field

1. The Mission will maintain close liaison with the UNDP Resident Representative in Cairo, the Director General of IDCAS and his Deputy, the Project Manager, the other UNIDO experts - members of the team as well as the counterpart staff assigned to the project.

2. Although the Mission should feel free to discuss with the authorities concerned anything relevant to its assignment, it is not authorized to make any commitments on behalf of the UNDP or UNIDO.

### V. Timetable, Administrative Arrangements and Report of the Mission

1. The duration of the Mission will be approximately ten days. The members of the Mission will work together particularly in discussing their findings and recommendations with the IDCAS authorities as well as in preparation of the report.

2. The report should be completed as far as possible in field, so that there is an opportunity for additional consultations as may be necessary. It should be submitted in its final form simultaneously to the UNDP and UNIDO. The UNDP and UNIDO, by agreement, will submit the report to the IDCAS.

LIST OF PERSONS WITH WHOM  
THE MISSION HOLDS DISCUSSIONS  
-----

1. Industrial Information and Documentation Department
  - Mrs. F. Zahawi Head of Section
  - Mr. M. Madkur EDP Officer
  - Mr. Samir Eleish Permanent Consultant.
  
2. Technical and Economic Studies Department
  - Mr. Mohamad Said Ali Head of the Economical Industrial Planning Unit
  - Mr. Mohamad Hilal Head - Section of Techno-economic Co-operation and Co-ordination
  
3. Productivity and Management Studies Department
  - Dr. Sabet El Gader Director of the Dept.
  - Mr. Abdel Fattah El Mar'ashly Head of Project Implementation Unit
  - Mr. Mohieldin Nur Head of the Productivity Unit
  
4. Industrial Technology and Design Department
  - Dr. Abdel Karim Hilmi Director of the Dept.
  - Mr. Azmi Mostafa Acting Head of Small-scale Ind. Unit
  - Mr. Sayed Howafi Head of Industrial Engineering Unit

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Mr. Amin Hilmi Kamel	Director General of IDCAS
Mr. Ayyad El Azzabi	Deputy Director
Dr. Mohamad S. Rawak	Director of Technical Coop. Division
Dr. Khaled Abdel Nur	Head of Programming Section
Mr. Ahmad Abdel Rahman	Chief of Intern'l Coop. Unit

CAEU (Council of Arab Economic Unity)

Dr. Abdel Aal Al Sakban	Secretary General
Dr. Imam	Project Manager of REM/71/292/A/01/01

UNDP

Mr. Sture Linner	Resident Representative
Mr. G. Antippas	Assistant Res. Rep.

APPENDIX III

IDCAS AS AN INSTITUTION

IDCAS was established in 1969. By December 1971, when the Project Manager arrived, IDCAS had built up a staff of 25 professionals and 16 support personnel. Today, IDCAS has 72 professionals, 24 secretaries, and 30 other supporting staff, for a total of 126.

The organization chart is shown on a following page. A subsequent table shows how many professionals are in each Department, plus the educational background of each. It does not, however, reveal the years of work experience which most of the persons have had in industry and in government.

Of the 34 professionals in the "operating" departments, 20 are Heads of Departments, Sections or Units. On the other hand, 3 of the Departments do not have Directors.

It should be noted that IDCAS draws its permanent professional staff from a variety of countries, as follows:

Egypt	37	Libya	1
Syria	7	Lebanon	3
Iraq	6	Yemen (North)	2
Sudan	6	Yemen (South)	1
Jordan	7	Tunisia	1
Algeria	1		

Besides its permanent staff, IDCAS also makes extensive use of Arab (mostly Egyptian) experts which it hires for periods of one to twelve months for specific assignments. In 1974, for example, IDCAS utilized 120 experts for a total of 369 man/months. Ten per cent of this external assistance was made up of interpreters, translators, technicians, and printing; 50 per cent of the remainder have their Doctorate in Economics or Engineering; 25 per cent have their Master's Degree; the rest have B.Sc., plus years of experience. Fifteen per cent of these experts were for the Building Materials Industries; 15 per cent for Weaving and Textiles; 15 per cent for Food Industries; 5 per cent for Pharmaceuticals; 10 per cent for Leather and Tanning Industries; 20 per cent for Petrochemicals; 10 per cent for Vocational Training; and 10 per cent for Minerals.

The work of IDCAS is quite broad within the field of industrial development. The activities of the UNDP/UNIDP project (#288) touch only a small portion of the Centre's total activities. Each year, IDCAS receives requests from member governments for assistance projects, far more than they are able to respond to. The Board of Directors then approves a work programme and budget for the following year. In 1974, for example, IDCAS carried out 21 studies: 5 in Iraq, 5 in Syria, 3 in the People's Republic of Yemen, 5 in the Yemen Arab Republic, and one in Bahrain.

The work programme for 1975 is divided into five areas. Sectoral Industry Studies for the Arab Region include petrochemicals, iron and steel, pharmaceuticals, textiles, electric power, fertilizers, pesticides, and agricultural equipment.

Field Activities include: (a) training workshops in Somalia, Libya and some of the Gulf States; (b) industrial country surveys in several countries; (c) a regional market study on handling, lifting and loading-equipment; (d) formulation of a unified accounting system for the Industrial Production Corp of Sudan; (e) studies regarding the establishment of Institutes for Textile, Engineering, Food, and Building Materials industries; (f) assistance to the Productivity Institute in Libya. Promotional Activities are restricted to the area of sub-contracting possibilities for parts and components. Supporting Activities have such various projects as: (a) a general study of factors which affect distribution of new regional industries among Arab States; (b) a general study of present and future industrial development in the Arab States; (c) preparation of Industrial performance evaluation profiles on two more industries; (d) completion of a model law on trademarks for Arab States; and (e) complete the Manual on Project Evaluation. Finally, IDCAS will organize a number of meetings, conferences and workshops.

Deputy Director General

Administration & General Services Department

Finance Affairs Section  
Budget Control Unit  
Billing Unit  
Expenditure Unit  
Entry Unit

Personnel & General Services Section

Personnel Affairs Unit  
Archives Unit

Techno-Economic Department

Ind. Coor. Section  
Export Promotion Unit  
Statistical Research Unit  
Industrial Planning Unit

Technical Cooperation Division

Programming Section  
Expert Recruitment Unit  
Intern'l Cooperation Unit  
Conference Unit  
Follow-up Unit

Documentation Department

Doc. & Computation Section  
Library Unit  
Inform. & Enquiry Service Unit  
Applications Unit

Productivity & Management Department

Manpower Development Section  
Productivity Section  
Field Programmes Unit  
Productivity Studies Unit  
Project Implementation Unit  
Industrial Legislation Unit

Technology and Design Department

Engineering Industries Section  
Chemical Industries Section  
Food Industries Unit  
Textile Materials Unit  
Small-scale Industries Unit  
Cotton Unit  
Leather Industries Unit

IDCAS - APRIL 1975

Personnel Qualification by Department

**A. Administration & General Services Department**

MA in Military Science ----- 1  
BSc Comm. ----- 11  
BA Law ----- 1

**B. Technical Cooperation Department**

PhD Engineering ----- 1  
PhD Law ----- 1  
BSc Eng. ----- 2

MA Political Science ----- 1  
BSc Econ. ----- 2  
BSc Law ----- 1

**C. Documentation Department**

BSc Eng. ----- 3  
BSc Math. ----- 2  
BSc Econ. ----- 1  
BSc Comm ----- 1

BA Library ----- 3  
BSc Pol. Science ----- 2  
BSc Lib. & Doc. ----- 2

**D. Techno-Economic Department**

MA Econ. ----- 3  
BSc Comm. ----- 3  
BSc Econ. ----- 3

**E. Productivity & Management Dept.**

PhD Econ. ----- 1  
BSc Mech. Eng. ----- 4  
BSc Management ----- 3

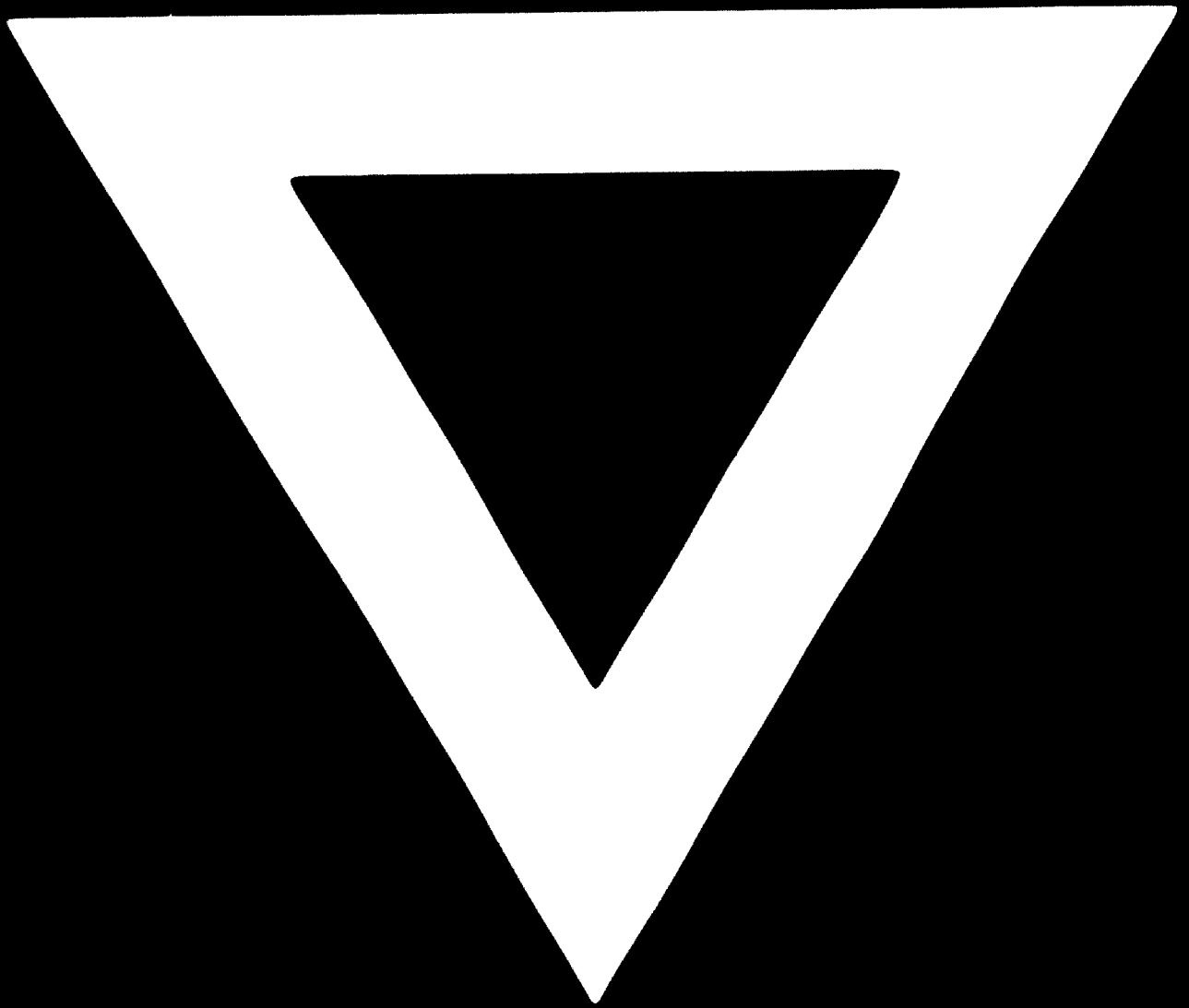
MA Management ----- 1  
BSc Law ----- 1  
BSc Psychology ----- 1

**F. Technology & Design Department**

DSc Chem. Eng. ----- 2  
BSc Mech. Eng. ----- 3  
BSc Elec. Eng. ----- 1  
BSc Textile Eng. ----- 1

BSc Chem. Eng. ----- 4  
PhD Food Tech. ----- 1  
BSc Chem. ----- 2





**76.01.13**