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INVESTMENT AND TECHNOLOGY PROMOTION OFFICE

ATHENS

US/GLO/91/068

Report of the evaluation mission*

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

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Explanatory Notes

Value of the Greek Drachma, during the period of the evaluation, according to the UN operational rate of exchange:

1 US\$ = 308 Gr. Drs.

LIST OF ACRONYMS USED IN THE REPORT

CDI	-	Centre for Industrial Development
CEBI	-	Comité Européen des Bureaux d'Ingénierie
COMFAR	-	Computer Model for Feasibility Analysis and Reporting
DIPP	-	Databank for Investment Promotion Programme
EBRD	-	European Bank for Reconstruction & Development
ELKEPA	-	The Greek Productivity Centre
EOMMEX	-	Hellenic Organization of Small- and Medium-sized Enterprises
FEACO	-	European Federation of Consultants Association
FGI	-	Federation of Greek Industries
IFC	-	International Finance Corporation
ITPO	-	Investment and Technology Promotion Office
MIGA	-	Multilateral Investment Guarantee Agency
PCF	-	Project Completion Facility
PROSPIN	-	Project Profile Pre-appraisal and Screening Information System
SEVE	-	Exporters' Association of Northern Greece
SVEE	-	Association of Industries of Northern Greece
TACIS-PIP	-	Technical Assistance to Commonwealth of Independent States
UNCTAD	-	United Nations Conference on Trade and Development

Summary of preliminary conclusions and recommendations

I. Conclusions

The Office is established according to the initial agreement between UNIDO and the Government of Greece, which entered into force in March 1992 and the subsequent extensions until October 1999. In August 1998 with an exchange of letters between UNIDO and the Ministry of National Economy, the Office has been further extended from 20 October 1999 until December 2003, with the modification that the description of activities contained in the Project Document annexed to the initial agreement of 1992, shall be replaced by new Terms of Reference.

The Office has been evaluated in 1994 and in 1996 by a joint team of UNIDO and the Ministry of National Economy to assess its development, relevance, effectiveness, impact and how objectives have been achieved.

The purpose of ITPO of Athens is to contribute to the identification and promotion of appropriate industrial investment projects in developing countries, with the aim of transferring know-how, technology and capitals through Greek enterprises interested in industrial co-operation or partnerships abroad.

The findings of the actual evaluation can be summarized as follows:

- S** The strategy of the Office is in the context of the policies and the objectives of the Greek policy making authorities.
- S** The interest expressed by the Greek public authorities and business community already three years ago, during the previous evaluation exercise, for the Balkan and Black Sea area has been most strongly reconfirmed. This interest particularly is connected with the recovery of the area, which is hopefully expected to start soon immediately after the present tragic situation in the Balkans will have an end. Especially the public authorities have expressed their continuous attention to the development of the crisis and their intention to be immediately ready for what they call “the programme for the day after”.
- S** The working relations with the Ministry of National Economy, which is financing the activities of the Office, are now closer and better co-ordinated.
- S** Among the business community the Office is considered like a UN/Government institution, which is institutionally providing services free of charge. Therefore, the Office is not financially self-sustainable and its existence is depending on the financial contribution provided by the Ministry of National Economy, which, under the present agreement, it is scheduled till end 2003.
- S** The newly established Black Sea Trade and Development Bank in Thessaloniki is willing to have co-operation with UNIDO. This co-operation could cover:

- C UNIDO's assistance for financial assessments of projects
 - C Project financial pre-screening and evaluations
 - C Promotion of business incubators for small and medium enterprises and initial training of entrepreneurs
 - C Utilization of ITPO Athens as initial filter for project screening
 - C Utilization of other ITPOs for local quality screening of project proposals.
- S The co-operation between the Office and the Greek banking system, (which was not existing five years ago and started to be established three years ago) is now well under way.
- S The relations with the Athens Chamber of Commerce and Industry are finally closer and they have jointly organized an event for the presentation to entrepreneurs of the activities of the Office and at the same time of investment forum in India.
- S The project proposals received from Headquarters in Vienna very seldom encounter the interest of Greek entrepreneurs and this situation has to be closely analyzed to avoid waste of efforts and management capabilities.
- S Follow-up to the match-making activities is made in a non-structured way and, therefore, the practical impact of the activities promoted it is difficult to be ascertained. A periodical follow-up from the Office requires time and administrative resources that are not available at the time being.
- II. Recommendations
- S The Office should be ready to respond to the foreseeable requests for industrial recovery expected to be presented at the end of the actual Balkan crisis. ITPO, due to the knowledge of the area and the experience gained so far, through UNIDO Headquarters, could play an important role as executing Agency in the Balkan and Black Sea area, assisting in the development of the activities funded by the Greek Government and the international community.
- S Although the existence of ITPO is better known among the Greek business community, there is still the need for further divulging its presence and role.
- S The relations with regional Associations in Northern Greece (Exporters' Association of Northern Greece [SEVE] and Association of Industries of Northern Greece [SVEE] particularly) could be improved, since both Associations expressed their willingness for closer collaboration with ITPO.
- S Since the Secretary General of the newly established "Black Sea Trade and Development Bank" expressed to the evaluation team his appreciation for the work of UNIDO and his willingness for future co-operation, it is recommended to follow-up with the Bank the possibilities indicated as:
- C assistance to the Bank for elaboration of projects

- C assistance in pre-screening of project proposals
- C designing of training programmes for human resources development
- C development of entrepreneurs capabilities
- C collaboration with the ITPOs network, particularly ITPO Moscow, for the pre-screening of the quality of projects presented to the Bank from this area

These activities could allow ITPO to self-generate funds for the services provided and could make the Office self-sustainable for the development of further activities.

- S Workshops presenting the activity of the Office, coupled with presentations of a country profile and project proposals, coming from partners in these countries, should be organized at least once per year. The Chamber of Commerce of Athens, the Federation of Industrialists and the Association of Exporters of Northern Greece have expressed their willingness in co-organizing these events.
- S Since the project proposals received from Vienna Headquarters very seldom encounter the interest of the Greek market, it could be useful that ITPO specifies to Headquarters the geographical areas and the industrial sectors of interest in co-operation with the institutional Greek entities.
- S When UNIDO Headquarters is organizing programming missions to countries of particular interest for the Office, it is advisable that a representative of ITPO Athens should be part of the team, in order to have already at the initial stage the precise indication of the potential interest of the Office.
- S The evaluation team appreciates the difficulty in organizing a follow-up action for problem of confidentiality, reluctance of the partners in releasing information and staff resources, however considers important in projects seeming very promising that a periodical follow-up be conducted.

I. INTRODUCTION

A. Background of ITPO Athens

1. Within the Investment Promotion and Institutional Capacity-Building Division (IPC), UNIDO has established the Investment and Technology Promotion Branch, which is responsible for the ITPO network and whose main objective is to identify, formulate and promote investment possibilities between partners in developing countries and interested foreign investors in industrialized countries.

The network of Investment and Technology Promotion Offices (ITPOs) allows to accomplish the objectives of the Branch. The ITPO disseminates information, among companies of the industrialized country hosting the Office, regarding partnership opportunities and project profiles looking for sponsors in developing countries. At the same time ITPO gives advice on how to mobilize financial and technical resources for the development of the project and gives assistance in the negotiation of such opportunities. The ITPO being part of the network, is in contact with business associations, banks, financial institutions, ministries and development agencies in the host country.

2. To perform this task ITPO has established data banks with details of national companies interested in industrial partnership in developing countries.

Through this world-wide network UNIDO has a strong comparative advantage in gaining access to valuable investment information, particularly in the marketing of pre-investment services, providing investment information and contacts, helping in the identification, formulation and implementation of industrial investment projects in developing countries. The function of the ITPO Athens is to promote these activities, assuring the liaison with the national economic infrastructure and the potential entrepreneurs.

3. ITPO Athens is financed by a voluntary contribution of Greece. The guidelines for the activities of the Office were laid down since 1992 in the relevant agreements (Annex III) between Greece and UNIDO which have been replaced by the Terms of Reference, attached to the letter dated 11 August 1998 of the Ministry of National Economy extending the Office until end 2003 (Annex IV). The central direction is provided by UNIDO headquarters.

The Terms of Reference specify the following:

- functions and activities;
- implementation of the activities;
- target beneficiaries;
- project strategy and problems to be addressed;
- methodologies, mechanisms and software;
- co-ordination arrangements and budget
- Annual work programme and reporting

An ITPO normally orients its operations to a limited number of target countries and, following this practice, the investment promotion activities of the ITPO are facilitated by the co-ordination with the bilateral co-operation of the host country.

The performance of an ITPO is measured by the number of successfully promoted, negotiated, concluded and possibly operating industrial co-operation agreements in developing countries.

4. It is evident that the ITPO network provides UNIDO with the unique position of having "antennae" in selected developed economies, enabling them to establish mutual advantages with the local business community. Through this network, UNIDO has the possibility to find out the needs and offers of the

investors in developed countries, at the same time providing them with the co-operation proposals from developing countries.

The ITPO in Athens (previously called IPS - Investment Promotion Service) has been in operation since 1992. After the first phase, in October 1994, the project was further extended until October 1999 and actually till end December 2003. This extension was formalized through an exchange of letters between the Directorate for International Economic Relations of the Ministry of National Economy and UNIDO.

B. Reasons and methodology of the evaluation

1. Evaluation is a process which attempts to determine as objectively as possible the relevance, efficiency, effectiveness and impact of the activities of an office in the light of its objectives. It is a learning management tool for improving the quality of the activities, giving advice to the decision-makers and ensuring that accountability requirements by senior management and donor are met.

The evaluation follows the logical framework approach which incorporates the following logical sequence of elements:

C	Development objective
C	Problem addressed
C	Purpose of the Office
C	Project results (outputs)
C	Activities implemented
C	Inputs

The evaluation team is composed of one member representative of the donor and one member representative of UNIDO.

The persons nominated to conduct the evaluation have not been directly involved in the design, appraisal or implementation of the project, and their observations are the direct result of an evaluation carried out on their own capacity. The views and opinions of the team do not reflect the view of the Greek Government or UNIDO.

The primary purposes of the in-depth evaluation are:

- a) to assess the achievements of the Office against its objectives and expected outputs, and
- b) to identify and assess the factors that have facilitated the achievements of the Office's objectives, as well as those factors that have impeded the fulfilment of those objectives.

As part of the above mentioned tasks, the evaluation mission has also to review whether the approach utilized has led to optimum results.

Two joint in-depth evaluations of the Office in Athens were already undertaken in March 1994 and May 1996 by a representative of the Government of Greece and of UNIDO. These evaluations provided the basis for the joint decision to extend the activities of the Office.

2. The present joint in-depth evaluation took place from 29 April to 8 May 1999 and visited the ITPO Athens, co-operating institutions and entrepreneurs in the area of Athens and Salonika and one factory for animal feed production in Braila/Romania assisted through the activities of the project.

The evaluation team was composed of the following members:

- Mr. George Myrogiannis
Advisor to the Ministry of National Economy
Representative of the Government of Greece
- Mr. Mario Marchich
Evaluation Officer, Office of Internal Oversight
Representative of UNIDO

The mission, in accordance with its terms of reference (Annex I), conducted a thorough review of the developments of the Office during the past two years, comparing the conclusions and recommendations of the previous evaluations. The mission has assessed the results of the Office in Athens, its relevance, effectiveness, impact and whether the immediate objectives have been achieved.

As regards methodology, this report is based on the information obtained during the visits to organizations and persons met, as well as interviews with the staff members of ITPO.

The initial and final debriefing of the mission was made in Athens with Mr. Stefanos G. Avgouleas, Secretary General for International Economic Relations of the Ministry of National Economy.

II. DESIGN OF OFFICE

A. Institutional framework

Following the political changes that took place in Eastern Europe during early 1990s, Greece found itself in a unique situation. It is the most developed country in a continuously opening market in the Balkan and the Black Sea Region. Greek entrepreneurs, with a long tradition of cultural ties with the people in this region and with an often adventurous and short-sighted view of business opportunities stormed the area with vague expansion and collaboration plans.

The level of interest of Greek entrepreneurs in these countries remains strong, as can be witnessed in the high participation of entrepreneurs in various missions organized by the sectoral organizations and agencies. The fact that these regions border with Greece has created, in the plans of Greek businessmen, a new vast market for low-quality cheap goods, and so, therefore one of the directions taken is the buy-out and modernization of Eastern factories and the creation of joint ventures with operating factories (particularly for the provision of raw materials and production know-how). Technical firms and large corporations are also involved in the operations for the modernization of the infrastructure in these areas (public works, services, etc.).

Although the investment wave towards the Balkans and the Black Sea region remains strong, the Euro-Mediterranean Conference and its following developments have strengthened the interest of Greek entrepreneurs also in the Mediterranean area.

Finally, the presence of significant Greek minorities in countries of Southern and Sub-Saharan Africa has also, recently, begun to operate as an important motive for Greek investors to look more closely into this region. This effort is complemented by the economic strength of these minorities and by the potentiality for Greek investors to find easily partners located in this region.

The Greek economy has improved in the recent years in an effort to meet the requirements of the Maastricht agreement for the European Economic and Monetary Union. The economic plan aims at a sustainable growth to be achieved through deficit reduction with public spending cuts and privatization and encouragement of investments through a favourable tax law.

By the end of 1999 it is expected that the biggest part of the Greek banking system will be privatized, followed by telecommunications, energy, transportation and other public service companies.

The public deficit of the Government as a percentage of the GNP is approximately 2,4%. The public debt, as a percentage of GNP is falling steadily. Private investment in industry last year increased by 11% and the industrial production by 60%. In April 1998 the Greek Drachma entered the mechanism of exchange rates of the European Union and the currency has stabilized. The rate of inflation is currently at 5,2% and is expected to drop to 2,5% before the end of 1999. Unemployment in Greece is less than 10%, the labour relations are good and the government has recently passed law that gives more flexibility to the labour market.¹

These new markets in East Europe created by political developments during the past few years, have solved some actual problems of Greek entrepreneurs. Up to that time, their products were either of inferior quality to compete with Western European products (in view of the common market) or were burdened with high transportation costs to successfully enter Western European markets while, on the other hand, the Greek market was too small for guaranteeing the viability of large investments necessary to attain economies of scale or justify research and development expenses. These new markets, easily accessible by Greek businessmen, either for geographical or for cultural reasons, created the necessary critical size for the rise of Greek entrepreneurs outside their old peripheral role. As a result, private investment in Greece (domestic and foreign) has been steadily rising during the past few years, while at the same time Greek investment abroad (especially in these regions) has risen dramatically. This rise in investment was supported by EU funding of Eastern European projects, for which Greek partners are often eagerly sought.

As far as the various sectors of the economy are concerned, Greece remains a predominantly low-production cost country, although it rapidly tends to be replaced in this role by the new market countries of the East. The trends show that Greece will be increasing its tertiary sector, due mostly to its geographic location that places it favourably in the doorstep of these regions. Promising sub-sectors continue to cover a wide range of activities, both in services and manufacturing sectors. They include food and beverage canning and bottling, milk derivatives, office furniture, health services, optical equipment, informatics and consumer goods. The development of processing of agro-based industries will be equally important. In textiles, the Greek economy is experiencing increased competition from Mediterranean countries but high quality fashion clothing is a sector with significant potential. A strong growth is experienced in supporting industries, including the construction sector, due to the variety of public works financed by the EU and the Greek State. Health-care and other personal services are also expected to grow together with general business services including transportation, banking, telecommunications, insurance and information services.

The promotion of Greek investment abroad is achieved through two channels:

- through individual efforts of companies, based on their own research and evaluation efforts and oriented in accordance to each individual company's strategic aims and aspirations;
- through organized promotion efforts of semi-governmental and sectoral associations, especially in the framework of missions or sectoral studies.

Although both channels fall into the general interest of ITPO Athens, they present characteristics that necessitate differing approaches in the examination of the respective infrastructures:

- a. Companies acting individually obtain their information through the specialized press and, less frequently, through their sectoral organizations. They generally involve large corporations, with significant resources, that tend and choose to go their own way, not participating in any organized sectoral effort. Their aim is to move swiftly in the direction

¹Data provided by the Federation of Industries of Northern Greece

of foreign investment and expansion abroad, so that their competitors (local or foreign) will not be aware of their plans. These companies can be reached and informed about foreign investment opportunities either through their sectoral organizations (by direct mail, fax, e-mail, or meetings/seminars) or by publications in the specialized press.

- b. Sectoral organizations are similar to that of their counterparts in other industrialized countries. They are limited in number and can be reached through mail and personal contacts to attain a high degree of disseminations for the information dispatched from UNIDO Headquarters in Vienna.

The organizations of significance for the work of the ITPO in Athens are the same as indicated in the past evaluation report:

- S The Chambers of Commerce and Industry, which are organized locally, and enjoy the compulsory membership of all commercial and industrial outfits of their region. In Athens and Thessaloniki, their activities are often supplemented by those of other specialized organizations, however, on a regional level, they often constitute the only possible provider of information for their members. These institutions generally have significant political and local-governmental aspirations, which create an additional incentive for them to appear active through information dissemination, organization of seminars and other high profile "activities". Although these regional Chambers have the largest distribution potentiality (in their respective communities), the most significant Chambers are those of Athens, Thessaloniki and Piraeus. They are significant with respect to the number of their members and to the high visibility of their administrations' initiatives, that enjoy vast publicity.
- S The Association of Industries is organized on a regional level with a voluntary membership of significant industrialists. The strength of their members results in the significance of their comments regarding official governmental economic policy. The most significant associations are the Federation of Greek Industries (FGI) in Athens, and the Association of Industries of Northern Greece (in Thessaloniki). These associations represent all Greek industrial firms in cooperation with the corresponding sectoral employer organizations. They issue regularly circulars for their members, monthly bulletins, press announcements etc., informing the members on the general trends that affect the business environment and the opportunities available. In order to keep its members updated and to assist them in taking advantage of the possibilities offered the FGI has established an electronic network, PRAXIS, with contact points in eight Greek cities and which could also publicize the investment and partnership opportunities promoted by ITPO.

Northern Greece represents 33% of the total population, 30% of GNP, 26% of the Greek labour force and 63% of the total Greek production. Concerning the industry of Northern Greece, in the last 30 years, its contribution to the overall industrial product of Greece has been steadily increasing from 21% in 1970 to the present 30% and has been particularly successful in sectors related to the natural resources of the region. The following industrial sectors of Northern Greece are at present quite developed and potentially interested for international investment: food and drinks, textiles, chemicals, fertilizers and agrochemicals, software production, power production and telecommunications. The region has an excellent infrastructure network; the Egnatia Highway that connects East-West Greece from the Adriatic Sea to Turkey and the Patras-Athens-Thessaloniki-Gevgeli Highway that connects North-South Greece from Peloponnesus to the Fyrom border. Along the Egnatia Highway are located five ports, eight airports and ten important industrial areas.

- S The Association of Exporters is where most information dissemination should be directed. The membership, which is on a voluntary basis, comprises also exporters and investors of other countries. Important associations are the Panhellenic Exporters Association (in Athens) and the Association of Exporters of Northern Greece (in Thessaloniki).
- S The Central Union of Chambers, with all the Chambers as members, has its headquarters in Athens, but is deemed to be of relatively low significance for the purpose of the ITPO Athens.
- S The Government-controlled Hellenic Organization of External Trade (OPE) is involved in all aspects of the promotion of Greek exports and investment abroad.
- S The Government-controlled Hellenic Organization of Small- and Medium-sized Enterprises (EOMMEX) is involved in supporting the activities of the enterprises in their activities, through seminars, special programmes and information dissemination.
- S Various other private organizations are involved (among other things) in providing specialized services in support of exporting and international collaboration efforts. Examples of such organizations are the Organization for the Insurance of Export Credits, the Association of SAs and Limited Liability Companies, the International Trade Fair of Thessaloniki (Helexpo), and others. These organizations are of secondary significance for the purposes of the ITPO Athens.

Finally, additional sources of information contacted by potential investors are:

- The Ministry of National Economy and (to a lesser extent) the Ministry of Commerce, which generally forward such inquiries to the embassies abroad or to the organizations mentioned above.
- The Economic and Commercial Sectors of foreign embassies in Athens, or Greek embassies abroad;
- Consulting firms, especially those actively and visibly involved with specific foreign markets. These firms can generally be reached through their associations, the Association of Greek Management Consultants (a member of FEACO) and the Association of Engineering Bureaux (a member of CEBI).

B. The Constitutional Documents

The Office was governed by an exchange of letters between the Government of Greece and UNIDO and a project document enclosed to the first agreement establishing the Office in Athens. This project document has remained valid over the years and no amendments were introduced since the project US/GLO/91/068 was signed in February 1992 by the Minister of National Economy. After the first phase, in October 1994 the project was further extended until 19 October 1996, through an exchange of letters between the Directorate for International Economic Organizations of the Ministry of National Economy and UNIDO. Last year in August 1998, it has been agreed to extend further, until 31 December 2003 the “Agreement between UNIDO and the Government of Greece with regard to a Special Purpose Contribution to the Industrial Development Fund and to the Establishment of the UNIDO Service in Greece for the Promotion of Industrial Investment and the Strengthening of Cooperation with Developing Countries”.

The main modification introduced is that the activities contained in the project document annexed to the Agreement of 4 March 1992 (Annex III) shall be replaced by new Terms of Reference (Annex IV).

The old format of the project (Annex III) foresaw the descriptions of: background, justification, development objective, project objective, outputs, activities, inputs, risks, budget and reporting/ evaluation requirements .

The new Terms of Reference specify the objectives of the Office which are to promote industrial investment and mobilization of investment resources (finance, technology, know-how, market access, etc.) from Greece to developing countries and countries with economies in transition in the framework of the UNIDO's worldwide network of Investment Promotion Services. Further the Terms of Reference state the functions and the activities, the methodologies and software to implement the operations, the beneficiaries, the coordination arrangements with UNIDO Headquarters, the budget of the Office, the annual work programme and the way of reporting to UNIDO Headquarters.

It has to be noted that the targeting of the developing countries is in line with the guidelines of the policy making organs in Greece and the interests and priorities of the Greek entrepreneurial environment.

Several activities are listed in the Terms of Reference. They can be grouped into the following major areas:

- a) information dissemination and establishment of contacts with local industrial associations and related institutions.;
- b) advisory functions: such as assess in investment projects, carry out pre-appraisal work using COMFAR and PROPSPIN;
- c) identification of business contacts and match-making;
- d) promotion of projects and financial analysis; monitoring the process of each negotiation and assisting the parties;
- e) compilation of an inventory of contact points and potential investors;
- f) training possibilities and delegates programme; and
- g) supports to investment fora organized by UNIDO, receiving official delegations from foreign countries interested in direct contacts with Greek business community.

C. Staffing of the Office

The staff of the Office is appointed by UNIDO according to its rules and regulations.

A new Head of the Office was appointed in January 1995 and the present staff situation is as follows:

- 3 internationally recruited professional staff (including the Head);
- 2 General Service secretaries, locally recruited;

The evaluation team can conclude that the working climate in the Office is good. The duties and the tasks of each person are now well defined in the framework of the general strategy established by the Head of the Service.

D. Budget

The budget of the Office has increased since the starting of the operations in July 1992.

The initial budget for the first two years was US\$453.000, including the administrative support costs (13% on personnel and 5% on all other costs)

Since 1 January 1998 a new flat rate of 10% on the administrative support costs is applied on all the budget.

As can be seen in Annex V, the project allotment document dated 21 April 1999, the total budget from July 1992 until 19 October 1999 is US\$ 2,680,768. The main items are the budget lines for international staff US\$ 1,530,078, for other local administrative support staff US\$ 330,405, for the premises US\$ 189,544 and for project travel US\$182,356.

For the delegates programme (budget line 31) are budgeted US\$77.582 however so far only US\$6.116 have been spent.

The financial resources are directly provided by the Ministry of National Economy.

The new budget (Annex VI) from October 1999 to December 2003 foresees US\$2.177.277 divided as follows:

<u>US\$</u>	
97,900	for October/December 1999
492,085	for 2000
505,304	for 2001
526,994	for 2002
<u>554,994</u>	for 2003
<u>Total:</u>	<u>2,177,277</u>

III. IMPLEMENTATION OF THE ACTIVITIES

A. Information dissemination and databank of project proposals

The information to be disseminated by the ITPO Athens can be divided into three groups:

- Individual project information, regarding opportunities in developing countries.
- General information regarding these developing countries, on the basis of which, strategic documentation can be provided.
- Know-how, especially in the implementation of various stages of the development of an investment project.

ITPO Athens utilizes e-mail through Internet, mainly to communicate with UNIDO Vienna, MIGA in Washington and other ITPOs. In Greece the Office utilizes e-mail to transmit and receive messages with the Exporters' Association of Northern Greece, a contact point in Thessaloniki.

Significant effort was undertaken by the ITPO Athens, following the recommendations of the last evaluation report, to re-orient its activities towards the Balkan Area, Eastern Europe, the Black Sea Region, the Middle East area and the countries of interest for the Greek authorities.

Although the facilities for information dissemination has shown a remarkable improvement, the extent of its penetration in the Greek business community cannot be considered to have fulfilled its potential. To improve the effectiveness of its promotional action, ITPO Athens has established contacts with around 800 Greek firms via direct mail, disseminating project profiles and investment fora announcements. The system provides project profiles upon request, to enterprises that have confirmed their interest in obtaining supplementary information on any investment proposal.

The Databank of ITPO includes public institutions, banks, specific associations of enterprises and single companies, the majority of which are in the following sectors; food, textiles, pharmaceuticals and chemicals, metal products, plastics and rubber, etc.

All these companies have been included in the DIPP (Databank for Investment Promotion Programme), which is an integrated software package to record all the promotion activities undertaken by the Office. This package allows the utilization of the information available, combining various sets of data to identify opportunities for promotion.

Project proposals and investors are classified according to the international standard industrial classification.

The effectiveness of ITPO depends on the rapidity with which information on investment opportunities is transmitted to potential investors and associations that are retransmitting the information to their members. Unfortunately out of 2.772 project proposals only four received requests for additional information.

The evaluation team considers that, a lot of improvements have been accomplished in order to include in the DIPP a larger number of potential Greek investors but further action has to be undertaken, particularly trying to present to the Greek investors profiles that can better match their investment interests. It has to be noted that nearly all the projects under negotiations or concluded in the portfolio of ITPO Athens have been directly initiated by the Office or are specific requests of Greek business men. Therefore, ITPO and the backstopping section at UNIDO Headquarters should develop a cooperation to promote projects which are of more interest for the Greek market.

The evaluators have found that the contacts established in this respect by the ITPO Athens have not shown an increase compared to the findings of the last evaluation. The total coverage is far from being completed and the strategy seems to be in need for some adjustments. The follow-up of the relations with the bodies involved tends to be left somewhat loose with the result that most of these contacts remain in the initial stages of the desired involvement of the organizations in the dissemination of information. In general, little or no feedback is received from these organizations. Consultations for the improvement of the collaboration are not carried out on a regular basis.

As far as the general information material is concerned, the evaluators found that such material is generally not requested by the contacts points, contrary to what happens for the project profiles. The evaluators deem that a slight modification in the promotional strategy of ITPO Athens should take place, in the form of a two-tier information dissemination procedure.

- S First, background information on countries and sectors should be promoted to contact points, supported by presentations to interested parties and by the preparation of all necessary promotional material regarding the support potential of ITPO Athens for the selected enterprises.
- S Then, project profiles for specific areas should be dispatched to the companies expressing respective interest.

Should this "general-to-specific" approach be followed, it is estimated that the promotional work of ITPO Athens will be greatly facilitated and the number of fruitful contacts will increase.

As already said in the previous evaluation report, also implementing this kind of actions, it should nevertheless be understood that ITPO Athens cannot be solely measured by the number of concluded projects. A structure as ITPO can facilitate investments abroad in ways not measurable just by the simple report of the figures of its activities.

As far as know-how is concerned, it should be noted that the UNIDO Manual for Feasibility Studies Preparation has been an additional information item promoted by ITPO Athens. Over 30 copies of this manual have been sold to Greek firms.

B. Identification of potential partners

ITPO Athens makes a lot of efforts in advising entrepreneurs for the promotion of their investment projects, especially after the initial stages of match-making. This constitutes an important indicator for the positive performance of ITPO Athens.

Like for the previous evaluation, the evaluators found during their discussions with Greek entrepreneurs, that one of the most attractive aspects of this support is that it is free of charge and it is provided with genuine enthusiasm. Some thresholds should be set for the provision of such support services. If, for instance, the requested support exceeds the normal assistance in match-making between Greek, foreign investors and financiers, into other services normally provided by business consultants (such as the preparation of feasibility studies) then there should be strong concern regarding the seriousness of an investor not willing to carry expenses for the preparation of an investment. The evaluators propose that some guidelines be established governing the extent to which these activities should be carried out by ITPO Athens, particularly in relation to the size of the investment and the cost of the appraisal study. The possibility that a project might be lost applying such rules should not be frightening, as the application of these rules is meant to facilitate the identification of less serious investors.

Also this time the evaluation team had the confirmation that as far as Greek Government authorities are concerned, ITPO Athens has played a significant advisory role vis-a-vis the Ministries of National Economy

and Foreign Affairs regarding their external economic policy actions. The support and advice provided by ITPO Athens to these authorities is very much appreciated.

The main tasks of the Office are:

- S identifying and establishing contacts with Greek entrepreneurs interested in industrial cooperation with developing countries.
- S promoting offers for joint ventures or partnerships

In order to realize this task the Office is contacting potential partners among the Greek business men, directly, through workshops/seminars or through the specialized associations. Several entrepreneurs interviewed, and astonishing also bankers, were very grateful to ITPO for the information provided regarding the possibilities of having investment guarantees against the risks of expropriation, war, civil disturbances, etc. through MIGA, the Multilateral Investment Guarantee Agency created in 1988 by the World Bank Group. Unfortunately so far MIGA has not been successful in concluding a project involving either UNIDO or a Greek investor. However, the efforts of ITPO Athens are appreciated.

C. Advisory functions, promotions of business opportunities and missions in developing countries

During the last three years, ITPO Athens has received over 2,772 project profiles relating to investment fora organized by UNIDO. ITPO Athens distributed some of these projects to the established contact points in Greece. The results were not very encouraging since the Greek investors expressed potential interest for only four proposals.

The strategy to improve the penetration of ITPO Athens in the Greek market through the federations of industries has already been mentioned. To this strategy one should add the need of additional contacts with the peripheral Chambers and the organizations that are considered significant for the purposes of ITPO Athens. A good number of these contacts was directed towards Northern Greece, where ITPO Athens has established functional contacts, in line with the recommendations of the last evaluation report. The present total number of companies, banks, chambers, associations, etc. Registered in the DIPP of ITPO Athens is 491, which is an increase compared to the 240 of the previous evaluation. The total effort is commendable and, once again, it shows a vast improvement of the activities of the Office.

ITPO Athens introduced in 1995 in its budget the provision for the Project Completion Facility (PCF) for the partial financing of feasibility studies of joint venture projects under its promotion. This facility has been utilized in one project (in Romania) with a 50% participation of ITPO in the cost of the study. The evaluation team was informed that this facility has been taken out in the present budget of ITPO.

As main instrument for its advisory functions in financial matters to the Greek entrepreneurs, ITPO Athens applies the Computer Model for Feasibility Analysis and Reporting (COMFAR) to assist the formatting of their feasibility studies and the Project Profile Pre-appraisal and Screening Information System (PROPSPIN) for all projects under negotiations.

Significant contacts in the framework of match-making were established between ITPO Athens and financial institutions active in Greece (banks, venture capital firms. etc.). In that respect the evaluators have found that a standard practice by ITPO Athens, in promoting the implementation of projects, continues to be the presentation of profiles to MIGA (Multilateral Investment Guarantee Agency, a World Bank Institution) for the insurance of the political risks of the project. The evaluation team was very surprised when one of the Bank managers interviewed admitted that he did not know MIGA before.

The contacts established with financing and insurance agencies should continue to grow to give additional depth to the advisory activities of ITPO Athens. The moves of the last two years are a step in the right direction and the Office should continue these efforts.

A number of fact-findings and follow-up missions abroad in developing countries were undertaken by ITPO Athens. (See Annex VII). The majority concerned the assistance in the negotiations of projects or the participation in events that could be of interest to the promotion of the services offered by the Office. This kind of missions should be developed, but if possible also in collaboration with the respective governmental and non-governmental agencies (Ministries, Organizations, Associations, Chambers).

D. Delegates Programme

According to the original project document (Annex III), training opportunities which are to be identified by ITPO include training in general and training in the field of investment promotion. The immediate objective of the project reads "Upgrading of skills and managerial capabilities of managers, administrators and government staff involved in implementing investment projects with developing country participation". This entails the placement of trainers or delegates from developing countries in Greece.

The Office started to implement this recommendation introducing in the budget 1995-96 provisions for financing the delegates. Out of the amount of US\$ 77,582 only US\$6.116 have been spent since all the six delegates that worked at ITPO have been financed by other sources (Annex VIII). In the new budget only US\$5,000 per year have been foreseen and the evaluation team recommends to review this budget item and to increase the use of this instrument.

The delegates programme is understood to be, at least in part, an investment promotion training. The choice of the countries of origin of the delegates is in accordance with the Office's strategy to focus on those countries which are more likely to meet the interest of the Greek entrepreneurs. The characteristic of the programme is to have in ITPO a national of a developing country of potential interest for Greek investors. This person, generally coming from a Development Agency or Institution related to industrial development in his/her country, will have the knowledge of the language, of the investment legislation, of the administrative institutional structure and of the local business climate.

The first delegate, Mr. Geno Malazonia, was coming from Georgia and stayed at ITPO three months from February to April 1996. The stay of the delegate was co-sponsored by ITPO and the Commercial Bank of Greece which was interested in the Georgian banking system and in contacts with Georgian importers to facilitate the export of Greek products. Mr. Malazonia was working at the United Georgia Bank and his main task during his stay in Athens was to provide assistance in identifying Greek companies, putting them in contact with the Georgian ones and disseminating information regarding the legal and economical background for investments in Georgia.

Another delegate from Ethiopia, financed by the Industrial Decade for Africa, was in Athens in 1997 for two periods of three months each. The practice to have two periods with a break in the middle deserves consideration because it can allow to follow up directly in the sponsoring country the proposals. May be the break should be longer than two months.

The inclusion of the delegates in the Office is generally appreciated by the entrepreneurs and it allows to obtain direct information on important economic and industrial issues of the country of origin of the delegate.

E. Management

The Office is well managed and it operates in a dynamic way, taking promotional initiatives to fulfil its tasks in relation to the industrial environment.

The Office is more and more known in Greece and is strengthening the co-operation established with the main Greek banks and financial institutions.

The Office maintains contacts also with other parts of the UNIDO Secretariat for country specific information and for particular technical assistance projects.

The targeting of the developing countries for potential investment activities is done according to the guidelines of the Greek policy making organs. In relation to the previous evaluations closer contacts have been noticed with the Ministry of Foreign Affairs, the Ministry of National Economy, the Industrial Association and the Chamber of Commerce of Athens.

The contacts with the Federation of Industries of Northern Greece need to be strengthened.

The final beneficiaries of the activities of ITPO are the entrepreneurs in Greece and those interviewed by the evaluation mission have been very positive regarding the information, the services and the assistance provided by the Office.

Contacts with entrepreneurs in developing countries are limited and mainly confined to meetings during investment promotion events and exploration missions conducted by ITPO on personal initiative. The majority of the entrepreneurs from developing countries interested in joint ventures with Greek partners have been presented to ITPO by the Greek entrepreneurs who have interest in developing the business. The evaluation team had the opportunity to assist at the first meeting between an entrepreneur from a developing country and a Greek company. The sponsor from the developing country was met by the Deputy Head of ITPO during an exploration mission in Egypt and had the travel to Athens arranged to meet a potential Greek entrepreneur. The evaluation mission assisted, together with the ITPO's Deputy Head, to the first hour of conversation between the parties and afterwards left the meeting. Apparently the first approach was fruitful because the mission few days later was informed that the Greek entrepreneur decided to fly to Egypt to see the local facilities and continue the discussions. The evaluation mission is of the opinion that in this specific case the mandate of ITPO was fulfilled and now, only if requested by the parties involved, can offer further assistance. It is, however, advisable that, in case of silence, in few months a follow-up with the Greek entrepreneur be done. If the entrepreneur will not disclose any information on the business discussed, this is his prerogative and in any case ITPO can consider to have done its job according to its mandate, also if officially further developments will not be directly attributed to the work of the Office. Should this be the case, it could be considered as a typical example of how vexatious can be the investment promotion work.

IV. PROJECT RESULTS AND OBJECTIVES

A. Outputs

Since the project document is the same of the previous evaluation and the project has been extended through an exchange of letters, revising the project budget according to the new duration, the immediate objectives, the outputs and the activities are the same. The evaluation team therefore re-assessed and compared the production of the outputs in respect to the previous evaluation.

However it has to be pointed out that starting 20 October 1999 the Office will operate in accordance to the Terms of Reference (Annex IV) attached to the letter extending the Office until end 2003.

Immediate Objective 1

Establishment of the Investment and Technology Promotion Office in Athens.

Outputs

Necessary administrative and substantive requirements for the establishment of an office, including defining of the functions, the staffing requirements, equipment requirements, finalizing the location and furnishings, determining the budget and ensuring the liaison facilities between the Office, the counterpart organization and UNIDO Hqs.

Results attained in the period 1994 – 1st half 1996.

A new Head of the Office has been appointed, effective Headquarters January 1995. An additional professional has been recruited since June 1995 as Investment Promotion Assistant.

The rest of the staff (one professional and two general service staff) have been extended after the initial phase.

The premises are the same, but since January 1996, the rent is paid out of ITPO budget while before was paid through ELKEPA.

Results attained in the period 1996-1998.

The delegates program has been introduced to the budget of 1995-1996 and the services of six (6) delegates have been utilized so far.

Immediate Objective 2

Mobilize investment resources within Greece (technology, know-how, market access, managerial support, etc.) for the implementation of industrial investment projects in the developing countries through joint ventures and other forms of business-oriented partnerships.

Outputs

Computerized information bank for approximately 70 records containing an inventory and short profiles on institution/enterprises in Greece interested in industrial co-operation with developing countries.

Inventory of Greek technology offered to the developing countries (approximately 40 records).

A minimum of three investments oriented business co-operation agreements per annum between Greek companies and partners from developing countries, with a total of US\$ 25 million in two years.

Results attained during 1996-1998

- (i) ITPO Athens to substantiate its overall promotional activity is co-operating with business Associations individual firms, Governmental Organizations, Banking, Institutions, local and foreign Financial organizations.
- ITPO Athens has registered in a computerized information bank, called DIPP (Databank for Investment Promotion Program), an input of 491 Greek Companies with which a personal contact with their management has been effected, while an input of approximately 305 Firms from developing countries have been also registered.

- Besides ITPO Athens has formulated another databank with 1349 inputs of Government Institutions, Industrial Enterprises, NGOs, and Business Associations.

This databank is utilized by ITPO Athens to effect direct mail to these institutions and enterprises, notifying them on the Investment Fora that take place around the world and about specific projects seeking Joint Venture co-operation or other business oriented partnerships from Developing Countries.

- (ii) There are four (4) Greek Companies in ITPO Athens inventory which have developed and which offer their own technology and know-how in developing countries.

During this period 110 industrial projects have been promoted by the Office, an increase of 115% in comparison with the projects promoted up to the end of the first half of 1996.

The projects are divided as follows:

Europe and Mediterranean countries:	91
Arab countries	1
Africa	14
Asia and the Pacific	4

UNIDO Headquarters sent 2772 project proposals but, although distributed by ITPO Athens among potential Greek investors, interest was expressed only for 4 (four) of them.

To this end, i.e. the countries to which ITPO Athens can initiate activity, countries within the area of interest of the Greek Administration, greatly depends on the feedback of UNIDO Vienna Hqs with new projects identified through specific missions that are presented at the outset of the ensuing investment forums.

In case that no such activity exists by Hqs for countries of interest to ITPO Athens, then the effort required by the Office to initiate activity on an organized and systematic way to these countries, is highly demanding in time and resources. Such countries are Albania, Romania, Bulgaria, Egypt as well as the Black Sea Countries.

- (iii) For the reporting period ITPO has indicated:

6	projects under promotion
15	projects under negotiations
3	projects concluded
4	projects implemented
10	projects operational

It should be noted that 2 projects became operational during 1996, 2 within 1997 and 5 (five) projects became operational during 1998.

The value of the operational projects is US\$ 95.83 million, while the value of the projects under negotiation is US\$ 81,29 million.

Immediate Objective 3

Upgrading of skills and managerial capabilities of managers, administrators and government staff involved in implementing investment projects with developing country participation.

Outputs

- (I) Training programs prepared for upgrading investment project related skills of Greek officials, entrepreneurs and investors to co-operate with their foreign counterparts.
- (II) Upgrading capabilities within Greece for investment project preparation, financing and evaluation through dissemination of UNIDO software - COMFAR and PROPSPIN.
- (III) Assistance and briefing provided to Greek and developing country organizations and experts as well as UNIDO staff members traveling to Greece for conferences, symposia, seminars, study tours, etc.

Results attained during the period 1996-1998

- (i) The Office has organized 3 seminars/presentations, 1 major conference and participated in 7 seminars/meetings/conferences.

In particular 2 seminars/presentations have been organized in co-operation with the Greek-Asian Federation for the promotion of specific fora organized by UNIDO Headquarters. (Manila, Philippines and Khajuraho, India).

During these events the Greek business community was informed on investment opportunities and market prospects in the above mentioned countries.

The third seminar/presentation, organized jointly with the Athens Chamber of Commerce and Industry, was related to the investment opportunities and development prospects of the Indian economy (80 participants).

During the event the Indian Ambassador in Athens made a presentation of his country's investment prospects.

A major conference took place in Thessaloniki, organized by the Office, sponsored by the Commercial Bank of Greece and supported by the Federation of Industries of Northern Greece.

The purpose of this Conference was to brief the Greek business community on the opportunities available, the promotional and financial processes, schemes and procedures required in order to visualize, identify and implement business projects in Developing Countries.

The following International Organizations were represented by respective speakers: CDI, MIGA, TACIS-PIP, UNCTAD, EBRD, IFC, EIB, and SOCIETE GENERALE FINANCE DEVELOPMENT.

The Office participated also in six seminars/ meetings/ conferences. Four of them took place in Thessaloniki and the other two in Athens.

Finally, the Office participated with its own stand in Europartenariat '97, a program launched by the European Commission with the aim of promoting regional development by enhancing co-operation among small and medium size enterprises in Europe. During the two days event ITPO Athens initiated direct contacts with more than 100 Greek SMEs from all over the country.

- (ii) The Office has established relations with banks and financial Institutions both local and foreign. ITPO Athens has applied extensively the utilization of COMFAR in producing financial analysis on investment projects.

All the business plans of the projects under negotiations are produced in COMFAR format, thus making known to the Greek enterprises the structure and capabilities of this modern and advanced software tool. The output of COMFAR facilitates the Greek companies in perceiving the strengths and weaknesses of the Joint Venture projects under negotiations.

In 1997, ITPO Athens introduced and presented COMFAR software program to the Hellenic Center of Investments (ELKE) which expressed their intention to purchase the COMFAR package. An official request was submitted through ITPO Athens to the UNIDO Headquarters and the package was obtained by ELKE.

ITPO Athens has sold several copies of the UNIDO Manual for the Preparation of Industrial Feasibility Studies to Greek entrepreneurs. For the period 1996-1998, the Office has sold 33 manuals.

- (iii) Assistance and advice have continued to be provided to Greek companies. ITPO Athens has organized numerous fact-finding and follow up missions to specific developing countries introducing to the Greek business community investment opportunities existing in these countries as well as presenting specific investment proposals for further consideration.

During the period 1996-1998 forty (40) Greek companies have participated in missions organized by the Office in developing countries like Albania, Romania, Ukraine, Armenia, Poland, Ethiopia, Uganda and Egypt. (List and dates of these missions are in Annex VII)

ITPO staff has participated in International Investment Fora organized by UNIDO Headquarters in developing countries like Ukraine, India and Philippines.

The Office has also been involved in organizing meetings with Greek investors for delegations coming from developing countries. During the period 1996-1998 three delegations from Ethiopia visited Greece and had discussions with respective Greek Companies for investment projects initiated by the Office during previous missions to Ethiopia.

In co-operation with Hellenic Export Promotion Organization, a group of the largest construction companies from Ukraine visited Greece. ITPO Athens presented the profile of the Organization and assisted the discussions due to its acquired experience during its past missions in the country.

Finally, during 1998 the Office followed up and promoted visits to selected factories and financial institutions in Northern Greece.

B. Achievement of project's objectives

The global development objective of this project is to increase industrial business co-operation between Greek industrial partners in developing countries, expanding and improving the productive capacities in these countries.

Within the above context, the main objective of the Office is to mobilize Greek capital, technology, Know-how and other resources for the implementation of Joint Venture investment projects or other forms of business oriented partnerships in developing countries or countries with economies in transition.

Analyzing the status of the above mentioned outputs and comparing them with the assessment of the previous evaluation, the mission is of the opinion that the results attained during the period 1996-1998 of the project are satisfactory.

The Office has adapted its operational strategy to the priorities of the Governmental Greek Authorities and the potential Greek investors, and it is co-operating with public and semi-public institutions.

In undertaking this action, the Office has taken into account the recommendations of the previous evaluation. The relations with the Athens Chamber of Commerce and Industry are finally closer and they have jointly organized an event for the presentation to Greek business community of the activities of the Office and at the same time an investment Forum in India.

The Chamber transmits periodically to its members the project profiles received by ITPO and that they consider potentially interesting.

The relations with the regional Associations in Northern Greece (Exporters Association of Northern Greece [SEVE] and Association of Industries of Northern Greece [SVEE] particularly) could be improved, since both Associations expressed their willingness for closer collaboration with ITPO.

Considering that the core of the Industrial Greek enterprises is in the North of the country and that they have geographically a strategic position to do business in the Balkan area, the exporters Association (SEVE) which is also the official antenna of EU for Greece, is in the best position to disseminate locally the information regarding business and investment opportunities. They will propose to ITPO some focus on geographical areas and industrial sectors and this matter has to be followed up by ITPO.

At this point it should be noted that the project proposals received from Headquarters in Vienna very seldom encounter the interest of Greek entrepreneurs and this situation has to be analyzed closely by Headquarters to avoid waste of efforts and management capabilities.

The Office claims that Headquarters gives poor attention to its involvement in the planning of investment promotion activities in developing countries.

The local targets and interests are not sufficiently taken into account by Vienna.

The ten operational projects show that some joint ventures have been concretized and this is an encouraging and positive indicator for the performance of the Office.

C. Relevance and Sustainability

ITPO Athens is considered by the Greek authorities and the entrepreneurs interviewed as a valuable window to international business opportunities. The interest expressed by the public authorities and business community already three years ago, during the previous evaluation exercise, for the Balkan and black Sea area has been most strongly reconfirmed.

This interest is particularly connected with the recovery of the area, which is hopefully expected to start soon, immediately after the present tragic situation in the Balkans will have an end. Especially the public authorities have expressed their continuous attention to the development of the crisis and their intention to be immediately ready for what they call “the program for the day after”.

Among the business community the Office is considered like a UN/Government institution, which is institutionally providing services free of charge.

Therefore the sustainability of the Office depends entirely on the financial contribution of the Ministry of National Economy with which the relations of the Office are now closer and better co-ordinate.

Under the present agreement the financial contribution of the Ministry is scheduled till the end of 2003.

The Office fulfils the functions of liaison between Greek enterprises and other local or international institutions and UNIDO.

The co-operation between the Office and the Greek Banking system (which was not existing five years ago and started to be established three years ago) is now well under way.

The Greek banking and financial environment is more and more requesting the assistance of the Office, especially for the good connections ITPO Athens has established with the financial institutions in Washington. Particularly with MIGA (Multilateral Investment Guarantee Agency), member of the World Bank Group, which offers to the Greek investors who intent to invest in Developing Countries ,guarantees against non-commercial risks like war and civil disturbance, expropriation, non-convertibility of currency, and in some cases break of contract. Cooperation exists also with IFC (International Finance Corporation) which is dealing with project financing in developing countries.

Finally, belonging to the network of ITPOs of UNIDO, the Office in Athens complements, through its international links, the Greek institutions operating in the sector of promotion of business and investment opportunities abroad.

A supplementary advantage of ITPO is the Delegates Programme which has been introduced in the budget of 1995-96.

The program covers the financing of a delegate from a Developing Country for a short period of time in the premises of ITPO Athens. With the assistance of the Office, delegates act as a liaison between the Greek industrial community and the respective institutions for investment promotion in their countries.

An important element is the continuation of the co-operation of the delegates with the Office when they are back in their countries. This is eventually the most valuable dimension of this service as they are becoming long term contact points in their countries.

During the period 1996-98 the Office hosted in its premises six delegates : two from Ukraine, two from Armenia, one from Georgia and one from Ethiopia (Annex VIII).

It should be pointed out here, although the budget of the Office anticipates the financing of the delegates, ITPO has managed to employ delegates from developing countries entirely financed by TACIS PIP Program or other sources, thus saving funds from the Office budget.

D. Impact

The impact of the Office in terms of value can be quantified with the following figures:

The value of the ten (10) operational projects is US\$ 95,83 million, while the value of the projects presently under negotiation (15) is US\$ 81,29 million (it should be noted that this amount represents the value of twelve (12) projects since for the remaining three the value of the investment has still to be defined in the negotiation process).

Follow-up to the match-making activities is made in a non-structured way for the reasons mentioned in previous paragraphs and, therefore, the practical impact of the activities promoted it is difficult to be ascertained.

As generally recognized, investment promotion work requires a lot of time and efforts to identify potential opportunities and achieves concrete results only in a limited number of cases. It has to be considered that not all the positive cases are disclosed by the parties involved (with the purpose to keep confidential the

business undertaken) and a periodical follow-up from the Office requires time and administrative resources which are not available for the time being.

Nevertheless, the role of the Office is continuously expanding and more and more enterprises know its existence. The Office has assisted several local companies in preparing business plans, feasibility studies and in establishing contacts with financing institutions and banks, both at local and international level.

V. CONCLUSIONS

The purpose of the ITPO Athens is to contribute to the identification and promotion of appropriate industrial investment projects in Developing Countries, with the aim of transferring know-how, technology and capitals through Greek enterprises interested in industrial co-operation or partnerships abroad. The lack of knowledge among Greek entrepreneurs regarding the possibilities of industrial opportunities in foreign countries and local investment laws represent serious obstacles for initiatives abroad of the Small and Medium Greek enterprises.

Taking into account the above, the main objective of the Office is to assist Developing Countries in their industrialization and development efforts with the purpose of utilizing know-how and expertise in the field of technology transfer and acquisition, through the internationalization of the Greek enterprises interested in this co-operation.

After having had several meetings with public and private entities, financial institutions, companies, individual entrepreneurs and comparing the recommendations provided in the previous evaluations of the activities of the Office, the findings of the actual evaluation can be summarized as follows.

1. The strategy of the Office is in line with the targets and the priorities of the Greek Government and of the potential Greek investors.
2. The interest expressed by the Greek public authorities and business community already three years ago, during the previous evaluation exercise, for the Balkan and Black Sea area has been most strongly reconfirmed. This interest particularly is connected with the recovery of the area, which is hopefully expected to start soon, immediately after the present tragic situation in the Balkans will have an end. Especially the public authorities have expressed their continuous attention to the development of the crisis and their intention to be immediately ready for what they call “the programme for the day after”.
3. The role of the Office is continuously expanding and more and more enterprises know its existence.
4. The relations with the Ministry of National Economy, which is financing the activities of the Office, are now closer and better co-ordinated.
5. Among the business community the Office is considered like a UN/Government institution, which is institutionally providing services free of charge. Therefore, the Office is not financially self-sustainable and its existence is depending on the financial contribution provided by the Ministry of National Economy, which, under the present agreement, it is scheduled till end 2003.
6. The newly established Black Sea Trade and Development Bank in Thessaloniki is willing to have co-operation with UNIDO. This co-operation could cover:
 - S UNIDO’s assistance for financial assessments of projects
 - S Project financial pre-screening and evaluations
 - S Promotion of incubators for Small- and Medium-Enterprises and initial training of entrepreneurs
 - S Development of human capabilities
 - S Utilization of ITPO Athens as initial filter for project screening
 - S Utilization of other ITPOs for local quality screening of project proposals.
7. The co-operation between the Office and the Greek banking system, (which was not existing five years ago and started to be established three years ago) is now well under way. The Greek banking and financial environment is more and more requesting the assistance of the Office, particularly for

the good connections ITPO Athens has established with the financial institutions in Washington, particularly MIGA (Multilateral Investment Guarantee Agency), member of the World Bank Group and which offers to Greek investors in Developing Countries guarantees against risks of expropriation, war, civil disturbances etc.

8. The relations with the Athens Chamber of Commerce and Industry are finally closer and they have jointly organized an event for the presentation to entrepreneurs of the activities of the Office and at the same time of investment forum in India. The Chamber transmits periodically to its members the project profiles received by ITPO and that they consider potentially interesting.
9. The relations with regional Associations in Northern Greece (Exporters' Association of Northern Greece [SEVE] and Association of Industries of Northern Greece [SVEE] particularly) could be improved, since both Associations expressed their willingness for closer collaboration with ITPO. Considering that the core of the industrial Greek enterprises is in the North of the country and that they have geographically a strategic position to do business in the Balkan area, the limited co-operation was particularly regretted by the Exporters' Association (SEVE), which is also the official antenna of EU for Greece. Since SEVE is in the best position to disseminate locally the information regarding business and investment opportunities they will propose to ITPO some focus on geographical areas and industrial sectors.
10. The project proposals received from Headquarters in Vienna very seldom encounter the interest of Greek entrepreneurs and this situation has to be analyzed closely by Headquarters to avoid waste of efforts and management capabilities.
11. The Office claims that Headquarters gives poor attention to its involvement in the planning of investment promotion activities. The local targets and interests are not sufficiently taken into account by Vienna.
12. Follow-up to the match-making activities is made in a non-structured way for the reasons mentioned above and, therefore, the practical impact of the activities promoted it is difficult to be ascertained. As generally recognized, investment promotion work requires a lot of time and efforts to identify potential opportunities and achieves concrete results only in a limited number of cases. It has to be considered that not all the positive cases are disclosed by the parties concerned (with the purpose to keep confidential the business undertaken) and a periodical follow-up from the Office requires time and administrative resources that are not available at the time being.
13. The working relations with the Ministry of National Economy, which is financing the activities of the Office are now closer and better coordinated.
14. The new budget shows for 1999 only 2.4 months (US\$97,900) i.e. 20 October to 31 December 1999 and it foresees for the following years of operations:

US\$ 492,085 for 2000
US\$ 505,304 for 2001
US\$ 526,994 for 2002
US\$ 554,994 for 2003
15. Finally, the recommendations expressed during the previous evaluation have been taken into account.

VI. RECOMMENDATIONS

According to the above mentioned conclusions and the observations received during the interviews, the evaluation team presents the following recommendations:

- S** The Office should be ready to respond to the foreseeable requests for industrial recovery expected to be presented at the end of the actual Balkan crisis. ITPO, due to the knowledge of the area and the experience gained so far, through UNIDO Headquarters, could play an important role as executing Agency in the Balkan and Black Sea area, trying to assist in the development of the activities funded by the Greek Government and the international community.
- S** Although the existence of ITPO is better known among the Greek business community, there is still the need for further divulging its presence and role.
- S** Since the Secretary General of the newly established “Black Sea Trade and Development Bank” expressed to the evaluation team his appreciation for the work of UNIDO and his willingness for future co-operation, it is recommended to follow-up regularly with the Bank the possibilities indicated as:
- C** assistance to the Bank for elaboration of projects
 - C** assistance in pre-screening of project proposals
 - C** designing of training programmes for human resources development
 - C** development of entrepreneurs capabilities
 - C** collaboration with the ITPOs network, particularly ITPO Moscow, for the pre-screening of the quality of projects presented to the Bank from this area.

These activities could allow ITPO to self-generate funds for the services provided and could make the Office self-sustainable for the development of further activities. In order to strengthen this co-operation, the Office has to follow-up with the Bank that the invitation for the opening ceremony scheduled next June, will be addressed also to the management of UNIDO Headquarters.

- S** Since the banks and Greek institutional entities expressed their intention to contribute to activities dealing with the presentation of investment opportunities coming from selected Developing Countries, the Office should further follow-up this idea promoting and distributing the proposals coming from these countries. The areas of interest indicated are: Balkan and Black Sea area, Mediterranean and Middle East countries, China, India, etc.
- S** Workshops presenting the activity of the Office, coupled with presentations of a specific country profile and project proposals, coming from partners in this country, should be organized at least once per year. The Chamber of Commerce of Athens, the Federation of Industrialists and the Association of Exporters of Northern Greece have expressed their interest in co-organizing similar events.
- S** The relations with the various Greek bodies, governmental and non-governmental, connected with the ITPO’s work need to be regularly followed-up by the Office, since most of the contacts remain at the initial stage of dissemination of information on business opportunities. If these contacts are not followed-up, rapidly they become very weak.

For this purpose particularly the relations with SEVE and SVEE could be improved, since both Associations expressed to the evaluation team their willingness for closer collaboration with the ITPO.

- S** Since the project proposals received from Vienna Headquarters very seldom encounter the interest of the Greek market, it could be useful that ITPO specifies the geographical areas and the industrial sectors of interest in co-operation with the institutional Greek entities.

ITPO should conduct periodically investigations among potential Greek partners (individuals and associations) to be able to get an updated list of geographical and industrial preferences. This will

give the possibility to send specific project profiles for areas and industrial sectors to the companies expressing the corresponding interest.

- S When UNIDO Headquarters is organizing programming missions to countries of particular interest for the Office, it is advisable that a representative of ITPO Athens should be part of the team, in order to have already at the initial stage the precise indication of the potential interest of the Office.
- S The evaluation team appreciates the difficulty in organizing a follow-up action for problem of confidentiality, reluctance of the partners entrepreneurs in releasing information and Office staff resources, however considers important in projects seeming very promising that a periodical follow-up be conducted.
- S Regarding the delegates' programme, in the next budget only US\$ 5,000 per year is foreseen. Although until now all the six delegates hosted by the Office have been financed by other sources, the team considers that the money foreseen should be utilized and perhaps some additional allocation could be done. In the previous budget, US\$ 15,000 for the delegates was foreseen.

VII. LESSONS LEARNED

- S As already pointed out in the previous evaluations of Investment Promotion Services, the investment promotion and technology transfer work requires a lot of time and efforts to identify and negotiate business and partnership opportunities, which only in few cases achieve positive developments. It is evident that the ratio cost/benefit of this activity is very high.
- S A continuous monitoring of the operations of the Office has to be periodically carried out by UNIDO and the Ministry of National Economy, in order to clarify immediately initiatives not in line with the work programme. The periodical reports prepared to this effect are a valid instrument.
- S The involvement and assistance of the Office in the promotion of a project should not stop at the signature of the initial agreement between the parties, but rather continue until the project is finalized. Of course, this is subject to the wish of the parties involved in the business. This is also the only possibility to have a direct feedback of the implementation of the activities promoted.
- S If an entrepreneur does not want to disclose the business steps undertaken on a possibility presented to him by ITPO, this is his prerogative. In such a case ITPO can deem to have accomplished its task, even if further developments will not be directly attributed to the work undertaken by the Office. However these cases confirm how vexatious can be the investment promotion work.