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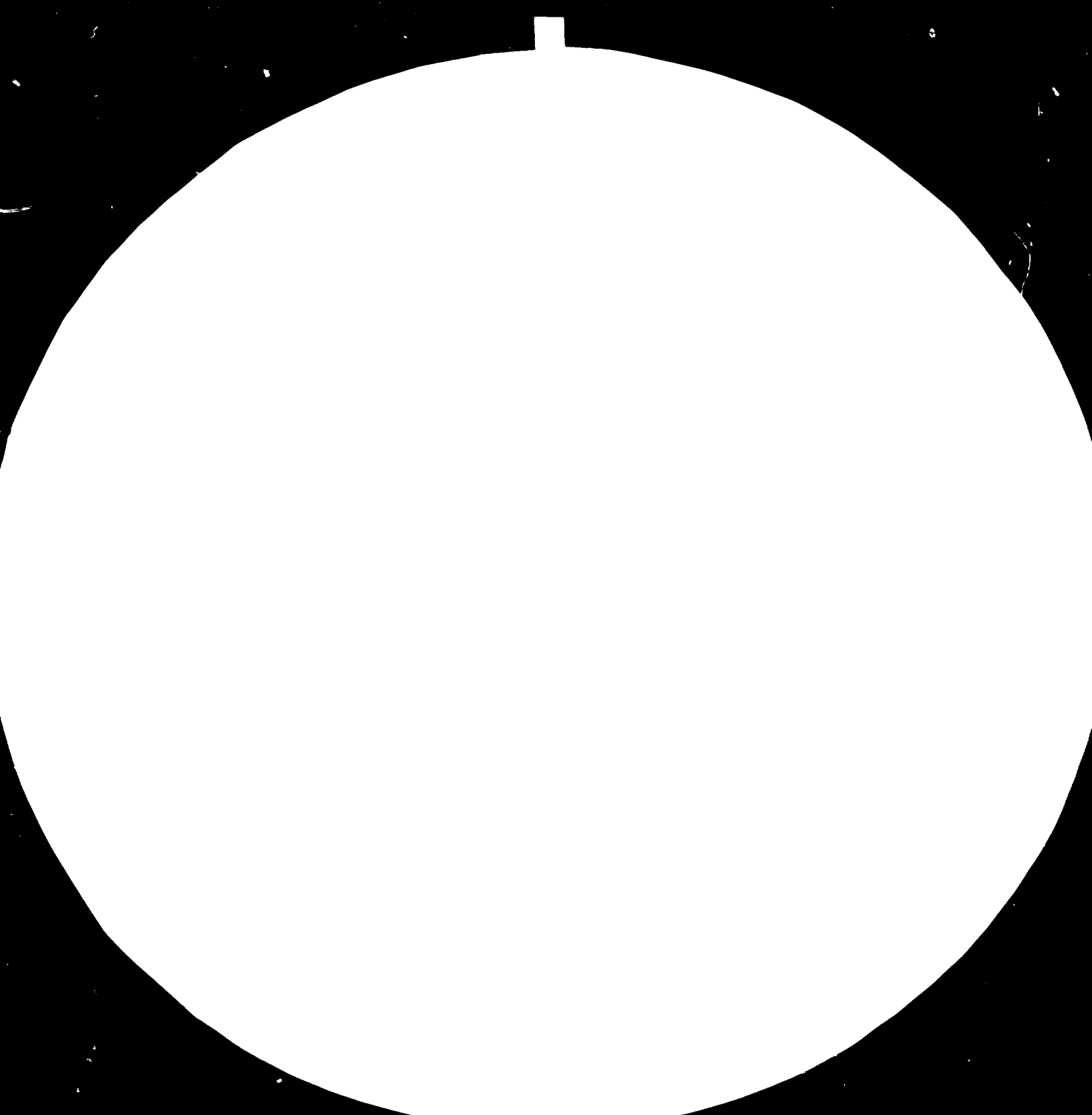
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INDUSTRIAL ADVISORY UNIT,
DP/UAE/79/003/11-01
UNITED ARAB EMIRATES

Terminal report

Prepared for the Government of the United Arab Emirates
by the United Nations Industrial Development Organization,
acting as executing agency for the United Nations Development Programme

Based on the work of Y.S. Siouffi,
Industrial Economic Adviser

United Nations Industrial Development Organization
Vienna

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I N T R O D U C T I O N

1. The United Arab Emirates (U.A.E.) has an area of approximately 80,000 Km² and lies along the Arabian Gulf Coast and the Gulf of Oman. To the south and west is the Saudi Arabian Kingdom, and to the east the Sultanate of Oman; to the north across the Gulf, is Iran. (Annex II)
2. The U.A.E., formed in 1971, is an independent federation of seven Emirates, comprising, from southwest to northeast, Abu Dhabi, Dubai, Sharjah, Ajman, Umm Al-Quwain, Ras El-Khaimah and Fujeirah. The country is governed under a federal system by a supreme council composed of the Rulers of the seven-member Emirates, the respective Rulers retaining independent control over internal matters. The federal capital is at Abu Dhabi, the federal President is His Highness the Ruler of Abu Dhabi and the federal Vice President is His Highness the Ruler of Dubai.
3. Official estimates in the U.A.E. provide that the population slightly exceeds a million with expatriates forming the majority. Most of the population is concentrated in the main cities of Abu Dhabi, Dubai and Sharjah.
4. The U.A.E. was the second largest crude oil producer in the Middle East and North African region in 1981. Oil production, which first began in 1962, comes from onshore and offshore fields located in three of seven Emirates in the U.A.E., namely Abu Dhabi, Dubai and Sharjah. Abu Dhabi is the most important, both in respect to current production and proven reserves, it accounts for about 75 per cent of total crude oil production in the U.A.E., the remainder being divided between the Emirates of Dubai (24 per cent) and Sharjah (less than 1 per cent). The combined oil production was 1.5 million barrels a day (mbd) in 1981, which was substantially below the current estimated production capacity of 2.5 mbd. Oil production had reached a peak of 2.0 mbd. in 1977 but

was gradually reduced thereafter for conservation, technical and marketing reasons. In 1981, however, the limitation on output was due to the weakness in oil demand. Production continued to decline in the first quarter of 1982 and following the OPEC meeting in March 1982, it was announced that the UAE would restrict oil production to 1 mbd. with effect from April 1, implying a 30 per cent cut-back from the end 1981 level.

5. The overall level of economic activity in the U.A.E. is largely dependent on the oil sector which contributed about 66 per cent of gross domestic product (GDP) in 1980. Industry is contributing in a percentage of about 4 to 5% in the GDP. Most of the existing industries are considered to be medium and small industries (excluding the petroleum processing industry).
In view of the consequences of a mono-sectoral economy, the Federal Government has adopted a new development strategy in which strong emphasis is being given to the development and promotion of industries as a means of diversifying the sources of the national revenue by setting up a strong and productive industrial sector.
6. The Government of the UAE has requested UNDP/UNIDO assistance to strengthen the Industrial Advisory Unit of the Ministry of Finance and Industry. This request has developed into a project document signed by all parties concerned on 24 December, 1981 for a duration of two years. The project title and number are "Establishment of the Industrial Advisory Unit", UAE/79/003 A/01/37. The project budget was entirely borne by the Government i.e. 100 per cent cost sharing, amounting to US\$ 780854.
7. A team of three experts was envisaged : an Industrial Economic Adviser, a Legal Adviser and an Industrial Engineer, as well as short-term consultants.
8. On 20 November, 1982, H.E. The Federal Minister of Finance and Industry requested the detachment of the Industrial Economic Adviser, Mr. Y. Siouffi, from that Ministry to be attached to

the Federal Emirates Industrial Bank in which the Federal Ministry of Finance and Industry is the major share-holder.

9. The Industrial Economic Adviser took up his assignment in the Department of Industry (Ministry of Finance and Industry) on August 30, 1982 and was transferred to the Emirates Industrial Bank on November 20, 1982 to fill the post of Senior Technical Adviser.

10. The Terminal Report gives an analysis of the activities and results of the contribution of the Industrial Economic Adviser and presents findings and recommendations for future action. The contents are as follows:-

- PART ONE - Project Objectives.
- PART TWO - Project Activities and Achievements.
- PART THREE - Findings.
- PART FOUR - Recommendations.

PART ONE

PROJECT OBJECTIVES

11. The objectives of the project are described in the Project Document and also in the original job description and the revised one prepared respectively on January, 1982 and January, 1983. According to the first job description, the Industrial Economic Adviser in the Industrial Advisory Unit was attached to the Department of Industry (Federal Ministry of Finance and Industry). But from November, 1982 he was instructed by the Federal Government to provide his advisory services to the newly established Federal Emirates Industrial Bank in addition to the Ministry of Finance & Industry.

12. The identification of the Project's objectives is dealt with in the following TWO chapters:

- CHAPTER I - Previous Objectives and Work Plan.
- CHAPTER II - Additional Objectives to the Project.

CHAPTER I

PREVIOUS OBJECTIVES AND WORK PLAN

13. The project is designed to assist the Federal Government in achieving its overall development strategy. To this aim, the project was formulated with the following objectives:

- 1 - The long-term objectives.
- 2 - The immediate objectives.

SECTION: 1 - LONG-TERM OBJECTIVES

14. Since the project is a part of the Federal Government strategy its long-term objectives should be consistent with the objectives

of this strategy which can be summarized as follows:

1. Diversification of the national economy with emphasis on new productive sectors other than oil and especially on the industrial sector in order to minimize the consequences of a mono-sectoral economy.
2. Strengthening the complementary relationships between the industrial sector and other sectors of the national economy.
3. Systematic transfer of suitable and adaptable modern technology based on capital intensive process.

SECTION: 2 - IMMEDIATE OBJECTIVES

15. The project's immediate objectives are a basic step towards the achievement of the long-term objectives. In this context, the main immediate objectives have been formulated as follows:

1. To prepare short and medium term industrial development plans including guidelines for regional cooperation in industry.
2. To prepare industrial strategies, local and foreign investment encouragement laws and regulations and international cooperation guidelines.
3. To prepare pre-feasibility studies of possible industrial investments.
4. To collect, assemble and disseminate industrial information needed for industrial project preparation and planning.
5. To act as an advisory centre for industry in general and provide technical advice on technical, production, financial, marketing and distribution problems.

6. To advise on all legal matters related to industrial development and regulations.

16. The immediate objectives are, in fact, the ultimate results of the project work plan submitted to the Industrial Operations Division in UNIDO on 5 October, 1982 under reference 11/S-UAE. This work plan was discussed with the team of the Industrial Advisory Unit and was integrated in the general work plan of this unit as the most important part of its output.

CHAPTER II

ADDITIONAL OBJECTIVES AND WORK PLAN

SECTION 1 - ADDITIONAL OBJECTIVES.

17. The Federal Minister of Finance and Industry instructed, on November, 1982, the Department of Industry that the Industrial Economic Adviser should be transferred to the new established Emirates Industrial Bank as a Senior Technical Adviser. The Emirates Industrial Bank is a new established Federal Development Institution aimed at promoting and strengthening the industrial sector in the Country. The Assistant Secretary for Industrial Affairs and Head of the Department of Industry in the Ministry of Finance and Industry has given his approval and has considered this transfer very beneficial to the Bank in particular and to the development process of the industrial sector in general.

18. The transfer of the Industrial Economic Adviser to the Emirates Industrial Bank took place on November 20, 1982 and had been asked to perform new activities which are mainly related to the functions and responsibilities of the newly established Emirates Industrial Bank.

19. The Emirates Industrial Bank was established by the Federal Law No.1 on March 1982. According to its Memorandum and Articles of Association the Bank is aimed at diversifying the sources of the national revenue by establishing a strong and developed industrial sector. For this purpose, the Bank shall have to:

1. Establish or participate in new and complementary industrial projects.
2. Provide loans and financial facilities to viable and profitable projects.
3. Advise industrialists and potential investors on new industrial projects and on the selection of competent and specialized consultants.
4. Initiate sound bases and principles for national and regional co-operation and draw up a long term development strategy for an accelerated and balanced industrial growth.

SECTION 2 - ADDITIONAL WORK PLAN

20. On the basis of the additional new assignment in the Emirates Industrial Bank and the revised job description, the Industrial Economic Adviser prepared, on 1 February, 1983, a new Work Plan in which he included in detail the project outputs related to his activities at both the Emirates Industrial Bank and the Department of Industry (Ministry of Finance and Industry).
21. The main outputs which have been considered in the new Work Plan are as follows:
 1. Assist in the preparation of the various forms, outlines, guidelines and regulations to the Emirates Industrial Bank.
 2. Assist in the preparation of the organizational chart and the structural distribution of functions and responsibilities between the various departments and divisions in the Emirates Industrial Bank.

3. Assist, on request, the Department of Industry in the Ministry of Finance and Industry in project evaluation and all matters of planning and industrial development.
4. Preparation of outlines for pre-feasibility and detailed feasibility studies to be used by the Emirates Industrial Bank as guidelines to potential investors and their consultants.
5. Preparation of an explanatory memorandum on the "Financial Ratios Analysis" to the Emirates Industrial Bank.
6. Assist in up-dating the existing industrial feasibility reports in the Department of Industry at the Ministry of Finance and Industry.
7. Advise on all matters of industrial economic planning and development in the Country.
8. Train national counterparts on the above activities.
9. Prepare studies and reports as required by the Emirates Industrial Bank and the Department of Industry.

PART TWO
PROJECT ACTIVITIES & ACHIEVEMENTS

22. The project activities and achievements during the one-year assignment were reflected in the various memos and studies submitted during this period by the Industrial Economic Adviser to both the Department of Industry and the Emirates Industrial Bank. These studies have been mentioned in the following progress reports addressed to the Industrial Operations Division (UNIDO, Vienna), the UNDP Resident Representative in Abu Dhabi and the Assistant Secretary for Industrial Affairs in the Ministry of Finance and Industry:-
1. The Preliminary Report dated 4 October, 1982 together with the project work plan and the visits programme to the various ministries, institutions and industrial establishments in the UAE.
 2. First Progress Report dated 5 March, 1983.
 3. Second Progress Report dated 20 April, 1983.
 4. Third Progress Report dated 15 July, 1983.
 5. General Report dated 1 December, 1982 on the project activities in the Department of Industry for the period 30/8/1982 to 20/11/1982 and addressed to the Assistant Secretary for Industrial Affairs in the Ministry of Finance and Industry.
23. The project activities and achievements during the one-year period (30/8/1982 to 20/8/1983) could be divided into two chapters:-

CHAPTER I - Project Activities & Achievements at
the Department of Industry (Ministry
of Finance & Industry)

CHAPTER II - Project Activities and Achievements
at the Emirates Industrial Bank.

CHAPTER I
PROJECT ACTIVITIES & ACHIEVEMENTS AT
THE DEPARTMENT OF INDUSTRY

24. The project activities and achievements at the Department of Industry could be considered under the following aspects:
- 1- Visits to government institutions and ministries.
 - 2- Visits to existing industries.
 - 3- Industrial promotion.

SECTION 1 - VISITS TO GOVERNMENTAL INSTITUTIONS & MINISTRIES

25. The first activity of the project was devoted to the study of functions and responsibilities of the various governmental institutions and ministries as well as the relevant legislations in the UAE and to draw up a visits programme to these institutions and ministries.
26. The documents studied and collected are:-
1. The Federal Law No. (1) for 1979 related to the organization of the industrial affairs together with its Executive Memorandum issued by a ministerial decision No.(26) for 1980.
 2. The minutes & memos of the Industrial Consultancy Committee.
 3. The Federal Law No. (14) for 1976 establishing the Department of Standardization and Metrology.

4. The Federal Law No.(1) for 1982 establishing the Emirates Industrial Bank together with its Memorandum and Articles of Association.
5. The Law No. (5) for 1979 establishing the General Corporation for Industry.
6. The Federal Law No.(1) for 1972 and its amendements on the functions and responsibilities of each ministry.
7. The Federal Law No.(5) for 1976 establishing the Union of the Chambers of Commerce and Industry.
8. The document establishing the Gulf Organization for Industrial Consultancy in Douha (Qatar) together with a list of its main studies and publications.
9. The report entitled "Industrial Survey of the United Arab Emirates, Structure, Strategy, Prospects" prepared by the UNIDO Industrial Survey Mission in January, 1975.
10. The report entitled "Industry & Development in the United Arab Emirates", prepared by a UNIDO Team in July, 1978.
11. The report entitled "Long-Term Prospects of Industrial Development in the United Arab Emirates" prepared by the Secretariat of UNIDO to the Fifth Industrial Development Conference for Arab States in Algiers, in September 1979.
12. The draft Federal Law for Commercial Companies.
13. The draft of the Five-year Economic and Social Development Plan (1981-1985).

SECTION 2 - VISITS TO EXISTING INDUSTRIES

27. The study of the documents listed in Section 1 above had enable^d the project to get full acquaintance of the magnitude of the industrial sector and the rules governing its organization and development.
28. For the purpose of collecting up-to-date information on the existing industrial sector and the possibility for its future promotion, the industrial Economic Adviser drew up a comprehensive programme for the visits to the various industries within the UAE including the visits to the local authorities and Chamber of Commerce and Industry in each Emirate.
29. Because of lack of means of transport in the Department of Industry these visits programme was not achieved. However, the counterpart was duly informed about the main information to collect if he has the opportunity, in the future, to undertake such visits.

SECTION 3 - INDUSTRIAL PROMOTION

30. The project industrial promotion activities include:
 1. Review of existing feasibility studies not implemented.
 2. Evaluation of industrial applications.
1. REVIEW OF EXISTING FEASIBILITY STUDIES NOT IMPLEMENTED
31. There is, in the Department of Industry, a number of feasibility studies for projects not yet implemented. In order to benefit from such studies, the project prepared a list of the most important ones and drew up to his counterpart a programme of work for each industrial project including:
 - (1) Review of its feasibility study.
 - (2) Identification of reasons for delaying the implementation phase.

- (3) Evaluation of its viability and profitability.
- (4) Up-dating relevant statistical data and information for project evaluation.
- (5) Preparing meetings with potential investors for viable projects.

32. The most important available feasibility studies that the Industrial Economic Adviser recommended for up-dating and evaluation are related to the following industries:-

- (1) Wooden Furniture industry.
- (2) Veneered wood manufacturing industry.
- (3) Aluminium Sheet Industry.
- (4) Fibre Glass Industry.
- (5) Iron and Steel Industry.
- (6) Glass Manufacturing Industry.
- (7) Electric Bulbes Industry.
- (8) Cement Block Manufacturing Industry.
- (9) Detergent Manufacturing Industry.
- (10) Chemical Products Industry.

2- EVALUATION OF INDUSTRIAL APPLICATIONS

33. According to the Federal Law No. 1 of 1979, the Department of Industry has to study the industrial applications and evaluate the viability of the proposed project (new project or expansion of an existing industry), and submit its reports and recommendations to the Industrial Consultancy Committee, presided by H.E. the Federal Minister of Finance and Industry, for consideration.

34. The forms to be filled by the industrial applicants had been carefully studied by the Industrial Economic Adviser as well as their related feasibility studies. Detailed explanations were given to the counterpart on the project development cycle and its various stages. At the same time, a detailed outline of the various information to be included in each stage was prepared to the counterpart for easy reference.

35. The most important industrial applications and feasibility studies evaluated during the reporting period are related to the following projects:-
- (1) Plastic syringes manufacturing industry.
 - (2) Silencers and mufflers for Japanese cars manufacturing industry.
 - (3) Paper manufacturing industry.
36. For each of these projects a detailed memorandum was prepared about the necessary information required for the appraisal and evaluation process, i.e., market and plant capacity, material inputs, location and site, project engineering, plant organization, implementation schedule and finance and economic evaluation. The counterpart was also informed on the way to collect and compile industrial information and the economic and financial ratios for assessing the viability and profitability of the projects.
37. It is to be noted that the existing industries had been established without any consideration of the adverse effects of the industrial duplication.
- This situation has contributed to a lack of co-ordination, increase of production cost and ultimately to more local competition.

CHAPTER II
PROJECT ACTIVITIES & ACHIEVEMENT AT
THE EMIRATES INDUSTRIAL BANK

38. The project activities and achievements at the Emirates Industrial Bank (EIB) are more fruitful and more significant than the ones at the Department of Industry and can be described as follows:-

- (1) Organization of the EIB.
- (2) Functions and responsibilities of EIB.
- (3) Recruitment of senior officers.
- (4) Forms and guidelines.
- (5) Evaluation of feasibility studies.
- (6) Seminars & Conferences.
- (7) Selection of consultants.
- (8) Training of counterparts.

SECTION 1- ORGANIZATION OF THE EIB

39. The Industrial Economic Adviser started his assignment in the newly established Emirates Industrial Bank by assisting the General Manager in preparing the various regulations required for the EIB organization.
40. The most important of these regulations are:-
 - (1) Regulations of loan conditions.
 - (2) Staff regulations.
 - (3) Organizational structure of the EIB.

SECTION 2- FUNCTIONS & RESPONSIBILITIES OF EIB

41. The EIB activities are aimed at promoting and developing a strong industrial sector within the framework of a long term development strategy and regional co-operation.
42. The EIB is not only a lending institution but mainly a developing institution with the following main objectives:
 - (1) Identify the problems and constraints of the existing industrial sector and find out the adequate solutions.
 - (2) Promote the suitable environment for industrial investment.
 - (3) Initiate a development policy for efficient incentives.
 - (4) Achieve national and regional co-operation.

(5) Encourage co-ordination of the industrial development institutions within the AGCC members and Arab States in the Middle East Region.

(6) Contribute in the elaboration and implementation of a long term development strategy for achieving a balanced and accelerated economic and industrial growth in the UAE.

43. The organizational structure for the EIB recommended by the project is indicated in the Annex I to the present terminal report.

SECTION 3 - RECRUITMENT OF SENIOR OFFICERS

44. When the project started his assignment in the Emirates Industrial Bank the General Manager was the only high officer appointed by the Board of Directors. The urgent task to be performed was, therefore, to assist the General Manager in recruiting qualified officers for the key-posts. To this end, the Industrial Economic Adviser interviewed a number of candidates from the United States of America, United Kingdom, Japan, Asia and Middle East Countries for posts of senior officers.

SECTION 4- FORMS AND GUIDELINES

45. As a newly established development institution, the EIB was in an urgent need to have ready the various forms to be used by the borrowers as well as by the staff of the Projects Department for easy reference. The Industrial Economic Adviser prepared, for this purpose, the following forms:-

(1) Loan application form.

(2) Outline of a pre-feasibility study for an existing industry (in both English and Arabic languages) to be attached to the loan application.

- (3) Outline of a pre-feasibility study for a new industrial project (in both English and Arabic languages).
- (4) A guideline in both English and Arabic languages on the objectives of the Bank, the loan procedures and some advice on the selection of qualified consulting firms for feasibility studies or any other consultancy services.
- (5) Outline of a detailed feasibility study, to be used as a reference by the staff of the Bank as well as by the prospective consultants.

SECTION 5 - EVALUATION OF FEASIBILITY STUDIES

46. In addition to the forms and guidelines that had been prepared as a framework for project evaluation, the Industrial economic Adviser submitted to the General Manager two memos on "Financial Analysis of Investment Project" and "Evaluation of Investment Project". These two memos were photocopied and distributed to the officers of the Projects Department in order to be used as references for their evaluation of loans applications.
The evaluation process in the Projects Department is being performed by the Evaluation Division. The Industrial Economic Adviser assisted this Division in the market analysis, civil engineering studies, industrial engineering studies and financial analyses.
47. An ad hoc Projects Evaluation Committee has been formed by a Management Decision in order to appraise the final reports and recommendations of the Projects Department, before being submitted to the Board of Directors. The Industrial Economic Adviser has been appointed the Vice-Chairman of this committee, the Chairman is the EIB General Manager.
48. At the EIB, the project participated in the evaluation of the following studies:
 - (1) Wadi Siham Feasibility study in Yemen Arab Republic (Volume I and II).

- (2) Feasibility study on the Establishment of a sugar Estate in the Lower Giuba Region in Somali Democratic Republic.
- (3) Planning and Design Study for the Giuba Sugar Project in Somali Democratic Republic.
- (4) A Preliminary Feasibility Study on Mini Steel-Rolling Mill in Malaysia.
- (5) Supplementary Feasibility Study on Sugar Project in Malaysia.

49. The project assisted also in the appraisal and evaluation of feasibility studies attached to the loans applications submitted to the EIB during the reporting period. Some of these applications are related to existing industries and others to new projects.

1. The main existing industries' loan application are submitted from:-
 - 1.1 Canning & Beverages Filling Industries Co.
 - 1.2 Emirates Agricultural Products & Livestock Co.
 - 1.3 United Food Co. Limited.
 - 1.4 United kaipara Dairy Limited.
 - 1.5 Emirates Macaroni Factory
 - 1.6 Flour Mill Industry.
 - 1.7 Tiles and Blocks Industry.
 - 1.8 Metal Doors and Windows Manufacturing Industry.
 - 1.9 Ice Manufacturing Industry.
 - 1.10 Cement Block Industry.
 - 1.11 Soap & Detergent Manufacturing Industry.
2. The main new projects loans applications are:-
 - 2.1 Marble Manufacturing Industry.
 - 2.2 Flour Mill Industry.
 - 2.3 Furniture Manufacturing Industry.

SECTION 6 - SEMINARS AND CONFERENCES

50. The Emirates Industrial Bank, as a new development institution, is in a continuous need for up-grading the knowledge and skill of its staff. For this purpose, the project has always advised to benefit from the seminars and conferences held for officers of development institutions. The EIB has, so far , participated in the following seminars:-

1. Seminar on Project appraisal and Evaluation sponsored by the World Bank and held in Washington.
2. Seminar on Development and Organization sponsored by the UAE Institute of Administration and held in Abu - Dhabi.
3. Seminar on Feasibility and Project Evaluation sponsored by the Gulf Organization for Industrial Consulting and held in Abu Dhabi.
5. Seminar on Financial and Management Accounting sponsored by Abu Dhabi Fund for Economic Development and held in Abu Dhabi.

SECTION 7 - SELECTION OF CONSULTANTS

51. The economic and industrial development process is a multidisciplinary task requiring a team of specialists in various fields. The need for a close cooperation with qualified and specialized consultants is, therefore, very urgent for the EIB. In order to make this cooperation very constructive, the project contributed in the identification of the main criteria to be adopted for the classification of the Consultants. At the same time, he emphasized the importance for any consultant to treat the industrialists as clients and not as customers and also to have the capability and the experience to advise potential investors on the viability of their projects and the requirements of its feasibility and profitability.

52. A preliminary registration for consultants has been established for easy reference.

SECTION 8 - TRAINING OF COUNTERPARTS

53. The Emirates Industrial Bank is a newly established development institution and the training of counterparts is of the utmost importance. During his assignment in the EIB, the project had to assist in the process of division of work within each department. On the basis of this division of work he did follow the activities of the heads of Divisions and Sections and tried to achieve a coordination and complementarity between the various activities of each department. In fact, he has been working very closely with the General Manager of the EIB in all matters related to the organization of the Bank, the preparation of rules and regulations, the interviews of candidates, the organizational structure and division of works, etc. At the same time, he was always ready for any advice requested by the EIB staff.
54. During the short period of his assignment at the EIB, the project had significantly contributed to the training of the EIB staff on the various activities related to the industrial development process.

PART THREE
FINDINGS

A- VISITS TO PRIVATE AND PUBLIC INSTITUTIONS AND
EXISTING INDUSTRIES.

55. In view of the urgency of collecting statistical data and information on the existing industrial sector and the possibility of its development, the project drew up a comprehensive visits programme including:-
- (1) Visits to the Federal Ministries.
 - (2) Visits to both public and private economic and industrial institutions including the Chambers of Commerce and Industry.
 - (3) Visits to local authorities in each Emirate.
 - (4) Visit to the main existing industries in each Emirate.
56. The project drew up to his counterpart a comprehensive list for the various information to be collected and compiled during these visits.

B- REVIEW OF EXISTING FEASIBILITY STUDIES.

57. In order to benefit from the existing feasibility studies for projects not implemented and to up-date the ones which might be feasible, the project collected all these studies and indicated to his counterpart the sequence of the evaluation process and the relevant information to be updated.

C- COLLECTION OF INDUSTRIAL AND ECONOMIC STATISTICS

58. The lack of industrial statistics in the Department of Industry is a major constraint for project identification, formulation and evaluation. In order to overcome this difficulty the project asked his counterpart to contact the various ministries and institutions, requesting them to provide the Department of Industry with their annual statistics and regular publications.

D - INDUSTRIAL PLANNING.

59. The Industrial Planning is a pre-requisite for any national and regional co-ordination.
60. The national co-ordination should aim at preventing the local overproduction as well as the duplication in the establishment of industrial projects.
61. The regional co-ordination is becoming an important objective for the Arab Gulf Co-operation Council (AGCC) member-states. Any new project or expansion of an existing industry in the United Arab Emirates should be considered on the basis of the new regional co-ordination objectives.
62. The project has always stressed in his studies and recommendations to the Department of Industry on the importance to take into consideration the national and regional economic and industrial co-ordination.

E - INDUSTRIAL PROTECTION.

63. Most of the national industries have been requesting the Ministry of Finance and Industry to formulate an industrial protection policy for the promotion and development of the industrial sector. This is one of the most important issue to be dealt with for achieving a long term industrial development strategy. The project held, for this purpose, many meetings with his counterpart and explained to him the way of identifying and dealing with the problems and constraints of the industrial sector. To this end, the project prepared a detailed memorandum in which the industrial problems were divided into three types of problems:-
 - (1) Problems of the industrial sector.
 - (2) Problems of each type of industry.
 - (3) Problems of each industrial establishment.

F - INSTITUTIONAL CO-ORDINATION.

64. There is a lack of co-ordination between the various governmental institutions dealing with the industrial development in the Country. Each Emirate has its own system and procedures to grant the industrial licence and its own ratio analysis and project evaluation criteria. The consequences of such situation have ultimately led to a duplication and adverse competition in the Country.

G - REGIONAL INDUSTRIAL CO-OPERATION.

65. The creation, in 1980, of the Arab Gulf Co-operation Council (AGCC) is a new and important event in terms of regional development. In fact, a common market has been established between the AGCC members-states and, therefore, new factors and criteria are to be elaborated for project identification, formulation and evaluation. The size of the AGCC market, the specifications and particulars of the products might differ in order to meet the requirements of the Gulf consumers. The criteria for project evaluation therefore should be amended and new ratios and assumptions for the forecast and sensitivity analyses are to be adopted.
66. This new development was clearly explained to the project counterpart and other officers in the Department of Industry as well as its implications on the project evaluation process and the urgency to formulate the new industrial projects on the basis of the regional industrial co-operation.

H- THE COUNTERPART.

67. Because the project is an industrial development project, the counterpart should not consist of one officer. It should rather be a group of officers dealing with all

matters related to project identification, formulation, preparation and evaluation of pre-feasibility and detailed feasibility studies, monitoring and follow-up of project implementation, industrial planning and programming. The EIB policy in this context was very wise and fruitful because it had given opportunity to the recruited officers to work very closely with the Industrial Economic Adviser and seek his advices in the procedures and systems adopted for the performance of their functions and responsibilities.

68. The main result which can be derived from the project and the main experience gained is that for the success of an industrial development project a team of national officers should be made available as counterpart with all the necessary facilities and means of transport and communications. Each member of this team will be assigned one activity related to a specific phase of the project development cycle. Such team would be systematically trained within the framework of a constructive complementarity and cooperation and would form in the future the nucleus of a national multidisciplinary team in the Ministry of Finance and Industry.

PART FOUR
RECOMMENDATIONS

69. On the basis of the project activities and its achievements and results, it would be advisable to formulate appropriate recommendations concerning the future steps for the consolidation, further development and utilization of the results.
70. The results of the one year project are related to the project activities in two different institutions, but these two different institutions have the same objective which is to promote and develop the industrial sector in the U.A.E.
71. The appropriate recommendations to be formulated should aim at creating the most propitious environment for articulated and coordinated plans and policies so as to achieve an accelerated and balanced industrial development in the UAE.
72. These recommendations are as follows:-
1. Organizational Chart of the Department of Industry.
 2. Staff Required.
 3. Appointment of a Director for the Department of Industry.
 4. Appointment of a Team of Five Experts.
 5. Provision of necessary Facilities.
1. ORGANIZATIONAL CHART FOR THE DEPARTMENT OF INDUSTRY.
73. The new organizational chart to be adopted for the Department of Industry should be composed of the following divisions and sections:-
- A- In Abu Dhabi :
- (1) Statistics and Information Division.
 - (2) Industrial Development Promotion Division.
 - (3) Industrial Registration and Follow-up Division.
 - (4) Regional Co-operation Division.
 - (5) Industrial Planning Division.
- B- In Dubai:
- (1) Industrial Projects Division.
 - (2) Industrial Statistics Section.

C- In each other Emirates:

- (1) Industrial Projects Division.

2. STAFF REQUIRED.

74. A- In Abu Dhabi :

- (1) Two Industrial Economists.
- (2) Two Market Analysts.
- (3) Two Statisticians.
- (4) Two Industrial Engineers.
- (5) Two Civil Engineers.
- (6) One Industrial Accountant.
- (7) One Financial Analyst.
- (8) Two Industrial Management Specialists.

B- In Dubai:

- (1) One Industrial Economist.
- (2) One Market Analyst.
- (3) One Industrial Engineer.
- (4) One Civil Engineer.
- (5) One Statistician.

C - In each of the other Emirates:-

- (1) One Industrial Economist.
- (2) One Market Analyst.

3. APPOINTMENT OF A DIRECTOR FOR THE DEPARTMENT OF INDUSTRY

75. To organize, supervise and co-ordinate the activities of the Department of Industry, the appointment of a Director is urgently recommended.

4. APPOINTMENT OF A TEAM OF FIVE EXPERTS.

76. A project of a team of five experts should be considered in order to assist the Department of Industry in its functions and responsibilities.
77. The proposed team of experts should be composed of:-
1. A Senior Industrial Economic Adviser, as a team leader with a long experience in project formulation and evaluation and in industrial and economic planning and programming, is to be attached to the Director of the Department of Industry.
 2. Two experts (a market analyst and an Industrial engineer/ industrial economist, with not less than ten years experience) are to be attached to the team leader in Abu Dhabi.
 3. Two experts (a mechanical/industrial engineer and a financial analyst, with an experience of not less than ten years) are to be attached to the team leader. Their duty station shall be in Dubai but they will be responsible for the five Northern Emirates of the U.A.E.
78. The five experts will work very closely towards the achievement of the project objectives.

5. PROVISION OF NECESSARY FACILITIES.

79. The Department of Industry as well as the team of experts should be provided with all the necessary equipment, means of transport and communication and other facilities, such as a reference library, for the performance and discharge of their duties and responsibilities.

EIB ORGANIZATIONAL STRUCTURE

The proposed EIB organizational structure will be composed of the following departments:

1. The Administration and Finance Department.
2. The Projects Department.
3. The Industrial Development Promotion Department.
4. The Treasury Department.
5. The Internal Audit Department.

1- ADMINISTRATION AND FINANCE DEPARTMENT:

The Administration and Finance Department shall have the following functions and responsibilities:

- 1-1 Advise the General Manager on the application of the Staff Regulations.
- 1-2 Advise the General Manager on the financial aspect of the EIB's affairs and activities.
- 1-3 Examine and verify withdrawals on proceeds of loans.
- 1-4 Develop and maintain an accounting system to provide a complete and consistent record of the assets, liabilities, capital, income and expenses of EIB.
- 1-5 Elaborate financial forecasts and annual budgets of the EIB.
- 1-6 Maintain appropriate records and submit reports on EIB activities.

2- PROJECTS DEPARTMENT:

- 2-1 Receive and register the loans applications
- 2-2 Study the situation of the industrial establishment of each applicant, in terms of marketing, industrial

.../...

management, adaptable technology, manufacturing process, quality of the product, financing and economy, commercial profitability, etc.

- 2-3 Identify the various problems and constraints of each applicant and recommend the appropriate financial assistance.
- 2-4 Follow up the implementation of the projects financed by EIB loans.

3. INDUSTRIAL DEVELOPMENT PROMOTION DEPARTMENT:

The Industrial Development Promotion Department is expected to:

- 3-1 Collect, compile, analyse and up-date statistical data and information for project evaluation, planning and programming and national and regional coordination.
- 3-2 Formulate a long term industrial development strategy.
- 3-3 Elaborate plans and programmes for the implementation of the long term industrial development strategy.
- 3-4 Co-ordinate development policy, planning and programming within the UAE and the AGCC members.
- 3-5 Organize training programmes, seminars and conferences to the EIB's staff.
- 3-6 Initiate new industrial projects and joint projects with the AGCC members.
- 3-7 Conduct opportunity studies, functional studies, pre-feasibility and detailed feasibility studies to the EIB and potential investors.
- 3-8 Elaborate systematic transfer of suitable and adaptable technology to the UAE.
- 3-9 Establish Ruster of Consultants.
- 3-10 Organize regular meetings with the governmental authorities concerned with the economic and industrial development and with industrialists in the U.A.E.

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- 3-11 Supervise and organize the EIB's library and build up reference materials for studies, planning and programming.
- 3-12 Prepare material on industrial development and on EIB's activities, including progress and annual reports on its activities.

4- TREASURY DEPARTMENT:

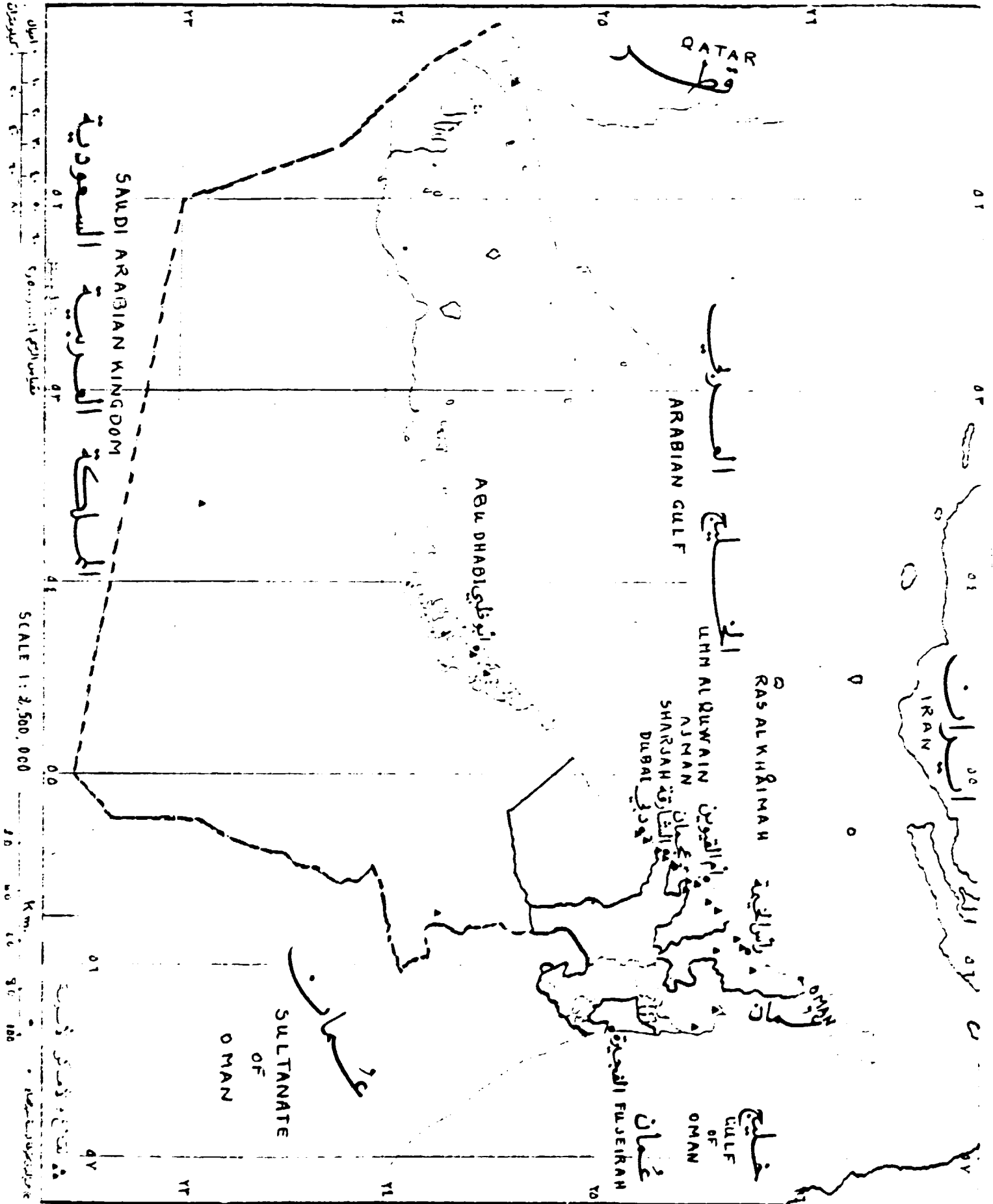
The Treasury Department's functions include dealing activities which involve placements with other banks of any surplus from the EIB's paid up capital so as to benefit from the interest on the amounts not being used.

The EIB is also authorized, according to its Memorandum and Articles of Association, to issue deposit certificates and accept in cash time deposits from shareholders, banks and financial institutions on the basis of the Board of Directors instructions and also of the rules laid down by the UAE Central Bank. All these activities are carried out by the Treasury Department.

5- INTERNAL AUDIT DEPARTMENT:

The main responsibilities of the Internal Audit Department are as follows:

- 5-1 Review and appraise the soundness, adequacy and application of accounting, financing and operating controls.
- 5-2 Ascertain that the Bank's assets are accounted for and safeguarded from misuses on losses of all kinds.
- 5-3 Appraise the quality of performance in the various EIB departments.



* The boundaries shown on this map do not imply official indorsement or acceptance by the United Nations.

END
OF
TERMINAL REPORT

