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ENTERPRISE-TO-ENTERPRISE COOPERATION  
BETWEEN SMALL AND MEDIUM INDUSTRIES IN ITALY  
AND SIMILAR INDUSTRIES IN ARGENTINA, BRAZIL AND INDIA

US/INT/89/211

Report of the in-depth evaluation mission\*

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\* This document has not been edited.

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**ABBREVIATIONS**

<b>ABIMAQ</b>	<b>Associação Brasileira da Indústria de Máquinas e Equipamentos (Association of Brazilian Machinery Industries)</b>
<b>API</b>	<b>Associazione Piccole Medie Industrie (Association of Small and Medium Industries, in Italy)</b>
<b>CECIS</b>	<b>Centro Empresario Comercial, Industrial y de Servicios de Rio Cuarto (Argentina)</b>
<b>CGI</b>	<b>Confederación General de la Industria (General Confederation of the Industry, in Argentina)</b>
<b>CONFAPI</b>	<b>Confederazione della Piccola Industria (Italian Confederation of Small Industry)</b>
<b>DCSSI</b>	<b>Development Commissioner for Small-scale Industries (India)</b>
<b>ICE</b>	<b>Istituto Comercio Estero (Italy)</b>
<b>KASSIA</b>	<b>Karnataka Small Scale Industries Association (India)</b>
<b>MERCOSUR</b>	<b>Mercado Comun del Cono Sur (Common Market integrated by Argentina, Brazil, Paraguay and Uruguay)</b>
<b>SEBRAE</b>	<b>Serviço de Apoio às Micro e Pequenas Empresas (Micro and Small Enterprises Support Service, in Brazil)</b>
<b>SME</b>	<b>Small and Medium-scale Enterprise</b>
<b>SMI</b>	<b>Small and Medium-scale Industry</b>
<b>TOT</b>	<b>Transfer of Technology</b>
<b>UNDP</b>	<b>United Nations Development Programme</b>
<b>UIA</b>	<b>Unión Industrial Argentina (Argentinean Industrial Union)</b>

**GLOSSARY OF TERMS USED IN THIS REPORT**

- |   |   |   |
|---|---|---|
| <b>"Blue Book"</b>                          | - | <b>The technical report prepared by the Backstopping Officer and Associate, dated 15 October 1991</b>                       |
| <b>International Consultant</b>             | - | <b>Consultant having his/her duty station in Italy</b>  |
| <b>Mission Members</b>                      | - | <b>The two members of the in-depth evaluation mission</b>   |
| <b>National Consultant</b>                  | - | <b>Consultant having his/her duty station in Argentina or Brazil or India</b>   |
| <b>Participating Countries</b>              | - | <b>Italy, Argentina, Brazil and India</b>   |
| <b>Project (with capital P in the text)</b> | - | <b>The project US/INT/89/211 under evaluation</b>   |
| <b>project (with small p in the text)</b>   | - | <b>each of the enterprise-to-enterprise co-operation links established, regardless of the stage of negotiation achieved</b> |
| <b>Selected Countries</b>                   | - | <b>Argentina, Brazil and India</b>  |

## **INTRODUCTION**

The evaluation of Project US/INT/89/211 has taken place during the months of September to November 1993 in the countries designated in the Project document. It should be mentioned that the evaluation was performed after the Project activities were for all purposes in standstill for more than one year, although the Project has not been officially concluded up to the present.

The evaluation mission's mandate determined an in-depth evaluation to take place on site, with visits to the participating countries and contacts with the various intervening parties.

The accomplishment of this incumbency was not easy at times considering the elapsed period of time since the Project came to the end, and due to the lack of very consistent reporting records.

After the briefing sessions held at UNIDO's offices in Vienna during the period of 7 to 10 September, the mission members moved to the sites where the Project was effectively implemented, visiting Italy, Argentina, Brazil and India, in this chronological sequence.

In its initial phase the mission assessed the services performed in Italy with visits to the Ministry of Foreign Affairs, to the local counterpart organization, to the former Project co-ordinators and to several consultants, entrepreneurs and their enterprises.

During the visits to the other three countries, with a duration of approximately two weeks in each country, the mission undertook a programme of contact with the local counterparts and with the consultants still available that participated in the Project at its different phases. Particular attention was paid in these countries to the understanding of the local environment for small and medium sized industries and to identify the real needs of the local entrepreneurs. All these visits have been arranged at the mission's own choice, with the collaboration of local counterparts or UNIDO offices.

In all more than 120 persons from the governments, counterpart organizations, enterprises, financing entities, concurrent projects and entrepreneur associations have been interviewed individually by the mission members. The mission did not send in advance any questionnaires to be filled in by the interviewed persons, being all data and information collected directly during the interviews.

From the contacts held in the four countries and in Vienna, and from the analysis of the Project's documentation that have been submitted by the various entities, the mission members produced the present report that encompasses the mission's findings on the Project.

The conclusions and recommendations arising from the Project evaluation, and finally the lessons learned as a result of this evaluation effort shall be certainly useful to all other projects that deal with the concepts of small- and medium-scale industries, and enterprise-to-enterprise co-operation.

## I. SUMMARY

**Project Title:** Enterprise-to-enterprise co-operation between small and medium scale industries (SMIs) in Italy and similar industries in Argentina, Brazil and India

**Project No.:** US/INT/89/211

**Executing Agency:**

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UNIDO

**Project approved:**

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19/3/90

**Evaluation:**

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7/9-19/11/93

**Government implementing agency:**

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Department for Development  
Co-operation of the Ministry  
of Foreign Affairs - Italy

**Government budget:**

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US\$ 1,979,760  
(including overhead)

**Operations started:**

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March 1990

### I. Objective and outputs

The Project's development objective is to increase the role of small and medium sized industries in Gross National Product in the selected countries where the Project will operate, namely Argentina, Brazil and India.

The immediate objective is to encourage industrial co-operation between SMIs in Italy and SMIs in the three developing countries in selected industrial sectors.

The outputs proposed are:

- a) The provision of 115 co-operation agreements between SMIs in Argentina, Brazil and India, and small industries in Italy. The breakdown by country foresees 40 agreements in Argentina, 35 agreements in Brazil and 40 agreements in India.
- b) The preparation of a report, at the end of the Project, assessing the experience gained in the criteria for matching and concluding co-operation agreements between small-scale industries in the four participating countries. This report would also describe the different co-operation agreements signed and assess their importance for the selected countries.

### II. Purpose of the evaluation mission

The primary purposes of the in-depth evaluation mission are to assess which types of co-operation have been brought about and analyze whether resources were employed in most effective way to achieve the Project's objectives and its expected outputs, including a re-examination of the Project design and identification of the factors that have facilitated or impeded the fulfilment of those objectives.

As part of the above-mentioned tasks the mission would also review whether the approach utilized in the Project has led to optimum results or whether another approach could have improved the results. This would include a review of the following points:

- a) Relations with the entrepreneurs involved in the Project.
- b) Relations with the consultants hired to participate in the Project, both international (in Italy) and national consultants (in the three developing countries separately).
- c) Relations with the counterpart organizations.

The in-depth evaluation mission was expected to lead also to detailed suggestions for further assistance or at least to finalize those co-operation agreements which were at a very advanced stage at the end of the Project's activities.

### III. Findings of the evaluation mission

The mission's general conclusion is that the Project did not accomplish its immediate objectives, and its influence to increase the role of SMIs in the GNP of the selected countries should be considered practically inexistent.

These results were mainly attributable to:

- a) the Project design, that was based on wrong methodological approaches and some assumptions that did not prove to be true;
- b) external factors, such as high inflation rates, and drastic macroeconomical changes in the selected countries;
- c) inadequate co-ordination structure and procedures, leading to some serious gaps in the Project's internal communication routines and in the assignment of responsibilities.
- d) lack of some preliminary work encompassing market studies, feasibility studies and company profiles, to enhance the best matching between co-operating enterprises;
- e) lack of any intermediate evaluation of the works already performed during the two earlier phases of the Project, that started in fact in 1985.

In spite of the findings mainly negative, it was identified, from the entrepreneur's side, an image of credibility and seriousness left by UNIDO and a sustained desire for further opportunities for being in contact with their equivalent SMIs in other countries.

### IV. Recommendations of the evaluation mission

Two specific recommendations resulted from the analysis of the Project as it is now, i.e. concluded but not closed:

- a) the preparation, by the Project's Backstopping team, of a final demonstration of costs and expenses incurred by the Project. This demonstration once submitted to and approved by the Italian Government would permit the official closure of the Project;
- b) to inform officially the participating counterparts and enterprises about the Project's conclusion, orienting those entrepreneurs that still expect some action regarding their projects to contact UNIDO either through the corresponding counterpart organization or through UNIDO's offices.



Some general recommendations drawn from the evaluation mission's findings and oriented to UNIDO are:

- a) to work out a modus operandi to strengthen its projects aiming at SMIs in the areas of investment promotion, enterprise-to-enterprise co-operation, sub-contracting and buy-back contracts, taking the best advantage of their simultaneousness in the same geographical areas;
- b) to make provision, in projects aiming at SMIs, for the cost of preparatory works such as feasibility studies, market studies and financial advisory support;
- c) to ensure the sustainability of this kind of projects through a continuing effort to keep some of the counterpart organizations personnel trained and apt to follow-up co-operation agreements until they reach to the fully-operational level;
- d) to try to circumscribe the size and complexity of this sort of projects, ascribing them to specific regions of a selected country, in order to take the best advantage of the local SMIs associations, local raw materials and manpower skills. This would enhance manageable and measurable projects, in line with the needs of SMIs.

#### V. Lessons Learned

Among the lessons learned through the evaluation of the Project, some should be emphasized:

- a) a multi-bilateral project with this design should not be implemented simultaneously in countries that have already a strong industrial basis and well defined industrial development policies. It should be convenient to split it into several bilateral projects, tailored in accordance to each country's requirements.
- b) SMIs are not, like the Project document presumed, unaware of the external environment and they are to some extent aware of international opportunities to reach technology and know-how sources. Very small-scale industries, indeed, have the presumed deficiency;
- c) the role of the national counterparts is essential to ensure the achievement of the Project's objectives. The choice of the right counterpart is of fundamental importance for the success of the Project.
- d) to promote a sound and lasting co-operation agreement between two SMIs the consultant must be very well aware of the local conditions (including legal, technical and social constraints) and must identify in detail and in advance the financial conditions of the parties and their real objectives in search of co-operation from the other party.

#### VI. Evaluation team

Mr. Virgilio Monaldi  
Representative from the Government of Italy

Mr. Cyro Eyer do Valle  
UNIDO Consultant

## **II. PROJECT CONCEPT AND DESIGN**

### **A. Context of the Project**

#### **A.1 History of the Project**

**History:** The present project can be considered to be the third part of a project composed of three different phases.

The US/INT/84/170 as originally designed, had apparently a duration of three years, from 1985 to April 1987 for an amount of \$ 539,000. The first submission was in June 1984, while the last revision was that of 20 December 1984. However, in practical terms, activities started only in the second half of 1985 and ended in July 1987.

In February 1987, another document (US/INT/84/170) considered to represent to a large extent the second phase of the preceding project was submitted to the Italian Government. According to this document, this second phase was of a duration of 2 years and was supposed to start on 1 August 1987 and be completed by the end of July 1989. An amount of \$ 1,367,300 was sanctioned.

Finally, on 10 July 1989, another proposal for an amount of \$ 1,979,760 (US/INT/89/211/A) aiming at the continuation of the on-going project US/INT/87/046 for a duration of 15 months (from 1 October 1989 to December 1990) was presented to the Italian authorities. However, to cover the expenses of the period May-July 1989, during the Review Meeting which took place on 10 March 1989 in Rome at the Department of International Co-operation, it was agreed to prepare an "emergency budget" for a period of 3 months amounting to \$ 300,000. The corresponding project revision was prepared and approved by the Government of Italy on 9 June 1989.

In conclusion, the total financial contribution of the project and the related periods can be summarized as follows:

1. Dec. 1984 to July 1987	\$ 539,000
2. Aug. 1987 to April 1989	\$ 1,367,000
3. May 1989 to July 1989	\$ 300,000
4. Oct. 1989 to Dec. 1990	<u>\$ 1,979,760</u>
<b><u>TOTAL</u></b>	<b><u>\$ 4,186,000</u></b>

#### **A.2 Design and Justification**

The project US/INT/89/211/A was designed following completion of two preceding phases with the main purpose to encourage "partnership agreements" between small and medium size industries in Argentina, Brazil, India and similar industries in Italy.

Viewed from this "global" perspective, the maintenance under this project of a focus on small and medium size firms of developing countries and on the possibility to enter into "close" and long-term association with the corresponding firms from an industrialized country was, in the evaluations team's view, acceptable. Research undertaken during many years by various organizations such as the OECD, World Bank and more recently UNCTAD have shown that SME's in developed countries constitute a potential advantageous source of technology for indigenous enterprises in developing countries. However, the implementation of these advantages depends on costly preparatory work such as a) the identification of suitable partners, b) the undertaking of market research, c) the

adaptation of products and production processes to local conditions and, last but not least, d) the research on access to local sources of capital.

It is a well known fact that the ratio between the cost of this preparatory work and the actual value of the transfer is higher for small and medium than for larger enterprises and it is this relationship which justifies the need for external, non-reimbursable assistance, to be provided by the various phases of this project.

Unfortunately, this crucial aspect is not dealt with explicitly while, in the mission's view, it should have been more clearly spelled out.

On the other hand, numerous uncertainties existed at the time the proposal was prepared and the risk of the project falling short of specified objectives was very high. Would the macro-economic environment of the recipient country (Argentina and Brazil) be conducive to the expected results? Could the continuation "sic and simpliciter" of the on-going project US/INT/87/046 without any evaluation of the results obtained and any adjustment made based on previous experience, be considered acceptable from both technical and political point of view? Would the selected counterpart organizations constitute the most appropriate channel to support and stimulate the foreseen long-term association between different industrial patterns? Would the objectives set and results expected compatible with the priorities of the Italian firms on one side and the Argentina, Brazil and India on the other side? Would the type of approach envisaged and more particularly the sectors selected be in line with the evolving industrial strategy and particularly with the process of industrial restructuring of the country concerned? Could the absence of an objective methodological tool to define the technical level of the firms be considered irrelevant to the selection of homogeneous partnerships? Would the basic machinery set in place for the consultants be able to avoid duplication of work and bring about a true understanding between the two parties and act as a neutral broker? Finally, could be a project like this where the business orientation is the moving force, be considered as an aid programme without any consideration of the economic and financial viability?

Notwithstanding these uncertainties and many evident lacunae, the decision was taken to invest a further significant amount of money (\$ 1.979,760) and to agree for the attainment of a rather unrealistic and ambitious objective (115 Co-operation Agreements between SMI in Argentina, Brazil and India and small industries in Italy). The official justification for such a request as shown in the project documents was the need to strengthen efforts "in order to have more results so far achieved". More particularly, additional activities were to be undertaken to transform the letters of intent into final partnership agreements. This unqualified and superficial justification can only be explained with the need of taking advantage of the financial facilities provided by the existing Italo-Argentinean Treaty (signed in 1987, but fully operational only in 1989) for which the project was supposed to be a catalytic instrument. More or less the same reasoning can be applied to Brazil where, however, the co-operation agreement with Italy, providing for a line of credit of about 1 billion dollars for the three year period 1990 - 1992 was not yet in existence and, eventually, never materialized. In other words, the lack of results despite the amount of money spent up to 1989, was attributed to the lack of a consistent financial facility without any consideration of internal and external constraints and inconsistencies by the project most likely responsible for the difficulties encountered.

## B. The Project Document

It was not the intention of the mission to devote excessive time to the criticism of the Project Document for fear of sounding overly negative or of detracting from other conclusions and recommendations which it considers to be critically important. However,

considering the fact that the evaluation team was unable to locate any progress report which could possibly contain clear statements of the adjustments made to the original version (with particular reference to both the output - activity configuration, i.e. the technical approach, and to the implementation methodology), a deep analysis of the Project Document becomes necessary. This is clearly understandable if one considers that the evaluation team was obliged to assess the project on the basis of a single static document which is superficial, inconsistent in its technical structure and overly ambitious with respect to the alleged output targets:

a) Lack of analysis: The project proposal is not supported by any evaluation of the previous phases of which it was a simple uncorrected successor. This attitude not only was against the evaluation plan contained in the proposal of US/INT/87/046, but it is a clear indication on the part of UNIDO to overlook most of the problems besetting the lack of results. Thus, instead of a serious analysis of the need of the nationals with the relative specification of the problems to be addressed and the way to be solved both at the micro- and macro-level, the project proposal puts emphasis on an unqualified necessity of "additional activities" to reach "final partnership agreements".

Firstly, at macro-economic level, the lack of any assumption about the changing economic environment led to some basic distortions. In Brazil, the project was developed in accordance with the strategy of "self-sufficiency" still prevailing at that time. The implication was that no coherent selection mechanism among sectors was carried out and therefore, no attempt to analyze the comparative advantages of different sectors and firms was envisaged. It was only at a later stage (at the end of the third phase), that a concentration process in favour of some strategic industries to avoid excessive centralisation (mechanical components and devices, precision instruments, etc.) was worked out, with tangible benefits for the firms interested.

In Argentina, the concentration on small industries not only was in strict contrast with the size of the potential Italian partners, but was in contradiction with the philosophy of the industrial rehabilitation plan which focused on medium and large firms. Unfortunately, owing to the absence of any in-depth evaluation at the end of the second phase, UNIDO missed the opportunity to redirect the project towards the objective of the industrial restructuring of the country. All again this point to the lack of any sectoral analysis to be used as a background for a solid and economic justifiable Project Document.

From a micro-economic point of view, a first problem arose in connection with the assumed coincidence between target and direct beneficiaries. If the direct beneficiaries were supposed to be the small entrepreneurs in selected developing countries and in Italy, who were the target beneficiaries? In most cases, the direct recipients of a project are likely to be different from the target beneficiaries. The Document neglects this point with the consequence that no description is made of if and how the benefits proposed to be delivered to the direct recipients can lead to the benefits intended for the target beneficiaries. As a matter of fact, SMEs not directly benefitting for instance from transfer of technology under the Project could nevertheless be familiarized with the practical modalities of such transfers and thus become candidates for future or follow-up projects of the same type. And this could have been an important output of the Project.

A second and major problem of strategic character arose in connection with the size and technological level of the firms to be contacted and, hopefully "married". The very concept of small firms looms differently in Italy on one side and in Argentina, Brazil and India on the other side. Broad and large, an Italian small firm corresponds to a medium Argentinean or Indian firm. This difference in size made it particularly difficult to establish uncaringful contacts from the very beginning and made it highly unlikely the achievement of the envisaged co-operation agreements. It is worth noting, in this respect, that the alleged lack of interest on the Indian side is certainly partly due to such economic consistency. In

Argentina, for example, the negative impact of this phenomenon was so evident to cause the shift from CGI to UIA as a counterpart organisation, as an extreme attempt to save the project by encompassing firms of larger size. This problem was further complicated by the absence of an objective methodological tool to evaluate firms according to their technical level. The ACT system, after being tested by UNIDO in Morocco, was abandoned in view of its intrinsic complexity. Therefore, the supply of technology could not be directed to those firms in real need of it.

## B.1 Objectives

The objectives are spelled out in a broad and vague language. First of all, it is not clear at what level of commitment they want to end up. As a matter of fact, the provision of co-operation agreements can be subject to different interpretations. Does this mean bringing about formal agreements on an enterprise by enterprise basis, with a legally binding character? Or does this simply mean a rather unspecified reciprocal commitment? This lack of provision was felt all over the life of the project - and made the evaluation of its results rather uncertain.

Secondly, the fixing of a total number of agreements (115) to be achieved and the relative breakdown among the three different countries (40 in India, 35 in Brazil and 40 in Argentina) is certainly a sound approach that must be shared. However, it is not clear how do they relate to the letters of intent signed during the 2nd phase and which were already in hand when the 3rd phase started. No explanation whatsoever is given of the logic besetting the above-mentioned number. If at the start of the 3rd phase the letters of intent signed for India and Brazil were 32 and 8 respectively, how come that the expected end of project results were supposed to be 40 co-operation agreements for both countries? And what is about Argentina with its 40 co-operation agreements envisaged vis-à-vis the 15 letters of intent (Memorandum of Understanding) signed? All this leads to a further point of clarification which is embedded on the strategy for the 3rd phase: did the project play to have more letters of intent or, simply, to pursue the agreements already in process or both of these objectives? In the mission's view, this is a very legitimate question owing to the evident economic and financial implications of the approach followed. This is even more so when account is taken of the explanation given on page 4, paragraph 4 (Project strategy and substitutional arrangements) i.e. priority will be given to the projects which are already at an advanced stage (?) and where financial resources are available for the rapid realisation of the partnership agreements. This sentence gives way to all kind of interpretation with the consequence that no objective judgement can be made of the results obtained.

## B.2 The strategic and technical approach

In the mission's view, one of the main shortcomings of the project was that it did not conceive the possible investment of Italian SMIs in recipient countries as a form of extending the returns of their technological know-how by helping in creating autonomous industries. On the contrary, one of the implicit objectives of the project was to create sub-contractors who would supply Italian SMEs with some inputs with the consequent danger that overseas venture would compete with Italian SMEs in their own markets. It is the mission's view that it should have been possible to envisage transfer of technology unrelated to buy back on the Italian market which Italian SMEs may not wish to share. In this area, SMEs basically differ from TNCs which can easily afford to shift production anywhere in the world. Unfortunately, in the Project Document, the precise advantage that Italian SMEs could have derived from the transfer of technology was nowhere spelled out. Moreover, where the project went completely wrong was in proposing that the actual financing of the envisaged joint ventures should be done with the use of soft loans because:

- a) the economic viability of the venture could not be proved,
- b) with the drying up of the soft loans, the joint venture might disappear as a result of its intrinsic non-viability.

It is the opinion of the mission that this basic error may be due to the fact that the drafters of the project were aware of the existence of such financial resources (with special reference to the Italian-Argentinean Treaty) and that they may have even been encouraged to find an utilization for these resources.

**B.3      Work Plan:**

A sound activity-input mechanism was lacking within the Project's management framework. No annual work plans were formulated in precise and timely fashion through consultations between UNIDO Headquarters-based backstopping officers and the counterpart organizations. It is evident that the annual work plans would have greatly facilitated the evaluator's analysis to ascertain if and to what extent the activity schedule actually accomplished differed from that specified in the Project Document.

### **III. PROJECT IMPLEMENTATION**

#### **A. Delivery of Inputs**

##### **UNIDO inputs**

The original budget (A) of the project was up to US\$ 1,752,000 (overheads excluded). This budget was supposed to cover activities over a period of 15 months (from October 1989 to December 1990).

The latest approved budget revision was that of 08/05/1992. A comparison between the latest and the original budget reveals the differences shown in table A1 that follows:

**Table A1: Comparison between Project's original budget and latest approved revision**

	Orig. PAD (19/03/90)		latest PAD (08/05/92)		Difference between Orig. and latest PAD	
	m/m	amount \$	m/m	amount \$	m/m	amount \$
11-01	14,0	84,000	10,3	73,093	-3,7	- 10,9
11-50	151,0	636,000	120,2	679,310	-30,8	+ 43,310
11-99	165,0	720,000	130,5	752,403	-34,5	+ 32,403
13-00	0	80,000	0	77,045	0	- 2,955
15-00	0	445,000	0	407,080	0	- 37,920
16-00	0	64,000	0	71,728	0	+ 7,728
17-01	10,0	28,259	10,0	31,986	0	+ 3,727
17-02	8,0	26,313	7,0	25,502	-1,0	- 811
17-03	10,0	19,460	5,0	11,818	-5,0	- 7,642
17-04	9,0	17,514	5,0	11,818	-4,0	- 5,696
17-05	10,0	19,460	1,0	1,500	-9,0	- 17,960
17-50	37,0	7,994	28,4	103,434	-8,6	+ 31,440
18-00	0	00	0	-37,178	0	- 37,178
32-00	0	100,000	0	133,128	0	+ 38,128
49-00	0	40,000	0	29,715	0	- 10,285
51-00	0	120,000	0	132,021	0	+ 12,021
99-99	249,0	1,752,000	186,9	1,752,000	-62,1	00

#### **B. Activities**

Implementation of activities constitutes one of the most controversial issue of the whole project. Due to the lack of specifications and information in terms of single activities to be implemented, as well as the logical sequence of each of it, the evaluation mission will be obliged to concentrate on the methodological approach carried out to achieve the expected

results. As a matter of fact, the basic feature of the implementation process was the more or less contemporary presence of two distinct set of short-term consultants (one in Italy and the other in each beneficiary country) whose main task was:

- a) Identify entrepreneurs from both sides, willing to enter a co-operation agreement. This could take the form of i) technical assistance provided by an entrepreneur in Italy to his partner; ii) subcontracting arrangements, iii) licensing arrangements and, finally, iv) joint-ventures;
- b) To prepare project proposals;
- c) to assist entrepreneurs in solving bottlenecks of different nature and make all possible efforts to conclude co-operation agreements, by selecting the most promising proposals;
- d) To accompany and provide assistance to the missions of entrepreneurs visiting the possible partners.

This approach resulted in: a) an extreme difficulty to arrive at the conclusion of an agreement, b) lack of co-ordination among the consultants (particularly from the Italian side), c) lack of direct involvement of the consultants, owing to their short-term type of arrangement, d) preparation of project proposals not in line with the size, experience and capacity of the enterprises presented, e) in most cases, in view of the technical specialization of the consultants selected, (i.e. industrial engineers), lack of information on financial aspects (soft loans, government participation in the investment, working capital required etc.), f) practical impossibility to monitor effectively the work carried out by the consultants. To this regard, past experience has clearly demonstrated that it is extremely difficult to arrive at an agreement with two sets of consultants doing the same work! Unfortunately, this experience was not taken into account by the project formulation. The result is that about 45 per cent of the budget was absorbed by the short-term consultants (39 per cent for the international and 6 per cent for the national consultants) to the detriment of a more specific preparatory work and more in-depth analysis of the needs of the potential partners.

Moreover, the project co-ordinator was not available on a full-time basis at any time during the life of the project and he was completely absent from the second quarter of 1991. He was not given the full authority to select and recruit consultants, to approve travels for them as well as for Italian and foreign entrepreneurs. Consequently, he was unable to assume full responsibility for the success or failure of the project. This responsibility was distributed in an unclear fashion between the UNIDO backstopping team and the national co-ordinating agencies. Furthermore, with the departure of the co-ordinator, responsibility fell on short-term consultants (Argentina is a clear case in point) and part-time backstopping officials.

From the UNIDO side, the very little delegation to the CONFAPI co-ordinator was in striking contrast with its inability to provide a full-time co-ordinator from its own regular resources. This ambiguity was perceived all over the life of the project. Two questions can be asked in this connection: first, how come that, if a co-ordinator was needed, no substitute was appointed when Mr. Bedini left? (Upgrading of Mr. Tani to do a similar co-ordination work in Argentina and Brazil, can be considered only a partial and inadequate solution to the problem). Second, how did the project go on without a co-ordinator for 10,7 months in 1991 and thereafter? It is the mission's view that a lower degree of centralized management by UNIDO would have improved the effectiveness of its monitoring process, by concentrating on crucial technical and methodological issues, more than on bureaucratic and financial matters. Another factor which had an important impact on the final outcome of the project was the role played by the three national counterparts on one side, and the Italian counterpart agency, i.e. CONFAPI on the other. Starting from the latter, CONFAPI as a Government counterpart was certainly correct from an institutional point of view.



However, this positive factor should be weighed against the lack of experience and the non-operational character of this organization. As a matter of fact, CONFAPI was never intimately involved in the activity of the project. Its main role was to provide space and telephone facilities for the consultants without any organizational or management input in it. Of the three national counterparts, ABIMAQ played a rather positive role because of its well established position in the mechanical industrial sector of Brazil and its previous experience in operating as a project counterpart. However, its traditional and rather conservative stance in industrial policy was running against the need of a market-oriented approach implicit in the forthcoming liberalization process. The move to a more competitive environment and higher productivity of the participating enterprises took place only towards the end of the project life and in a very partial manner.

The role of CGI in the project suffered very much from political influence and was impaired by the very small size of its associate enterprises. CGI, like CONFAPI, did not have its own staff members involved in the running of the project, and based its participation on hiring short-term consultants.

As far as India is concerned, the local counterpart DCSSI could take advantage of its strong institutional set up all over the country. The regional offices of this DCSSI played an important role as local branches of the national counterpart allowing direct and immediate contacts with their entrepreneurs. That, unfortunately, was not the case with Argentina and Brazil, where the long distances were not overcome by setting up a suitable regional network.

#### **IV. PROJECT RESULTS**

##### **A. Outputs**

The outputs of a project that envisages the simultaneous promotion of co-operation among small-scale entities in countries with different approaches to economical and industrial development must be carefully identified and analyzed.

The yardsticks to evaluate this sort of projects must take into consideration not only quantities, as contracts signed and number of enterprises that adhered to the project, but also non-quantitative outputs like the upgrading of the entrepreneurs international experience, the capacitation of the consultants that participated in the Project, and the lessons learned by the various participants.

##### **Output 1**

The Project Document defines as output 1 the quantity of agreements to be established between SMI's in Italy and in Argentina, Brazil and India. The number for each country should be as follows:

**Argentina: 40 co-operation agreements in the following subsectors- leather industry, mechanical industry, marble and granite industry, agro-industry.**

**Brazil: 35 co-operation agreements in the fields of precision mechanics, micro-mechanics and components.**

**India: 40 co-operation agreements in the following subsectors- leather and textile industry, agro-industry, mechanical engineering and chemical industry.**

According to the "blue book" the results achieved at the date of its release (15 October 1991) were respectively:

**Argentina: 13 projects concluded;**

**Brazil: 14 projects concluded;**

**India: 11 projects concluded.**

A Status Report produced in 23 June 1992 informs about the completion of 4 more projects in each country, during the period October 91 till June 92.

These figures, considerably behind the proposed project output 1, would be even lower if the concept of project concluded did not include letters of intention and memoranda of understanding (MOU), as it was the case in some enterprises visited, that did not come to a formal agreement.

In addition, the situation of these projects listed as already concluded is at present very different from the original scope of the Project: more than 50% of the entrepreneurs contacted by the evaluation mission with regard their projects have declared that their agreements were not any more in-force or were not finalized, remaining at the level of a letter-of-intention or MOU.

Output 1 has been affected in general by various reasons listed under the title Conclusions, but one of the most relevant reasons for these unexpected and undesired results seems to be the drastic changes in macroeconomical factors the 3 recipient countries have been submitted to since the Project implementation began.

As far as it concerns the industrial subsectors chosen by the counterpart agencies of the 3 countries, the Project results were neither in line with the original objectives. Of the 13 projects considered as concluded in Argentina, only 5 conform with the preferred sectors ( 1 textile, 2 agro-industry and 2 mechanical); in Brazil only 2 out of 14 projects concluded fall in the preferred sectors ( 1 in precision mechanics and 1 in components); in India the situation is not very much different - of the 11 projects considered concluded, 6 can be included in the preferential sectors ( 1 in leather industry, 3 in mechanical industry and 2 in agro-industry, *latu sensu*, since their aim is the manufacture of agricultural implements).

#### Output 2

This output aims the preparation of "a report assessing the experience gained in the criteria for matching and concluding co-operation agreements between small scale industries in Italy and SMI's in the three selected countries". This report should also describe the different co-operation agreements which have been signed and assess their importance for the developing countries. The project document foresees the preparation of the above report at the end of the Project.

It was considered, for evaluation purposes, that the product of this output 2 is the Technical Report issued on 15 October 1991 and informally called the "blue book".

Notwithstanding the fact that this "blue book" encompasses an impressive collection of commendatory letters and testimonials on the Project, said report lacks the necessary structure to describe and analyze, for learning purposes, the experience gained with the Project and the assessment of the matchmaking techniques to choose the right enterprises. That could have been very useful for other co-operation and investment promotion projects. Also a critical evaluation of the factors that hindered the full implementation of the agreements envisaged in output 1 should be included in this report

#### Non-measurable outputs

Among the by-products of output 1 it should be included, as positive results of this project and notwithstanding the reduced number of agreements achieved, some non-measurable outputs:

a) an increase in competence of consultants, both national and international, with regard the negotiation of technical agreements and the identification of suitable partners for enterprises not yet accustomed to such practices.

b) the acquaintance of many entrepreneurs with the possibilities to export and the opportunities they were offered to exchange experience with other entrepreneurs in countries at different levels of industrialization

c) the improvement of the counterpart organizations capability to handle co-operation programmes with other countries and through international agencies.

d) the experience acquired by UNIDO in conceiving, managing and evaluating such type of co-operation project, regardless of the difficulties and inconveniences faced and some deviations of the aimed objectives.

#### B. Immediate Objectives

The Project Document foresees for output 1 the achievement of 40 co-operation agreements between Italian and Argentinean enterprises, 35 between Italian and Brazilians and 40 between Italian and Indian enterprises.

Figures shown in the "blue book" intend to give an picture of the achievements reached by october 1991, when the Project was already running out of funds to proceed with its activities.

Table below gives a condensed view of the information collected in the "blue book" regarding the amount of co-operation opportunities listed in that document. The splitting into different categories and the designations used, i.e. "projects concluded", "prospects for projects", etc. has been kept as in the original. In India type A is not splitted into A1, A2 and A3.

**Table B1: Project Condition**

	ARGENTINA	BRAZIL	INDIA
A - total of projects already concluded	13	23	11
A1 - projects already concluded	11	14	-
A2 - projects concluded and already submitted to financial institutions (ARG) or projects concluded with emphasis only on commercial aspects (BRA)	2	7	-
A3 - projects concluded but not operational	-	2	-
B - projects at a very advanced stage	8	15	9
C - projects which could be finalized in 1992 provided that additional funds can be made available (ARG and BRA)	12	16	-
C - prospects for co-operation projects which could materialize provided additional funds can be made available in 1992, and following the decision to designate another counterpart organization in India	-	-	13
D - prospects for co-operation projects following the decision to designate another counterpart organization in Argentina	11	-	-
Total of projects listed	33	54	20
Total of project prospects listed	11	-	13
Grand-total of co-operation possibilities listed	44	54	33

The mission members have contacted as many entrepreneurs responsible for the listed projects as it was possible during the visits that were organized in the 4 participating countries. A summary of these visits and contacts is shown in table B2 and the conclusions drawn from these contacts and visits are described in Chapter V. As it can be found from table B2 analysis, the mission members have visited or contacted roughly 50% of the projects said concluded and several projects of type B in the three selected countries.

**Table B2: Summary of Contacts and visits with entrepreneurs/enterprises during the in-depth evaluation mission**

	ITA	ARG	BRA	IND
<b>1) Number of contacts or visits held as compared to the total of projects listed in the "Blue Book"</b>				
Projects type A ( A <sub>1</sub> + A <sub>2</sub> )	9	7/13	9/21	8/11
type B	1	3/8	2/15	4/9
type C	-	0/16	2/16	-
total	10	10/37	11/52	12/20
<b>2) Percentage of entrepreneurs contacted who knew already their counterpart, prior to the Project actions.</b>				
	33	22	15	25
<b>3) Percentage of agreements at different stages of implementation:</b>				
Only preliminary contacts held	44	44	38	20
Negotiation without finalizing	-	-	16	25
Executed but discontinued	-	12	8	30
Agreement in force	56	44	38	25
<b>4) Present situation of the agreement reached and still in force :</b>				
Active without major changes	40	60	67	50
Modified in its concept	60	40	33	50
<b>5) Percentage of projects reporting any practical results of the agreement negotiated and finalized</b>				
	44	25	25	7
<b>6) Percentage of firms declaring received financial support from UNIDO for travelling and training:</b>				
	10	50	0	67
<b>7) Percentage of firms declaring full satisfaction with UNIDO actions</b>				
	45	55	62	54
<b>8) Percentage of firms expressing some complaints against actions taken by UNIDO</b>				
	33	45	31	46

	ITA	ARG	BRA	IND
9) Percentage of firms that did not identify UNIDO activities	22	-	7	-
10) Average yearly turnover reached by firms visited/contacted (US\$ million)	29	3,2	7,1	2,5
11) Average number of employees	168	70	157	177
12) Percentage of firms with a previous experience in TOT contracts:	78	56	42	25

As far as it concerns the output 2 proposed as an immediate objective, it can hardly be said that it was accomplished. The "blue book" is more a promotional document to justify the need for new funds than properly an assessment of the experience gained.

The criteria for marketing and concluding co-operation agreements between SMIs, as a part of the proposed immediate objective - output 2 - are entirely absent in the "blue book" and should be part of a more detailed and comprehensive document.

### C. Development Objective

The development objective proposed in the Project Document Part C ("to increase the role of small and medium sized industries in Gross National Product in the selected countries where the project will operate"), although correct in its inception, is too generic and lacks a measurable yardstick to be adequately evaluated. If it is true, from one side, that a project like US/INT/89/211 can contribute to increase the role of small and medium sized industries in the GNP of the selected countries, on the other side it should not be forgotten that the SMIs in these countries play already a very important role.

Consequently, a development objective for such a Project should take into account aspects more identifiable with each country's industrial policy, as for instance:

- a) to strengthen SMIs associations already existent and to stimulate the creation of new ones in regions where the availability of manpower, technical expertise and entrepreneurial determination already exist;
- b) to develop local expertise in dealing with SMIs that are in search of sources of technology and looking for new markets.

It can be said that during the life period of the Project under scrutiny there was, in the three selected countries, an increase in local consciousness about the role of SMIs and their contribution to the national development.

In fact some of the SMIs promoting organisms visited, as for instance CECIS, in Rio Cuarto, Argentina, SEBRAE in Brazil and KASSIA in Karnataka, India, have already demonstrated their preparedness to pursue the Project's development objective in their regions.

For all practical purposes, however, the impact of the Project on the GNPs of the selected countries can be considered negligible and not even noticeable.

#### **D. Unforeseen effects**

The most significant unforeseen effect identified by the mission members was the dissipation of the experience acquired by the consultants along the Project's life. It can be said that in most of the cases this experience was not incorporated to the counterparts for lack of adequate reporting and a more methodical work.

The consultants have dispersed after the Project's "informal" conclusion, and with the exception of India are not, most of them, anymore associated to the former national counterparts. India is an exception only because the national consultants appointed to the Project were, in fact, employees of the counterpart itself.

The end of the Project's activities was carried out in such an informal way, that it interrupted also a number of agreements still under negotiation, with a resultant of frustration and disappointment for several entrepreneurs laid aside.

The second unforeseen effect identified by the mission members was a trend, detected mainly in Argentina, of shifting the scope of some agreements or MOUs already signed into ordinary commercial activities. This shift leads to the importation, by the same entrepreneurs, of the products or goods that were originally thought to be produced locally on basis of the assimilated Italian technology.

This trend results of the recent macroeconomical changes introduced not only in Argentina but also in Brazil and India, that reduced drastically the taxation on imported products that some entrepreneurs intended to manufacture locally. This effect has been more sensible in Argentina for its smaller internal market, where a small-scale production cannot lead to the competitive unitary prices prevailing in the international market.

Brazil and India by virtue of their big internal markets apparently will overcome this risk in the agreements that have been signed.

#### **E. Sustainability**

The sustainability of the Project did not occur through its counterpart organizations. These counterparts, although still considering the importance of the theme, do not have presently under way any detectable activities that could be considered as a continuation of the Project.

In the cases of Brazil and India, their respective counterparts ABIMAQ and DCSSI still keep records of the contacts made during the Project and have assigned, on part-time basis, professionals that are still in charge of the Project (it should be recalled that the Project has not been officially closed up to the present).

In Argentina the mission members could not identify any remaining activity related to the Project.

It is worth to mention that in India a project is being implemented with the sponsorship of the local government, to promote enterprise-to-enterprise co-operation with four Asian countries, in which India is playing somehow the role of Italy in the Project under evaluation.

In Brazil ABIMAQ tried to sustain the Project's activities through a proposal of collaboration with the local representation of ICE. In spite of some preliminary interest demonstrated by ICE

ABIMAQ's initiative did not succeed.

It should be stressed that from the contacts established by the mission members with the entrepreneurs in the four participating countries, it was detected a strong feeling of frustration for the non-existence of a channel of communication that could sustain the contacts that aborted with the conclusion of the Project.

Many among the entrepreneurs visited wanted to convey, through the mission members, their requests to UNIDO to re-establish contacts and take actions that could enhance the resumption of negotiations envisaging the conclusion of missed agreements.

#### **F. Follow-up**

The follow-up of the Project's activities could be assured through the counterpart organizations, provided each of them could designate one among its professionals, even on a shared-time basis, to be in charge of:

- a) Collecting and organizing the requests and information from their affiliates that participated in the Project, orienting them on further actions required to keep their agreements effective and even to expand their scopes.
- b) Periodically inform UNIDO about new outputs of the agreements signed, keeping a record of the progresses attained by their affiliates.

This follow-up should not be done by part-time consultants hired for short periods of time, since the experience to work on an intermittently basis has been proved already to be ineffective.

It should also be considered the convenience and the possibility to hand over to the IPS Milan Office the files and the information regarding the agreements that were discontinued and those that did not even reach conclusion. This information could be a start point to revive contacts between enterprises already involved with the Project at its various phases.



## V. CONCLUSIONS

The mission's general conclusion is that the Project did not accomplish its main immediate objectives. One reason for this shortfall in outputs may be due to the negative influence of some external factors, as for instance high inflation rates, political changes, macroeconomical changes, etc.

The principal reason, however, for this poor performance is that the Project document incorporated a poor design and a wrong methodological approach, as well as an unrealistic set of targets.

The Project design lacks a basic analysis of the issues to be addressed:

- a) There is no formulation and specification of the needs of the beneficiary enterprises. One consequence of this shortcoming seems to be that the Project went about identifying Italian technologies available to be transferred rather than looking for technologies being requested by the selected countries.
- b) There is no identification of the development problems intended to be solved both at the sectoral level as at the enterprise level.

The specific conclusions listed hereunder are a synthesis of the findings taken by the mission members during their evaluation of the Project.

In addition it should be said that in spite of these conclusions being mostly negative, they should be taken, above all, as learning opportunities for forthcoming projects. These learning opportunities should be considered, in fact, as one of the by-products of the Project.

### Conclusion 1

The integration of entrepreneurs of very diverse origins under a concept of co-operation, without a previous and very clear definition of its business objective is not an easy task. This cooperative approach requires experienced consultants and active counterparts, capable to lead the process of mutual knowledge of the entrepreneurs in a very objective and practical way. Unfortunately, many of the potential agreements failed execution for lack of guidance to orient the entrepreneurs to find out which would be their common advantages in signing an agreement.

The entrepreneurs at first had had difficulty to see possible advantages in such agreements, and as a general rule, the very few agreements that brought up any positive results were signed by enterprises that were already familiar with bi-lateral agreements prior to their enrollment in the Project.

### Conclusion 2

The purposes that moved each party to enter an agreement were in general conflicting. The objectives of the Italian entrepreneurs that were contacted by the mission members were to introduce their products into countries which were still closed to imports, and to sell their know-how and technologies already depreciated.

On the contrary, the Argentinean, Brazilian and Indian entrepreneurs have approached the Project looking after export markets to their respective products. In the particular case of Brazil, there was a clear policy of supplying the local enterprises with technological advances that would strengthen their position in an already closed market and would give them a better standpoint to promote exports.

In general it can be said that the priorities for the Italian parties to sign an agreement were:

- 1st. Joint ventures
- 2nd. Supply of parts, and buy-back agreements
- 3rd. Transfer of technology

These priorities were in clear opposition to the selected countries interests. The priorities for their entrepreneurs, in most of the cases analyzed, were:

- 1st. Transfer of technology, and training
- 2nd. Buy-back and export agreements
- 3rd. Joint ventures

### Conclusion 3

One of the most serious problems facing a SMI, i.e., the financing of its growth and even its current operations, was not addressed at all by the Project.

With the exception of Argentina, where the simultaneity of the Italo-Argentinean Co-operation Treaty could provide resources, the implementation of the agreements has been impaired from the beginning by the absence of financial resources. These resources were needed in advance to cover the know-how fees and down payments imposed by the Italian partners to supply their drawings and technical information, and to pay for the investment costs in machinery and infrastructure required by the enterprises of the selected countries.

The availability of funds did not assure, however, by itself, the grant of loans to the SMIs. That was clearly seen in Argentina where funds available through the Italo-Argentinean Treaty have not been drawn by the SMIs for lack of project profiles and guarantees that could satisfy the banking agents.

### Conclusion 4

The Project lacked the previous evaluation of the strategic objectives of each of the participating countries. This would have oriented the Project's actions to be taken more in line with the local needs and their requirements of development and industrialization. The international consultants in particular were not sufficiently aware of the local restraints. This led to the choice of wrong partners or resulted in last moment disagreements concerning who should pay taxes levied by the selected countries, or restrictions imposed by some Italian partners to export the future products of the agreement to third countries.

### Conclusion 5

The Project lacked an adequate co-ordination structure, a condition absolutely necessary for such a complex and ambitious task of matching different enterprises in so different countries, inserted in so distinct cultural and technological environments.

This problem did not arise solely due to the deficiencies of the professionals engaged, but was originated at the Project's conception itself. At that moment no importance was given to the fact that the two teams of professionals (the international and the national consultants) had to be working in a very close contact in order to bridge the communication, technological and cultural gaps that would certainly exist during the implementation of the Project.

The existence of two distinct groups of consultants, one in Italy and the second at the selected country was at the core of the problems that followed.

In fact a central co-ordination (not to say a central project management) of the steps taken by each group of consultants was said inexistent by themselves, when interviewed by the mission members.

#### Conclusion 6

Drastic changes in the macroeconomical conditions in the three selected countries have concurred with the Project implementation. These unexpected factors have contributed in large extent to the ill successes of the Project.

The sudden opening of the internal markets of Argentina, Brazil and India to imports of goods that were previously highly taxed or even forbidden to import has impaired many agreements already negotiated or on their way to be executed.

On the other hand, for lack of a correct and prompt appraisal of these new national policies, the Project co-ordination did not take the necessary actions to reorient the Project into the new working environments.

#### Conclusion 7

The choice and the role to be played by each of the national counterparts have been of fundamental importance for the results achieved.

In short it could be said that the counterparts chosen lacked previous experience in handling a Project with so ambitious extension and objectives. Where a positive-minded and somehow experienced counterpart co-ordinator was assigned, the Project's actions and outputs came closer to the proposed objectives. This was the case in India (DCSSI) and in Brazil (ABIMAQ). In Argentina, CGI lacked the necessary structure to handle the Project and could not contribute by submitting enterprises of a size compatible with the Project's objectives. Its affiliates were considered too small for most of the agreements pursued.

Unfortunately the late-coming counterparts assigned to the Project in Argentina (UIA) and India (CII) did not have time enough to show any practical results of their actions.

Lastly, the low effectiveness of CONFAPI as a leader counterpart, responsible to the Project for the overall co-ordination has been one of the major causes for the poor results achieved.

The lack of an earlier and stronger position to be taken by CONFAPI with regard to the Project's management (that should have participated directly in the selection of the international consultants and in a more formal reporting of the Project's progresses) can be imputed as one of the main reasons for the frustrating results shown at the end of the Project.

#### Conclusion 8

In most of the projects investigated by the mission members that encompassed a training component, this training was a mere short-term programme or study tour with some information sessions in which participated the national entrepreneur in person during his visits to the corresponding Italian enterprise.

Only in few cases the mission members could identify a more formal and objective programme to train the national enterprise's personnel, either in Italy or in their home country.

It would always be convenient that the training activities should be specified in detail at the agreement signed by the two enterprises.

### Conclusion 9

The Project was based in some assumptions that have not proved to be correct at least as far as it concerns the size of enterprises under scrutiny:

- a) "SMIs face difficulties in establishing contact with foreign partners and lack adequate information" - during the visits to the participating countries an important percentage of the entrepreneurs met have declared to the mission members that they knew already their future partners, either from visits to fairs or from previous commercial contacts. About 1/4 of all the projects screened can be included in this case, and many others have interacted with the Project's consultants, making suggestions with regard firms they wished to be contacted on their behalf, instead of the enterprises put forward by the consultants.
- b) "SMIs entrepreneurs do not have the financial resources to undertake a trip to an industrialized country to find their potential partners" - an important percentage of the entrepreneurs interviewed by the mission members have declared they do very frequently business trips abroad. In the case of Brazil and Argentina most, if not all, the entrepreneurs met were very familiar with the Italian industries and the events and fair that take place in Europe every year. In the case of India many entrepreneurs have declared they do, on yearly basis, visits to foreign countries in search of business opportunities.

As far as it concerns the costing of these travels, it was found that the travel expenses supported in part by UNIDO with the objective to bring the entrepreneurs to meet their possible Italian partners was not a major factor to influence their decision.

In short it could be said that these two assumptions look more in line with the needs of the very small industries than with the SMIs that are the target of this Project.

### Conclusion 10

UNIDO reputation among the entrepreneurs in the participating countries was considered good. An image of seriousness and dedication was left by the Organization in most of the enterprises visited.

The credibility conferred by UNIDO to the Project and to the choice of the partners, for being UNIDO an organism without any commercial commitments, was also one of the findings in the interviews held with the entrepreneurs.

However, some complaints against UNIDO have been put forward very frankly and in a constructive mood during these interviews. These complaints could be grouped under four main items, listed below in order of the decreasing frequency as they were recollected by the entrepreneurs:

#### 1st. complaint

UNIDO was not efficient in finding the suitable foreign partners to the requesting party. This complaint was mentioned by several entrepreneurs, mostly from the selected countries which reported difficulties in conveying to UNIDO's consultants their wishes and the profile of partner they were in need.

Under this same theme comments were made by one of the national counterparts regarding the slowness of reaction by UNIDO's consultants until new alternative partners were identified and could be introduced to the requesting party.

The criteria for selecting the partners were not clear and the existence of two teams of consultants - international and national - introduced an additional difficulty, since the two

teams of consultants not always were in agreement with regard which enterprise was best suited to be selected. The intention initially manifested by UNIDO to utilize a methodical approach to this matching work (ACT method) was not implemented.

**2nd. complaint**

There was no continuity in the consultants actions with regard the search for partners and alternative enterprises. Some entrepreneurs have complained that not always their wishes were conveyed to the same consultant. That discontinuity seems to have been more intense in relation to the international consultants.

**3rd. complaint**

The Project did not request neither stimulate the previous preparation of market analysis and enterprise profiles, documents that are essential to promote the correct matching of the partners and to further financing negotiations (complaint expressed mainly by Italian entrepreneurs).

**4th. complaint**

The project did not provide solution or at least a guidance to solve the financial equation for the local enterprises, including the financial guarantees problem that affects particularly the SMIs. Practically all consultants selected were industrial engineers and no financial specialists were included in the team to provide the necessary advice to the entrepreneurs.

**Conclusion 11**

Experience has demonstrated that a lot of work is required to move from the letter of intent or memorandum of understanding to the draft agreement, that means a solid agreement but not yet signed. It seems therefore to be more appropriate to avoid the letters of intent (at least with the meaning taken in the Project, as an expression of "project concluded"), that proved to be of no use.

**Conclusion 12**

From some sparse information collected in interviews taken by the mission members, the mission was led to presume that some of the consultants have been involved in promoting their personal interests and their own private businesses while contacting the enterprises. Unfortunately this happened in detriment of the genuine efforts taken by most of the consultants and the overall credibility of the Project.

## VI. RECOMMENDATIONS

One of the main concerns of the mission members along with the Project's evaluation effort has been to bring in line recommendations that can be useful to other projects that envisage as well the co-operation between SMIs.

However, it must be taken into account that for the Project under evaluation most of these recommendations are not any more useful unless it is decided to resume the Project's activities as an extension of its previous phases, what seems improbable.

### Specific Recommendations

#### *Specific Recommendation 1*

To prepare a final demonstration of costs and expenses incurred by the Project, comparing it with the original budget and identifying cash values that still remain in possession of UNIDO and the counterpart organizations (ABIMAQ by itself has declared it still holds some small cash). This demonstration once submitted to and approved by the Italian government, would permit the official closure of the Project, a document that is still lacking for all purposes.

#### *Specific Recommendation 2*

To inform officially the participating counterparts and enterprises about the Project's conclusion, orienting those enterprises that are still expecting some action regarding their projects to contact UNIDO either through the corresponding counterpart organization or directly through UNIDO's local representatives or its IPS Milan Office.

### General Recommendations

#### *General Recommendation 1*

Find a modus operandi through which UNIDO's several projects dealing with the promotion of investments, buy-back and sub-contracting agreements and other co-operation projects aiming at SMIs could interact more and add up their strengths instead of being competing in the same geographical areas.

#### *General Recommendation 2*

Make provision, in projects of such kind, for costs of preparatory works such as feasibility studies, market studies, etc., that should be supported by the Project in order to assure the most judicious choice of the right partners.

#### *General Recommendation 3*

Ensure the sustainability of the Project through the continuity of the services rendered by the counterpart institution, even for those agreements that did not mature during the Project's term of validity. This continuity could be reached through the training, by UNIDO, of the counterpart's personnel to follow-up the agreements under negotiation until they are fully operational.

#### *General Recommendation 4*

Future follow-up projects conceived to keep on the actions already started by the Project under evaluation should be focussing on specific regions of a selected country, instead of trying to cover the whole country at once.

This approach would keep the project in a manageable and measurable size and would raise the interest of the local industrial community and local governments. In the Project under evaluation this could have meant a direct relationship with local APIs in Italy and, as other good examples, with the industries in southern Brazil, with some states in India and provinces in Argentina.

## **VII. LESSONS LEARNED**

The in-depth evaluation carried out in the participating countries through its many interviews held with entrepreneurs and consultants brought up some facts that could be taken as lessons for future projects. These lessons can be summarized as follow:

- a) A multi-bilateral project with this design should not be implemented, at the same time, in several countries that have already a strong industrial basis. Eventually bilateral projects with each country per se would best suit their respective industrial policies and development strategies, and would lead to more effective results.
- b) SMIs are not necessarily unaware of the external opportunities for co-operation that would best suit their wishes, and their direct participation and commitment in finding out the right partner should be enhanced and accepted in all cases.
- c) To reach a sound agreement and a lasting co-operation, it should be mutually discussed by the local enterprise with the consultant, the right technology to suit a given project. This should be done prior to any indication of a possible technological partner chosen by the international consultants, selected many times in disregard of the entrepreneurs wishes.
- d) Instead of down payments for technology and know-how the SMIs are more prepared to pay on a basis of percentage fee on their production, or through buy-back arrangements. In order to be released of unbearable disbursements at the first steps of their projects, SMIs should be allowed to pay for the costs they have incurred on in a rather smoother schedule of payments.
- e) The participation of the national counterpart in supporting the enterprises along the process of agreement negotiation, and through the official approval of their programmes and TOT contracts was found to be one of the factors of success to achieve the project's objectives.



In-depth evaluation

US/INT/89/211

Enterprise-to-enterprise Co-operation between  
Small and Medium Industries (SMIs) in Italy and  
Similar Industries in three countries: Argentina, Brazil and India

**I. BACKGROUND**

Project

On 13 March 1990, the Italian Government agreed to provide a financing of US\$ 1,752.000 for the continuation of the activities conducted within the first phase of this enterprise-to-enterprise co-operation project. The main objective of this project is to encourage enterprise-to-enterprise co-operation between small and medium industries in Italy and similar industries in three selected countries, namely Argentina, Brazil and India. It is known that while large-scale industries do not face difficulties in establishing contacts with foreign partners, this is not the case for small industries. For the majority of them, it is not easy to enter into co-operation with an entrepreneur abroad, mainly because they lack adequate information on where and how to establish industrial co-operation. The problem is naturally more serious for entrepreneurs from the developing countries who often do not even have the necessary financial resources to undertake a trip of several weeks to an industrialized country to find potential partners interested in a long-term co-operation agreement. This explains why enterprise-to-enterprise co-operation between small industries has so far been limited.

It was expected that the present project would achieve the following final results:

- 40 co-operation agreements between Italian and Indian small industrialists;
- 35 co-operation agreements between Italian and Brazilian small industrialists;
- 40 co-operation agreements between Italian and Argentinian small industrialists.

It seems important to indicate that the envisaged partnership agreements relate to joint ventures, transfer of technology, subcontracting, licensing, buy-back arrangements enabling entrepreneurs from developing countries to penetrate the market of their partners, training and technical assistance given by the entrepreneur from the industrialized country of his partner in the recipient country to upgrade the quality of manufactured products utilizing more modern technologies.

It is also important to state that the co-operation agreements have to take into account the interests of both partners.

### Evaluation

It has been agreed by all the parties concerned to undertake an in-depth evaluation in order to assess the overall achievements of the project and, in the case of completed projects, to identify the need for further assistance; or, in the case of ongoing projects, to suggest changes in the project.

The in-depth evaluation will be of direct use to:

- UNIDO
- the Italian government and the governments of Argentina, Brazil and India,
- the counterpart organization in Italy, CONFAPI,
- the counterpart organization in the three countries where the project took place,
- the consultants who worked in this project (both the international consultants in Italy and the national consultants in Argentina, Brazil and India), and,
- to a lesser extent, the entrepreneurs involved in our project (at least those who signed a co-operation agreement).

## II. SCOPE, PURPOSE AND METHODS OF THE EVALUATION

In accordance with the provisions of the UNDP Policies and Procedures Manual (PPM), the primary purposes of the in-depth evaluation are as follows:

- (a) assess which types of co-operation have been brought about (number per each type of co-operation) and analyze whether (and if so, why) certain types of co-operation agreements were easier to promote than others;
- (b) assess whether different approaches were used for promoting different types of cooperation agreements and if so, which (analyze their comparative effectiveness) if not, had it been necessary to employ/to engage different promotional measures for the various types of cooperation agreements;
- (c) assess whether resources were employed in most effective way;
- (d) assess to which extent cooperation agreements resulted in a transfer of technology and what this entailed (acquisition of equipment, know-how of operating technology, etc.);

- (e) assess to which extent cooperation agreements entailed the development of human resources and, if not, whether (to which extent) this had been needed;
- (f) assess the achievements of the project against its objectives and expected outputs, including a re-examination of the project design;
- (g) identify and assess the factors that have facilitated the achievements of the projects's objectives, as well as those factors that have impeded the fulfillment of those objectives.

As part of the above-mentioned tasks, the mission will also review whether the approach utilized in the project has led to optimum results, or whether another approach could have improved the results, This will include a review of the following:

(a) Relations with the entrepreneurs involved in the project

- assess whether the type of assistance provided under the project was relevant and adequate to the needs of small entrepreneurs both in Italy and in developing countries and, if not, which other types of assistance or other approaches should have been taken;
- identify the main reasons (from their point of view) on the delays occurred in the finalization of co-operation agreements;
- request their views on how to improve in the future a programme aiming at encouraging enterprise-to-enterprise co-operation.
- assess whether entrepreneurs would be ready to acquire the same services on a fee basis (if possible, establish which price would be acceptable to allow an assessment of the possible cost recovery factor) and identify the exact type of assistance which small entrepreneurs both in Italy and in the developing countries would need should an extension of project activities be envisaged ( for instance in the field of modernization of technologies, increased market possibilities for their products in the European Community, etc) and assess whether the entrepreneurs, who so far received the Unido assistance free of charge, would be prepared to contribute to the costs of a future project.
- assess the reasons why the entrepreneurs decided not to enter into a long-term cooperation agreement with their potential partner, despite the fact that they initially agreed to it and that much work had been done for them under the present project

**b. Relations with the consultants, both international and national**

- obtain their views on the experience gained in performing different project activities, the difficulties faced and request their opinion on how to improve the design of such a type of project in order to maximize the results. More particularly it seems necessary to receive proposals regarding the selection criteria for the countries to be considered for enterprise-to-enterprise co-operation as well as the choice of industrial sectors.
- obtain concrete suggestions on how a better selection of entrepreneurs should be made from the beginning, what type of services should be provided to them free of charge and for what type of assistance a financial contribution can be requested from the individual entrepreneur
- identify the possibilities on how the consultants in Italy as well as those in Argentina, Brazil and India can continue this type of work also in the future (should a financing from Unido not be available) in order not to lose the experience gained over the past years.

**c. Relations with the counterpart organizations**

- assess the support received from the various counterpart organizations during the execution of the present project and define the role which associations/federations of small industries should play in the future with regards to enterprise-to-enterprise cooperation
- identify whether counterpart organizations could participate in the future in the financing of such a type of project in addition to a contribution from entrepreneurs and possible donors.

While a thorough review of the past is in itself very important, the in-depth evaluation is expected to lead also to detailed suggestions for further assistance (or at least to finalize those co-operation agreements which are presently at a very advanced stage)

**III. COMPOSITION OF THE MISSION**

The mission will be composed of the following:

- one representative from the Government of Italy
- one representative of UNIDO

These representatives should not have been directly involved in the designing, appraisal or implementation of the project.

#### IV. CONSULTATION IN THE FIELD

The mission will contact the resident representative of UNDP in Argentina, Brazil and India, the concerned government organizations, the UNIDO UCD in the respective countries and the project's national and international staff.

The mission is also expected to visit a selected number of small entrepreneurs involved in our project, the respective counterpart organizations as well as a certain number of banks which have agreed to provide financing to several industrialists.

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

#### V. TIMETABLE AND REPORT OF THE MISSION

In so far as required, the representative of the Italian government and the representative of UNIDO will receive briefings at their respective Headquarters. It is expected to start the mission beginning of September 1992 and the following timetable is proposed:

##### - 1. First Travel:

- Briefing in Vienna 3 days
- Visit to Italy 8 days  
(during that period it is suggested to have discussions with Confapi, the Italian consultants and a selected number of Italian entrepreneurs)

##### 2. Second Travel:

- Visit to Buenos Aires/Sao Paulo 25 days  
(discussions with local counterpart organizations, entrepreneurs, national consultants and, whenever necessary, with financial institutions)

##### 3. Third Travel:

- Visit to India 10 days  
(same as for Argentina and Brazil)

4. Fourth Travel:

- Debriefing in Vienna 2 days  
(it might eventually be necessary to have once more a meeting with Confapi, the Italian consultants and perhaps certain entrepreneurs in order to have their reaction on the views expressed by the entrepreneurs in the recipient countries Argentina, Brazil and India) .

The total duration of the in-depth evaluation is 2 months. The mission will complete its report in Europe in accordance with the attached guidelines. The final version of the report will be submitted simultaneously to the Italian government and to UNIDO (10 copies each).

US/INT/87/046

REPORT PREPARED FOR THE JOINT UNIDO-GOVERNMENT OF ITALY  
REVIEW MEETING OF 10TH MARCH, 1989

by:  
Raffaele Bedini  
Project Co-ordinator

Dino Cannas  
Sr. Industrial Development Officer  
UNIDO  
1 March 1989

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- II. Detailed Breakdown of Additional Budgetary Requirements for the period May 1989-December 1990.
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- IV. Project Personnel in Argentina, Brazil, India and Italy.
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## 1. INTRODUCTION AND JUSTIFICATION FOR AN EXTENSION OF THE PROJECT

The present report has been prepared to serve as a working paper for the review meeting which will take place in Rome on 10th March 1989 at the Department of International Co-operation of the Italian Ministry of Foreign Affairs with the participation of UNIDO and CONFAPI representatives. The report provides a summarized description of the activities carried out by the Project since its beginning (August, 1987) and results achieved as of this date.\*

A detailed progress report for the period August 1987-July 1988 was prepared by the previous project co-ordinator in October 1988 and transmitted the following month, along with the comments of UNIDO, to the Permanent Mission of Italy in Vienna.

In view of the good results achieved by the project, particularly in the past 3-4 months, a proposal is made for the extension of project activities from August 1, 1989 until 31 December 1990.

The present project was originally scheduled to terminate in July, 1989; the project was not launched at the same time in the different countries: Brazil (August, 1987), India (February, 1988) Argentina (May, 1988) and Morocco (June, 1988).

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\* It also contains a list of co-operation agreements which were signed between Italian and Colombian entrepreneurs, although the work conducted in Colombia relates to Phase I (US/INT/85/140) the agreements were finalized during the present project. This also clearly indicates that it often takes a long time before a final co-operation agreement can be signed.

Therefore, it is very difficult to expect the finalization of full-fledged co-operation agreements in such a short period. It should also be noted that while the countries considered during Phase I (Colombia, Peru, Tunisia) were relatively small countries, this is not the case for the countries selected for Phase II, such as Argentina, Brazil and India, which are very large countries with a great number of small-scale industries.

In each of these three countries, a great interest for co-operation with Italy was immediately expressed by both industrialists' associations and governmental representatives of the small-scale industry sector, and about 300 small entrepreneurs have so far indicated their willingness and interest to benefit from receiving Italian technology in any form.

Also, in Italy the response has been very great and presently more than 200 Italian entrepreneurs are considering entering into a long-term collaboration with a partner in one of these countries.

Annex I provides, for each country, summarized information on all the co-operation hypotheses presently envisaged between an Italian entrepreneur and his potential partner in Argentina, Brazil and India. The type of co-operation considered is described, i.e., technology transfer, licensing, sub-contracting, technical assistance to upgrade productivity, joint-ventures, etc. The project has been able to suggest to most partners a careful and progressive approach in the realization of a long-term co-operation programme. The immediate establishment of joint-ventures is generally more difficult and whenever possible, the consultants have proposed to start with technology transfer, technical assistance and buy-back arrangements in order to enable the entrepreneurs to become acquainted with one another before envisaging a joint-venture which naturally would require a great affinity of interests, a complete familiarization with each other's firms; and often, a large amount of financing.

It should be emphasized that the project has now gained considerable momentum and it is felt that the efforts which were undertaken so far have to be further strengthened and continued in order to increase the results. More particularly, it is absolutely necessary to undertake additional activities so as to transform the letters of intent, which were signed recently between Italian entrepreneurs and entrepreneurs in Argentina, Brazil and India, into final partnership agreements. Otherwise, the major part of the work done so far would probably be lost.

Furthermore, assistance has to be given to the already identified partners, both in Italy and in the developing countries, in order to help them to conclude an industrial co-operation agreement on mutually beneficial terms.

On the basis of the explanations provided above, and considering the results which have been achieved so far, it is suggested that the on-going project US/INT/87/046 be extended for an additional period of 17 months, i.e., from 1 August 1989 until 31 December, 1990.

The expected final results, based on the experience gained, can tentatively be forecast as follows:

for India: 40 co-operation agreements with Italian entrepreneurs

for Brazil: 35 co-operation agreements with Italian entrepreneurs

for Argentina: 40 co-operation agreements with Italian entrepreneurs

The additional budgetary resources requested to achieve these results are estimated at US\$ 2.267.910. Full details are provided in paragraph 4 of the present report.

It is important to note that the budgetary resources of our on-going project will already be totally exhausted at the end of April 1989 and that no further activity can be undertaken beyond that time if funds are not made available. This would create a very difficult situation especially in view of the fact that a great number of entrepreneurs from Argentina, Brazil and India are planning to travel to Italy in May-June

1989 to have discussions with their Italian partners.

Therefore, in order to avoid an interruption of the project, and considering the present procedures, an "emergency budget" for a period of 3 months (May-July, 1989) has been prepared and proposed for a total amount of US\$ 300.000. (plus 13% UNIDO overhead).\*

This amount is necessary on a very urgent basis and it is suggested that, out of an estimated total budget of US\$ 2.267.910. for the period of May 1989-December 1990, approval be obtained from the Department of International Co-operation to authorize UNIDO, as soon as possible, to increase the budget of US/INT/87/046 by US\$ 300.000.(plus 13% UNIDO overhead) The remaining amount of US\$ 1.967.910. should possibly be made available in August-September 1989.

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\* The amount of US\$ 300.000. relates to the following budget lines:

11-50 Short-term Consultants

15-00 Project Travels

17-00 National Consultants

30-00 Training

51-00 Miscellaneous

## 2. Description of Project Activities

### 2.1. General

Phase II started at the beginning of August 1987. The working methodology which was followed for the different selected developing countries (Argentina, Brazil and India) can be described as follows:

- a) a joint UNIDO/CONFAPI mission took place in each country to launch the project officially and to decide in agreement with the Government, on the choice of industrial sub-sectors to be considered for enterprise-to-enterprise collaboration as well as on the choice of the most appropriate local counterpart organization dealing with the small-scale industry sector. At the same time, several national consultants were selected and they were requested to carry out a pre-selection of small entrepreneurs expressing interest in entering into possible long-term collaboration with an Italian partner.
- b) On the basis of the requests and/or project profiles received from the different countries, the project co-ordinators selected several consultants in Italy for specialized fields such as engineering industry, agro-industry, leather industry, marble industry, marketing, financial analysis, etc. These Italian consultants were recruited by UNIDO, generally on a part-time basis, and were requested to evaluate the proposals received, and to identify entrepreneurs in Italy who might be interested in a possible partnership agreement with an entrepreneur in one of the selected developing countries. During the second half of 1988, when the project's activities were considerably increased, an average of 15 Italian consultants were working under a UNIDO contract. Previously, contracts were made to consultants in Argentina, Brazil and India for the pre-selection of entrepreneurs, for the preparation of project profiles and assistance during visits to

Italy by entrepreneurs.

- c) In order to maximize the results of contacts with industrialists in Italy, it was necessary to utilize CONFAPI's national network, consisting of about 80 territorial offices which assisted in the identification of dynamic small entrepreneurs potentially interested in the project. CONFAPI's co-operation was also realized through the dissemination of circulars and memoranda to all members with the purpose of presenting them with the objectives, activities and opportunities inherent in this project. In addition, contacts were established with other entrepreneurial organizations such as CESMA in Reggio Emilia which represents about 160 entrepreneurs in the agricultural machinery sector, and ERVET, an organization responsible in the Emilia-Romagna region for the development and internationalization of small and medium industries, with particular emphasis on the mechanical and agro-industry sectors.
- d) It is important to stress the fact that a close collaboration was established with the UNIDO Investment Promotion Service in Milan, directed by Mr. S. Zampetti. Various meetings took place at the IPS office with the project co-ordinator and other consultants to inform on the project activities and to ensure, whenever possible, maximum co-ordination particularly for all activities involving the setting-up of joint-ventures. The IPS office's existing data bank has been utilized so as to increase the opportunities for contacts with Italian entrepreneurs.
- e) The different proposals for co-operation received from the counterpart organizations in Argentina, Brazil and India (the activities of the project were concentrated on these three countries) were evaluated by the Italian consultants. Some of these proposals were eliminated (when it was felt that no serious chances would exist to find a potential partner, considering the existing industrial realities in Italy) and

for the remaining project proposals, contacts were made with a large number of Italian small entrepreneurs. Whenever possible, more than one Italian entrepreneur was contacted for each project proposal. It should be noted that the project profiles were prepared on the basis of personal needs expressed by the small entrepreneurs in the developing countries. These entrepreneurs indicated during their discussions with the national consultants in their respective countries, the type of co-operation they might consider with an Italian partner.

- f) On the basis of the contacts with a great number of Italian entrepreneurs, and taking into account their reactions, some modifications were made by UNIDO consultants to the initial project profiles and thereupon pre-feasibility studies were prepared containing information on the types of co-operation envisaged, the investments required for the purchase of machinery from Italy, the marketing prospects in the respective developing countries and/or in Italy in the case of buy-back arrangements, etc. These project studies were then transmitted to the different counterpart organizations in Argentina, Brazil and India and communicated to the various entrepreneurs to also obtain their reactions to the suggestions made jointly by UNIDO consultants and potential Italian partners.
- g) Visits were organized by the project co-ordinator for Argentinian and Brazilian entrepreneurs to Italy, as well as for visits by Italian entrepreneurs to those countries, to have first discussions and visits to their plants. Visits of 18 Italian entrepreneurs to India took place in February-March 1989. These contacts have enabled both partners to know each other and to discuss in greater detail, the different steps to be taken in order to finalize a co-operation agreement. As described later on in the chapter dealing with the results, several letters of intent were signed during these visits. These letters of intent contain information on the work programme agreed upon by the two entrepreneurs



to lead to the finalization of a long-term co-operation agreement.

- h)** As already indicated in the above paragraph, the countries considered by Phase II are large countries compared to those of Phase I and in view of the fact that a great response and interest was immediately noticed in Argentina, Brazil and India for co-operation with Italy, it was decided jointly by UNIDO and CONFAPI that efforts and available budgetary resources should be concentrated on these three countries so as to achieve results in a short period of time. In order to avoid unnecessary dilution of efforts and financial resources, it was therefore decided not to undertake any activity in Indonesia and Turkey. Concerning Morocco, a one-week mission was undertaken to this country in June 1988 by the project co-ordinator and the UNIDO Backstopping Officer to present the project to the Government and to select the counterpart organization (Federation of Moroccan Industries). Unfortunately, it took nearly six months before the official approval was received from the Government and, therefore, no activity could be undertaken in this country.
- i)** Finally, regarding Egypt, some missions were made at the beginning of 1988 and around 10 possibilities for co-operation were identified. However, the selected national counterpart organization (Federation of Egyptian Industries) did not give sufficient support to this project, which explains why as of this date only one letter of intent was signed. In view of the above-mentioned, it is suggested to concentrate for the remaining period of the project all efforts and resources in Argentina, Brazil and India, where very good results have been achieved in a relatively short period of time.

## 2.2. Brazil

The project was officially launched in August 1987 during a joint UNIDO-CONFAPI mission. Discussions took place in Brasilia with Government officials from the Ministry of Foreign Affairs and agreement was reached on the choice of a counterpart organization, ABIMAQ (Association of Brazilian Mechanical Industries), and on the industrial sub-sectors considered for co-operation (precision mechanics, micro-mechanics and mechanical components). Together with ABIMAQ, in Sao Paulo, a programme for a two-year period was agreed upon, and a national consultant was recruited on a part-time basis. The counterpart organization ABIMAQ (which represents more than 1000 members in Brazil) had sent a circular to its members to inform them on the objectives of the UNIDO project and to find out whether they might be interested in entering into co-operation with Italian entrepreneurs. The duties of the national consultant, Mr. Kabilio (who was paid out of project funds) were to make a pre-selection of all the replies received on the basis of criteria which were agreed upon during the inaugural mission and to prepare short project profiles to be sent to the project co-ordinator in Rome.

The previous paragraph (2.1 General) describes the activities which were then to be undertaken in Italy and in Brazil. Initially, 97 Brazilian firms had expressed interest in co-operation with Italy and, after careful selection, 69 project proposals were retained and transmitted to the project co-ordinator in Rome. Subsequently, a further selection took place, and presently the status can be described as follows:

- 2 completely defined co-operation agreements are under examination by the Brazilian institution INPI (National Institute for Industrial Property), for approval of licensing and production agreements.
- 5 project proposals are presently being finalized and completely defined, and it is felt that they will be realized within July 1989.

- 25 co-operation hypotheses are at a very advanced stage and for most of them serious chances exist for a final agreement, which might be concluded this year or in 1990 (please see Annex 1 for more details).
- 18 project proposals require additional information from Brazil and more detailed studies.
- 10 project proposals exist for which an Italian potential partner has yet to be identified.
- 9 project proposals were definitely abandoned.
- Total number of Italian entrepreneurs contacted: 95.

It should also be noted that 17 Brazilian entrepreneurs came to Italy in 1988 to visit Italian industrialists and that four Italian entrepreneurs travelled to Brazil to have a first contact with their potential partner. These visits have made possible the signing of 8 letters of intent (please refer to paragraph 3, Results).

### 2.3. India

The project was launched in India in February 1988 during a joint UNIDO-CONFAPI mission, which was headed by Mr. M.H.A. Hamdy, Director of the Industrial Services Division.

The project was presented to the Minister of Industry, Mr. Shri I.V. Rao, and the Office of the DCSSI (Development Commissioner for Small-Scale Industries) was officially designated as the counterpart organization. The national co-ordinator, Mr. N.K.A. Rao, Director of the DCSSI, was appointed by the Government to organize the project activities in India, and a joint decision was taken to consider the following industrial sub-sectors for co-operation with Italy:

- leather industry
- metalworking/light engineering, with special reference to machine tool components, automation and forging
- marble and granite industry
- agro-industry with emphasis on food processing and packaging

During the mission, 12 national consultants were selected and were given UNIDO contracts for a period of one month for the purpose of preparing, under the supervision of the national co-ordinator, a number of project proposals in the above-described industrial sectors. A pre-selection of 98 Indian small enterprises having expressed interest in entering into co-operation with an Italian partner was made, and on the basis of the needs expressed by these entrepreneurs project profiles were prepared and transmitted to the project co-ordinator in Rome during the period June-August 1988. The project profiles can be subdivided as follows:

- 60 for general mechanics
- 14 for leather industry
- 13 for marble and granite
- 11 for food processing and packaging

On the basis of the profiles received from India, it was necessary to recruit, for short periods, Italian consultants specialized in the above-mentioned fields. A document containing all necessary information on these 98 project profiles (name of the Indian entrepreneur, present production, type of co-operation envisaged with Italy, etc.) was sent by CONFAPI to all its members to obtain maximum interest. At the same time, regular contacts were made with the UNIDO Investment Promotion Office in Milan to ensure effective co-operation; the national project co-ordinator, Mr. Rao, visited Italy in November 1988 to have discussions with several Italian entrepreneurs interested in a long-term co-operation programme with an Indian partner and he provided, wherever possible, the necessary additional information requested by the Italian entrepreneurs.

To accelerate the achievement of results, a joint decision was taken by UNIDO/CONFAPI and the counterpart organization, the Office of the Development Commissioner for Small-Scale Industries, to organize a mission to India for a group of Italian entrepreneurs in February-March 1989. (Further details on this subject are provided in the following paragraph, Results).

#### 2.4. Argentina

The project was officially launched during a joint UNIDO-CONFAPI mission which took place in Buenos Aires in May 1988. The Government confirmed its agreement with the proposed objectives as specified in the project document, and designated CGI (Confederacion General de la Industria) as the counterpart organization for the project. It should be noted that the CGI, which represents the small industry sector in Argentina, had already established some links with CONFAPI. As in India and in Brazil, contacts were made with the Italian Embassy, the Italian Trade Commission (ICE) and the Italo-Argentinian Chamber of Commerce.

The Treaty of Co-operation between Italy and Argentina, recently signed by their Governments has raised much interest among small and medium industries in view of the important credit facilities which will be made available at favourable conditions for the establishment of co-operation agreements and the setting-up of joint-ventures. Therefore, CGI had already had, prior to the start-up of the project, received a great number of requests for co-operation with Italy from its members.

In order to avoid a dilution of efforts, and considering the available budgetary resources, it was decided together with CGI to concentrate these efforts in the following sectors:

- leather and textile industry
- agro-industry
- mechanical engineering
- chemical industry

A national project co-ordinator, Mr. Pablo Sellan, was recruited and given a UNIDO contract for a period of five months, while another three consultants, specialized in the above-described industrial sectors, were contracted for a period of three months on a part-time basis.

It was also decided to limit the work to a reasonable number of

co-operation hypotheses so as to obtain tangible results as soon as possible. For instance, CGI had received more than 300 requests from its members for co-operation with Italy and, obviously, it was not possible for the project to consider such a great number of proposals.

A few months later, the counterpart organization CGI forwarded to Italy information relative to 145 firms interested in agreements with Italian partners and around 90 project profiles. It was necessary to eliminate many of them in view of the fact that the information provided was insufficient and/or because the type of products envisaged for co-operation would not meet the requirements of Italian industries and therefore, no potential partner could have been identified. After careful examination of these proposals, it was decided to work more intensively on 65 of them. As in Brazil and India, the project studies are at different stages, as indicated below:

- 4 agreements can be considered as finalized, and of these, one will become operative during the month of March, 1989 (in its first phase of application) and the other three are completely defined and are awaiting action on the procedures required for the granting of "soft loan" credits.
- 10 very advanced agreements are in the final stages of definition, and they might be concluded within the month of July, 1989.
- 26 project proposals are in varying stages of advancement and development, and some require further study, definition and information in Argentina.
- 25 project proposals which seem promising are at the initial level of contact with Italian firms.

At this time, approximately 120 Italian entrepreneurs have been contacted for the programme conducted with Argentina (Annex 1 provides more information on the different co-operation hypotheses). The national project co-ordinator conducted a visit to Italy to have contact with

Italian firms interested in entering into co-operation with small industries in Argentina, and provided additional information to the Italian entrepreneurs on the various projects. During his visit, with assistance provided by the Italian consultants, seven letters of intent between Italian and Argentinian entrepreneurs were signed.

## 2.5. Tunisia

A joint UNIDO-CONFAPI decision was taken at the end of 1987 to organize, together with our previous local counterpart organization, API (Agence de Promotion de l'Industrie) in Tunis, a "Mini-Partenariat Meeting" in June 1988. This work was also done in collaboration with the UNIDO Investment Promotion Service in Milan and the IPS provided valuable assistance for the identification of Italian entrepreneurs (in the engineering industry sector) who might be interested in a two-day visit to Tunis to meet with Tunisian entrepreneurs. CONFAPI also provided valuable assistance to its members through documents containing all project proposals already prepared jointly by API and the Italian consultants following several identification missions carried out in Tunisia in February-March 1988.

The Partenariat Meeting was officially opened on 17 June 1988 by the Minister of Industry, M. Slaheddine Ben M'barek with the participation of the Italian Ambassador, Mr. Moreno; the President of CONFAPI, Mr. Vaccaro; Mr. M.H.A. Hamdy, Director of the Institutional Services Division of UNIDO; Mr. Ali Hedda, President of API and a representative of the UNIDO Investment Promotion Service in Milan.

The meeting had a good success notwithstanding the short preparation time, since it was attended by 53 Italian entrepreneurs and 60 Tunisian entrepreneurs.



During the two days of discussions, many entrepreneurs expressed the wish for further contacts and requested the assistance of UNIDO. Unfortunately, in view of the fact that Tunisia was one of the countries considered during Phase I, it is no longer a part of the on-going project, and it has not been possible so far to carry out any follow-up activities. Annex VI provides a list of all the entrepreneurs who participated in the Partenariat Meeting.

### 3. Results

The results achieved by the project during a period of 19 months (August 1987-February 1989) are described hereafter for India, Argentina, Brazil, Colombia and Tunisia.

#### 3.1. India

The results are as follows:

a) During a visit made to Rome in December 1988, Mr. Raghunathan, Development Commissioner for Small-Scale Industries and Additional Secretary of the Ministry of Industry, had discussions with representatives of the Department of International Co-operation, Italian Ministry of Foreign Affairs, and expressed the continuing interest and satisfaction of the Government of India for this project and formulated the wish, in view of the good results obtained so far, that the project should not be terminated in July, 1989.

On 9 December 1988, he had discussions at UNIDO Headquarters in Vienna, and the Director-General, Mr. Siazon hosted a lunch with the participation of the Italian Ambassador, C. Taliani, and of the Indian Ambassador, G.R. Hiremath.

A joint decision was taken by UNIDO and Mr. Raghunathan to organize visits by Italian entrepreneurs to India during the months of February and March 1989.

b) Within a very short period of time, it has been possible to organize visits to India for a total of 18 Italian entrepreneurs during February and March 1989; the first six Italian entrepreneurs who arrived in Delhi during the week of 20-25 February 1989 signed a letter of intent with their Indian partner. A ceremony took place on 23 February 1989 in the Office of the Development Commissioner with the participation of

Mr. Pólverni, Economic Counsellor from the Italian Embassy, UNIDO, and a group of Italian and Indian entrepreneurs. The memorandum of agreement signed by the two partners were handed over to Mr. Handy, Director of the Industrial Services Division of UNIDO.

- c) The President of the Republic of India, Mr. R. Ventataraman, in his address on the occasion of the distribution of national awards to small-scale entrepreneurs (15 February 1989) expressed his satisfaction with the UNIDO project aimed at encouraging plant-level co-operation between Italian and Indian small industries.
- d) The six letters of intent between Italian and Indian entrepreneurs signed on 23rd February 1989 are described on the two following pages.

BRIEF DETAILS OF MOUs/AGREEMENTS

Name of Indian enterprise	Italian counterpart enterprise	Areas of cooperation agreed upon through MOUs/Agreements
<p>1. M.S. Shoes East, New Delhi Mrs. Pawan Sachdeva, Pin. Director &amp; Mr. G.K. Iyer, ED</p>	<p>Mr. Giovanni Mazza of CALZATURIFICIO LORENZI 63023 FERMO (AP)</p>	<p>a) Production of 3200 pairs of gents and 800 pairs of children shoes per day with technical, financial &amp; buy-back arrangements, including training of local partners.</p> <p>b) Setting up of a unit for manufacturing unit soles of TPR/PVC/rubber/leather with capacity of 10,000 pairs per day.</p> <p>c) Setting up of a leather finishing unit for finishing 5000 pieces (30,000 sq.ft.) per day.</p>
<p>2. Mimac Engg. P.Ltd., New Delhi. (Promoted by M/s MK Engg., New Delhi; Mr. Mahavir Prasad</p>	<p>Mr. Sergio Malaspina of M/s STAMPLAST SRL, 63023 FERMO (AP) Italy</p>	<p>Technical cooperation for production of moulds required for shoe industry and 3600 moulds in two phases per year.</p>
<p>3. Tej Shoe Factory, Agra - Mr. Daljit Singh</p>	<p>Mr. Giovanni Mazza of CALZATURIFICIO LORENZI 63023 FERMO (AP)</p>	<p>Technical upgradation of existing unit for producing 200 to 300 pairs of complete shoes per day.</p> <p>At a later state, establishment of a new unit to manufacture 1000 pairs of shoes per day as a joint venture with equity participation.</p>
<p>4. Park Exports, Agra - Mr. Nazir Ahmed</p>	<p>Mr. Giovanni Mazza of CALZATURIFICIO LORENZI 63023 FERMO (AP)</p>	<p>Cooperation in the area of gents casual shoes and setting up of a new project with a capacity of 1000 pairs per day for European market.</p>
<p>5. Malhati Tea Industries, Calcutta - Mr. A.K. Goswami</p>	<p>M/S P.F.M. Italy, Mr. Peracci</p>	<p>Manufacturing semi-automatic and automatic shrink wrap machines required by tea industry and food packaging industry.</p>

6.Raj Iron  
Foundry,Agra

M/s BUROIMPIANTI,  
Italy - Mr.Tizziano  
Simonini

Modernisation of existing  
foundry for manufacturing  
sanitary pipes.

### 3.2. Argentina

During a mission carried out in Buenos Aires in November 1988, Mr. D. Cannas, together with Mr. Rafael Kohanoff, President of the Confederacion General de la Industria, and a group of Argentinian entrepreneurs participating in this project were received by the President of Argentina, Mr. Raul Alfonsin, who indicated that such a project contributes to strengthen democracy in Argentina. At the end of November 1988, Mr. Kohanoff, who accompanied President Alfonsin to Italy, had discussions with high-level officials in the Department of International Co-operation and expressed his satisfaction with the UNIDO project.

At the end of February 1989, seven letters of intent (see following page) were signed between Italian and Argentinian entrepreneurs. Of these seven letters of intent, these 4 agreements can be considered concluded:

- UCOMA/REMACUT

(Note: This agreement will become operative in March, 1989)

- PORVENIR SAN LUIS/SANTA LUCIA

- SODE/SEKO

- CRAMACO/EUROGEN

Another 10 projects are very advanced and the already defined agreements could be concluded within the month of July, 1989.

BRIEF DETAILS OF AGREEMENTS

1) Argentinian Entrepreneur: UCOMA

Italian Entrepreneur: REMACUT

Areas of Cooperation Agreed Upon: Technology transfer, ceding of know-how, technical assistance and personnel training in the sectors of special-use machinery and transfer machines for automobile components production.

2) Argentinian Entrepreneur: PORVENIR SAN LUIS

Italian Entrepreneur: SANTA LUCIA

Areas of Co-operation Agreed Upon: Technology transfer and technical assistance for the production of high-quality industrial use textiles.

3) Argentinian Entrepreneur: SODE

Italian Entrepreneur: SEKO

Areas of Co-operation Agreed Upon: Technology transfer, technical assistance and personnel training for the production of machines and lines for fodder-cutting.

4) Argentinian Entrepreneur: CRAMACO

Italian Entrepreneur: EUROGEN

Areas of Co-operation Agreed Upon: Creation of a joint-venture with technology transfer, technical assistance and personnel training for the production of electrical generators.

5) Argentinian Entrepreneur: DUPLA

Italian Entrepreneur: FOSSATI

Areas of Co-operation Agreed Upon: Technology transfer, technical assistance and personnel training for the production of chains for bicycles, motorcycles and for use in the automobile industry.

6) Argentinian Entrepreneur: FRUTAFIN

Italian Entrepreneur: LACMET ENGINEERING

Areas of Co-operation Agreed Upon: Technology transfer and technical assistance for the modernization of machinery for use in the confectionary industry.

7) Argentinian Entrepreneur: MIROLU

Italian Entrepreneur: INDUSTRIALE CHIMICA

Areas of Co-operation Agreed Upon: Technology transfer and technical assistance for the production of an antianthrax vaccine with oil-based helper.

### 3.3. Brazil

The President of ABIMAQ, Mr. Luis Carlos Delben Leite, sent a letter to Mr. Hamdy, Director of the Industrial Services Division, expressing his satisfaction with the project's activities.

At the of end February 1989, the two completely defined projects mentioned below are under examination by the Brazilian institution INPI (Institute for Industrial Property) for the approval of licensing and production agreements:

1) Brazilian Entrepreneur: MARTINEZ TABOADA

Italian Entrepreneur: FAVA

Areas of Co-operation Agreed Upon: Technology transfer, technical assistance, personnel training and ceding of a manufacturing license for the production of bottle scrambler machines.

2) Brazilian Entrepreneur: MIOTTO

Italian Entrepreneur: ELMEPLA

Areas of Co-operation Agreed Upon: Technology transfer, technical



assistance and personnel training with the ceding of a manufacturing license for the production of belling machines, pulls, heads and spindles.

The following five projects are in the final stages of completion:

1) Brazilian Entrepreneur: RIBEIRO

Italian Entrepreneur: MAZZINI

Areas of Co-operation to be Agreed Upon: Technology transfer, technical assistance and ceding of manufacturing license for the production of looms.

2) Brazilian Entrepreneur: METALURGICA IPE

Italian Entrepreneur: MASERATI & FRATTOLA

Areas of Co-operation Agreed Upon: Technology transfer, technical assistance and personnel training, with ceding of a manufacturing license for the production of pre-set machines.

3) Brazilian Entrepreneur: GLOBO INOX

Italian Entrepreneur: VELO

Areas of Co-operation to be Agreed Upon: Technical co-operation for the production of horizontal and vertical fossil fuel (petroleum and coal) filterplates.

4) Brazilian Entrepreneur: GAZZOLA

Italian Entrepreneur: SPACE

Areas of Co-operation to be Agreed Upon: Technology transfer, technical assistance for machinery for the production of foundry sand.

5) Brazilian Entrepreneur: TOCCHETTO

Italian Entrepreneur: CERIM

Areas of Co-operation to be Agreed Upon: Technology transfer, technical assistance for the production of shoe sewing machines.

In any case, as of this time eight letters of intent have been signed between Italian and Brazilian entrepreneurs as described hereafter:

1) Brazilian Entrepreneur: MIOTTO

Italian Entrepreneur: ELMEPLA

Areas of Co-operation Agreed Upon: Technology transfer, technical assistance and personnel training with ceding of manufacturing license for the production of belling machines, pulls, heads and spindles.

2) Brazilian Entrepreneur: MARTINEZ TABOADA

Italian Entrepreneur: ABL

Areas of Co-operation Agreed Upon: Technology transfer, technical assistance and personnel training; ceding of a manufacturing license for labelling machines for bottles and containers.

3) Brazilian Entrepreneur: MARTINEZ TABOADA

Italian Entrepreneur: FAVA

Areas of Co-operation Agreed Upon: Technology transfer, technical assistance, personnel training and ceding of a manufacturing license for the production of bottle scrambler machines.

4) Brazilian Entrepreneur: IMACOM

Italian Entrepreneur: TRIMEC

Areas of Co-operation Agreed Upon: Creation of a joint-venture for the production of components for extrusion machines for thermoplastics.

5) Brazilian Entrepreneur: METALURGICA IPE

Italian Entrepreneur: MASERATI & FRATTOLA

Areas of Co-operation Agreed Upon: Technology transfer, technical assistance and personnel training and ceding of a manufacturing license for the production of pre-set machines.

6) Brazilian Entrepreneur: METALURGICA IPE

Italian Entrepreneur: ROSSINI

Areas of Co-operation Agreed Upon: Technology transfer, technical assistance and personnel training relative to a new production line for gate valves.

7) Brazilian Entrepreneur: ZOCCA

Italian Entrepreneur: C.B. FERRARI

Areas of Co-operation Agreed Upon: Technology transfer, technical assistance and personnel training, ceding of manufacturing license for the production of horizontal fixed bench milling machines.

8) Brazilian Entrepreneur: GLOBO INOX

Italian Entrepreneur: VELO

Areas of Co-operation Agreed Upon: Technical co-operation for the production of horizontal and vertical fossil fuel (petroleum and coal) filterplates.

### 3.4. Colombia

The major part of the work relating to Colombia was performed during Phase I, but the final co-operation agreements were signed during this project. The documents signed by each set of partners were not just mere letters of intent, but full-fledged enterprise-to-enterprise co-operation agreements containing a description of the type of co-operation envisaged as well as the responsibilities of each partner. The following co-operation agreements as described hereafter, were finalized in 1987 and 1988, respectively.

Furthermore, in addition to these final co-operation agreements, three letters of intent were signed and are also noted hereafter.

The following Colombian and Italian firms have concluded co-operation agreements and the production of new products and/or models has been started up:

1) AGROTEC/BEZZECCHI

Production of rotating fertilizer spreaders. Agreement includes technology transfer, technical assistance and personnel training, with concession of manufacturing license.

2) BRUNARCA/BERGAMASCHI

Production of infants' metallic furniture (cribs, beds, prams, car seats, highchairs). Agreement concerned is a joint-venture, including the ceding of a license to manufacture, technology transfer, technical assistance and personnel training.

3) FORJAS TECNICAS/CONTEURO RIGAS

Production of water meters. Agreement concerned technology transfer, technical assistance and personnel training, including the concession of manufacturing license.

Update on these operative agreements as of November, 1988:

1) AGROTEC/BEZZECCHI

A technician from Agrotec received a one-week training at the BEZZECCHI plant in March, 1987. The initial import of prototypes, parts and technology took place in July, 1987. The parts were cleared through Customs in October, 1987. Search for subcontractors and market research for the start-up of production were executed until April, 1988. The new products were presented at the Bogotá Agricultural Machinery Fair in July, 1988, and production was started up after this Fair in response to the existing demand. A new order of parts will be made during the visit to Italy by the Colombian entrepreneur, Mr. Garzon scheduled for November, 1988. Mr. Garzon will visit the International Agricultural Machinery Expo in Bologna during this visit.

2) BRUNARCA/BERGAMASCHI

The joint-venture company formed by these two firms, still under the BRUNARCA name began its production activities in August, 1987. As of August 1988, at the conclusion of the first year of operations, the new firm had quadrupled its turnover as compared to BRUNARCA's 1987 operations (last year of operation prior to the joint-venture agreement). The number of employees had risen from 23 to 40, and a location has already been purchased for the opening of a showroom/sales office in Bogotá, which will sell directly to the public. The Italian entrepreneur, Mr. Bergamaschi, now resides in Colombia and directs production operations first-hand, and also supervises the sales network composed of agents and distributors throughout the country. Due to the continual increase in the demand for production of infant's equipment, for the moment it has not been possible to commence production of the second line of products foreseen in the joint-venture agreement, namely fire extinguishers. The present line of products will eventually be

be exported to neighboring countries, but at the moment all production is absorbed by the national market. Mr. Bergamaschi has further increased his participation in the company's share capital, and is now the majority partner.

3) FORJAS TECNICAS/CONTEURO RIGAS

Note: Agreement included supply of plastic meter apparatus for water meters, while the Colombian partner was to begin a new line of production of castings for the body of the meter, and effect the final assembly. The agreement was signed in May, 1987; the first order of 2000 pieces were imported from Italy in 1988, and production was begun. The Colombian entrepreneur had difficulties with the import license and was unable to order more pieces. However, it seems that this problem has been resolved since he will be placing a new order for about 9000 pieces within the next two months. In June/July 1988, the Colombian entrepreneur came to Italy to get other sample models of water meters since he wants to import them and introduce them onto his market next year. The Italian firm had been acquired by a French multinational in the meantime, and he was able to meet with the new Directors during this visit. (The multinational has no intention of interfering in this cooperation, since they are very satisfied with its progress). The Colombian entrepreneurs has already begun to produce the new line of casts to be used for the body of the water meters and has sent sample castings to the Italian firm for their examination and quality control. The Italian firm found them to be satisfactory. Both the Colombian and Italian firms are very satisfied with the execution of this cooperation, and they expect it to continue under the terms of the agreement signed.

4) BUFALO/MORO

Note: Agreement also included the supply of parts.

A BUFALO technician received a one-week training at the MORO plant in March, 1988. Technical designs and parts were imported by Bufalo in July, 1988. At this time, the construction of the prototype is being completed and tested, and will be presented to the market, and production is then scheduled to be started up. These two firms have been operating in accordance with the terms of the contract draft which both had previously approved in March 1988. (The heavy workloads of both entrepreneurs have not yet allowed for the signature of the actual contract).

The following Colombian and Italian firms have signed letters of intent for industrial cooperation projects:

1) MAQUINARIA SUPER-BRIX/FERBO

Objective: The Italian firm will supply technical assistance, designs, turbines and technology for the production of drum irrigation systems, while the Colombian firm will produce the frames, effect the carpentry work and final assembly. The Italian firm has already sent two machines to the Colombian firm for testing, examination, and the completion of a market study. An agreement is expected to be concluded shortly.

2) PENAGOS H.NOS/GMP

Objective: The Italian firm will supply technology, technical assistance and personnel training along with the moulds and/or technical designs for the manufacture of 2-stroke motors; at a later stage, this project will involve the production of self-priming pumps for this motor.

3) COLPOZOS/ROVATTI POMPE

Objective: Technology transfer, technical assistance and personnel training for the production of pumps under manufacturing license. In this case, the letter of intent has not yet been signed; the Colombian partner will visit his Italian counterpart in early November for a final examination of the proposal.

### 3.5. Tunisia

At this time, 10 letters of intent, as described below, were signed between Italian and Tunisian entrepreneurs on the occasion of the Partenariat Meeting which took place in Tunis in June, 1988:

1) SOCIETE PREFAC/MAIN GROUP

Objective: Technology transfer, technical assistance and personnel training for the production of shoe moulds under manufacturing license.

2) LOUKIL GROUP/FERBO IRRIGAZIONI

Objective: Technology transfer, technical assistance and personnel training for the production, under manufacturing license, of pipes, irrigators and rotary irrigation systems. The conclusion of a final agreement is expected within this year.

3) CONSTRUCTION METALIQUE ET D'ENTRETIEN/ VITALONI GROUP

Objective: Technology transfer, technical assistance and personnel training for the production of compressors, concession of manufacturing license is foreseen.

4) COMPLEXE MECANIQUE DE TUNISIE/VALPADANA

Objective: Technology transfer, technical assistance and personnel training for the production of tractors, with the concession of a manufacturing license.

5) ETELUS BEBAIED/QUIRICONI ROLLER

Objective: Creation of a new factory for the construction of caravans and prefabricated (able to be disassembled) barracks for building sites.

6) SOGIME/NUOVA LEONI (ITECO)

Objective: Creation of a joint-venture for the production of metallic and wooden furniture.

7) SCCM/FARID

Objective: Production of urban waste removal vehicles.



8) Mr. KNANI NEGIB/FOSSATI

Objective: Production of chains for transportation vehicles.

9) Mr. M. MEZGHANI/F.111 DAL DEGAN

Objective: Production of shooulder-held agricultural sprayers.

10)Mr. Fredj Tahar/FOSSATI

Objective: Production of chains for bicycles and motorcycles.

#### 4. Budget

As already mentioned previously, the funds of the present project US/INT/87/046 will be totally spent at the end of April 1989 and no activity can be undertaken beyond this date. In order to avoid an interruption of the project's activities, and in view of the existing approval procedures which normally require several months, it is suggested that an advance approval be obtained from the Department of International Co-operation for an "emergency budget" covering the period May-July 1989 (3 months).

The total additional budgetary requirements for the period May 1989-December 1990 amount to US\$ 2.022.000.\* and from this sum, it is necessary to receive, as soon as possible, the funds needed to cover expenses related to the activities which must be undertaken during the period May-July 1989.

The following table contains the calculations made for the different budget lines for all the project's activities.

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\* 13% overhead for UNIDO should be added to this sum, and the final total therefore would equal US\$ 2.267.910.

## UNIDO PROJECT US/INT/87/046

## BUDGET MAY 1989-DECEMBER 1990

PROJECT PERSONNEL	TOTAL		PERIOD MAY-JULY 1989		REMAINING PERIOD AUGUST 1989-DECEMBER 1990	
	M/M	US\$	M/M	US\$	M/M	US\$
11-011 PROJECT COORDINATOR	15	90.000			15	90.000
11-50 SHORT-TERM CONSULTANTS	178	748.800	28	118.800	150	630.000
13-01 SECRETARY (ROME)	17	34.000			17	34.000
13-02 ADMIN.ASSISTANCE	16	32.000			16	32.000
13-03 ADMIN.SUPPORT(INDIA)	10	4.000			10	4.000
13-04 ADMIN.SUPPORT(BRAZIL)	10	5.000			10	5.000
13-05 ADMIN.SUPPORT(ARGENTINA)	10	5.000			10	5.000
15-01 PROJECT TRAVEL IN ITALY FOR FOR SHORT-TERM CONSULTANTS		110.000		10.000		100.000
15-02 PROJECT TRAVEL ABROAD FOR SHORT-TERM CONSULTANTS		150.000		30.000		120.000
15-03 PROJECT TRAVEL NATIONAL CONSULTANTS IN HOME COUNTRIES		43.000		8.000		35.000
15-04 PROJECT TRAVEL OF ENTREPRENEURS & NATL. CONSULTANTS ABROAD		250.000		60.000		190.000
16-00 UNIDO MONITORING		34.000				34.000
17-00 NATL. CONSULTANTS(INDIA)	40	40.000	5	5.000	30	35.000
17-00 NATL. CONSULTANTS(ARGENTINA)	38	88.100	6	14.100	32	74.000
17-00 NATL. CONSULTANTS(BRAZIL)	38	88.100	6	14.100	32	74.000
30-00 TRAINING		120.000		20.000		100.000
40-00 EQUIPMENT		40.000				40.000
50-01 MISCELLANEOUS CONFAPI*		100.000		15.000		85.000
50-01 MISCELLANEOUS (ARGENTINA, BRAZIL, INDIA)		30.000		5.000		25.000
51-01 (OTHER EXPENSES) SUNDRIES		10.000				10.000
TOTAL **		2,022,000		300.000		1,722,000

\* Note: Budget lines 50-01 indicate expenses incurred for telex, telefax and translation services by these organizations.

\*\* Note: To this total should be added 13% for UNIDO overhead.

Interregional Project

PROJECT DOCUMENT

Title: Enterprise-to enterprise co-operation between small and medium industries (SMI) in three countries and SMI in Italy in several industrial sectors (Phase III).  
Duration: 15 months (October 1989 until December 1990)

Project site: India, Argentina and Brazil

UNIDO contribution under a special purpose contribution from the Government of Italy: US\$ 1,979,760 (including overheads)

Country: Interregional

Number: US/INT/89/211/A

Budget Code: "A"

Estimated starting date: 1 October 1989

Government counterpart agency : CGI (Confederacion General de la Industria) Buenos Aires  
ABIMAQ (Association of Brazilian Mechanical Industries) Sao Paulo.  
DCSSI (Development Commissioner for Small-Scale Industries) - New Dehli

Counterpart Agency in Italy : CONFAPI (Italian Confederation of Small and Medium Industries)

Origin and Date of Official Request :

- India : In December 1988, Mr. Raghunathan, Development Commissioner for Small-Scale Industries and Additional Secretary of the Ministry of Industry, had discussions in Rome with representatives of the Department of International Co-operation, and expressed satisfaction of the Government of India for this project and the wish for its continuation.
- Argentina : At the end of November 1988, Mr. Kohanoff, who accompanied President Alfonsin to Italy, had discussion with high-level officials in the Department of International Co-operation and expressed his satisfaction with the UNIDO project.
- Brazil: The President of ABIMAQ, Mr. Luis Carlos Delben Leite, sent a letter at the end of 1988 to UNIDO expressing his satisfaction with the project's activities.
- CONFAPI: Officially confirmed the interest for a continuation of the project during a meeting which took place on 10 March 1989 at the Department of International Cooperation.

UNIDO Substantive Backstopping Section : Institutional Infrastructure Branch in close co-operation with the UNIDO Industrial Promotion Service in Milan.

Programme component Code : J.12.103

Part A. CONTEXT

The present project is a continuation of the ongoing project US/INT/87/046 which terminates at the end of July 1989. The first phase of the enterprise-to-enterprise project terminated in July 1987 (US/INT/84/170) and a second phase (US/INT/87/046) started the following month for another period of 2 years. The project was executed in close collaboration with our counterpart organization in Rome, CONFAPI, and the activities of the project were carried out in India, Argentina and Brazil with the main purpose to encourage partnership agreements between small and medium industries in these three countries and similar industries in Italy.

The role played by small and medium-sized industries (SMI) in the overall economy of a country is well known. The great majority of developing countries who had during a long time given preference to large-scale industries, have now recognized that there cannot be a real economic development without the existence of a dynamic and efficient small industry sector. SMI apply labour-intensive production techniques, require less capital for the creation of new employment, manufacture certain products in smaller quantities in a more efficient way, have very often a greater flexibility than large industries regarding the location of investment and, therefore can be established more easily in the rural areas where the conditions are generally not attractive for large-scale industries. Experience has shown that entrepreneurs from these countries (at least those who have already reached a certain level of productivity and modernization) would greatly benefit from programmes which enable them to enter into a close and long-term association with a small entrepreneur from an industrialized country, provided of course that the interests of both partners are taken into account.

Part B. Project Justification

1. Problem to be addressed; the present situation

Project US/INT/87/046 (Phase II) started in August 1987 and was originally scheduled to terminate in July 1989. However the project

was not launched at the same time in the different countries, Brazil (August 1987), India (February 1988), and Argentina (May 1988), and therefore it became soon obvious that the finalization of full-fledged agreements could not be expected in such a short time. Furthermore, while the countries considered during Phase I (Colombia, Peru, Tunisia) were relatively small countries, this is not the case for the countries selected for Phase II which are very large countries with a great number of small-scale industries.

Initially, it was envisaged that the project activities would also be conducted in other countries, such as Indonesia, Turkey, Morocco and Egypt. However, it became very soon clear that in order to obtain tangible results it was preferable to concentrate the work in three large countries (Argentina, Brazil and India), where great possibilities for co-operation had been identified and where an important number of small industries exist. Some preliminary activities took place in Egypt in 1987 but without results. Both CONFAPI and UNIDO agreed to concentrate the work on the three above-mentioned countries instead of spreading financial resources and efforts into seven countries. This point of view was also communicated, during a mission to Rome on 12 February 1988, to the Department of International Co-operation, who agreed to it.

In each of the three countries considered by project US/INT/87/046, a great interest for co-operation with Italy was immediately expressed by both industrialists' associations and governmental representatives of the small-scale industry sector, and about 300 small entrepreneurs have so far indicated their willingness and interest to benefit from receiving Italian technology in any form. Also, in Italy the response has been very great and presently more than 200 Italian entrepreneurs are considering entering into a long-term collaboration with a partner in one of these countries.

During the Review Meeting which took place in Rome on 10 March 1989 at the Department of International Co-operation, both UNIDO and CONFAPI informed the Government that the project had gained considerable momentum and therefore it was felt that the efforts which were undertaken so far had to be further strengthened in order to have more results so far achieved. More particularly, additional activities had to be undertaken in order to transform the letters of intent, which were signed in the past months between Italian entrepreneurs and entrepreneurs in Argentina, Brazil and India into final partnership agreements. Otherwise, the major part of the work done so far would probably be lost.

The results achieved by project US/INT/87/046 (Phase II) as of 30 June 1989 can be described as follows:

India: 32 letters of intent signed between Indian and Italian entrepreneurs  
2 co-operation agreements signed.

Argentina: 9 letters of intent signed between Argentinian and Italian entrepreneurs  
1 co-operation agreement signed.

Brazil: 8 letters of intent signed between Brazilian and Italian entrepreneurs.

During the Review Meeting, both UNIDO and CONFAPI informed the Government that the budgetary resources of the ongoing project US/INT/87/046 would be totally exhausted at the end of April 1989 and that no further activity could be undertaken beyond that time if additional funds were not made available. It was agreed that

- a) UNIDO would submit an "emergency budget" for a period of 3 months (May - July 1989) for a total amount of US\$ 300,000. Meanwhile a project revision was prepared and approved by the Government of Italy on 9 June 1989,
- b) UNIDO would submit a new project document (Phase III) to cover the expenses related to the activities to be conducted for the remaining period of 16 months (September 1989 - December 1990). The total budget for that period was estimated at ± US\$ 1,700,000 (+ overheads).

## 2. Expected end-of-project situation

The expected final results (at the end of December 1990), based on the experience gained so far during the ongoing project US/INT/87/046, will be as follows:

for India: 40 co-operation agreements with Italian entrepreneurs  
for Brazil: 35 co-operation agreements with Italian entrepreneurs  
for Argentina: 40 co-operation agreements with Italian entrepreneurs.

## 3. Target beneficiaries

The small entrepreneurs in the selected developing countries and in Italy will be the direct beneficiaries. The project will also strengthen the various counterpart organizations (such as Federations of Small Industries) and their staff who will become acquainted with methodologies on how to identify dynamic potential partners, constructing of in-plant diagnostics enabling a correct assessment of the needs of the "candidate" for enterprise-to-enterprise co-operation, carrying out of project proposals containing detailed information on the type of co-operation envisaged, the specifications

of machinery requested and, later on, assisting the individual entrepreneurs in the finalization of their co-operation agreement.

4. Project Strategy and institutional arrangements

At present, nearly 300 small entrepreneurs from India, Argentina and Brazil expressed interest to benefit from Italian technology and, for most of them, project proposals for plant-level co-operation were formulated. In order to achieve as soon as possible the expected results, priority will be given to the projects which are already at an advanced stage and where financial resources are available for the rapid realization of the partnership agreement. Regarding institutional arrangements, some information is provided in para. 8 "Counterpart Support Capacity".

5. Reasons for assistance from UNIDO

It is known that small entrepreneurs in the developing countries are reluctant to accept proposals for international co-operation which are made to them by companies from the industrialized world. They fear, and this is quite understandable, that an agreement with a small industry from industrialized countries will bring disadvantages for them, in view of the fact that they have not yet reached the same level of modernization and have no experience in international relations. Therefore, UNIDO can play a very important role in preparing proposals for enterprise-to-enterprise co-operation which reflect at the same time the interests of small entrepreneurs from India, Argentina and Brazil and those of industrialists in Italy. It should also be noted that UNIDO has been executing in the last 20 years small scale industry projects in many developing countries where institutions were established to deal with the SMI sector and therefore is very familiar with problems and perspectives of small entrepreneurs.

6. Special considerations

This project can be considered as the third phase of the Enterprise-to-Enterprise Co-operation project financed by the Government of Italy aiming at encouraging enterprise-to-enterprise co-operation between Italian small industries and similar industries in selected developing countries.

7. Co-ordination arrangements

It will be necessary to ensure a co-ordination between the activities of this project and the activities of another similar project US/INT/69/103/A (presently submitted for consideration to the Italian Government) particularly regarding two countries, India and Argentina, which are part of both projects. The co-ordination will be done by UNIDO, in close co-operation with the counterpart organizations in Italy and in the respective developing countries. An important role will also be played in this respect by the UNIDO Investment Promotion Service in Milan. The IPS possesses valuable information on project proposals and requests for international co-operation received from Italian entrepreneurs and also from small entrepreneurs in the developing countries. The availability of such information could enhance opportunities for plant-level co-operation and, at the same time, would permit to reduce at the maximum possible duplication of efforts. It should be noted that the risks of overlapping exist in fact only when the sub-sectors chosen are identical (for instance, mechanical industries). In addition, risks of duplication exist mainly in small countries where the number of small industries



is rather limited; this is obviously not the case for big countries such as India or Brazil where many thousand small industries are operating thereby enabling great opportunities for diversification of contacts.

#### 8. Counterpart Support Capacity

As for the previous projects US/INT/87/170 (Phase I) and US/INT/87/046 (Phase II) the counterpart organization for this project will be CONFAPI (Italian Confederation of Small & Medium Industries). To be successful, the project will continue to require the support and co-operation of the counterpart organizations in the three countries where the project activities are taking place. These counterpart organizations are the following:

Argentina: CGI (Confederación General de la Industria)  
Brazil: ABIMAQ (Association of Brazilian Mechanical Industries)  
India: DCSSI (Development Commissioner for Small-Scale Industries)

#### Part C. Development Objective

To increase the role of small and medium sized industries in Gross National Product in the selected countries where the project will operate.

#### Part D. Immediate objective (s), outputs and activities

##### 1. Immediate objective

To encourage industrial co-operation between SMI in Italy and small and medium industries in three developing countries (Argentina, Brazil and India) in selected industrial sectors.

##### 1.1 Output 1

Provision of 115 co-operation agreements between SMI in Argentina, Brazil and India, and small industries in Italy. The breakdown by country is as follows:

for India: 40 co-operation agreements in the following subsectors  
(leather industry, mechanical industry, marble and granite  
industry, agro-industry)

Brazil: 35 co-operation agreements in the field of: precision  
mechanics, micro-mechanics and components

Argentina: 40 co-operation agreements in the following sub-sectors  
(leather and textile industry, agro-industry, mechanical  
engineering and chemical industry)

#### Activities for output 1

It is obvious that most of the activities which were carried-out under the previous phase (US/INT/87/046) from August 1987 until July 1989 will have to be continued for the remaining period of 16 months (until December 1990). More particularly, it will be necessary to organize additional visits of entrepreneurs from Argentina, Brazil and India to Italy as well as visits of Italian entrepreneurs to these three countries. Furthermore, all efforts will have to be undertaken by the consultants in Italy as well as by the national consultants in the recipient countries to finalize the project proposals in such a way that they meet the interests of both partners. It is also expected that, wherever necessary, training programmes will be organized for entrepreneurs from the developing countries once the agreement has been finalized in order to enable them to absorb in a smooth way the Italian technology. Finally, it might be useful to specify what type of co-operation might be envisaged between the two partners:

- Technical assistance provided by an entrepreneur in Italy to his partner in order to assist him in absorbing the new technology, in modernizing his plant and raising the overall productivity and in helping him in order to increase gradually the local content of the product to be manufactured locally.

- Subcontracting arrangements whereby the Italian partners will buy partly or totally the new production and, at the same time, provide assistance so that the small entrepreneurs in the developing country will be able to

manufacture products which meet the required quality standards.

- Licensing agreements; it can also be envisaged that the Italian entrepreneur commits himself to "buy back" a certain part of the production to be utilized as semi-manufactured product or simply re-exported to other countries.

- Joint-ventures: In that case, the complete project proposal will be transmitted to the UNIDO Investment Promotion Office in Milan whose mandate is, among others, to encourage joint-ventures between industries in Italy and in the developing countries.

Activities related to Argentina

a. Concerning the agreements which are at a very advanced stage as of July 1989, assistance will be given to allow the entrepreneurs to utilize funds foreseen by the Italo-Argentinian Treaty, in co-operation with CGI (and the UNIDO Industrial Promotion Office at Milan in the case of joint-venture agreements). At the end of June 1989, 15 projects have been fully defined and procedures have been initiated to obtain financing as foreseen under the above-mentioned Treaty.

b. For those projects which are still at an early stage, further work will have to be undertaken in order to accelerate a possible finalization and reciprocal visits by entrepreneurs will be organized to enable the achievements of the expected outputs. This work will be performed by the local counterpart organizations and by short-term consultants who will be responsible for:

- elaboration of feasibility studies and
- inclusion of these projects in the activity described above.

The technical/financial consultants will also be responsible for insuring fair agreements so that both parties may receive concrete benefits.

c. As for new projects which could perhaps later on be suggested by the Argentinian counterpart, it may be possible to consider them with a view to their inclusion in the activities described under points a) and b).

It is understood that this activity will be limited to those projects which have clearly demonstrated their strategic interest for both parties.

Activities related to Brazil

a. For those projects which are either completely defined or very advanced as of July 1989, assistance shall be given for their inclusion within the framework of the co-operation agreement between Brazil and Italy. This agreement is to be signed by the end of September 1989 and foresees access to a line of credit of about US\$ 1 billion for the three-year period 1990-1992. As of 30 June 1989 4 projects have been definitively finalized and have been presented to the Brazilian Government Authorities for their approval.

b. For those projects which still require further action, assistance shall be given to accelerate their finalization and to organize reciprocal visits by entrepreneurs. This will be accomplished with the active participation of short-term consultants for the elaboration of feasibility studies as well as the inclusion of these projects within the framework of the co-operation agreement between Brazil and Italy. It will be the responsibility of the technical/financial consultants to study the agreements insuring that both parties receive concrete advantages.

c. New projects, presented by the Brazilian Counterpart, might be examined provided that serious chances exist for a rapid finalization.

Activities related to India

a. On the basis of the 32 Memoranda of Understanding previously signed by the Indian and Italian entrepreneurs as of 30 June 1989, and based on the development of these co-operation hypotheses during the period of May-June-July 1989 which included missions to Italy by the Indian national co-ordinator and by several selected Indian entrepreneurs, final co-operation agreements will be prepared.

b. The last pre-feasibility reports were forwarded by the Office of the Development Commissioner (DCSSI) during the final months of 1988. The majority of these reports have already been studied by Italian consultants who continued to identify potential Italian partners. The proposals by Italian entrepreneurs were completed with the assistance of short-term consultants, and will be transmitted to the Indian National Coordinator. For the most promising projects, reciprocal visits will be organized so as to allow the entrepreneurs to sign Memoranda of Understanding which should lead to the signing of final agreements. It will be the responsibility of the Italian consultants to concentrate their efforts so as to achieve equitable and mutually beneficial terms of agreement.

1.2. Output 2

A report assessing the experience gained in the criteria for matching and concluding co-operation agreements between small scale industries in Italy and SMI in three selected countries: Argentina, Brazil and India. The report will also describe the different co-operation agreements which have been signed and assess their importance for the developing countries.

Activities for Output 2

Preparation, at the end of the project, of the above indicated report.

WORKPLAN

September 1989 (of X if starting date delayed)

1. Approval of project. Review of the earlier activities and revision of the detailed work plan.

(X)

2. Selection and recruitment of national coordinators and of national consultants.<sup>2</sup> (X)
3. Selection and recruitment of short-term consultants.<sup>2</sup> (X)
4. Continuous contacts in Italy and in the three countries (Argentina, Brazil and India) with the entrepreneurs who have already signed letters of intent, with the aim of organizing reciprocal missions. (X+1)
5. Assist Italian entrepreneurs during missions to Argentina, Brazil and India and vice versa. (X+2)
6. Assistance for the preparation of final agreements relative to projects noted under points 4) and 5), also through missions by consultants to the developing countries. (X+3/X+6)
7. Missions to developing countries for final verification of projects concluded successfully, and for the organization of meetings with financial and government institutions for the effective implementation of agreements achieved. (X+7/X+8)
8. Assistance in Italy to entrepreneurs to enable access to adequate financing (soft loans) available under special conditions from the Italian Government. (X+7/X+8)
9. Mid-Term Review Meeting, which will take place in Rome or Vienna, (X+8) to assess the results achieved so far and agree on the action to be taken until the end of the project.
10. Development of co-operation hypotheses which have already been launched, but which have not yet been formalized in letters of intent as of 30 July 1989, with the objective of achieving the drafting of letters of intent through activities to be performed in Italy, also through contacting new Italian firms and missions by consultants to the developing countries. In this phase, some promising projects presented by the foreign counterparts which have not yet been activated might also be developed. (X+2/X+8)

<sup>2</sup> Generally, extension of contracts will be made for the consultants having worked so far within the project in Italy and in the respective countries. Whenever necessary new recruitment will be made depending on the type of the work to be performed.

11. Assist Italian entrepreneurs during missions to developing countries and vice versa, relative to hypotheses developed under point 10) in order to improve projects which lead to letters of intent. (X+9/X+10)

12. Assistance for the preparation of final agreements relative to points 10) and 11) also through missions by consultants. (X+9/X+12)

13. Missions to the developing countries for final verification of projects successfully concluded and for the organization of meetings with financial institutions and governmental institutions for the effective implementation of agreements achieved. (X+12/X+13)

14. Provision of technical assistance to the small-scale entrepreneurs from the developing countries to enable them to meet higher quality standards, absorb and adopt new technologies and organization of the appropriate training programmes in Italy or in their respective countries. (X+8/X+15)

15. Preparation of a Final Report; Final Joint UNIDO/Foreign Ministry/CONFAPI meeting. (X+16)

Part E. Inputs

a) Government Inputs

Since this project encourages co-operation between private industries in Italy and private industries in the developing countries, there is no contribution of the Government to this project. However, as it was the case during the past years, the respective counterpart organizations, both in Italy and in the developing countries, will continue to provide continuous support to the project. This includes the following:

organizing the meetings with entrepreneurs who belong to the respective federations, to inform them on the objectives of the project, provision of office facilities, secretariat support, telex, telephone, translation of documents, etc. Without the effective and permanent support received in the last years by CONFAPI in Italy and by the counterpart organizations in Argentina, Brazil and India, it would have not been possible to achieve all these positive results in such a short time.

b) UNIDO Inputs

Budget line 11-01: Project Coordinator: 14 m/m US\$ 84,000

Budget line 11-50 : Short-term consultants: 151 m/m: US\$ 636 000

(recruitment of consultants specialized in the fields of engineering industry, agro-industry, leather and tannery, marble and granite and other disciplines (if required).

These consultants will be assigned 2 fundamental tasks:

1. Further development of those projects having been previously largely defined and for which letters of intent, signed by the parties exist. In order to achieve rapidly the expected results it will be necessary to assist the partners, verifying the suitability of the agreements and accompany entrepreneurs during their missions abroad. To enable a rapid and efficient completion of these duties, the consultants in each industrial sector will be assisted by consultants specialized in international and domestic law which in each country encourages co-operation between small-scale industries. It will be the consultants responsibility in close co-operation with CONFAPI, to define the final procedures to be followed in order to assist the entrepreneurs in introducing their projects for inclusion under the Italian law No. 49/37 which foresees the possibility of "soft loans" and other facilities.
2. Completion of pre-feasibility studies for all project proposals which have already been launched, and which for different reasons have not yet led to the signing of letters of intent. This will be done through assistance to previously identified potential partners or through the identification of new motivated Italian entrepreneurs. This activity should lead firstly to letters of intent and subsequently to final agreements.

Budget line 13-00 : Administrative Support Personnel: US\$ 80,000

Budget line 13-01 : Secretary (Rome): Extension of contract of present project secretary 15 m/m: US\$ 30,000

Budget line 13-0 : Administrative Assistance (Rome): Recruitment of an administrative assistant to be located at CONFAPI Headquarters, Rome 16m/m: US\$ 32,000



- Budget line 13-03 : Administrative assistant (India) 20 m/m  
US\$ 8,000
- Budget line 13-04 : Administrative support (Brazil) 10 m/m:  
US\$ 5,000
- Budget line 13-05 : Administrative support (Argentina) 10 m/m:  
US\$ 5,000
- Budget line 15-00 : Project Travel US\$ 445,000
- Budget line 15-01 : Project Travel in Italy for short-term consultants : (mainly to visit Italian entrepreneurs and accompany entrepreneurs from India, Brazil and Argentina during their trips to Italy) : US\$ 100,000
- Budget line 15-02 : Project Travel abroad for short-term consultants: US\$ 120,000
- Project travel outside of Italy for Italian short-term consultants and Italian entrepreneurs (missions to India, Argentina and Brazil; Concerning the travel costs of Italian entrepreneurs it is envisaged that the project will only pay the air-fare while the entrepreneurs will bear all other costs. The same system applies to the entrepreneurs from the developing countries.)
- Budget line 15-03 Project Travel National Consultants in home countries : US\$ 35,000
- Budget line 15-04 Project Travel of entrepreneurs and national consultants abroad: US\$ 190,000
- Budget line 16-00 UNIDO Monitoring: US\$ 64,000

(To conduct, together with CONFAP1, 1-2 visits to the countries where the activities of the projects are carried out as well as visits to CONFAP1 Headquarters in Rome to discuss the progress of the projects and a few visits to Italian entrepreneurs. To conduct, at the end of the project an evaluation mission, to conduct an in-depth evaluation)

Budget line 17-00 : National Consultants 94 m/m : US\$ 183,000

The breakdown is as follows:

for India 30 m/m: US\$ 35,000

for Argentina 32 m/m: US\$ 74,000

for Brazil 32 m/m: US\$ 74,000

Budget line 30-00 : Training: US\$ 100,000

Organization of training programmes for different entrepreneurs from the participating countries to their respective partners in Italy to enable them to become acquainted with new technologies in order to permit a smooth and efficient implementation of the signed industrial co-operation agreements.

Budget line 40-00 : Equipment: US\$ 40,000

To provide different equipment (such as computers, Olivetti M 290) to the respective counterpart organization in India, Argentina and Brazil.

Budget line 51-00 : Miscellaneous CONFAPI: US\$ 85,000

To participate in the expenses incurred by the counterpart organization in Italy, CONFAPI, for telex, telefax and translation services.

Budget line 51-00 : Miscellaneous (Argentina, Brazil, India) US\$ 25,000

Budget line 51-00 : (Other Expenses) Sundries: US\$ 10,000

Total: US\$ 1,752,000

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Part F. Risks

It is clear that only the entrepreneur himself will decide whether or not to sign a partnership agreement. However, this risk can be considerably reduced for the following reason:

The experience reached during the previous project US/INT/87/046 Phase II) has been very positive and considering the fact that in a relatively short period of time a great number of letters of intent could be signed (and a few full-fledged co-operation agreements finalized), there is no doubt that the continuation of the work already initiated will permit to achieve a much greater number of partnership agreements.

Part G. Project Review & Evaluation

It is envisaged that the project will undergo periodic self-evaluations, at least one per year (in Rome or in Vienna) and a joint UNIDO/CONFAP1 assessment of project results and difficulties will be made. Furthermore, a mid-term review of the project will take place in 1990, with the participation of the Department of International Co-operation, Italian Ministry of Foreign Affairs, CONFAP1 and UNIDO. A tripartite in-depth evaluation will take place in accordance with UNIDO's Evaluation system at the completion of the project or at the time to be agreed. US\$ 10,000 is included for that purpose on budget line 16-00.

Clearance and Approval

Proposal submitted by:

Mr. D. Cannas, SIDO  
Institutional Infrastructure  
Branch, Department of Industrial  
Operations.

*Lehman*  
Date: 10/7/89

Cleared by:

Mr. B. Kocer, Officer-in-Charge  
Global and Interregional  
Projects and Programmes, PPD.

Date:

Mr. M.H.A. Hamdy, Director,  
Industrial Institutions and  
Services Division, Department  
of Industrial Operations, Head,  
Institutional Infrastructure  
Branch

Date: 10/7/89

Approved by:

Amount Approved

Convertible Curr:

Other:

Source of Funds

Date PAD Request:

3. COUNTRY Interregional	4. PROJECT NUMBER AND AMENDMENT US/INT/89/.../A	5. SPECIFIC ACTIVITY J12103
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10. PROJECT TITLE  
Enterprise-to-enterprise co-operation between small and medium industries (SMI) in three countries and SMI in Italy to several industrial Sectors  
(Phase III)

15. INTERNATIONAL EXPERTS (functional titles required except for line 11-50)	16. TOTAL		17. 1989		18. 1990		19.		20.	
	M/M	\$	M/M	\$	M/M	\$	M/M	\$	M/M	\$
11-01 PROJECT COORDINATOR	14	84,000	3	18,000	11	66,000				
02										
03										
04										
05										
06										92
07										
08										
09										
10										
11										
12										
13										
14										
15										
16										
11-50 Short term consultants	151	636,000	30	126,000	121	510,000				
11-99 Sub-total-International experts **	165	720,000	33	144,000	132	576,000				

21. REMARKS

\*\* if more than 16 experts required check here  and attach continuation sheet 12. This sub-total must include all experts.

4. PROJECT NUMBER	16. TOTAL		17. 1989		18. 1990		19.		20.	
	M/M	\$	M/M	\$	M/M	\$	M/M	\$	M/M	\$
OPAS EXPERTS (functional titles required)										
12-01 _____										
12-02 _____										
12-03 _____										
12-99 Sub-total-OPAS experts **										
ADMINISTRATIVE SUPPORT PERSONNEL										
13-00 Clerks, secretaries, drivers	63	80,000	9	18,000	54	62,000				
13-50 Freelance interpreters (non-UNDP projects)										
13-99 Sub-total-administrative support personnel	63	80,000	9	18,000	54	62,000				
UN VOLUNTEERS (functional titles required)										
14-01 _____										
14-02 _____										
14-03 _____										
14-04 _____										
14-99 Sub-total-UN VOLUNTEERS **										
15-00 Project travel		445,000		200,000		245,000				
16-00 Other personnel costs (including UNIDO staff mission costs)		64,000		10,000		54,000				
NATIONAL EXPERTS (functional titles required)										
17-01 _____										
17-02 _____										
17-03 _____										
17-04 _____										
17-05 _____										
17-99 Sub-total-National experts **	94	183,000	30	58,404	64	124,596				
18-00 Surrender prior years' obligations										
19-99 TOTAL-PERSONNEL COMPONENT	157	1,492,000	39	430,404	118	1,055,596				

\*\* If additional individual budget lines are required, check here  or attach continuation sheet 1A. These sub-totals must include all lines listed on page 1A.

**PROJECT BUDGET/REVISION**  
CONTINUATION FOR BUDGET LINES 11, 12, 14, AND 17

4. PROJECT NUMBER		16. TOTAL		17. 1989		18. 1990		19.		20.	
		M/M	\$	M/M	\$	M/M	\$	M/M	\$	M/M	\$
BUDGET LINE	FUNCTIONAL TITLE										
17-01	Nat. Project Co-ordinator(Arg)	10	19,460	2	3,892	8	15,568				
17-02	Mechanical Engineer (Arg)	8	15,568	1	1,946	7	13,622				
17-03	Nat. Prod. Co-ordinator (Bra)	10	19,460	2	3,892	8	15,568				
17-04	Ind. Engineer (Bra)	9	17,514	2	3,892	7	13,622				
17-05	Nat. Project Co-ordinator(Ind)	10	19,460	2	3,892	8	15,568				
17-50	Nat. Consult for Arg. Bra & Ind.	47	91,538	21	40,890	26	50,648				

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4. PROJECT NUMBER	16. TOTAL		17. 1989		18. 1990		19.		20.	
	M/M	\$	M/M	\$	M/M	\$	M/M	\$	M/M	\$
<b>SUBCONTRACTS</b>										
21-00 Subcontracts										
28-00 Surrender prior years' obligations										
<b>29-00 TOTAL-SUBCONTRACTS</b>										
<b>TRAINING</b>										
31-00 Individual fellowships										
32-00 Study tours; UNDP group training		100,000		20,000		80,000				
33-00 In-service training										
34-00 Non-UNDP group training										
35-00 Non-UNDP meetings										
38-00 Surrender prior years' obligations										
<b>39-99 TOTAL-TRAINING COMPONENT</b>		100,000		20,000		80,000				
<b>EQUIPMENT</b>										
41-00 Expendable equipment										
42-00 Non-expendable equipment		40,000		40,000						
43-00 Premises										
48-00 Surrender prior years' obligations										
<b>49-99 TOTAL-EQUIPMENT COMPONENT</b>		40,000		40,000		0				
<b>MISCELLANEOUS</b>										
51-00 Sundries		120,000		40,000		80,000				
55-00 Hospitality (non-UNDP projects)										
56-00 Support costs (CC and DC projects only)										
58-00 Surrender prior years' obligations										
<b>59-99 TOTAL-MISCELLANEOUS COMPONENT</b>		120,000		40,000		80,000				
<b>99-99 PROJECT TOTAL</b>		1,752,000		530,404		1,221,596				

+ 13 % overheads  
 227,760  
 1,979,760\*\*



UNIDO

PROJECT BUDGET/REVISION

3. COUNTRY Interregional	4. PROJECT NUMBER AND AMENDMENT US/INT/89/.../A	5. SPECIFIC ACTIVITY J12103
10. PROJECT TITLE Enterprise-to-enterprise co-operation between small and medium industries (SMI) in three countries and SMI in Italy to several industrial Sectors (Phase III)		

15. INTERNATIONAL EXPERTS (functional titles required except for line 11-50)	16. TOTAL		17. 1989		18. 1990		19.		20.	
	M/M	\$	M/M	\$	M/M	\$	M/M	\$	M/M	\$
11-01 PROJECT COORDINATOR	14	84,000	3	18,000	11	66,000				
02										
03										
04										
05										
06										
07										
08										
09										
10										
11										
12										
13										
14										
15										
16										
11-50 Short term consultants	151	636,000	30	126,000	121	510,000				
11-99 Sub-total-International experts **	165	720,000	33	144,000	132	576,000				

21. REMARKS

\*\* If more than 18 experts required check here  and attach continuation sheet 1A. This sub-total must include all experts.

4. PROJECT NUMBER	16. TOTAL		17. 1989		18. 1990		19.		20.	
	M/M	\$	M/M	\$	M/M	\$	M/M	\$	M/M	\$
OPAS EXPERTS (functional titles required)										
12-01 _____										
12-02 _____										
12-03 _____										
12-99 Sub-total-OPAS experts **										
ADMINISTRATIVE SUPPORT PERSONNEL										
13-00 Clerks, secretaries, drivers	63	80,000	9	18,000	54	62,000				
13-50 Freelance interpreters (non-UNDP projects)										
13-99 Sub-total-administrative support personnel	63	80,000	9	18,000	54	62,000				
UN VOLUNTEERS (functional titles required)										
14-01 _____										
14-02 _____										
14-03 _____										
14-04 _____										
14-99 Sub-total-UN VOLUNTEERS **										
15-00 Project travel		445,000		200,000		245,000				
16-00 Other personnel costs (including UNIDO staff mission costs)		64,000		10,000		34,000				
NATIONAL EXPERTS (functional titles required)										
17-01 _____										
17-02 _____										
17-03 _____										
17-04 _____										
17-05 _____										
17-99 Sub-total-National experts **	94	183,000	30	58,404	64	124,596				
18-00 Surrender prior years' obligations										
19-99 TOTAL-PERSONNEL COMPONENT	157	1,492,000	39	430,404	118	1,055,596				

\*\* If additional individual budget lines are required, check here  or attach continuation sheet 1A. These sub-totals must include all lines listed on page 1A.



4. PROJECT NUMBER	16. TOTAL		17. 1989		18. 1990		19.		20.	
	M/M	\$	M/M	\$	M/M	\$	M/M	\$	M/M	\$
<b>SUBCONTRACTS</b>										
21-00 Subcontracts										
28-00 Surrender prior years' obligations										
29-00 TOTAL-SUBCONTRACTS										
<b>TRAINING</b>										
31-00 Individual fellowships										
32-00 Study tours: UNDP group training		100,000		20,000		80,000				
33-00 In-service training										
34-00 Non-UNDP group training										
35-00 Non-UNDP meetings										
38-00 Surrender prior years' obligations										
39-99 TOTAL-TRAINING COMPONENT		100,000		20,000		80,000				
<b>EQUIPMENT</b>										
41-00 Expendable equipment										-
42-00 Non-expendable equipment		40,000		40,000						-
43-00 Premises										
48-00 Surrender prior years' obligations										
49-99 TOTAL-EQUIPMENT COMPONENT		40,000		40,000		0				
<b>MISCELLANEOUS</b>										
51-00 Sundries		120,000		40,000		80,000				
55-00 Hospitality (non-UNDP projects)										
56-00 Support costs (CC and DC projects only)										
58-00 Surrender prior years' obligations										
59-99 TOTAL-MISCELLANEOUS COMPONENT		120,000		40,000		80,000				
59-99 PROJECT TOTAL		1,752,000		530,404		1,221,596				

+ 13 % overheads

227,760  
1,979,760\*\*

**ORGANIZATIONS VISITED AND PERSONS MET  
DURING THE MISSION**

**AUSTRIA**

***UNIDO, Vienna***

<b>Mr. Cannas, Dino</b>	<b>Institutional Infrastructure Branch Backstopping Officer</b>
<b>Ms. Ceglie, Giovanna</b>	<b>Institutional Infrastructure Branch Associate Expert</b>
<b>Mr. Gonzalez Hernandez, Oscar</b>	<b>Evaluation Staff Head</b>
<b>Mr. De Faria, Alexandre</b>	<b>Appraisal Section Chief</b>
<b>Mr. Pinto Rodrigues, Antonio</b>	<b>Latin American and Caribbean Programme, Chief</b>
<b>Ms. Magliani, Donatella</b>	<b>Funds Mobilization and Funds Management Section Acting Chief</b>
<b>Mr. Tani, Giovanni</b>	<b>International Consultant for the Project</b>
<b>Mr. Zanelli, Silvano</b>	<b>International Consultant for the Project</b>
<b>Mr. Vento, Emilio</b>	<b>International Consultant for the Project</b>

***ARGENTINE EMBASSY, Vienna***

<b>Mr. Blanchet Rubio, Eduardo</b>	<b>Counsellor</b>
------------------------------------	-------------------

**ITALY**

***MINISTRY OF FOREIGN AFFAIRS, Rome***

<b>Ms. Alessandrini, Agrippina</b>	<b>Technical Co-operation Expert</b>
<b>Mr. Pignatelli, Emanuele</b>	<b>Chief of Multilateral Office, DGCS (MFA)</b>
<b>Mr. Di Muzio</b>	<b>Junior Diplomat</b>

***UNIDO***

<b>Mr. Bertogli, Graziano</b>	<b>IPS, Milan</b>
<b>Mr. Giovannelli, S.</b>	<b>IPS, Milan</b>
<b>Mr. Mondaini, Franco</b>	<b>International Consultant, Rome</b>
<b>Mr. Bedini, Raffaele</b>	<b>Project Co-ordinator, Florence</b>

Mr. Gotti, Enrico	Project Co-ordinator *
Mr. Ognibene, Guido	Associate Expert in Brazil
<i>CONFAPI, Rome</i>	
Mr. Gastaldi, Paolo	Director
<i>ASSOCIAZIONE PICCOLE MEDIE INDUSTRIE</i>	
Mr. Davoli, Giorgio	API, Reggio Emilia
<i>ENTREPRENEURS / ENTERPRISE REPRESENTATIVES</i>	
Mr. Tinti, Rossano	Minarelli, Bologna
Mr. Ipince, Freddy	Grupo Bonfiglioli, Bologna
Mr. Bertaglia, Vittorio	Grupo Bonfiglioli, Bologna
Mr. Focarazzo, Mario	Technopref, Reggio Emilia
Mr. Colombo, Ubaldo	Colmec, Milan
Mr. Tosetti	Eurogen *
Mr. Castellotti, Lamberto	IMEF-Fodeco, Brescia
Mr. Mazzini, Franco	Mazzini *
Mr. Maveri, Corrado	CBI, Milan
Ms. Antico, Amanda	Antico, Olinco & Cesare, Milan
Mr. Racca, Giovanni	Racca Spa, Vercelli
 <u>ARGENTINA</u>	
<i>UNIDO, Buenos Aires</i>	
Ms. Martinez, Liliana	UNIDO Office
Mr. Lo Feudo, Justo Antonio	National Consultant
Mr. Cuattromo, Oscar	National Consultant
Mr. Sellan, Mario Pablo	National Co-ordinator
 <i>UNDP, Buenos Aires</i>	
Mr. Painter, Timothy	Resident Representative
Ms. Harrington, Nicola	Project Officer

*CGI - CONFEDERACION GENERAL DE LA INDUSTRIA, Buenos Aires*

Mr. Kohanoff, Rafael	Former President
Ms. Freier, María	Manager
Mr. Macchi, Pedro	Dept. Industrial Policy

*ULA - UNION INDUSTRIAL ARGENTINA*

Mr. Lerch, Carlos	Co-ordinator
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*MINISTRY OF ECONOMICS, Buenos Aires*

Mr. Guasco, Mario	National Co-ordinator, Investment Promotion Project
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*ITALIAN EMBASSY, Buenos Aires*

Mr. Petrone, Giovanni	Minister
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*ITALIAN CHAMBER OF COMMERCE IN ARGENTINA, Buenos Aires*

Mr. Egidy, Luigi	General Secretary
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*ICE - ISTITUTO DE COMMERCIO ESTERO, Buenos Aires*

Ms. Vattino, Carmen	Acting Director
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Ms. Rosano, Susana	Assistant
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*ENTREPRENEURS / ENTERPRISE REPRESENTATIVES*

Mr. Bouteiller, Juan Claudio	Genética & Reproducción, Buenos Aires
Mr. Victorica, Cesar Maria	Ucoma / Dinavan, Buenos Aires
Mr. Baudino, Hector	Cramaco, Buenos Aires
Mr. Lazzari, Alfredo	Thermax, Lomas de Zamora
Ms. Mallmann, Marisa	Investec, Buenos Aires
Mr. Batalla Sode, Esteban	Sode, Buenos Aires
Mr. Roldán Godoy, Nicolás	Granuterm, Buenos Aires
Mr. Torreiro, Pablo	Granuterm, Buenos Aires
Mr. Elenter, Pablo	DGT, Buenos Aires
Mr. Pedruzzi, Guillermo	IES, Rio Cuarto, Cordoba
Mr. Verhaeghe, Edgardo	IES, Rio Cuarto, Cordoba
Mr. Mogni, Alejandro	IES, Cordoba
Mr. Minog, Hugo	CECIS, Rio Cuarto, Cordoba

Mr. Elesgaray, Eduardo

Fluvial, Buenos Aires

Mr. Bosoer, Pedro

Tecnica Didactica, Buenos Aires

**BRAZIL**

***UNIDO***

Mr. Kabilio, Leone

National Co-ordinator, Sao Paulo

Mr. Cantizani Filho, Antonio

National Consultant, São Paulo

Ms. Zoudine, Adriana

National Consultant in Argentina, São Paulo

Mr. Vidosich, Franco

National Consultant in South Brazil \*

***ABIMAQ (ASSOCIATION OF BRAZILIAN MECHANICAL INDUSTRIES), São Paulo***

Mr. Buzatto Costa, Pedro

Vice-President

Mr. Bernardini, Mario

Vice-President

Mr. Teixeira, Odilão

General Manager

Mr. Cavalleiro, Claudio

Technological Devt.Div., Chief

Mr. Travessa, Demétrio

Project Co-ordinator

Mr. Munhoz, Sergio

Project Co-ordinator

***SEBRAE (MICRO & SMALL ENTERPRISES SUPPORT SERVICE), São Paulo***

Mr. De Nadai, Rogério

Co-ordinator, Subcontracting Exchange Programme

***ENTREPRENEURS/ENTERPRISE REPRESENTATIVES***

Mr. Rodrigues, Ubirajara

Prensa Jundiá, Jundiá

Mr. Pasztor, Paulo

Prensa Jundiá, Jundiá

Mr. Asatsuma, Ivo

Cimaq, Hortolandia

Mr. Biagioni, Marco

Darma, São Paulo

Mr Russo, Ivan

Cepem, Bauru, São Paulo

Mr. Steagall Jr., Denisarth

Cotema, São Paulo \*

Mr. Bernert, Arno

Plona, Curitiba \*

Mr. Magliano, Raymundo

Magliano, São Paulo

Mr. Salles de Oliveira, Claudio

Magliano, São Paulo

Mr. Desideri, Claudio

Maqbrit, São Paulo



Mr. Junqueira, Antonio  
Mr. Miotto, Enrico  
Mr. Gimenes, Marco Aurélio  
Mr. Moraes Gilberto  
Mr. Santucci, Sidney  
Mr. Paula Eduardo, Fernando  
Mr. Bonfanti Filho, Carlos  
Mr. Berrelha, Aldo

Maqbrit, São Paulo  
Miotto, São Bernardo do Campo  
Anauger, Itupeva \*  
Globo Inox, Porto Alegre \*  
Ipe, São Paulo \*  
Zocca, Jaboticabal \*  
Mecanica Bonfanti, Leme \*  
Ribeiro, São Paulo \*

INDIA

*GOVERNMENT OF INDIA*

Mr. N.K.A. Rao,	Industrial Advisor, Office of the DCSSI, Project Co-ordinator, Ministry of Industry, New Delhi
Mr. Prabhat, Kumar	Additional Secretary & Development Commissioner (SSI), Ministry of Industry, New Delhi
Mr. N. Raghunathan	Chief Secretary Maharashtra, former Commissioner (SSI), Bombay
Mr. Dilip Chakraborty	Assistant Director, Office of the DCSSI, Ministry of Industry, New Delhi
Mr. M.K. Bhat	Deputy Director, Office of the DCSSI, Ministry of Industry, New Delhi.
Mr. J.S. Kullar	Director, Small Scale Service Institute, Ministry of Industry, New Delhi
Mr. T.R. Sehgal	Director, Small Scale Service Institute, Ministry of Industry, New Delhi
Mr. H. Sringswara	Director, Small-scale Service Institute, Ministry of Industry, New Delhi
Mr. S.P. Sinha	Director, Regional Testing Centre, Ministry of Industry, Bombay
Mr. B.M. Ghodeswar	Assistant Director, Small Industries Service Institute, Ministry of Industry, Hyderabad
Mr. P.P. Kowe	Director, Small Industries Service Institute, Ministry of Industry, Hyderabad
Mr. C.S. Raman	Senior Faculty Member, National Institute of Small Industry Extension Training, Hyderabad.

Mr. M. Mahabala Director, Small Industries Service Institute,  
Ministry of Industry, Bangalore

Mr. B.N. Sampathkumaran Deputy Director, Small Industries Service  
Institute, Ministry of Industry, Bangalore

**GOVERNMENT OF KARNATAKA**

Mr. N. Gokulram Commissioner for Industrial Development and  
Director of Industries and Commerce, Bangalore

Mr. M.B. Prakash Chairman & Managing Director, Karnataka State  
Industrial Investment and Development  
Corporation, Bangalore

Mr. G.L. Jere Deputy General Manager, Karnataka State,  
Industrial Investment and Development  
Corporation, Bangalore

**UNDP New Delhi**

Mr. Bayani S. Aguirre Senior Deputy Resident Representative, New  
Delhi

Mr. Vivek Rac Chief, Industry & Trade, New Delhi

Mr. R.K. Pandey Liaison Officer, National Leather Development  
Programme and Regional Officer Council for  
Leather Export, New Delhi

**CONFEDERATION OF INDIAN INDUSTRY (CCI)**

Mr. Gurpal Singh Director, New Delhi

Mr. A.C. Patankar Principal Advisor, formerly Senior Director,  
Bombay

**KARNATAKA SMALL SCALE INDUSTRIES ASSOCIATION, Bangalore**

Mr. I.S. Mruthyunjaya President

Mr. K.A. Krishnan Executive Secretary, former President

**ENTREPRENEURS AND ENTERPRISES REPRESENTATIVES**

Mr. Ravinder Dhalla Bhagat Motor Co. Pvt. Ltd, New Delhi

Mr. Suraj Parkash Sawhney Parkaire Engineering Co. (P) Ltd. New Delhi.

Mr. O.N. Sharma M.C. Engineering Co. Pvt. Ltd. New Delhi

Mr. Anoop Sharma MCE Products Sales Service Ltd, New Delhi

Mr. Sh. C.L. Sharma MC Engineering Co. Pvt. Ltd. New Delhi

Mr. Adarsh Sharma MC Engineering Co. Pvt. Ltd. New Delhi

Mr. Pankaj Khera	Trina Quebec Gears, Ltd. New Delhi
Mr. Jawahar Jain	Deeps Tools Pvt. Ltd, New Delhi
Mr. Rajdeep Jain	Deeps Tools Pvt. Ltd. New Delhi
Mr. Subash Puri	Deeps Special Steels Ltd. New Delhi
Mr. Gian Singh Bhurjee	Micro Engineering, Bombay
Mr. R. Padmanabhan	Turbine Generators India Pvt. Ltd. Bombay
Mr. Akhil Agarwal	Mekins Group, Hyderabad
Mr. P. Chakrabarty	Mekins Agroproducts Pvt. Ltd, Hyderabad
Mr. K.P. Shantharam	Metal-Chem Industries, Hyderabad
Mr. D.K. Mittal	Vishal Gas Services, Hyderabad
Mr. Ashok Vin	Superflo Private Ltd, Hyderabad
Mr. Appa Rao	HMT Pvt. Ltd., Hyderabad *
Mr. P.V. Suryaprakash	Priya Food, Hyderabad *
Mr. H.M. Anantharam	Kanthi Offset Printers, Bangalore
Mr. H. Kamalanath	The Standard Press Co. Bangalore
Mr. K.R. Pandian	Sharp Tools, Bangalore
Mr. Narasimhan	Skylark Ancillaries Corp. Bangalore.

\* Contacts held by telephone.

QUESTIONNAIRE SUBMITTED TO THE AGENCIES AND OTHER  
ENTITIES PARTICIPATING IN THE PROJECT US/INT/89/211

NAME OF AGENCY/ENTITY:

ADDRESS:

PARTICIPATION IN THE PROJECT:

INFORMATION AND OPINIONS SUPPLIED BY:

1. HOW WAS THE AGENCY/ENTITY CHOSEN TO PARTICIPATE IN THE PROJECT?
  
  
  
  
  
  
  
  
  
  
2. WHAT HAS BEEN THE ROLE ORIGINALLY PROPOSED TO THIS AGENCY/ENTITY REGARDING THE PROJECT?

3. WAS THE ROLE ORIGINALLY PROPOSED PLAYED IN FULL OR WAS IT MODIFIED DURING THE PROJECT DEVELOPMENT?

3.1 What changes were more relevant?

3.2 Did this Agency/Entity propose to UNIDO modifications in the scope of the project and/or the way the project was being implemented? Were they adopted?

4. WHAT ACTIVITIES HEREUNDER LISTED HAVE BEEN PERFORMED BY THIS AGENCY/ENTITY FOR THE PROJECT?

4.1 Identifying and selecting SMI's

4.2 Identifying and selecting consultants to participate in the project.

4.3 Providing advice and guidance during the project implementation.

4.4 Supplying office, area secretarial support and other services to the project.

4.5 Assisting in Developing Co-operation Agreements.

4.6 Other (State)

5. HOW DID YOU SEE THE ROLE OF UNIDO IN THIS PROJECT?

6. HOW WERE THE INSTRUCTIONS/COMMUNICATIONS FROM UNIDO CONVEYED TO THIS AGENCY/ENTITY?

7. HOW WOULD YOU SEE THE ROLE OF THIS AGENCY/ENTITY IN A FUTURE SIMILAR PROJECT?

7.1 WOULD THIS AGENCY PARTICIPATE IN FINANCING A FUTURE PROJECT?

8. WHAT LESSONS HAVE BEEN LEARNED BY THIS AGENCY/ENTITY DURING THE IMPLEMENTATION AND AFTER THE COMPLETION OF THIS PROJECT?

QUESTIONNAIRE SUBMITTED TO THE CONSULTANTS  
HIRED FOR THE PROJECT US/INT/89/211

NAME:

ADDRESS:

DUTY STATION:

PERIOD OF ACTIVITY:

1. HOW WERE YOU CONTACTED AND CHOSEN FOR THE PROJECT?
  
2. WHAT HAS BEEN YOUR ROLE IN THE PROJECT?
  
3. WHERE DID YOU PERFORM YOUR ACTIVITIES FOR THE PROJECT  
(COUNTRIES, CITIES)?
  
4. TO WHOM DID YOU REPORT REGARDING THE PROJECT?

5. WHAT AGENCY SUPPLIED YOU WITH OFFICE AREA, SECRETARIAL SUPPORT AND OTHER SERVICES?
  
6. WERE THE WORKING CONDITIONS AT YOUR DUTY STATION SATISFACTORY?
  
7. HOW DID YOU COMMUNICATE WITH UNIDO AND AT WHAT TIME INTERVALS?
  
8. WHAT DEGREE OF FREEDOM DID YOU RECEIVE FROM UNIDO TO IDENTIFY, SCREEN AND SELECT PARTICIPATING ENTERPRISES?
  
9. HOW DID YOU CO-ORDINATE THE CONTACTS BETWEEN THE RECIPIENT AND ITALIAN ENTERPRISES?
  
10. WHAT WERE THE INSTRUCTIONS OF UNIDO AS FAR AS THE PROVISION OF ENTERPRISE INFORMATION WAS CONCERNED?
  
11. DID YOU HAVE A PREVIOUS COMPETENCE IN DEVELOPING AND MEDIATING AGREEMENTS?



12. WHAT WAS THE EXTENT OF YOUR TRAVELS IN CONNECTION WITH THE PROJECT - IN YOUR COUNTRY AND ABROAD?

13. WHAT WERE THE EXPENSES INCURRED BY YOU DURING YOUR PARTICIPATION IN THE PROJECT AND WHO APPROVED THEM?

14. WHAT LESSONS HAVE YOU LEARNED DURING THE IMPLEMENTATION AND AFTER THE COMPLETION OF THE PROJECT?

15. WHAT WOULD BE YOUR SUGGESTIONS FOR A FUTURE SIMILAR PROJECT?

15.1 ON SELECTION CRITERIA

15.2 ON TYPES OF ASSISTANCE TO BE SUPPLIED

15.3 ON FINANCING OF SERVICES RENDERED

QUESTIONNAIRE SUBMITTED TO THE ENTERPRISES  
PARTICIPATING IN THE PROJECT US/INT/89/211

NAME OF ENTERPRISE:

ADDRESS:

PERSONS CONTACTED AND POSITIONS HELD:

NUMBER OF EMPLOYEES:

FIELD OF ACTIVITY:

TURNOVER:

1. PRIOR TO THE PROJECT WAS THE ENTERPRISE INVOLVED IN ANY LICENSING, PATENT OR ANY OTHER FORM OF COLLABORATION WITH A FOREIGN COMPANY?
  
  
  
  
  
  
  
  
  
  
2. WHAT WAS THE REASON TO PARTICIPATE IN THE PROJECT?
  
  
  
  
  
  
  
  
  
  
3. HOW WAS THE ENTERPRISE INFORMED ABOUT THE PROJECT?

4. WHAT HAS BEEN THE ROLE OF THE CO-ORDINATING AGENCY AND WHAT ASSISTANCE WAS PROVIDED TO THE ENTERPRISE?
  
5. WHAT HAS BEEN THE CONTRIBUTION OF UNIDO AND WHAT ASSISTANCE WAS PROVIDED TO THE ENTERPRISE?
  
6. AT WHAT STAGE CAME THE PARTICIPATION OF THE ENTERPRISE IN THE PROJECT?:
  - 6.1. Preliminary contacts without reaching any agreement
  - 6.2. Agreement negotiation without reaching execution
  - 6.3. Agreement executed but already discontinued
  - 6.4. Agreement in force
  
7. WERE ANY FINANCIAL RESOURCES RECEIVED? WHAT AMOUNT AND FROM WHOM?
  
  
  
  
  
  
  
  
  
  
8. WHAT IS (OR WAS) THE COUNTERPART ENTERPRISE IN THE AGREEMENT?
  
  
  
  
  
  
  
  
  
  
9. AT WHAT STAGE IS THE PROJECT NOW?

10. IN CASE AN AGREEMENT WAS REACHED, WHAT DOES (DID) IT COMPRISES (INPUT BY EACH PARTY, TIME OF DURATION, RESOURCES)?

10.1 Marketing Arrangement

10.2 Licensing Process/Product

10.3 Technology Improvement/Adaptation

10.4 Subcontracting/Co-Production

10.5 Buy-back Contract

10.6 Franchising

10.7 Joint-Venture

11. THE AGREEMENT ENCOMPASSES A COMPONENT OF:

11.1 Training

11.2 Management Assistance

11.3 Financing

11.4 Marketing

11.5 Other (state)

12. IN WHAT WAY IS THE AGREEMENT ENHANCING THE TECHNOLOGICAL CAPACITIES OF THE RECIPIENT ENTERPRISE IN THE SHORT AND LONG RUN?

12.1 Improved product quality

12.2 Increased production efficiency

12.3 Introduction of new products based on local raw materials

12.4 Enhancement of local technological capabilities

13. WHAT ARE THE BENEFITS TO THE ENTERPRISES (RECIPIENT AND ITALIAN) RESULTING FROM THE PROJECT?

14. COULD THE RESOURCES PROVIDED BY THE ITALIAN PARTNER BE PROVIDED BY A LOCAL (NATIONAL) PARTNER?

15. IN CASE NO AGREEMENT WAS REACHED WHY DID THE NEGOTIATIONS FAIL?

16. DID YOU GET FROM UNIDO SUFFICIENT ASSISTANCE IN DEVELOPING AND MEDIATING THE AGREEMENT?

17. WHAT FACTORS, IN YOUR OPINION, MOST INFLUENCED THE SITUATION ACCOMPLISHED BY THE PROJECT?

18. WOULD YOU PARTICIPATE IN A NEW SIMILAR PROJECT?

18.1 Would your enterprise contribute to the costs of a future project?

19. WHAT WOULD BE YOUR SUGGESTIONS TO UNIDO TO IMPROVE ITS ROLE IN A FUTURE SIMILAR PROJECT?