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THE INDUSTRIAL PARTNERS PROGRAMME FOR AFRICA

YA/INT/94/X40

Report of the evaluation mission\*

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\* This document has not been edited.

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Contents

	<u>Page</u>
<u>List of Acronyms</u>	ii
Chapter 1: <u>Summary of Conclusions and Recommendations</u>	1
Chapter 2: <u>Programme Concept and Design</u>	4
Chapter 3: <u>Programme Implementation</u>	6
Inputs Used	12
Chapter 4: <u>Programme Management, Monitoring and Backstopping</u>	13
Chapter 5: <u>Programme Results and Achievement of Objectives</u>	17
Status of Investment Projects	17
Establishment and Operation of the ABDC	18
Database and Networking Development at the ABDC	20
Institutional Linkages Developed by the University of Georgia	21
Chapter 6: <u>Conclusions</u>	22
Chapter 7: <u>Recommendations</u>	23
Recommendations for UNIDO	23
Lessons for an Expanded Investment Promotion Model in the U.S. and Elsewhere	25
Recommendations for the African Business Development Center:	27
Recommendations for the Short-Term	29
Recommendations for the Medium-Term	29
Recommendations for the Long-Term	32
Transitional Funding for the ABDC	32
Annex 1: Terms of Reference	34
Annex 2: List of Persons Met by the Evaluation Mission	38

List of Acronyms

Advance Technology Consultants	ATC
African Business Development Center	ABDC
African Development Bank	ADB
Industrial Development Decade for Africa	IDDA
Industrial Partners Programme	IPP
Industrial Partners Programme for Africa	IPPA
International Finance Corporation	IFC
Investment Promotion Service	IPS
Trade and Development Agency	TDA
United Nations Industrial Development Organization	UNIDO
United States Agency for International Development	USAID

## Chapter 1

### Summary of Conclusions and Recommendations

1. Since November 1989 UNIDO has awarded three contracts from its regular budget to the University of Georgia, U.S.A, to implement a programme of activities described as the "Industrial Partners Programme for Africa" (IPPA). The total value of these contracts is US\$ 304,550. The IPPA was intended to promote U.S. direct investment in African industry. The IPPA also created the African Business Development Center (ABDC). The ABDC, a non-profit corporation based in Atlanta, was to serve as a source of expertise and a focus for American businesses to carry on trade and investment in Africa.

2. The IPPA was an innovative idea with considerable potential for success. However, for reasons described in the report, no investments have been effected through the IPPA or the ABDC to date. Three investment projects are at the feasibility study stage. The ABDC has not developed the institutional capabilities required of a viable investment promotion body. Technical knowledge of investment promotion practices is limited within the ABDC and, contrary to the original intention, the ABDC has not become financially self-sustaining.

3. There are two principal reasons why the justification for further direct cash contributions from UNIDO to the ABDC is weak<sup>1</sup>: (i) Additional funding of the ABDC would have to involve an element of institution building. UNIDO should not in principle fund institutional development in developed countries, while there may be scope for the ABDC to raise funds from sources in the U.S.. Moreover, investment promotion benefitting the industry of a host country should be funded by the host country; (ii) The ABDC does not yet have the institutional maturity to use UNIDO resources efficiently and effectively. Similarly, UNIDO cash contributions would at this stage be an inefficient use of resources because no appropriate division of labour has yet been established between the ABDC, the

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<sup>1</sup> Direct involvement of the University of Georgia in the IPPA is now limited.

IPS Washington and the rest of UNIDO's Investment Service. However, UNIDO could provide the ABDC with support in-kind. This would primarily involve the provision of information on investment proposals collected through UNIDO's network in Africa.

4. On a broader theme, beyond the immediate scope of this evaluation, it is clear that the potential of bodies such as the ABDC is real and should not be ignored. Some conditions have existed in Atlanta conducive to the success of this programme. An effective ABDC might have provided a valuable complement to IPS Washington. Indeed, other similar bodies, if properly organized, might focus in addition on Latin America and Asia. These bodies might be locally funded to a high degree. Such bodies could allow IPS Washington greater contact with the grassroots of U.S. industry as well as the opportunity to exploit regional orientations within the U.S., such as exist between Florida and Latin America and California and parts of Asia. Indeed, an arrangement of this sort might supplement the work of IPS offices in other countries. The concept of an expanded model of investment promotion is considered, in outline, in chapter 7.

5. The ABDC should be reorganized so as to be able to provide a basic set of revenue-generating services. Specific suggestions are offered as regards operational, administrative and financial aspects of the ABDC's activities. Recommendations for the ABDC are divided into two categories; (a) those that need to be undertaken immediately as preconditions for any move towards self-sustainability, and (b) those which will help to achieve self-sustainability within twelve to eighteen months. The mission recognizes that the ABDC will require transitional funding. Therefore, a mechanism is suggested by which these funds might be "advanced" to the ABDC, without resorting to grants or long-term subsidies.

6. This in-depth evaluation required interviews at UNIDO headquarters as well as in Atlanta and Washington D.C., U.S.A. The mission to the U.S. was undertaken by Mr. Alistair Nolan (team leader), a UNIDO staff member with the Evaluation Section, and Mr. Federico S. Fische, an independent expert with The Delta Group, Washington D.C.. The mission took place during the 15th to the 26th of January

1995. Interviews at headquarters were conducted by Mr.Nolan. The terms of reference of the in-depth evaluation are contained in annex 1. A list of persons met by the mission is provided in annex 2.

## Chapter 2

### Programme Concept and Design

7. Under contract 89/157 of November 9th 1989 UNIDO provided regular budget funds of US\$ 170,000 to the University of Georgia, U.S.A, to initiate a programme of activities described as the "Industrial Partners Programme for Africa" (IPPA). As stated in the terms of reference to that contract, the IPPA was to promote a "greater and more effective relationship between the private sector businesses and non-governmental support agencies in Georgia and in Nigeria, Cameroon, Ghana, Senegal and Kenya". The IPPA was intended to address an important constraint on African industrialization, namely the low level of foreign direct investment. Such investment, with its potential transfer of technology, managerial skills and finance, was to be promoted in the U.S. by the IPPA.

8. UNIDO has since awarded the University of Georgia a further two contracts, both from its regular budget, to pursue the identification and promotion of industrial investments in Africa among the business community of Georgia and the southeastern United States. The IPPA also aimed to create permanent institutional linkages between the University of Georgia, other institutions of higher education in Georgia, and academic and governmental institutions in African countries, as well as provide technical assistance.<sup>2</sup>

9. The IPPA also created the African Business Development Center (ABDC). The ABDC, a non-profit corporation based in Atlanta, was to serve as a focal point for follow-up on investment opportunities identified under the IPPA and act as

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<sup>2</sup> An example of the technical assistance envisaged by the IPPA is the draft proposal submitted to UNIDO and UNDP in June 1991 by Mr. Darl.E. Snyder, Director of the Office of International Development, University of Georgia, with the self-explanatory title "A proposal to transfer computer science technology, to train a cadre of computer science professionals, and to outfit a fully equipped permanent computer training laboratory in Cameroon, Africa, in cooperation with the Ministry of Higher Education, Computer Services, and Scientific Research."



a source of expertise and a focus for American businesses to carry on trade and investment in Africa. The ABDC became the focal point for all IPPA activities following its incorporation in January 1991.

10. As stated above, UNIDO has awarded the University of Georgia three contracts from its regular budget to support the IPPA. UNIDO also awarded contract 92/427 in October of 1993, at US\$ 68,000, to the company Advance Technology Consultants (ATC) of Atlanta, U.S.A. Under this contract ATC was to undertake investment promotion activities directly related to and similar in nature to those performed under the previous University of Georgia contracts. Contract CLT 92/026, at US\$ 9,000, was awarded to an individual consultant in February 1992 and also relates to the IPPA. The consultant was to assess the potential for realizing joint-ventures between industrialists in Africa and New York. The consultant was also to assess the scope for establishing a center in the New York area similar to the ABDC. This evaluation exercise will focus primarily on the concepts of investment promotion used, the work performed and the achievements attained in connection with the contracts given to the University of Georgia. The following chapter provides details of the background to the awarding of these contracts, a fuller description of the contracts themselves, and a description of the implementation of the contracts.

### Chapter 3

#### Programme Implementation

11. Discussion of the Industrial Partners Programme for Africa (IPPA) was begun between UNIDO and representatives of the University of Georgia prior to January 1988. During 1988 the then IDDA Co-ordinator undertook a number of missions to the U.S. to pursue this idea, visiting, amongst others, U.S.A.I.D, the State Department, UNIDO's Investment Promotion Service (IPS) in Washington, staff of the University of Georgia and representatives of the private sector in Atlanta. In July 1988 the Deputy Director-General, Department of External Relations, Public Information, Language and Documentation Services, wrote to Resident Co-ordinators and Representatives and UNIDO's Senior Industrial Field Advisors in eleven African countries on the subject of the IPPA. The eleven countries concerned were Burkina Faso, Cameroon, Cote d'Ivoire, Kenya, Nigeria, Senegal, Sudan, Togo, Zaire, Zambia and Zimbabwe. In these letters the Deputy Director-General requested assistance in informing the Governments about the IPPA and its objectives, and in soliciting investment project proposals.

12. In November 1988 UNIDO sent a member of staff from the IDDA Coordination Unit to three African countries - the Sudan, Kenya, and Nigeria - to explain the IPPA and collect project proposals. The staff member visited Ministries of Industry, development banks and private sector institutions. Priority was given to the textiles, forest industries and engineering/metallurgical industries, as per the decision of an earlier consultation meeting in Atlanta. In addition to these subsectoral priorities, guidance on the types of project to be proposed is stated to have included the following:

"The authorities met were advised to select projects that had a potential for maximizing the use of local factor inputs, including in particular possibilities for sub-contracting linkages with the small- and medium-scale sector. In the selection of projects, the authorities were advised not to be discouraged by the apparent lack

of such factors as: technical know-how, entrepreneurial ability and physical infrastructure, but to initiate programmes and projects that would address those constraints."<sup>3</sup>

13. In January 1989 the IDDA Co-ordinator visited the Washington IPS in connection with the IPPA. He submitted a number of project proposals prepared by the IDDA staff member as a result of the November 1988 mission. Other proposals were also submitted, including projects in Angola and Congo. The IPS requested that additional projects be submitted, especially for Burkina Faso, Cameroon, Ghana and Kenya.

14. The first contract for the IPPA was awarded to the University of Georgia in November 1989. On account of budgetary regulations the contract funds had to be spent by the end of the year, imposing an extremely stringent work plan. The central objective of the contract was to facilitate a match-making process between industrial project sponsors in Africa and potential investors in the Georgia region, building on numerous informal business and cultural contacts had up to that time. The terms of reference to the contract required the following activities to be performed: (i) Promotion of the IPPA, which included the preparation of a computerized list of potentially interested firms, the holding of briefings for businesses and other institutions, the distribution of promotional material, and the establishment of procedures for communication between the parties in the U.S., the African counterparts and UNIDO; (ii) assistance with the detailed elaboration of identified projects; (iii) the organization of consultations in Africa covering Ghana, Senegal, Cameroon, Nigeria and Kenya; (iv) the organization of negotiations between project sponsors and potential U.S. investors, and (v) the organization of a meeting in Atlanta expected to result in signed letters of intent and agreements regarding the proposed investments. These activities also constitute the basic pattern of investment promotion carried out under subsequent IPPA contracts. The number of target countries was reduced to five from the eleven canvassed initially. The mission is convinced that considerable thought went into the process of country

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<sup>3</sup> Back-to-Office Mission Report of the IDDA Coordination Unit staff member.

selection, although the selection criteria themselves were not documented.

15. Under the first contract an investment forum was held in Atlanta from 28th January to 2nd February 1990. In the U.S., the forum was preceded by intensive promotional work in Atlanta and Washington. The forum likewise served as the inaugural meeting of the IPPA. During the forum initial contacts were made between African project sponsors and potential U.S. investors. The IDDA Co-ordinator represented UNIDO at the forum. Twenty African entrepreneurs and experts attended the meeting, along with some two hundred and fifty participants from the State of Georgia, representing government, business and the university system. Also in attendance were the vice president of the Overseas Private Investment Corporation and a staff member of the International Finance Corporation. The portfolio to be considered comprised projects identified by the above-mentioned IDDA staff member, during fieldwork in November 1988, and proposals emanating from national investment promotion agencies. Each project sponsor and the site of each of the promoted projects had been visited by consultants. Each project had been recommended by the consultants. The final selection of projects to be promoted was made by a leadership committee of the IPPA in Georgia. Twenty-five industrial projects were promoted. According to the mission report of the IDDA Co-ordinator fifteen letters of intent were initialled between African entrepreneurs and "interested parties" in Georgia. In addition, nine project concepts involving institutional collaboration were also considered. These mainly addressed the development of linkages between public bodies in Georgia, mostly attached to the University of Georgia, and public or semi-public organizations in African countries, consisting mainly of research institutes and universities.

16. While the number of project proposals, the attendance, and level of interest at the forum were impressive, the immediate results were perhaps less so. Difficulties arose as a consequence of procedural and documentation shortcomings. On this point the Final Report of the IPPA Pilot Project notes that:

"Few sponsors had time to prepare adequate or consistent documentation for the projects from Africa. The different

entrepreneurs and consultants came with very different levels of documentation. Likewise, the Americans often showed up with inadequate documentation to give the Africans. Thus on both sides the issue of documentation credibility was left unresolved. This could have been solved with more time allowed between identification, promotion and presentation at the forum...the Africans were not provided basic tools of background research common to US negotiators: computerized credit reports and company profile data, for instance. This would have sorted out some of the lesser-qualified Americans in the group. The lack of verifiable financial data on the African firms was a hinderance to serious negotiations from the American perspective." (p.33)

17. The recommendations of the same Final Report highlighted the need for follow-up to the negotiations set in motion during the forum. A report prepared subsequently by an IPPA consultant noted that a lack of time had been an obstacle to adequate promotion among the Georgia business community.<sup>4</sup>

18. During implementation of the first contract there were numerous contacts of different sorts between the IPPA and the IPS Washington. However, the first contract required that a protocol be prepared so as to formalize this procedure. The mission saw no evidence that such a protocol was arrived at. Following the first contract, contacts with the Washington IPS were infrequent and informal.

19. The choice of Georgia as a target area for investment promotion reflected, inter alia, the strong interest and previous work of University of Georgia representatives. This in turn stemmed from long-standing business and cultural contacts between Africa and the Georgia region. The study "Opportunity Africa" prepared by the University of Georgia in 1988 suggested a considerable potential for business linkages between Africa and Georgia. It was felt that formal investment promotion structures would help realize this potential (a copy of

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<sup>4</sup> "Beyond the Pilot Phase: A Critical Review of the UNIDO/University System of Georgia Africa Industrial Partners Program", Hakeem A. Jaiyesinmi, December 1990.

"Opportunity Africa" was requested from the author by the mission, but had not been received at the time of writing this report). Furthermore, it was supposed that the existence of historical links between this part of the U.S.A. and Africa would facilitate investment promotion. Within UNIDO, submissions of IPPA contracts to the Contracts Committee sometimes emphasized the unique African contacts of the University of Georgia. On occasion IDDA staff also noted a similarity between the industrial profiles of Georgia and the target countries, with the implication that this would enhance the likelihood of matching investors and project sponsors. However, this argument was not used as a criteria for the original selection of Georgia as a base for the IPPA. The selection of Atlanta, Georgia, as a site for the IPPA is briefly discussed later in this chapter.

20. Subsequent contracts for the IPPA aimed to support and advance the initial contacts between potential investors and project sponsors, continue the search for joint-venture partners (establishing in the process a database of potential joint-venture partners), promote institutional linkages between Georgia and Africa, and assist the creation of the African Business Development Center (ABDC). The ABDC was legally incorporated in January 1991. The first meeting of the ABDC's Board of Directors took place on the 29th of January of the same year. The IDDA Co-ordinator attended this meeting. The ABDC office began functioning full-time in December 1991. It was intended that by November 1994 the ABDC would be self-financing. The original ten Directors of the Board of the ABDC consisted of the President of the Atlanta Economic Development Corporation (AEDC), five persons associated with the University of Georgia system and four business people. A "Memo for the Record" of February 22 1993, prepared by IPPA representatives, notes the importance of continuous contact with the Washington IPS.

21. During the second IPPA contract, two projects, both in Nigeria, were selected for special attention. On the basis of discussions held with IPPA consultants, the mission believes that careful consideration went into the selection of these two projects as priorities, although the selection criteria themselves were not documented. The two priority projects involved the privatization of a tannery and an investment in a firm producing lenses for eye glasses. At the time of the preparation of the final report of the contract the

U.S. technical partner had not made a binding commitment to an investment in the tannery privatization. With regard to the second investment proposal, the final report affirmed that an agreement was about to be concluded. This agreement, with the U.S. company Consolidated Eye Care Centers, appears to have consisted largely in the sale of equipment and the provision of after sales services. Neither project has been concluded, owing largely to political disturbance in Nigeria.

22. The third IPPA contract focused on promoting investment project proposals in Senegal. The activities to be undertaken were similar to those of the previous contracts, namely: (i) The identification of potential U.S.-Senegalese joint-venture projects; (ii) the development and expansion of a network of potential joint-venture partners in the southeastern U.S.; (iii) the holding of workshops for potential U.S. joint-venture partners; (iv) the presentation of regional seminars on industrial investment in Africa and the continuation of a working relationship with Federal and State economic agencies, and (v) the maintaining of contacts with counterparts in Senegal.

23. In addition to extensive promotional activities, and the beginning of efforts to restructure the ABDC, work on various investment projects was also undertaken during the third contract. Some of these projects are not in manufacturing, such as the renovation of a hotel and the establishment of a direct air link between Dakar and Atlanta. Three projects for the manufacture of peanut butter, ethanol and infant formula were considered with Nutritional Dynamics International, Inc., a firm based in Georgia. However, according to the Final Report of this contract the peanut butter and ethanol projects were "placed in abeyance" due to limited local manpower. A project involving the construction of low-cost housing resulted in the registration of a Senegalese U.S. joint-venture company. Under this contract the director of the ABDC, as well as a number of Board members, visited Senegal.

24. In summary, for all three contracts the major activities were implemented as per the TOR (although with varying degrees of thoroughness). However, the following omissions are noted: The lack of formalized contact with the IPS Washington and, as a corollary, the lack of joint IPS-IPPA presentations to

multilateral and other bodies as specified in the TOR to the second contract; the fact that a database was not developed at the ABDC.

#### Inputs Used

25. To support the IPPA UNIDO has awarded the University of Georgia three contracts from its regular budget. These were: contract 89/157 of 31 October at US\$ 170,000; contract 90/366 at US\$ 85,000 and contract 93/370 at US\$ 49,550. The total direct contribution from UNIDO thus amounts to US\$ 304,550. Indirect UNIDO inputs have also been considerable, taking the form of staff time and travel to Africa and the U.S..

26. During the early stages of the IPPA considerable resources were provided in-kind by the University of Georgia System. These primarily took the form of administrative and other staff time. The mission could not estimate the monetary value of this input.

27. Support in-kind is now given to the ABDC by the Atlanta Economic Development Corporation, a non-profit corporation charged with fostering the economic development of Atlanta. The AEDC is chaired by the Mayor of Atlanta. The AEDC's in-kind support consists of office facilities, secretarial services and the use of telecommunications. The Director of the ABDC, as well as the Board members, give their time without charge.

28. Two further contracts were awarded by UNIDO for IPPA-related work. The work performed under these contracts was not analysed in detail during this evaluation. Contract 93/427, at US\$ 68,000, was awarded in October of 1993 to the company Advance Technology Consultants (ATC) of Atlanta, U.S.A. ATC was to undertake investment promotion activities directly related to and similar in nature to those performed under the previous University of Georgia contracts. Contract CLT 92/026, at US\$ 9,000, was awarded to an individual consultant in February 1992. Amongst other tasks, the consultant was to assess the scope for establishing a center in the New York area similar to the ABDC.



#### Chapter 4

##### Programme Management, Monitoring and Backstopping

29. The IPPA was an innovative and potentially successful initiative. The possible scope of such a model of investment promotion is considered in chapter 7. However, the mission considers that a number of important shortcomings in the conceptual development and management of the programme have greatly undermined its effectiveness.

30. One reason for the lack of success of the first contract was an unrealistic schedule of activities. The contract was awarded in November 1989 with most of the substantive work to be completed by the year's end. The poor quality of project documentation described in the final report of the first contract, and a limited participation of the Georgia business community, stemmed in part from excessive haste. For some project ideas the period of information exchange between project sponsors and potential investors lasted only a few weeks. A more lengthy period of information exchange, using documentation of increasing detail, should have preceded face to face meetings between project sponsors and potential investors. The importance of a prolonged exchange of detailed information is underlined when one considers the expense involved in bringing African entrepreneurs to the U.S.. In fact, a number of the African project sponsors who attended the Atlanta forum were found to be close to insolvency. This might have been brought to light earlier had the period for prior preparation been greater. Both the University of Georgia and the backstopping unit might have reconsidered the exercise on such grounds.

31. The demanding deadlines of the first contract appear to be symptomatic of inadequate initial planning. From the available documentation it appears there was little or no strategic identification of subsectors most likely to find partners in the U.S.. Selection criteria for the identification of countries and subsectors were not made explicit in the TOR or other background documentation. In a similar vein, the evidence presented that Atlanta was an ideal location for the IPPA cited the depth of historical and cultural links with Africa, rather

than the strength of current business ties.<sup>5</sup> There also appears to have been insufficient analysis of counterpart capabilities. For university staff the IPPA was largely a learning experience. Despite their valuable experience of African industry, few of the business people associated with the IPPA had investment promotion expertise.

32. The mission considers that there has been insufficient conceptual development of the programme at a number of points. For example, it is unclear what continuity was envisaged for the IPPA at the time of awarding the first contract. The TOR to that contract states that a short-term goal is the establishment of an ongoing programme in Atlanta. It was not made clear however what the scope of any ongoing programme should be. For example, it was not made clear how far the role of the IPPA should extend in promoting investment projects, whether to the signature of letters of intent only, and/or to the close of joint-ventures, and/or to some other cut-off point. Similarly, UNIDO did not play a major role in specifying the ABDC's function or structure, or its proper terms of reference as a self-financing investment promotion body. It was not stated whether the ABDC was to perform the matchmaking function only, or the overview of project negotiation, financing and development. These questions

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<sup>5</sup> Independent U.S. experts were questioned on this point. Those interviewed included persons active in promoting U.S. business in Africa, often with major U.S. corporations. They were asked, separately, where they would site an IPPA-type programme. The standard reply was that Houston, Texas, would be a first choice, followed by Chicago. The common reasoning was that the largest part of U.S. direct investment in Africa occurs through the oil and energy industry, based in Texas. Real opportunities exist to promote direct U.S. investment in Africa on the part of firms supplying a range of inputs (from uniforms to infrastructure) to U.S. energy-related industries established, or becoming established, in Africa. Such a pattern of U.S. direct investment has been seen in some African countries. Chicago was quoted as a high-potential location on account of the major presence in that city of primary commodity trading and processing interests. While the location of the IPPA is now a moot issue, none of the background documentation to the programme prepared by UNIDO was seen to contain any strategic discussion of the business-related issues described above. Despite a request, the mission did not receive a copy of "Opportunity Africa", a report prepared for the University of Georgia. This document is reported to have contained a description of the opportunities in Atlanta for doing business with Africa.

needed to be defined from the start as their answers would determine the ABDC's expertise and infrastructure requirements, as well as performance criteria. Furthermore, clear conceptual and operational guidelines were particularly necessary as the promotion of U.S. investment in Africa is typically more difficult than promoting U.S. investment in Latin America or Asia.

33. The involvement of headquarters technical staff in the IPPA has been minimal. The programme was backstopped throughout by the IDDA Co-ordination Unit. Staff from UNIDO's investment services were called on to a limited extent, mainly to review project information collected in November 1988. Investment staff were not involved in the drafting of the TORs of contracts, in conceptualization of the IPPA, in its implementation or its monitoring. No staff from the relevant technical services attended the Atlanta investment forum.

34. With the exception of the period before and immediately after the first contract, there has been only minimal contact between the IPPA and UNIDO's IPS in Washington. This stems in part from the fact that the institutional relationship between the IPPA and the IPS was never clearly specified in the contract documentation. The need for communication between the IPPA and the IPS was emphasized in the first contract, but specification of the relationship between the IPPA and the IPS was left to the IPPA itself. No protocol governing this relationship was developed. This situation should have been amended before the award of further contracts. Furthermore, it would have been preferable for UNIDO itself to have specified the nature of the relationship with the IPS. Oversight authority for IPS Washington could have been written into the contracts. Such oversight might have permitted technical guidance for the IPPA from the IPS. It could also have helped avoid any potentially embarrassing incidents for the IPS and UNIDO headquarters resulting from the fact that activities of a similar sort were proceeding in the same country without systematic coordination.

35. From UNIDO's perspective, the mission finds questionable the fact that one goal of the IPPA was to support institutional development for the University of Georgia System. The TOR to the first contract specifies the activities for which UNIDO resources were to be used, which did not include support to the University.

However, the fungibility of the resources UNIDO provided, and the fact that most of the University inputs were given in-kind, makes it difficult to separate UNIDO's input of cash from any institutional development activities. The second contract did include the development of institutional linkages. The third contract explicitly involved facilitating the access of Senegalese business people to Georgia universities. Institutional development in the U.S. is not a UNIDO objective.

36. The mission considers that UNIDO's monitoring of the IPPA, and particularly of the ABDC, has not been sufficiently close. The assessment of contract results, before the award of subsequent contracts, required greater attention. A case in point is the lack of contacts between the IPPA and the Washington IPS, which might have been rectified before further contracts were issued. A second example is that none of the final reports of each contract detailed the expenditures associated with each activity undertaken. As a matter of procedure this should have been requested.

37. A number of the projects promoted through the IPPA were not in manufacturing. These include a hotel development and an aircraft maintenance facility. The mission considers it anomalous that UNIDO should explicitly provide resources for the promotion of projects outside of, or only marginally related to, manufacturing.

38. One final aspect of programme management deserves comment. Contract 93/427 was awarded in October of 1993 to the company Advance Technology Consultants (ATC) of Atlanta. ATC was to undertake investment promotion activities directly related to and similar in nature to those performed under the previous University of Georgia contracts. In fact, the "main tasks" listed in the TOR to the ATC contract are almost a verbatim copy of those for the third IPPA contract, but with new target countries. However, the ABDC was not mentioned in the TOR for the ATC, despite their both doing the same type of work in the same city. There was only one brief contact between the ATC and the ABDC.

## Chapter 5

### Programme Results and Achievement of Objectives

39. The degree of achievement of the IPPA's different goals is discussed below.

#### Status of Investment Projects

40. At the time of preparation of this report no investment projects had been implemented in Africa through the IPPA. The three most advanced projects are approaching the feasibility study stage. One of the projects is not in manufacturing. All three projects are in Senegal. Up-dated information was requested on the three projects. At the time of preparation of this report current information had been received on the low-cost housing project only. The projects are described below:

(i) Low-cost Housing

This project involves an investment in a plant to produce pre-engineered housing panels and sections. The company to make the investment is Young-Sall International. This is a joint-venture registered in Senegal whose principals are Dr. Walter Young of the Atlanta-based Young International Development Corporation and Mr. Ibrahima Sall of the Dakar-based company Matis International, S.A.. The technology to be used in the manufacturing process will be acquired from Laminar International Inc. of Miami, Florida. Completed pre-feasibility work indicates the potential for a viable project. The total cost of the proposed feasibility work is US\$ 156,450. These funds are currently being sought through the African Development Bank.

(ii) Renovation of Goree Island Hotel

A request for funding of a feasibility study for this project was submitted to the African Development Bank in July 1993. The funds from the

ADB were to be drawn from a pool provided by the U.S. Trade and Development Agency (TDA). In December 1994 the TDA authorised a grant of US\$ 150.000 to partially cover the costs of feasibility work.

(iii) Establishment of an Infant Formula Facility

This project aims to establish an infant formula plant. The U.S. partner is Nutritional Dynamics.

41. Progress on a number of apparently promising projects in Nigeria (a tannery privatisation and the establishment of an eye glass manufacturer) was halted as a consequence of political disruptions and other factors beyond the control of the IPPA.

Establishment and Operation of the ABDC

42. The second IPPA contract created the ABDC. Most of the subsequent work for the IPPA was undertaken through the ABDC, despite the formal awarding of the third contract to the University of Georgia. The ABDC's articles of incorporation establish its legal character. The overall objectives of the ABDC are broad, but were stated clearly in its original promotional material. However, the mission saw no documentation explaining how the achievement of these goals translated in terms of daily operational activities.

43. UNIDO played little or no role in specifying the ABDC's operational procedures, performance criteria and structure. It was never clearly specified how far the ABDC's operational activities should extend. No explicit decision was reached on whether the ABDC should promote projects through to closure - with all of the project finance and management skills this requires -, or whether it should perform a matchmaking function only. The appropriateness of the ABDC's operational practices would have depended on the nature of the goals it was set. In practice, large institutions such as the International Finance Corporation (IFC) may take a promoted project to closure, as might private companies reliant on a success fee. It is extremely difficult for a small organization to take many

projects in different subsectors to completion. The mission saw no discussion of these points in the documentation prepared either by UNIDO or the University.

44. Lack of clarity on goals and operational procedures has probably reduced the effectiveness of the ABDC. While the ABDC was given, and set itself, many goals, it has in fact prioritized the completion of a small number of projects in order to establish its credibility. Resources expended on this task might have been used for matchmaking and outreach in the Georgia area, a function the ABDC was best placed to undertake.

45. In most respects the ABDC is institutionally immature. The ABDC does not have a formal programme for project identification, and does not appear to make great use of project data supplied by UNIDO headquarters. Following the first Atlanta forum, projects have been identified by consultants engaged on subsequent contracts. The ABDC has no systematic fundraising strategy and no budget for a regular programme of activities (the ABDC has in the past approached professional fundraisers for advice). Offices, some equipment and secretarial support are provided in-kind by the AEDC. Occasional donations are received from the private sector.

46. The ABDC is manned by one Director who works free-of-charge. From the information provided, the ABDC currently has a Board of eleven Directors. Five Board members have a university background, with the others drawn from the business community. The Board meets approximately once every three months. The Board of Directors in fact acts more like an Advisory Board, providing recommendations on project priorities and other matters.

47. Linkages between the ABDC and U.S. Government agencies and multilateral financial and development institutions have not been established on a systematic and regular basis. Contacts have been made in connection with particular projects, sometimes by consultants or other persons familiar with the project.<sup>6</sup>

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<sup>6</sup> Institutions contacted at different times include U.S.A.I.D, the TDA, the Department of Commerce, the Overseas Private Investment Corporation, EXIMBANK, the U.S. Information Agency, the United Nations Development Programme, and the ADB.

Contacts with UNIDO's IPS office in Washington occurred mainly in the period prior to the first contract and shortly after. As noted above, subsequent contacts have been minimal. There has been little contact with local chambers of commerce (e.g. the City of Atlanta and DeKalb county).

48. Strong political linkages exist with State and City governmental bodies, and the ABDC does provide advice and expertise on Africa-related matters when required.<sup>7</sup> The mission saw a number of inquiries addressed to the ABDC on Africa-related issues from different sources. However, the ABDC is not yet recognized by the business community at large as the focal point for local or State Africa-related activities.

#### Database and Networking Development at the ABDC

49. No formal database of U.S. firms exists at the ABDC. A database of potential partner companies existed at the University of Georgia prior to initiation of the IPPA. This database was upgraded during the IPPA. However, the ABDC does not access this database. Most project data at the ABDC is kept in individual files without systematic organization or standardized information formats. There are no formal/standard criteria for screening projects and potential partners. There is no systematic collection of information on current investment regulations in the target countries.

50. There is a general lack of awareness at the ABDC of external sources of information, much of which can be accessed without charge, to support investment promotion, country analysis, industrial/subsectoral analysis and matchmaking. The ABDC's network of contacts is maintained on a personal and informal basis. There is no mailing list of companies or contacts.

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<sup>7</sup> However, City and State bodies have interests which typically diverge from those of the ABDC. The former institutions are primarily interested in promoting trade, that is, exports. Investment outside City and State boundaries by firms located within those boundaries is generally interpreted in a negative light.



51. The ABDC's outreach programme is informal in its design and development. The outreach programme is focused mainly in Atlanta. For a short period a newsletter on the activities of the IPPA was distributed by the University of Georgia. An ABDC brochure has been prepared and is distributed on demand. Reference to the ABDC is made in the public information prepared by the AEDC. There is occasional ABDC presence at meetings of local business people, and with visiting African business people and dignitaries. The ABDC recently submitted a proposal to the U.S. Department of Commerce for funding of a conference on private sector initiatives for investment and development in Africa. No other major forms of promotion of African business, the IPPA or ABDC were reported to the mission.

Institutional Linkages Developed by the University of Georgia

52. The development of institutional linkages between the University of Georgia and universities and other bodies in Africa was a key component of the first IPPA contract. To date, one cooperation agreement has been signed with a provincial university in Nigeria. No other agreements have been realized yet, although a number have been in the pipeline since the first contract. The University likewise drafted various technical assistance proposals, none of which have been implemented.

## Chapter 6

### Conclusions

53. The IPPA was an innovative idea with considerable potential for success. There was and still is a commitment to the IPPA in Atlanta, as well as a core of persons familiar with African business who give freely of their time and effort.

54. However, to date no investments have been effected through the IPPA or the ABDC, despite the receipt of significant resources from UNIDO's regular budget. Three investment projects are at the feasibility study stage. Two of these are in manufacturing. The ABDC has not developed the institutional capabilities required of a viable investment promotion body. Technical knowledge of investment promotion practices is limited within the ABDC. In recent years there has been almost no contact with the IPS in Washington. Contrary to the original intention, the ABDC has not become financially self-sustaining.

55. It is likely that the effectiveness of the IPPA has been limited by shortcomings in planning, conceptualization, and monitoring on the part of UNIDO, as well as insufficient technical expertise at the IPPA. The IPPA should have been backstopped by the relevant technical services at UNIDO headquarters, with close involvement throughout of IPS Washington.

## Chapter 7

### Recommendations

56. The recommendations of this evaluation are intended to: (a) suggest the nature of UNIDO's future relationship with the ABDC; (b) to offer specific remedies to rectify weaknesses observed in the organization, management and operation of the ABDC, and to move it to self-sustainability, and (c) to suggest how positive aspects of the IPPA experience might be built on to strengthen UNIDO's investment promotion activities.

### Recommendations for UNIDO

57. Given that the University of Georgia has largely withdrawn from the IPPA, any future UNIDO involvement with this programme would be through the ABDC. There are two principal reasons why the justification for direct cash contributions from UNIDO to the ABDC is weak. These two arguments are stated below:

- (i) Additional funding of the ABDC would have to involve an element of institution building. UNIDO should not in principle fund institutional development in developed nations. Any uncommitted resources from UNIDO's regular budget earmarked for institution building should be directed to developing countries. This precept was not followed in awarding the three IPPA contracts. However, in mitigation, UNIDO understood that the resources provided would have a catalytic function, and that the ABDC would become financially self-sustaining before the end of 1994. This, though, did not occur. Furthermore, the mission considers that there may be scope for the ABDC to raise funds from State, federal and possibly private sources in the U.S.. In this connection, it should be borne in mind that, in principle, investment promotion benefitting the industry of a host country should be funded by the host country. This is the case with all UNIDO's IPS offices.

(ii) If one ignores argument (i), the mission still considers that the ABDC does not yet have the institutional maturity to use UNIDO resources efficiently and effectively. The ABDC is not evolving as a viable investment promotion body able to raise funds for itself and act with continuity independently of the presence of key individuals. The ABDC functions to a large degree on the goodwill of its Director and Board members, as well as political and business contacts of an informal nature. These, while important, do not substitute for an effective outreach programme, widespread recognition and financial support from the local business community, well configured and current databases with information for which there is a commercial demand, systematic integration with other investment promotion programmes supported by other multilateral bodies, an attainable fundraising strategy, significant investment promotion expertise and an appropriate corporate structure. The ABDC would thus have to be transformed in a number of ways so as to make good use of UNIDO funds.

Furthermore, UNIDO cash contributions would at this stage be an inefficient use of UNIDO resources because no appropriate division of labour has yet been established between the ABDC, the IPS Washington and the rest of UNIDO's Investment Service. It is highly cost ineffective, for example, for UNIDO to pay for Atlantans to travel to Africa to collect project information, a task which UNIDO can perform cheaply and effectively itself. The ABDC is best placed to concentrate on outreach in the U.S. business community. This shortcoming could be rectified, depending on the degree of involvement which UNIDO management wishes to maintain with the ABDC.

58. Future contact with the ABDC should be through UNIDO's Investment Service.

59. UNIDO could provide the ABDC with support in-kind. This would primarily involve the provision of information on investment proposals collected through UNIDO's network in Africa. Other investment related material produced by UNIDO, such as the manual on technology transfer negotiation, might also be forwarded

to the ABDC. The findings of Africa-related fora and other activities run by the IPS Washington could also be sent to the ABDC, along with invitations to attend if appropriate. UNIDO technical staff might also provide other information and advice as appropriate, such as details of new information sources (CD Roms, on-line databases, etc.), and advice on available expertise.

60. In the longer run, a closer working relationship between the ABDC and headquarters, with an appropriate division of labour, would probably require a formal arrangement with elements of quid pro quo. The terms of such an arrangement would have to be agreed by the relevant UNIDO policymakers, the Investment Service, the IPS Washington (and possibly the U.S. State Department). As a part of such an arrangement, the IPS might give technical guidance to the ABDC on investment promotion practices (however, funding for this activity would have to be written into the budget of IPS Washington). The possible merits of establishing a semi-commercial working relationship with the ABDC, or other ABDC-like bodies in the U.S., with the goal of extending the reach of IPS Washington, are described in the following paragraphs.

#### Lessons for an Expanded Investment Promotion Model in the U.S. and Elsewhere

61. On a broader theme, beyond the immediate scope of this evaluation, the mission considers that the potential of bodies such as the ABDC is real and should not be ignored. Some conditions have existed in Atlanta conducive to the success of this programme, including a degree of financial support from local public and private sources and political support from State and City officials. The network of contacts available to the ABDC is also impressive. More may have been achieved had the ABDC been brought closer into the IPS network and received continuous technical guidance, which was not the case. An effective ABDC might have provided a valuable complement to IPS Washington. Indeed, other similar bodies, if properly organized, might focus in addition on Latin America and Asia. These bodies might be locally funded to a high degree. Such bodies could allow IPS Washington greater contact with the grassroots of U.S. industry as well as the opportunity to exploit regional orientations within the U.S., such as exist

between Florida and Latin America and California and parts of Asia.

62. In this connection, it should be recalled that the location of the Washington IPS is perhaps not ideal for promoting contacts with U.S. industry. This is because there is little manufacturing industry in the Washington area. Thus, the potential value of an extended reach for IPS Washington may be great. Indeed, arrangements of this sort might supplement the work of IPS offices in other countries. In fact, the IPS office in Paris operates a system of focal points in various parts of France so as to increase its presence with industry. This system of focal points appears similar to, but less formal than, the concept sketched below.

63. The concept of an expanded programme of investment promotion (termed here an Industrial Partners Programme (IPP)) is only outlined here. Further consideration would be required on the part of UNIDO management as to how far the idea should be studied. Nevertheless, a number of possible characteristics of such an investment promotion model are set out in the following paragraphs.

64. An IPP would require a clear and well-delimited conceptual and operational framework, with short- and long-term objectives. "Member organizations" (ABDC-like and other bodies) would be required to have: An investment promotion programme with clear goals; an operational methodology; operational terms of reference (Manual of Procedures), and the financial conditions for self-sustainability. A suitable division of responsibilities between the IPS and member organizations would have to be determined.

65. To ensure the quality of services provided by member organizations, the local IPS and/or UNIDO headquarters could apply: Criteria for selection of organizations wishing to participate in the IPP; criteria for monitoring the performance of "member organizations" and also for disqualifying them from the IPP; legal guidelines as to the forms which such institutional linkages could take, and a set of criteria for awarding in-kind support from UNIDO. The extent of the investment promotion activities of member organizations would also have to be determined (e.g. to the signature of letters of intent, to the close of joint-ventures, or some other cut-off point). IPS offices might be given a

predominant role in selecting member organizations.<sup>9</sup> Consideration might also be given to situations where member organizations could become a source of revenues for IPS offices.

66. An IPP might include member organizations which provide services additional to investment promotion, and/or member organizations which work closely with service industries. Member organizations might operate in trade activities related, directly or indirectly, to investment. In this connection, it should be remembered that trade promotion, rather than outward investment promotion, is a priority for many local and State administrations in the U.S..

67. Benefits would accrue to member organizations from their belonging to the IPP by virtue of the information they could receive from UNIDO, the credibility and impartiality afforded by an organization belonging to the U.N. system, as well as possible access to support-services.

68. Such an expanded investment promotion network might be tested in the U.S., for the reasons noted above, and the results used to evaluate the viability of the IPP concept.

#### Recommendations for The African Business Development Center

69. For the reasons stated in preceding sections of this report, the ABDC is not yet a viable vehicle for providing the investment promotion services envisaged under the IPPA without major institutional support. The ABDC should be financially self-sustaining in so far as the greater part of its direct operating budget is concerned.<sup>9</sup> It should also be reorganized so as to be able to provide a basic set of revenue-generating services. In attempting to achieve these goals the ABDC enjoys certain competitive advantages not had by other private

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<sup>9</sup> As already noted, the mission considers that a closer relationship with the IPS might have increased the impact of the IPPA and the ABDC.

<sup>9</sup> As indicated in Contract 90/366.

organizations (for and not-for-profit) in the same business. The ABDC can include the following amongst these advantages:

- It is associated with an international organization (UNIDO) capable of providing it with support services, information, business opportunity leads and access to in-country officials, which a non-associated private firm would find difficult and expensive to replicate.<sup>10</sup>
- It is in a position to gain credibility in the investment promotion marketplace by virtue of this association (if properly developed).
- It occupies a niche in the US-African investment promotion market in which there is only modest competition.

70. These competitive advantages should be, but are not now, exploited to the fullest. These recommendations suggest ways in which the ABDC can begin to use these advantages to become self-sustaining, and provide business services so as to generate investment in Africa that would not otherwise occur.

71. The ABDC cannot be transformed overnight, nor does it have the resources in-hand to undertake a number of the recommendations made here. Therefore, the recommendations for the ABDC are divided into two categories; (a) those that need to be undertaken immediately as preconditions for any move towards self-sustainability, and (b) those which will help to achieve self-sustainability within twelve to eighteen months. The mission recognizes that the ABDC will require transitional funding. A mechanism is therefore suggested by which these funds might be "advanced" to the ABDC, without resorting to grants or long-term subsidies.

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<sup>10</sup> To the extent the ABDC is associated with UNIDO, it should also be accountable and subject to monitoring, audit, and quantifiable operating criteria.



Recommendations for the Short-Term (1 to 6 months): Preconditions for Self-sustainability

72. Restructure the Board of Directors: Currently, the Board of Directors performs executive and advisory functions. These functions are more appropriate to an executive body. A new Board of Directors should be created. This should include companies and/or businessmen whose status will strengthen the ABDC's name and prestige in the business community. An Advisory Board should also be created. Advisor Members (see below), would have a seat on this Advisory Board.

73. Adopt a Service Orientation: A starting point for the achievement of the ABDC's goals should be to focus on the array of investment support services that the ABDC could be providing to the US business community, rather than spending time and other resources on the pursuit of individual projects.

74. Develop a Basic Staff Structure: An internship programme could be established, possibly using existing contacts with the University System of Georgia. This programme could provide support to the Director.

Recommendations for the Medium-Term (6 to 12 months): Preconditions for Self-sustainability

75. Establish a Menu of Services and a Calendar of Events: The ABDC should establish a menu of services and a calendar of events through which entrepreneurs would be provided with good quality information and support for trade and investment activities. The ABDC should package its services to achieve two purposes: (a) provide support of value to users and members, and (b) obtain a revenue flow. Packages of services could be designed to address different client needs, as is suggested below:

- (i) "Basic Package": informative reports or brochures on doing business in Africa, with general trade and investment leads, country information, a newsletter of current issues, listings of resources for entrepreneurs and

other information needed to assess an investment or trade opportunity.

- (ii) "Tailored Package": This could include all of the above and, in addition, the ABDC could produce specific information requested by the individual or institutional user.

76. A Calendar of Events should promote the ABDC, its activities and its funding. Suggested events are described below:

- (i) Business Lunches: Atlanta is home for a number of foreign consulates. the ABDC might thus organize and sponsor lunches hosted by consuls/African embassies where current investment related issues could be considered.
- (ii) Workshop/seminars: Under the IPPA, the ABDC has gained considerable experience in West Africa. This experience could be of use in workshops and seminars addressing general topics, such as "Doing Business in Ghana", and/or business issues affecting particular industries.
- (iii) Matchmaking activities: Matchmaking activities might be undertaken in coordination with UNIDO, African embassies in the U.S. and U.S. Government bodies.

77. Develop Institutional Relationships: The ABDC needs to establish institutional linkages with UNIDO's IPS in Washington, U.S. Government agencies (especially USAID, the Department of Commerce, the Overseas Private Investment Corporation, and the Trade and Development Agency), international financial institutions (the World Bank and the African Development Bank), African embassies and consulates, and NGOs focusing on Africa.

78. Implement a Fundraising Strategy: A fundraising programme should be designed and implemented so as to cover at least the operating costs of the ABDC. Based on 1992 figures, the annual cost of operating the ABDC is about US\$ 215,000. Possible ways of raising funds for the ABDC are suggested in the following paragraphs.

79. **Membership Contributions:** An ABDC membership structure could be set up. There are different possible structures. The mission suggests a simple one, as outlined below (the quoted membership fees are indicative only, and would need to be tested against what the local market will bear):

- (i) **Member:** With a yearly contribution of US\$ 500 members could have free access to the "Basic Package" described above, be included in the mailing list of ABDC activities and be offered a discount for events that require payment to participate.
- (ii) **Sponsor Member:** With a contribution per year of US\$ 3,000 a sponsor member could have free access to all packages and activities of the ABDC. They might also have a discount on success and referral fees.
- (iii) **Advisor Member:** With an annual contribution of US\$ 10,000 advisor members could have the same benefits as sponsor members and could also be included on the ABDC's Advisory Board.

80. **In-kind Contributions:** The AEDC is currently providing the ABDC with in-kind contributions of about US\$ 50,000 a year. Similar contributions from other sources might off-set expenses on computers, database access, meetings, seminars and printing material (i.e. brochures, flyers, etc.).

81. **Workshops/seminars:** The activities performed under the IPPA, and the experience of the ABDC, should be considered an asset to be used in workshops or seminars focusing on doing business with West African entrepreneurs. Attendance at such workshops/seminars could carry a fee.

82. **Success or Referral Fees:** A standard success or referral fee could be charged on completed transactions and joint ventures arranged through the ABDC.

83. **Establish Basic Office Facilities and Working Conditions:** The ABDC should have enough office space to accommodate additional staff and meetings as well as a basic infrastructure of computers, a library and other elements needed to serve the business community.

Recommendations for the Long-Term (12 to 18 month): Reaching Self-Sustainability

84. Database Development: A family of databases should be created to provide information on countries, projects, companies, contacts and other basic information to allow entrepreneurs to determine whether or not to pursue particular business opportunities. In addition, access to external source of information and databases should be established. This could include U.S. Government sources (National Trade Database on CD-Rom, and the US Department of Commerce Electronic Bulletin Board), international financial institutions (the World Bank on the Internet), local and State public and private institutions (databases provided by trade centers and trade associations), and the Washington IPS.

85. Formulate an Operational Methodology and a Manual of Procedures: A general operational methodology should be established. In particular, there is a need to define criteria for country, industry, company and project selection in both the U.S. and Africa.

86. Perform Research and Analysis: The ABDC should establish a programme to collect standardized information on trade and investment. Other information should also be gathered on the policies of multilateral financial organizations and the U.S and African governments which affect business development in the short- and medium-term. The support of interns could be particularly valuable in this respect.

87. Personnel: In addition to the Director, the ABDC should be equipped with two professional staff and one administrative staff member.

Transitional Funding for the ABDC

88. Based on information collected by the mission, it is estimated that the ABDC would need some US\$ 400,000 to become self-sustaining within 18 months. This

sum would include US\$ 320,000 to cover the operational budget during 18 months, plus US\$ 80,000 for equipment (computers, printers, copymachines, etc.), materials (books and publications) and subscriptions (on-line services and magazines).

89. The ABDC does not at present have funds with which to finance the recommended reorganization. Furthermore, financial support given in-kind, while important, is unlikely to cover the entire funding requirement. It is also unlikely that the ABDC would be able to attract corporate grants of the magnitude required. The most promising option might therefore be a form of collateralized loan, possibly sourced from Federal, State or local institutions. The loan would ideally have a grace period of 18 months or more. Institutions which might be contacted in this connection include the Small Business Administration (SBA), through the Department of Commerce, and the Department of Housing and Urban Development, which provides "enterprise zone" funding. Entities in the State of Georgia which give loans and other assistance to small enterprises might also be approached.

90. Such funding requires that the ABDC be able to guarantee repayment of the loan. One way of acquiring this guarantee might be for the ABDC to request asset pledges of US \$15,000 from corporations and private or semi-private institutions. Should the ABDC be unable to repay the "loan", these pledges would be used on a pari passu basis to repay whatever amount has not been repaid by the ABDC. The ABDC will need 27 pledge subscribers to match the amount of the loan. These subscribers could automatically become advisor members with a seat on the Advisory Board for five years. Such a funding mechanism rests on the premise that in some situations it may be easier for companies to pledge assets against an ABDC loan than it would be for them to provide an outright grant, depending largely on how the pledge would be treated from a taxation standpoint. Exploratory work on this matter is required of the ABDC.

Terms of ReferenceAn In-Depth Evaluation of the Industrial Partners Programme for Africa (IPPA)1. Objectives

The objective of this in-depth evaluation (IDE) is to assess the relevance, effectiveness and efficiency of the work of the IPPA in promoting industrial investment in Africa. Considering the existing mechanisms for promoting industrial investment in Africa, conclusions will be arrived at regarding the level and form of support which UNIDO should afford the IPPA.

2. Background

Under contract 89/157 of 31 October 1989 UNIDO provided regular budget funds of US\$ 170,000 to the University of Georgia, U.S.A, to initiate a programme of activities described as the "Industrial Partners Programme for Africa" (IPPA). As stated in the terms of reference to that contract, the IPPA was to promote a "greater and more effective relationship between the private sector businesses and non-governmental support agencies in Georgia and in Nigeria, Cameroon, Ghana, Senegal and Kenya". UNIDO has since awarded the University of Georgia a further two contracts, both from the regular budget, to pursue the identification and promotion of industrial investments in Africa among the business community of Georgia and the southeastern United States.<sup>11</sup> The IPPA also aimed to create permanent institutional linkages between the University of Georgia, other institutions of higher education in Georgia, and academic and governmental institutions in African countries, as well as provide technical assistance.<sup>12</sup> The choice of Georgia as a target area for investment promotion reflected, *inter alia*, the strong interest of University of Georgia representatives in this scheme, and the supposition that the existence of historical links between this part of the U.S.A. and Africa would help facilitate investment promotion.

Under the first contract an investment forum was held in Atlanta in February 1990 during which initial contacts were made between African project sponsors and potential U.S. investors. Early progress reports from the IPPA indicated that a considerable number of potential industrial investments had been identified and that information had been exchanged with possible U.S. business

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<sup>11</sup> The two contracts were: 90/366 at US\$ 85,000 and 93/370 at US\$ 49,550.

<sup>12</sup> See "Final Report, Contract No.90/41", University of Georgia Research Foundation.

partners.<sup>13</sup> Subsequent contracts aimed to follow up on the initial contacts and assist the creation of the African Business Development Center (ABDC).

The ABDC, a non-profit corporation, was to serve as a focal point for follow-up on investment opportunities identified under the IPPA and act as a source of expertise and a focus for American businesses to carry on trade and investment in Africa. The ABDC's first Board of Directors meeting took place in January 1991. It was intended that by November 1994 the ABDC would be self-financing.

There are however a number of reasons why the sustainability and effectiveness of the IPPA requires review. It would appear that few if any industrial investments have been realized to date through the efforts of the IPPA. The ABDC has also failed to become financially self-sustaining. The involvement of the Atlanta business community with the IPPA also appears to be limited. Furthermore, the IPPA has only minimal contact with the IPS office in Washington and no operational relationship exists with investment related services at UNIDO headquarters. An assessment is thus needed of the rationale for continued UNIDO support to the IPPA.

In assessing UNIDO's support of the IPPA it will also be recalled that the difficulties of promoting industrial investment in Africa are great, as are the needs for such investment. Therefore, where possible, recommendations will be formulated as to the most effective and efficient means of promoting industrial investments in Africa among the business community of this and other regions of the U.S.. These recommendations may include suggested changes in the operational modalities of the IPPA.

The IDE would begin by reviewing all documentation available at UNIDO headquarters pertaining to the IPPA. The IDE would make an assessment of the relevance and effectiveness of the financial assistance given to the IPPA by attempting to examine such issues as: The forms of support provided to project sponsors and potential investors; the number and principal characteristics of the industrial investments successfully promoted by the IPPA; the degree to which other stated goals have been attained such as the achievement of recognition and material support from the business community and the establishment of a database; the structure, operational modalities and funding of the ABDC; the extent of the institutional relationship established with the IPS office in Washington; the optimal means of promoting investment opportunities in this and other areas of the U.S. business community; the justification for any continuation of UNIDO's financial support for the IPPA and the terms on which any continued support might be given.

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<sup>13</sup> Second Progress Report, Industrial Partners Programme for Africa, University of Georgia Project, August 31, 1990.

### Activities<sup>14</sup>

The evaluation will require one mission to the United States (to Atlanta and Washington) and one mission to a target country in Africa (to be selected after fieldwork in the U.S.). The mission team for the U.S. would comprise a staff member and an expert in investment promotion. The mission to a selected African country would be undertaken by a staff member.

The mission to the U.S. would have a duration of approximately nine days. Approximately two weeks would be required for desk research on the part of a UNIDO staff member prior to the fieldwork in the U.S.. One week of prior desk research would be required by the expert. One further week of UNIDO staff and expert's time would be needed to consolidate and write up the findings of the mission to the U.S.. The expert would be briefed either at UNIDO Headquarters or in the U.S.. The staff member would spend one week in the target country in Africa and a further week in writing up the mission findings and the final report.

The evaluation mission will undertake the following specific tasks:

(a) An assessment of the IPPA with regard to:

- the performance and achievements of the IPPA to date in the light of initially stated goals and the causes of successes and/or failures;
- the detailed modalities of investment promotion used by the IPPA;
- the expertise available to the IPPA in investment promotion, including the preparation of pre-investment studies, joint-venture negotiation, other advisory and information services to project sponsors and potential

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<sup>14</sup>In accordance with the provisions of the UNDP Policies and Procedures Manual (PPM), the primary purposes of an in-depth evaluation include the following:

- (a) To assess the achievements of the concerned projects against their objectives and expected outputs, including a re-examination of project design, which will include an assessment as to whether:
  - (i) The problems the projects were supposed to address were clearly identified and the approaches were sound;
  - (ii) The beneficiaries and the end users of the results of the projects were properly identified and are/were served by the projects;
  - (iii) The objectives and outputs were related explicitly, precisely and in terms that are verifiable;
  - (iv) The objectives were achievable and whether the relationship between the objectives, outputs, activities and inputs of the projects were clear, logical and commensurate with the time and resources available.
- (b) To identify and assess the factors that have facilitated the achievement of the objectives of the projects concerned, as well as those factors that may have impeded the fulfillment of the objectives.



- investors, etc;
- the precise nature of the relationship established with the IPS Washington and with relevant services at UNIDO headquarters;
- the precise nature of the relationship established with other relevant institutions such as the International Finance Corporation, the African Development Bank, the U.S. Export-Import Bank, other American business fora and federal and state bodies, government missions, etc.;
- the sources of funding (cash and in kind) of the IPPA;
- the work programmes and expenditures of the IPPA;
- the likelihood of the IPPA becoming financially self-sustaining;

(b) Assess, in a selected African country:

- the characteristics and progress of the industrial investments promoted through the IPPA;
- the support received by project sponsors from the IPPA;
- areas where further support from the IPPA or other investment promoting bodies is required;

(c) Make recommendations as to UNIDO's future involvement with the IPPA. If required, recommend actions to improve the effectiveness of the IPPA and/or describe preferred forms of industrial investment promotion for Africa in this and other parts of the U.S.A.

6. Output

As stated above, the evaluation report will identify and assess the aims and achievements of UNIDO's support to the IPPA. The report will consider whether this support represents for UNIDO an effective and efficient means of using resources for promoting industrial investment in Africa amongst potential U.S. investors, and how, if at all, this goal might be better achieved.

7. Inputs

The evaluation team will be composed of a UNIDO expert with extensive experience in industrial investment promotion, preferably in the U.S.A. This expert should not have been directly involved in the design, appraisal or implementation of any of the activities of the IPPA. It is estimated that the assistance of this expert would be required for a maximum of twenty-three days, including a visit to Atlanta and Washington, and the preparation of a report. In addition, one staff member from UNIDO's Evaluation Section will be required to participate during the field mission to the U.S. and, if needs be, to a selected African country. In all some six weeks of a UNIDO staff member's time will be required.

List of Persons Met by the Evaluation MissionAtlanta

Mr. Frank Bates	Office of the Governor of the State of Georgia
Dr. David Bruce	Regents Global Center
Mr. Bill Campbell	Mayor of Atlanta
Mr. Gerard Cummings	Vice President, International Development, Atlanta Chamber of Commerce
Mr. Gary Gunderson	Carter Presidential Center; former consultant to the IPPA
Mr. Jacob R. Henderson, Jr.	Director, African Business Development Center
Mr. Walter R. Huntley, Jr.	President, Atlanta Economic Development Corporation
Ms. Chelle Izzi	Manager, International Programme, DeKalb Chamber of Commerce,
Ms. Ayisha Jeffries	International Linkages; former consultant to the IPPA
Mr. Frank Kuevi	Kuevi Hudson International
Dr. Darl Snyder	Former Director of International Development, University of Georgia
Ms. Jacqueline G. White	Former consultant to the IPPA
Dr. Walter Young	Young International Development Corporation

Annex 2. continuedWashington

Mr. Wayland G. Boyd

Head, IPS Washington

Mr. Michael Davidson

UNIDO Representative,  
World Bank

Mr. David H. Miller

Executive Director,  
Corporate Council on Africa

Mr. Joel Spiro

Office Director,  
U.N. Technical and  
Specialized Agencies,  
U.S. State Department

Mr. Henry Webb

UNIDO Desk Officer  
U.S. State Department