



TOGETHER
for a sustainable future

OCCASION

This publication has been made available to the public on the occasion of the 50th anniversary of the United Nations Industrial Development Organisation.



TOGETHER
for a sustainable future

DISCLAIMER

This document has been produced without formal United Nations editing. The designations employed and the presentation of the material in this document do not imply the expression of any opinion whatsoever on the part of the Secretariat of the United Nations Industrial Development Organization (UNIDO) concerning the legal status of any country, territory, city or area or of its authorities, or concerning the delimitation of its frontiers or boundaries, or its economic system or degree of development. Designations such as “developed”, “industrialized” and “developing” are intended for statistical convenience and do not necessarily express a judgment about the stage reached by a particular country or area in the development process. Mention of firm names or commercial products does not constitute an endorsement by UNIDO.

FAIR USE POLICY

Any part of this publication may be quoted and referenced for educational and research purposes without additional permission from UNIDO. However, those who make use of quoting and referencing this publication are requested to follow the Fair Use Policy of giving due credit to UNIDO.

CONTACT

Please contact publications@unido.org for further information concerning UNIDO publications.

For more information about UNIDO, please visit us at www.unido.org

21039

29p
cover

Distr.
RESTRICTED

FMD/R.20
30 March 1995

UNITED NATIONS
INDUSTRIAL DEVELOPMENT ORGANIZATION

ORIGINAL: ENGLISH

UNIDO IPS TOKYO

US/GLO/92/117
US/GLO/93/084
US/GLO/94/304

Report of the evaluation mission*

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

* This document has not been edited.

TABLE OF CONTENTS

EXPLANATORY NOTES		4
SUMMARY OF MAIN CONCLUSIONS AND RECOMMENDATIONS		5
1. INTRODUCTION		7
- History of the IPS Tokyo		7
- Reasons for the evaluation		7
- Organization and methodology of the evaluation		7
2. PROGRAMME CONCEPT AND DOCUMENTS		9
- UNIDO Concept of investment promotion		9
- Socio-economic framework for investment promotion in Japan and policy objectives of the Government		11
- Programme documents		13
3. IMPLEMENTATION		15
- Delivery of inputs		15
- Activities		20
- Cooperation with other projects and agencies/institutions		21
- UNIDO IPS Tokyo as part of the IPS Network		24
- Backstopping by UNIDO Headquarters		25
- Monitoring by MITI and MOFA		25
- Operational management and administration		25
4. RESULTS		27
- Outputs produced		27
- Objectives achieved		31
- Contribution to the Development Objective		32
5. CONCLUSIONS		33
6. RECOMMENDATIONS		36
7. LESSONS LEARNED		39

Annexes

1.	<i>Terms of Reference</i>	40
2.	<i>The itinerary of the IPS Tokyo evaluation mission</i>	45
3.	<i>List of contacts</i>	47
4.	<i>Projects under negotiation (September 1993-December 1994)</i>	52
5.	<i>Delegates invited (September 1992-December 1994)</i>	53
6.	<i>UNIDO-IPS Tokyo study meetings (July 1994-February 1995)</i>	55
7.	<i>Participation of IPS Tokyo at Investment Fora (September 1992-December 1994)</i>	57
8.	<i>List of concluded projects (October 1992-December 1994)</i>	59
9.	<i>List of projects under implementation and operation</i>	63

Appendixes

1.	<i>Brief report on country visit - Bangladesh</i>	64
2.	<i>Brief report on country visit - Sri Lanka</i>	76
3.	<i>Brief report on country visit - The Philippines</i>	86
4.	<i>Interviews of former delegates from the Czech Republic and Turkey</i>	94

EXPLANATORY NOTES

The units of measure indicated in this report are those sanctioned by the International System of Units (SI). When not otherwise indicated, the word "dollar", US\$ or \$ refers to the U.S. dollar and IPS refers to the Investment Promotion Service (IPS) of Tokyo.

List of acronyms used in the report

ASEAN	-	Association of South East Asian Nations
BOI	-	Board of Investment
COMFAR	-	Computer Model for Feasibility Analysis & Reporting
DFI	-	Direct Foreign Investment
DIPP	-	Data base for Investment Project Profiles
ECFA	-	Engineering Consulting Firms Association, Japan
IDF	-	Industrial Development Fund
IIPP	-	Industrial Investment Project Profile
INVESMART	-	Investment Forum
IPPM	-	Investment Project Promotion Meeting
IPS	-	Investment Promotion Service
JCI	-	Japan Consulting Institute
JETRO	-	Japan External Trade Organization
JICA	-	Japan International Co-operation Agency
JOIN	-	JETRO Overseas Investment
MITI	-	Ministry of International Trade and Industry
MOFA	-	Ministry of Foreign Affairs
ODA	-	Official development assistance
PPRC	-	Programme and Project Review Committee
PROPSPIN	-	Project Profile Screening and Pre-appraisal Information System
TECHMART	-	Technology Market

SUMMARY OF MAIN CONCLUSIONS AND RECOMMENDATIONS

1. IPS Tokyo has targeted its operations primarily at the small and medium scale sector. The economic environment in this sector has shown the following features:

- increasing pressure of labour costs in Japan to relocate the labour-intensive industry to less costly locations abroad;
- lack of information about the foreign countries (in particular those "west of Myanmar") and lack of experience from investing abroad;
- extreme caution of the Japanese investors in taking risks, which manifests itself in:
 - * strong preference of the Japanese investors for 100% ownership
 - * preference of the Japanese investors for formulating their own project ideas rather than reacting to project ideas formulated by local sponsors
- increasing number of institutions and agencies providing promotional services both in Japan and in the developing countries.

Some of the above mentioned features support the role of the IPS Tokyo, some of them represent a certain constraint or challenge.

2. In the period September 1992 - December 1994 UNIDO IPS Tokyo carried out an extensive array of promotional activities. Compared with the project document and taking into account the Work Plan for the remaining planning period the target levels will be exceeded by far as regards the dissemination of information on individual projects but it will remain below the target level as regards the number of delegates.

3. The achievement of the purpose (increased industrial cooperation) measured in terms of concluded projects, projects under implementation and/or operational industrial cooperation projects is rather modest. However, the quantified results should not be the only criterion of success as the dissemination of information may often contribute to decisions and activities by the industrial companies leading to international industrial cooperation at a later date or which for other reasons are not monitored.

4. The effectiveness of individual promotional tools and mechanisms differs. Effectiveness of promoting projects identified and formulated abroad without the participation of a Japanese investor is rather low. The most effective tool to generate and promote industrial cooperation projects is the Delegate Programme.

5. The IPS Tokyo operates primarily at the initial stage of the project promotion and development cycle and less at the "downstream" level, that is at the level of supporting negotiations of the business partners through specialized advice on technical, economic or legal aspects of business negotiations.

6. The staff of the IPS Tokyo are well qualified to perform the current activities, in particular support to the Delegate Programme. Providing specialized advisory services would require recruitment of additional staff. However, the current system of recruitment of staff on an annual basis does not support recruitment of highly qualified staff with expectations of long-term career development.

7. The evaluation mission recommends that the operation of IPS Tokyo should be extended for at least another three years and highlights the following proposals:

- IPS Tokyo should intensify the Delegate Programme as its most effective mechanism of investment promotion; in particular it should:
 - * increase the number of delegate-months;
 - * introduce variations in terms of duration of the secondment, as recommended already by the previous evaluation;
 - * give preference to the shuttle programme;
 - * under the shuttle programme, give preference to the same Delegate.
- IPS Tokyo should construct a system for accessing databases of and sharing promotional information with other investment promotion organizations, in particular with JETRO.
- Cooperation with the project "Industrial Cooperation for the Promotion of Investment Projects in Developing Countries to be Undertaken by the Japanese Private Sector" should be intensified.
- The Government of Japan and UNIDO should consider signing a longer-term legal framework agreement on the operation of the IPS Tokyo office.
- As long as the Government of Japan cannot pledge funds to IDF otherwise than on an annual basis, UNIDO should develop a scheme which would simplify the annual procedure of approval of the project on the part of UNIDO as proposed in Chapter 2, sub-heading "Programme Documents".

More detailed recommendations are presented in Chapter 6 of the report.

1. INTRODUCTION

History of the IPS Tokyo

8. IPS Tokyo was established in July 1980 based on an Agreement signed between UNIDO and the Government of Japan for the purpose of further mobilizing the transfer of financial resources and technology from Japan into developing countries. Since then the Agreement has been renewed every two or three years for a period of two or three years. The extension of the Agreement was usually based on an evaluation of the IPS. The most recent evaluation took place in January 1992 and consequently UNIDO and the Government agreed to extend the Agreement for another three years until 31 August 1995.

Reasons for the evaluation

9. This joint evaluation is stipulated in the project document US/GLO/94/304; it is to be undertaken not later than six months prior to the expiration of the Agreement currently in effect and implemented through projects US/GLO/92/117, US/GLO/93/084 and US/GLO/94/304.

The Terms of Reference for the evaluation (see Annex 1) were amended in compliance with the request of the Government expressed in the letter of the Permanent Mission of Japan dated 5 December 1994.

Organization and methodology of the evaluation

10. For the first time the evaluation of UNIDO IPS Tokyo was conducted as a joint evaluation of UNIDO and the Government of Japan and included visits to selected developing countries where some industrial cooperation projects were implemented with the support of IPS Tokyo.

11. The evaluation team consisted of Mr. J. Navratil, Senior Evaluation Officer, Evaluation Section, nominated by UNIDO, and Mr. H. Tanaka, nominated by the Government of Japan. Prior to starting the evaluation work in Tokyo Mr. Navratil consulted a number of UNIDO Headquarters staff in Vienna, prepared questionnaires for the interviews of the delegates and investors/sponsors and interviewed two former delegates. On the way to Tokyo he visited Sri Lanka; simultaneously Mr. Tanaka visited Bangladesh. On the way from Tokyo to Vienna Mr. Navratil paid a one-day visit to the Philippines. Purpose of the visits to the above-mentioned countries was to assess effectiveness, efficiency and impact of the IPS Tokyo activities aiming at promotion of industrial cooperation projects in those countries and the conditions which influence the effectiveness and impact of these activities. Brief reports on these country visits are attached as Appendix 1 - 3. Main findings from these countries related to IPS Tokyo are also reflected in the main text of the Evaluation Report.

12. Preparation of visits and meetings and logistical arrangements made by the IPS Tokyo for the work of the evaluation mission in Japan were outstandingly accurate. The itinerary of the IPS Tokyo evaluation mission is attached as Annex 2; it was fully implemented.

13. The team was briefed by MITI and MOFA, visited and consulted a number of organizations, institutions and agencies cooperating with UNIDO IPS Tokyo and interviewed some Japanese investors' companies operating in Sri Lanka and Bangladesh. At the IPS Office the team interviewed the Head of the IPS, selected staff and delegates and reviewed files related to the monitoring of some activities. The list of persons interviewed is in Annex 3.

14. As the evaluation was guided by the Terms of Reference and the relevant Director-General's Bulletin (UNIDO/DG/B.106), its starting point of reference was the project document. However, as the project document proved to have some deficiencies and does not fully reflect current policy trends in this field in UNIDO Headquarters, the evaluation mission considered it necessary to comment on the work of IPS Tokyo also in relation to the current UNIDO trends in investment promotion. The mission also took into consideration the recommendations of the previous evaluation mission and examined to what degree they were followed up.

15. During the evaluation work the team was extended full support and cooperation by both the Head and the staff of the IPS Office. The team also received the full cooperation of organizations and investors visited.

2. PROGRAMME CONCEPT AND DOCUMENTS

16. While the IPS offices are funded by the Governments of the countries in which they are located, they are established and operated as UNIDO offices and should, therefore, both reflect UNIDO policies, objectives and concepts and duly consider the socio-economic framework and policy objectives of the host country.

UNIDO concept of investment promotion

17. Since its inception, UNIDO has been involved in the promotion of foreign investment for industrial projects in developing countries. In view of the growing recognition of the importance of transfer of investment and technology for the developing countries, "international cooperation in industrial investment and technology" became one of the five development objectives of UNIDO endorsed by the recent General Conference (Yaoundé 1993).

18. Investment Promotion Service (IPS) offices are one of the instruments of UNIDO to support the achievement of the above mentioned development objective. The other instruments are investment project promotion meetings (Investment Fora/Invesmarts), technology transfer meetings (Techmarts), training workshops and seminars on investment project formulation, evaluation and promotion and on transfer of technology, institution building technical cooperation projects to establish or strengthen investment promotion agencies, policy bodies, research and development institutions, etc. Software packages have been developed to support UNIDO services in this field (PROPSPIN, COMFAR, DIPP), other methodological tools are available in hard copies (such as Manual for the Preparation of Feasibility Studies, of which approximately 180000 copies have been sold, plant profiles published in several volumes of How to Start Manufacturing Industries, Model Forms of Transfer of Technology Contracts, Compendium of Sample Transfer of Technology Contracts, Guide to Guarantee and Warranty Provisions in Transfer-of-Technology Transactions, training material on Transfer of Technology Negotiations, etc.) An Expert System for Drafting Contracts is under preparation.

19. It has been recognized by UNIDO that promotion of transfer of investment and technology should be done in a coordinated manner to achieve synergy. At programme level, the promotion of foreign direct investment should be accompanied by strengthening technological capability of the countries to absorb the technology delivered with the investment. At project level different attempts are made to support the synergy of UNIDO activities in the field of investment promotion and transfer of technology; the most recent one is the "intechmart", a promotional activity combining invesmart and techmart meetings to be held at the same time and at the same place (March 1995, New Delhi). The above approach is labelled "Investment and Technology Partnership".

20. The above described developments influenced the concept of the IPS office. Originally the IPS office was conceived as information centre with contacts at Chambers of Commerce, Associations and government institutions. However, as investment promotion was becoming generally recognized and practiced in the world, many national agencies and organizations were established to organize dissemination of information on investment possibilities and matchmaking of potential investment partners. The activities centered on identification of project ideas for different forms of industrial cooperation, identification of potential partners

and organization of contacts between them. Letters of intent, issued on the basis of the initial contacts, were considered to be the final stage of this concept of investment promotion.

21. In order to distinguish the IPS offices from other investment promotion agencies and to avoid duplication with this type of investment promotion, UNIDO gradually developed a concept which makes use of the professional competence of the Organization and of the availability of the above-mentioned supporting tools in order to go beyond sole matchmaking by providing advice and assistance to the negotiating efforts of the partners on technical, economic, legal and other aspects of industrial cooperation and on access to credit lines. The advisory services may also include advice on the selection of technology. (However, it should be noted in this context that technology is usually a part of the project package. In such a case advice on the choice of technology implies advice on the selection of the partner with his commercial, marketing and other needs, requirements or terms under which he is ready to establish the business.) After the conclusion of negotiations the partners can be assisted in preparing a pre-investment study, applying the methodology established by UNIDO in the above-mentioned Manual for the Preparation of Industrial Feasibility Studies and using COMFAR software; application of this tool, which is recognized by the banks, provides the pre-investment study with a quality standard which makes it easier to access credit lines.

Advisory services of this type increase the chances of carrying negotiations among the partners to a successful conclusion of contracts and implementation of cooperation projects and thus to achieving tangible results in transfer of investment and technology. In some IPS offices such advisory services are becoming the major component of their activities. Preparation of pre-investment studies is in some IPS offices co-financed by Project Completion Facility, a fund at the disposal of the IPS office, and the investor(s).

22. Another feature distinguishing IPS offices from other investment promotion agencies is the network itself, the network of UNIDO IPS offices and cooperating investment promotion agencies in developing and other IPF countries, which makes it possible to promote a project simultaneously in several countries. Through the network of IPS offices UNIDO has direct access to some 30000 companies in industrialized countries. Most of the companies are in the category of small and medium enterprises (SME): 72 % have less than 100 employees. With the above-mentioned quality-minded approach UNIDO is taking over responsibility for the promotion of investment and transfer of technology particularly to SMEs in a number of developing countries and reforming economies.

23. To make full use of the network potential it is, however, necessary that terminology, procedures and methodologies be standardized and that these standards are adhered to by network members. In order to support this objective several tools were developed, such as the Operational Manual, standard format of Industrial Investment Project Profiles (IIPP) and DIPP. DIPP (Databank for Investment Promotion Programme) is a powerful management information tool which introduces a high level of standardization of terminology and programme monitoring. Currently work is in progress to link an element of the local (IPS) DIPP system (the Project Data) via electronic mail with UNIDO Headquarters. This will make it possible to increase the efficiency of communication, to improve the information of the Headquarters about the status of individual projects and to react promptly to the changes of a project status in one IPS by other network members, if so required. (It is, however, the opinion of the evaluation mission that - when upgrading the system - the standardization

within DIPP itself be further enhanced. In particular the categories and abbreviations of the "type of technical or financial cooperation required", p. 18 of the DIPP Manual, should be fully aligned to "abbreviations for foreign contribution sought", p. 38 of the same Manual, and to "foreign cooperation sought" in the IIPP format.)

24. The IIPP is also a tool introducing standardization in how projects are formulated. The format of the profile necessitates that relatively detailed information about the project be provided by the local sponsor in a structured form which makes it possible not only to identify the local sponsor but also to preliminarily check the financial (commercial) rationale of the project idea by financial evaluation using PROPSPIN. The input data requirements are rather complex and may be difficult for the local sponsor to comply with; frequently a UNIDO consultant is provided to assist in compiling the data or to train staff from local IPA to do so.

Some of the local sponsors are not ready to release detailed data on their project to the general public. In such a case UNIDO prefers not to promote a project for which a "quality stamp" can not be established.

25. As an integral part of UNIDO, investment promotion activities should duly consider also other development objectives, principles and policies of UNIDO. While the investment promotion programme is fully supportive of and compatible with some of them (focus on small and medium scale industry, technology development to increase competitiveness, or - implicitly - development of human resources), the other developmental objectives (environmentally sustainable development) or principles (particular attention to the least developed developing countries, integration of women in industrial development) may require introduction of measures and approaches which may reduce the effectiveness of the investment promotion programme measured in terms of total flow of promoted investment. While the issue is raised for discussion from time to time, in practice it is accepted that respecting the criteria and requirements of the private entrepreneur is a pre-requisite for mobilizing his active participation in the programme. In order to increase the attractiveness of the countries for foreign investment, institution building, policy advice and training programmes and projects are carried out to support the countries in their effort to improve the institutional framework and policy environment.

The evaluation mission takes the above described concept adopted by UNIDO as one of the frameworks for the evaluation of IPS Tokyo.

Socio-economic framework for investment promotion in Japan and policy objectives of the Government

26. In the past, Japanese foreign direct investment (FDI) was carried out mainly by large manufacturing enterprises in close cooperation with trading companies. For trading companies, FDI is an effective tool of trade promotion, either for export of plant/machinery from or import of processed material and components to Japan. The Japanese trading companies often participated in share holding and sent their staff to work in management positions. In those days, Japanese small and medium enterprise (SME) investments were limited mainly to Taiwan and South Korea, where individual cooperation was rather easily established due to historical background and low language and cultural barrier.

27. However, since the mid-1980's, the flow of foreign investment from Japan to developing countries started to increase for all strata of industry, due to the appreciation of the Yen and improvement of investment environment in recipient countries, particularly in the ASEAN. There are two types of small and medium size industry commonly seen in FDI from Japan: 1) parts and component supplier for large manufacturers, typically automotive and electronics, 2) light industrial sector (typically textile and food processing). Many of those SME investment projects do not attract interest of the large trading companies mainly due to the lack of scale merit as well as SME's intention to avoid intervention by a powerful trading company in its venture.

28. Japanese domestic industrial policy has supported SMEs through fiscal, financial, manpower training assistance and fair sub-contracting practice. This policy supports the pyramid-type industrial structure with large and famous brand set-makers at the top. The government, both central and regional, and industrial associations are geared to provide assisting programs to SME in various forms. Due to demand for relocation of (part of) their production to less costly overseas locations, those governments and associations also started to support SMEs in their foreign investment activities.

29. The Ministry of International Trade and Industry (MITI) itself has an Agency for Small and Medium Enterprises with International Division, while Japan External Trade Organization (JETRO) plays the role of an extended arm of MITI for overseas trade and investment promotion activities. A few years ago, JETRO launched a JETRO Overseas Investment (JOIN) programme under which investment projects with developmental impact are eligible for Government support (lower interest on loans). Within all 48 prefectures, each prefecture government has a public corporation for promotion of SMEs, some with emphasis on international cooperation.

Non-profit organizations and industrial associations also provide various forms of information service, seminars and business meeting facilities with or without government financial support.

30. Unlike large enterprises, many SMEs are owned by an individual, a family or a limited number of share holders. Their decision making depends on a limited number of persons who are usually presidents or directors of the companies. Their investment decisions are frequently based on personal trust of partners, local staff and investment officers in the regulatory and/or promotional bodies. In general, the banks' lending policy for SME's ventures is based on the company's asset value as collateral, rather than the investment project viability. So-called "project financing" is rarely applied for any overseas investment ventures, except for cases of large scale joint-financing with other foreign banks.

31. For promotion of foreign investment of SME in Japan, the idea of a project described in a "Project Profile" or feasibility study report prepared by someone else is not very effective. The investors often prefer unbiased and up-to-date information and data applicable for their own project formulation and calculation. Confidence building is the key factor. At one SME Association it was even suggested that training at SMF establishments be introduced as a vehicle of trust building and establishing contacts for industrial cooperation.

32. So far geographical preference of Japanese investors, particularly of SMEs, has been concentrated on countries of East Asia and ASEAN. Within these countries, frequent changes in investment regulation and differences in the concept of ownership and business practices often puzzle the Japanese investors. The area beyond Myanmar is still unknown to most Japanese enterprises. In view of the increasing demand for international industrial cooperation in various sectors and strata of manufacturing, the foreign investment promotion activity in Japan must be further strengthened in order to cover wider geographical regions and a larger variety of products.

Programme documents

33. A considerable improvement in the structure of project documents can be recorded as a result of the previous evaluation which contained the following recommendation:

"The project documents should be consolidated, their number reduced from nine to three if not to one, and be designed to meet the quality standards of UNIDO... In doing so, an appropriate budgetary provision should be made to cover joint Japan/UNIDO in-depth evaluation exercise."

Indeed, the number of project documents was reduced from nine to three, the project documents introduced elements of Management by Objectives (MOB), and a budgetary provision for joint in-depth evaluation was made, although it did not fully cover the costs (and, thus, necessitated a budget revision).

34. Thus, at present, the programme documents consist of one Agreement between the Government of Japan and UNIDO and annual Memoranda to which the project documents are attached. This reflects the fact that the Government of Japan cannot make any financial pledge to UNIDO for longer than one year.

35. However, there is still significant room for improvement. The project documents, which are attached to the annual Memoranda between UNIDO and the Government of Japan, are identical except for the inputs and budgets. Thus there is a discrepancy between the inputs and annual budgets on one side and the constant outputs and activities on the other side. While the cover page, inputs and budgets are related to a one-year performance, the outputs are quantified for a three-year performance.

The outputs within each project document itself are not mutually independent; there is significant duplication between the Output 4.1.2 ("900 projects promoted and a number of contacts established between...") and 4.3.1 (A number of business contacts between...established and business negotiations initiated.") The Output 4.3.1 appears to be a duplication of the Output 4.1.2. However, from the related activities it follows that this output should read "specialized advisory services to business partners provided".

To give another example, the last activity under the Output 4.1.2 ("UNIDO headquarters mission to Japan to inform the business community and institutions directly or indirectly engaged in investment promotion of the new trends and development in the individual regions and UNIDO" is not related to the above Output and should be deleted or transferred.

36. There are other shortcomings from the viewpoint of the Logical Framework Approach (LFA). One of them is that the project has three objectives/purposes. In fact there is only one purpose: to enhance industrial cooperation between the enterprises in Japan and developing countries and countries in transition. Achievement of this objective can be measured by indicators such as projects concluded, projects under implementation and operational projects.

37. While clearing the last project (US/GLO/94/304) for negotiations with the Government of Japan, the Programme and Project Review Committee (PPRC) at its meeting on 14 July 1994 concluded that "...in negotiating the next extension of the IPS Tokyo the following points should be taken into consideration: (i) the project duration should be longer (3 or more years), considering that the IPS office is a continuing activity; (ii) the IPS office should promote UNIDO's development objectives and the project document should describe how this will be done; (iii) the UNIDO substantive input to the activities of the IPS office should be increased and this should be specified in the project document; (iv) it should provide for regular headquarters monitoring of the activities of the IPS office; (v) there should be closer cooperation and coordination between the Tokyo IPS office and the project US/GLO/93/113."

38. Apart from the above improvements which need to be reflected in the forthcoming documentation, there is a need for simplification of the approval procedure. As confirmed to the evaluation mission by MITI, the possibility of budgetary commitment for more than one year is at present excluded. Given this fact the following scheme can be considered:

A basic document together with the Work Plan and budget for the first year is submitted for approval to PPRC. The basic document specifies the purpose, categories of outputs and activities (functions) without quantitative targets; it outlines the strategy of the IPS for the forthcoming period and addresses all other issues as specified in the Minutes of the PPRC meeting held on 14.7.1994. The quantitative targets for Outputs and Activities are laid down in the annual Work Plan and the related Inputs and Budget.

The following years only the Work Plan (with quantitative targets), Inputs and Budget are prepared and submitted to the PPRC secretariat. It is up to the decision of the Chairman of the PPRC whether he wishes to submit the document to PPRC or if he clears it for negotiation with the Government.

The possibility of amending the budgetary rules for this project would have to be discussed at a high-level meeting.

3. IMPLEMENTATION

Delivery of inputs

39. Delivery of inputs proceeds on the basis and within the framework of a budget which is prepared and approved on an annual basis. The contribution of the Government of Japan to IDF for this project is made in Yen, the budget sheets are expressed both in Yen and in US\$.

40. In the last three years there has been a steady increase in the annual budgets of the IPS Tokyo (see Tables 1 - 3, column "Project Document"). The increase in US\$ budgets results partly from the appreciation of the Yen, but there has also been an actual increase in the budget in Yen value.

41. A comparison of the budgets as approved in the project documents with the total allotments according to the latest Detailed Report on Projects (31/12/94) indicates some deviation. This is caused partly by the above-mentioned changes in foreign exchange rates and partly by the carry-over of balances from previous years.

42. The tables below also show that there is considerable deviation between the budget and the total allotment for individual budget lines. This results from (relatively frequent) budget revisions (four budget revisions under US/GLO/93/084 alone).

43. Comparing actual expenditures with originally approved budgets for individual input items during the first two years one can detect the following deviations:

- reduction in administrative support personnel (BL 13).
- increase in national experts (BL 17).
- increase in project travel (BL 15).
- increase in premises/rentals (BL 43).
- increase in delegate programme in 92/93 but lower expenditures than budgeted in 93/94 (BL 31, 32 combined).

The increase in expenditures in comparison with budget costs is only partly caused by the appreciation of the Yen; most of the deviation is due to reallocation of the budget between individual budget lines. The most important issue seems to be the reduction in administrative personnel and the lower than budgeted expenditures for the delegate programme in 1993/94.

44. The main inputs consist of personnel, delegates and equipment (including premises). Personnel (international, national, administrative) represents approximately 53 - 57 % of total expenditures. In physical terms the actual delivery of the main inputs was as follows:

STAFFING

A) International Experts

BL-1101 Head of Service: directs and manages the operation of the Service. Mr. Takeshi Izumi has been in this position since 1 October 1991.

Table 1

BUDGET AND EXPENDITURES (9/92-8/93)

UNIDO Service in Japan for the Promotion of Industrial Investment in Developing Countries				
Project number: US/GLO/92/117				
Budget Lines	Project Document (\$)	Detail Report on Projects as at 31/12/94		
		Total Allotment (\$)	Expenditure (\$)	Uncommitted Balance (\$)
11 International experts	268,100	279,816	257,494	22,322
13 Adm. support personnel	275,000	189,993	222,802	- 32,809
15 Project travel	40,000	64,088	71,373	- 7,285
16 Other personnel costs	-	16,638	15,356	1,282
17 National experts	120,000	111,374	128,599	- 17,225
18 prior years' obl.	-	- 25,000	- 25,000	-
31 Delegates	-	-	62,821	- 62,821
32 Study tours	42,000	86,643	22,127	64,516
41 Expendable equipment	20,000	37,622	43,417	- 5,795
42 Non-expendable equipment	5,000	20,782	-	20,782
43 Premises	156,000	164,356	167,511	- 3,155
51 Sundries	34,425	69,240	88,579	- 19,339
55 Hospitality	8,000	8,322	8,308	14
99 PROJECT TOTAL	968,525	1,023,874	1,063,387	- 39,513

Table 2

BUDGET AND EXPENDITURES (9/93-8/94)

UNIDO Service in Japan for the Promotion of Industrial Investment in Developing Countries					
Project number: US/GLO/93/084					
Budget Lines	Project Document (\$)	Detail Report on Projects as at 31/12/94			
		Total Allotment (\$)	Expenditure* & Disburse. (\$)	Obligation & Commitment (\$)	Uncommitted Balance (\$)
11 International experts	324,730	362,114	312,594	-	49,520
13 Adm. support personnel	248,137	225,745	204,587	25,448	- 4,290
15 Project travel	88,361	127,593	125,352	-	2,241
16 Other personnel costs	17,213	18,919	-	-	18,919
17 National experts	60,508	152,714	132,544	16,142	4,028
31 Delegates	-	87,824	85,748	15,823	- 13,747
32 Study tours	113,115	-	-	-	-
41 Expendable equipment	40,574	49,457	35,141	-	14,316
42 Non-expendable equipment	16,394	27,044	31,162	20,338	- 24 456
43 Premises	172,131	217,125	210,855	1,407	4,863
51 Sundries	71,160	96,816	96,571	5,962	- 5,717
55 Hospitality	8,935	9,859	5,747	990	3,122
99 PROJECT TOTAL	1,161,266	1,373,686	1,238,299	86,110	49,277

* Including prior year's obligations

BUDGET AND EXPENDITURES (9/94-8/95)

UNIDO Service in Japan for the Promotion of Industrial Investment in Developing Countries					
Project number: US/GLO/94/304					
Budget Lines	Project Document (\$)	Detail Report on Projects as at 31/12/94			
		Total Allotment (\$)	Expenditure* & Disburse. (\$)	Obligation & Commitment (\$)	Uncommitted Balance (\$)
11 International experts	467,906	402,906	120,996	157,643	124,267
13 Adm. support personnel	212,264	212,264	-	51,887	160,377
15 Project travel	75,472	75,472	7,727	20,506	47,239
16 Other personnel costs	19,811	19,811	-	-	19,811
17 National experts	147,595	212,595	476	156,097	56,022
31 Delegates	-	136,793	276	48,833	87,684
32 Study tours	136,793	-	-	-	-
41 Expendable equipment	28,302	28,302	-	14,151	14,151
42 Non-expendable equipment	4,716	4,716	-	3,350	1,366
43 Premises	169,812	169,812	-	66,035	103,777
51 Sundries	64,717	64,717	1,293	28,300	35,124
55 Hospitality	9,545	9,545	183	4,534	4,828
99 PROJECT TOTAL	1,336,933	1,336,933	130,951	551,336	654,646

* Including prior year's obligations

BL-1102 Investment Promotion Expert: Deputy to the Head, primarily responsible for operational activities. Mr. Hitoshi Seki, who was in this position since 1 November 1991, left the office as of 31 October 1994. Mr. Yuji Shimo-osawa was appointed as of 1 December 1994.

BL-1103 Investment Promotion Expert: a new post created in charge of Management Engineering under US/GLO/94/304 for 1 m/m, has not been utilized as of February 1995.

B) Administrative Support Personnel

BL-1300 This covers secretarial, accounting and general services. The number of formally employed personnel largely varied during the period. In the beginning of US/GLO/92/117, there was a staff of seven members, and during US/GLO/93/084, the number was decreased to three, one for accounting, one secretary and one for supporting the Delegate Programme. Furthermore, the accountant began a one year long maternity leave in December 1994, and two other staff are also expected to take maternity leave in the coming two to four months. In order to keep the office running, two persons were recruited under a Special Service Agreement contract for a limited period of time. The long leave of all three personnel is expected to affect the project particularly towards the end of US/GLO/94/304.

C) National Experts

BL-1701 Investment Management Expert: in charge of the Delegate Programme and DIPP. Mr. Iwao Hyakutake continues to be in this position.

BL-1702 Business Promotion Expert: in charge of the Delegate Programme. Mr. Hiroyuki Yamazaki was in this post until 31 March 1993, then Ms. Asako Tokuda assumed this post from 1 September 1993.

BL-1703 National Expert for the Delegate Programme Ms. Shio Nemoto started on 23 February 1994.

BL-1704 National Expert for the Delegate Programme. Mr. Akira Koreeda served under this post for eight months from 1 April 1994 to 30 November 1994, then Mr. Ferda Gelegen assumed this post since 1 January 1995.

45. The current staff have an adequate educational background (mainly economics), excellent knowledge of English, good computer literacy. However, the recruitment of personnel on an annual basis only makes it difficult to recruit professionals with expectations of long-term career development.

46. In the management of Japanese offices, particularly in small-sized offices like IPS Tokyo, a clear division of responsibility tends to lose in favour of flexibility in daily operation. In IPS Tokyo, an attempt is made to let all staff participate in investment promotion activities and to engage all staff in training in process technologies. One of the general service staff has been assigned to and is capable of supporting the delegate programme, which nominally

is the job for a national expert. Because of the good capability of some of the general service staff, crossing-over of responsibilities among different employment categories is not a problem.

47. A more pressing issue is the expected long maternity leave of three staff. One general service staff (accounting) is already on maternity leave (since December 1994), and one secretary and one supporting staff for the delegate programme are expected to begin extended leave in April and June 1995 respectively. A small-sized office like IPS Tokyo will have difficulty dealing with such a reduction in manpower.

DELEGATES

48. So far 14 delegates were seconded to IPS Tokyo and participated in the promotional activities. Under US/GLO 94/304, cost sharing with home countries is planned to increase the number of delegates by a maximum of 10. If this is implemented, the total number of delegates in three years would be 24.

	<i>NUMBER</i>	<i>COUNTRY</i>	<i>LENGTH</i>
US/GLO/92/117	7	Nepal, Vietnam, Philippines, Sri Lanka, Turkey, Peru, Mongolia	3 months
US/GLO/93/84	7	Thailand, Bangladesh, Hungary, Philippines, Bulgaria, Czech, Peru	3 months
US/GLO/94/304	Maximum: 10	Philippines, Sri Lanka, other countries not decided	3-4 months

EQUIPMENT

49. Office equipment, in terms of allocation of personal computers, has been substantially improved during the past three years. Each staff is now provided with one note book computer with word processor and a spread sheet software both in English and Japanese. However, the operational software is in Japanese only. Because of the importance of documentation in the Japanese language, four Japanese word processors have also been installed. The total number of personal computers is 14, with 6 printers and 4 word processors. One computer has been allocated for the sole use of DIPP.

Activities

50. Activities as described in the project document are conceived as functions of IPS Tokyo; their assessment is closely related to the assessment of the Outputs (see Chapter 4).

Cooperation with other projects and agencies/institutions

a) US GLO 94 076 Investment Promotion Programme for Developing Countries

51. The purpose of the project is to enhance the understanding of government officials and industry managers in two Central Asian countries of the issues related to foreign direct investment and promotion of investment, particularly from Japan. IPS Tokyo is closely linked to this project, it will support its implementation (the project has started recently) through the activities of an expert stationed at IPS Tokyo and also financed partly (50%) by IPS Tokyo.

52. Conceptually the linkage of these two projects is very functional. It can be considered as a model case of combining technical cooperation with investment promotion: the technical cooperation project will improve the conditions for effective investment promotion, the involvement of IPS will ensure that the implementation of the technical cooperation project actually meets the requirements of investment promotion. It is also expected that through established contacts and post-training activities of the seminar participants, some investment project ideas may be identified and followed up by IPS Tokyo.

It should, however, be noted that this activity of IPS was neither envisaged in the project activities nor in the project budget. The above mentioned expert stationed at IPS Tokyo is recruited under BL-17; with his professional and cultural background and successful record as a former Delegate, he is well qualified to carry out effectively his duties in the Central Asian environment.

b) US GLO 93 113 Industrial Cooperation for Promotion of Investment Projects in Developing Countries to be undertaken by the Japanese Private Sector

53. The project provides support to Japanese investors/private companies, planning to set up investment or other industrial cooperation projects abroad, mainly in the form of pre-investment studies which should verify the feasibility and profitability of their projects. The assistance is provided at an advanced stage of the investment decision-making process.

The project (also funded by the Government of Japan) is physically sharing the premises of the IFS office and it must appear to be an integral part of IPS Tokyo to an outsider. In the UNIDO concept of investment promotion (as explained above) the advisory services to investors is actually do represent an integral part of the investment promotion cycle which should be considered as a distinguish feature of the UNIDO investment promotion programme. For "historical reasons" these two projects are, however, administered and managed separately, with separate project documents and budgets.

54. Irrespective of the administrative arrangements it is clear that the two projects are or should be functionally closely linked: projects promoted by IPS should be among the candidates for support through the pre-investment studies. All actors in both projects are aware of this functional linkage, and yet only two cases of investment projects identified and promoted by IPS Tokyo and supported through a pre-investment study under the other (technical cooperation) project could be recorded (Indonesia, Turkey).

One of the reasons is the fact that IPS operates at the initial stage of project promotion. Dissemination of information and advisory support at the very initial stage of project development do not create enough opportunities to identify needs and stimulate demand for more in-depth advisory services in feasibility studies as they can be offered by the other "partner" project.

In addition to that there are other factors inhibiting cooperation, such as the small size of many projects promoted by the IPS; the evaluation mission could only reconfirm that, in most cases, investment decisions on small projects are not based on structured and formalized pre-investment studies but on rudimentary calculations and the personal experience of Japanese businessmen.

c) Cooperation with organizations agencies

- Japan External Trade Organization (JETRO)

55. JETRO conducts its own investment promotion activities through seminars, by sending missions abroad and by providing advisory services to potential Japanese investors. A monthly investment newsletter is sent out to 2,000 enterprises, in which project profiles from UNIDO IPS Tokyo are also introduced, together with investment projects identified through JETRO's overseas offices. Joint seminars with IPS Tokyo were conducted for Sri Lanka, Turkey and China in 1994. It is rather unfortunate that a regional seminar on five countries including Sri Lanka organized by JETRO in Osaka at the beginning of 1995 could not be attended by the Delegate of Sri Lanka as he arrived at IPS Tokyo a few weeks later. (Sri Lanka was represented by another staff member from the Board of Investment, not from the Promotion Department.)

56. Besides general promotion activities, JETRO initiates in-depth project-based assistance for SME through JETRO Overseas Investment (JOIN) programme. JOIN helps a potential Japanese investor to visit target countries and meet with potential local partners in 13 countries (ASEAN, China, India, Pakistan, Sri Lanka, Bangladesh, Vietnam, South Korea and Saudi Arabia) and supports him through a soft loan on the condition that the project passes a screening process verifying that it will have a developmental impact. An average of 20 projects were studied every year. Since 1986, 18 projects were concluded under the programme. Recently JETRO started another promotional activity targeted at supporting industries, focusing first on Malaysia and Thailand (1994) and extending it to the Philippines and Indonesia in 1995.

57. JETRO, through its extensive network of overseas and domestic offices, has a leading role in government (MITI) financed foreign investment promotion activities. Collaboration with UNIDO IPS Tokyo seems to be active, and through JETRO, IPS Tokyo can extend its access to industry.

- ASEAN Center

58. The ASEAN Center for Promotion of Trade, Investment and Tourism (ASEAN Center) was established in 1981 as a small international organization. 90% of the budget is financed by Japan and the rest is shared by six ASEAN countries. The main activities of the Investment Division are: 1) Publications on Investment Regulations of each country; 2)

Investment Seminars (14 seminars/year); 3) Sending out Investment Missions; and 4) Exchange programme of entrepreneurs between Japan and the ASEAN countries. As a supporting tool for implementing these activities, company-level data on potential investors in Japan and potential partners in the ASEAN countries are under preparation. IPS Tokyo cooperates with the ASEAN Centre by holding joint seminars.

- *CHU-SAN-REN (Central Japan Industries Association)*

59. CHU-SAN-REN, located in Nagoya, is a non-profit organization offering industrial management consulting and training services to its 1,000 member firms in the central region of Japan, where a number of large manufacturers are located along with their supporting industries. About 70% of the CHU-SAN-REN members are SMEs. Due to mounting pressure to relocate manufacturing activity to less costly locations in overseas, CHU-SAN-REN is also providing information and advisory services to its members.

UNIDO IPS Tokyo is in frequent contact with CHU-SAN-REN for identifying potential investors from central Japan. For CHU-SAN-REN, information from IPS Tokyo is valuable due to its neutrality and punctuality, particularly the information provided by delegates coming from relevant investment promotion authorities.

- *GIFU Prefecture: Small and Medium Enterprises Promotion Public Corporation*

60. This is one of the regional promotion agencies established at each of 48 prefectures. The activity is supported by Small and Medium Enterprise Promotion Law of MITI. Due to the increasing interest of enterprises in GIFU Prefecture, the Corporation formed a study group for international cooperation with 35 core member companies, mostly manufacturers. This group established a bi-lateral cooperation agreements with enterprise groups in Singapore (1989), Sri Lanka (1992) and South Korea (1994).

There are more than 20,000 small and medium enterprises in Gifu prefecture and 4,500 indicated interest in international cooperation activities. The investment seminars were recently conducted for Malaysia, Thailand, Philippines, Vietnam, Bangladesh, Taiwan, Germany and the State of Michigan. Delegates from IPS Tokyo conducted the seminars on Thailand, Philippines and Bangladesh while seminars on other countries were supported by staff of the embassies of the respective countries.

61. Collaboration with this Corporation is a useful channel for IPS Tokyo to access local enterprises. It is important for IPS Tokyo to keep contacts with prefecture SME promotion organizations such as the one in Gifu.

- *KEIDANREN*

62. Japan Federation of Economic Organizations (KEIDANREN) consists of 1,000 large enterprises and industrial associations. It recently established an Asian Affairs Department in order to support increasing cooperation with Asian countries. KEIDANREN established cooperation committees for several countries which hold yearly meetings (Indonesia, Thailand, Vietnam, Taiwan and Turkey). The main subjects discussed are trade, investment and human resource development.

KEIDANREN sends economic cooperation missions abroad every year. In 1994, it sent missions to Bangladesh and Myanmar, missions to India and Pakistan are planned for 1995. The missions consist of 30 to 50 members. KEIDANREN also established an investment company, named JAIDO, for investing in developing countries.

63. IPS Tokyo has conducted several investment seminars jointly with KEIDANREN. Since KEIDANREN is representing large Japanese enterprises, the "visibility" impact of cooperation with KEIDANREN for IPS Tokyo is quite significant.

UNIDO IPS Tokyo as part of the IPS Network

64. IPS Tokyo receives from the IPS Network project profiles generated through UNIDO programmes in many developing countries and countries in transition for promotion in Japan. Most of them are channeled through UNIDO Headquarters, several of them have been submitted directly from another IPS Office (Paris). IPS Tokyo has not submitted "their" projects for promotion to other IPS offices.

65. IPS Tokyo keeps sending final reports of the Delegates directly to all other IPS offices. In order to increase the homogeneity of the Network the IPS Tokyo exchanged staff with IPS Washington and IPS Paris (one person from each IPS, duration one month). Effectiveness of this arrangement was not assessed.

66. An important aspect of the IPS Network is the standardization of terms, procedures and databases. As regards terms and procedures, IPS Tokyo follows the Operational Manual.

There are, however, some problems as regards data management. DIPP is not yet operational, the only computerized database is that of potential investors in Japan. Information on projects and on their status is managed by individual staff.

67. IPS Tokyo has a critical view of Part II of the Industrial Investment Project Profile - IIPP. While the argument for more information about the partner (Part I) and lower attention to Part II is justified by reference to local conditions (under which knowledge of the partner and confidence building are more important than neatly computed ratios), the principle of "quality stamp" and standardization of the Network must be preserved. This requires intense attention by Headquarters.

68. The IPS Tokyo operates primarily at the initial stage of the project promotion and development cycle and less at the "downstream" level, that is at the level of supporting negotiations of the business partners through specialized advice on technical, economic or legal aspects of business negotiations. Significant, if not the dominant component of IPS activities is the dissemination of information on countries (mainly through the country seminars under the delegate programme) and on individual industrial cooperation opportunities in developing countries and countries in transition. This is well in compliance with the principles of some bodies in the Government structures and with the fact (repeatedly and independently emphasized by different interviewees) that the awareness, knowledge and information about foreign countries (and particularly those "west of Myanmar") by the small and medium scale industry is still very low. It is, however, not fully in compliance with the trend in the UNIDO IPS Network as described in Chapter 2.

69. This fact also has an impact on the possibility of cooperation with the partner project "Industrial Cooperation for Promotion of Investment Projects..." as described under a separate sub-heading.

As explained elsewhere, there are objective reasons inhibiting the entry of IPS in the specialized advisory services (small size of the projects, limited demand for consulting services, importance of confidence building, etc.) In addition to this the IPS does not have at present enough staff with technical and commercial/legal background to provide such services.

70. IPS Tokyo announces a policy of shifting the activities more "upstream". At present this is reflected in the role IPS Tokyo will play in the implementation of the project US/GLO/94/076 in Kyrgyzstan and Uzbekistan. Comments on cooperation with this project are provided under a separate sub-heading.

Backstopping by UNIDO Headquarters

71. Substantive backstopping of the Tokyo by UNIDO raises no problems on the part of IPS Tokyo. However, the mission noted that IPS Tokyo is not fully aware of and supplied with UNIDO documentation and literature related to investment promotion and transfer of technology. In particular the documentation related to technology transfer negotiations may prove very useful for the office in its effort to upgrade the professional level of the staff by in-house training.

Some recent proposals and policy issues raised by IPS Tokyo for discussion with Headquarters remained unanswered. Thus, it appears, a more intensive interaction on substantive matters between UNIDO Headquarters and the IPS Tokyo is required.

Monitoring by MITI and MOFA

72. There are regular quarterly meetings of MITI with IPS Tokyo, which are sometimes attended also by MOFA. Annual reports are received by MITI and MOFA. Both MITI and MOFA expressed satisfaction with the reports and/or frequency of consultations.

Operational management and administration

73. Regular weekly meetings are held with all staff and Delegates. The evaluation mission attended one of these meetings and confirms that they represent an effective mechanism of operational management.

74. Administration of an IPS office is a very complex task, the evaluation mission could only deal with a few segments:

Work Programmes are prepared and submitted to Headquarters. In a very succinct way (approx. one page) they formulate strategy and numerical targets which IPS Tokyo can control.

Four-monthly reports and Annual reports are submitted as required by the Operational Manual. It should, however, be noted that the projects end already in August and the Annual Report could be submitted before January.

The level of the imprest account is 12 mil. Yen. Monthly statements of imprest accounts are received regularly.

Project US/GLO/92/117 has not yet been financially completed because there are still unsettled obligations on BL 17-02 (\$ 11034), BL 31-01 (\$ 1400) and BL 31-02 (\$ 3800). The delay is not caused by the IPS Tokyo.

Monitoring of inquiries and of IPS visitors is not centralized.

Monitoring of contacts established by Japanese investors at investment fora is not comprehensive.

Administration of the office requires close cooperation with and support by the relevant units of Headquarters. Delays in (annually repeated) recruitment of staff have a negative psychological impact on them.

Cooperation with Ms. Zimmermann and Ms. Doertbudak was highly appreciated by the Head of the Service.

4. RESULTS

Outputs produced

75. As explained under Chapter 2, the Outputs formulated in the project document have certain deficiencies and can only partly serve as a yardstick for assessing the performance of IPS Tokyo. Nonetheless, the assessment of the outputs produced by IPS Tokyo starts with the comments on the production of these outputs.

Output 4.1.1

"An up-to-date list of enterprises in Japan interested in and suitable for investing in developing countries"

76. The list has increased during the period under evaluation from 2000 to 3200 persons. New persons have been identified in particular in the prefectures outside Tokyo, which reflects compliance with the recommendations of the previous evaluation mission "...to develop linkage and systematic contacts with the relevant institutions and organizations for the SME at the provincial and lower levels." Most of the additional entries are from small- and medium-scale industry.

77. The list is a list of persons and not that of companies so that a list of companies represented by these persons would be shorter (according to the estimate of the IPS staff approximately by 20%). Secondly, the contents of the database is rather elementary: name, address, telephone and fax number, ISIC code, countries of interest, origin of contact and a record of participation at IPS-sponsored promotional activities (which very often are the origin of the contact). Thus, the database allows searching by:

- country of interest
- ISIC sector
- administrative unit (prefecture)
- seminar participation.

In practice the list is mainly used as a mailing list for the UNIDO IPS Tokyo Newsletter.

Output 4.1.2

"900 projects promoted and a number of contacts established between potential partners in Japan and in developing countries"

78. A total of 2474 projects were received and selected for promotion through the IPS Newsletter in the period September 1992 - December 1994. Most of them (1760) were received from the IPS Network through UNIDO Headquarters, 317 were brought by the Delegates. Other sources included direct contacts, direct submission by other IPS offices (Paris) and a larger package of projects (334) submitted by the City of Shanghai. Thus, in numerical terms reality exceeded by far the target level of the project document. Promotion of these projects consists, in principle, in the dissemination of elementary information about the projects (project title, production capacity, investment, cooperation sought) and some

explanatory remarks in the IPS Newsletter (a bi-monthly), in the newsletters of some cooperating organizations/agencies (JETRO) and in some periodicals (such as International Development Journal, etc). The scope of total dissemination through these channels is considerable (almost 50000 subscribers).

In one case (Gifu Small and Medium Enterprise Promotion Public Corporation), the mission was informed that the dissemination of the information on project profiles in their newsletter was discontinued due to low response.

79. The other part of the output, "a number of contacts established between potential partners in Japan and in developing countries" is not fully monitored. The centrally monitored response to the advertisements of the project profiles in the Newsletter and other media recorded approximately 80 inquiries in 1994. In most cases the project profile was sent to the person interested in it. Other inquiries resulting from direct contacts, country presentations, etc. are recorded by individual IPS staff responsible for the country of interest. These inquiries and contacts with IPS office are followed up. However, due to insufficient follow-up of the responses to the Newsletter dissemination, the monitoring of contacts possibly established between the investor and the developing country is not complete.

The indicator "projects under negotiation" can be used as a proxy indicator. At the end of December 1994, 17 projects were under negotiation (see Annex 4).

80. Both the number of responses/inquiries and the number of projects under negotiation indicate that the dissemination of information on project profiles - though very extensive - brings about only limited results.

Output 4.2.1

"40 delegates trained on the job: on the average 15 projects promoted in Japan per delegate"

81. By the end of 1994, 14 delegate secondments were implemented (see Annex 5), two delegates are currently with IPS Tokyo (Sri Lanka, Philippines) and further 8-10 delegates will be accommodated under the programme by the end of the project. This will still leave the total figure below the target level.

82. The output includes an on-the-job training component. The first two days are used for intensive orientation at IPS. During the next two to three weeks the Delegate visits relevant organizations to study the Japanese business environment and industry.

83. While accumulation of experience and knowledge about investment promotion in Japan is a very important result of the programme, the actual promotion of cooperation with industry in the home country of the delegate is of primary importance. Country presentations are organized at an early stage of the delegate programme. The rest of the period is used for promotional activities. From this point of view, it is important that the so called "shuttle" programme is used by one and the same person who could not only build up on the general knowledge accumulated during the previous secondment, but also follow up promotion of projects which were initiated during the first secondment and not yet concluded. Three

delegates (from Turkey, Thailand and the Philippines) have so far made use of the shuttle programme. Four other countries (Sri Lanka, Peru, Bangladesh and Vietnam) sent again a delegate, but not the same person. According to the interviews, the shuttle programme is appreciated and, in the case of Turkey and the Philippines it definitely increased the effectiveness of the delegate programme.

84. The duration of each secondment was three months in spite of the recommendation of the previous evaluation mission that "...variations in terms of duration..." be introduced. It is only now that the duration is extended to four months.

85. In compliance with the recommendations of the previous evaluation mission, most of the new delegates were interviewed either by the IPS staff, Headquarters staff or a UNIDO Country Director (UCD).

Most of the delegates have come from institutions and bodies dealing with promotion or regulation of investment (Board of Investment); none of them represented one company. In view of the above mentioned importance of actual investment promotion to be carried out by the delegate, the selection of the institution in some cases raises doubts (Central Reserve Bank, Ministry of International Economic Relations).

86. All the delegates have brought with them project profiles (5 - 15) which have been promoted through the Newsletter and through their own activities. However, it should be noted that none of the delegates interviewed by the evaluation mission managed to bring any of these projects to a successful conclusion. On the other hand the delegates succeeded in promoting projects initiated during their secondment with IPS Tokyo. These projects evolved from responses to their country presentations, participation at various promotional events (like trade fairs, events organized by embassies or other agencies of the home country), interviews in public media and the follow-up direct personal contacts.

87. Direct personal contacts were identified by all delegates interviewed as the most effective mechanism of investment promotion in Japan, where confidence-building is a prerequisite of any investment decision. Support of IPS to a delegate is in this context of great value and very cost-effective; the staff are well qualified and dedicated to provide such support, as confirmed by the delegates interviewed. At the same time, the confidence-building and the image of neutrality as a strong marketing factor of IPS Tokyo require that the delegates in their country seminars present a well balanced and unbiased portrait of the conditions for industrial cooperation in their countries. The mission could not assess this aspect through first hand observations but it was informed that the delegates were instructed in this spirit.

Output 4.3.1

"A number of business contacts between project sponsors of developing countries and potential Japanese investors established and business negotiations initiated"

88. Formally this output is a modification of the output 4.1.2 and the comments made in that context apply here as well. In particular the indicator "projects under negotiations" would apply.

However, from related activities it follows that this output in fact should read "specialized advisory services to business partners provided". Interpreted in this way, the performance has been rather limited. IPS Tokyo operates primarily at the initial stage of project promotion and development cycle and less at the "downstream" level, that is at the level of supporting the negotiations and decision making of the business partners through specialized advice on technical, economic, legal and other aspects of industrial cooperation and on access to credit lines. The small size of the project is another factor: as confirmed through interviews of several investors and various agencies, small scale industries in Japan take decisions on the basis of their own calculations and experience so that there is hardly any demand for such services. (The role of a consultant is generally less important in Japan than in the USA or Europe.) As a result of these factors, specialized advisory services were provided only in a few cases and exclusively by the IPS staff, not by engineering consulting facilities of Japan as envisaged in the project document.

89. Two additional remarks need to be made in this context. First, this type of services are partly provided by the "partner" IDF-project located on the premises of IPS; cooperation with this project is commented upon under a separate sub-heading. Second, at present IPS Tokyo does not have enough staff to carry out such activities, even if the problem in demand were overcome. The IPS has been organizing training of its staff on technical issues (see Annex 6) but conducting or backstopping engineering or legal advisory services would require additional recruitment with adequate professional background.

Other Outputs

90. In addition to the outputs discussed above, IPS Tokyo carried out activities and produced other outputs the use of which can support decisions on establishing international industrial cooperation:

Country seminars

91. In combination with the delegate programme, the country seminars proved to be an effective tool in investment promotion particularly. They contribute to the general information about the developing countries the knowledge of which by the SMEs is very low (in particular those "west of Myanmar"). Several persons interviewed believe that they are useful even if no immediate follow up can be recorded since they contribute to the confidence-building process which may result in a decision at a later stage.

UNIDO IPS Tokyo performance in this area is considerable. During the first two years of the period under review the IPS organized 55 country seminars which were attended by 2535 participants, on average 46 participant per seminar. (Additional 7 seminars were organized in the last four months of 1994.) Many of them were organized in cooperation with other organizations and agencies (JETRO, Keidanren, Gifu Small and Medium Scale Public Promotion Corporation, etc.). This is a very effective arrangement to access some segments of the industrial community.

92. Another positive aspect of the seminars is the use of Japanese small scale investors with experience of starting business in a given country for presentations of their experience at the seminars. This arrangement contributes to the neutrality image of IPS Tokyo and to confidence-building, the importance of which was highlighted at another place.

Support to Invesmarts

93. In the period September 1992 - December 1994 altogether 12 investment fora were organized by UNIDO. Investors from Japan participated at 8 of them (see Annex 7). There are some differences in the number of participants from Japan recorded by UNIDO Headquarters and those recorded by IPS Tokyo. Irrespective of these differences both records indicate that investors from Japan participated almost exclusively at fora in Asia (the exceptions are the Post-Soviet Republic Conference in Vienna and a forum in Argentina). No investors from Japan attended fora in Africa. This is a regrettable fact the blame for which, however, could hardly be given to IPS Tokyo (or to IPS Tokyo alone).

94. IPS staff attend the fora in order to support the investors from Japan in their matchmaking and negotiations. Unfortunately, little information is available about contacts established at the fora and their current status.

IPS staff also attended fora with a very low number of Japanese participants (Argentina: 2 participants according to UNIDO Headquarters, 7 according to IPS Tokyo records) or fora which were not attended by Japanese investors at all (Madagascar). Cost-effectiveness of IPS Tokyo participation at such fora is doubtful.

Image building

95. In addition to conducting seminars and publishing the bi-monthly UNIDO IPS Newsletter, publicity material (in English) about UNIDO IPS Tokyo was printed and distributed to foreign embassies in Japan. About 30 articles and announcements were published in the local media in 1993/1994 alone.

Objectives achieved

96. There are three immediate objectives in the project document. As analyzed in Chapter 2, the project has in fact only one purpose (immediate objective): to enhance industrial cooperation between enterprises in Japan and developing countries and countries in transition. Achievement of this objective can be measured by indicators such as projects concluded, projects under implementation and operational projects.

In the period under review (September 1992 - December 1994) the following achievements were recorded (for details see Annex 8 and 9):

Projects concluded:	10	
Projects under implementation:	3	data for 9/93-12/94 only
Projects operational:	3	"

No data on projects under implementation and operational projects for the period 9/92 - 8/93 is in the standard activity reports. The low level of indicators is thus partly due to inadequate monitoring of the status of concluded projects; the evaluation mission itself came across information about an operational project which is not included in the records. However, even with this reservation the achievements of the project measured in terms of the above indicators are rather modest.

97. The above indicators do not reflect the purpose of the project in its entirety. As discussed above, some outputs of the projects (accumulated experience and personal contacts established by the delegates, information disseminated at the country seminars, etc.) may contribute to the establishment of industrial cooperation at a later date and/or without notification of the IPS.

98. It should be noted that out of the 10 projects concluded, 4 originated from the Delegate Programme and 3 from fora. Out of the 5 projects under implementation or in operation, 4 were initiated by a delegate. This indicates the relatively higher level of effectiveness of the Delegate Programme compared to other mechanisms of investment promotion.

99. All the above projects are in Asia and Turkey. This reflects the sphere of interest of the Japanese investors and the fact that efforts to promote projects in other regions have not been effective.

Contribution to the Development Objective

100. The development objective of the project is to contribute towards the industrial development and economic growth of selected developing countries. Only projects under implementation and operational projects could contribute to the development objective.

Usually the value of investment is taken as an indicator for the impact of the project on the economy. The value of investment of projects under implementation and operational projects (1993/94 only) is \$ 24 mil. However, the evaluation mission believes that the number of created job opportunities expresses much better the developmental dimension of the newly established industrial cooperation projects. In the category of small and medium industry small amount of investment can generate considerable employment (see brief description of projects in the Reports on Country Visits). And what is even more important: it is not only the wage income and its contribution to the national income (this contribution in monetary terms - due to low wages - is usually insignificant) what matters. The visits to small and medium enterprises established by Japanese investors illustrated well that the integration of young people in the world of value-creating activities, technology application and the working habits of an industrial society are much more important. The long-term social and economic impact is undeniable.

5. CONCLUSIONS

101. In the period September 1992 - December 1994 UNIDO IPS Tokyo carried out an extensive array of promotional activities such as dissemination of information on industrial cooperation opportunities (2474), on countries (62 seminars), mobilization of Japanese investors to participate at investsmarts organized by UNIDO (12 investsmarts) and their support by the IPS staff, support to the Delegates on secondment to IPS (14), lectures and presentations in the developing countries by the IPS staff, etc. Compared with the project document and taking into account the Work Programme for the remaining planning period the target levels will be exceeded by far as regards the dissemination of information on individual projects; it will remain below the target level as regards the number of delegates. The high target number of delegates (40) was influenced by internal budgeting indicators applied by MITI.

102. The achievement of the purpose (increased industrial cooperation) measured in terms of concluded projects, projects under implementation and/or operational industrial cooperation projects was rather modest. However, the quantified results should not be the only criterion of success as the dissemination of information may often contribute to decisions and activities by industrial companies leading to international industrial cooperation at a later date or which for other reasons are not monitored.

103. The country visits revealed that the role of IPS Tokyo in the decision making process of investors varied. While in some cases the contribution of IPS to the decisions on investment abroad was rather modest, in other cases the investors stated that without the support of IPS the decision to invest in the particular country would not have been taken.

104. The effectiveness of individual promotional tools and mechanisms differed. Effectiveness of promoting projects identified and formulated abroad without the participation of a Japanese investor was rather low. This assessment is supported by:

- a rather limited response to dissemination of information on projects received through the WINS network;
- low follow-up by Japanese participants of projects submitted at investment fora (with the exception of China - see Annex 7)
- the fact that none of the delegates interviewed managed to promote any of the projects he brought along from his home country to reach the category "projects concluded", even though he managed to achieve good results when promoting projects initiated in Japan.

The reason is not (or primarily not) the quality of the Industrial Investment Project Profiles. The reasons seem to be:

- the preference of Japanese investors to formulate their own projects;

- the difficulty to find an investor with an interest more or less exactly corresponding to the design of the project formulated without his influence (if there is such a potential investor).

Japanese entrepreneurs, particularly SMEs, have their own ideas and needs for their on-going production and marketing activity, and they consider personal and individual trust relation as the most important factor for decision making.

105. Compared to promotional activities conducted by other organizations, UNIDO IPS Tokyo has been providing a unique investment promotion facility through the Delegate Programme. The opportunity of face-to-face dialogue with delegates from host countries contributed to establishing the trust of Japanese investors from small- and medium-scale industry in less known foreign countries. As these investors need support during the first phase of their activities in a foreign country (language barrier, lack of experience abroad), the support by a delegate (known to the investors from IPS Tokyo) after his return to the home country is of particular importance for them.

The Delegate Programme was the most effective tool for generating and promoting industrial cooperation projects; most of the concluded and operational projects were linked to the Delegate Programme. The Delegate Programme was also the main source of dissemination of country information in the form of country seminars.

Most of the Delegates were selected from appropriate organizations (such as Boards of Investment); none of them represented one company.

Differences in performance of the Delegates were noted. They were mainly caused by personal capabilities, professional background and knowledge of the English language.

The support provided to the Delegates by IPS Tokyo was highly qualified and dedicated.

106. UNIDO IPS Tokyo has a good reputation among the institutions, agencies, business associations and companies which were contacted during the mission. To a great extent the "goodwill" stems from the relationship of the Office with the UN system and from its perception as a neutral source of objective information. However, the socio-economic and institutional framework in Japan as well as in some developing countries represents a challenge for IPS Tokyo: on one side the need for international industrial cooperation is increasing, on the other side business is gradually developing its own capabilities and supporting mechanisms and an increasing number of promotional public, semi-public and private agencies is operating and offering services in this field. To find the most adequate position and strategy for IPS in order to remain needs oriented and to fulfill the mission of an intergovernmental organization with its development objectives is a complex task which requires a continuous critical review and self-reflection.

107. IPS Tokyo is targeted primarily at small- and medium-scale industry, even though it sometimes cooperated and carried out promotional activities with KEIDANREN, the association of big business. This orientation is well justified and fully in compliance with the development objectives of UNIDO.

IPS Tokyo succeeded in extending its activities outside Tokyo, as recommended by the previous evaluation.

108. IPS Tokyo operates primarily at the initial stage of the project promotion and development cycle and less at the "downstream" level, that is, at the level of supporting negotiations of the business partners through specialized advice on technical, economic or legal aspects of business negotiations. A significant, if not the dominant component of the IPS activities, is the dissemination of information on countries (mainly through country seminars under the delegate programme) and on individual industrial cooperation opportunities in the developing countries and countries in transition. This is well in compliance with the position of some bodies in the Government structure and with the fact (repeatedly and independently emphasized by different interviewees) that awareness, knowledge and information about foreign countries (and particularly those "west of Myanmar") by small- and medium-scale industry is still very low. However, it differs from the trend in the UNIDO IPS Network as described in Chapter 2.

109. The indicated level of IPS operations at the initial stage of project promotion is also partly responsible for the difficulty in cooperation with the "partner" project located in the IPS Tokyo premises ("Industrial Cooperation for Promotion of Investment Projects in Developing Countries to be undertaken by the Japanese private Sector"): Dissemination of information and advisory support at the very initial stage of project development does not create enough opportunities to identify the need and stimulate demand for more in-depth advisory services in feasibility studies which can be offered by the other "partner" project.

The results of cooperation with the "partner" project were indeed slim. Only two cases could be recorded when a project promoted by IPS was subsequently supported through a pre-investment study by the other project (Indonesia, Turkey). In addition to the factor mentioned above, there are other factors inhibiting cooperation, such as the small size of many projects promoted by the IPS; the evaluation mission could only reconfirm that investment decisions on small projects are not based on structured and formalized pre-investment studies but on rudimentary calculations and the personal experience of Japanese businessmen.

Separate management of the two projects may have contributed to the lack of linkage between the two categories of activities as well.

110. The contents of the database of Japanese entrepreneurs as a resource of potential investors were found less elaborate than the model database designed in DIPP. This was partly balanced by the fact that company level information was obtainable through regional organizations and associations such as public corporations under prefecture government, associations and chambers who are in regular contact with those enterprises.

111. The staff of IPS Tokyo are well qualified to perform the current activities, in particular support to the Delegate Programme. Providing specialized advisory services would require recruitment of additional staff. However, the current system of recruitment of staff on an annual basis does not support recruitment of highly-qualified staff with expectations of long-term career development.

6. RECOMMENDATIONS

112. The operation of IPS Tokyo should be extended for at least another three years.

113. IPS Tokyo should continue to consider the small and medium industry in the developing countries as well as in Japan as the main target of its promotional activities.

Linkage with the small and medium scale industry in Japan as the key factor of achieving tangible and visible results should be extended using the access mechanisms and databases of regional organizations and corporations under the prefecture governments (as already practiced in the Gifu prefecture).

114. UNIDO IPS Tokyo should continue to extend its activities for promoting investment to various countries with a differentiated approach taking into consideration other investment promotion organizations' activities and the unique function of UNIDO as an international organization. For example, remote countries for Japanese investors, particularly west of Myanmar, are area for introduction and dissemination of information as new frontier of investment site. On the other hand, countries such as China and Vietnam or countries in transition to a market economy such as Central Asia require exchange of views concerning legal systems for corporate ownership, tax system and other regulatory frameworks, as a part of investment promotion. In the case of ASEAN countries the focus should be on "supporting industries" (suppliers of components) and environment projects.

115. IPS Tokyo should intensify the Delegate Programme as its most effective mechanism of investment promotion; in particular it should:

- increase the number of delegate-months;
- introduce variations in terms of duration of the secondment, as recommended already by the previous evaluation;
- give preference to the shuttle programme;
- under the shuttle programme, give preference to the same Delegate;
- allow for shorter periods between secondments of the Delegate under the shuttle programme;
- based on the analysis of accumulated experience, elaborate/update detailed criteria for the selection of Delegates.

It may sound like a platitude but the selection of a delegate is a very responsible task particularly in view of the shuttle programme. Selection of the delegate from several candidates applying strict criteria should be pursued with utmost attention.

116. IPS Tokyo should construct a system for a more elaborated database of Japanese enterprises making use of collaboration with JETRO, the ASEAN Centre and local SME promotion organizations. Application of DIPP should also be accelerated.

Similarly, IPS Tokyo should construct a system for sharing promotional information with the above mentioned organizations.

117. As recommended in the evaluation of the project "Industrial Cooperation for the Promotion of Investment Projects in Developing Countries to be Undertaken by the Japanese Private Sector" (August 1994), IPS should transfer the projects (profiles) promoted by IPS to the above-mentioned project, where feasibility work will facilitate investment decisions by the Japanese entrepreneurs. As there seems to be a gap between the levels of detail at which the projects operate, it is necessary first to examine whether IPS-promoted projects (most of which are small-scale) can make use of such services. Cooperation between the two projects should, therefore, be intensified with this purpose in mind.

118. Cooperation with the technical cooperation project in Uzbekistan and Kyrgyzstan (US/GLO/94/076) is highly useful and desirable. The experience should be evaluated as it may feature new areas for IPS Tokyo activities. These activities should be considered as additional and complementary activities to the main investment promotion activities in Japan.

119. While upgrading the professional capability of the IPS Tokyo staff, use should be made of UNIDO training material related to investment promotion and transfer of technology.

120. In the IPS Tokyo office a system of centralized monitoring of inquiries and a log book of visitors should be introduced.

121. The practice of sponsoring technical cooperation missions of UNIDO staff to Japan which are not related to investment promotion should be discontinued.

122. More intensive interaction between UNIDO Headquarters and IPS Tokyo on substantive matters related to investment promotion is required. Suggestions and conceptual issues raised by IPS Tokyo should be clarified by Headquarters. Of immediate concern is the clarification of acceptability of IIPP modification.

The backstopping section should ensure that investment promotion-related country and sector-specific information generated by UNIDO technical cooperation projects be made available to IPS Tokyo.

123. In order to better assess the developmental dimension of international industrial cooperation and its contribution to poverty elimination, the monitoring and reporting system should include an indicator "generated employment (opportunities)".

124. For different reasons, including the stability of the staff at IPS Tokyo and upgrading its professional qualifications to provide additional advisory functions, it is important that IPS Tokyo be anchored in a longer-term framework agreement. The Government of Japan and UNIDO should consider signing a longer-term legal framework agreement (without specific financial commitment) on the operation of the IPS Tokyo office (with the possibility of its termination by either party after prior notification).

125. As long as the Government of Japan cannot pledge funds to IDF other than on an annual basis, UNIDO should develop a scheme which would simplify the annual procedure of approval of the project on the part of UNIDO as proposed in Chapter 2, sub-heading "Programme Documents".

126. A joint evaluation of IPS Tokyo should be included in the project document. The budget for each year should include on BL-16 a proportional (1/3) provision for the joint evaluation sufficient to cover the cost of a consultant nominated by the Government and a UNIDO staff member.

7. LESSONS LEARNED

127. In the case of small- and medium-scale industry the social benefits of industrial cooperation with a developing country are more important than its impact on macro-economic figures.

128. While the purpose and general principles of all U.S. offices are the same, the specificity of the host country requires a certain flexibility in their application. In the case of Japan investment promotion depends very much on building confidence in the foreign partner and/or institutions.

129. The arrangement of visiting selected target countries before evaluation work at the site of IPS proved to be very effective as it provided valuable inputs to the evaluation work and should be preferred to visiting the target countries after the evaluation at the site of the IPS. It was also confirmed that the visit of only one member of the team in a country is sufficient.

In-depth evaluation**US/GLO/92/117, US/GLO/93/084, US/GLO/94/304****UNIDO SERVICE IN JAPAN FOR THE PROMOTION OF
INDUSTRIAL INVESTMENT IN DEVELOPING COUNTRIES****TERMS OF REFERENCE****L BACKGROUND**

In an endeavour to assist the developing countries in their industrialization efforts through promotion of foreign investment and transfer of related technology and UNIDO in meeting its development cooperation objectives, the Government of Japan has made available to UNIDO a special-purpose contribution for the "UNIDO Service in Japan for the Promotion of Industrial Investment in Developing Countries" - UNIDO Investment Promotion Service (IPS).

IPS Tokyo was established in July 1980 based on an Agreement signed between UNIDO and the Government of Japan for the purpose of further mobilizing the transfer of financial resources and technology from Japan into developing countries. Since then the Agreement was renewed every two or three years for a period of two or three years. The extension of the Agreement was usually based on an evaluation of the IPS. The most recent evaluation took place in January 1992 and consequently UNIDO and the Government agreed to extend the Agreement for another three years until 31 August 1995.

The basic role of the IPS located in Tokyo is to assist the developing countries in the promotion of appropriate industrial investment opportunities by bringing to them the attention of potential Japanese investors.

The main functions and activities carried out by the IPS Tokyo are:

- Bringing to the attention of the interested Japanese enterprises industrial projects to be implemented in developing countries and requiring technology and/or financing (with special attention to small and medium-scale industries);
- Identifying potential partners in Japan and assisting them by providing information and expert advice;
- Organizing contacts between the project sponsors from developing countries and sources of technology and finance in Japan;
- Arranging and organizing seminars, meetings and visits to interested industrial and financial organizations and enterprises located in major cities throughout Japan for establishing operational focal points for potential sponsors from developing countries;

- Organizing participation of Japanese investors and entrepreneurs at investment fora in the developing countries
- Providing information to developing countries on available technologies and existing possibilities for transfer of technology from Japan;
- Providing information and advice to interested parties in Japan regarding forms of industrial co-operation, such as joint ventures, leasing, sub-contracting, licensing, limited time partnerships and any other form of transfer of resources to the developing countries;
- Providing information to enterprises in Japan on the development plans of the developing country concerned and on policies and procedures governing foreign investment;
- Providing information to UNIDO on incentives in Japan as they relate to investment in developing countries;
- Preparing inventory of enterprises in Japan interested in and suitable for investing in developing countries;
- Providing on-the-job support in the field of industrial investment promotion for nationals of developing countries temporarily stationed at the IPS office.

While the main functions of the IPS Tokyo remain the same, the emphasis shifts as the experience of IPS accumulates and the external conditions for investment promotion change; the period under the current Agreement has been distinct by a decline in the growth rates of GNP in Japan and by a global decline of foreign direct investment.

II. SCOPE, PURPOSE AND METHODS OF THE EVALUATION

This joint evaluation is stipulated in the project document US/GLO/94/304; it is to be undertaken not later than six months prior to the expiration of the Agreement currently in effect and implemented through projects US/GLO/92/117, US/GLO/93/084 and US/GLO/94/304.

The primary purposes of the evaluation are as follows:

- (a) To assess the achievements of the project against its objectives and expected outputs as set out in the project documents, including a re-examination of the project design;
- (b) To identify and assess the factors that have facilitated the achievements of project's objectives, as well as those factors that have impeded the fulfilment of those objectives;
- (c) To assess the impact of the services provided by the IPS to entrepreneurs in Japan and in selected developing countries.

As part of the above-mentioned tasks, the mission will also review whether the approaches utilized in the project have led to optimum results, or whether other approaches could have improved the results. It will also review to what degree the recommendations of the previous evaluation were followed up.

The evaluation will address, i.a., the following issues:

- ✿ Adequacy of the present Agreement and project documents
- ✿ Structure (in terms of time and resources), effectiveness and efficiency of different promotional activities:
 - dissemination of IIPPs generated from different sources
 - promotional and advisory services to clients
 - delegate programme (in particular the "shuttle" programme)
 - country presentations
 - seminars
 - information services
 - investment fora
 - cooperation with other IPAs, etc.
- ✿ Geographical dimension of the promotional activities.
- ✿ The extent to which IPS Tokyo is integrated into UNIDO's IPS network and UNIDO's various investment-related programmes (intensity of the contacts; channelling the experience of other IPS offices, etc.)
- ✿ The quality of direction and guidance provided by UNIDO Headquarters; the quality of reporting and monitoring; the quality of Industrial Investment Project Profiles, etc.
- ✿ The contents and working relations established by the IPS with investment-related agencies in Japan and in developing countries; role of the delegate programme in establishing the linkages.
- ✿ Cooperation of the IPS with other UNIDO investment promotion-related projects funded by Japan
- ✿ Linkage with the Japanese business community (regional and sectoral coverage of the database on potential partners; knowledge of their interests and constraints)

A complete list of issues (questions) to be covered by the evaluation will be prepared by the team at the beginning of the evaluation.

While a review of the past is itself very important, the evaluation is expected to lead also to suggestions for the future of the project and for the improvement of the whole IPS Network.

The evaluation will consist of desk studies (analysis of the project documents, annual reports and other project files both at the UNIDO headquarters and at the IPS office in Tokyo), review of databases and other facilities at the IPS office, interviews with the staff at UNIDO headquarters and at the IPS office, with governmental bodies, cooperation agencies and representatives of private industry in Japan. The mission is expected to visit in particular selected governmental institutions such as the Ministry of Foreign Affairs (MOFA), the Ministry of International Trade and Industry (MITI), as well as a number of non-governmental organizations/end-users like industrial organizations, banks and foreign trade enterprises.

Though 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 Government of Japan or UNIDO.

In order to assess the effectiveness and impact of the IPS Tokyo services in the developing countries the evaluation team shall visit two countries to interview direct users of the services provided by the IPS (entrepreneurs, delegates, investment promotion agencies, if appropriate). The countries to be visited will be selected jointly by UNIDO and the Government of Japan. The criteria for the selection of the countries will be: number of projects concluded, delegate programme implemented, travel costs.

Substantive and administrative support to the mission should be provided by UNIDO in Vienna and the IPS in Tokyo.

III. COMPOSITION OF THE MISSION

The mission will be composed of the following:

- One expert nominated by the Government of Japan
- One representative of UNIDO.

These team members should not have been directly involved in the design, appraisal or implementation of the project.

IV. TIME TABLE, REPORT AND BUDGET

The evaluation mission is scheduled as follows:

- two working days briefing at UNIDO (one member)
- two working days visit in two developing countries (each member in one country)
- five working days in Tokyo for interviews
- three working days in Tokyo for drafting the report

The mission will complete its report in draft in Tokyo. The mission will leave a copy of the draft with MOFA, MITI and IID and EVAL in Vienna.

A meeting will be organized at UNIDO Headquarters between representatives of the Permanent Mission of Japan, staff from ITPD/IS and EVAL, in order for the evaluation team to present the findings of the evaluation mission.

Following discussions with the officers concerned with the IPS Tokyo, and upon comments of these organizational units for factual omission or errors, the final version of the report will be submitted simultaneously to the Government of Japan and UNIDO.

As regards the contents and structure of the report, Annex II of the Director-General's Bulletin on in-depth evaluations of technical cooperation projects (UNIDO/DG/B.106) should be followed, taking into consideration the changes required by the special characteristics of the project.

The costs associated to the evaluation will be charged to the project US/GLO/94/304.

Tentative budget requirements (UNIDO staff only):

travel	US\$ 5,000
DSA Tokyo ten days + travel time	US\$ 4,600
DSA one developing country	US\$ 400

As of 3 February 1995

Itinerary of IPS Tokyo Evaluation Mission

- | | | |
|---------------|------------|--|
| 6 Feb. (Mon.) | 10:00 | Meeting with Mr. Cezar Atienza, Director of ASEAN Centre at IPS Tokyo |
| | 11:00 | Briefing at IPS Tokyo |
| | 14:00 | Meeting with Mr. Kadota, Deputy Director, Asian Affairs Dept., Keidanren (Tel: 03-3279-1411) |
| | 16:00 | Briefing at IPS Tokyo |
| 7 Feb. (Tue.) | 10:30 | Meeting with Mr. Osada, Director, Technical Cooperation Div., MITI (Tel: 03-3501-1937) |
| | 14:30 | Meeting with Mr. Yamazaki, Deputy Director, United Nations Administration Div., MOFA (Tel: 03-3581-2924) |
| | 16:00 | Meeting with Mr. Nishino, Director, Investment Promotion Div., JETRO (Tel: 03-3582-5571) |
| 8 Feb. (Wed.) | A. M./P.M. | Briefing at IPS Tokyo |
| | 16:00 | Meeting with Mr. Nakamura, Overseas Business Dept., Fuji Denki Kagaku Co., Ltd. (Tel: 03-3434-1018) |
| 9 Feb. (Thu.) | 14:00 | Meeting with Mr. Ando, Managing Director, Naito Design Institute (Tel: 03-3955-9076) |

17:00 Leave Tokyo for Nagoya by Hikari #251
 18:52 Arrive at Nagoya Station
 19:30 Meeting with Mr. Sasaki, Chief Manager,
 Management Development, Chu-San-Ren
 (Tel: 052-931-3181)

Overnight stay at Hotel Castle Plaza
 (Tel: 052-582-8666)

10 Feb. (Fri.) 9:30 Meeting with Mr. Katagiri, Director, Yume
 Kikaku Co., Ltd.
 (Tel: 0586-72-7773)
 13:00 Meeting with Mr. Sunada, Section Chief
 Small & Medium Industry Promotion
 Public Corp., Gifu Pref.
 (Tel: 0582-77-1092)
 15:39 Leave Gifu-Hashima for Nagoya by
 Kodama #436
 15:50 Arrive at Nagoya Station
 16:02 Leave Nagoya for Tokyo by Hikari #248
 17:55 Arrive at Tokyo Station

11 Feb.(Sat) Drafting the report
 12 Feb.(Sun.) Drafting the report
 13 Feb.(Mon.) Drafting the report
 14 Feb.(Tue.) P.M. Debriefing meetings with MITI and MOFA

LIST OF CONTACTS¹**UNIDO Headquarters, Vienna**

Mr. T. Abela
Regional Co-ordinator, Investment Promotion Programme for Africa Region

Ms. U. Bull
Project Control Assistant, Financial Management of Technical Cooperation Unit

Mr. O. Gonzalez-Hernandez
Head, Evaluation Section

Mr. K. Hagiwara
Industrial Development Officer, Feasibility Studies Branch

Mr. V. Hinojosa-Barragan
Industrial Investment Officer, Investment Promotion Programme for Latin America and the Caribbean Region

Mr. H. Klein
Officer-in-Charge, Investment Promotion Programme for Asia & the Pacific Region

Mr. M. Külür
Regional Co-ordinator, Investment Promotion Programme for Europe & Arab Countries Region

Ms. N. Lindroos-Kopolo
Associate Industrial Investment Officer, Investment Promotion Programme for Asia & Pacific Region

Mr. M. Maung
Senior Inter-regional Adviser for Investment Promotion Network, Investment Service

Mr. A. Nickels
Senior Industrial Investment Officer, Investment Promotion Network Unit

Mr. R. Norris
Chief, Investment Promotion Network Unit

Mr. T. Otsuka
Programme Officer, Government Funds Unit

Ms. F. Prager
Finance Assistant, Accounts Payments Unit

¹ Lists of persons met in Bangladesh and Sri Lanka are attached in Appendix 3 and Appendix 4 respectively.

Mr. H. Pruim
Industrial Investment Officer, Investment Promotion Network Unit

Mrs. M. Subroto
Industrial Investment Officer, Investment Promotion Programme for the Asia & Pacific Region

Ms. A. Suzaki
Industrial Investment Officer, Investment Promotion Programme for Europe & Arab Countries Region

Mr. V. Veltzé-Michel
Regional Co-ordinator, Investment Promotion Programme for Latin America and the Caribbean Region

Mr. S. Zampetti
Director, Investment Service

Ms. E. Zimmermann
Programme Assistant, Investment Promotion Network Unit

Permanent Mission of Japan, Vienna

Mr. Toshimitsu Ishigure
First Secretary

Mr. Yoshiya Araki
First Secretary

Former Delegates, Vienna

Mr. Ferda Gendelen
Former Turkish Delegate

Mr. Vladimír Michálek
Former Czech Delegate

UNIDO IPS Tokyo

Mr. Tadashi Izumi
Head, IPS Tokyo

Mr. Yuji Shimo-osawa
Industrial Development Officer

Ms. Tomoko Ischii
Chief Researcher

Ms. Asado Tokuda
Business Promotion Expert

Ms. Shio Nemoto
Delegate Programme

Mr. Iwao Hyakutake
Investment Management Expert

Mr. Ferda Gelegen
Investment Promotion Expert

Mr. Hitoshi Seki
Asian Productivity Organization, (former staff member of IPS)

Mr. Akira Koreeda
Japan Asia Investment Co., Ltd. (former staff member of IPS)

Ms. Ikue Toshinaga

Mr. Angelo Samson
Delegate, BOI Philippines

Mr. A.W.M. Faizal
Delegate, BOI Sri Lanka

ASEAN Promotion Centre on Trade, Investment and Tourism, Tokyo

Mr. Caesar N. Atienza
Director, Investment Division

KEIDANREN, Tokyo

Mr. Hiroshi Kadota
Deputy Director, Asian Affairs Department

MITI, Tokyo

Mr. Naotoshi Osada
Director, Technical Cooperation Division

Mr. Hideo Shindo
Deputy Director, Technical Cooperation Division

Mr. Naoto Takahashi
Deputy Director, Technical Cooperation Division

Mr. Hideo Endoh
Technical Cooperation Division

MOFA, Tokyo

Mr. Jun Yamazaki
Deputy Director, UN Administration Division

Mr. Masamichi Hashimoto
UN Administration Division

JETRO, Tokyo

Mr. Hiroshi Nishino
Director, Investment Promotion Division

Mr. Tadashi Koitabashi
Director, Planning Division

FDK Tokyo

Mr. Kiyoshi Mori
Deputy General Manager, International Electronics Division

Mr. Fumiaki Nakamura
General Manager, Administration Department

Naito Design International, Tokyo

Mr. Kazumo Ando

Ms. Hisako Naito
President

Chu-San-Ren Management Research Centre, Nagoya

Mr. Gen Sasaki
Director

Mr. Hideo Ishikawa
Project Manager

Yume Kikaku Co.Ltd., Ichinomiya City

Mr. Yoichiro Katagiri

Mr. Yoshio Hibino

Small and Medium Promotion Public Corporation, Gifu

Mr. Hiromi Takahashi
Managing Board Director

Mr. Akiharu Kinoshita
Vice-Chairman

Mr. Hiroshi Sunada
Section Chief

Mr. Masayuki Kawazoe
Standing Advisor

Czech Embassy, Tokyo

Mr. Jiri Brabnik
Counsellor (Scientific and Economic)

Mr. Jiri Svoboda
First Secretary

PROJECTS UNDER NEGOTIATION**September 1993 - December 1994**

<u>Country</u>	<u>Project Title</u>	<u>Origin</u>
Bangladesh	Steel Plate Processing Plant	Delegate
Bangladesh	Manufacturing Industrial Gloves	Delegate
China	Production of Sorghum Board	IPS Tokyo
Czech	Supply of Parts for Press Machines	IPS Tokyo
Czech	Textile Machine	IPS Tokyo
India	Automotive Parts Production	India Invesmart 1994
India	Production of Three-Wheel Car with Diesel Engine	India Invesmart 1994
India	Processed Shrimps	India Invesmart 1994
Peru	Production of Silk Cocoons/Raw Silk	Delegate
Philippines	Automotive Parts Production	Delegate
Sri Lanka	Manufacturing of Ladies' Apparel	Delegate
Sri Lanka	Manufacturing of Ladies' Apparel	Gifu SME Corp. Mission
Thailand	Production of Stamping Dies	Delegate
Thailand	Production of Die-Casting Molds/ Die-castings	Delegate
Thailand	Production of Die-casting Molds/ Die-castings	IPS Tokyo
Vietnam	Garment Manufacturing Plant	IPS Tokyo
Vietnam	Concrete Block Production	IPS Tokyo

**Delegates Invited
September 1992 - December 1994**

Country	Name of Delegate	Period of Programme
Nepal	Mr. Kailash Raj Pokharel Investment Promotion Officer Ministry of Industry	20 Aug. to 9 Nov. 1992
Vietnam	Mr. Nguyen Van Nam Investment Promotion Officer Investment Transaction Center, State Committee for Cooperation and Investment	27 Aug. to 26 Nov. 1992
Philippines	Mr. Godofredo S. Umali Investment Promotion Expert, Department of Trade and Industry Bonded Export marketing Board	19 Jan. to 18 Apr. 1993
Sri Lanka	Mr. C. Ignatius Assistant Manager, Board of Investment, Sri Lanka	19 Jan. to 18 Apr. 1993
Turkey	Mr. Ferda Gelegen Advisor, DEIK	19 Jan. to 9 Apr. 1993
Peru	Mr. Juan Claudio Higa Manager, INTERFIP	6 May to 4 Aug. 1993
Mongolia	Mr. Y. Enhchuluun Officer, Foreign Investment Department Ministry of Trade and Industry	7 May to 5 Aug. 1993
Thailand	Mrs. Naruemol Suthawaree Ministry of Industry	16 Sept. to 15 Dec. 1993
Bangladesh	Mr. M. Jalalul Hai Board of Investment	19 Jan. to 18 Apr. 1994
Hungary	Ms. Katalin Miklos-Kormes Ministry of Int'l Economic Relations	18 Jan. to 15 Apr. 1994
Philippines	Mr. Angelo M. Samson Board of Investments Department of Trade and Industry	19 Jan. to 18 Apr. 1994

Bulgaria	Mr. Ivo St. Kovachev Foreign Investment Commission Council of Ministers	18 May to 17 Aug. 1994
Czech	Mr. Vladmir Michalek Assn. of Plastics Industries of the Czech Republic	18 May to 17 Aug. 1994
Peru	Mr. Carlos Saito Saito Central Reserve Bank of Peru	18 May to 19 Aug. 1994
Kyrgyz Republic	Mr. Aidar Abdeyshev Goskominvest	26 Sept. to 20 Dec. 1994
Thailand	Ms. Suthawaree Naruemol Ministry of Industry (MOI)	27 Sept. to 23 Dec. 1994
Turkey	Mr. Ferda Gelegen DEIK (Foreign Economic Relations Board)	20 Sept. to 12 Dec. 1994

8 Feb. 1995
 IPS Tokyo T. I. File: 勉強会

UNIDO IPS Tokyo Study Meeting July 1994 - February 1995

Date & Time	Title	Lecturer (Company and Contact information)	IPS Tokyo Participants
27 July 1600-1700	Aqueous Polymer Isocyanate Adhesives Mnf. Plant 「水性高分子イソシアネート系接着剤」	Mr. Yasuo TAMURA, G.M., R&D Laboratories Koyo Sangyo Co., Ltd. Tel: 3252-1709 Fax: 3252-1708	Izumi, Seki, Hyakutake, Motoyama, Ishii, Tokuda, Nemoto, Toshinaga, Koreeda
31 Aug. 1700-1800	Husk Fired Thermal Power Plant 「粕柄利用発電」	Mr. Yoshizo TAKATA, President, Mining & Plant Engr. Takata Engineering Corp. Tel: 0427-95-4376 Fax: 96-3790 Mr. Masumi TAKAHASHI, Assistant Manager, Int'l Operation Dept., Drive & Power System Div. Tel: 3271-8791 Fax: 3271-4694	Seki, Hyakutake, Motoyama, Tokuda, Nemoto, Toshinaga, Nemoto, Ishii
14 Sept. 1300-1500	Manufacturing Plant of Ethanol for Medical Use 「医療用アルコール」	Mr. Hideo NODA, President, Kansai Chemical Engineering Co., Ltd. Tel: 06-419-7121 Fax: 419-7126	Hyakutake, Ishii, Motoyama, Koreeda, Nemoto, Tokuda, Toshinaga
28 Sept. 1530-1700	Toilet Tissue Mnf. Plant 「トイレットロールペーパー」	Mr. Toshihiko KONISHI, Vice Sales Manager Kawanoe Zoki Co., Ltd. Tel: 3552-0720 Fax: 3552-9710 Mr. Heihachiro NAKAYAMA, Assistant General Manager Engineering Service Div., Honshu Paper Co., Ltd. Tel: 5467-1028 Fax: 5467-6675	Hyakutake, Ishii, Motoyama, Koreeda, Nemoto, Tokuda, Toshinaga, Suzuki

19 Oct. 1530-1700	Ceramic Table ware Mnf. Plant & Exterior Tile Mnf. Plant 「陶磁器食器」、 「外装タイル」	Mr. Shingo MIZUNO, Representative, Int'l Div. Takasago Industry Co., Ltd. Tel: 0572-59-8899 Fax: 59-3848	Hyakutake, Ishii, Mortoyama, Koreeda, Nemoto, Tokuda, Seki
24 Nov. 1500-1630	Solid Fuel Mnf. Plant 「固形燃料」	Mr. Yoshiaki HASHIMOTO, Executive Vice President Mr. SUZUKI Mr. Kenichi MATSUMURA, Planning & Development Div. Hahsimoto Sangyo Co., Ltd. Tel: 5688-6312 Fax: 5688-6302	Fukazawa, Hyakutake, Ishii, Izumi, Motoyama, Toshinaga, Yamamoto (Ms.) Yamamoto (Mr.)
6 Dec. 1500-1630	Mosquito Net Mnf. Plant 「蚊帳」	Mr. Shuji KAWASAKI, Senior Staff, Planning & Coordination Office, Agricultural Chemicals Sector Sumitomo Chemical Co., Ltd. Tel: 5543-5705 Fax: 5543-5929	Fukazawa, Izumi, Hyakutake, Ishii Toshinaga, Tokuda, Yamamoto, Shimo-Osawa,
8 Jan. 1995 1000-11:30	Sanitary Ware Mnf. Plant Clay Pipe Mnf. Plant 「衛生陶器」、 「陶管」	Mr. Katsunori MAKINO, Vice President, Tel: 0569-36-0123 (dir.) Mr. Katsushige KUSUKI, Manager, Sales Promotion Div., MAKINO Corporation Tel: 0569-34-9388 (dir.) Fax: 0569-36-7639	Fukazawa, Izumi, Hyakutake, Ishii, Toshinaga, Tokuda, Shimo-Osawa

**PARTICIPATION OF IPS TOKYO
AT INVESTMENT FORA**
(September 1992 - December 1994)

<i>Forum</i>	<i>No. of IIPPs submitted to IPS</i>	<i>No. of participating companies from Japan</i>	<i>No. of projects to be followed up</i>
<u>Asia & the Pacific Region</u>			
China Northwest Investment Forum Xi'an, Shaanxi Province 14-20 September 1992	274	70	no. info.
Nepal Investment Forum 30.11.-4.12.1992	71	15	3 (LOIs)
Yingkou Investment Forum, Yingkou, Northeast China 12-14 October 1993	102	35	15 (LOIs)
India Invesmart, New Delhi 18-22 April 94	248	5	0
Southwest China Invesmart, Kunming, Yunnan Province 15-17 November 1994	140	5	no. info.
<u>Arab Countries, Europe & the Mediterranean Region</u>			
New Frontiers for Trade & Investment, Post-Soviet Republic Conference, Vienna 8-10 November 1992	170	5	no info.
Investment Forum "Business Cooperation in Russia through Investment", Vienna 28-30 June 1994	79	1	no info.
Investment Promotion Forum East-West: Investment, Conversion & Russian Hi-Tech, St. Petersburg & Novgorod 26-29 September 1994	92	-	no info.

**PARTICIPATION OF IPS TOKYO
AT INVESTMENT FORA**
(September 1992 - December 1994)

<i>Forum</i>	<i>No. of IIPPs submitted to IPS</i>	<i>No. of participating companies from Japan</i>	<i>No. of projects to be followed up</i>
<u>Africa Region</u>			
PTA Investors' Forum Lusaka, Zambia 21-24 January 1994	176	0	0
Investors' Forum Madagascar 12-15 April 1994	67	0	0
<u>Latin America & the Caribbean Region</u>			
Multi-sectoral Investment Meeting Buenos Aires, Argentina 8-10 November 1993	78	2	no info.
Investment Promotion Forum Kingston, Jamaica 15-17 November 1993	45	0	no info.

UNIDO IPS TOKYO
PERIOD COVERED: OCTOBER 1992 - DECEMBER 1994

CONCLUDED PROJECTS:

COUNTRY/ PROJECT NO.	PROJECT TITLE	DATE RECEIVED	PROJECT SOURCE	NAMES AND ADDRESSES OF COMPANIES		TOTAL INVEST. COST (US\$ MIL.)
				JAPAN	LOCAL	
BANGLADESH BAN/011/TKO/91	WOODEN DOORS	NOV. '91	BOI	SAWADA CO., LTD. KAYADA 2249 YACHIYO CITY, CHIBA TEL: 0474-82-4625 FAX: 0474-86-8699 ATTN: MR. SAWADA	SANIKS CO., LTD. DHAKA ATTN: MR. FARUK MIA	0.4
VIETNAM VIE/004/TKO/92	PLANTATION FOR PAPER RAW MATERIAL	SEPT. '92	DELEGATE	OILPAPER 4-7-5, GINZA, CHUO-KU, TOKYO TEL: 03-3563-7331 ATTN: MR. A. HATAKEYAMA	FOREST SCIENCE INSTITUTE OF VIETNAM ATTN: PROF. VU DIET LINH	10.0
				NISSHO IWAJ 2-4-5, AKASAKA, MINATO-KU, TOKYO TEL: 03-3588-3666 ATTN: MR Y. SAKANO		

COUNTRY/ PROJECT NO.	PROJECT TITLE	DATE RECEIVED	PROJECT SOURCE	NAMES AND ADDRESSES OF COMPANIES		TOTAL INVEST. COST (US\$ MIL)
				JAPAN	LOCAL	
CHINA CH11/001/TKO/91	TUNGSTEN DRILL	FEB. '91	DELEGATE	<u>NAGOYA SEIMITSU CO., LTD.</u> 82 MISHINDEN ODAKA-CHO, MIDORI-KU, NAGOYA, AICHI TEL: 052-632-4481 FAX: 052-632-4480	<u>MA LIL INDUSTRIAL CORE</u> SHANGHAI, CHINA	2.4
CHINA CH11/002/TKO/92	LADIES' UNDERWEAR	FEB. '92	DELEGATE	<u>CHIORI</u> 2-4-3, HORIDOME, CHUO-KU, TOKYO TEL: 03-3665-2020 FAX: 03-3665-2790 <u>WACOAL</u> 29 NAKAJIMA-CHO, KISSHOIN, MINAMI-KU, KYOTO-SHI, KYOTO TEL: 075-682-5111	<u>GARAKI EMIIN YOHIN</u> SHANGHAI PU DONG INDUSTRIAL ZONE	1.2

COUNTRY/ PROJECT NO.	PROJECT TITLE	DATE RECEIVED	PROJECT SOURCE	NAMES AND ADDRESSES OF COMPANIES		TOTAL INVEST. COST (US\$ MIL.)
				JAPAN	LOCAL	
NEPAL NEP/001/TKO/92	CULTIVATION OF STEVIA PRODUCTION	NOV. '92	FORUM	TOYOTA TSUSHO 2-3-18, KUDAN- MINAMI, CHIYODA-KU, TOKYO TEL: 03-3230-8080 FAX: 03-3230-8349	AGRI-FLORA PVT. P.O. BOX 2640 LAZIMPAT KATHMANDU	0.89
NEPAL NEP/002/92	MULBERRY PAPER	NOV. '92	FORUM	TOYOTA TSUSHO 2-3-18, KUDAN MINAMI, CHIYODA-KU, TOKYO TEL: 03-3230-8080 FAX: 03-3230-8349	VAIDYA'S ORGANIZATION OF INDUSTRIES & TRADING HOUSES P.O. BOX 233 LAZIMPAT, KATHMANDU, TEL: 414-624 FAX: 416-718	0.73
NEPAL NEP/003/TKO/92	KNIT WEAR	NOV. '92	FORUM	YAMAKEN LTD. 2-5-10, KYUTARO- MACHI, CHUO-KU, OSAKA TEL: 06-243-2431 FAX: 06-243-2439	SRESCO WOOLEN MILLS P. LTD. NAYA DANESWAR, KATHMANDU TEL: 220610 FAX: 222213	0.67

COUNTRY/ PROJECT NO.	PROJECT TITLE	DATE RECEIVED	PROJECT SOURCE	NAMES AND ADDRESSES OF COMPANIES		TOTAL INVEST. COST (US\$ MIL.)
				JAPAN	LOCAL	
SRI LANKA SRI/001/TKO/93	SOFT TOY MANUFACTURING	FEB. '93	S.L. BOI	NATTO DESIGN INSTITUTE 4-38-2 NAGASAKI TOSHIMA-KU, TOKYO TEL: 03-3955-9076 FAX: 03-3955-9179 ATTN: MR. S. ANDO	N/A (100% Foreign)	0.21
PHILIPPINES PHI/001/TKO/93	DIE DESIGN/ MANUFACTURING CENTER	FEB. '93	INVESTOR	INOMATA SEISAKUSHO CO. LTD. DAIGO BLDG., 4F 7-6, WAKITA-HONCHO, KAWAGOE-SHI, SAITAMA-KEN TEL: 0492-41-0163 FAX: 0492-41-1870	N/A (100% Foreign)	3.5
THAILAND THA/014/TKO/94	PRODUCTION OF FURNITURE PARTS	OCT. '94	MISSION BY MOI	N/A	KOCHASARN FURNIMART CO., LTD. 297 MOO 4-1, HARNKAE0 A. HANGDONG, CHIANGMAI TEL: 053-275371 FAX: 053-272541	N/A

PROJECTS UNDER IMPLEMENTATION

<i>Country</i>	<i>Project Title</i>	<i>Total Investment Cost (US\$ Mil.)</i>	<i>Origin</i>
China	Cutting and Polishing of Granite Slab	10	Forum
Philippines	Automotive Parts	5	Delegate
Vietnam	Instant Noodle Production	4	Delegate

OPERATIONAL PROJECTS

<i>Country</i>	<i>Project Title</i>	<i>Total Investment Cost (US\$ Mil.)</i>	<i>Origin</i>
Philippines	IC Socket Production	2.5	Delegate
Turkey	Establishment of Local Branch Office	0.5	Delegate
Turkey	Secondary Concrete Products	1.9	Delegate

IN-DEPTH EVALUATION FOR UNIDO IPS TOKYO

COUNTRY VISIT REPORT
- BANGLADESH, 29 JANUARY TO 4 FEBRUARY 1995 -
BY H. TANAKA/ECFA

As a part of "In-depth Evaluation" UNIDO IPS Tokyo, a country visit to Bangladesh was taken place during 29 January to 4 February 1995, in order to assess the efficiency, effectiveness and impact of the services provided by IPS Tokyo. The mission visited and interviewed with officials concerned, investors and local sponsors received services. The meetings were held with representatives of Bangladesh Export Processing Zone Authority (BEPZA), Board of Investment (BOI), UNDP and UCD. The field visits were made to Dhaka Export Processing Zone (DEPZ) and Chittagong Export Processing Zone (CEPZ), including meetings with general managers of the both EPZ and operating companies/local sponsors. Interviews with ex-delegates were also made to collect their views and comments to their programs at IPS Tokyo.

The visits and meetings were neatly arranged by BEPZA with the staff's full support to attain the objectives of the mission. The schedule and list of persons met during the country visit are attached.

GENERAL

UNIDO IPS Tokyo's service for Bangladesh started in 1988 with a delegate stationing at IPS Tokyo. Since then, the total of six stationing by four investment promotion officials participated the delegate program, three officials from BEPZA and one from BOI as listed on the table. Although this In-depth Evaluation intends to cover the three-year period from September 1992 to August 1995, the evaluation takes into account of the past achievement, particularly for the impact assessment from already operating investment projects. Furthermore, since the previous In-depth Evaluation conducted in early 1992 for 1989-1991 period did not cover a country visit, and the more intensive delegate programs were allocated to Bangladesh during the previous period, the interviews to former delegate and concluded projects during the previous period were also covered in this evaluation visit.

DELEGATE PROGRAM PARTICIPANTS FROM BANGLADESH TO IPS TOKYO

NAME	ORGANIZATION	YEAR	PERIOD
Mr. Mahbubar Rahman	BEPZA	1988	3 months
Mr. Mahbubar Rahman	BEPZA	1989	2 months
Mr. Mahbubar Rahman	BEPZA	1990	2 months
Mr. Rafiqul Islam	BEPZA	1990	3 months
Mr. S. B. Zaman	BEPZA	1991	5 months
Mr. Jalulul Hai	BOI	1994	4 months

EFFECTIVENESS

The foreign investment promotion of Bangladesh started in substantial form in 1983, with completion of Chittagong EPZ to allow foreign direct investment offering package of incentives including tax holidays and sole ownership. However, promoting investment for completely new site has been very difficult for less attractive image of the country for foreigners.

UNIDO IPS Tokyo's service, particularly its delegate program, has been quite effective for this initial period of investment promotion. At present, in Chittagong EPZ, there are 16 Japanese investment projects are in operation, of which 7 projects are assisted by delegates stationed at IPS Tokyo, mostly during 1988 to 1991. From the promotional activity since 1992, there is no concluded project as of January 1995, and one project is under negotiation which has been assisted by a delegate from BOI.

The existence of successfully operating companies, promoting investment to EPZs in Bangladesh is comparatively easier now. The role of UNIDO IPS for this country can be said quite effective particularly for advancing the promotion during the period of most difficult time. (See the Attachment, "How the Delegate Program Assisted Promotion of Foreign Investment at CEPZ")

EFFICIENCY

The modality of project identification must be addressed based on experience of former delegate. As it has been clearly answered to the questionnaires, none of the "Project Profiles" prepared by host country did not bring any result. The potential investors have their own idea in their venture and needs for expanding their business, and showed no interest in the prepared profiles. While the delegates required some effort in filling the UNIDO format profile, in some cases difficult to fill all items, more efficient method of project formulation must be developed.

Country presentation and dissemination of information of resource and infrastructure to business community and through individual visit brought some results when the needs of a potential investor matches with the conditions offered. Dissemination of facts to numbers of potential investors, as much as possible, might be the issue to be emphasized for role of IPS.

IMPACT

The population of Bangladesh is about 120 million, of which 10% is in Dhaka area, and population of Chittagong, industrial city, is 3 million. A rural-to urban migration is also common in this country which makes urban unemployment and under-employment at high level. An industrial project of labor intensive type is hence advantageous with abundant labor supply with low cost, which is likely to be maintained with sufficient population pressure. On the other hand resource-based industry for natural gas, jute, fish and other agro-based products is also potential area.

Fortunately, the country has been self-sufficient with rice production during past several years, with some export capacity to India. The external economy of the country has close connection with the India and Pakistan.

However recent foreign investment trend shows emergence of Asian countries, particularly South Korea, Taiwan, Malaysia, Singapore Thailand and Japan. Textile industry is one of popular area for Bangladesh itself offers large domestic market while textile product export has already gained international competitiveness. In addition, European countries are showing strong interest as well for low labor cost. Recently, Italian institute for Asia organized investment forum with particular attention to leather and garment sector.

The development of two export processing zones successfully achieved foreign investment in export oriented industry utilizing low cost of labor. Chittagong EPZ, started in 1983, so far approved 93 investment project in which 59 are already in operation. Dhaka EPZ opened in June 1993 approved 29 projects and 12 are in operation. The wage level of Bangladesh is about 1/4 of Thailand, and expected to stay low in coming 10 to 20 years. Recently there are numbers of inquiry from US and Korean subsidiaries in Thailand for relocation of their plant from Thailand to Bangladesh, mainly for lower labor cost.

Kinds of industry brought from Japan are varied; automobile parts, electrical components, electronics, fishing reel, golf shaft, camera lens, ropes and garment. The common factor is high labor intensity. The Japanese companies investing here are not large enterprises, but medium to small sized component or finished goods manufacturers. Through interview, it was identified that those entrepreneurs think that their venture is success in total, though there are many small problems to be cleared which is commonly faced by projects located in developing countries.

Successful operation of those pioneer investors from Japan might induce more investors of similar type, but varied products. Thus, impact expected for those investment can be counted not only limited to their projects but for those projects from Japan to be followed after them. UNIDO assistance through IPS Tokyo should be given credit in opening frontier for export oriented foreign investment in Bangladesh, as has been expressed by all officials interviewed during the visits.

ATTACHMENTS

1. How the Delegate Program Assisted Promotion of Foreign Investment at CEPZ.
2. The Delegate Program: Interview Results (1)
3. The Delegate Program: Interview Results (2)
4. Result of Interview to Local Sponsors (1)
5. Result of Interview to Local Sponsors (2)
6. List of Japanese Investment in CEPZ
7. List of Contacts
8. Mission Schedule

**HOW THE DELEGATE PROGRAM ASSISTED PROMOTION
OF FOREIGN INVESTMENT AT CHITTAGONG EPZ (CEPZ)**

When the first potential Japanese investor visited Chittagong ten years ago, he was wearing rain boots and rain coat as preparing for visiting inundated area, but he found no flood at Chittagong. The first decade of promoting foreign investment to Bangladesh has been a fight with "image problem" of flood and cyclone which are image of the country by a foreigner. Since the first foreign investor registration at Chittagong EPZ, in 1983, it now accommodates 59 factories in operation and 10 more under construction at its 255 ha area. CEPZ, the first infrastructure development targeted to foreign investment, seems to be achieving its objective and moving for further expansion of the area and up-grading of the services.

The Bangladeshi delegate to IPS Tokyo, Mr. Mahbubar Rahman stationed at Tokyo IPS Office three times during 1988 to 1990 for the total period of seven months. During his stay, he made numerous individual contacts to potential investing companies, literally "knocking each door", being assisted by staff and facility of IPS Tokyo. Some of the 14 Japanese investors operating at CEPZ were visited by Mr. Rahman for explanation of the investment environment of Bangladesh and the facility at CEPZ. Most of those company executives did not know about the country except for news coverage of flood and poverty.

The delegate program at IPS Tokyo provided quite effective opportunity for Bangladesh which was in a initial stage of foreign investment promotion, and little known to business society as a site for factory building. For a delegate, his office at central location in Tokyo business district is already gives feeling of trust to potential investor, particularly with UNIDO support. Without this set-up, it might be quite difficult for him to approach to any potential investor asking for time to meet.

Besides the prestigious set-up, a full-time attachment of IPS supporting staff has facilitated the delegate's daily activity. It is difficult for any foreigner to get around in Japan and conduct a business meeting, mainly because of language barrier. Without sufficient support of Japanese staff, the delegate program could not achieve the designed objectives. The delegate program at IPS Tokyo was also found quite successful in this respect.

(Based on interview to former delagate)

THE DELEGATE PROGRAM: INTERVIEW RESULTS (1)

1. Name and Organization: Rafiqul Islam,
Bangladesh Export Processing Zone Authority
2. Stay at IPS Tokyo: 1 times in 1990
3. Modality of Selection: Mid-level officer dealing with investment promotion/investment analysis with sound academic background.
4. Duration of Program: 10 weeks
5. Duration of Preparation: 2 weeks
6. Documents Prepared: 10 Project Profiles.
7. Results Achieved:
 - a) Projects under operation:
 - Bangladesh SEIBU Electric Industry
 - DREAM Bengal Garments Ltd.
 - MEIJI Industries Ltd. (auto parts)
 - b) Others
There are 7 other projects in operation which are direct/indirect results of the joint efforts by Bangladesh Embassy and IPS Tokyo.
8. Characteristics of Projects:
 - a) Origin Identified during the delegate program.
 - b) Modality and effectiveness
 - Newspapers/media Periodical expose to a media particularly during stay of delegate at IPS Tokyo is effective.
 - Seminars Country presentation and seminars to Chambers and Associations in various business centers, e.g. Tokyo, Osaka, Nagoya, followed up by IPS staff would be very effective.
 - Mail Less effective
 - Trade fairs Effective
 - Contacts to individual companies initiated by:
 - IPS Very effective
 - Companies Most effective
9. Support by PS: Active support of the IPS local counterpart in planning and executing the program is very important.
10. Stipend: Adequate

11. Comments:

Invitation of foreign investment in a developing economy can hardly be termed as a "single shot" activity. It is normally the mutual interests of the host economy and the foreign investors on the tangible and intangible factors of production to facilitate marketing the final product in a fiercely competitive international market and thereby to optimize the ultimate objective of "profit maximization" of an entrepreneur. As such, the UNIDO approach of inviting foreign investment with preconceived project profiles rarely yields direct results.

An entrepreneur has got his own ideas, innovations and projections for investment and marketing. An approach to him at the right time offering him the required infrastructure facilities and other fiscal incentives, would always give better in inducing him to make the correct investment decision in an alien economy.

To make the IPS program more effective in future, it is therefore, suggested that:

- An IPS official be selected from the relevant organization who has an excellent academic background and practical ideas on the international investment scenario;
- IPS local counterparts should be made more responsible in planning and executing a program;
- Instead of seeking foreign investment/technical assistance to preconceived project profile, more importance may be given to assist in preparing a project profile on which an investor shows his willingness to make capital investment or to provide technical/marketing assistance;
- An IPS delegate may be placed for assignment at least for 26 weeks including 6 weeks home-country assignment in the middle of the program.

(February 2, 1995, by Mr. Rafiqul Islam)

THE DELEGATE PROGRAM: INTERVIEW RESULTS (2)

1. Name and Organization: Mahbubar Rahman
SIMI International Ltd.
Formerly General Manager of Chittagong
Export Processing Zone, BEPZA.
2. Stays at IPS Tokyo: 3 times for 2 to 3 months at a time, for the
total of 7 months in 1988, 1989 and 1990.
3. Modality of Selection: By BEPZA when Deputy General Manager of CEPZ
mainly for promotion of investment within EPZ.
4. Duration of Program: 3 months(1988), 2 month(1989), 2 months (1990).
5. Duration of Preparation: 2 months.
6. Documents Prepared: 12 Project Profiles.
7. Results Achieved:
- a) projects under operation;
- MAMIYA OP (Fishing reel, golf shaft)
 - TMI BANGLADESH (fan motor)
 - SIGMA MFG (automobile parts)
 - SEIBU ELECTRIC (electrical goods)
- b) project transferred to other investor, under operation;
- FUJI BANGLA (hand bags)
8. Characteristics of Projects:
- a) Origin Identified during the delegate program.
- b) Modality Contacts with individual companies initiated by
IPS and delegate himself, and by companies
themselves.
9. Support by IPS: Establishing contacts.
10. Stipend: Because of high cost of living, the amount was
not enough, must use the personal resource.
11. Comments:

The program was very effective for Bangladesh which has a country of bad image, flood and famine. Presence of the delegate at centrally located office in Tokyo, and meeting with the delegate in person gave confidence for potential investors in Japan, who are mostly medium sized and have little information about investment environment of Bangladesh. The delegate made a numerous "door to door" visits to companies accompanied by support staff of IPS. Without a full time support staff, this level of activity could not be possibly done in Japan, mainly of language barrier.

RESULT OF INTERVIEW TO LOCAL SPONSOR (1)

Name of Company: MEIJI INDUSTRIES
Chittagong Export Processing Zone, Bangladesh

Partners:
(Foreign) MITSUMURA INDUSTRY CO., LTD. (100% owned)
(Local) Mr. Iqbal Hossain

Origin of the Project:

Mr. Iqbal Hossain used to work at Mitsumura Industry in Japan. Due to shortage in manpower, Mitsumura Industry became interested in overseas re-location. Mr. Mitsumura, the President of Mitsumura Industry, visited UNIDO IPS Tokyo together with Mr. Hossain, asking for information about investment environment and export processing zone.

Current Status of the Project:

The project is in operation since June 1992.

Type of Cooperation: Joint-Venture with 100% shared by foreign.

Brief Description of the Project:

The total investment is approximately 200 million Yen. The project produces automotive components, several types of "brake joint connectors", which are metal working products, used for trucks of Nissan Diesel, Hino and Isuzu. Its monthly production is 130,000 pieces worth \$115,000. The main process is cutting by NC and manual lethe. The quality of the products are good enough to be accepted by those auto-makers. It employs 70 workers.

The four staff, one manager and three technicians, are trained in Japan, who transfer the technology to other employees. There is no resident foreign staff, while the President, Mr. Mitsumura, visit factory two or three times in a year for about one week. The project seems to be making profit.

The raw material, special alloy octagonal steel bar, imported from Kobe is now stopped with supply due to earthquake. They are now considering import the same material from India, probably at lower price. For environmental consideration, there is no waste except metal waste which is now sold as scrap metal.

Role of Services by IPS Tokyo:

The major role was information supply in basic country data, investment environment and export processing zone, BEPZA. Since Mr. Mitsumura has little knowledge about Bangladesh, explanation by Japanese staff of IPS Tokyo was quite effective in gaining confidence and deciding to invest in Bangladesh. When Mr. Zaman, General Manager of BEPZA, stationed as a delegate, IPS arranged a visit to Mitsumura Industry.

The success of Mitsumura Industry's venture in Bangladesh brought another investment in jute rope production in Chittagong EPZ which is already in operation. For Japanese medium size industry, its information about foreign investment opportunity is quite limited, particularly of unbiased and accurate information explained in Japanese language. As an introductory media, IPS Tokyo played a key role.

RESULT OF INTERVIEW TO LOCAL SPONSOR (2)

Name of Company: DREAM BENGAL GARMENT LTD
Chittagong Export Processing Zone, Bangladesh

Partners:
(Foreign) YUME KIKAKU CO., LTD. (100% owned)
(Local) none

Origin of the Project:

YUME KIKAKU used to have an operation in Taiwan, but due to wage and cost increase in Taiwan, looked for suitable country for re-location. Their criteria for country selection were in three points: 1) 100% owned investment; 2) no concentration of other Japanese investment; and 3) low production cost. The president's visit to IPS Tokyo has come to know potential in Bangladesh, then made a visit to Chittagong and decided to build their factory in CEPZ.

Current Status of the Project:

The project is in operation since March 1991.

Type of Cooperation: 100% ownership by foreign investor.

Brief Description of the Project:

The total investment is approximately US\$ 437,000. The major products are child wear and women's underwear. All of the products are exported to Japan for retail shops and super markets. Its monthly production is 200,000 pieces worth about 10 million Yen. The raw material, fabric, used to be imported from Japan, is now procured in Chittagong EPZ from other fabric plant owned by Bangladesh capital. The main process is cutting and sewing by 160 units of sewing machine. The company employs 200 workers, mostly female workers recruited from commuting distance area.

The president, Mr. Baba is permanently stationed at Chittagong, for their operation in Japan is reduced to 5% of the total output. All local staff are recruited in Chittagong. Unlike Meiji Industry, the investor has no personal channel to Bangladesh. They came here completely as a new comer. According to Mr. Baba, their decision of selecting Bangladesh has been proved to be right after three and half years of operation and facing with severe textile market trend in Japan.

Role of Services by IPS Tokyo:

The major role was information supply in basic country data, investment environment and export processing zone, BEPZA.. At the time Mr. Baba visited IPS Tokyo, they are considering Vietnam and Philippines as possible re-location site. However after information given through IPS staff concerning Bangladesh, it has become most promising site and decided to make a visit. Since Mr. Baba has little knowledge about Bangladesh, explanation by Japanese staff of IPS Tokyo was quite effective. They met with Mr. Zaman, General Manager of BEPZA, stationed as a delegate at IPS Tokyo.

BANGLADESH EXPORT PROCESSING ZONES AUTHORITY
(B E P Z A)
COUNTRY WISE LIST OF INDUSTRIES OF CEPZ AS ON FEBRUARY, 1995

Page No. : 1

Reporting Date : 01/02/95

Sl. No.	Name of the Enterprise.	Type	Product	Investment		Employment (Nos)				Sanction Date
				Proposed	Actual	Proposed		Actual		
				'000' US\$	'000' US\$	Local	Forgn.	Local	Forgn.	
1	2	3	4	5	6	7	8	9	10	11
COUNTRY : JAPAN										
1	Sigma (BD) Mfg. Co. Ltd. *	A	AUTOMOBILE PARTS	680	1316	53	2	47	1	01/01/90
2	T.H.I Bangladesh Ltd. *	A	FAN MOTOR	350	167	32	0	13	1	17/01/90
3	Yaita Kouki Co. Ltd.	A	AC/DC FAN MOTOR	450	812	96	3	76	1	19/07/89
4	Dream Bangal Garments Ltd. *	A	INMATE KNITWEAR	138	437	98	2	228	1	17/06/90
5	Bangladesh Seibu Electric Ind. Co. *	A	ELECTRICAL GOODS	450	2056	63	3	136	1	14/05/90
6	Mamiya-OP (Bangladesh) Ltd. *	A	FISHING REEL, GULF SHAFT	28099	28714	1008	14	1393	10	07/10/89
7	Optonix Company Ltd.	A	ELECTRONICS	1207	815	320	0	340	2	29/08/88
8	Sanei Construction Co. (BD) Ltd.	A	METAL PRODUCTS	800	800	109	3	3	0	05/08/90
9	Sanko Optical Co. (BD) Ltd.	A	CAMERA LENS	525	991	219	1	175	1	09/10/90
10	Showa Chain (BD) Ltd.	B	STEEL CHAIN	1500	1507	61	7	40	1	30/03/85
11	Atlantic Standard Times Co.	B	FISHING REEL COMPONENT	439	240	82	1	136	3	20/12/90
12	Meiji Industries Pvt. Ltd. *	A	AUTOMOBILE PARTS	1560	1355	186	5	61	1	04/04/91
13	Cosmo (Bangladesh) Ltd.	A	CAMERA LENS	1255	290	218	1	40	1	07/01/92
14	BMS Company Limited	A	ROPES	2264	1724	334	2	125	1	28/11/93
15	Missin Electric Co. Limited	A	D.C. FAN MOTOR AND ELECTRIC PARTS OF PERSONAL COMPUTER	1200	0	37	0	0	0	01/06/94
16	Shugal Optronics Co. (BD) Ltd.	A	OPTICAL INSTRUMENT PARTS	3000	0	245	0	0	0	22/10/94
T O T A L				44117	41224	3161	46	2813	22	

* Promotion assisted by delegate at IPS Toyko

Attachment-6
LIST OF JAPANESE INVESTMENT IN CEPZ

IN-DEPTH EVALUATION FOR UNIDO IPS TOKYO
 FIELD SURVEY IN BANGLADESH 29 JANUARY - 4 FEBRUARY 1995
 BY H. TANAKA/ECFA

LIST OF CONTACTS

BANGLADESH EXPORT PROCESSING ZONE AUTHORITY, BEPZA

Mr. Sayef Uddin, Member (Investment Promotion)
 Mr. Rafiqul Islam, General Manager
 Mr. Ahmed Yaqub Jamil, General Manager Dhaka EPZ
 Mr. Abdul Hai, Manager for Protocol
 Mr. Kamal Akhtar, General Manager, Chittagong EPZ
 Mr. Shamsul Haque, Manager for Commercial Operation

BOARD OF INVESTMENT, BOI

Mr. Ansaruddin Ahmad, Director
 Mr. Shamsul Alam Talukder, Director
 Mr. Hiroyuki Yamazaki, Advisor (JICA)

OTHER BANGLADESHI GOVERNMENT

Mr. A. K. Fazlur Rahman, Bangladeshi Ambassador to South Korea

UN OFFICES

Ms. Eimi Watanabe, UNDP Resident Representative
 Mr. G. L. Narasimhan, UNIDO Country Director

LOCAL SPONSOR/INDUSTRY

Mr. Major Habibir Rahman Majumder, General Manager,
 Yougone Hi-tech Sports Wear Ind. Ltd., Dhaka EPZ
 Mr. Muhammed Shahidullah, Managing Director
 Basundhara Garments Limited, Dhaka
 Mr. Iqbal Hossain, Managing Director, Meiji Industries Ltd.,
 Chittagong EPZ
 Mr. Mahbubar Rahman, Chairman, SIMI International Ltd.,
 Chittagong (ex-General Manager of CEPZ, also former delegate
 at UNIDO IPS Tokyo)
 Mr. Tarique Shikder, Secretary to President,
 DREAM Bengal Garments Ltd., Chittagong EPZ

**IN-DEPTH EVALUATION OF UNIDO IPS TOKYO
FIELD SURVEY IN BANGLADESH 29 JANUARY - 4 FEBRUARY 1995
BY H. TANAKA/ECFA**

SCHEDULEJanuary 29 (Sun)

12:30 Leave Tokyo (TG461)
17:15 Arrive Bangkok (Stay:Bangkok)

January 30 (Mon)

11:40 Leave Bangkok (TG321)
13:00 Arrive Dhaka (Dhaka)

January 31 (Tue)

09:00 Mr. Saef Uddin, Member (Investment Promotion) and Mr. Raficul Islam (ex-delegate), Bangladesh Export Processing Zone Authority (BEPZA)
10:00 Mr. Narasimhan, UNIDO Country Director
11:30 Mr. A. Ahmad, Director and Mr. H. Yamazaki, Advisor Board of Investment (BOI)
13:30 Mr. A.Y. Jamil, General Manager, Dhaka Export Processing Zone (DEPZ)
17:00 Ms. E. Watanabe, Resident Representative, UNDP (Dhaka)

February 1 (Wed)

12:10 Leave Dhaka (BG613)
12:45 Arrive Chittagong
14:00 Mr. Shamsul Haque, Manager for Commercial Operation Chittagong Export Processing Zone (CEPZ)
15:00 Mr. Iqbal Hossain, Managing Director MEIJI Industries Ltd. (in CEPZ) (Chittagong)

February 2 (Thu)

09:30 Mr. Kamal Akhtar, General Manager, CEPZ
11:00 Mr. Tarique Shikder, Secretary to President DREAM Bengal Garments Ltd. (in CEPZ)
14:00 Mr. Mahbubar Rahman, Chairman SIMI International Ltd. (ex-delegate)
22:50 Leave Chittagong (BG428)
23:25 Arrive Dhaka (Dhaka)

February 3 (Fri)

14:15 Leave Dhaka (BG074)
17:30 Arrive Bangkok (Bangkok)

February 4 (Sat)

09:30 Leave Bangkok (JL734)
20:15 Arrive Tokyo

*Country Visit Report***SRI LANKA****31 January to 3 February**

In the context of the joint in-depth evaluation of the IPS Tokyo one member of the evaluation team (Mr. J. Navratil) visited Sri Lanka in order to assess the efficiency, effectiveness and impact of the services provided by IPS Tokyo to this country. The country was selected after consultation with the IPS Tokyo, which also proposed two establishments to be visited by the mission:

- Soft Toys manufacturing
Mr. Ando, Senior Managing Director
(Naito Design Instruments)
- Fuji Denki Kagaku (FDK)
Mr. Kono, Managing Director

Only the second company (FDK) could be visited. As the investor of the SOFT TOYS MANUFACTURING was not in Sri Lanka at that time and there was nobody at the plant to provide information on the role of IPS in establishing the company, the information was compiled through the interview of Mr. Ignatius, a former Delegate, who was instrumental in supporting the Japanese investor. The investor was in Japan and was later contacted there; the information about the company is based on both interviews.

The mission also conducted interviews at the Board of Investment (BOI) and JETRO Colombo, visited UNDP, contacted a former JICA Industrial Investment Advisor at the Ministry of Industry and consulted the UNIDO experts working currently at BOI.

List of persons interviewed is attached. Records of interviews with the former Delegate Mr. Ignatius and information on the two companies are also attached.

Mr. Ignatius, Promotion Department of BOI, was instrumental in supporting the mission and establishing contacts in the country.

Main Findings:

- Japanese investment in Sri Lanka is lower than that of South Korea, Taiwan and Singapore. The reasons are seen (both by Japanese investors and Sri Lankan experts) in the following facts:
 - * the image of the country (occasional violence, labour unrest);
 - * propensities of the Japanese entrepreneurs: extreme caution, tendency to distribute/share risks and reach a consensus before a decision is made, as a result a long decision-making process;
 - * focus of the Japanese investors on Asian countries which are better known (according to one Japanese investor the mentality of Sri Lankans is closer to

- Europe than to "Asia");
 - * no big Japanese company ("flagship") in Sri Lanka to demonstrate the attractiveness of the location.
- All investment projects implemented in Sri Lanka by Japanese investors are fully (100%) owned by them. No joint venture could be identified. The reasons are similar to those above: caution, minimizing the risk of shared responsibilities. The preference for 100% ownership is generally recognized, the regulations make it possible.
- Results of the Investment Forum 1991 as regards Japan: only Japan Asia Investment Co. is active in Sri Lanka (real estates). The project "hot treatment of geuda stones" - though reported as concluded - is not on the list of BOI.
- Currently UNIDO is supporting BOI in the preparation of project profiles in five sectors. (Minimum investment value is set at \$ 150000.) For each sector a task force is established which includes local sponsors and a national development bank. This mechanism should ensure that industrial investment project profiles prepared by the task force will not suffer from "identity problem" as it was sometimes recorded in the past. The project profiles will also have the "quality stamp" of passing the test on completeness of data and profitability calculation by PROPSPIN. However, the following dilemma appears: while UNIDO is identifying and promoting ideas for industrial cooperation based on the needs and expectations of the local sponsors, Japanese investors prefer a 100% ownership without a partner. This makes promotion of investment profiles in Japan rather difficult. Recommendations by the former JICA consultant (Mr. Takabayashi):
 - * start from the Japanese side; focus on publicity, dissemination of updated information about the country;
 - * active coordination with the Embassy of Sri Lanka, JETRO, prefectural Governments;
 - * advisory services in the country [Sri Lanka] to the Japanese investors (language problem, no experience abroad...) [perhaps an arrangement with JETRO, if a delegate not at hand?].
- BOI registers approx. 50 consulting companies promoting foreign investment. In practice such a company would consist of one lawyer and one accountant (plus administrative support) and offer advisory services on how to fill in the BOI application, and on legal issues. The quality of legal advice is good and is frequently used by the investors.
- There is one Japanese consulting company (Japan Investment and Promotion Consultants Ltd.) operating in the country without tangible results so far. More successful has been a Sri Lankan (Mr. Sarath de Costa), a long-term resident in Japan, who established a company, which successfully promoted several projects (dockyard, garments, door locks, a housing complex...).

- Investors' Services Department of the Ministry of Industry is supported by one consultant financed by JICA (policy matters).
- JETRO Colombo has two Japanese professionals supported by Sri Lankan assistants (mainly in the library). Investment promotion takes about 20% of their time. Modalities of promotion:
 - * Preparation and dissemination of information (sometimes based on BOI, sometimes on independent data derived from their projects) among Japanese investors. (JETRO Headquarters has a database of potential investors, information is disseminated among them.)
 - * Seminars on countries, once a year. Usually 5 countries from the same region (1995: in Osaka-India, Pakistan, Sri Lanka, Bangladesh and Vietnam). Total 5 days, one day seminar on the country, other days individual meetings. One participant from BOI, but not from the Promotion Department.
 - * Answering ad hoc inquiries of both Japanese and Sri Lankan entrepreneurs.
 - * Ad hoc delegations of Japanese businessmen, sponsored by JETRO and the Embassy; some of them are interested in investment: answering questions, disseminating information.
 - * JOIN (JETRO Overseas Investment) Programme (3-4 years in Sri Lanka). A committee consisting of academicians, MITI, JETRO... If a project idea is submitted by a Japanese investor, it is screened by the Committee to assess the developmental impact for Sri Lanka (no garment industry any more!). If approved, then the project is eligible for Government support (lower interest on loan). Examples (projects under implementation): i) Aluminum products (doors, frames...) - employment approx. 200-300 (mainly men); ii) Electronic components in the EPZ Katunayake. Both in the order of \$ 1-2 mil. value of investment
- No information about participation of Sri Lanka in the Regional Information for Investment Promotion Services (RIPS) [organized by UNCTAD] could be obtained from local institutions (BOI, Ministry of Industry, Export Development Board).

The Delegate: Christian Ignatius

Organization:

Board of Investment, Sri Lanka

Modality of Selection:

Offer sent by IPS Tokyo to the Embassy of Sri Lanka; message conveyed to BOI. Mr. Ignatius at that time served as Japan Desk Officer

Duration of the Programme:

January - April 1993

Duration of the Preparatory Phase (between notification and departure for the host country):

Approx 4 months; considered sufficient.

Documents/Papers/Project Profiles Prepared Before Arrival:

12 profiles (sent before 15 November 1992), on that basis nomination confirmed in December 1992. Profiles were selected from among those which were submitted (without success) to the Investment Forum 1991 - the continuing interest had to be verified, data updated. (Only 12 sponsors confirmed interest.)

Other promotional material/literature: some general information was available (also in Japanese), additional statistical information on industry and leading companies was compiled.

The information proved useful for the public media, banks, JETRO headquarters and prefectural governments.

Results achieved:

- a) Projects
 - *under negotiation*
Lanka Nippon Food Ltd.
 - *concluded*
 - *under implementation*
 - *operational*
Soft Toys Manufacturing

b) Other

Characteristics of individual projects:**Project A: Soft Toys Manufacturing****Origin**

Mr. Ando from Naito Design Ltd. Tokyo visited the IPS to inquire about the BOI regulations.

Modality of promotion

Approx. 5 meetings with Mr. Ignatius to prepare the application form for BOI. The application was received shortly after the Delegate's return, within one month was approved (May 1993), in December production started.

BOI facilitated the process (issuance of residence visa, hiring lawyers) until commercial production started.

Project B: Lanka Nippon Food Ltd.**Origin**

Osamu Faruya Co.Ltd. learned about the Delegate at the IPS from the newspaper and invited Mr. Ignatius to visit their Sri Lanka restaurants in the Iberaki Prefecture.

Modality of promotion

The company is interested in the production of ready-made spicy rice products. The Delegate explained BOI regulations and procedures. Formal application was submitted in June 1993, approved by BOI in July. Company is incorporated, but construction has not started yet.

Effectiveness of forms of promotion:

Dissemination of investment profiles in Japan is of hardly any response because the Japanese prefer 100% foreign equity (which BOI makes possible) and shy joint ventures with local sponsors.

Support by IPS:

- * Translation of some parts of IIPPs and their dissemination
- * Contacting companies (language barrier, logistical support)
- * On-the-job training; particularly useful was the participation in the promotional tour of the Turkish delegation (automotive parts production). Also useful was participation at the meeting of IPS Heads.

Adequacy of the fellowship:

2800 \$ per month was fully sufficient; the present 2100 \$ should still be manageable.

Comments of the Delegates Programme (positive, negative, proposals):

- * Provides good opportunity to be in the limelight of the business community. (Embassy does not attract businessmen very much: there is a Japanese employed at the Embassy - paid partly by BOI - but the results are marginal.)
- * The programme is too much focussed on the promotion of IIPPs. more attention should be devoted to dissemination of sectoral information and to searching for companies with potential to invest in Sri Lanka, bearing in mind their preference for 100% ownership.

Company: FDK Lanka

Ring Road 3
 EPZ Katunayake
 Fax: 45-3490
 Managing Director: Mr. K. Kono
 Headquarters in Tokyo: Mr. Mori, Mr. Nakamura

Partners:

100 % owned by Fuji Denki Kagaku (FDK) Co., Japan

Origin of the project:

Initiated by FDK on the basis of their analysis (low labour cost, high level of education). Negotiations with BOI rather smooth, started 1990, construction began within one year. There was some resistance at the Board of Directors: Sri Lanka seemed to be too distant and different from the other (better known) countries of South East Asia; there were no big Japanese companies in Sri Lanka at that time. Mr. Kono was selected as managing director for his 4 years of experience in business in Sri Lanka.

Current status:

Operational (since 1991)

Type of cooperation established:

No local partner

Brief description of the establishment:

Total investment approx. \$ 10 mil.

Products: - magnetic heads for floppy disc drivers
 - rotary transformers for video cassettes

Sales approx. \$ 20 mil.

Market: Japan or Japanese companies in South East Asia; also Europe

Wages and salaries: 3.8% of production costs (material costs prevail, also high depreciation)

Employment: 1600; 95% women; average age 22 years; 13 university graduates

Training:

general workers - 6 months on the job
 technicians - training in Japan (120 up to now, another group of 30 is under preparation)

High educational level is appreciated.

Transfer of technology:

- Permanently 8 Japanese technicians, on-the-job training; some sections of the company resemble high-tech production (cleanliness of the physical environment, sanitary-like clothes, etc.) Most impressive is the high level of application of Japanese standards of quality assurance, working habits, housekeeping practices and company social life (free meals for all, the same meals taken by all, including management, at the same time and place, uniforms distinguishing supervisors and quality control officers only by the color of caps...). The company is encouraged to establish its own R&D group.

Role of IPS:

IPS UNIDO was one of the institutions which was visited by Mr. Mori, then General Manager, Administration Department, in search for information about Sri Lanka. (He visited also JETRO). He does not remember any more the type of information he received (now almost five years ago) but he remembers he appreciated it.

Asked about the need for advisory services such as preparation and evaluation of projects, Mr. Mori explained that they had their own department in Tokyo which was well staffed to carry out such functions. (The company employs altogether - in six countries overseas - approximately 5000 employees.) Apart from that he is not interested in financial support if it requires a paper work. (He could apply for Government subsidy for training the technicians from the overseas countries but he declined in view of the complicated application procedure.)

Company: Soft Toys Manufacturing

Kandu

Partner:

100% owned by Naito Design Ltd., Tokyo
Naito Design is running another factory in China (none in Japan)

Origin:

Mr. Ando from Naito Design Ltd. Tokyo was advised by somebody from the Asian Productivity Organization to contact IPS to inquire about the regulations on foreign capital in Sri Lanka.

Current status:

Operational

Type of cooperation:

Owned wholly by foreign capital, no cooperation

Brief description of the company:

Total investment \$ 0.2 mil.
Products: soft toys (category: garment-like production)
Market: Japan and Europe
Sales: \$ 1.2 mil.
Most of the material is imported
500 employees, 95% women
2 Japanese supervisors
Wages approx. 25% of sales

Role of IPS:

Approx. 5 meetings with the Delegate of Sri Lanka to prepare the application form for BOI. Consultations were supported by another staff of IPS. The application was received shortly after the Delegate's return, within one month it was approved (May 1993), in December the production started.

BOI (the Delegate) facilitated the process (issuance of residence visa, hiring lawyers) until commercial production started.

Calculation of profitability was done by the investor himself. He will contact IPS in the future if the business should expand to other countries.

List of Persons Met (Sri Lanka)**Board of Investment, Colombo**

Mr. Isaac
Promotion Department

Mr. Christian Ignatius
Assistant Manager - Promotion

Ms. Joan Romaine de Alwis
Manager, Research and Documentation

Mr. Michael P. Kelly
UNIDO Senior Consultant at BOI, Colombo

Mr. Johan Nelis
UNIDO Advisor at BOI, Colombo

JETRO, Colombo

Mr. Hidehiro Ishiura
Deputy Resident Representative

UNDP, Colombo

Mr. Tilak Gunawardana
Assistant Resident Representative

FDK (Fuji Denki Kagaku) Lanka Ltd., EPZ Katunayake

Mr. Katsushiko Kono
Managing Director

Mr. Anuruddha Seneviratne
Assistant Manager

Mr. Takabayashi
former JICA Investment Promotion Advisor at the Foreign Investment Advisory
Commission and later at the Ministry of Industry

*Country Visit Report***PHILIPPINES**
16 February 1995

In the context of the joint in-depth evaluation of the IPS Tokyo one member of the evaluation team (Mr. Navratil) visited the Philippines (on the way from Tokyo to Vienna) in order to assess the effectiveness and impact of the services provided by IPS Tokyo to this country. In addition to the discussion at the Board of Investment, Mr. Cecilio Juan O. Lahoz, Head of the Japan desk, arranged visits of two companies:

Pricon Microelectronics, Manalac Industrial Estate
(IC-sockets)

Inomata Seisakusho (ISS), Light Industry and Science Park
(Die casting)

Role of the IPS Tokyo in promoting the ISS die casting company (a 100% Japanese venture) proved to be marginal. The company read about IPS Tokyo in a newspaper in Japan in 1993 but it was only in Manila that they contacted Mr. Samson at BOI, a former BOI delegate at the IPS office, who provided some advice to the investor. (The company has advanced die casting equipment and approximately 10 workers who are exposed to intensive on-the-job training by two Japanese managers. Due to large part of the time spent on training the utilization of the capital-intensive technology is rather low but the Japanese owners are confident that, in the long term, the business will be profitable.)

Information about the other company (Pricon Microelectronics) and the results of an interview with a former Delegate are attached.

Main findings:

Similar to the situation in Sri Lanka, the Japanese investors in the Philippines also prefer 100% ownership without sharing the management responsibilities and are very sensitive to incidents of political instability.

There are only a few joint ventures between Japanese investors and local sponsors.

Large Japanese companies are investing in the country. In some cases they purchase land not only for their own production facilities but also for re-selling it to (Japanese) suppliers of their companies ("supporting industries") which may follow suit at a later date.

There are many and intensive promotional activities going on; the Philippino embassy in Tokyo has played an important role in improving the image of the country and influencing the inflow of Japanese capital. In spite of that BOI considers the possibility of sending a delegate to the IPS Tokyo as very useful. Unlike BOI of Malaysia, which has an office in Tokyo with 5-6 people, the BOI of the Philippines does not have such an office. The possibility of the presence of a BOI officer at the IPS Tokyo is, therefore, valuable, particularly in view of the support of the IPS staff.

Specialized advisory services are not considered to be an important market for UNIDO (IPS Tokyo) services in the Philippines. Large companies have their own teams preparing feasibility studies, with strong focus on technical solutions, which then serve as blueprints for implementation. (Large Japanese companies financed by banks in their group usually do not require extensive pre-investment studies for decision making on investment.) Small companies sometimes use services of the trading companies. There are many consulting services/freelance consultants offering assistance in registration and legal arrangements. (Usually local consultants who know the law.)

There seems to be a lack of coordination at BOI between the promotional activities of different country desks. For example, the Italy desk (Mr. Mezatti) and the Japan desk - while promoting projects for the respective countries - sometimes visit the same local company, not knowing about the other's visit.

The Delegate: Cecilio Juan O. Lahoz

Organization:

Board of Investment, Manila

Modality of Selection:

Selected by BOI

Duration of the Programme:

Twice three months in 1989, another three months in 1991

Duration of the Preparatory Phase (between notification and departure for the host country):

No specific information, not a problem. However, longer-term planning of the Delegate Programme would significantly facilitate planning and implementation arrangements on the side of home institutions.

Documents/Papers/Project Profiles Prepared Before Arrival:

Brought along approx. 10 projects, one of them resulted in conclusion of a contract but finally it was not implemented (after some time it was abandoned by the Japanese, due to the political turmoil in 1989).

Results achieved

Several projects are operational, one of them is Pricon Microelectronics, the only joint venture established with the support of IPS Tokyo (see a separate annex)

Characteristics of individual projects:

Project A: Pricon Microelectronics

Origin

Visit of several countries by Japanese investors.

Modality of promotion

As a delegate at IPS Tokyo, Mr. Lahoz supported the negotiations.

Effectiveness of forms of promotion

Direct contact with the industry as the most effective mechanism.

Support by IPS:

Facilities; language support. Important for BOI to have somebody as an antenna in Japan.

Comments of the Delegates Programme (positive, negative, proposals):

- The shuttle programme is effective, if the same person comes back (or at least a person from the same department). (Mr. Samson, the present delegate, was given business cards collected by Mr. Lahoz).
- Optimal period of repetition is one year, duration should be longer than 3 months (optimum duration 4-5 months). A delegate for three months only, without repetition, is of little value.
- A better monitoring of projects promoted by IPS is possible if IPS sends (annual) the list of projects promoted by the Delegates, BOI can answer what is the status of each one of them.

The Delegate: Angelo Samson

Organization:

BOI Manila

Modality of Selection:

Selected out of 2 candidates; factor: Japan desk

Duration of the Programme:

January-April 1994

January-May 1995

Duration of the Preparatory Phase (between notification and departure for the host country):

Approximately 6 months, departure delayd because of longer preparation of projects

Documents/Papers/Project Profiles Prepared Before Arrival:

- 15 project profiles (first secondment)
- 10 project profiles (second secondment)
- videotapes (15 minutes, in Japanese) produced by BOI brochures

Results achieved:

a) Projects

- *under negotiation*
- *concluded*
- *under implementation*
manufacturing of gloves
- *operational*

b) Other

- assisting a consultant in his business trip to the Philippines
- assisting a manufacturing company in organizing a mission to the country

Characteristics of individual projects:

Project A: Manufacturing of gloves

Origin

Delegate approached after a seminar

Modality of promotion

General information about the country requested and provided
Requested support in getting long-term visa.

Effectiveness of forms of promotion:

Interviews in press didnot bring any response.

Newsletter may be more effective, but also no response to the circulation of info on the projects.

Seminars are effective; three seminars, total participation more than 150.

Support by IPS:

Most important is establishing contacts with associations

Adequacy of the fellowship:

Not covering the accomodation, which is difficult for BOI to cover. However, managed through friends who secured cheap accomadation.

Comments of the Delegates Programme (positive, negative,proposals):

- Computer to be equipped with display instructions in English.
- Three months too short
- UNIDO IPS staff should be better acquainted with the countries they are handling.

Company: Pricon Microelectronics, Inc.

1st Avenue, Corner Antonio Drive
Manalac Industrial Estate
Metro Manila

Partners:

- local: Pricon Microelectronics
- foreign: Yamaichi Electronics Co.
Higashi Nippon Yamaichi Electric Co.

Origin of the project:

The Japanese investors were looking for a company to subcontract the production of IC sockets. BOI recommended several companies, including Pricon Microelectronics. The decision on that companies was based primarily on the quality of middle management in the company.

Current status of the project:

Operational

Type of cooperation sought/established:

Joint venture. The local partner owns 30% of the shares, the rest is owned by the Japanese investors. The local partner provided the land, buildings, other facilities and qualified staff. The foreign partner provided the technology. (The joint venture represents a new production in the Pricon company which is still running the old programme under the same company name. The Japanese also help in marketing the production of the original company in Japan.)

Brief description of the project/establishment:

Total investment: originally US\$ 5 mil., now doubled
 Products: IC sockets
 Market: 60% Japan, the rest USA, Taiwan
 Employment: approx. 1100 (95% female)
 Training: 30 people trained in Japan (3 months)
 Three Japanese managers

The Japanese partners now try to bring in the supporting industry (particularly for plating) so that product cycle becomes less dependent on import (which requires large supplies of material on store).

Role of/services provided by IPS Tokyo:

During the secondment of Mr. Lazon as a Delegate at IPS Tokyo he supported the negotiations through provision of information required from both sides. Pricon appreciated very much the support provided by Mr. Lahoz.

List of Persons Met (The Philippines)

Board of Investment, Manila

Mr. Cecilio Juan O. Lahoz
Japan Desk

Pricon Microelectronics, Inc., Manila

Mr. Alfredo G. Pacho
President

Mr. Jaime D. Dela Cruz
Assistant Vice President

ISS Philippines, Inc.

Mr. Mineo Inomata
President

Mr. Tom Ei Shoji
Executive Vice President

Interviews of former delegates from the Czech Republic and Turkey

The Delegate: Vladimír MICHALEK

Organization:

Confederation of Industry of the Czech Republic

(in cooperation with CzechInvest, an investment promotion agency, and the UNIDO investment promotion project in Prague)

Modality of Selection:

From among four candidates; interviewed by HQs

Duration of the Programme:

May - August 1994

Duration of the Preparatory Phase (between notification and departure for the host country):

Considered to be short

Documents/Papers/Project Profiles Prepared Before Arrival:

5 project profiles
none of them successful

Results achieved:

a) Projects

- *under negotiation*
total four, two of which are:
Nikko Tokki Co. (parts for hydraulic press machines)
Marubeni Nagoya (textile machine manufacturing)
- *concluded*
- *under implementation*
- *operational*

b) Other

Increased awareness:

- four country seminars attended by more than 30 Japanese potential investors
- one interview in a newspaper

Characteristics of individual projects:**Project A: Nikko Tokki Co****Origin**

Nikko Tokki requested quotations

Modality of promotion

The delegate facilitated offers from three Czech companies

Project B: Marubeni Nagoya**Origin**

Company requested information about textile machinery manufacturing companies

Modality of promotion

Information requested and transferred by the Delegate

Effectiveness of forms of promotion:

"Bilateral meetings rather than seminars turned out to be very effective means to disseminate information.."

Support by IPS:

- Dissemination of information on investment projects to 3000 Japanese companies (IPS Tokyo Newsletter)
- Publishing in JETRO Investment Project News
- Publishing in International Development Journal
- Organization of 3 seminars
- Organizing meetings with organizations

Adequacy of the fellowship:

To be increased to cover the cost of a family member

Comments of the Delegates Programme (positive, negative, proposals):

- Specify in more detail requirements as regards preparation of publicity materials (including slides).

- Specify requirements on IIPPs to meet the expectations of Japanese investors.
- Extend the duration of the stay.
- Allow for the spouse (husband) to accompany the delegate.
- Assess during the interview the capability of the candidate to use computer for writing reports.
- English software to be installed at the IPS Tokyo.
- 20 kg overweight to air ticket should be provided.

The Delegate: Ferda Gelegen

Organization:

Foreign Economic Relations Board (DEIK), Turkey

(A private sector association, approx. 700 companies, 47 country-targeted Business Councils; financing: companies' contributions plus Government subsidy)

Modality of Selection:

Selected by the Director because of international experience in business (from USA) and excellent language knowledge

Duration of the Programme:

January - April 92

January - April 93

September - December 94

Duration of the Preparatory Phase (between notification and departure for the host country):

3 - 4 months; sufficient time for preparation

Documents/Papers/Project Profiles Prepared Before Arrival:

14 project profiles before the first stay

14 project profiles before the second stay

10 project profiles before the third stay

Promotional documents from Turkish Treasury (Investment Guide)

Promotional documents from DEIK (Turkey: Economic Summary; Video presentation on Turkish industry)

Results achieved

a) Projects

- *under negotiation*

Four projects on automotive parts are under negotiation with Mitsui/Toyota; negotiations are at the beginning stage

- *concluded*

- *under implementation*

- *operational*

Secondary concrete products

b) Other

Establishment of a major Japanese trading house "Nichimen Corp." through the relocation of the GM liaison office from Beograd to Istanbul.

Increased awareness about investment possibilities in Turkey

Characteristics of individual projects:**Project A: Secondary concrete products****Origin**

A Japanese company, after one of the country seminars, inquired about the possibility to find a partner for a joint venture.

Modality of promotion

Delegate facilitated identification of a company in Turkey (with the backstopping of DEIK). Supported flow of information. Contract signed within a year (1993). US\$ 4 mil. of investment by the Japanese company; input of local company: land and engineering, perhaps some capital.

Project B: Automotive parts production (four projects)**Origin**

Deliberations within IPS Tokyo and DEIK about sectors for potential cooperation
Modality of promotion.

One week mission by 14 Turkish industrialists to automotive industry in Japan (but only some of the four potential spare part producers participated).

Contacting Mitsui/Toyota, providing them with information.

Effectiveness of different forms of promotion:

Most effective form of promotion: direct contact with a potential investor, selected after some research.

Country seminars - also important, increasing awareness about a country which is generally low. Responses: inquires; a bank asked for information about regulations and investment opportunities, especially in privatization process in Turkey.

Articles in newspapers - important for awareness raising (3 articles per secondment); two letters were received to get information on updated regulations

Support by IPS:

- Assisting in finalizing the profiles, replenishing missing information.
- Disseminating the profiles.
- Training very limited: consultations on project promotion only.
- Most important: establishing contacts.

The Secondary Cement Products project was supported by the "Feasibility Study" project (CTA Mr.Suzuki)

Adequacy of the fellowship:

Adequate

Comments on the Delegates Programme (positive, negative, proposals):

- Shuttle programme important, programmes need to be repeated.
- It is important that the same person comes back (this, however, implies the importance of the selection of the delegate for the first programme).
- Each stay should be extended to last 4 months at least, in particular the first programme.
- Support through the "Feasibility Study" project is very important and should be extended; optimal entry point: after negotiations confirming the interest of both parties.
- Direct contact is the most important mechanism.
- Good and prompt support by the home organization is a pre-requisite for success.