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INVESTMENT PROMOTION SERVICE OFFICE

ATHENS

US/GLO/91/068

Report of the evaluation mission*

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

* This document has not been edited.

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Explanatory Notes

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

1 \$US = 240 Gr. Drs.

LIST OF ACRONYMS USED IN THE REPORT

CEBI -	Comité Europeen des Bureaux d' Ingénierie
COMFAR -	Computer Model for Feasibility Analysis and Reporting
DIPP -	Data Bank for the Investment Promotion Programme
ECIP -	European Community Investment Partners
EBRD -	European Bank for Reconstruction and Development
ELKEPA -	The Greek Productivity Centre
EOMMEX -	Hellenic Organization of Small and Medium-sized Enterprises
EU -	European Union
FEACO -	European Federation of Consultants Association
IPS -	Investment Promotion Service
IPSO -	Investment Promotion Service Office
MIGA -	Multilateral Investment Guarantee Agency
OPE -	Hellenic Organization of External Trade
PCF -	Project Completion Facility
PROPSPIN -	Project Profile Screening and Pre-appraisal Information System
S.A. -	Société Anonyme
SMEs -	Small and Medium Enterprises
SVVE -	Association of Industries of Northern Greece
TACIS -	Technical Assistance to Commonwealth of Independent States

Summary of preliminary conclusions and recommendations

I. Conclusions

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

Taking into account the above, the main objective of the Office in Athens is to assist developing countries in their industrialization and development efforts through the internationalization of the Greek enterprises interested in this co-operation.

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

- The management of the IPS Office is better organized and the division of duties and tasks inside the office is now well defined. One junior professional has been recruited as Investment Promotion Assistant.
- The strategy of the Office is in the context of the policies and the objectives of the Greek policy making authorities.
- The targeting of the developing countries is in line with the guidelines of the policy-making organs in Greece and the interests and priorities of the Greek entrepreneurs.
- Closer relations with Greek public and semi-public financial and commercial institutions dealing with investment promotions have been established, but particularly with some public organizations like the Chamber of Commerce and Industry of Athens and the Organization for SMEs the contacts should be strengthened, institutionalized and periodical. Their structure could be utilized usefully by IPS to disseminate the investment opportunities.
- Contacts and co-operation with the main Greek banks and financial institutions (which were totally non-existent at the time of the previous evaluation) have been established.
- The transfer of the financial contribution for the operations of the Office has been directly established between the Ministry of National Economy and UNIDO, avoiding the intermediary institutions and unnecessary delays, which were negatively reflecting on the Office's operations at the time of the past evaluation.

- Considering that the Balkan region and the countries of the Black Sea area are the main priorities for co-operation and development for the Government and the entrepreneurs, the Office has established contacts and antennas with Chambers of Commerce and sectoral Industrial Associations in Northern Greece.
- The project monitoring by UNIDO headquarters has been improved and missions from Vienna have been organized.
- The IPSO has established a network of contacts and relations with Greek financial institutions that collaborate with the Office and rely on its screening capacity and information when presenting entrepreneurs interested in business abroad.
- The project proposals coming from UNIDO headquarters are promoted among the Greek potential entrepreneurs and presented to the financial institutions. A record of the actions taken is kept, but the interest showed by the Greek entrepreneurs regards around 5% of the projects and until now it has always remained at the initial stage.
- Four projects concluded with the assistance of the IPSO are operational. They are located in Bulgaria, Georgia and Ukraine. The mission visited two textile factories, in Bulgaria established in the framework of a joint venture between a Greek and a Bulgarian entrepreneur. The idea of the project was initiated by the Greek entrepreneur and IPSO assisted him in preparing the business plan and in submitting it to the financing authorities. The two factories employ 400 Bulgarian women and the capital of the joint venture is 85% Greek.
- A leaflet, in English and Greek, presenting the aims and the activities of IPSO Athens has been prepared and distributed among potential entrepreneurs and interested counterparts.
- In the actual budget of the project, line 21 foresees \$US 43,000 for subcontracting for pre-investment activities, specifically for project completion facilities. This facility allows IPSO to provide financial support to the two parties of the negotiation in undertaking pre-investment studies. This is an important tool that can be decisive for the financing of the project. Presently, one feasibility study in Romania for a factory for animal feed production, for a total investment cost of \$US 2.4 million is under discussion and will be partly (50%) financed under this budget line. The total cost of the study is \$US 24,000. The mission finds that precise guidelines should be formulated for the criteria of how sharing the costs of these studies between the entrepreneurs and IPSO.
- Co-operation with EU has been enhanced and some programmes like ECIP, TACIS, have been utilized to develop the activities of the Office.
- Also, co-operation with MIGA has been strengthened and a presentation of its activities to Greek entrepreneurs has been organized last March.
- The Delegates Programme, which was not utilized by the Office during the last evaluation, has now been included in the budget of the IPS and the services of two delegates, from Georgia and Armenia, have already been utilized under this

programme. The fact that they belong to priority countries for Greece could enhance the activities and the relationships for potential entrepreneurs and industrial partnerships in this area.

II. Recommendations

- Considering the positive results achieved by the Office during the last two years, the activities and the actions undertaken should be continued and strengthened.
- The project should be extended for a least a three-year term, in order to enable the Office to plan properly all the necessary actions recommended.
- Contacts with institutions in other regions of Greece should be established further to disseminate the knowledge of the possibilities offered by IPS.
- Strong contacts should be established and institutionalized, particularly with the Athens Chamber of Commerce and Industry (the biggest in Greece) and the State Organization for the Small and Medium Enterprises. The weak relations with these organizations influence negatively the impact and the dissemination of information on the activities of IPS amongst a large part of the Greek entrepreneurs.
- Precise guidelines should be formulated for the utilization of the project completion facilities. Parameters should be indicated for the percentage in sharing the cost of the feasibility study, size of the investment, priorities areas and size of the interested company. It is advisable that the participation of IPSO should not exceed 1/3 of the total cost of the study.
- Workshops and seminars for upgrading the knowledge and the skills of the small Greek entrepreneurs in the field of investment opportunities and industrial partnership abroad should be organized in collaboration with Industrial Associations and Chambers of Commerce.
- The Delegates Programme could be reinforced through financial co-sponsorship with the counterpart institution of the delegate's country, as already made in the case of the Georgian delegate.
- The co-operation with the Association of the Greek Industries should be further strengthened, utilizing the network and the instruments of the Association to divulge opportunities and project profiles among the 3,000 member enterprises.
- For a more effective guidance and control of the project some benchmarks should be established quantifying the outputs and describing precise activities and objectives in the project document.

The final report includes a comparison with the recommendations of the previous evaluation and their implementation.

I. INTRODUCTION

A) Background of IPS Athens

1. Within the Investment and Technology Promotion Division UNIDO has established an Investment Promotion Programme, whose main objective is to identify, formulate and promote investment possibilities between partners in developing countries and interested foreign investors in industrialized countries.

The existence of a network of Investment Promotion Services (IPS) allows to realize the objectives of this programme. The IPS disseminates information among companies of the industrialized country hosting the office, regarding partnership opportunities and project profiles available for sponsoring in developing countries. At the same time the IPS gives advice on how to mobilize the financial and technical resources for the development of the project and gives also assistance in the negotiation of such opportunities. The IPS is in close contact with business associations, banks, financial institutions, ministries and development agencies in the host country.

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

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

3. The IPS is financed by voluntary contribution of the hosting country. The guidelines for the operation of this office are laid down in the relevant agreements between the host country and UNIDO. The central direction is provided by UNIDO headquarters.

The project document outlines the following:

- problems to be addressed;
- expected situation after the implementation of the activities;
- target beneficiaries;
- project strategy;
- reason for UNIDO assistance;
- co-ordination arrangements; and
- counterpart support agency.

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

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

4. It is evident that the IPS network provides UNIDO with the unique position of having "antennae" in selected developed economies, enabling them to establish mutual advantages with the

local business community. Through this network, UNIDO has the possibility to find out the needs and offers of the investors in developed countries, at the same time providing them with the co-operation proposals from developing countries.

The IPS in Athens has been in operation since 1992. After the first phase, in October 1994, the project was further extended for two years until 19 October 1996. This extension was formalized through an exchange of letters between the Directorate of International Economic Organizations of the Ministry of National Economy and UNIDO.

B. Reasons and methodology of the evaluation

5. The project document foresees a joint in-depth evaluation not later than six months prior to the completion of this project. The evaluation shall provide the basis for a joint decision on the possible extension of the project.

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

The primary purposes of the in-depth evaluation are:

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

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

Another joint in-depth evaluation was already undertaken in March 1994 by a representative of the Government of Greece and of UNIDO. This evaluation provided the basis for the joint decision to extend the project.

6. The present joint in-depth evaluation took place from 6 to 17 May 1996 and visited the IPS office, co-operating institutions and entrepreneurs in Athens and Salonica and two textile factories in Bulgaria (Mariko Stenovo and Sandanski) established in the framework of the activities of the project.

The evaluation team was composed of the following members:

- Mr. Kostis S. Zevgaridis
Adviser to the Ministry of National Economy
Representative of the Government of Greece
- Mr. Mario Marchich
Evaluation Officer - Evaluation Section
Representative of UNIDO

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

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

The final debriefing of the mission was made in Athens with Mr. Nikos A. Zachariadis, Secretary General of the Ministry of National Economy, Department of International Economic Relations.

II. PROJECT CONCEPT AND DESIGN

A. Institutional infrastructure

Following the political changes that took place in Eastern Europe during early 1990s, Greece found itself in a unique situation. It is the most developed country in a continuously opening market in the Balkan and the Black Sea Region. Greek entrepreneurs, with a long tradition of cultural ties with the people in this region and with an often adventurous and short-sighted view of business opportunities stormed the area with vague expansion and collaboration plans. Of this initial wave, a significant number of successful endeavours is still operating, and the attitude of investors nowadays is more cautious and better planned.

The success stories in this region have overshadowed the failures, which were generally attributed to haste and bad planning. The level of interest in these countries remains strong, as can be witnessed in the high participation of entrepreneurs in various missions organized by sectoral organizations and agencies. The fact that these regions border with Greece has created, in the plans of Greek businessmen, a new vast market for low-quality cheap goods, and so, one of the directions taken by them constituted in the buy-out and modernization of Eastern factories and the creation of joint ventures with operating factories (particularly for the provision of raw materials and production know-how). Technical firms and large corporations were also involved in the modernization of the infrastructure in these areas (public works, services, etc.).

Although the investment wave towards the Balkans and the Black Sea region remains strong, political developments have recently begun to create additional waves of interest in other areas as well. Such areas are the Middle East (especially Palestine, Lebanon and Syria) and the Northern African region. The Euromediterranean Conference and its following developments have strengthened the interest of Greek entrepreneurs in these regions.

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

These new markets created by political developments during the past few years, have solved actual problem of Greek entrepreneurs. Up to that time, their products were either of inferior quality

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

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

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

- through individual efforts of companies, based on their own research and evaluation efforts. These efforts generally do not find any support from governmental or sectoral organizations and are oriented in accordance to each individual company's strategic aims and aspirations;
- through organized promotion efforts of semi-governmental and sectoral associations, especially in the framework of missions or sectoral studies. These efforts have not, until now, become the subject of any centrally co-ordinated attempt and were organized in accordance to the individual aims and strategies of these bodies.

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

a. Companies acting individually obtain their information through the specialized press and, less frequently, through their sectoral organizations. They generally involve large corporations, with significant resources, that tend and choose to go their own way, not participating in any organized sectoral effort. Their aim is to move swiftly in the direction of foreign investment and expansion abroad, so that their competitors (local or foreign) will not be aware of their plans. These companies can be reached and informed about foreign investment opportunities either through their sectoral organizations (by direct mail, fax, e-mail, or meetings/seminars) or by publications in the specialized press.

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

The organizations of significance for the work of the IPS office in Athens are the following:

- The Chambers of Commerce and Industry, which are organized locally, and enjoy the compulsory membership of all commercial and industrial outfits of their region. In Athens and Thessaloniki, their activities are often supplemented by those of other specialized organizations, however, on a regional level, they often constitute the only possible provider of information for their members. These institutions generally have significant political and local-governmental aspirations, which create an additional incentive for them to appear active through information dissemination, organization of seminars and other high profile "activities". Although these regional Chambers have the largest distribution potentiality (in their respective communities), the most significant chambers are those of Athens, Salonica and Pireas. They are significant with respect to the number of their members and to the high visibility of their administrations' initiatives, that enjoy vast publicity.
- The Association of Industries is organized on a regional level with a voluntary membership of significant industrialists. The strength of their members results in the significance of their comments regarding official governmental economic policy. The most significant associations are the Association of Hellenic Industries (in Athens) and the Association of Industries of Northern Greece (in Salonica).
- The Association of Exporters is where most information dissemination should be directed. The membership, which is on a voluntary basis, comprises also exporters and investors of other countries. Important associations are the Panhellenic Exporters Association (in Athens) and the Association of Exporters of Northern Greece (in Salonica).
- The Central Union of Chambers, with all the Chambers as members, has its headquarters in Athens, but is deemed to be of relatively low significance for the purpose of the IPS Athens.
- The Government-controlled Hellenic Organization of External Trade (OPE) is involved in all aspects of the promotion of Greek exports and investment abroad.
- The Government-controlled Hellenic Organization of Small- and Medium-sized Enterprises (EOMMEX) is involved in supporting the activities of these enterprises in their activities, through seminars, special programmes and information dissemination.
- Various private organizations are involved (among other things) in providing specialized services in support of exporting and international collaboration efforts. Examples of such organization are the Organization for the Insurance of Export Credits, the Association of SAs and Limited Liability Companies, the International

Trade Fair of Thessaloniki (Helexpo), and others. These organizations are of secondary significance for the purposes of the IPS Athens.

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

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

B. The Project Document

The project is governed by an exchange of letters between the Government of Greece and UNIDO and a project document enclosed to the first agreement establishing the office in Athens. This project document has remained valid over the years and no amendments were introduced since US/GLO/91/068 was signed in February 1992 by the Minister of National Economy. After the first phase, in October 1994 the project has been further extended for two years until 19 October 1996, through an exchange of letters between the Directorate for International Economic Organizations of the Ministry of National Economy and UNIDO.

Therefore, the format of the project is the same from the beginning of the operations and foresees descriptions of: background, justification, development objective, project objective, outputs, activities, inputs, risks, budget and reporting/evaluation requirements (Annex IV).

The internal logic of the project is that outputs are produced as a result of the activities and they are necessary to attain the project objectives.

The development objective of the project is:

"Increase of industrial business co-operation agreements and joint investments in the developing countries with Greek enterprises, leading to expanding productive capacities in those countries, and contribution to the establishment of duration contacts and economic linkages between Greece and developing countries."

The budget for the operation of the office is, according to latest revision (G), \$US 1,163,351 for the period 20.7.1992 - 19.10.1996 (Annex III).

The project document is the same, existing at the time of the last evaluation in 1994. It has to be noted that, compared with the last evaluation, the targeting of the developing countries is now in line with the guidelines of the policy making organs in Greece and the interests and priorities of the Greek entrepreneurial environment.

Fourteen different activities are listed in the project document. They can be grouped into the following major areas:

- a) information dissemination;
- b) advisory functions;
- c) identification of business contacts and match-making;
- d) promotion of project and financial analysis;
- e) compilation of an inventory;
- f) training possibilities and delegates programme; and
- g) management and backstopping.

The performance of these activities will be reviewed and assessed under Chapter III.B. of this report.

C. Staffing of IPS Athens

The project document indicates that the staff of the Service will be appointed by UNIDO according to its rules and regulations.

After the previous evaluation one new young professional staff has been appointed as investment promotion assistant and provisions for the delegates programme have been included in the budget. Two delegates have been utilized by the project and one is still on board.

A new Head of the office has been appointed in January 1995 and the present staff situation is as follows:

- 3 internationally recruited professional staff (including the Head);
- 2 General Service secretaries, locally recruited;
- 1 delegate from Armenia.

The evaluation team can conclude that the working climate in the office has improved compared to the previous evaluation. The duties and the tasks of each person are now better specified in the framework of the general strategy established by the Head of the Service. The implementation of the tasks discharged should be closer monitored by the Head of the Service, particularly as far as information dissemination and promotion of business contacts are concerned.

III. PROJECT IMPLEMENTATION

A. Project inputs - budget

The last revision (G) of the project allotment document is presented in Annex III. The total budget foreseen for the operations since their starting on 20 July 1992 until 19 October 1996 is \$US 1,163,351.

The initial budget for the first two years of operations was \$US 453,000. In both figures the overhead (13% on personnel and 5% on all other costs) are included. While the first phase of the project (24 months) was budgeted at \$US 453,000, the second phase (27 months) has been increased

to \$US 710,351, mainly to cover three additional months, one new internationally recruited junior professional, the delegates programme, the project completion facilities and the rent of the premises.

As can be seen in Annex III, giving the detail report on project expenditures as at 31 May 1996 the main items are the expenditures for the international staff \$US 725,478 and for the local administrative support staff \$US 182,526.

For the delegates programme (budget line 31) are budgeted US\$ 15,000 and for the project completion facilities (budget line 21) \$US 34,500.

The financial resources for the rent of the office were provided by ELKEPA (Greek Productivity Centre), which has a regular yearly subsidy by the Ministry of National Economy in the framework of the Public Investment Programme.

In the previous evaluation it was recommended, in order to avoid bureaucratic delays to establish direct relations between the Ministry of National Economy and UNIDO regarding the transfer of the financial contribution for the functioning of the project. Following this recommendation, now the contribution to the project is no longer transferred through ELKEPA and since January 1996 the rent of the premises is directly paid by the office out of their budget charging the cost (around \$US 2,000 monthly) to budget line 43.

B. Activities

Activities include a wide range of fields and also services to be provided to several target groups, namely entrepreneurs from Greece and developing countries and to lesser extent to UNIDO headquarters.

I. Information dissemination

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

- Individual project information, regarding opportunities in developing countries. This part is underlined in part III.B.III.
- General information regarding these countries, on the basis of which, strategic considerations can be documented.
- Know-how, especially in the implementation of various stages of project development.

In late 1994 IPS Athens concluded the development of its direct mail facility, concerning mainly the data-base preparation of Greek Industrial Firms allowing quick mail dispatching. The dissemination of China's Investment Forum project profiles to 830 recipients within 10 working days is an indication to the effectiveness of the new system.

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

Significant effort was undertaken by the IPS Athens, following the recommendations of the last evaluation report, to re-orient its activities towards the Balkan Area, Eastern Europe, the Black Sea Region and the Middle East area. Also, IPS Athens has attempted to stimulate the interest of the business community in Greece towards the Chinese economy and the African region, where a mission was organized and completed in 1995. In this framework the office co-organized and/or assisted in the preparation of two seminars the Productivity Initiative of EU (addressed to a Russian audience) and the Euro-Chinese Forum.

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

The evaluators have found that the antennae and contacts established in this respect by the IPS Athens have shown a dramatic increase compared to the findings of the last evaluation. The evaluators have also ascertained that the general trend of this expansion is in the right direction, both geographically and sectorally. Northern Greece and especially Salonica have greatly improved in coverage, as the collaboration with some significant government organizations (e.g. OPE). Yet, the total coverage is far from being completed and the respective strategy seems to be in need for some adjustments. The follow-up of these relations with the bodies involved tends to be left somewhat loose with the result that most of these contacts still remain in the initial stages of the desired involvement of the organizations in the dissemination of information. In general, little or no feedback is received from these organizations, and consultations for the improvement of the collaboration are not carried out on a regular basis. The assessment of the evaluators is that the priorities of the IPS Athens should gradually shift to more in-depth work with every organization rather than to the expansion of contacts to additional associations.

As far as the general information material is concerned, the evaluators found that such material is generally not requested by the contacts points. However this seems to be mostly attributed to the low priority that IPS Athens attaches to the dissemination of such material, contrary to what happens for the project profiles. The wealth of background information available through UNIDO Vienna on individual countries or sectors (apart from project proposals) would probably create a more lasting effect on the level of interest from potential investors and would lead them to seek specific investment proposals from IPS Athens. The evaluators deem that a slight modification in the promotional strategy of IPS Athens should take place, in the form of a two-tier information dissemination procedure.

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

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

implement this action, it should nevertheless be agreed that the evaluation of IPS Athens cannot be solely measured by the number of concluded projects. An infrastructure as IPS can facilitate investments abroad in ways not measurable by the simple report of the figures of its activities.

As far as know-how is concerned, it should be noted that the UNIDO Manuals for Feasibility Studies Preparation were an additional information item promoted by IPS Athens. Copies of these manuals have been distributed to some firms. The evaluators consider that this material is complementary to the background information provided by IPS and it is sufficient for the purpose.

II. Advisory functions, promotion of business contacts and match-making

With regard to entrepreneurs, IPS Athens spends a good deal of effort in advising them for the promotion of their investment projects, especially after the initial stages of match-making. This constitutes a significant improvement over the performance of IPS Athens observed during the last evaluation.

Nevertheless, the evaluators found during their discussions with Greek entrepreneurs almost with no exceptions, that one of the most attractive aspects of this support is that it is free of charge. The evaluators consider that the extent of the effort spent in advising entrepreneurs might at times surpass the role of IPS Athens. It is possible that some thresholds should be set for the provision of such support services. If, for instance, the requested support exceeds the normal assistance in match-making between Greek, foreign investors and financiers, into other services normally provided by business consultants (such as the preparation of feasibility studies) then there should be strong concern regarding the seriousness of an investor not willing to carry expenses for the preparation of an investment. The evaluators propose that some guidelines be established governing the extent to which these activities should be carried out by IPS Athens, particularly in relation to the size of the investment and the cost of the appraisal study. The possibility that a project might be lost through such principles should not be frightening, as the application of these principles is meant to facilitate the identification of less serious investors.

With regard to the Greek Government authorities, IPS Athens has played a significant advisory role via-a-vis the Ministries of National Economy and Foreign Affairs as far as their external economic policy attempts were concerned. The support and advice provided by IPS Athens to these authorities is generally positively appreciated.

III. Promotion of projects and financial analysis

During the last two years, IPS Athens has received over 2,500 project profiles relating to investment fora organized by UNIDO. IPS Athens promoted the majority of these projects to the established contact points in Greece. The results were mixed. For instance, project profiles proposed from Russia and the Czech Republic were disseminated to 20 contact points and the outcome was the participation of four major Greek banks in the St. Petersburg investment forum. On the contrary, the dissemination of 1995 China's Investment Forum project profiles to 830 recipients did not meet with any response due to the lack of interest of Greek entrepreneurs in this region.

The low number of responses when compared to the number of projects disseminated is certainly higher than the one observed during the last evaluation, and this shows a significant improvement in the efficiency and effectiveness of the Office. This figure can be still considered low, especially in comparison with the number of finalized projects. A methodology regarding the strategy to improve the penetration of IPS Athens in the Greek market has already been mentioned. To this strategy one should add the need of additional contacts with the peripheral Chambers and the organizations that are considered significant for the purposes of IPS Athens, as underlined in the analysis of the project institutional infrastructure (see II.A above).

During the past period, an average of 20 contacts per working month were initiated with individual Greek enterprises, governmental organizations and associations. This effort involved both information dissemination and promotion of individual projects. A good number of these contacts was directed towards Northern Greece, where IPS Athens has established functional contacts, in line with the recommendations of the last evaluation report. The total number of firms with whom a personal contact has been established is 240. The total effort is commendable and, once again, it shows a vast improvement of the activities of the Office, when compared to the last evaluation report.

IPS Athens has introduced in 1995 in its budget the provision for the Project Completion Facility (PCF) for the partial financing of feasibility studies of joint venture projects under its promotion. This facility has been utilized in one project (in Romania) with a 50% participation of the IPS Athens in the cost of the study. This percentage is deemed as excessive and the evaluators recommend that it be reduced in the future.

In addition to the above, IPS Athens has applied the Computer Model for Feasibility Analysis and Reporting (COMFAR) to the business plans of all (4) concluded projects to assist the formatting of their feasibility studies. The Project Profile Pre-appraisal and Screening Information System (PROPSPIN) was applied in all projects under negotiations.

Significant contacts in the framework of match-making were established between IPS Athens and financial institutions active in Greece (banks, venture capital firms, etc.). In that respect the evaluators have found that a standard practice by IPS Athens, in promoting the implementation of projects, continues to be the presentation of profiles to MIGA (Multilateral Investment Guarantee Agency, a World Bank Institution) for the insurance of the political risks of the project and to financial institutions for financing the project.

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

A number of missions abroad were undertaken by IPS Athens. The majority concerned the assistance in the negotiations of individual projects or the participation in events that could be of interest to the promotion of the services given by the Office. One mission (in Armenia, December 1995) was a well organized fact-finding mission involving UNIDO Vienna experts and Ministry of National Economy experts. IPS Athens also promoted the visit of two delegations from developing countries (Albania and China) to Greece. This kind of missions should continue to be developed in collaboration with the respective governmental and non-governmental agencies (Ministries, Organizations, Associations, Chambers).

IV. Roster of prospective investors and project profiles

According to the last Annual Report IPS Athens has in its databank 853 addresses for direct mailing, which include public institutions, banks, specific associations of enterprises and single companies, the majority of which are in the following sectors; food, textiles, pharmaceuticals and chemicals, metal products, plastics and rubber, etc.

Out of the above figure, 240 Greek potential investors firms had a direct contact with the management of the office.

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

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

The effectiveness of IPS depends on the rapidity with which information on investment opportunities is transmitted to potential investors. This is another indicator to evaluate the activity of the office, because at the time of the previous evaluation no data had been entered in this software package.

To assess the cascade effect of these contacts it has to be noted that the evaluation team, during the visit at the Association of Hellenic Industries of Northern Greece (SVVE), one of the associations listed in the DIPP, has received from them a list with over 350 member industries. The General Manager of the Association informed that they distribute through e-Mail to 113 companies the information they receive from IPS.

The evaluation team considers that, although a lot of improvements has been accomplished by the office, in order to include in the DIPP a larger number of potential Greek investors, closer relations should be established, particularly with the Chamber of Commerce and Industry of Athens, which includes 80,000 active companies, most of them belonging to the Small and Medium Enterprises Chamber.

The IPS Athens received and promoted during the period April 1994 - April 1996, 2503 projects divided as follows:

Table No. 1

Region	Proposals received from UNIDO hqs.	Proposals presented by Greek entrepreneurs	Under promotion	Under negotiation	Operational
Europe and Mediterranean Countries	925	43	20	7	4
Arab Countries	154	1	-	-	-
Africa	419	3	-	3	-
Latin America and the Caribbean	193	-	-	-	-
Asia and the Pacific	812	4	-	4	-
Total	2,503	51	20	14	4

It should be noted that all the projects under promotion or under negotiation have been presented to IPS by the Greek entrepreneurs who are looking for assistance and advice.

According to the data provided by the IPS Athens to the evaluation team the value of the projects under negotiation is \$US 276,410,000 and that of the operational projects is \$US 9,350,000.

V. Identification of Training Possibilities and Delegates Programme

According to the project document (Annex IV), training opportunities which are to be identified by IPS include industrial training in general and training in the field of investment promotion. The immediate objective of the project reads "Upgrading of skills and managerial capabilities of managers, administrators and government staff involved in implementing investment projects with developing country participation". This entails, e.g. the placement of trainers or delegates from developing countries in Greece, as well as the identification of contractors who organize training of trainers workshops in developing countries.

One of the recommendations of the previous evaluation was to take appropriate action in this regard and, in case budgetary resources are not sufficient, to revise accordingly the project document to include such a provision.

The office has started to implement this recommendation introducing in the budget provisions for financing the delegates. The amount of \$US 15,000 is not very large but it has allowed the office to accommodate part of the expenses for two delegates.

The delegates programme is understood to be, at least in part, an investment promotion training. The choice of the countries of origin of the delegates is in accordance with the Service's strategy to focus on those countries which are likely to meet the interest of the Greek entrepreneurs.

The characteristic of the programme is to have in IPS a national of a developing country of potential interest for Greek investors. This person, generally coming from a Development Agency or Institution related to industrial development in his/her country, will have the knowledge of the language, of the investment legislation, of the administrative institutional structure and of the local business climate.

The first delegate, Mr. Geno Malazonia, was coming from Georgia and stayed at IPS three months from 1st February to April 1996. The stay of the delegate has been co-sponsored by IPS and the Commercial Bank of Greece which is interested in the Georgian banking system and in contacts with Georgian importers to facilitate the export of Greek products.

Mr. Malazonia is working at the United Georgia Bank and his main task during his stay in Athens was to provide assistance in identifying Greek companies, putting them in contact with the Georgian ones and disseminating information regarding the legal and economical background for investments in Georgia.

The second delegate is a lady with mechanical engineering background, Mrs. Karina Babajan. She is from Armenia. The duration of her assignment in Athens is of two and a half months and is financed by the EU in the framework of the TACIS Programme, producing in this way some savings for the budget of IPS Athens in regard to the Delegate Programme. The period of her training will expire at the end of June 1996 and was arranged during a visit of the Head of IPS Athens, last year, in Armenia.

The evaluation team interviewed the delegate and came to the conclusion that IPS staff assists the delegate in reviewing and discussing project proposals and also advising them on promotional aspects. This shows that the inclusion of the delegates in the office is appreciated and allows to obtain direct information on important economic and industrial issues of the country of origin.

The evaluation team received the summary of the report on the activities of the Georgian Delegate and, although quite scanty, the report expresses the appreciation of the support provided by the IPS staff.

VI. Management and Backstopping

The office is well managed and, although there is room for improvement, it operates in a dynamic way, taking promotional initiatives to fulfil its tasks in relation to the industrial environment.

The office has established co-operation with the main Greek banks and financial institutions. This co-operation did not exist at the time of the previous evaluation.

The management of the office has improved and the division of duties is now better defined. A junior professional with background in economics has been recruited to assist the Investment Promotion Officer in discharging his duties.

The office maintains contacts with a number of staff in UNIDO not only limited to ITPD, but also with other parts of the Secretariat for country specific information and for particular technical assistance projects.

The project monitoring by Headquarters has improved and some staff from Vienna has visited the IPS in Athens during the last two years.

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

As suggested in the previous evaluation the transfer of the financial contribution for the operations of the IPS Athens has been directly established between the Ministry of National Economy and UNIDO, avoiding delays and intermediary institutions.

The activities are directed to the entrepreneurs in Greece and, finally, a leaflet in English and Greek, presenting the aims and the activities of IPS has been prepared and distributed among potential entrepreneurs. The responses of the entrepreneurs interviewed have been positive regarding the information and the services provided by the office.

Contacts with entrepreneurs in developing countries are limited and mainly confined to meetings at investment promotion meetings. The majority of the entrepreneurs from developing countries interested in joint ventures with Greek partners have been presented to IPS by the Greek entrepreneurs who have interest in developing the business.

VII. Cooperation with other international UNIDO Centres in Greece

The office has indicated in its annual report covering the activities of 1995, that it had contacts with the Ministry of Industry (page 33 of the annual report), which is indicated as responsible Greek counterpart, for two other UNIDO initiatives in Athens sponsored by the Greek Government.

The evaluation mission could not assess how the relationships with these two offices have developed and which are the concrete possibilities of industrial investment promotion, because the Centres themselves have not yet been established and the agreements governing their operations have not yet been finalized.

However, the mission ascertained that:

- for the "Centre of a regional network to promote cleaner production in the countries surrounding the Mediterranean and Black Seas" the Greek responsible authority is the Ministry for Environment, Physical Planning and Public Works;

- for the "Mediterranean Centre for Marine Industry" the Greek counterpart is the General Secretariat for Research and Technology of the Ministry of Industry, Energy and Technology.

The aim of the first Centre is to establish a regional network for cleaner production to assist the countries of the region in their endeavours to ensure that future industrial activities will occur in an environmentally sustainable manner.

The mission statement of the "Mediterranean Centre for Marine Industries" is to stimulate business activities in the marine industries sector by facilitating cooperation at enterprise level between developing and developed countries in the region, strengthening the capabilities of the developing countries in marine industrial technology.

The Centre aims at stimulating partnerships in commercially oriented projects providing a broker function to match: partners, markets, technologies, venture capital and funding mechanisms. As this Centre is expected to operate closely with UNIDO and to have access to UNIDO's international network and expertise related to investment and technology promotion, its strong cooperation with IPS Athens is advisable.

The evaluation mission met the persons responsible for these two Centres, but since the agreements and the respective project documents governing the Centres have not yet been finalized, their relationships with IPS Athens were limited to contacts and discussions on future possible cooperation.

IV. PROJECT RESULTS AND OBJECTIVES

A. Outputs

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

Immediate Objective 1

Establishment of an IPSO in Athens.

Outputs

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

Results attained in the period 1994-1996

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

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

The delegates programme has been included in the budget and the services of two delegates have been utilized.

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

Immediate Objective 2

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

Outputs

- (i) Computerized information bank for approximately 70 records containing an inventory and short profiles on institution/enterprises in Greece interested in industrial cooperation with developing countries.
- (ii) Inventory of Greek technology offered to the developing countries (approximately 40 records).
- (iii) A minimum of three investment oriented business cooperation agreements per annum between Greek companies and partners from developing countries, with a total of \$US 25 million in two years.

Results attained during the first phase, 1992-1994

- (i) Records of 55 Greek companies interested in industrial cooperation with developing countries have been established. Their selection has been done without a strategy. The data have not been computerized.
- (ii) Nothing has been done.
- (iii) Thirty-eight projects declared "under promotion" or "under negotiation", out of them 29 in Iran. The two projects declared "concluded" amount to a total of \$US 43.7 million, however, the form of financing has not yet been identified.

Results attained during the period 1994-1996

- (i) Around 900 Greek companies interested in industrial cooperation have been inserted in the database (DIPP) of IPS Athens. Out of them around 300 can be considered at present as active. It has to be noted that 60% of these companies are SMEs.
- (ii) During this period, 51 industrial projects have been promoted by the office. All these projects have been proposed by Greek entrepreneurs and are divided as follows:

Europe and Mediterranean countries	43
Arab countries	1
Africa	3
Asia and the Pacific	4

The UNIDO headquarters sent 2,503 proposals but, although distributed by IPS among potential Greek investors, no interest has been shown for these projects.

(iii) While in the first phase no projects became operational, during 1995, IPS has indicated:

13	projects under negotiation
17	" " promotion
4	" concluded*
2	" operational

The evaluation team visited in Bulgaria one of the two operational projects.

The value in US\$ of the projects under negotiation is \$US 276.4 million and the value of the operational ones is \$US 9.3 million.

Immediate Objective 3

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

Outputs

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

Results attained during the first phase of the project, as per previous evaluation

- (i) Nothing has been done.
- (ii) The Deputy of IPSO participated in the COMFAR III Seminar in February 1994. The office has sold several copies of the UNIDO Manual on Feasibility Studies to Greek entrepreneurs.

* It has to be noted that the office considers a project as concluded when a letter of intent or a memorandum of understanding has been signed between the partners concerned, also, if then later this agreement does not bring any concrete result

- (iii) Assistance and advice have been provided to the Greek companies registered by IPSO regarding investment promotion (mainly information about the existence of MIGA). Two investment promotion missions to Iran were organized. Twelve entrepreneurs took part in the first mission, six in the second.

Results attained in the period 1994-1996

- (i) The office has organized five seminars/meetings (3 in Athens and 2 in Salonica). Three of these events, prepared in cooperation with the Chamber of Commerce and Industry of Salonica, the Association of Exporters of Northern Greece and the Commercial Bank of Greece, were organized to divulge the existence of IPS and its activities among the Greek entrepreneurs.

The other two events were organized to present to potential Greek industrialists investment opportunities in Georgia and the activities of MIGA (Multilateral Investment Guarantee Agency) on investment guarantees against the risks of joint ventures in developing countries.

However, the evaluation team is of the opinion that the skills and knowledge of the small Greek entrepreneurs in the field of investment opportunities abroad, should be further enhanced by IPS, through specific workshops on the subject.

- (ii) The office has established relations with banks and financial institutions. Through COMFAR IPS Athens has prepared several financial analysis on investment projects. Several entrepreneurs interviewed expressed their satisfaction for this kind of assistance given free of charge by IPS. The financial institutions interviewed by the evaluation team were very positive and stated that if an entrepreneur is approaching them adding to the documentation the financial analysis prepared by IPS on COMFAR, they consider it a reliable instrument which assures the seriousness of the undertaking.

Also, the Project Profile Pre-appraisal and Screening Information System (PROPSPIN) is utilized by IPS for all the projects under negotiations. The results of PROPSPIN helps the Greek companies in undertaking, already at the initial stage, the pros and cons of the joint industrial venture they would like to undertake.

- (iii) Assistance and advice have continued to be provided to Greek firms. IPS staff has accompanied Greek entrepreneurs to some missions or fora in developing countries like Bulgaria, Romania, Ethiopia, Jordan and Armenia.

The office has also been involved in organizing meetings with Greek investors, during the study tours in Greece of delegations coming from developing countries.

B. Achievement of Project's Objectives

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

Analysing the status of the above mentioned outputs and comparing them with the assessment of the previous evaluation, the mission is of the opinion that the results attained during the period 1994-1996 of the project are satisfactory.

The office has adapted its operational strategy to the priorities of the governmental Greek authorities and co-operating with public and semi-public institutions.

In undertaking this action the office has completely changed the strategy adopted during the first phase of the operations. However, the co-operation with some institutions like the Chamber of Commerce and Industry of Athens has to be strengthened, particularly considering that the Chamber has 120,000 firms registered and most of them belong to the SMEs sector. The Chamber should be one the main targets of the office to disseminate the information on the activities of IPS and the business opportunities offered.

The four operational projects show that some joint ventures have been concretized and this is a positive indicator that was not noted in the previous evaluation.

The evaluation team reaffirms the statement of the previous evaluation that the projects declared "concluded" cannot be declared as such, since the financing is not yet defined and, therefore, their further development is still uncertain. To be more specific, these projects could be called "projects under business implementation, following agreement". The definition of "projects under negotiation" does not need any further explanation, because it is clear that an agreement has not yet been reached between the parties. The same applies also for "projects under promotion", which means that a partner for the joint venture has not yet been found.

C. Relevance and Sustainability

The IPS Athens is considered by the Greek authorities and the entrepreneurs interviewed as a valuable window to international business opportunities. Moreover, the office fulfils the function of liaison office between Greek enterprises, other international institutions and UNIDO.

A supplementary advantage of IPS is the presence in the office of delegates from developing countries of interest for the Greek economy.

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

The sustainability of the office depends entirely on the financial contribution of the Ministry of National Economy.

As already indicated in the previous evaluation, once the office is better established, possibilities for the Greek entrepreneurs to pay some fees for the services rendered to them by IPS should be investigated. All the entrepreneurs interviewed during the evaluation have expressed their satisfaction for the specialized assistance given by the office and their surprise that such highly specialized services were given free of charge, contrary to other similar offices (national or belonging to EU programme) which charge fees for their services.

The evaluation team is of the opinion that the present financing arrangements should be

maintained.

D. Impact

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

The value of the four operational projects is \$US 9,350,000 and the value of the projects presently under negotiation is \$US 276,410,000.

The investment promotion work requires a lot of time and effort to identify and negotiate business opportunities and only in few cases achieves positive results.

Several Greek entrepreneurs have been assisted by the office in preparing business plans, feasibility study and in establishing contacts with financing institutions and banks.

The financing institutions interviewed confirmed to the evaluation that they trust the business plans prepared by IPS, since they are done professionally and seriously and constitute for them a good basis to start the economical analysis of the viability of the project brought to their consideration for financing.

The evaluation team visited two textile factories in Bulgaria, operating under a joint venture between a Greek and Bulgarian entrepreneur, both assisted by IPS in their negotiations. The impact of the project is, therefore, visible because in the two factories 400 Bulgarian women are employed and the capital of the joint venture is 85% Greek.

V. CONCLUSIONS

- The insufficient information available to the Greek enterprises, particularly to the small entrepreneurs, regarding the possibilities of industrial investments in developing countries was the main argument to create the IPS office in Athens. The office operates in an international network already established in developed and developing countries. It can be considered as a valuable window to international business opportunities, which otherwise would not be easily accessible.
- The lack of knowledge of investment laws in developing countries and the ignorance of languages, especially for small entrepreneurs, represent serious drawbacks for initiating international industrial co-operation agreements.
- The evaluation team was able to ascertain that Greek public authorities and the business community are interested in developing business opportunities abroad, particularly in the Balkan and the Black Sea area and in the Middle East. This orientation is due to geographical and cultural reasons, which influence the Greek policy making organs to be especially active in these areas. This is a valid reason which warrants promotion work, utilizing the comparative advantages available in the UNIDO global network.
- Contrary to what was stated in the previous evaluation, the strategy of the office is presently

in line with the targets and the priorities of the Government and of the potential investors.

- Co-operation with the Greek banking system and financial institutions (which did not exist at the time of the previous evaluation) has been established.
- Information material (which did not exist during the previous evaluation) on the aims and activities of the office has been prepared and distributed among potential entrepreneurs and interested counterparts in Greece.
- The office fulfils not only investment promotion functions but has also a general liaison role, to facilitate contacts between Greek entrepreneurs and institutions and UNIDO. This also facilitates involvement in technical assistance projects executed by UNIDO.
- The office is better managed comparing to the previous evaluation and should continue its operations in accordance to the project document.
- The office does not limit its assistance to the promotion or the pre-feasibility study of the business opportunity, but continues to assist, if required, the entrepreneurs also during the negotiation phases. It never charges any fee for its services.
- The existence of IPS Athens is still not widely known among the Greek business circles. Although considerable improvement can be noticed compared to the previous years, still a lot has to be done in this direction, particularly through the Chambers of Commerce and Industry and the Associations of Entrepreneurs. Nonetheless, the evaluation team considers that the office has contributed to increase the awareness of selected Greek entrepreneurs on industrial co-operation opportunities abroad.
- The delegates programme is considered a useful and effective mechanism for investment promotion. This facility, which was recommended during the previous evaluation, has now been included in the budget of the office and two delegates have already spent some time to assist the office in investment promotion in their country of origin. The selected delegates belong to priority countries for Greece and that could enhance contacts for potential investment activities in the area. The choice of candidates and their knowledge on possible industrial joint ventures prior to arriving in Athens are basic pre-requisites for the success of this programme. The services of one delegate has been sponsored by the EU in the framework of the TACIS programme.
- The evaluation team had the possibility to visit a developing country (Bulgaria) where two projects assisted by IPS Athens are now operational. As a consequence, the project's development impact has been directly ascertained.
- As recommended in the previous evaluation direct relations have been established between the Ministry of National Economy and UNIDO regarding the transfer of the financial contribution, avoiding in this way intermediary institutions and unnecessary delays.
- The project monitoring by UNIDO headquarters has improved and, after the previous evaluation, some missions from Vienna have been organized. However, the office in Athens feels that the monitoring from Vienna should be more periodical, at least twice per year.

This would improve the value added from UNIDO, i.e. in particular assistance in finding resources to finance specific projects of interest for the Greek entrepreneurs.

According to IPS Athens, this is the main help they need from UNIDO, because the projects proposed by Vienna do not meet the interest of the Greek entrepreneurs. They wish to invest only in countries which have traditional commercial and cultural links with Greece (e.g. Balkan, Black Sea and the Middle East area). This is the reason given by the office to explain why only 5% of the project proposals coming from UNIDO headquarters found some interest among the Greek entrepreneurs. Perhaps UNIDO Headquarters should make clear to the office that one of the IPS objectives is to identify and mobilize financial resources required for the implementation of investment projects.

- Budget line 21 for subcontracting studies for pre-investment activities has been included in the budget with the intention to offer to the office further means for helping the entrepreneurs in the business negotiations. This could be an important tool for the decision to go ahead with the project, since it allows the office to provide financial support to the parties to help them in developing their negotiations. It has to be underlined that this facility is only to support financially the costs of the feasibility study.

VI. RECOMMENDATIONS

The recommendations of the previous evaluation have been analyzed to see how they have been implemented. New recommendations are formulated on the basis of the findings of the present mission.

- In comparison with the previous evaluation, the results achieved by the office during the last two years are considered positive and, therefore, the evaluation mission is of the opinion that the actions undertaken should be continued and the project extended.
- The strategic targeting of the countries and an annual workplan of activities has been elaborated, however, the organization of workshops, meetings and seminars with Greek entrepreneurs and authorities on investment opportunities in developing countries should be strengthened, particularly disseminating and promoting the project proposals coming from UNIDO Headquarters.
- Contacts with Greek institutional counterparts have been established, however, closer relations with institutions like the Athens Chamber of Commerce and Industry (the largest in Greece), the peripheral Chambers and the State Organization for Small and Medium Enterprises (EOMMEX) should be established.
- The contacts already established with the existing organizations and those indicated by the evaluation should be strengthened rather than enlarge the contacts to additional associations.
- Precise guidelines should be formulated for the utilization of budget line 21, the so-called "project completion facility". The evaluation team is of the opinion that a better terminology would be "project development facilities", because the fact that a feasibility study of a project is undertaken does not mean that the joint venture is completed, but only that an

additional step towards its further development has been accomplished.

This facility is an additional tool to assist negotiations between the partners and offers the possibility of co-financing the feasibility study once a binding contract has been signed by an entrepreneur and a project sponsor in the developing country. The feasibility study is carried out applying the UNIDO methodology, which is accepted by banks and financial institutions of over hundred countries. Since the study is co-shared precise criteria should be indicated for the percentage in sharing the costs. Presently negotiations are under way for financing 50 % of a study in Romania.

It is recommended that the potential investor provides a written statement on the intention to proceed with the implementation of the investment project in case the study's results demonstrate the project's feasibility.

Moreover, it is advisable that the financial participation of IPS in the study should not cover more than one third of the total cost. The fact that the financial participation of the entrepreneur is significant will also constitute an additional demonstration of his real interest in the joint venture.

- Since sometimes the support requested by the companies exceeds then normal match-making, some guidelines should also be established to determine which activities should be carried out by IPS, especially in comparison to the size of the investment.
- The provision in the budget for the delegates programme (US\$ 15,000) should be increased to reinforce and expand the programme.
- Skills and managerial capabilities of Greek managers and officials involved in the promotion and the implementation of investment projects should be upgraded. This recommendation was done also in the previous evaluation, since it is an objective foreseen in the project document, however, very little has been made by the office to accomplish this objective.
- Contacts with the Ministry of Industry should be established. This was also a recommendation of the last evaluation, but relations with this Ministry have not yet been established.
- Since IPS Athens considers that the value added of UNIDO Headquarters to their activity should particularly be the assistance in looking for financing project proposals. Through institutional financing institutions like the Asian Development Bank, World Bank, EBRD, etc. UNIDO Headquarters could study an integrated system to establish co-operation with those organizations in order to present for financing a package of project proposals coming from various IPS offices, with the common characteristic that the feasibility studies have been carried out utilizing COMFAR.

IPS Athens suggests the establishment of a co-ordinating body in UNIDO for promoting and looking for financing through the international financial institutions of projects coming from IPS offices. This can be seen as a link to the investment promotion chain and should be utilized for large scale projects (e.g. over one million US dollars) for which finding financial sources is more difficult.

Since the most expensive phase for a financial institution in appraising a project is the cost of the feasibility study, UNIDO should centralize this function presenting a package of projects already appraised. IPS Athens considers the absence of this function the missing link for the promotion of investment projects and the main raison d'être for the establishment of an IPS within the UNIDO network. The headquarters should create a "financial engineering function" which should facilitate the promotion of financing projects. UNIDO could act as intermediary in this process, utilizing its world-wide reputation and the fact that the COMFAR methodology is accepted by development finance institutions and banks of over 100 countries in the world.

The evaluation team supports this suggestion and recommends Headquarters to examine this proposal.

- The co-operation with the Association of the Greek Industries should be strengthened, utilizing the network and the tools of the Association to disseminate the project profiles among the 3,000 member enterprises of the Association.
- The promotional strategy of the activities should be organized in the form of a two-tier information distribution procedure: first, sending all the general background information to selected potential companies; secondly, sending the specific project profiles to the companies that have expressed concrete interest.
- For a more effective monitoring of the project, the annual workplan of the office should indicate some benchmarks to quantify the outputs and should describe precisely the activities to be undertaken.
- The participation of IPS Athens in regional specialized trade fairs in the targeted area, could be an opportunity to promote project profiles in the targeted regions.

VII. LESSONS LEARNED

From this joint in-depth evaluation the following lessons were learned:

- The appropriate selection of the Head of IPS in terms of practical experience in industrial management and appropriate educational background is essential for the good results of the operations.
- The investment promotion work requires a lot of time and efforts to identify and negotiate business opportunities and only in few cases positive developments are achieved.
- A continuous and periodical monitoring of the activities of the office has to be carried out not only by UNIDO, but also by the relevant Greek authorities.

TERMS OF REFERENCE

JOINT IN-DEPTH EVALUATION OF THE GOVERNMENT OF GREECE AND UNIDO

US/GLO/91/068

**UNIDO INDUSTRIAL COOPERATION AND
INVESTMENT PROMOTION SERVICE IN GREECE**

February 1996

I. BACKGROUND

The project

The UNIDO Industrial Cooperation and Investment Promotion Service Office in Greece has been in operation since 1992. After the first phase, in October 1994 the project was further extended for two years till 19 October 1996, through an exchange of letters between the Directorate, International Economic Organizations of the Ministry of National Economy and UNIDO.

The office is located in Athens and its objective is to assist developing countries in their industrialization efforts through the promotion of Greek investments and transfer of technology. The office shall contribute to the identification of appropriate investment possibilities in developing countries and bring to the attention of potential investors concrete project proposals. To this purpose the office will establish an inventory of Greek enterprises interested in industrial cooperation, particularly in developing countries.

The Government counterpart organization is the Ministry of National Economy, which provides financial support for the running costs of the office and its operations.

A joint in-depth evaluation to assess the achievements of the project against its objectives was undertaken in March 1994 by a representative of the Government of Greece and of UNIDO. This evaluation provided the basis for the joint decision to extend further the project.

II. SCOPE, PURPOSE AND METHODS OF THE EVALUATION

The joint in-depth evaluation is stipulated in the project document which sets out in detail the justification of the project, its objectives, outputs and activities, as well as inputs and related budgets. The evaluation will be undertaken jointly by the Government of Greece and UNIDO not later than six months prior to the completion of the project and shall provide the basis for a joint decision on the further extension of the project.

The primary purposes of the in-depth evaluation are as follows:

- (a) To assess the achievements of the project against its objectives and expected outputs, including a re-examination of the project design and an eventual proposal for a new design;

(b) to identify and assess the factors that have facilitated the achievements of the project's objectives, as well as those factors that have impeded the fulfilment of those objectives.

As part of the above-mentioned tasks, the mission will also review whether the approach utilized has led to optimum results, or whether another one would have improved results.

Specifically, the mission will review and assess the involvement of the project in the following activities:

- (a) Administrative and substantive set up of the office.
- (b) Promotion and mobilization of investment resources within Greece for the implementation of industrial investment projects in the developing countries through joint ventures and other forms of business-oriented partnerships. In the original project document was foreseen a total value of investments for USD 25 million in two years.
- (c) Computerized information bank containing short profiles of Greek enterprises interested in industrial cooperation with developing countries.
- (d) Inventory of Greek technology offered to developing countries.
- (e) Assistance to Greek companies and their prospective developing country business partners in establishing contacts and in bringing their negotiations to a successful conclusion, particularly in the framework of investment promotion fora.
- (f) Organization of presentation meetings for developing countries, international conferences and symposia, in order to familiarize Greek firms with investment opportunities.
- (g) Implementation of training possibilities in Greece in the field of industrial investment promotion for nationals of developing countries.
- (h) Provision information to developing countries on available technologies and on the possibilities of transfer of technology.
- (i) Upgrading of skills and managerial capabilities of managers, administrators and government staff involved in implementing investment projects with developing countries.
- (j) Dissemination of modern methods and techniques in investment project preparation and evaluation.
- (k) The impact of the activities of the office on the beneficiaries.
- (l) The continuity of demand for the services of the office.
- (m) Implementation of information services:
 - (i) to Greece (related to UNIDO activities);
 - (ii) to developing countries (related to Greek services and products);

(iii) to developed countries (related to the overall investment environment and climate for business in Greece).

- (n) The mission should also review to what extent have been realized (and how, in case, these could be improved) the planned relations with:
- (i) the Greek concerned ministries;
 - (ii) the Greek Chambers of Commerce and Foreign Trade;
 - (iii) the National Bank;
 - (iv) the numerous other industrial associations and organizations, to be selected by the evaluation team.

While a careful and accurate review of the past is itself very important, the in-depth evaluation is expected to lead also to detailed suggestions for the future.

III. COMPOSITION OF THE MISSION

The mission will be composed of the following:

- One representative of the Government of Greece nominated by the Ministry of National Economy;
- One representative of UNIDO.

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

IV. CONSULTATIONS

The mission will maintain close liaison with the Industrial Investment and Technology Promotion Division, any other appropriate organizational unit in UNIDO, the project staff and the concerned government organization in Greece.

In the discharge of its duties the mission is also expected to visit selected governmental institutions such as:

- Ministry of Foreign Affairs
- Ministry of National Economy
- Ministry of Industry

as well as a number of non-governmental organizations like:

- Chamber of Commerce
- banks
- industrial associations
- cooperative and private companies

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

V. TIMETABLE AND FINAL REPORT

The evaluation mission will tentatively take place in May 1996 for approximately two weeks duration, visiting Athens, the cooperating office of the Industrial Association of Northern Greece in Salonica and one or two developing countries, which cooperate closely with IPSO Athens.

At the beginning and at the end of its work, the mission will be briefed at the Ministry of National Economy in Athens and will present a summary of the preliminary conclusions and recommendations resulted from the work done. Administrative support should be provided by UNIDO in Vienna and IPSO Athens.

The final report should be prepared within three weeks of completion of the field work and will be submitted to the Government of Greece and UNIDO Headquarters.

LIST OF PERSONS MET

Athens

MINISTRY OF NATIONAL ECONOMY

Mr. N. A. Zachariadis Secretary General of International Economic Relations

MINISTRY OF FOREIGN AFFAIRS

Mr. G. Konstas Director, Department for the International Economic Organizations

Mr. A.A. Cambitsis Minister Counsellor, Department for the International Economic Affairs

Mr. G. Terzis Minister Counsellor, Responsible for European Union Development Policy

Mr. E. S. Spyridakis Ambassador, President of Black Sea Economic Coordination Committee

Mr. D. Platis Counsellor, Director of Bilateral Economic Cooperation

MINISTRY FOR ENVIRONMENT, PHYSICAL PLANNING AND PUBLIC WORKS

Mr. C. Cartalis Counsellor

FEDERATION OF GREEK INDUSTRIES

Mr. J. Stratos President

Mr. G.S. Argyropoulos Director-General

Mr. F. Deligiannis Coordinator for Industrial Cooperation, Industrial Affairs Branch

I P S ATHENS

Mr. A. Roussopoulos	Head
Mr. E. Antonakakis	Deputy Head
Mr. T. Karalis	Investment Promotion Assistant
Ms. X. Axiotakis	General Service Staff, Secretary
Ms. A. Cotsilinis	General Service Staff, Secretary
Ms. K. Babajan	Delegate from Armenia

ATHENS CHAMBER OF COMMERCE AND INDUSTRY

Mr. S. Teboneras	Responsible for Foreign Trade Section
Mr. J. Eugenis	Foreign Trade Section

HELLENIC ORGANIZATION OF SMALL AND MEDIUM SIZED ENTERPRISES AND HANDICRAFTS (EOMMEX)

Mr. M. Potiriadis	Deputy Director-General, Department of Planning and Development
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INSTITUTE OF INTERNATIONAL ECONOMIC RELATIONS (belonging to the Association of Anonymous Companies)

Mr. C. Tsardanidis	Director
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CHAMBER OF COMMERCE AND INDUSTRY OF THESSALONIKI

Mr. E. M. Vlachogiannis	General Secretary
Mr. Ch. Goundoulakis	Director-General

ASSOCIATION OF INDUSTRIES OF NORTHERN GREECE (SVVE) - THESSALONIKI

Mr. A. Alexandrides	General Managerr
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EXPORTERS' ASSOCIATION OF NORTHERN GREECE (SEVE) - THESSALONIKI

Mr. J. Adamidis	Managing Director
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BANKS AND FINANCIAL INSTITUTIONS

COMMERCIAL CAPITAL

Ms. E. Roupakia Manager for International Financial Organizations

COMMERCIAL BANK OF GREECE S.A.

Mr. C. N. Kanonis Deputy General Manager

GLOBAL FINANCE S.A.

Mr. G. Apostolides General Manager

HELLENIC BANK ASSOCIATION

Ms. N. Hadjiyanni Consultant

ALPHA FINANCE A.E.

Mr. P. Vourloumis Chairman and Managing Director

ENTERPRISES

Mr. S. Tzintas Dromeas, Salonica, Office Furniture
Financial Consultant

Mr. C. Th. Poulis Elleniki/Technodomiki Athens, Constructions
Engineer,
Construction Consultant

Mr. S. Florokapis Kyknos Yucca, S.A., Textiles, Salonica
Managing Director

Mr. T. Papazoglou Kyknos Yucca, S.A., Textiles, Sandanski (Bulgaria)
Factory Director

Mr. A. Asminov Kyknos Yucca, S.A., Textiles, Sandanski (Bulgaria)
Bulgarian partner

Mr. D. Karachalios E.C. BIC of Attica, European Community
Chief Executive Officer Business and Innovation Centre

Mr. G. Antonopoulos
Managing Director

Ergas, S.A., Construction Company

Mr. J.E. Tsouderos
Member of the Board
of Directors

Petzetakis, Plastic and Rubber Industry

Mr. T.S. Hara5labopoulos
Chairman
General Manager

Star Sandros, Pasta Production Factory

Mr. M. Th. Papayanni
General Manager

Nutria S.A., Standardization and Trade of Agricultural
Products

Mr. J. Stephanis
Managing Director

Selonda Aquaculture, Fish Production and Breeding

Mr. P. Stolakis
Technical Coordinator

Eant-Martedec, Marine Technology Development Centre

Mr. M. Magrizos
Managing Director

Magrizos Bros., Textiles

UNIDO

PROJECT ALLOTMENT DOCUMENT

DA/FS/FMTC

Project Number/Amendment US/GLO/91/068 G		Status O	Country and Region GLOBAL GLOBAL + INTER-REG		Pad Date Printed 96-05-14	Programme Element 08 1300	P.C.A. Name MS. WAZIDRAG	
Project Title UNIDO SERVICE IN GREECE FOR THE PROMOTION OF INDUSTRIAL INVESTMENT AND THE STRENGTHENING OF CO-OPERATION WITH DEVELOPING COUNTRIES					Backstopping Officer Name: MR. NORRIS			
Authority MEMO NORRIS/SALBURG DATED 3 APRIL 1996.					Remarks EXCL. 13% / 5% OVERHEADS CORRECTION TO 11-03 M/M.			
IDF: U	R.B:	Type: 6	PF Unit: GF		TSS-AOS:	Donor: GRE	COB Date:	
Approved By:		Date:	Transferred To "Live" File		Medium Term Plan: FIN			

Budget Line	Functional Title		Total	Prior to 1995	1995	1996	1997	1998	Subseq.
11-01	HEAD OF SERVICE	\$. WM.	361,064 45.7	170,510 24.0	92,054 12.0	98,500 9.7			
11-02	INVESTMENT PROMOTION EXP	\$. WM.	291,949 51.1	136,963 29.4	67,386 12.0	87,600 9.7			
11-03	INV.PROM.EXPERT	\$. WM.	69,465 16.3		22,465	47,000 16.3			
11-50	SHORT-TERM CONSULTANTS	\$. WM.	3,000 1.5			3,000 1.5			
11-XX	SUB-TOTAL	\$. WM.	725,478 114.6	307,473 53.4	181,905 24.0	236,100 37.2			
13-00	ADMINISTRATIVE SUPPORT P	\$. WM.	182,205	93,674	46,531	42,000			
13-50	FREELANCE INTERPRETERS	\$. WM.	321		321				
15-00	PROJECT TRAVEL	\$. WM.	70,245	41,320	8,925	20,000			
16-00	OTHER PERSONNEL COSTS	\$. WM.	5,366	2,866		2,500			
18-00	SURRENDER PY OBLIGS	\$. WM.	12,185-	12,185-					
1X-XX	SUB-TOTAL	\$. WM.	971,430 114.6	433,148 53.4	237,682 24.0	300,600 37.2			
21-00	SUBCONTRACTS	\$. WM.	34,500			34,500			
31-00	INDIVIDUAL FELLOWSHIPS	\$. WM.	15,000			15,000			

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Budget Line	Functional Title		Total	Prior to 1995	1995	1996	1997	1998	Subseq.
41-00	EXPENDABLE EQUIPMENT	\$.	28,856	12,226	10,130	6,500			
42-00	NON-EXPENDABLE EQUIPMENT	\$.	36,731	11,422	18,309	7,000			
43-00	PREMISES	\$.	27,544	2,000	1,956-	27,500			
48-00	SURRENDER PY OBLIGS	\$.	1,875-	1,875-					
4X-XX	SUB-TOTAL	\$.	91,256	23,773	26,483	41,000			
51-00	SUNDRIES	\$.	58,913	37,477	624	20,812			
55-00	HOSPITALITY, NON-UNDP PR	\$.	7,149	6,242	1,493-	2,400			
58-00	SURRENDER PY OBLIGS	\$.	14,897-	14,897-					
5X-XX	SUB-TOTAL	\$.	51,165	28,822	869-	23,212			
99-99	PROJECT TOTAL	\$.	1,163,351	485,743	263,296	414,312			
		WM.	114.6	53.4	24.0	37.2			

UNITED NATIONS INDUSTRIAL DEVELOPMENT ORGANIZATION

INTERREGIONAL PROJECT

COUNTRY	Global
PROJECT NUMBER	US/GLO/91/068
SCHEDULED START	1 April 1992
SCHEDULED COMPLETION	31 March 1994
GOVERNMENT COUNTERPART AGENCY	Ministry of National Economy
ORIGIN AND DATE OF REQUEST	Letter from the Permanent Mission of Greece to UNIDO, 31 October 1990
PROJECT TITLE	UNIDO Service in Greece for the Promotion of Industrial Investment and the Strengthening of Co-operation with Developing Countries
UNIDO CONTRIBUTION	US\$ 502,375 (including overheads)
GOVERNMENT CONTRIBUTION	
CURRENCY REQUIRED	Convertible
UNIDO SUBSTANTIVE BACKSTOPPING SECTION	Industrial Investment Division
PROPOSAL SUBMITTED BY	R. Norris
DATE	5 February 1992
PROGRAMME COMPONENT CODE	GC 1902

A. Context

Consultations have taken place between UNIDO and the Greek authorities to examine the possibility of establishing jointly an Investment Promotion Service (IPS) to facilitate contacts in the field of industry between interested parties in developing countries and industrial and financial organizations, companies and institutions in Greece in fields such as the regional and sectoral restructuring of certain industrial production capacities, the promotion of specific industrial investment projects and the related transfer of technology. The Service will form part of the network of Investment Promotion Services located in Cologne, Milan, Paris, Seoul, Tokyo, Vienna, Warsaw, Washington, and Zurich, whose investment projects identification and promotion activities are backstopped by the Industrial Investment Division of UNIDO, as well as the UNIDO Centres for International Industrial Co-operation in Beijing and Moscow.

The following factors will influence the operations of the IPS. The Greek manufacturing sector is restricted in size but maintains an outward orientation. Manufacturing accounted for only 17.5 per cent of GDP in 1987 (in current prices) but contributed 51.3 per cent to the dollar value of exports. Greece has strong commercial ties with certain developing countries notably in the Middle East and Africa. Industrial units in Greece are generally small-scale lacking in experience in overseas investment. Those sectors where Greek investment, technology and management skills could assist developing country entrepreneurs include food processing, textiles, building materials and metal working.

B. Project justification

1. Problem to be addressed; the present situation.

There is inadequate co-operation at the enterprise level between Greece and developing countries making it difficult to implement financially and economically viable projects in the latter countries. Furthermore, insufficient knowledge among Greek companies on industrial plans, policies and foreign co-operation requirements in a majority of developing countries, seriously limits industrial co-operation possibilities at the enterprise level.

2. Expected end-of-project-situation

Two years of project operations are expected to increase the number of industrial projects implemented in the developing countries through business-oriented co-operation with Greek partners. This project should contribute to the establishment of six industrial investment projects in developing countries with an estimated \$ 25 million of total investment costs.

3. Target beneficiaries

Industrial companies in developing countries; Greek companies for promotion of industrial co-operation agreements with partners from developing countries.

The Service will undertake activities in a variety of countries and sub-sectors of industry. As experience builds up, it may be necessary for the Service to give priority to selected developing countries.

4. Project strategy and institutional arrangements

Utilizing existing UNIDO mechanisms for industrial investment promotion, the technical assistance programmes and other programmes such as technology transfer, and industrial consultations, the project will concentrate on the identification and promotion of promising and viable investments in the developing countries. The screening and selection of the most reliable and appropriate Greek partners to link with investors from the developing countries will be carried out within the project framework.

5. Reasons for assistance from UNIDO

UNIDO's long experience, competence, expertise and effective linkages with developing countries provide opportunities for Greek companies in search of partners.

6. Special Consideration - not applicable.

7. Coordination arrangements

The Service will coordinate its activities with those of the Industrial Investment Division and other areas of UNIDO concerned with investment promotion. The Service will also cooperate closely with other IPSs in the network. Finally, cooperative arrangements will be maintained with those Greek authorities with an interest in the economic development of developing countries.

8. Counterpart support agency

The Government counterpart organization will be the Ministry of National Economy. The Service will be established in the Greek Productivity Centre which functions under the supervision of the Ministry of National Economy. Accordingly, fully furnished office space where the Service will be sheltered will be provided by the Greek Productivity Centre at its own expenses. The Centre is a semi-private organization with ten branch offices in Greece.

C. Development Objective

Increase of industrial business co-operation agreements and joint investments in the developing countries with Greek enterprises leading to expanding productive capacities in those countries, and contribution to establishment of durable contacts and economic linkages between Greece and developing countries.

D. Immediate objectives, outputs and activities

Immediate objective 1

Establishment of an IPS in Athens

Outputs

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

Activities

- 1.1. Assignment of the staff (two Professional staff members and two General Service staff), opening a bank account for the receipt of the Greek contribution, furnishing the Service and installing necessary equipment.

Immediate Objective 2

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

Outputs

- 2.1. Computerized information bank of approx. 70 records containing an inventory and short profiles on institutions/enterprises in Greece interested in industrial co-operation with developing countries.
- 2.2. Inventory of Greek technology offered to the developing countries (approx. 40 records).
- 2.3. A minimum of three investment oriented business co-operation agreements per annum between Greek companies and partners from developing countries per annum, with a total of US\$ 25 million in two years.

Activities

- 2.1.1. Identification and registration of Greek enterprises prepared to engage in business-oriented industrial co-operation with entrepreneurs in the developing countries; preparation of profiles of these partners and of their products and processes and the updating of compiled information.
- 2.1.2. Preparation of an inventory of Greek technologies in the form of plant profiles on offer to and appropriate for the developing countries/regions; establishment of a computerized data base and dissemination of the offers to the developing countries (approx. 40 records).
- 2.1.3. Preparation for publication in the UNIDO Newsletter - Resources available of technology on offer to the developing countries by Greek companies.
- 2.1.4. Identification, screening, and promotion vis-à-vis potential Greek partners of business co-operation opportunities in the developing countries. These opportunities may be provided to the IPS by UNIDO or may be received directly from developing countries.
- 2.1.5. Assistance to Greek companies and their prospective developing country business partners in establishing direct contacts and in bringing their negotiations to a successful conclusion, especially in the framework of investment project promotion forums.
- 2.1.6. Organization in Greece of presentation meetings for selected developing countries in order to familiarize Greek firms with investment conditions and opportunities in these countries (two per annum).
- 2.1.7. Implementation of on-the-job orientation programmes for delegates from developing countries (one delegate per annum).

- 2.1.8. At the invitation of UNIDO Headquarters, assist in mobilizing the participation of Greek enterprises, financing institutions, etc. in the investment projects identification and promotion programme of UNIDO including investment fora organized in or for developing countries.

Immediate Objective 3

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

Outputs

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

Activities

- 3.3.1. Assistance in organization of preparation of training and the on-the-job orientation programmes in Greece and outside, especially in fields related to non-traditional project financing techniques.
- 3.3.2. Dissemination of modern methods and techniques in investment project preparation and evaluation (COMFAR, PROPSPIN).

3.3.3. Assistance in organization of international conferences, symposia, seminars, study tours in co-operation with Greek and developing country organizations.

2.3.4 Assistance to missions of UNIDO officials, experts and consultants visiting Greece for industrial investment related activities.

2.3.5. Establishing and maintaining contacts with Greek enterprises and institutions willing to provide consultancy services, technical expertise, technology and equipment, upon UNIDO's request.

E. Inputs

a. Government Inputs

The Government of Greece will provide office space and office furniture and other expenses for delegates sponsored by the local Authorities and included in the work programme under the training programme.

b. UNIDO Inputs

The funds from the Greek Government's contribution to the Industrial Development Fund shall be utilized to finance expenses of the UNIDO IPS in Athens including salaries, allowances and travel as specified in the attached Project Budget.

(1) The staff of the IPS will be appointed by the Director-General of UNIDO in accordance with UNIDO staff rules and regulations after consultation with the Government of Greece. The professional staff of the IPS will comprise of two Investment Promotion Experts including the Head of Service. The General Service staff will consist of two multi lingual secretaries.

(2) Provision is also made in the budget for ad-hoc recruitment of short-term consultants primarily for technical appraisal of the investment promotion projects, and other tasks as required and agreed upon in the annual work plans.

(3) All other inputs as specified in the Project Budget.

F. Special Provisions

a. UNIDO shall submit in July of each year the budgetary requirements of the UNIDO Service in Athens for the following calendar year, for the purpose of determining necessary resources of the Service's operations for that year.

b. In conformity with the United Nations Industrial Development Organization's financial rules and regulations, a separate sub-account shall be established by UNIDO, wherein all expenditures relating to the project shall be recorded. All financial commitments and expenditures of UNIDO in connexion with the funds provided by the Government of Greece shall be expressed in US dollars, recorded at the UN rate of exchange applicable at the date of receipt and/or payment.

G. RISKS

The availability of investment capital for industrial co-operation arrangements in developing countries is relatively limited. Also, a prime objective of the Greek authorities is greater economic integration with the European Economic Community and Greek entrepreneurs place a priority on concluding co-operative arrangements with other members of the Community. These factors may hamper the Service achieving its objectives as they relate to developing countries.

H. Priority obligations and prerequisites

None

I. Project reviews, reporting and evaluation

a. On 31 March of each year, UNIDO shall furnish the Government of Greece with an annual report on the project activities as specified on the mutually agreed work plan as well as annual financial statements.

b. The Government of Greece and UNIDO will carry out a joint in-depth evaluation not later than six months prior to the completion of this project. This evaluation shall provide the basis for joint decision on the possible extension of the project.

c. Not later than six months after financial completion of the project, a final report on its implementation, including final accounts covering the utilization of the contribution provided by the Government of Greece shall be submitted by UNIDO to the Government of Greece; the final report shall contain the appraisal of the results of the project on the basis of the evaluation.

H. Budget

See attached budget sheets.