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REPORT

on a Mission to Nairobi, Kenya
24-28 April 1989

US/RAF/88/100
and associated country projects:
US/ETH/88/100, US/KEN/88/100, US/SOM/88/100, US/SUD/88/100
US/URT/88/100, US/ZAM/88/100, US/ZIM/88/100

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1. INTRODUCTION

The purpose of the mission was to participate in the first briefing meeting of the national experts. Although the national experts are scheduled to be employed only as of 1 July 1989, it was decided to conduct a pre-briefing of the experts so as to ensure a smooth start of the project and to involve the national expert designates in the early work planning exercise of the programme. The meeting gave an opportunity for the national experts to become acquainted with each other and the UNIDO team, and to conduct necessary interviews with these experts so as to provide the UNIDO Project Personnel Recruitment with all the material for starting recruitment action. Mr. Marco Beci (Italy), the associate expert to be stationed at project headquarters in Nairobi, also participated in the meeting and action was taken to initiate the approval by the Kenyan authorities of his posting in Nairobi.

A meeting report will be prepared and distributed separately. This mission report deals only with the substantive matters needing follow-up actions on the part of UNIDO.

2. US/RAF/88/100

The project has started well, the CTA (Post 11-01) Mr. Felsner (Austria) is fielded and a senior consultant (Post 11-51) Mr. Lesuisse (Belgium) is assisting him and co-ordinating the project activities between Nairobi and Vienna headquarters. All other experts are under recruitment and the two associate experts have been selected and will start working soon (Ms. Aurelia Calabro in Vienna on 2 May 1989 and Mr. Marco Beci in Nairobi about 12 June 1989). The timing of the international experts' missions to the various countries was discussed and a planning exercise conducted. The results of this planning is shown in Annex 1 to this report and will be used to produce a tentative time schedule for all job descriptions and to inform associated agencies and all other parties involved. Inter-agency agreements have been completed and are with FAO and ITC for signature.

The equipment for the project has been requisitioned and the meeting gave a good opportunity to clarify some technical and financial points concerning this matter. (The budget revision 2 including the additional FRG contribution of \$ 200,000 for the KIRDI machinery had not reached the various countries). Some difficulties regarding the telecommunication equipment were noted. The equipment offered is not approved by the Kenyan postal authorities; a specification for approved equipment was obtained and will be handed over to Purchase Section for action.

The Instron tester (delivered by the old Kenya project US/KEN/78/204) was discussed and KIRDI would prefer to have a new tester as replacement. If the old tester has to be shipped out of Kenya this may cause some bureaucratic delays as the old tester is the property of the Kenyan Government. The situation should be clarified with Instron and Dr. Arunga should be informed if the old tester is to be shipped out of Kenya for obtaining Government permission.

One of the major deficiencies of the project is that the CTA has no suitable local expert who would be able to take over the regional activities on behalf of KIRDI after the project is terminated. KIRDI has presently no suitable man for such a task and due to the Government's employment rules it is difficult at present to find a such person. The meeting recommended that a regional co-ordinator post be included in the project under budget line 17 in order to give possibilities to open recruitment for a high-level expert. The funds should be transferred from other budget lines. A draft job description and draft project revision has been prepared accordingly to facilitate early action in this matter (Annexes 2 and 3).

The situation with the international sub-contracts was also discussed and the meeting was informed that the potential sub-contractors have been contacted and that a "bidders conference" is expected to take place in Vienna on 12 May 1989, with the bids closing by 5 June 1989.

The sub-contract with KIRDI was discussed with Dr. Arunga and it was agreed that the sub-contract payments, not exceeding US \$ 12,500 per quarter for the three years of project life, should be payable against CTA verification that the services have been delivered. Draft terms of reference for the KIRDI sub-contract are attached as Annex 4. An office for the regional project co-ordinator and a conference/lecture room for 25 persons are to be included in the sub-contract.

It was recommended by the meeting that the next meeting of the national experts should take place at the "Semaine du Cuir", Paris, in September 1989. This would give those involved in the programme and the projects the chance to discuss the rehabilitation studies and to make technical evaluation of equipment before orders would be placed by UNIDO Purchase Section (see next item re: rehabilitation).

3. US/RAF/88/102 Rehabilitation

At the meeting it was explained that this project was considered to be a contribution placed by courtesy of the Italian Government at the disposal of the Industrial Development Fund (IDF) of UNIDO and earmarked for suitable rehabilitation projects within the Regional Hides and Skins, Leather and Leather Products Development Scheme. For this reason it is not necessary that the project document is signed by the participating countries and the funds could be made available only after conducting specific rehabilitation studies. These funds should also not be confused with the equipment and rehabilitation funds available to each participating country within the national projects (budget lines 41 and 42).

Each country was requested to provide UNIDO with suitable suggestions for the rehabilitation objects and the first phase of the rehabilitation studies (\$ 1.6 million equipment) would start around mid-June 1989 and be completed about mid-September 1989. These studies would be implemented as follows:

The UNIDO technical expert (Mr. Lesuisse) together with a national economist and economic analyst and a national technical counterpart would conduct the field studies. The data would be computer analysed at UNIDO headquarters. After the results were clear, the decision on the final objects would be taken by UNIDO headquarters and the orders for the first phase machinery would be placed. The machinery would then be installed by the supplier mechanics under the supervision of the UNIDO tannery machinery maintenance expert and the starting up would be supervised by the UNIDO CTA and his team.

It was agreed by the meeting that this was the best way to conduct the first phase of studies. Involving a larger group of international experts for these studies would mean that a large part of the fund would be used for studies and not for the effective process of rehabilitation. It seemed that most of the national experts were well aware what the needs are in their countries and the countries are able to provide immediately the counterpart support and suitably qualified nationals.

UNIDO's point of view was that the rehabilitation objects had to be such that fast economic returns from the rehabilitation exercise was forthcoming and that UNIDO would not be willing, at this stage, to look into rehabilitating tanneries with a long history of economic disasters and no apparent means to improve without major political decisions (such as privatizing, involvement of foreign partners, etc.). The first phase was to concentrate on realistically achievable objectives and to provide immediate relief in certain cases where results could bring the country immediate benefits. It was agreed that the criteria for selecting the rehabilitation objects and the studies would be annexed to the meeting report in order that the countries concerned would have an official paper to refer to in this respect. The job description of the international expert is presented in Annex 5.

4. Country Projects

a) US/ETH/88/100

The Ethiopian participants brought with them a well elaborated work plan for the project and a plan for the purchase of machinery and equipment under the national project. The purchases suggested were well justified and co-ordinated with other national actions. It was agreed that UNIDO will immediately prepare the necessary requisitions and a certain priority order was provided (start with lime splitting).

UNIDO was informed about the difficulties caused by the lack of communication with the Ministry of Agriculture and we should always remember to copy our communications concerning the project to them. The Ministry of Agriculture can not provide a full-time national expert for the project. It has been proposed that the head of the hide and skin improvement and his senior expert will provide each about 25 per cent of their time to the project, thereby providing 18 months services to the project. This was agreed and the funds on budget line 17-02 will be transferred to budget line 32 study tours. A change in the participant of the Hides and Skins Seminar in Plymouth, USA, was also agreed and UNIDO will send a telex accordingly. (telex copy sent 28 April enclosed as Annex 6). The project revision will be prepared accordingly.

There is apparently a wrong specification given for one of the Ethiopian vehicles concerning driving wheel position. This should be checked and corrected.

b) US/KEN/88/100

The project document is still not signed!! I was not given a satisfactory explanation of the reason for this delay. It is embarrassing for both Kenya and UNIDO that the country which has been selected and strongly supported by UNIDO as the regional centre is the only one which, up to now, has not been able to sort out its internal problems between the two ministries involved and between the various departments within the Ministry of Live Stock Development. This, in spite of the fact that this is the only country where the CTA has been stationed and constantly urging and assisting in the matter. Therefore, there is no possibility of starting any country actions within Kenya before these internal problems are solved. Kenya may, therefore, not expect to be part of the first phase of the rehabilitation exercise nor send participants to the seminar in Plymouth, USA. If the problems are not soon solved UNIDO should think carefully to re-channel the funds earmarked for the Kenya national project to other uses within the programme.

c) US/SOM/88/100

The national expert designate from Somalia had brought with him a hand-written plan of action and suggested rehabilitation objects as well as a detailed spare part lists for certain tannery machinery. These documents are helpful in preparing the studies needed. The national expert was given

information on the new financial situation of the project. The rephased budget to be submitted officially soonest through UNDP to the Government authorities.

d) US/SUD/88/100

There is an ongoing rehabilitation programme in the Sudan tanning industry which provides substantial amounts of funds for the rehabilitation of the three state-owned tanneries. The situation in the Sudan is to be studied carefully during the rehabilitation experts' mission in order to see if some of the US/RAF/88/102 funds can be used to help areas where the present rehabilitation programme does not provide inputs.

e) US/URT/88/100

The national expert had brought with him two suggestions for rehabilitation needs, one for the Mwanza tannery and the other for the Morogoro tannery. The matter was discussed and it was agreed that the Morogoro tannery needs would be immediately investigated as it seemed that the investment of about \$ 120,000 of the national project equipment funds would bring a major improvement in the operations of this tannery.

It was agreed that quotations for this equipment would be immediately requested and that the rehabilitation expert would look into the matter during his visit to Tanzania and confirm if the present assessment was correct before the orders would be placed.

Furthermore, it was agreed that Tanzania would only send one participant to the seminar in Plymouth and this participant would be Mr. Muyinga. Mr. Massay was asked to request Mr. Muyinga to take immediate action in this matter, i.e. telex UNIDO his passport details and to obtain the visa for the travel.

f) US/ZAM/88/100

This project has been recently approved by the Swiss Government. It was, therefore, a good opportunity to discuss the project and its rephasing needs.

As there are several important things happening in this country's leather sector through actions by some Government agencies in connection with foreign private companies it is advisable to rephase all the budget line 41 and 42 (Equipment) funds to 1990 so as to facilitate a careful study of the changed situation before investments. It is important to know what will materialize of the overly ambitious plans to start new tanneries for which there is hardly enough raw materials available and what advice we can give to the Government to arrive at a realistic development plan based on resources available. The CTA should plan to travel to Zambia in the near future, possibly together with the rehabilitation expert.

g) US/ZIM/88/100

The machinery and equipment needs were clarified during the discussions and requisitions will be prepared immediately. The new national expert designate, Mr. O'Shaughnessy, is willing to be detailed full time to the project if UNIDO so wishes, but it may be better if UNIDO makes an agreement with the Leather Institute of Zimbabwe and reimburse the Institute for the services of Mr. O'Shaughnessy. This should be discussed with the Recruitment Branch in order to decide which method is best.

5. Additional follow-up actions

- Recruitment action of national experts. Preparation of P.5s and submission of CV's to PPRB. Discuss with PPRB the various points brought forward by the national expert designates such as taxation, payment in foreign currency and to bank accounts outside their countries. All the national expert designates are government civil servants with certain accrued government benefits such as pension schemes, housing and education allowances etc. In most cases the government official clearance is already obtained, in other cases it has been verbally promised. In some cases the governments seem to be willing to detail the expert to the project and they may keep these benefits, in others it was not clear to the expert how the government policy will be. All these points should be clarified before contracts are signed.
- Start organizing the Semaine du Cuir meeting.
- Discuss possibility of sending someone from Vienna to train the secretarial staff and brief the associate expert on administrative matters and start a records/filing system, etc. (Ms. Fiebinger).
- Discuss vehicle insurance problems. Usually only third party liability insurance is provided to UN vehicles because comprehensive insurance is often too expensive. Can the whole fleet be insured by one company outside Africa? Field vehicles are under high risk of theft as they are operating in some cases in border areas.
- A computer training programme should be organized for the national experts as well as for the associate experts. Mr. Schmel should prepare a proposal including how UNIDO software will be distributed.
- The TPR meeting of US/KEN/84/163 should be organized end-November 1989. By that time the terminal report should be ready and the project be handed to the Government of Kenya. Participation of evaluation staff and donor country (FRG) technical evaluator (Mr. Klotzer) is needed.
- The UNIDO Leather Panel meeting could be organized in Nairobi, not before end 1990. This meeting should be preceded by a one-day preparatory meeting of national experts.

- The financial administration of the project should be organized. Our telexed MOD authorizations take very long to be executed. Authorization for the payment of DSA to the seminar participants was received by the CTA on 25 April 1989, the telex had arrived in Nairobi on Saturday, 22 April at 13.25 hours. Only because of exceptional efforts on the part of the SIDFA could the cheque be issued the next day. The CTA did, however, have to advance money from private sources to bridge the gap. UNIDO must be able to authorize funds to the CTA on an impress account so that he can operate. UNDP is fully in agreement with this. This matter needs to be discussed again with Financial Services.

- Prepare a "Note for the file" concerning the recruitment of the associate expert Mr. Marco Beci and organize a one-week training programme in Vienna starting 5 June 1989.

- Prepare a draft for the administration of the project vehicles by the national experts and forward to the CTA for approval and distribution.

Annexes:

1. Expert schedules
2. Draft JD of regional co-ordinator
3. Draft revision US/RAF/88/100
4. Draft terms of reference KIRDI sub-contract
5. Draft JD Rehabilitation Expert
6. Telex Ethiopia

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