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INDUSTRIAL ADVISORY SERVICES TO THE MINISTRY  
OF INDUSTRY AND ELECTRICITY,  
PHASE III

DP/SAU/86/004

SAUDI ARABIA

Report of the evaluation mission\*

Prepared in co-operation with the Government of the Kingdom of  
Saudi Arabia, the United Nations Development Programme and the  
United Nations Industrial Development Organization

United Nations Industrial Development Organization  
Vienna

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\* This document has not been edited.

SUMMARY OF IN-DEPTH PROJECT EVALUATION

PART A.

Project Number: SAU/86/004

Project Title: Industrial Advisory Services to the Ministry of Industry  
and Electricity, Phase III

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Executing Agency: UNIDO

UNDP Budget<sup>1/</sup>: US\$ 176,483

Date Project Approved: 8 November, 1986

Dates of Evaluation: 17 - 28 November 1988

Government Implementing Agency: Industrial Affairs Agency, Ministry of Industry  
and Electricity

Government Budget<sup>2/</sup>: US \$ 1,346,405

Date Operations Started: 1 January, 1987

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I. Summary of Project Objective and Outputs

The project continues direct support to the Industrial Affairs Agency of the Ministry of Industry and Electricity, focusing on (a) project identification, preparation and evaluation of feasibility studies (b) promotion of foreign investment and joint venture projects (c) industrial information system, and (d) technical services workshops in the industrial estates. The immediate objective is to build up the capability of the Industrial Affairs Agency to effectively undertake its functions and enhance its policy and developmental role, especially through the aforementioned activities.

II. Purpose of the Evaluation Mission

- (a) Assess the performance and achievements of the project against its immediate objectives and expected outputs.
- (b) Identify and assess factors that helped or retarded achievement of the objectives; propose necessary changes
- (c) Examine the extent to which the project helped build the capability of the Industrial Affairs Agency to effectively discharge its functions and enhance its policy development roles .

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<sup>1/</sup> As amended on 21 September 1988

<sup>2/</sup> As amended on 21 September 1988 including \$ 575,891 in cost-sharing and \$ 770,514 (SR 2889,428) in local currency input.

- (d) Identify a 5-10 year technical assistance programme serving the needs of the Industrial Affairs Agency.
- (e) Draw conclusions and recommend further action needed to achieve the identified objectives.

### III. Findings of the evaluation mission

The project has no doubt been useful to the Industrial Affairs Agency (IAA) of the Ministry of Industry and Electricity by its direct support of daily operations and in maintaining quality of analysis and advice in specific areas. Although the number of qualified nationals has increased considerably and their experience has accumulated, the required tasks have grown both in volume and complexity with the expansion of modern industry and the advanced level of technology it uses. The need will therefore continue for more specialised advice and services.

While the IAA will continue to need the support of an industrial economist in the daily operations and for general advice to senior officials, it would also need an industrial policy expert who would focus on the medium term policy issues facing Saudi industry and could design and propose steps and programmes for their resolution. This would require an economist familiar with the workings and effects of incentive systems, industrial regulations, and with marketing, finance and trade issues that normally face private industry.

Phase III of the project has directly contributed particularly to improving the capacity of IAA in project preparation, review and evaluation of feasibility studies and has rendered quality service in the evaluation of the feasibility of large joint venture projects. These are expected to increase under the Peace Shield and Yamamah programmes in the future, and a high quality analysis and evaluation by IAA could be of great value. The project has also corrected the scarcity of project identification efforts in the early stage by engaging in October 1988 an industrial chemist to focus on this question in the important chemical sector.

However, little has been done by the project to improve IAA's capacity to promote foreign capital investment, or to the setting up of a complete industrial information system which was seriously delayed with the abolition of the post of Computer System expert following the difficulties in recruiting an appropriate Arabic speaking one (since programmes are in Arabic). However, the programme is now back in place with the invitation of consultant bids to design and supervise the new system. A major step was made with completion of an industrial survey by a Saudi consultant firm with the project's involvement in supervising the task.

On the engineering side, full evaluation could not be made because of the absence of key persons involved. However, less emphasis seems to have been given in this phase to the objective of improving the capacity of the technical services workshops in the industrial estates and more on project preparation, marketing studies on specific products, general technical backstopping and production of technical background papers. Training efforts had a slow start but improved in 1987 with appointment of a number of part time counterparts and with the mounting of a seminar for training in the use of COMFAR for March 1989.

The project contributed little to the general objective of enhancing the central role of IAA in carrying out the industrial development programmes and policies in the Kingdom. It allocated little resources to the issues of industrial development policy and planning or to sector-wide analysis of problems and needs, except in the export sector, and little input so far has been put into the plan preparation.

With the completion of the industrial survey which includes a wealth of new information on Saudi industry, and the setting up of a computerized data system in the IAA, the statistical tools for addressing the sector-wide development and policy issues would be facilitated. However, there would be a need to organize and build up at IAA a research and studies group to undertake analytical studies, utilizing the new statistical data and the computer facilities in order to help in the formulation of development programs and policies. The role of a suggested industrial policy expert would be important in supporting and advising such a group.

IV. Recommendations of the evaluation mission

For 1989

- The project should retain input changes made in September 1988. It is suggested that the Industrial Economist/CTA focus more on the evaluation of large projects in addition to his other functions and prepare a work programme for 1989 as soon as possible.
  
- It is recommended to add to the project an internationally recruited Industrial Policy expert with wide experience who would focus on the medium term policy issues facing Saudi industry and would design and propose steps and programmes for their resolution. This would require an economist familiar with the working and effects of incentive systems, industrial regulations and with marketing, finance and trade issues that normally face private industry. The expert would also help organize and would coach a research and studies unit which it is recommended to be set up in the IAA.
  
- On the engineering side, there is need for extending engineering services not only to the TSW but to small and medium scale private industry at their request. To identify the needs and the type of engineering services that are likely to be required, a short-term consultant may be added to the project to do this and prepare a draft job description and terms of reference for a long-term Industrial Engineer/Manager.
  
- A short-term consultant should be added to the project to specify IAA's needs for demand and market studies, organize a small group of officials familiar with the basic concepts and train them to undertake such studies in the IAA. Alternatively a training program by a project expert or by a specialist in SCH could be mounted in the IAA.

Future Needs

A technical assistance programme that looks out into the next Plan period would have to take into account the structural adjustment that the Saudi economy is undergoing and will probably continue to undergo in the next few years. The needs for industry would be to raise its managerial efficiency, reduce the unit costs, improve its

marketing ability, and open up export markets in order to utilize its idle capacity and lighten its financial burden. The industrial sector will also have to expand in new areas if it is to compensate for the lagging growth in other sectors.

On the basis of this analysis and the findings of the mission the following technical assistance needs in 1989 and the next five years have been identified:

- Industrial Economist/CTA (full time) : 1989 and future years
- Industrial Policy Expert (full time) : 1-2 years
- Computer System Analyst (short term) : 1 per year, 2-3 years
- Extension System Specialist (short-term):1989
- Industrial Engineer/Manager, Extension (full time) : 2-3 years
- Export Promotion and international trade specialist (full time) : 2 years
- Marketing and sales specialist (short-term) : 1 per year, 2 years
- Industrial sectoral specialists, Investment Opportunities (short-term) : 1 per year, 4-5 years

Training of staff in the future should be a continuous process and should be programmed annually. Besides training on the job and attendance of training programmes, bright staff members among the research, marketing studies or export groups should have the opportunity to go on short-term scholarships abroad.

#### V. Lessons learned

The project design was adequate but the project implementation could have benefitted from greater precision in the definition of a smaller number of activities which are clearly linked to each of the objectives. Preparation and review of the annual Work Plan ahead of time is an important step in clarifying the link between activities and objectives and in improving implementation.

#### VI. Evaluation Team

Edmond Y. Asfour, Consultant (previously Department Senior Economist with the World Bank).

**PART B.** (to be completed by UNDP Resident Representative) and to be sent to UNDP Regional Bureaux, UNIDO Headquarters and the Government, together with the report).

**I. Report of the Evaluation Mission sent to:**

(list names and affiliations of recipients and the date of transmittal).

**II. Comments of UNDP field office:**

(brief comments on effectiveness and relevance of evaluation, specifically the findings, recommendations and required follow-up)

**PART C.** (to be completed by UNDP or Executing Agency headquarters) and sent to the UNDP Resident Representative and Regional Bureau concerned within one month after receipt of the report and Parts A and B of this summary.

(summarize comments on technical and managerial aspects of findings, recommendations and lessons learned)

**PART D.** (to be completed by the UNDP Resident Representative 12 months after the completion of the evaluation)

**Follow-up taken place:**

(Record and comment on any actions that have taken place as a result of or follow-up to the evaluation. Comment specifically on all recommendations made in the evaluation report).



LIST OF ABBREVIATIONS

SR	Saudi Riyals (US \$ 1 - SR 3.75)
MIE	Ministry of Industry and Electricity
IAA	Industrial Affairs Agency (in MIE)
SIDF	Saudi Industrial Development Fund
SABIC	Saudi Arabian Basic Industry Corporation
PETROMIN	General Organization of Petroleum and Minerals
SCH	Saudi Consulting House
CTA	Chief Technical Adviser (UNIDO Team of Experts)
SASO	Saudi Arabian Standards Organization
COMFAR	Computer Model for Feasibility Analysis and Reporting
TSW	Technical Services Workshop (in Industrial Estates)
NIC	National Industrialization Company
CIRD	Centre for Industrial Research and Development

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## INTRODUCTION

The Industrial Affairs Agency (IAA) in the Ministry of Industry and Electricity is responsible for the promotion and regulation of the industrial sector in Saudi Arabia and the development of industry outside the oil- and mineral-based industries. Following its establishment in 1975, the IAA requested the assistance of UNIDO for international expertise to supplement the limited number of qualified national personnel in the Ministry. In response, UNIDO provided assistance in 1980-83 under Phase I of the project. The immediate objective of the project was to strengthen the capacity of the Ministry, enabling it to effectively play its central role in initiating and implementing industrial development policies and strategies. Assistance of three experts in the areas of Industrial Planning, Engineering Industries and Petrochemicals was supplied. The main outputs were in foreign investment policy analysis; industrial planning and policy studies related technology transfer arrangements; studies relating to engineering industries and in setting up and operating Technical Services Workshops (TSW's) in industrial estates which were under construction.

Under Phase II of the project, covering the period 1984-86, the same objective was pursued with the advisory services and support of two experts, an Industrial Economist/CTA and an Industrial Engineer. Their output was mainly in the areas of project evaluation, development and operation of TSW's as well as advice and support of IAA's management in their current tasks; some policy papers e.g. on export promotion and technical manuals were also produced. Short-term consultants on downstream petrochemicals and on data processing were included.

Phase III of the project, covering the period 1987-89 is the subject of this evaluation, which is presented in detail in Chapter III. The findings are based on reading past Project Documents and reports and a sample of at least two dozen papers produced by the experts including several selected from a long list of reports and memoranda, lengthy discussions with Directors of the IAA Departments, and with head of other Agencies involved in industrial development and with UNDP and UNIDO

officials and on the evaluator's past work on the Country's economy.

The review and discussions have led to an assessment that the project activities which started with the budget revision in Sept. 1988 <sup>largely to the</sup> respond <sup>priority</sup> to the needs of the IAA from the viewpoint of enhancing its capacity to meet the increasingly complex demands on the Agency to promote industrial development and growth in a context of slow growth and financial restraint in which the economy finds itself. To meet this challenge in part, a shift in emphasis is recommended in the work program of the experts and unidentified short-term consultants during the remaining part of this Phase towards one of the two main objectives of the Project, namely "enhancing the Agency's role in initiating and implementing industrial development policies and programmes for the overall development of the manufacturing sector". Such a shift would also prepare the ground by indicating the directions which UNDP/UNIDO support could take during the period of the Fifth Development Plan 1990-1995.

The evaluation field mission was carried out by Edmond Y. Asfour, an independent Economic Consultant based in Washington D.C. during the period 17 - 28 November 1988. The evaluator appreciated the excellent cooperation, support and openness which he received from all those with whom he had discussions. A list of the names is given in Annex II. It should be noted that both the Industrial Engineering Expert and the Director of the Engineering and Projects Department were absent during the mission and that although many of the Engineer's report were reviewed and discussions took place with the deputies of the Department Director, the evaluation of the engineering part of the project is not as complete as would have been wished.

CHAPTER I - PROJECT CONCEPT AND DESIGN

A. Socio-economic and institutional context of the project

Socio-Economic Context

The development of a modern manufacturing sector is of relatively recent origin in Saudi Arabia and has been associated with the oil boom of the mid 1970's and early 1980's. Growth of manufacturing is considered essential for the achievement of Saudi Arabia's strategic economic objectives of diversification and transfer of technology and has been emphasized in the Fourth Development Plan 1985-1990. The drastic drop in oil prices and oil revenue since 1982 has only accentuated the importance of this objective. Manufacturing value added at current prices has grown at a rapid rate of 30 % p.a. in the decade 1975-1985 but still represented in 1985 9 % of GDP and less than 4 % if oil refining is excluded. It also employed 9 % of the labour force, largely in medium and small scale industries and workshops, of whom less than 13 % were nationals.

The manufacturing sector is dominated by the capital intensive refining industry and by the petrochemical industry controlled respectively by the General Organization of Petroleum and Minerals (PETROMIN) and the Saudi Basic Industries Corporation (SABIC). The latter has contributed increasingly to manufacturing growth and exports in recent years as its large plants have come on stream. However, other industries supplying construction materials and consumer goods are largely owned by the private sector. It is one of the Plan's strategic objectives to expand the role of the private sector in manufacturing, and the Government hopes that it will exploit the opportunities opened by SABIC in the down stream petrochemical sector. Besides the high standard infrastructure that the Government has constructed, significant incentives have been extended to private investors in industry including leasing of land at nominal rates, supply of low cost electricity, gas and utilities, customs exemption of equipment and raw materials, income tax holiday, low cost credit and preference in government procurement.

The slow-down in Government expenditures and economic growth since the large drop in oil prices in 1983, and particularly the steep decline in construction and other investment expenditures, have all affected demand for domestic manufactured products and created pressures on these industries and caused a serious decline in their capacity utilization. Reducing unit costs and finding markets domestically and abroad have become pressing problems.

### The Institutional Context

The main organizations concerned with industrial development are (a) the Ministry of Industry and Electricity, specifically the Industrial Affairs Agency (IAA), which is responsible for industrial policy and regulation; (b) PETROMIN which is responsible for developing petroleum and mineral industries on a commercial basis; (c) SABIC, which was incorporated in 1976 to set up, operate and market products based on oil and mineral resources; (d) The Saudi Industrial Development Fund (SIDF), affiliated to the Ministry of Finance, which offers medium-term loans on easy terms to national industry as well as consulting services in administrative, technical, financial and marketing matters; and (e) the Saudi Consulting House (SCH) which replaced the Centre for Industrial Research and Development (CIRD) in 1979 and which was set up by the Government to supply consultation services on a commercial basis in areas including engineering, management, economics and health.

The Industrial Affairs Agency (IAA) which the project supports is a Deputy Ministry in the Ministry of Industry and Electricity. The IAA was created and its structure and objectives determined in 1975-76. Its general objectives were stated as:

1. The achievement of a continuous development of industry and its spread in the Kingdom.
2. Providing in the Kingdom the industrial atmosphere that encourages and provides the necessary protection for the support and achievement of the Plan's objectives and the realization of the Kingdom's adopted industrial policies.
3. Creating a balance in the economic development by developing the less developed areas.

The broad functions of the Industrial Affairs Agency under the Deputy Minister for Industrial Affairs can be summarized as follows:

- Co-ordination and administration of the industrial development policies and programmes with other public sector organizations in the industrial sector such as SABIC and SCH.
- Creation of the necessary framework for development, protection and encouragement of private sector domestic industries so as to ensure the achievement of industrial targets and development programme in the Development Plans.
- Representation of IAA on interministerial committees and international meetings;
- Administering the Foreign Capital Investment Law and to licence all foreign investments in the Kingdom.
- Evaluation and licencing of industrial projects and the administration of incentive schemes including tariff and other selective exemptions for local industry.
- Identification and evaluation of prospective industrial projects, and promotion of foreign and local investments in industry.
- Planning, development and operation of industrial estates in the Kingdom, with the necessary infrastructure and utilities.

- Development and utilization of industrial statistics and a Data Bank including the design and conduct of periodic industrial surveys.

The IAA consists at present of the following Departments and Committees (see organization chart):

Departments

1. Foreign Capital Investment Bureau (Secretariat of the Foreign Capital Investment Committee)
2. Industrial Licensing
3. Industrial Protection and Encouragement
4. Engineering and Projects
5. Industrial Estates
6. Statistics
7. Export (not formally a Directorate)
8. Computer (not formally a Directorate)

Committees

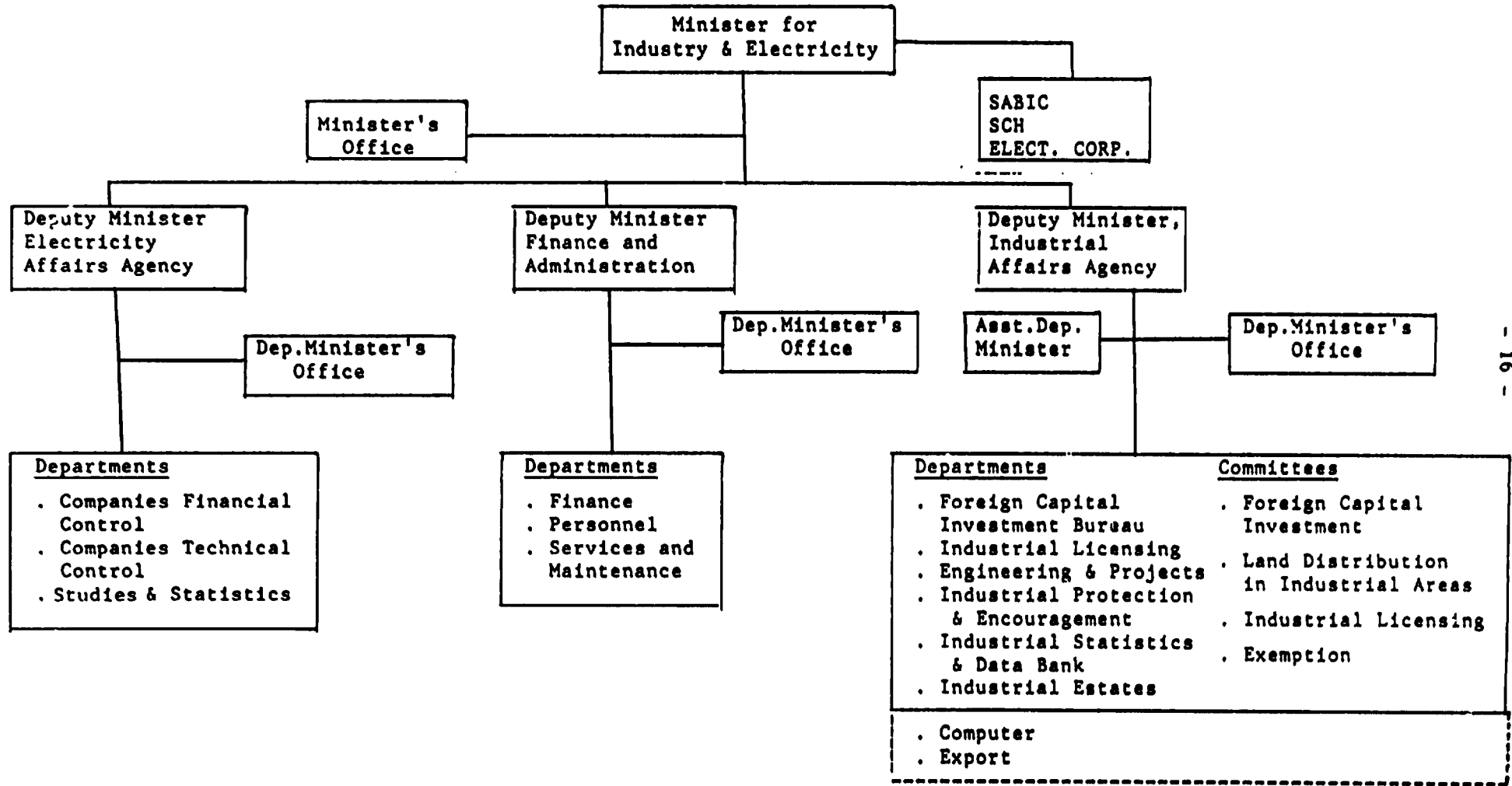
1. Foreign Capital Investment (Inter-ministerial)
2. Industrial License
3. Land distribution in Industrial Estates.
4. Exemption

A brief description of the main functions of the Departments of IAA is given in Annex III.

The experts and consultants in the project supported one or more of the Departments. Under Phase III, the Director of Foreign Capital Investment Bureau was designated as the chief counterpart to the Chief Technical Adviser and coordinator of Departmental demands for the support of the experts. The CTA has supported mainly the Deputy Minister and his Assistant and Director of the Foreign Capital Investment Bureau. The Industrial Engineer has supported mainly the Industrial Licensing and the Engineering and Projects Departments. Also, the acting heads of the new Export and Computer Departments were appointed as part time counterparts of the CTA for specific work.



Chart - I  
 Ministry of Industry and Electricity  
 Organization Chart



At the time of Phase I of the project, the need was strong to supplement the limited number of qualified national staff to execute its functions. Since then, considerable numbers of university graduates have come to the market and the experience and training of earlier ones has increased. At the same time the industrial sector has expanded rapidly, the volume of work has correspondingly risen and, in addition, the demand for more sophisticated treatment and analysis of projects and issues has grown. Thus while many tasks are now undertaken by the staff in a capable manner, other more sophisticated issues have appeared. Unlike SABIC and SCH, the IAA has no access to external technical assistance apart from the Project and a small SCH/Arthur D. Little association. It is thus obliged to contract out services which it should develop its capacity to undertake e.g. market studies, done by SCH, and an industrial survey, done by a Saudi consulting firm.

B. Project Document

The Project document states that the development objective of the project is to assist in the attainment of some of the objectives highlighted in the Fourth Development Plan 1985-1990, within the overall objective namely to produce a diversified economic base with greater emphasis on industry and agriculture and to develop mineral resources. The specific areas to be developed are:

- Quality of feasibility studies;
- Management services;
- Market information system;
- Technical training;
- Maintenance services;
- Industrial surveys;
- Studies on investment opportunities.

The main immediate objectives of the project are to enable the Industrial Affairs Agency of the Ministry of Industry and Electricity to effectively discharge its functions, and to enhance its central role in carrying out the industrial development programmes and policies of the Kingdom.

The more specific areas mentioned as indicators of achieving the objectives are:

- a. Improved capacity for project identification and preparation, review and evaluation of feasibility studies;
- b. Improved capacity for promotion of foreign investment and joint venture projects;
- c. Well established industrial information system;
- d. Improved capacity of the technical services workshops located in the industrial estates.

The immediate objectives clearly fit in with the development objectives and in fact incorporate all but one of the specific objectives highlighted by the Plan (development of the quality of feasibility studies and studies of investment opportunities; market information system and industrial surveys; technical training and assistance services). They also clearly contribute to enhancing the IAA's ability to effectively discharge its functions.

However, it is felt that improvements and enhancement of capabilities are objectives that are difficult to size and measure. Given the small number of full time experts allocated to the project (See Annex VI), and the large demand for and satisfaction with their advisory services on a daily basis, the generality of the objectives had naturally led to the emphasis in this component on direct support rather than institution building and creation of permanent capabilities in the IAA. This has made measurement of output as well as relating output to objectives a difficult task. This question has haunted the project in its successive stages (as reflected in the Tripartite Review Reports) and attempts at its resolution are reflected in the long list of outputs and activities in the Project Document, the Basic Project Elements Framework which is attached to it and in the Work Programme for 1987 and 1988 (See Annex VII). The absence of a work programme for 1988 and 1989 has perpetuated this problem.

It would probably have been more useful from the start to express the immediate objectives in terms of achievement of a limited number of concrete and measurable outputs that can be expected to lead to substantially enhancing the IAA's capacity to fulfill its functions and development roles (see proposals in Chapter III and V). Where such outputs have been set down as objectives e.g. undertaking of an industrial survey and implementing a computerization program the results are more visible.

## Chapter II Project Implementation

### A. Delivery of Inputs

#### UNDP/Government Cost-sharing/ANIDO inputs

In financial terms, the total budget for Phase III including Government cost-sharing and support costs was originally \$1,360,230 equivalent, of which the UNDP inputs proper were budgetted at US\$150,000, i.e. US\$50,000 per year for each of the three years 1987-1989. During the current phase, the project budget provided for an Industrial Economist (CTA), for 36 m/m, an Engineering Industries Expert for 36 m/m, a Computer Information System Expert for 30 m/m, Short-term Consultants for a total of 9 m/m, administrative support personnel and travel costs.

In the first year of operation the following revisions in the budget took place. Savings from the previous Phase II of US\$136,175 were transferred to the current phase, the post of Engineering Industries Expert was reduced to 24 m/m, that of Computer Information Systems Expert was reduced to 12 m/m, a provision of US\$38,400 was established to recruit a national Systems Analyst and most importantly an allocation of US\$379,000 was made for the procurement of Computer hardware and software to establish a data bank, as well as an allocation of US\$146,520 for sub-contracting services for the establishment and operation of the computer system.

In August 1988, the Government proposed to revise the Project Budget and introduce a second budget in local currency referred to as the Government Counterpart Contribution in Cash (GCCC) by transferring US\$682,795 from the current UNDP/Cost-sharing budget, to which was added the resultant savings in support cost, thus bringing the total GCCC budget to SR 2,889,428 (US\$770,514). Moreover, UNDP agreed to increase its contribution to the UNDP/Cost-sharing component by US\$19,200. The details are shown in Annex IV.

The purpose of this revision is to enable the Government to procure certain equipment and services locally. The following inputs will be met from the GCCC resources: Administrative Support in 1989, 16 m/m for the post of Systems Analyst, 12 m/m for the post of Export Promotion Expert, 6 m/m for the post of Industrial Chemist, sub-contracting services to establish the industrial information system and to procure the required hardware and software.

Annex V shows the actual expenditures in 1987 and for the period January to November 1988 under the UNDP/Government Cost-sharing budget in US dollars. The uncommitted balance of US\$210,839, which represents 30.7 percent of the total allotments, will likely be spent and/or obligated in 1989, especially if some of the activities recommended in Chapter V are implemented.

On the other hand, there has been no expenditures yet (as of the end of November 1988) under the Government Counterpart Cash Contribution budget, although minor commitments were incurred. For this reason itemized expenditures under the GCCC budget could not be shown in Annex V as well. However, it is certain that substantial expenditures will be made in 1989 following the awarding of consultancy contracts for setting up the computer system, for procuring the necessary equipment and for recruiting the required staff.

#### Government Inputs

As explained above, this is a cost-sharing project to which the Government is contributing in cash about 88 percent of the total budget and the UNDP the balance. In addition to the cash contribution, the Government is providing inputs in kind in the form of counterpart national staff, office accommodation to the UNIDO experts, office supplies and equipment and transportation for official visits. This contribution in kind has not been estimated in money terms, and except for the provision of full time counterpart staff has been reported to be adequate. The counterpart staff were made available to the international experts on a part-time basis.

#### B. Implementation of the Project

Implementation of Phase III of the project followed smoothly on 1 January 1987 at the end of the second phase, with the same arrangement and the same long-term international experts, the Senior Industrial Economist/Chief Technical Adviser and the Industrial Engineering expert in place. The expert component included a provision of 30 m/m for the post of Computer Information Systems Expert. The two incumbent experts continued to support and advise the IAA to the full satisfaction of Deputy Minister of the Agency. In May 1987 a work plan for the year was submitted.

The report of the Tripartite Review Meeting held on 10 April 1988 noted that the activities of the workplan have been carried out satisfactorily. A large number of counterparts were assigned part time to the international experts and a few worked closely with them with mixed results. The post of Computer Information Systems Expert could not be filled because an Arabic speaking expert who is suitable and available could not be identified. The expert who was fielded in October 1986 left a few months later, because he could not adjust to the working conditions.

The Tripartite Review Meeting decided that a Workplan for the balance of 1988 and for 1989 should be prepared; however, this has not been done to date due to pressure of other assignments. The CIA continued to act as the link between the IAA and the UNDP/UNIDO and assist both sides with preparing proposals and draft job descriptions as terms of reference related to the project.

In 1987, an Industrial Survey was conducted by a local private consulting firm covering the year 1985. The project provided support in the planning and monitoring of the survey and UNIDO provided substantive comments on the draft report and on the questionnaire to be used for the survey to be conducted this year.

The difficulties and delays in recruiting the international expert in Computer Information System has been a main cause of delay of that important component of the project. Partly as a result of recruitment difficulties the IAA decided to contract out the task of implementing the computerised information system programme to outside consultant firms. This will be carried out in two phases. Under Phase I bids were invited in November 1988 from consultant firms to identify the systems to be computerised and to prepare specifications for required hardware and software, to evaluate offers for procurement of equipment, and to supervise their installation.

For the purpose of identifying investment opportunities in downstream petrochemical industries, an Industrial Chemist was recruited locally for six months from October 1988.

Moreover, a request was made for the recruitment of a short-term consultant in Export Promotion whose main duties would be to advise the newly established Export Department in identifying export markets, in negotiating trade agreements and in export policy measures.

Overall, the implementation of the part of the project activities assigned to the two full time international experts has been satisfactory (see Chapter III). To improve the efficiency in the use of the experts and to sift priorities among the many demands on their time, the Deputy Minister in 1988 designated the Director of Foreign Capital Investment as coordinator of departmental demands.

One observation should be made concerning coordination of the project with other organizations as urged in the Project Document. Activities in this area could be expanded. However, relations of the new Acting Director of the Export Department (who was a CTA counterpart in the trade area) with the Export Promotion unit in the Council of Chambers of Commerce and Industry, which the IAA supported, seem to be strong.

Implementation of the training component of the project has been difficult for a variety of complex reasons. Training could be implemented through assigned national counterparts working with the international experts; through organized training programmes; and through daily contacts and discussions of memos and reports written by the experts in response to questions raised by the Ministry's staff. The appointment of counterparts was duly made by the Ministry, but discussions with several counterparts indicated that only a few of them have had extensive contacts and have benefitted from the experts. In one case the benefit was recognized by all parties. It should be mentioned, however, that there were only two full time experts available for a large number of counterparts and that not all counterparts were receptive (some because they felt there is no formal recognition or compensation made for taking training courses). On the question of formal training, no such training programmes were set up; however, in 1988 the CTA began coordinating the setting up of a training programme in the use of COMFAR in March 1988 for IAA employees as well as for staff of other agencies interested in evaluating industrial investment projects. Finally, there has been valuable transfer of technology and familiarization with analytical techniques, sources and general industrial issues as a result of daily contacts and discussions between the experts and the higher staff of the IAA effected.

To continue adequate implementation of the project in 1989, a work plan for the year needs to be prepared as soon as possible to take into account the substantial revisions made in the project budget in September 1988 referred to earlier in this report.



## CHAPTER III - PROJECT RESULTS AND ACHIEVEMENTS OF OBJECTIVES

### A. Outputs

The bulk of activities and outputs since the start of Phase III in January 1987 relates to those of the two international experts. These are discussed below and are listed in detail for 1987 in Annex VII. Besides those of the two experts, other planned activities and their output have been disappointing. Thus, the position of a third international expert on Computer Information System was abolished following the failure of an expert recruited in October 1986 to adjust to the working conditions and his departure. The position was replaced by a short-term consultant who has been identified and whose first visit is expected in early 1989. The difficulty of recruiting an appropriate Arabic speaking expert (which is necessary because the programs are in Arabic) led to a decision to contract out the services to a consultant firm and obtain advise and support in review monitoring and follow-up from the above-mentioned Arabic speaking short-term consultant.

As explained above, certain planned outputs will now be financed from the newly introduced GCCC budget. Besides the recruitment of an Industrial Chemist for six months, a substantial allocation has been made for setting up a computer information system in the Ministry including the design of the system, purchase of hardware, operation of the system, transfer of data and training of staff.

Activities and Output of the International experts

Attached in Annex VII a list of activities carried out and reports produced by the two international experts during 1987 and 1988. This list runs to 20 pages, which indicates by itself the large volume of work that the experts have produced. While many of the items are short memoranda commenting on or reviewing particular questions referred to the experts, a large group is a series of comments and evaluations on feasibility studies, some of which are reports on large and complex projects. Another series is one of short studies on market demand for individual products; another is a series of memos and reviews related to the establishment of large projects or review of progress and plan report of large industrial companies (some of which include confidential commercial information). To this list of activities and outputs be added the advice and support given by the CTA in the preparation of the scope of work and bidding documents for the consultants who will be preparing a computerization programme for the Ministry; coordination of a training programme in COMFAR for IAA staff and those of other agencies interested in the preparation and evaluation of feasibility studies; a long report in Arabic on industrial pollution and pollution control.

An Industrial Chemist was recruited locally in October 1988 under the project for a period of six months to provide technical services to the Licensing Department in the review of the chemical industries sector (other than basic petrochemicals) with a view to identifying investment opportunities and conducting brief opportunity studies. His recruitment is too recent to allow evaluation of this output.

One observation can be made. This is that studies or reports addressing policy issues or proposing programs which would lead to the promotion of industrial investment, exports, efficiency etc. - that is which would enhance the

role of the Ministry as a promoter of industrial development - are conspicuous by their absence. A good report on promotion of exports had been prepared by the CTA in 1985 under Phase II but examples are rare in Phase III, the closest being a series of papers related to international economic cooperation or trade agreements and system of preferences that might affect Saudi Arabia's exports, and "guideline and procedures for survey and licensing of small scale workshops and service industries".

The quality of the output can only be judged in relation to its timeliness, relevance and time allowed for its preparation. Judging by the large number of questions addressed and the appreciative reception of the senior officials, the quality of much of the output is good. Reading samples of over twenty papers and reports has confirmed this assumption but has also indicated the uneven quality, ranging from excellent to poor. Some of the longer reports of the CTA are of excellent quality.

#### B. Achievement of the Immediate Objectives

As discussed under Chapter I B. Project Document, the formulation of the objectives in the document in terms of enhancing the efficiency of IAA in executing its functions and its role in carrying out industrial programs and policies are difficult to quantify and measure. The specific areas listed in the Project Document as indicators of achieving the immediate objectives are repeated here for easy reference:

- a. Improved capacity for project identification and preparation, review and evaluation of feasibility studies;
- b. Improved capacity for promotion of foreign investment and joint venture projects;
- c. Well established industrial information system;
- d. Improved capacity of the technical services workshops located in the industrial estates.

- (a) Judging from the list of outputs, a substantial part of the output of the experts has been in the area of review and evaluation of feasibility studies and to a lesser extent in project preparation. Project identification was addressed mainly through a large number of market studies and in a few specific projects. However one major assignment of the newly appointed Industrial Chemist is to identify down-stream petrochemical and other chemical projects, which is one of the activities foreseen in the project document to start in 1988. Thus, in the sense that a good part of the time of the experts was spent (or will be spent) in these areas, the project can be said to have directly improved the capacity for project preparation; review and evaluation, and clearly satisfied this objective.
- (b) The team's contribution to improving the IAA's capacity for promotion of foreign investment and joint ventures has been limited. Little can be seen in the output in this area apart from a paper prepared for a Saudi-Swiss symposium on Industrial Investment Opportunities. The advice and support was substantial, however, in the area of review and evaluation of foreign and joint projects handled by the Foreign Capital Investment Bureau, the project's role has been limited both in the promotional (in the sense supplying information and assistance to prospective foreign investors) and mainly analytical in order to help implement the requirements of Foreign Capital Investment Law.

- (c) The objective of establishing a good industrial information system has taken a major step forward through the completion by a Saudi consultant firm of an industrial survey in 1988. The IAA intends to repeat the survey annually. The role of the project has been mainly in reviewing the questionnaire and the draft report with the help of UNIDO Headquarters and advised on designing the survey's tables and textual summaries. Another major step towards fulfilling this objective has been taken by IAA by inviting consultants bids to set up a computerized information system to serve the needs of the Ministry and establishing a unit (future Department) to coordinate the task and train a few employees. The project's contribution in this area is substantial since it is financing the whole activity (under Government contribution). The CTA contributed directly in the preparation of the scope of work and bidding documents and was supported as his counterpart by a Ministry official who has experience in computers and computer training. Thus although the full establishment of an industrial information system may slip to 1990, it seems to be well on its way to achievement during the lifetime of the project.
- (d) The capacity of the technical services workshops(TSW) in the industrial zones has been developed over the past years along with the completion of the construction of the industrial zones. The Industrial Engineering Expert played an important direct role in their development in Phase II of the project and has produced a substantial number of technical reports and a technical manual in this area. It seems that in Phase III he has been shifted more towards supporting objective (a)(project identification, preparation, review and evaluation) and covering both the market, economic and technical parts. It is possible that TSW's need less attention at present but I have not been able to make an assessment because of the absence of both the expert and the Director of Engineering and Projects Department.

C. Contribution to the Achievement of the Development Objective

As pointed out in Chapter I there is a clear and large overlap between the specific direct objectives of the project and the relevant objectives highlighted in the Fourth Development Plan. The achievement of the specific objectives of the project responds to the requirements of the Plan's development objectives.

The Fourth Plan was prepared in 1984 when the impact of the decline in oil prices on the economy could not be foreseen clearly. Since then there has been a decline in GDP and a slowdown in Government and investment expenditures, particularly in the construction sector. The industrial sector outside the petroleum-based and petrochemical industries have been seriously affected by the decline in both investment demand and consumption. Indications are that private industry is working at around 50 % of capacity and at much lower rates in the traditional industries. Thus, the economic slowdown, fiscal austerity and still uncertain future of oil prices have changed the medium term outlook from what was forecast in 1984. The Ministry of Planning is preparing the next development plan covering the period 1990-95 and it can be reasonably expected that a shift in sector priorities would take place more in favor of industrial growth and exports and for promoting efficiency and rationalization of the system of subsidies and incentives. In fact these directions have already been emphasized by Government officials in recent years.

With this background, the development objectives of the medium term technical assistance program would have to shift its emphasis to respond to these needs in the industrial sector. The shift should start in 1989 as far as financial resources would allow to meet the new needs of industrial development as well as to anticipate the future needs.

The changes made in the project budget in September 1988 reflect to some extent this shift in emphasis in its allocation of 12 man months for an Export Promotion Expert as well as 6 months for an Industrial Chemist who could focus

on identifying project opportunities in the chemical sector. Also, the emphasis put on data collection and processing, with the establishment of a computerized system and undertaking an annual industrial survey, lay a strong base for strengthening the capacity of IAA to use efficient statistical and analytical tools to design programmes that aim at promoting efficiency and growth of industry.

#### CHAPTER IV - CONCLUSION

The project, in its objectives and current form has been ongoing since 1980. Its main immediate objectives have remained the same: "to enable the Industrial Affairs Agency of the Ministry of Industry and Electricity to effectively discharge its functions, and to enhance its central role in carrying out the industrial development programmes and policies of the Kingdom". The project has done this mainly through providing direct advisory services and assistance to senior officials of the Agency of 2-3 internationally recruited experts - industrial economists and engineer(s) supplemented from time to time by some short-term consultants.

The project has no doubt been useful to the IAA in its support of daily operations and in maintaining quality of analysis and advice in specific areas. Although the number of qualified nationals has increased considerably and their experience has accumulated, the required tasks have grown both in volume and complexity with the expansion of modern industry and the advanced level of technology it uses.

While the IAA will continue to need the support of an industrial economist in the daily operations, it would also need an industrial policy expert who would focus on the medium term policy issues facing Saudi industry and could design and propose steps and programmes for their resolution. This would require an economist familiar with the workings and effects of incentive systems, industrial regulations, and with marketing, finance and trade issues that normally face private industry.

Phase III of the project has achieved or is expected to achieve several of the specific objectives it set itself:

- (a) It has directly contributed to improving the capacity of IAA in project preparation, review and evaluation of feasibility studies and has rendered quality service in the evaluation of the feasibility of large joint venture projects. These are expected to increase under the Peace Shield and Yamamah programmes in the future, and a high quality analysis and evaluation by IAA could be of great value. It is also



immediate objectives of the project, but is included in the general objective of enhancing the central role of IAA in carrying out the industrial development programmes and policies of the Kingdom. Such a role would include initiation of participation in formulating such programmes and policies.

With the completion of the industrial survey which includes a wealth of new information on Saudi industry, and the setting up of a computerized data system in the IAA, the statistical tools for addressing the sector wide development and policy issues would be facilitated. However there would be a need to organize and build up IAA's a research and studies group to undertake analytical studies based on the statistical data and other sources in order to help in the formulation of development programmes and policies. The role of the suggested industrial policy expert would be important in supporting and advising such a group.

Finally, it would be useful for the project's performance if more interaction occurs between the project and the agencies interested in industrial development such as the Ministry of Planning, the Council of Chambers of Commerce and Industry, the SIDF and NIC. The appointment of a UNIDO planning expert in the Ministry of Planning should help in this direction.

time that a permanent staff of IAA be assigned to deal with such review, evaluation and market studies for small and medium scale industry with minimum expert assistance. The project also corrected the scarcity of project identification efforts in the early stage by engaging an Industrial Chemist to focus on this question in the important chemical sector.

- (b) Little seems to have been done by the project in the way of improving IAA's capacity to promote foreign capital investment beyond preparation of background papers for international investment promotion seminars, and advising in matters related to implementing the regulations of the foreign capital investment law.
- (c) The Phase III objective of setting up a complete industrial information system was seriously delayed with the abolition of the post of Computer System expert following the difficulty of recruiting an appropriate Arabic speaking one. However, the programme is now back in place with the invitation of consultant bids to design and supervise the new system. A major step was made with the completion of an industrial survey by a Saudi consultant firm with the project's involvement in supervising the task.
- (d) On the engineering side less emphasis seem to have been given in this phase to the objective of improving the capacity of the technical services workshops in the industrial estates and more on project preparation, marketing studies on specific products, general technical backstopping and production of technical background papers.

Overall, the project allocated little resources to the issues of industrial development policy and planning. There is little sector-wide analysis of problems and needs, except in the export sector, and little input so far into the plan preparation. This was not among specific

## CHAPTER V - RECOMMENDATIONS AND LESSONS LEARNED

### Project Document

The difficulty of relating the project activities and outputs to its objectives in the specific context of the project was evident in Phase II of the project. Phase III should have reformulated the objective in less general terms and specified more precisely the activities that would be expected to lead to the achievement of those objectives. A smaller number of main activities should be included and each should have its own specified programme of work.

### Project Amendment

The project should retain input changes made in September 1988. It is suggested that the Industrial Economist/CTA focus more on the evaluation of large projects as one of his main functions as well as his other functions. For 1989, it is recommended to add to the project an internationally recruited Industrial Policy Expert with wide experience who would focus on the medium term policy issues facing Saudi industry and would design and propose steps and programs for their resolution. This would require an economist familiar with the working and effects of incentive systems, industrial regulations and with marketing, finance and trade issues that normally faces private industry. The expert would also help organize and would coach a research and studies unit which is proposed to be set up in the IAA.

On the engineering side, the project could play a role in supporting IAA's encouragement role by extending engineering services not only to the TSW but also mobilize available technical resources to extend services and advice directly to small and medium scale private industry at their request. While such services may be made available by SIDF to its larger clients it is not available to small industry. To identify

the needs and the type of engineering services that are likely to be required, a short-term consultant may be added to the project to do this and prepare a draft job description and terms of reference for a long-term expert.

Similarly the IAA has reached the point where it has an inhouse capacity with some additional staff to undertake a number of demand and market studies which are relatively simple and which have been done by the Industrial Engineering Expert or contracted out to the Saudi Consulting House at relatively high cost. A short-term consultant could be added to the project to review the IAA's demand for such studies, organize a small group of officials familiar with the basic concepts and train them to undertake such studies in the IAA. Alternatively a training program by a project expert or by a specialist in SCH could be mounted in the IAA.

#### Work Programme

It is recommended that a work programme for 1989 be prepared as soon as possible taking into account the activities underway and the results of the discussion of this report and the views of UNIDO and the IAA. The work programme should emphasize a fewer number of activities and specify the major types of output expected.

#### Future Needs

A technical assistance programme that looks out into the next Plan period would have to take into account the structural adjustment that the Saudi economy is undergoing and will probably continue to undergo in the next few years. The <sup>for industry</sup> need/would be to raise its managerial efficiency, reduce the unit costs, improve its marketing ability, and open up export markets in order to utilize its idle capacity and lighten its financial burden. The industrial sector will also have to expand in new areas if it is to compensate for the lagging growth in other sectors.

On the basis of this analysis and the findings of the mission the following technical assistance needs in 1989 and in the next five years have been identified as follows:

- Industrial Economist/CTA (full time) : 1989 and future years
- Industrial Policy Expert (full time) : 1-2 years
- Computer System Analyst (short-term) : One per year, 2-3 years
- Extension System Specialist (short-term) : 1989
- Industrial Engineer/Manager, Extension (full time) : 2-3 years
- Export Promotion and International Trade Specialist (full time) : 2 years
- Marketing and Sales Specialists (short term) : One per year, 2 years
- Industrial Sector Specialists, Investment Opportunities (short-term) : One per year, 4-5 years

#### Lessons Learned

The project design, while comprehensive and well balanced may have underestimated the requirements of the Ministry for direct support and assistance in a situation where industry was rapidly expanding and the policy as well as regulatory responsibilities of the Ministry were growing in volume and complexity. From this perspective, project implementation to achieve the stated objectives could have benefitted from the allocation of adequate resources specifically assigned for the support and assistance of the senior staff of the Ministry, while defining a small number of activities, specifically tied to the achievement of the other policy and training objectives and allocating adequate resources to them.

To achieve a project's objectives (and to facilitate future evaluation of the project), it is of primary importance that a work programme be prepared, before the beginning of each year, which is discussed and approved by both the Ministry and UNIDO. The programme should define the priority tasks to be implemented, tying them to the objectives to be achieved. It should also emphasize only a small number of priority tasks, define the expected outputs and set a timetable for their completion. The programme should include a specific component or sub-programme for training which specifies the courses or activities, their timing and the prospective attendance.

ANNEX I

Terms of Reference of the Evaluation Mission

The purpose of this project is to enable the Government, the UNDP and UNIDO to decide on further action which might be taken through an assessment of the ongoing project SAU/86/004, Phase III.

The Consultant will spend initially a few days at the UNDP and UNIDO Hqs. for briefing and gathering information, and about two weeks in the field to collect data and information, during which he will hold discussions with the UNDP staff in Riyadh, with the international team of experts attached to the project DP/SAU/86/004, with the Deputy Minister of Industrial Affairs and with the counterpart officials in the Ministry of Industry and Electricity.

He will visit other Government and private institutions as required. The consultant will specifically be expected to:

1. Assess the performance and achievements of the project against its immediate objectives and expected outputs. This will include a re-examination of the project design, including the following project elements; Immediate objectives and problems addressed; specified outputs and work plan; quantitative progress indicators including targets and milestone indicators.

In assessing achievements, the following should be reviewed; project outputs, their quality and timeliness, their usefulness to the end-user.

In assessing implementation the following factors should be considered:

- (a) The quality and timeliness of the inputs;
- (b) The quality and timeliness of the activities;
- (c) The quality and timeliness of the responsiveness of project management to changes in the environment of the project;

ANNEX 1 (Cont'd)

- (d) The quality and timeliness of monitoring and backstopping by all parties to the project.
2. Identify and assess the factors which facilitated the achievements of the project's objectives, as well as those factors that impeded the fulfillment of those objectives. Suggest remedies, changes or perhaps a different approach to the development problem addressed.
3. Examine the extent to which the results/outputs produced by the project have contributed towards the building up of the capability of the Industrial Affairs Agency of the Ministry of Industry and Electricity to effectively discharge its functions and to enhance its central role in initiating and implementing industrial development policies and programmes for the overall development of the manufacturing sector.

In undertaking the above task, the consultant should examine, inter alia, the following factors:

- (a) The development and operation of a computerized industrial data base;
- (b) The development of industrial exports and the promotional role of the Ministry of Industry and Electricity;
- (c) A strategy for investment promotion;
- (d) The institutional framework and the extent to which the project should develop its relations with other organizations involved in industrial development including Saudi Industrial Development Fund, Saudi Consulting House, Chambers of Commerce and Industry, Private Sector industries, etc...
- (e) Monitoring of the industrial survey which is being carried out by a private consultant for the MIE, and the evaluation and analysis of the survey data;
- (f) Training of Saudi nationals in the MIE and affiliated organizations.

ANNEX I (Cont'd)

4. Identify a technical assistance programme for the Industrial Affairs Agency which will serve its needs for the next five to ten years.
  
5. Prior to his departure from the field, the consultant will discuss the first draft of his report with the parties concerned and at UNIDO Hq during the debriefing. Subsequently, the consultant will submit a final report setting out his analysis and assessment of the above issues with a view to determining the extent to which the project results have or will contribute towards the realization of the immediate objectives. His report will also include recommendations and justification to the parties concerned on further action to be taken, to achieve the identified objectives.



ANNEX II

List of Persons Consulted during the Mission

UNDP

Mr. Kyaw Lwin Hla	Resident Representative a.i.
Dr. Hassan Amin	Sr. Programme Management Officer
Mr. Abdalla Odeh	Assistant Resident Representative (Prog)

UNIDO EXPERTS

Mr. R.M. Withana	CTA/Senior Industrial Economist
Mr. Said Haimor	Industrial Planning, Ministry of Planning

INDUSTRIAL AFFAIRS AGENCY

H.E. Mr. Mubarak Al-Khafrah	Deputy Minister for Industrial Affairs, Ministry of Industry & Electricity
H.E. Mr. Mohamed Al-Mussallam	Assistant Deputy Minister, Secretary- General of Foreign Investment Committee and Director Foreign Capital Investment Bureau
Mr. Essam Al-Mahdi	Director of the Industrial Protection and Encouragement Department
Mr. Othman Battain	Engineer, Engineering and Projects Department
Mr. Mohamed Al-Sindi	Director, Industrial Licensing Department
Mr. Mohamed Al-Khateeb	Acting Director, Exports Department
Mr. Omar Abdul Lateef	Acting Director, Computer Department
Mr. M. Sharabash	National Professional Project Personnel, Industrial Chemist

NATIONAL INDUSTRIALIZATION COMPANY

Dr. Mahsoun Jalal	President, Chairman of the Board
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ANNEX II (Cont'd)

COUNCIL OF SAUDI CHAMBERS OF COMMERCE & INDUSTRY

H.E. Mr. Abdullah Al-Dabbagh

Secretary-General

Mr. Hamdan Al-Hamdan

Director, Saudi Export Centre

OTHERS

Dr. Mohamed Al-Khatrawi

Economic Adviser, GCC

ANNEX III

Main Functions of the Departments of IAA

Foreign Capital Investment Bureau:

- Act as Secretariat to the Interministerial Foreign Capital Investment Committee;
- development of Policy and other matters relating to foreign investment;
- administer the Foreign Capital Investment Law;
- promote Foreign Investment;
- evaluate foreign investment projects;
- and liaise with other Ministries and Departments on matter pertaining to foreign investment;
- follow-up on implementation.

Industrial Licensing Department

- Conduct initial studies particularly of market/demand of potential projects;
- evaluate application for industrial projects licences (in association with Foreign Investment Bureau for foreign investment projects);
- follow-up on the establishment and operation of licensed industrial projects;
- identify areas suitable for industrial investments.

Industrial Protection and Encouragement Department

- Administer the Law for the Protection and Encouragement of National Industries by evaluating applications for concessions on tariffs, subsidies and protect. and making recommendations on these;
- encouragement of industries by conducting necessary markets studies with the assistance of SCH;
- promoting public sector purchases of local products;
- ensuring compliance with SASO standards.

Engineering and Projects Department

- Plan, design and supervise the engineering aspects of construction; development, operation and maintenance of industrial estates;
- coordinate supply of utilities and services;
- examine plans and designs of the factories of approved industrial projects to be set up in the industrial estates;

ANNEX III (Cont'd)

- monitor compliance with specifications and pollution control.

Industrial Estates Department

- Prepare plans for blocking areas and provision of services;
- evaluate applications for industrial plots in industrial estates, and make recommendation on these to Committee on Land Distribution for new industrial estates.

Statistics Department

- Develop and maintain a system of industrial statistics for use by the different Department of the Ministry and outside agencies;
- prepare quarterly and annual bulletins of Licensed Industrial projects;
- assist in the preparation of special statistical reports.

Export Department (new)

- Develop a system of trade data and initiate studies on measures to promote exports;
- participate in multilateral and bilateral trade negotiations;
- assist the Saudi Chambers of Commerce and Industry in Export promotion programmes.

Computer Department (new)

- Monitor the implementation of the study of setting up a Computer system in the Ministry by consultants;
- coordinate work relating to the project;
- training of staff in computer use;
- planning for future use of system.

ANNEX IV

Budget Allocation, 1987-1989, Phase III.  
(Revised as of November 1988)

<u>UNDP CONTRIBUTION</u>	1987		1988		1989		Total	
	<u>m/m</u>	<u>\$000</u>	<u>m/m</u>	<u>\$000</u>	<u>m/m</u>	<u>\$000</u>	<u>m/m</u>	<u>\$000</u>
11-01 Sr. Indus. Economist	12	100.8	12	99.9	12	111.6	36	312.3
11-02 Eng. Indus. Expert	12	93.2	12	92.5	3	27.9	27	213.7
11-97 Short-term Consultants			1.5	15.0	8	75.0	9.5	90.8
13-00 Admin. Support Personnel		10.2		15.0				25.2
15-00 Official Travel		6.3		5.0		3.6		14.8
16-00 Mission Costs		3.0		4.9		5.0		12.9
41-00 Expendable equipment				2.2		2.0		4.2
51-00 Sundries		1.5		6.5		5.0		13.0
Less Govt. Cost-sharing		<u>-165.0</u>		<u>-181.4</u>		<u>-163.2</u>		<u>-509.6</u>
UNDP Total:	24	50.0	25.5	59.6	23	66.9	72.5	176.5
<u>=====</u>								
<u>GOVT. CONTRIBUTION IN US\$</u>								
109 Cost sharing		165.0		181.4		163.2		509.6
150 Support costs(overhead)		<u>21.5</u>		<u>23.6</u>		<u>21.2</u>		<u>66.3</u>
199 Cost sharing Total:		<u>186.5</u>		<u>205.4</u>		<u>184.4</u>		<u>575.9</u>
<u>=====</u>								
<u>GOVT. CONTRIBUTION IN THOUSANDS SAUDI RIYALS <sup>1/</sup></u>								
13-00 Adm. Support Personnel						75.0		75.0
17-01 Systems Analyst					16	200.0	16	220.0
17-02 Export Promotion Exp.			1	10.0	11	110.0	12	120.0
17-03 Industrial Chemist			2.5	32.0	3.5	43.0	6	75.0
029 Sub Contracts						835.5		835.5
039 In-Service Training						80.0		80.0
042 Non-expendable equipment						1406.3		1406.3
091 Agency Support Costs				1.5		96.2		97.7
GCCC - Total:			<u>3.5</u>	<u>43.5</u>	<u>30.5</u>	<u>2846.0</u>	<u>34</u>	<u>2889.5</u>
<u>=====</u>								

Source: UNIDO - Budget Revision E

1/ Transferred from Cost-sharing budget and subsequent cash payments.

Annex V

UNDP/GOVT. COST-SHARING - US\$

EXPENDITURES

January - November

<u>Description</u>	<u>1987</u>		<u>1988</u>		<u>Uncommitted</u>		<u>Total Allotment</u>	
	<u>m/m</u>	<u>\$000</u>	<u>m/m</u>	<u>\$000</u>	<u>m/m</u>	<u>\$000</u>	<u>m/m</u>	<u>\$000</u>
11-99 Intl. Experts	24	194.1	23	181.5		179.2	72	604.9
13-99 Admin. Support		10.2		10.1		8.2		33.3
15-99 Travel		6.3		3.0		6.2		16.7
16-99 Other Personnel		3.0		2.6		7.4		13.0
49-99 Equipment		-		0.5		1.3		4.0
59-99 Miscellaneous		1.6		1.4		8.2		14.2
<b>Total:</b>		<b>215.0</b>		<b>198.8</b>		<b>210.8</b>	<b>72</b>	<b>686.1</b>

1/ Excludes obligations

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Source: UNIDO Report dated 30 November 1988

ANNEX VI

Experts and Consultants engaged in Phase III<sup>1/</sup>

<u>Name</u>	<u>Nationality</u>	<u>Post</u>	<u>Duration m/m</u>
<u>Internationally recruited Experts:</u>			
R.M. Withana	Sri Lanka	CTA/Senior Industrial Economist	36
S. Gindy	Austria	Industrial Engineering Expert	24 <sup>2/</sup>
<u>Nationally recruited experts:</u>			
M. Sharabash	Egypt	Industrial Economist	8
<u>Consultants</u>			
A. Al-Diwachi	Iraq	Computer System Expert	16

1/ As amended in September 1988

2/ In budget

ANNEX VII

Activities carried out during 1987

A - Activities carried out jointly by both Experts

1. Advisory services connected with the operation of Arabian Axle Manufacturing Company (AAMC) to Vice-Chairman (Deputy Minister) and Executive Director (in NIC) on;
  - (i) Co-ordination and overseeing the implementation of project;
  - (ii) Liase with U.S.C. Bank to obtain additional financing and preparation of required evaluation reports;
  - (iii) Assistance to Management in devising reporting system, production programme, organization structure, raw material purchases, quality control and marketing plan;
  - (iv) Assistance to Management in preparation of Financial and operational plans and evaluation of additional financial needs based on updated COMFAR analysis;
  - (v) Preparation of Progress Reports to AIIC (Holdings Company); and evaluation of senior staff.

Outputs

- Regular Reports, Updated Financial and Technical Reports, Board Memos, Inspection reports.



**B - Activities carried out by CTA/Industrial Economist**

1. (a) Advisory Services and assistance to H.E. Deputy Minister relating to Eastern Petrochemical Company (SHARQ) (A SABIC/ Mitsubishi joint venture project. Capital cost \$ 980 million; Production (annually) 130,000 MT of Polyethylene and 150,000 MT of Ethylene Glycol. Commercial production commenced on 01.01.1987 - Chairman, Deputy Minister) on following activities.

- (i) Monitor operations through evaluation of monthly/weekly progress reports on production, shipments, costs, budgetary control etc.
- (ii) Evaluation of draft 1987 Business Plan and budget with Management;
- (iii) Review of all Board Papers, minutes and resolutions of 22nd (March 87) 23rd (June 87) 24th (Sept. 87) and 25th (Dec. 87) Board meetings, Executive Committee Meetings and Marketing Committee Meetings.
- (iv) Special matters handled by Chairman, such as negotiation of Oxygen prices, etc, Renewal of Insurance policy, Production Allocation between Partners/Marketers, Saudiazation programme.

- Review Reports, Special Comments on Board Papers, Review of Board minutes and follow-up reports, Participate and Review meetings on Business Plan and Budget.

(b) Advisory services relating to National Methanol Company (Ibn-Sina) (A SABIC/Texas Celanese joint venture. Capital investment \$ 360 million; production 110,000 MT of Methanol annually) to Deputy Minister, Member of Board of Directors on:

- (i) Evaluation of all Board Papers of 4 Board Meetings.
- (ii) Review monthly progress reports and annual Budget.

2. Advisory services to Deputy Minister and Assistant Deputy Minister on preparation of documentation relating to meetings of Saudi-Swiss Joint Commissions and Business meetings (in Zurich and Geneva in Aug. Sept. 87) and Saudi German Joint Commission Meetings in Riyadh in Oct. 87 (Background Papers for Saudi-Swiss Meetings prepared jointly with Engineering Industry Expert).

3. Advisory services and Assistance to Assistant Deputy Minister and Foreign Capital Investment Bureau on Foreign Investment Promotion Work particularly relating to:

- (i) Review and evaluation of proposed investment promotion and protection/economic co-operation agreements between
  - (a) GCC and USA
  - (b) EEC and GCC
  - (c) Italy and Saudi Arabia
  - (d) briefing documents on proposed agreement with Japan
- (ii) Preparation of material on industrial development to 'Arab Industry'.

- Review Reports and Comments on Board Papers and Progress Reports.

- Background Papers, Papers for presentation at Business Symposium in Zurich on "Industrial Investment Opportunities in Kingdom" and "Export Potential of Saudi Products".

- Background Papers, Review Reports and Comments.

- (iii) Review of proposed studies on;
    - (a) investment promotion measures and incentives by World Bank
    - (b) Joint Ventures in the Kingdom by Kearney Ltd.,
    - (iv); Preparation of memos and clarification notes on investment incentives and other related matters to German Chambers and Japanese ME Investment Group.
    - (v) Assistance for participation in UNIDO Investment Promotion Services and for establishment of Investment Promotion Offices in Gulf region.
  
  - 4. Review and evaluation of feasibility/pre-investment studies:
    - (i) Pre-investment study for establishment of Aluminium Smelter by ~~FBE~~ of West Germany as a Joint Venture,
    - (ii) Detail Feasibility Study for establishment of 220,000 tpy Aluminium Smelter by ALCOA of USA with Xenel of Saudi Arabia.
    - (iii) Marketing/pre-investment study by NIC for assembly of pick-up trucks. (Jointly with Industrial Engineering Expert).
  
  - 5. Advisory services and Assistance on following special assignments:
    - (i) Review of Saudi Arabia Country profile by UNIDO ,
    - (ii) Documentation for OIC Conference of Ministers of Industry on Industrial cooperation among Islamic Countries in Ankara in June 1987.
    - (iii) Review of study on Small and Medium Industry in Gulf Region for GCC.
    - (iv) Review of report on prospects for manufacture of certain pharmaceutical projects in the Kingdom.
- Review Reports and Comments  
Special Reports
  
  - Evaluation Report with Comments and recommendations.
  
  - Comments and Revisions to UNIDO
  - Documentation for Conference including evaluation of proposed joint venture projects
  - Review Reports

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| <p>(v) Participate in the planning and monitoring of the Industrial Survey being carried out under contract with Ministry by private consultancy company - Consulting Centre for Finance and Investment (CCFI).</p> <p>(vi) Proposals and Recommendations on Training requirements of Ministry staff based on UNIDO 1987 Training Programme; and evaluation Training requests of Departments.</p> <p>6 Advisory services and Assistance in Review and preparation of Documentation for UNIDO 2nd General Conference in Bangkok, Nov. 87 and participate in Conference as Adviser to Saudi Arabian delegation to Conference.</p> <p>7 Advisory services and Assistance to newly established Export Promotion Department of Ministry on;</p> <p>(i) Main programme of work and priorities</p> <p>(ii) Identification of sources of necessary data and information on Saudi exports, potential markets and liase with consultancy firm Morgan Newman Associates (MNA) on services to be provided.</p> <p>(iii) Analysing all aspects relating to Ministry of Industry participation in GSTP (Global System of Trade Preferences) negotiations under UNCTAD sponsorship and assistance in working out strategy for the negotiations and identifying areas for obtaining trade concessions.</p> <p>8 Advisory services connected with the implementation of the computerised industrial information system, specially;</p> | <p>- Reports and Comments including participation at briefing sessions.</p><br><p>- Reports on Conference Documentation including statement by Head of Delegation. Final Report on Conference. Pre-conference briefing.</p><br><p>- Reports</p> <p>- Papers I and II on GSTP and</p> <p>- Briefing the Ministry and SABIC participants on the strategy to be adopted and operation of scheme.</p><br><p>- Reports on scope of work for JECOR and CCFI and participation</p> |
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- (i) liaising with Saudi-American Joint Economic Commission (JECOR) and private consultancy firm (CCFI) on their initial assessment of the information requirements for formulation of their proposal for the implementation of the program,
  - (ii) identifying the broad information requirements in relation to the industrial survey data,
  - (iii) preparation of broad financial cost estimates and phasing of expenditure for project budget amendments.
- 9 Project Management and related administrative work including;
- (i) co-ordination of work of a short-term consultant on packaging, identification of requirements of short-term consultancies under project.
  - (ii) modification and changes to project budget and re-phasing of expenditure.
  - (iii) preparation of progress reports.
  - (iv) preparation of documentation of briefing for TPR meeting and other meetings with visiting UNIDO and UNDP staff.

- in discussions.
  - Memos on implementation of the programme and budgeting financial requirements
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- Reports and Memos.
  - PER for 1986 and 6 Monthly Progress Report- 7/A6-12/86

**C - Activities carried out by Industrial Engineering Exper.**

**1. Advisory services and assistance to Engineering and Projects Departments in the areas of the Industrial Cities and technical workshops relating to:**

- (i) preparation of technical booklet on all industrial cities in Kingdom.
- (ii) preparation of policy papers on new proposals for operation of workshops; and evaluation of Industrial Services Co. leasing of workshops.
- (iii) preparation of annual budget; man-machine loading charts estimation of annual requirements of spare parts, consumables, cutting tools, etc, and maintenance requirements and preparatory work for electrical installation to Dammam workshop.
- (iv) leasing of some workshops by the recently established Industrial Leasing Co. and evaluation of the services to be provided by the Company to the factories.
- (v) market study on dies and tools for the engineering industries
- (vi) assistance in training and Saudization of the technical workshop cadres.

- Technical booklet
- Workshop drawings and parts lists.
- Reports and Memos.
- Technical Reports
- Evaluation Reports.

**2. Evaluation of feasibility & pre-investment studies for:**

- (i) Aircraft modification centre (AMC) one of the peach shield offset investment programme projects. Catering services to Riyadh & Dammam Second Industrial Cities.
- (ii) Catering services to Riyadh and Dammam Second Industrial Cities.

- Evaluation and Review Reports.

- (iii) Techno-economic feasibility study (Market Analysis Report - Phase I) for carbon and graphite electrodes project for Arab Countries.
  - (iv) Seamless pipes project and production of grade steel billets at Hadeed in Jubail.
  - (v) GOIC study on transport of industrial products and commodities from and to Arab Countries (road, sea, air with all mathematic models).
3. Preparation of market/demand studies for;
- (i) wire mesh for fencing,
  - (ii) trailers, tankers and tippers,
  - (iii) spare parts used in car industry,
  - (iv) milk and dairy products
4. Advisory services to Protection & Encouragement Department on:
- (i) Evaluation of manufacturing capacity, product range, market demand of;
    - transport vehicles and equipment which include trailers, tankers, tippers and semi-trailers.
    - pressure vessels and chillers
 with a view to assess any requirements of protective measures.
  - (ii) review and evaluate the TANNAH American kitchen assembly company with a view to assess any protective or exemption measures; and also evaluate market demand, manufacturing processes and cost structure of all kitchen cabinet manufacturing units with a view to assess any

- Evaluation and Review Reports.

- Market/Demand Studies.

- Field Visits analysis of replies to questionnaire and study.

- Report + Field Visits

- protective or exemption measures for these manufacturing units.
- (iii) conducting of the following special assignments for the Department. - Reports + field visits.
- Saudi Air Conditioning Products Company (York-Al Juffali) to report on dispute with Al-Zamil refrigeration Industries (Freidrick) following a comparision report by the Arab inspection company - Riyadh.
  - Saudi Lighting Company, Riyadh, to investigate their complaint against IBN-SAUD University for not being entrusted with the supply of lighting systems in compliance with the Royal Decree encouraging local industry.
  - Omega (lighting systems + lighting poles) to inspect production line on lighting systems and make technical comparision with Saudi Lighting Company.
  - Al-KALDI factory for electronics to determine whether the production pattern is an accordance with the international electronics industry and to propose a programme to increase percentage of local fabrication.
- (iv) evaluation of the UNIDO short-term consultants study and recommendations about milk and dairy products packaøing problems. - Evaluation report
- (v) preparation of quidelines and procedures for survey and licensing of small scale industrial sector, mainly small service industries and workshops. This sector consisting of around 28,000 units presently not registered with Ministry. - Special report.



5. Advisory services to Foreign Capital Investment Bureau;

- (i) preparation of Project Identification/Pre-feasibility study of proposed Rear body manufacture for pick-up truck assembly using underutilised existing capacity of metal fabrication engineering licensed units (15units).
- (ii) preparation of Project Identification/Pre-feasibility study on local manufacture of automobile spare parts, particularly plastic based components with emphasis on technical product specifications with a view to promote project with foreign participation.

6. Advisory services related to other Ad-hoc assignments;

- (i) preparation of Industry profiles on;
  - Arc welding electrodes making plant
  - pumps assembly plant
  - electroplating plant
  - phosphuric acid making plantwith necessary modification and updating of UNIDO Industry project profiles.
- (ii) evaluation of the Alternative offer by M/S SOBREI Belgium & NIC for steel wire drawing project in Jubail.
- (iii) papers in Arabic on Japanese market strategies; U.S. countervailing duties on National resource products,
- (iv) brief papers on the second consultations on the training of industrial manpower held in Paris between 14-19.9.87 organized by UNIDO, ILO; in plant Group training programme in the field of mould making organized by UNIDO in cooperation with the Government

- Evaluation of questionnaire replies, field visits and Final Report
- Reports

- Draft booklets

- Reports

- Documentation/Reports

- Reports

of Austria.

Briefing the Ministry's representative to the meeting of the Arab Ministers of Transport and Communications held in Tunis on Sept. 87 on the status, potential and prospects of transport industry in Kingdom.

- (v) assisting Ministry's staff in identifying and estimating capital costs of capital investment programme under the Ministry budget. - Memos
- (vi) evaluation of a preliminary project proposed on Solar batteries. - Review paper
- (vii) assistance to Al-Khudari Est. in the evaluation of the local purchase of tankers, tippers and garbage disposal equipment. - Evaluation report
- (viii) paper on the specifications of the transport equipment (trucks, trailers, semi-trailers etc) in relation to the standards ISO and the specifications and regulations in the Kingdom; for the usage of the licencing deptt. - Report
- (xi) paper on the effect of strictly applying both the traffic regulations and SASO standard Nr. 4230 on the transport equipment industry. - Report

Reports

Title of report, paper etc.	Remarks
1. Updated Financial Analysis of AAMC Project using COMFAR tables.	Technical in English Submitted to National Commercial Bank, United Commercial Bank and Board of AAMC (Loan granted by USC Bank).
2. Review of Present Problems and Recommendations for Improved Performance of AAMC.	One in English. Three in Arabic. All Technical and Management oriented. Action taken by Vice-Chairman and Executive Director of NIC.
3. Status Report of AAMC, and Annual Progress Report of AAMC.	Both in Arabic. For for visit of Board of Directors of AAIC to AAMC; Second for meeting of Board of Directors of AIIC (Arab Industrial Investment Company).
4. Review and Comments on Board Papers for Board Meetings of EPC (SHARQ).	Technical/Financial/Management in English to Chairman and Action Taken.
5. Review and Comments on 1987 Business Plan and Budget of EPC (SHARQ).	Financial in English to Chairman and Action Taken.
6. Proposal for negotiation on Oxygen prices with National Gas Company.	Technical/Financial in English to Chairman for negotiation with Chairman of NGC.
7. Industrial Investment Opportunities in Kingdom.	Two Papers in English for presentation by Secretary-General of F.C.I.B. at Saudi Business Symposium in Zurich under Saudi-Swiss Joint Commission.
8. Export Potential of Saudi Products.	
9. Background Papers on Items for Discussion in Agenda of Saudi-Swiss Joint Commission Meeting.	English, Used at Joint Commission Meeting
10. Background Papers and Review Reports including Summary of main issues on the proposed Economic Cooperation/Investment promotion and protection agreements between GCC and USA; and GCC and EEC	English. Used by Assistant Deputy Minister
11. Evaluation and Comments on Feasibility Study for establishment of Aluminium Smelter as Joint Venture prepared by ALCOA of USA.	Englis. with Arabic translation to Director of Licensing Department and Deputy Minister Used for decision on approval of project
12. Review of preliminary project proposal for Aluminium smelter by EBE and Ferrostaal of West Germany.	English. Used by Deputy Minister for decision on proposal.
13. Review of Marketing/Pre-investment study on assembly of pick-up trucks submitted by NIC.	English with Arabic translation to Director of Licensing Department.
14. Comments and Notes on UNIDO country profile on Saudi Arabia.	English. To Deputy Minister and sent to UNIDO. Amendment incorporated in stu

	Title of report, paper etc.	Remarks
15.	Briefing Paper and Review of documents for UNIDO 2nd General Conference.	English. To Saudi Delegation to Conference
16.	Briefing Paper I and II on Global System of Trade Preferences.	English. To Director of Exports Promotion Department in Ministry participation in GSTP negotiations.
17.	Evaluation and comments on feasibility study for establishment of Aircraft Modification Centre (AMC) - Peace Shield Offset Projects	Technical - Arabic to Director Licensing used for decision on approval of the project following its classification as industrial and not service project.
18.	Evaluation and comments on feasibility study for catering services to Riyadh and Dammam Second Industrial Cities.	Technical - Arabic to Director Engineering and Projects Department.--
19.	Evaluation and comments on market analysis report for carbon and graphite electrodes project in Arab Countries.	Arabic to Director of Licensing Department
20.	Evaluation and comments on Seamless Pipe Projects and proposals for production of grade steel billets at Hadeed in Jubail.	Arabic to H.E.the Deputy Minister.
21.	Evaluation and comments on GOIC study on transport of industrial products & commodities from and to Arab World.	Technical - Arabic with a resume of the study itself to Director, Licensing.
22.	Market study on wire mesh for fencing.	Arabic to Director of Licensing Department
23.	Market study on trailers, tankers and tippers.	"
24.	Protection measures local industry for transport vehicles and equipment	Arabic to Director of Protection and Encouragement Department.
25.	Survey/study on pressure vessels on chillers.	"
26.	Protective and Exemption measures in kitchen cabinet manufacturing case study TANNAH.	Technical - Arabic "
27.	Status report on the technical comparison between Juffali and Al-Zamil refrigeration equipment manufacturers.	Ditto as above (2 reports the first based on desk investigations and second following field visit).
28.	Report on dispute between IBN SAUD University and Saudi Lighting Company.	Technical - "
29.	Status report on the technical comparison between Omega and Saudi Lighting Companies	Technical - "
30.	Status report on AL-KHALDI electronic Co. - Riyadh.	Technical to Director of Licensing Dept.
31.	Review and comment on UNIDO Experts study title "Studies, consultancy and recommendations about milk and dairy products package problems".	Technical to Director of Protection and Encouragement Department.

Task of report, paper etc.	Remarks
32. Guidelines and procedures for survey and licensing of small scale workshops and service industries.	Arabic to Director of Licensing Department
33. Following industry profiles: - Arc welding making plant - Pumps assembly plant - Electroplating plant - Phosphoric acid making plant.	Arabic to H.E.the Deputy Minister for Industrial Affairs.
34. Review and comment on alternative offer to set steel wire drawing project in Jubail for NIC.	Arabic to H.E.the Deputy Minister for Industrial Affairs.
35. Specifications of transport equipment in accordance with ISO, SASA and traffic regulations in the Kingdom.	"
36. Effect of applying both traffic regulations and SASO standard No. 4230 on the transport industry.	"
37. Comments on paper on Japanese market strategies.	"
38. Comments on Paper on US Countervailing duties on National Resource Products.	"
39. Review and comment on the second consultations on the training of industrial manpower.	Arabic to Director, Licensing Department/
40. Review and comment on in-plant Group training programme in the field of mould making.	Arabic to Director, Engineering and Projects Department.
41. AL-KUDARI Est. Aquisitions from local manufacturer of transport vehicles and garbage equipment.	Arabic to H.E.the Deputy Minister and Director, Protection & Encouragement Department.
42. Status report on pick-up deck manufacture in the Kingdom.	Arabic -(3 major reports) to H.E.the Assistant Dept. Minister for Industrial Affairs and General Secretary of Foreign Capital Investment Bureau.
43. Status report on automobile spare parts manufacture.	"
44. Booklet on Industrial Cities in the Kingdom.	Arabic to Director, Engineering and projects Department.
45. Market study on Dies and tools for Engineering industries.	"
46. Status report on the workshops.	Arabic - (4 major reports) to Director of Engineering and Projects Department.

Reports 1988 - Project SAU/86/004

(as per UNDP/UNIDO PPER Part V Section 8 format)

<u>Title of Report, Paper, etc.</u>	<u>Remarks</u>
1. Review Papers and Reports during finalisation of questionnaire, preparation of Tables, analysis of results and final report on 'Survey of Industrial Establishments 1406H (1986) (conducted by Consulting Company for Ministry.	Technical in English - H.E.Deputy Minister and Consulting Company. Papers used for preparation of questionnaire, Tables, modification of first draft and preparation of final report.
2. Paper on UNIDO Comments on Industrial Survey (based on discussions with Industrial Statistics and Surveys Section of UNIDO).	Technical in English - H.E.Deputy Minister.
3. Paper on Development of Industrial Information System for Ministry.	Technical, English - H.E.Deputy Minister for use by JECOR in evaluating a proposed project.
4. Contract on Consultancy Assignment for Development and Operation of Computerised Industrial Information System (IIS). - Paper on Original proposal to UNIDO and Ministry - Scope of Work - Bid documents (including draft agreement, Annexure etc). - Background Information and document to Bidders. - Report on Bidders questions and issues raised at meeting. - Amendments to Bid documents.	Technical in English. To - H.E.Deputy Minister - H.E.Asst. Deputy Minister - UNDP - UNIDO Documents approved, Bids called and proposal under implementation.
5. Review and Comments on Board Papers submitted by Management for 25th, 26th, 27th and 28th	Technical/Financial/Management in English to H.E.Deputy Minister and Chairman FPC. Action Taken.

(2)

Board Meetings of Eastern Petrochemical Company (EPC) (SABIC affiliate).

6. Review and Comments on 1988 and 1989 Business Plan and Budget of EPC.

7. Seminar Paper on "Industrial Automation in Saudi Arabia".

8. Detailed Review and Comments on feasibility studies (submitted with Licence applications) on following proposed projects

- Aluminium Smelter (Bechtal/SOC) in Yanbu in relation to GOIC study of Aluminium Smelter in Qatar.
- Alloy and High Grade Steel Plant in Arab Region.
- KORF proposed mini steel plants.
- Manufacture of electric bulbs.
- Manufacture of Paper and straw pulp.
- Manufacture of anti-explosive material.
- Manufacture of Irrigation equipment in the Arab region.
- Tyre plant in GCC Region (GIC/SRI).
- Oil seed crushing plant (SAVOLA)

9. Briefing Papers I, II and III on Global System Trade Preferences (GSTP)

Technical and Financial to H.E. Deputy Minister and Chairman EPC.

Technical in English with Arabic translation. Presented by Ministry at 10th National Computer Conference held at King Abdul Aziz University in Jeddah, March 1988.

Technical.

Some in English and other in Arabic. To H.E. Deputy Minister, H.E. Assistant Deputy Minister and Director, Licensing Department.

Used by Ministry in Licensing decisions.

Technical in English.

To H.E. Asst. Deputy Minister and Director, Export, for

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| 10. Review and Comments on proposed GCC-EEC Cooperation Agreement GCC-US Cooperation and Investment Promotion Agreement and review of US-Canada FTA and US-Mexico Trade Agreement in relation to proposed agreements with GCC. | Ministry participation in Kingdom delegation to GSTP Meetings.                                                                                                                                                                                                                  |
| 11. Paper on procedure to be adopted by Ministry to identify dumping and the anti-dumping measures to be taken, based on GATT measures to establish Dumping.                                                                   | Technical in English.<br>To H.E.Asst.Deputy Minister for used in preparatory work by GCC on these agreements.                                                                                                                                                                   |
| 12. Papers and documentation for Seminar on "Industrial Cooperation between Arab Gulf States and Sweden" held in Stockholm, August 1988.                                                                                       | Technical in English.<br>Paper under preparation<br>To H.E.Deputy Minister and H.E. Assistant Deputy Minister.                                                                                                                                                                  |
| 13. Papers on Performance of Saudi Industrial Sector and of present investment climate for publication on "Saudi Arabian Industry" by Technical Review journal in UK.                                                          | English.<br>To H.E.Minister and H.E.Assistant Deputy Minister.<br>Used at Seminar.                                                                                                                                                                                              |
| 14. Profiles and brief outlines of Investment Opportunities identified in relation to market and other criteria.<br>Profiles prepared for 46 projects/investment opportunities.                                                | Technical in English.<br>To H.E.Deputy Minister and to Editors of Technical Review.<br><br>Technical in English.<br>To H.E.Assistant Deputy Minister<br>Used in investment promotion seminar held abroad and in the Kingdom with foreign governmental and business delegations. |



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| 15. Detailed market studies on:<br>(i) Air, oil and fuel filter<br>(ii) Tissue, writing and printing paper.                                                                                               | To Director, Licensing Department<br>in Arabic.                                                                                                    |
| 16. Report containing 'data base' of over 130 petrochemical and chemical industries in the Saudi Arabia containing information on production capacity, source of raw materials, required technology, etc. | Technical in English.<br>Under preparation.<br>To H.E. Deputy Minister and<br>Director, Licensing Department.                                      |
| 17. Paper on Investment Opportunities in the down-stream and end use chemical industries in about 20 areas along with project profiles.                                                                   | Technical in English.<br>Paper under preparation.<br>To H.E. Deputy Minister, H.E. Asst.<br>Deputy Minister and Director,<br>Licensing Department. |
| 18. Paper on Investment Opportunities in Resin production and end-use plastics products.                                                                                                                  | Work to commence in late December 1988. To H.E. Deputy Minister and Director, Licensing.                                                           |
| 19. Memo on Revision of project activities and project budget including inclusion of GCCC budget and recruitment of NPPP                                                                                  | Administrative in English.<br>To H.E. Deputy Minister<br>UNDP<br>Used in revision of project document.                                             |
| 20. Report identifying the short term consultancy requirements in promotion of industrial exports in Arab region and in GSTP including job description                                                    | Technical in English.<br>To H.E. Deputy Minister, H.E. Asst.<br>Deputy Minister, UNDP and UNIDO.<br>Short term consultant under recruitment.       |
| 21. Progress Reports and other related reports on the operation of Technical Workshop including revision of proposed leasing terms of these workshop.                                                     | Technical in Arabic.<br>To Director, Licensing Department.                                                                                         |

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22. Review Papers and Monitoring Reports on the operation of AAMC including a detail review of the present status of the technical know-how agreement with Warsten GmbH.

Technical in Arabic.  
To H. E. Deputy Minister and Vice-Chairman of AAMC.

23. Review Reports and Comments on  
(1) Mechanical and Electrical Complex to assemble diesel engines.

Technical in Arabic.  
To E.E. Deputy Minister, and Director, of Licensing Department.

(2) proposal for production of electronic components.

(3) Board Papers of Arab Industrial Investment Company (AIIC) and of the Pan-Arab Casting project in Jordan.

(4) prospects of Arab Steel making industry.

24. Special technical studies on

Technical in Arabic.

(1) Preparation of Technical Manual identifying the components and spares of automobiles with potential for local fabrication.

To H.E. Deputy Minister and Director Director Licensing, and Director Engineering.

(2) Maintenance requirements for Sewerage pumping station in Jeddah industrial city.

(3) guidelines to promote small industries.

(4) project for production of re-chargeable dry cells submitted by Saudi Hi-Tech Limited.

(5) project for manufacture of

(6)

- hospital equipments.
- (6) production of apparatus for removing rust from Engines of cooling systems.
25. Report analysing the case for duty exemption of raw materials and semi-finished components of (a) Arabian Fibre Glass Company  
(b) Saudi Cable Company
26. Preparation of outline for identifying main manufacturers of production equipment in the industrialised countries.
27. Review on measures for promotion of Saudi Exports.
28. Comments on draft Saudi technology transfer regulations and on Paper "Technology and Development in Saudi Arabia".
29. Comments on measures to promote cooperation between Arab countries in field of electronic industries proposed at UNIDO/ESCWA/IDO Conference.
- In Arabic.  
To H.E. Assistant Deputy Minister and Director, Protection and Encouragement Department.
- Technical in Arabic.  
To H. E. Deputy Minister.
- In Arabic.  
To H.E. Deputy Minister for use in Seminar on Export Promotion.
- In Arabic.  
For use by Ministry delegation to inter-governmental consultative conference on new and high tech. in New Delhi.
- Arabic.  
To Director, Engineering Dept. and Director, Licensing.