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Somali Democratic Republic

UN Development Programme

UNIDO project

In the Ministry of Trade and Industry

DP/SOM/86/034

INDUSTRIAL CONSULTANCY UNIT (ICU)

c/o UNDP, P.O.Box 24

Phone 30018, 30048

Telex 747

Mogadishu, Somalia

Ref.no. 249/90

Mr. Ahmed Salah Rashin
Officer-In-Charge
UNDP, Mogadishu

Subject: Status Report on the Project SOM/06/034
"Establishment of an Industrial Consultancy Unit"

Please find enclosed above requested Project Status Report with attached: List of project equipment and list of ordered (not yet received) equipment and spareparts. In the wake of temporarily withdrawal of UNIDO experts, I hope that you will undertake necessary and swift actions in order to safeguard project achievements. In the Project Status Report you may find suggestions how to sustain the main project output: the Industrial Consultancy Unit, taking in consideration, both, the withdrawal of UNIDO experts and recommendations of UNDP-RHASE for the follow-up project.

Yours sincerely,

Dr. Pavle Popovic
Dr. Pavle Popovic, CTA

SOM/86/034

December 20, 1990

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Somali Democratic Republic

UN Development Programme

UNIDO PROJECT
In the Ministry of Industry
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Yours sincerely,

Jabre Joudout

Dr. Pavle Popovic, CTA

SOM/86/034

No date requested 04/02/88
Under cover of Dr. Popovic's letter dated 28/12/1991

PROJECT STATUS REPORT

SOM/86/034 ESTABLISHMENT OF AN INDUSTRIAL CONSULTANCY UNIT

Main features of the project

The project "Establishment of an Industrial Consultancy Unit" started 15th of August, 1987 with planned span of 36 months.

The main objectives of the project are:

-To establish management consultancy unit with certain number of trained national professionals in consultancy skills and technic, and

-To improve the performance in selected enterprises through management consultancy services delivered by ICU.

On the last Tripartite Meeting and the following Evaluation Mission, it was recommended to extend the project in order to strengthen the capabilities of the Unit and to ease the transition of the Unit to the status of the full self-reliance. Planned support to the Unit includes, also the needed support to the rehabilitation of Somali industry through the consultancy services of the Unit to the private and public industrial enterprises as well as to the Ministry of Industry. By the latest recommendation of UNDP-RBASE New York, the project was extended from mid-August until the end of 1990 while the requested project document for the follow-up project was prepared by CTA and cleared by the UNDP programme officer Mr Maagaard.

ICU project is umbrella project for two other projects "Industrial Maintenance Management", SOM/88/008 and "United Nations Volunteers support for rehabilitation of public industrial enterprises", SOM/88/007, both projects have stemmed from the ICU project. The three projects have the same aim to deliver support to Somali industry, in consequence, all projects activities are thoroughly coordinated. Needless to say, the three projects are sharing the same facilities (equipment, cars and offices) and supporting staff (administrative staff and drivers).

Out of ten staff members with ICU during project extension period, four of them have service agreements with UNIDO which are expiring at the end of year (before crisis one of this joined other project, while one, left for further studies abroad). All other, six, staff members are incurring their salaries through fee-based assignments. The supporting staff is paid by projects funds (two administrative staff and two drivers by ICU project while the third driver by Maintenance Management project).

a) Project progress

The progress towards production of each of the project outputs is:

1. **Selection of enterprises for the follow-up project:** It was selected six, local raw based, industries in which the management is willful to cooperate with management consultants. The consent of management of the selected for the proposed tentative work programme in the follow-up project is reached. Too, it is agreed on the support of the Ministry of Industry for the execution of the programme.

2. **Definition of the bench-marks for the measurement of the performance improvement:** The preliminary surveys are in due course in three out of six selected enterprises, while in other three, the survey are delayed due to the project cars crises.

3. **Fee-based assignments:** The numerous, more than expected, consultancy services were delivered on the path of the ICU self-reliance attainment. The following assignments for various clients are secured by ICU, during the project extension:

a) Terry Towel Plant-feasibility study, Somaltex, (completed),
 b) Assessment of the Viability of the Petroleum Refinery Operations-testing by computerized model various options, Ministry of Industry, (completed),

c) Manufacturing of Cardboard Boxes-feasibility study, Shamo Brothers, (in due course),

d) Technological Assessment-survey of five selected villages, African Regional Center for Technology, Dakar, Senegal (in due course),

e) Energy Management-fuel expenses reduction through improved production planning and control and rehabilitation of utilities, Somaltex, (in pipe line),

d) Cold Storage Facilities-feasibility study, Al Harameyn Brothers (in pipe line),

e) Tannery and Slaughter House-feasibility study, Al Harameyn Brothers (in pipe line),

f) Somali-Italian Prefabrication-market study and possible introduction of new products in existing facilities, Somali Construction Agency, Ministry of Public Works and Housing (in pipe line),

g) Improvement of Construction Agency Organization-general management consultancy, Ministry of Public Works and Housing (in pipe line).

All above mentioned assignments are carried out by ICU consultants, while the project CTA has only advisory role.

4. Establishment of ICU as an share-holding company:

Following agreed principles on the status of ICU as an future share-holding company, with the Ministry of Industry and ICU consultants being the share holders, they were performed many activities to produce this output. Memorandum of Association and Internal Rules are already prepared. Ministry of Industry is drafting the Letter of Intent that will be submitted to UNDP, with request for transfer of project equipment to the Ministry. The transferred equipment from UNDP inputs, if UNDP does agree, with the equipment from the Government inputs, will be than converted, with adequately depreciated value, in the shares of the Ministry. Other shares of the Ministry will consist of the value of the offices and utilities provided to ICU. Other activities, not yet performed, are related to the valuation of "good will" of the consultants as their shares and the registration of the Unit as the share-holding company.

5. Preparation of the project document for the follow-up project: The project document is prepared by the CTA and reviewed by UNDP programme officer. In present circumstances it has to be mentioned that majority of activities will be performed by ICU consultants under subcontract. They are planned, in addition to CTA, only three short term experts to join the project in second half of the 1991. The follow-up project, too, has to provide supporting staff for other, under umbrella projects, Maintenance Management and UNV's Support that could be run by local professionals. (Please refer to the papers on the Status of these projects).

6. Preparation of the Terminal Report: The draft report is already prepared, only the impact of the current events on the sustenance of the project's achievements have to be incorporated in the report. This will be done in the home base of the CTA and the report will be distributed to the parties concerned.

b) Project equipment

It is attached the list of the equipment purchased by the project and/or overtaken from the preceding projects. The equipment and spare parts ordered but not yet received are also included. From the listed equipment, two project's Land Cruisers were placed in UNDP compound in the height of the car hijacking crisis.

It has to be stated that no single piece of equipment or vehicle, received by project management, was lost during the crisis.

We are proposing to transfer all the listed equipment to the Ministry of the Industry under provision that the Ministry hand it over to ICU share-holding company. All the equipment is needed by the ICU, not only for the existing but for the prospective activities.

c) Project staff

The project staff consists of supporting staff (administrative assistant, senior secretary, senior driver and driver) which is financed from UNDP inputs and ICU consultants (out of nine, only three have service agreement with UNIDO). The consultants are getting their income through fee-based assignments i.e. ICU subcontracts.

The supporting staff is servicing, too, two other, above mentioned under umbrella projects.

It was planned to incorporate in ICU for the execution of the follow-up project, the three staff members from the Maintenance Management project when their service agreements expire.

The list of ICU consultants with their specializations is attached to the report. They are able to execute specific activities in the follow-up project (please refer to the project document). The job descriptions for each consultant will be given in the subcontract, if the project will be authorized for the execution.

d) ICU prospect

As it is before mentioned, since the project is approaching its end, the majority of outputs are already or will be produced. The impact of the security crisis and the departure of the CTA will not be so pronounced on the extension of the project. The main impact can be felt on the sustainability of the whole project's achievements. All efforts made by local and international project staff and high material and financial inputs delivered to the projects during 40 months can be irreversibly lost. The planned and principally agreed, support to the ICU (additional training and monitoring, provision of supporting staff, replacement of the worn-out equipment, but not any service agreements to the ICU consultants) is quite essential for ICU at this stage of the development. The survival of the ICU is put in the jeopardy with the recent evolution of the events. At the same time, the indispensable support to the industries striving to survive in this hard time is also in peril.

Hence, it is highly recommended to authorize the implementation of proposed follow-up project: **IMPROVEMENT OF MANAGEMENT SKILLS IN SELECTED ENTERPRISES, SOM/90/035**, from the beginning of January, 1991, under the following provisions:

- to delay the arrival of CTA, until the security situation allows it,
- to nominate as the acting CTA or project manager, the manager of ICU, Mr. Banafunzi Mohamed Sayed,
- to make revision of the project document, including the budget, after six months of the beginning of the project (latest time for arrival of three experts), if the withdrawal of the experts is still enforced. The activities and corresponding outputs should be adequately adjusted. The planned training of the ICU and

other activities confined to the expatriate experts should be omitted while the emphasis should be given to the activities which are already apportioned to the ICU consultants by the project document. These are the training of management and improvement of the performance of selected enterprises.

- to arrange for the subcontract with the ICU while the supporting staff will be directly funded by UNIDO, as it was planned by the project document. None service agreement with ICU experts should be made in order to maintain the aspiration and interest of the Unit to reach the self-reliance.

The follow-up project will be ultimate test of ICU capabilities to render management consultancy services although it is premature since it is imposed by the recent events.

Pavle Popovic

Dr. Pavle Popovic, CTA

SOM/86/034

List of staff available to execute the follow-up project

a) ICU staff members:

Mr. Bana Mohamed Sayid, ICU Manager, General Management

Mr. Mohamed Adan Ahmed, Production Planning and Control

Mr. Yusuf Ainab Muse, Production Management

Mr. Mohamed Abdi Elmi, Financial Management

Mr. Hassan Yusuf Noor, Management Information System

Mr. Mohamud H. Abdulla Farah, Marketing Analyst

Mr. Muse Ahmed Muse, Industrial Economist

Mr. Ali Mohamed Omar, Computer Analyst

Ms. Muhubo Jama Hersi, Financial Analyst

**b) Maintenance Management project staff
(to join ICU staff in February, 1991)**

Mr. Abdi Isse Farah, Maintenance Management

Mr. Omar Mohamoud Mohamed, Maintenance Expert

Mr. Mohamoud Hassan Gutale, Maintenance Expert