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INVESTOR ADVISORY ASSISTANCE SERVICE

DP/SUD/85/011

SUDAN

Terminal report*

Prepared for the Government
of the Democratic Republic of Sudan
by the United Nations Industrial Development Organization,
acting as executing agency for the United Nations Development Programme

Based on the work of M. Geldner, financial analyst,
chief technical adviser

United Nations Industrial Development Organization
Vienna

* This document has not been edited.

EXPLANATORY NOTES

1. Value of local currency.

Throughout all period of Project duration exchange rate of local currency was L.S. 4.40 per 1 US\$.

2. Definition of abbreviations.

- AE Associate Expert
- BI Bureau of Investment, alternatively named The Secretariat General for Investment.
- COMFAR Computer Model for Feasibility Analysis and Reporting.
- CTA Chief Technical Adviser
- GIA Government Implementing Agency.
- IAAS Investor Advisory Assistance Service
- TPR Tripartite Project Review

ABSTRACT

Investor Advisory Assistance Service, Project of the Government of the Democratic Republic of the Sudan-DP/SUD/85/011 was conceived with the purpose of strengthening the capacity and capability of the Bureau of Investment (Ministry of Finance and Economic Planning) to enable it to enhance private sector investment in industry.

Objective of the Project was to establish an Investor Advisory Assistance Service within the Bureau of Investment capable of providing direct assistance to the promoters of industrial investment proposals in the form of project identification, preparation and promotion, in order to enable them to progressively realize their projects.

Project duration was 22.5 months.

Outputs produced by the Project were more modest than anticipated. Not all activities could be implemented nor objectives fully accomplished mainly due to the unfavourable investment climate and unstable institutional set-up.

Owing to the successful results in the training component of the Project local staff of the Bureau of Investment and of other Sudanese institutions are capable of providing assistance to the investors and/or government agencies in the form of project preparation, evaluation and promotion.

It is recommended to continue the operations of such service following the patterns established during Project's activities. To ensure the full utilization of an investor advisory assistance service, it is necessary to locate it at the government agency directly responsible for industrial development and having the authority over licencing of industrial projects. Close collaboration of the service with the Sudanese Industries Association is also advisable.

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I N T R O D U C T I O N

A. Project Background:

The need for assistance in the form of an Investor Advisory Service was identified in 1985 following the UNIDO Regional Investment Promotion Meeting held in Khartoum in March 1985. This meeting generated extraordinary interest from the private investors in Sudan who submitted over 300 industrial projects proposals.

Results of the meeting were discussed at the Government Steering Committee for the UNIDO Regional Investment Promotion Meeting (comprising the Ministry of Industry, Ministry of Finance and Economic Planning, Council of Ministers Secretariat and financial and other institutions) as well as the Sub-Group on Strategy and Programme for the Private Sector of the Joint Monitoring Committee of the Consultative Group on aid to the Sudan (comprising major donors to the Sudan, including IBRD and IMF).

In view of the unfavourable economic situation in the country, as well as the Government's primary concern for the Economic Recovery Programme, both fora concluded that it was urgent to follow up the encouraging investors responses by helping them to realize as many projects as possible.

Majority of the project proposals submitted by Sudanese investors were not supported by or based upon any systematic study or analysis.

In view of the above background and conditions it was felt that an Investor Advisory Assistance Service should be established to screen the proposals already submitted and/or any new ones and to provide direct assistance in the identification, preparation and promotion of these project proposals.

As no assistance in the form of direct support previously has been given to investors in the preparation, evaluation and realization of their proposals from bilateral and international donors, this Service was to satisfy such a need.

B. Official Arrangements

Assistance in the form of the establishment of the Investor Advisory Assistance Service was requested by the Government of the Democratic Republic of the Sudan from UNDP in 1985 and after its approval the Project Document was signed in July 1986.

Project became operational 22 October 1987 and lasted until 31 August 1989.

Government Implementing Agency as contained in Project Document was the Bureau of Investment (Ministry of Finance) in conjunction with the then Ministry of Energy, Industry and Mining.

Counterpart staff of the Project consisted of 4 professionals and National Project Director (for details see Annex 1.).

International Staff were composed of a Financial Analyst (Chief Technical Adviser) and two Associate Experts serving on the Project for one year. (see Annex 2).

From April 1989 onwards IAAS was facing an increasing number of implementation problems primarily due to shifting of licencing responsibilities to the Ministry of Industry, the suspension of licencing procedures and the declining number of local staff engaged in Project activities. Hence the government and UNDP have recommended Project's termination as of 31 August - 45 days before the originally planned termination date.

C. Contributions

Total contribution by UNDP was	US\$ 386,175.00
Government contribution in kind was	L.S. 86,000.00

D. Objectives of the Project

Development objective was to strengthen the capacity and capability of the Bureau of Investment to enable it to enhance private sector investment in industry.

Immediate objective was the establishment of an Investor Advisory Assistance Service within the Bureau of Investment capable of providing direct assistance to the promoters of investment proposals in the form of project identification, preparation and promotion in order to enable them to progressively realize their projects.

The development objective of the Project was attained, however, the immediate objective was not fully realized because IAAS did not become a separate fifth division of the Bureau of Investment.

E. Training

In the course of Project operations there were numerous formal training arrangements with programme appropriately designed for specific groups of trainees e.g. junior staff of Investment Bureau, immediate counterpart personnel, professionals charged with responsibilities for projects preparation and evaluation from government ministries and agencies, consulting firms, private companies, banks and development agencies.

Altogether 68 persons underwent formal training of no less than 100 teaching hours. Out of this number 2 persons attended four-week specialized training courses abroad and 4 were given

over one year of on-the-job training.

Professional qualifications of the trainees were undoubtedly increased due to training. Regrettably, under the prevailing institutional set-up and investment environment, not all of the trainees are able to fully utilize and apply their acquired skills.

F. Equipment

All equipment except two items (additional personal computer, and the replacement of a windshield for the Project vehicle ordered towards the end of Project's operations) has been received by the date of this report.

Outstanding consignment should be received and inspected by UNDP Khartoum.

Year end inventories verified and signed were duly submitted to PAC.

Equipment received met specifications and requirements.
(list of equipment provided - Annex 3).

R E C O M M E N D A T I O N S

Institution with functions and objectives of the Investor Advisory Assistance Service is needed in the Sudan and should continue its operations.

It should to be located at the government agency directly responsible for industrialization policy and planning and for granting investment licenses and concessions for industrial projects.

It should closely collaborate with the Sudanese Industries Association.

Professional and institutional potential built-up in the course of activities of the IAAS ought to be sustained, cultivated and further developed through appropriate policy decisions.

Sudanese counterparts serving at IAAS are capable and qualified enough to carry-on the future work of such institution on their own and their capacity ought to be utilized by the Sudanese economy.

A relatively large number of Sudanese professionals trained within the framework of IAAS represent a valuable reservoir of expertise from which the Sudanese economy can benefit, especially under an improved investment climate.

I. ACTIVITIES AND OUTPUTS

A. Training

1. In-Service Training of Local Staff from the Investment Bureau:

In-service training of local staff from the Investment Bureau was the pre-condition for the establishment of the IAAS as a fully functional unit.

Staff of the IAAS needed training in the following fields:

- project identification, preparation and evaluation.
- preparation of industrial opportunity, pre-feasibility and feasibility studies.
- investment promotion.
- operation of computer hardware and application of COMFAR software for financial and economic analysis of projects.

At the commencement of Project operations, before the 4 counterparts were identified and assigned by GIA for working within the IAAS, a basic training for 10 junior professionals from BI was organized by the CTA at the request of the GIA. In the course of 24 hours of training over 4 weeks period, the trainees were acquainted with the methods and techniques of project preparation and evaluation with special emphasis on financial analysis. The training concentrated mainly on UNIDO methodology. Trainees were provided with a set of UNIDO manuals and with hand-outs and exercises prepared by the CTA. This training programme was found to be beneficial and useful both by the trainees and their superiors. (list of persons trained enclosed in Annex 4).

Training of the core local staff of the IAAS started immediately after such staff were assigned for the Project in January 1988. From that date 4 persons were made available for the IAAS on a part-time basis only and were thoroughly trained in the field of projects preparation, evaluation, financing and promotion. Due to the part-time availability of local staff (10 hours per week only), this phase of training took as much as 3 months. Completion of this first phase of training was necessary, however, before local staff could be further trained in the use of personal computers and the application of COMFAR. This, in turn, conditioned the successful continuation of on-the-job training. The part-time status of local staff resulted in the fact that the effective on-the-job /learning by doing/ training and practical application of skills and techniques acquired at earlier forms of training started in the middle of 1988 i.e. 8 months after the initiation of the Project and 6 months from the date when regular training was initiated.

Before entering on-the-job training, local counterparts completed a total of 120 hours of structured training and approximately 60 hours of training in the operation of personal computer hardware and software. Both kinds of training were designed, prepared and given by the CTA. Although certain amount of theoretical knowledge was necessary, training was predominantly practical. Numerous exercises, and cases of varied complexity were used. Apart from the UNIDO package of manuals total of 110 pages of teaching materials prepared by CTA were reproduced and handed-over to the trainees.

Practical, on-the-job training was carried out by the local staff for approximately 14 months. During this period counterpart professionals were up-dating, reformulating, up-grading and evaluating pre-investment studies for industrial projects and making the recommendations for the GIA regarding investment licencing. Whenever necessary and

possible they discussed projects and analyzed them with the sponsors in order to eliminate shortcomings of the pre-investment studies, to obtain missing data, to update studies and to advise investors on feasible alternative solutions and on the sensitivity of projects under evaluation.

Work was organized according to the system and procedure designed and proposed by international staff of the Project. Standardized documents (forms, project description sheets etc.) have been used and their routine circulation, both within IAAS and between Service and other divisions of the BI were established. These represented organizational and functional infrastructure built-up within the institution building framework of the Project.

In performing their duties local staff were supervised, assisted, instructed and advised by the CTA and AEs.

On average pre-investment studies for 12 different industrial projects have been processed by each counterpart staff member. They comprised either relatively comprehensive and detailed opportunity studies or pre-feasibility studies.

2. Training Workshops in Project Preparation and Evaluation

Training opportunities created by the existence of IAAS attracted keen interest and generated high demand among the professional staff and management of numerous government agencies and other relevant institutions. As a result GIA requested the Project Management to organize a full-time formal training programme which would meet the existing demand.

Accordingly, organization of two 4-week Training Workshops was included in the Work Plan and successfully

implemented in October 1988 and March/April 1989.

The Workshops' curricula and a list of participants are enclosed in Annexes 5. and 6. respectively.

The first of the Workshops was meant to be mainly for professionals coming from the government agencies and public sector companies whereas the second one was attended predominantly by trainees from private enterprises, consulting firms, banks and academic institutions.

A high standard of instruction was assured by the Project due to the recruitment of UNIDO international consultants for lecturing at the workshops.

Both Workshops were found to be very successful and useful.

Altogether 52 persons completed this form of training.

Detailed Training Reports containing a complete set of teaching materials and Workshop evaluation results, are in possession of GIA, UNDP Khartoum and UNIDO.

3. Fellowships:

Within the framework of Project activities 2 training fellowships of 1 month duration each were granted to local professional staff of the project. As a result, 2 counterparts were trained at specialized UNIDO sponsored training courses in the FRG and Poland. (see Annex 7).

B. Appraisal and Promotion of Industrial Project Proposals

According to the Project Document, the screening and appraisal of investment proposals originating from the UNIDO Regional Investment Promotion Meeting of 1985 plus any new proposals submitted to the BI, constituted the second major activity of the IAAS.

In fact, primary screening of over 300 proposals submitted to this Meeting was done by UNIDO consultant during and immediately after the Meeting. As a result, 146 proposals qualified and have been selected for further consideration. Industrial Investment Project Profiles for these selected proposals were filled in and prepared by a UNIDO consultant in cooperation with the sponsors of the proposals.

Therefore, upon commencement of the IAAS operations the total number of proposals for screening was 146, and for these only, sufficient data and information were available.

It was decided by the Project Management that screening criteria has to be discussed with and approved by the Advisory Committee of the IAAS¹. This procedure is necessary in order to assure that the screening and selection process will be done in accordance with prevailing industrialization policy and government priorities/restrictions with regard to specific industries.

¹ Advisory Committee has been set up under the provision of Project Document in order to obtain the required policy guidance and support as well as to stimulate interaction between other related bodies. The Committee was composed of representatives of : BI (Ministry of Finance), Ministry of Industry, Sudanese Industries Association and Senior Industrial Development Field Adviser. It is to be noted that representative of the Ministry of Industry, although nominated to sit at the Advisory Committee, did not take part in its works throughout the whole period of IAAS operations.

As a result of screening done jointly with the Advisory Committee only 26 project proposals out of 146 considered were selected and recommended to IAAS for further investigation. (list of selected proposals attached in Annex 8). The remaining proposals were rejected either because they were not considered to be in industries encouraged by the government policy or because their sponsors were not considered to be sufficiently serious and reliable.

In order to develop further selected investment proposals and to appraise them, working contracts with the proponents had to be established. Their response, however, was much lower than expected. Only 4 out of 26 declared that their interest in the implementation of proposed projects was still active. The rest either didn't respond at all or informed the Project staff that they do not consider their 1985 proposals valid anymore. The main reasons for the poor turnout given by the businessmen was the deterioration in the investment environment since 1985, uncertainty in the future economic policy and an acute shortage of foreign exchange.

Under such circumstances IAAS has concentrated its further activities on the appraisal, reformulation and upgrading of the proposals for industrial investment being submitted to the BI and pending their licencing. Project studies were received by IAAS from the Preparation and Evaluation Division of the BI. They were then analyzed, and, if necessary, reformulated and updated in consultations with the sponsors. Financial and economic viability of proposed projects have been evaluated and communicated back to the Preparation and Evaluation Division and to the investor concerned.

Total number of project proposals appraised by IAAS amounts to 44. (for list of projects see Annex 9). Out of this number 9 projects were found viable and IAAS recommended granting the licenses. Remaining proposals were either not viable or not supported by sufficiently detailed and/or up-to-date studies for their appraisal. With regard to this latter category of

proposals all possible efforts were made to encourage proponents to up-date project studies and improve their quality by making use of professional potential of the IAAS.

It ought to be noted that out of 9 projects found viable and recommended for licencing only 2 have actually been granted licenses. Licencing procedures are very lengthy and lack clear rules and institutional responsibilities.

These licencing bottlenecks were very detrimental to the promotion of viable projects by IAAS since it would not be justified and cost-effective to promote projects and to refer them for financing or joint venture participation before actually knowing their chances of being licenced.

II. ACHIEVEMENT OF IMMEDIATE OBJECTIVE

Project Document defines the immediate objective of the IAAS as follows:

Establishment of an Investor Advisory Assistance Service within the Bureau of Investment capable of providing direct assistance to the promoters of investment proposals in the form of project identification, preparation and promotion in order to enable them to progressively realize their projects.

The above objective was only partially achieved. Implementation of the IAAS, has provided BI and investors with a chance of making use of a functional service with personnel and equipment fully operational. Following intensive training of local staff by the CTA and posting 2 expatriate AEs, the Service had reached satisfactory capacity to perform its functions. This capacity might have been even higher if the availability of local counterparts and their performance could have been further improved. It ought to be pointed out that for only 5 months IAAS was fully staffed with local counterparts. At the beginning of the Project the IAAS had only part-time local staff (first 8 months), then for 5 months it had a full time staff, but following this period the staff was again reduced to 3 persons only.

IAAS has not achieved satisfactory results in generating viable investment proposals acceptable to investors and development finance institutions. The Service was not in a position to attract a continuing flow of investment proposals and to generate the implementation of some of them by the completion date of the IAAS operations.

Overall economic situation in the Sudan, highly unfavourable investment climate and low industrial investment propensity coupled with cumbersome and confusing institutional set-up have all contributed to an environment in which the IAAS was

incapable of fully utilizing its capacity to assist Sudanese industrialists community. The overall demand from investors for services, offered within IAAS, was minimal. Even free technical assistance and consultancy services offered to private investors and industrialists by the IAAS was not pursued.

As a result outputs produced by the IAAS in the above mentioned field were lower than planned.

In quantitative terms, the total number of project proposals analyzed and appraised (44) was higher than planned (40). However, taking into consideration that none of the projects reached the stage of implementation and only 2 were granted licenses, the output in qualitative terms has to be evaluated as far below expectations.

With regard to the training component of the Project, results and outputs are more than satisfactory.

Total number of the Sudanese professionals trained in the field of industrial projects preparation and evaluation was 69. This figure comprises local counterparts of the IAAS, junior staff of BI and over 50 professionals from various Sudanese institutions. Due to the high standard of training and generally good performance of the trainees who completed training programmes this output of the Project ought to be evaluated as more than satisfactory and much higher than planned, both in quantitative and in qualitative terms.

In this domain IAAS not only fulfilled but substantially overfulfilled its objectives.

Owing to the training activities of IAAS Sudanese governmental institutions and private organizations have achieved meaningful increase in their professional potential in the domain of projects preparation, analysis and evaluation.

In conclusion it can be stated that the positive

contribution of the IAAS towards the achievement of its immediate objective consists mainly in "professional infrastructure" built up by the Project within and outside the BI and in shaping of institutional and functional set-ups for the future work of the Investor Advisory Assistance Services.

Providing there will be a will and determination to continue in future activities of such service in the Sudan, there are qualified staff, who understand their role and are being capable of organizing the work of such Service among those who have either been working with IAAS or trained at one of the training programmes implemented within its framework.

III. UTILIZATION OF PROJECT RESULTS

Establishment of IAAS as a functional service with trained, capable personnel and necessary equipment has created new potential opportunities both for the Sudanese Government and investors.

BI as Government Agency charged with responsibilities for investment projects licencing was given the possibility to utilize expertise and technical facilities (computer software) of the IAAS for analyzing and evaluating projects applying for licencing.

Sudanese investors had a chance to benefit from IAAS in the form of qualified advice and assistance in identification of investment opportunities, verifying, up-dating and reformulating pre-investment studies for their projects.

Neither of the two above categories of beneficiaries were able to utilize fully the potential and results of IAAS implementation.

Delayed assignment of full time local staff of the Project resulted in proportionally delayed achievement of full working capacity by the IAAS. Also the fact that the Project was not fully staffed with local counterparts for most of its operations (except 5 months) reduced the extent to which opportunities created by IAAS establishment were utilized.

Results of IAAS in the form of appraised project proposals were also not fully utilized. Only 22 per cent of investment projects found viable and recommended by IAAS for licencing were granted licenses by the completion date of Project's operations.

IAAS was trying to assist the Government and Sudanese private industrialists in identifying and discussing main factors adversely affecting industrial investment. Series of seminars on industrialization problems, which were supposed to bring together

Government officials and industrialists were proposed by IAAS and their organization was included in the Work Plan approved by the GIA. However, when the IAAS started preparatory works for these seminars GIA indicated that their organization is not any more given governments approval. Therefore the Work Plan had to be revised and this kind of activities excluded from it.

Underutilization of IAAS potential and results was to a large extent caused by the unstable institutional set-up and irregularities in the practical application of the Encouragement of Investment Act of 1980. Due to these factors, procedures and responsibilities over project's licencing were influx, causing confusion in the government agencies and among investors. During the second year of IAAS's operations, GIA was formally not responsible for evaluation and licencing of industrial investment projects. This authority, instead, was delegated to the Ministry of Industry (power delegation took place in September 1988). In view of this changed situation, institutional affiliation of IAAS was discussed at the TPR meeting in October 1988. One of the recommendations of this meeting was to reconsider institutional set-up of the Project. The Government decided, however, not to introduce any changes in this domain.

Above circumstances had an unfavourable impact on the utilization of the outputs of Project.

Private industrialists did not fully benefit from the Project not only due to the above discussed external factors (economic policy, institutional instability, confusing procedures) but also due to their own attitude towards the implementation of investment proposals considered by them. They did not seriously embrace the importance and utility of the comprehensive, detailed pre-investment studies for the successful promotion and implementation of new industrial projects. The pre-investment studies were viewed more as a "must" only necessary to satisfy bureaucratic requirements. Understandably, with such attitude the interest generated and the level of assistance offered by IAAS was not very encouraging. Most of the

investors who approached IAAS were seeking financing and foreign exchange and were rather disappointed when informed that the service offered only technical assistance in kind (expertise, project promotion etc.) and not cash.

Above characteristics of the investors attitude contain probably the main reasons for their relatively low "absorptive capacity" with regard to the forms of technical assistance provided by IAAS ²⁾. Highly encouraging results were produced by IAAS due to its training activities. It is, however, doubtful if the skills and qualifications acquired by the trainees will be fully utilized under prevailing conditions.

Upon completion of the operations of IAAS and departure of international staff of the Project, the Sudan will be left with higher professional potential and more common understanding of the importance of pre-investment preparation and evaluation of industrial projects. There was period of almost two years when a specialized unit (IAAS) was functioning within the BI. Institution building activities of IAAS resulted in laying foundations for the future existence of this type of service. Patterns for work organization, functional procedures and linkages were established. Local staff of the Project had the possibility to upgrade their theoretical knowledge and practical experience. They were working under the guidance of and with assistance from international experts.

During the operations of IAAS the Sudanese economy has not benefited from the Project as much as it should. The Project's potential was underutilized due to the factors discussed above.

²⁾ Short-term consultancy offered by IAAS was utilized in very low proportion. Even special announcement published in the newspaper which was offering technical assistance available through IAAS to both, on-going projects and the ones under preparation, did not result in a single request from Sudanese industrialists. Project management succeeded in identifying finally 4 projects in need of the consultancy, but in spite of it the rate of utilization of this form of assistance will remain very low.

Assets and potential built-up by IAAS remain now available to the Sudan.

Their effective utilization in future will depend on the ability to eliminate, or at least to reduce these factors which were hampering and obstructing successful implementation and utilization of IAAS.

C O N C L U S I O N S

Outputs produced by the Project are smaller than planned.

Some activities included in Project Document/Work Plan could not be implemented due to occurring changes in government priorities and unstable institutional set-up.

Owing to successful results achieved in the training component of IAAS activities, local counterparts are now capable of providing investors and Government with expertise in the field of industrial projects preparation, evaluation and promotion.

Intellectual potential and institutional foundations resulting from the implementation of the IAAS ought to be preserved and further utilized.

Full utilization of the effects of the Project will not be feasible without favourable changes in the investment legislation and its application which, in turn would lead to the improvement of institutional environment and investment climate.

ANNEX 1

Counterpart Staff of the Investor
Advisory Assistance Service

Post title	Name	Full or part time	Entry on duty	Depart-ure
National Project Director	MR. ABUHURYRA ELNAHAS	PART TIME	10/87	
Project Analyst	MR. HASSAN BABIKER	FULL TIME	06/88	
Project Analyst	MR. KARDAMAN M. SIDDIG	FULL TIME	06/88	
Project Analyst	MR. AZAHARI ELAWAD	FULL TIME	06/88	
Project Analyst	MR. MOHAMED KHEIR ALI	FULL TIME	06/88	11/88

ANNEX 2International Staff of the Investor
Advisory Assistance Service

Post title	Name	Entry on Duty	Departure
Financial Analyst (CTA)	MR. MARIAN GELDNER /Polish/	22/10/87	31/08/89
Associate Expert in Fin- cial Analysis	MR. MICHAEL PAUL FANOE /Danish/	01/08/88	31/08/89
Associate Expert in Market Analysis	MR. MICHAEL DAVIDSEN /Danish/	01/08/88	31/07/89

ANNEX 3

Major Items of Equipment Provided
by UNDP/UNIDO

UN Inventory No.	Description	Qty	Value US\$
BTR-2400	Vehicle (L.C.)	1	11,772
BP-26200	Overhead proj.	1	655
BR-900	Copying Mach.	1	2,995
BT-2000	Computer+printer	1	6,255
T-2000	PC-1016 (XT-Turbu)	1	2,400
BT-2000	Printer Epson FX-1050	1	1,140

ANNEX 4

Junior Staff of Bureau of Investment
Trained in Project Preparation
and Evaluation

Name	Started	Completed
MS. ELHAM MUBARAK	12/12/87	08/01/88
MS. FATIMA HASSAN	12/12/87	08/01/88
MR. TARIQ EL DAROUTI	12/12/87	08/01/88
MS. AMAL SHADDAD	12/12/87	08/01/88
MS. NYMAT M. ELTIGANI	12/12/87	08/01/88
MR. MUSTAFA ABUZEID	12/12/87	08/01/88
MR. BABIKER M. AHMED	12/12/87	08/01/88
MR. ABDALLA NOGOUD	12/12/87	08/01/88
MR. FATIH ELRAHMAN	12/12/87	08/01/88
MS. FAOUZIA ABDEL MAGID	12/12/87	08/01/88

ANNEX 5

Curriculum of Training Workshops in
Project Preparation and Evaluation
organized by IAAS in October 88
and March/April 1989

1. Project Development Cycle:
 1. Project cycle.
 2. Project identification.
 3. Opportunity, pre-feasibility and feasibility studies.
 4. Concept of time value of money - discounted cash-flow package:
 - a. time preference
 - b. compounding
 - c. discounting
 - d. Compounding and Discounting Tables and their practical application

- II. Evaluation of the Market Aspects of the Study:
(Case studies to be used for demonstration and exercises)
 1. Basic definitions and evaluation of marketing concepts.
 2. The role of a market study in the comprehensive feasibility study preparation.
 3. General dimensions of demand and market study.
 4. Data requirements, evaluation of data collected, data processing.
 5. Introduction to forecasting, reviewing of forecasting methods and techniques.
 6. Evaluation of pricing methods and policies in relation to feasibility analysis.
 7. Evaluation of export market.

Annex 5 Contd.

8. Production programme and capacity requirements.

III. Guidelines for Evaluation of the Technical Part of the Project:

1. Introduction: definition of technology, cost of technology: hardware and software, vertical and horizontal linkages.
2. Sales programme vs. production programme.
3. Product technical specification.
4. Flow diagram charts, processing flow chart.
5. Material and energy balancing - relationship with financial measures - inventories, work in progress.
6. Inputs: materials and utilities.
7. Machinery and equipment: schedules of costs, replacement, depreciation, salvage value.
8. Manpower estimates: direct and indirect labour needs, training needs, schedule of costs.
9. Plant organization.
10. Plant location and site, civil works.
11. Implementation and scheduling.
12. Preparation of technical report for a feasibility study: communication with other experts (market analyst, financial specialist).

IV. Financial Analysis:

(Case studies to be used for demonstration of practical application and exercises by participants).

1. Initial fixed investment costs:
 - Land
 - Site preparation

Annex 5 Contd.

- Civil works
 - Fixed assets
 - Plant equipment
2. Pre-production capital expenditures.
 3. Working capital requirements.
 4. Sources of finance of investment costs (local and foreign) and project financial plan:
 - equity
 - loans and credits
 - subsidies
 - public subscriptions
 5. Debt repayment schedules
 6. Production costs:
 - direct materials and inputs
 - costs of manpower (labour and staff)
 - factory and administrative overhead costs
 - sales and distribution costs
 - interests
 - depreciation
 7. Discounted cash-flow (with and without outside financing).
 8. Financial appraisal techniques of investment projects:
 - pay-back period
 - simple rate of return
 - break-even point
 - net present value
 - internal rate of return
 - other financial ratios

Annex 5 Contd.

9. Risk, probability and sensitivity analysis.
10. Impact of inflation on financial evaluation.

V. National Cost-Benefit Analysis:

(Case studies to be used for demonstration and exercises by participants).

1. Basic methods used in socio-economic analysis (OECD, UNIDO, World Bank, Effects Methods).
2. Application of shadow prices in national cost-benefit analysis:
 - a. shadow exchange rate
 - b. social rate of discount
 - c. shadow wage rate
3. Value added approach.
4. Additional indices:
 - a. employment effect
 - b. distribution effect
 - c. net foreign exchange effect
 - d. regional development
 - e. increase of international competitiveness
5. Uncertainty in economic analysis.

The participants were provided free of charge with the following materials:

UNIDO : Manual for the Preparation of Industrial Feasibility Studies (English & Arabic version)

Annex 5 Contd.

- ID/206).
- UNIDO : Manual for Evaluation of Industrial Projects.
(ID/244)
- UNIDO : Guide to Practical Project Appraisal. Social
Cost-Benefit Analysis in Developing Countries
(ID/SER.H/3).
- World Bank: Compounding and Discounting Tables for
Project Analysis.

1 pocket calculator.

Approximately 200 pages of handouts and case-studies
prepared by lecturers.

ANNEX 6

Participants of Training Workshops in
Project Preparation and Evaluation
organized by IAAS in October 1988
and March/April 1989

NAME	INSTITUTION
1. MOHAMED EL FATIH AHMED EL FAHI	INDUSTRIAL BANK OF SUDAN
2. EL RASHID ABDEL WAHAB	INDUSTRIAL BANK OF SUDAN
3. HAYDER ABU EL GASIR	MINISTRY OF FINANCE & ECON. PLANNING
4. NASRAT ABDEL RAHIM HANIFA	MINISTRY OF FINANCE & ECON. PLANNING
5. ABDEL MONEM SAIED MOHAMED	MINISTRY OF FINANCE & ECON. PLANNING
6. GA'FAR ABDEKER ALI	MINISTRY OF FINANCE & ECON. PLANNING
7. AHMED ISSAH ADAM GADDER	ISLAMIC BANK FOR WESTERN SUDAN
8. YOUSIF ISMAIL ALI	SUDAN RURAL DEVELOPMENT CO.
9. HOUDA KHALID MANGOUB	SUDAN RURAL DEVELOPMENT CO.
10. FATZA ABDEL DAFI ABDEL GADIR	MINISTRY OF INDUSTRY
11. OMER MUSEIN ABDEL GADIF	SUDANESE INDUSTRIES ASSOCIATION
12. ISAM MOHAMED ALI	INDUSTRIAL RESEARCH & CONSULT. CENTRE
13. ABDEL FATTAH BILAL ABDEL SALAM	INDUSTRIAL RESEARCH & CONSULT. CENTRE
14. KAGNA KAPAL ELDEIN MOHAMED	SUDANESE DEVELOPMENT CORPORATION
15. HALA KHALID MANGOUB	AFRICA CONSTRUCT CO.
16. AMAR DAWOOD MOHAMED	AFRICA CONSTRUCT CO.
17. MOHAMED AHMED BAKHEIT	FAISAL ISLAMIC BANK
18. ALI MOHAMED AHMED ALI	FAISAL ISLAMIC BANK
19. GAMAL ELDEIN AHMED IBRAHIM	BUREAU OF INVESTMENT
20. ABDEL MAGED ABDEL GHANI	BUREAU OF INVESTMENT

Annex 6 Contd.

NAME	INSTITUTION
21. MOHAMED FADU ABDALLA	MINISTRY OF SOCIAL WELFARE & ZAKAT
22. MUSTAFIL KHALIL	MINISTRY OF INDUSTRY
23. SIMAN ABDEL HADI	MINISTRY OF INDUSTRY
24. RAMOUN OSMAN ALAMAD	MINISTRY OF INDUSTRY
25. OSAMA MOHAMED AHMED	BANK OF KHARTOUM
26. ABDELMOHETM ABDELLATIF SAAD	NEW INDUSTRIES CO.
27. MOHAMED YASSIN BENYAMEN RAHAMA	BANK OF SUDAN
28. MURTADA KHIDIR MOHAMED ABUJAITO	BANK OF SUDAN
29. MOHAMED SALIH MOHAMED KHIER	MINISTRY OF INDUSTRY
30. ABU BAKR ABDEL AZIZ	SUDAN RURAL DEVELOPMENT CO.
31. ABDEL MOHTEM MUSTAFA ELNEIM:	SUDAN DEVELOPMENT CORPORATION
32. ELRASHEID AHMED A. KHORASAN:	MUBARAK ENGINEERING ENTERPRISES
33. NAFZA MOHAMED IBRAHIM	GENERAL PETROLEUM CORPORATION
34. ABDEL BAGI ABDALLA MOHAMED	DEVELOPMENT & BUSINESS CONSULTANTS
35. TAHAR MOHAMED ADAM	SULANABI TRADING, ENG., & CONTRACT.
36. FAIZE HASSAN YOUSIF KORDOFFAN:	SUDANESE INDUSTRIES ASSOCIATION
37. NAFISA HUSSEIN EL SHALLALY	HARDI CONSULTING GROUP
38. AMIRA FOUAD AGABANI	HARDI CONSULTING GROUP
39. NABI FOUAD SULIEMAN	KINSAS GLOBAL
40. AEDIN EL HAS MEHAISI:	GETIRA DEVELOPMENT AGENCY

NAME	INSTITUTION
41. YAMA SIR ELKHATIM YASR	ISEMAC INTERNATIONAL LTD.
42. BATOUL BASHIR ELRAYAN	IAHFAO UNIVERSITY
43. MUNA SIRABEELDIN	ILIBYAN ARAB SUDANESE HOLDING CO.
44. YARIG ABDEL SALAM ABDEL MAGIED	IBABEL-MONIEP INDUSTRIAL & ENG. CO.
45. HUDA MOHAMED AHMED SHEIKH MOHAMED	IBUREAU OF INVESTMENT
46. IZZELDIN BASHIR GASELMARI	IGALANDER ENGINEERING CONSULTANTS
47. ADIL MOHAMED MASSANEIN	IMALIAE OIL MILL
48. ELSYED SULIEMAN ELSYED	IPOWER CONSULT
49. OSMAN MEKKI BASHIR	IMUNDO
50. ELAMIN ABBASER ABD ELBASI	ISLAMIC DEVELOPMENT CO.
51. FATEH EL RAHMAN HAS MUSTAFA	INVESTMENT BUREAU
52. ELAMIN OSMAN ELAMIN	MINISTRY OF INDUSTRY

ANNEX 7Fellowships Awarded to Local
Staff of IAAS

Name	Type of Study	Place	Duration (month)
ABUHURYRA ELNAHAS	Training Course in Project Pre- paration and Evaluation	HWWA Hambourg F.R.G.	1
AZHARI ELAWAD	Training Course in Project Pre- paration and Evaluation	Warsaw Poland	1

ANNEX B.

Industrial Projects Proposals from UNIDO
Promotion Meeting of 1985 Approved by
Advisory Committee for Analysis
and Evaluation within IAAS

PROJECT	SPONSOR	ADDRESS	Total Cost (US\$)
1. Sulphoric Acid & Al-Sulphate Plant	Taha El Sayed El Koubi	P.O.Box 467, Khartoum	5,026,277
2. Medicated Cotton Dress. San. Napkins	Sudanese Cotton Fact.	P.O.Box 2420, Khartoum	2,230,770
3. Agric. M/C Spares & Tools	El Tayeb El Mareth	P.O.Box 1556, Khartoum	1,400,000
4. Tissue Papers, San. Towels	Mohamed El Ghazali	P.O.Box 29, El Morada	2,150,000
5. Light Industries M/C & Tools	Mahdi Basim H. Alwahi	P.O.Box 993, Khartoum	420,000
6. Kaoline Bentonite Diatomaceous Earth,	Muhammad Idris Sh. M.	P.O.Box 3994, Khartoum	2,500,000
7. Table & Kitchen Refined Salt	Youssef El Barabari	P.O.Box 132, Fort Sudan	1,970,000
8. Tyre Retreading	Ahmed Mohamed El Hussein	P.O.Box 521, Khartoum	879,230
9. Metal & Wooden Doors	Abdel Hadi Mustafa	P.O.Box 85, Khartoum	477,550
10. Bolts, Nuts, Screws	Bafaar Hassan Had	P.O.Box 144, Sennar	2,860,000
11. Crude Salt	Mustafa Satti & Sons	P.O.Box 413, Khartoum	625,000
12. Pharmaceutical Drugs	Dr. A/Rahim M. Ali Bahry Pharm. Lab.	P.O.Box 1705, Khartoum	2,960,000
13. Crown Corks	National Crown Cork Co.	P.O.Box 2142, Khartoum	1,195,000
14. Leaf & Coil Spring	Ahmed Hassan Makawi	P.O.Box 2227, Khartoum	2,283,000
15. Production of Chemical Products	El Rashid & Hashim Benir Co.	P.O.Box 68, Khartoum	3,072,665
16. Pure Nitrous Oxide Gas Prod.	Gilada Trading Agency Nazir Gilada	P.O.Box 6, Khartoum	1,451,110

Annex B Contd.

17. Manufacture of Insecticides	Bayoumi Chemical M.B. El Sayeh	P.O.Box 10186, Khartoum	1,308,000
18. Pharmaceutical Products	Dr. Nabil Refai	P.O.Box 2929, Khartoum	1,528,500
19. Pharmaceutical Prod.III	Dr. Usman P. Monier	P.O.Box 355, Khartoum	9,851,567
20. Quarrying & Prod. of Industrial Raw Material	Ibn Yasir Chemical Industries	P.O.Box 3594, Khartoum	Not Available
21. House-hold Furnit.	Mohamed Aheed	P.O.Box 4, Medani	Not Available
22. Aggregate (gravel) Kaoline gypse	M.B. Sayeh	P.O.Box 10186, Khartoum	Not Available
23. Furniture	Aheed Moh. Aheed	P.O.Box 5,	Not Available
24. Wooden Furniture	A/Rahman Kastal	P.O.Box 276, Oudersan	Not Available
25. Pharmaceuticals	Bro Phaes. Industries Dr. Saqir Aheed Khalid	P.O.Box 11, Oudersan	Not Available
26. Fish Processing	Nile Fish Projects	P.O.Box 3297, Khartoum	Not Available

ANNEX 9

Industrial Project Proposals Appraised
by IAPB

PROJECT NO.	PROJECT PROPOSAL	SPONSOR NAME
1	PHARMACEUTICALS PLANT	PEN PHARMACEUTICALS
2	PHARMACEUTICAL PRODUCTS	ELBASAA TRADING
3	SULFURIC ACID & ALUMINIUM PLANT	EL ROUBI
4	PLASTIC SACKS	KOSTI MAT. PLASTIC PACKAGE F.
5	PLASTIC SACKS	CEREALS INVEST. & DEVELOPMENT CO.
6	FLOUR MILL PLANT	NEWTECH INDUSTRIAL & ENG.
7	KNITTED UNDER GARMENT PLANT	MRS. S.I. EISSA
8	PLASTIC CONTAINERS & POLYTH. BAGS	ABDALLA MOH. MUSSEIN
9	AIR CONDITIONING & COLD STORES	OMER ALBAKRI ABU HAZZ
10	FRD TILES & SYNTHETIC LEATHER	INTERNATIONAL MARKET CO.
11	CERAMICS & CONCRETE WORKS	ABDEL HALIM ABBAS
12	REBER FACTORY	JARAF DEV. & INVESTMENT CO.
13	PRODUCTION OF OILS & GREASES	OSMAN BASIKER SOBANI
14	PRODUCTION OF POULTRY FEEDING	DR. AYRAHMAN SID AHMED
15	SHOES WHEELS FACTORY	EMAF EL OMAR ELMOUR
16	PRINTED PLASTIC BAGS & HOUSE UTENSILS	OSMAN AHMED TAMAM
17	LIQUID & POWDER DETERGENTS PLANT	AL AMIN AHMED TAHA
18	DETERGENTS PLANT (SHOES POLISH)	Y.A.E. BASANIOTTI
19	PEANUT SHELLING & CLEANING PLANT	GEN. MANAGER/UNION TRADING CO.
20	SECTIONS	ALSTIF HASSAN MOH. ALI
21	TYRES RETREADING FACTORY	JAHMED MOHAMED AL MUSSEIN
22	MANUFACTURING OF PAPERS	EL RASHID AHMED NIMIR
23	MANUFACTURING OF PAPERS	KAMAL IERAHIM AHMED
24	PROOFING FELT & OXIDIZED BITUMEN	SAEED EL OBEID ALAWAD
25	WASHING MACHINES FACTORY	SAYED KHIDIR NABI
26	FLOUR MILL	UNKNOWN (ABUHURYRA)
27	TANNERY	ALHAJ YOUSIF ALMAKI
28	SOAP FACTORY	SALAH SAAD AHMED
29	LUBRICATING OIL BLENDING PLANT	SAUDI SUDANESE OIL CO.
30	TANNERY	MUSSEIN AHMED GHORESH
31	TAIBA SOAP FACTORY	TAIBA OIL MILL
32	TANNERY	BEDAWI TRADING CO.
33	DERAF SOAP FACTORY	MUSTAFA AHMED MAHMOUD
34	ALABBAR TANNERY	BASHIR AHMED ZAROUS
35	MATCH PRODUCTION & DISTRIBUTION	AMAD ALBALOLA
36	EMABLE QUARIES	IMAD HASSAN
37	PURIFIED SALT	AL NATAIN COMPANY
38	MIRROR PROD.	HASSAN HAD AWAD

Annex 9 Contd.

39	IBICYCLE ASSEMBLY FACTORY	IMADISH TRADING CO. LTD.	:
40	IPULP AND PAPER MILL	IEL RASHID AHMED NIMIR	:
41	IPHARMACEUTICAL PRODUCTION	IMOH. DAFALA ABDEL RAHMAN ALI	:
42	IFOUNDRY - PORT SUEZ	IBADALLA BANARITH	:
43	IPLASTIC BAGS	IKOSTI NATIONAL PLASTIC FACTORY	:
44	IMANUFACTURE OF INSECTICIDES	IBAYDUMI CHEMICAL (M.P. EL SAYEH)	:
