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UNIDO SERVICE IN POLAND FOR THE PROMOTION OF
INDUSTRIAL INVESTMENT CO-OPERATION IN DEVELOPING COUNTRIES

UD/UC/INT/86/115

REPUBLIC OF POLAND

Report of the Evaluation Mission*

Prepared in co-operation with the
Government of the Republic of Poland and the
United Nations Industrial Development Organization

United Nations Industrial Development Organization
Vienna

* This document has not been edited.

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SUMMARY OF CONCLUSIONS AND RECOMMENDATIONS

The IPS Warsaw has achieved with distinction its objectives. A number of projects were implemented in developing countries, as well as Joint Ventures in Poland with the close intervention of the IPS. (Examples given in Annexes III and IV.) The Mission recommends that the IPS be extended for another four-year period. A proposal for a project document for such an extension will be later submitted by the Mission. Financial needs are estimated in the region of Zlotys equivalent to US\$ 85,000 and US\$ 50,000 in foreign exchange, per year.

The IPS has been instrumental in introducing and spreading in Poland good practices of pre-investment work, particularly financial analysis and computer applications.

The steering of IPS by UNIDO headquarters and the Ministry needs improvement.

It is the practice of the IPS Warsaw not to stop intervention when a letter of intent is signed but rather continue to provide assistance to the entrepreneurs (both Polish and from developing countries) until the company is established and in some cases, until the start of operations.

The IPS should charge for services provided to companies from developed countries as well as from Poland.

Due to the limited financial capabilities of Polish companies particularly for pre-investment work, favourable consideration should be given to the establishment of a project completion facility for use in Zlotys.

The Project Monitoring and Control System should be improved (it has not been changed since its installation in 1985) and data on projects in Poland should be fully integrated in it.

Conditions of employment for IPS staff should be reviewed in order to attract and retain qualified personnel.

EXPLANATORY NOTES

The units of measure indicated in this report are those sanctioned by the International System of Units (SI). When not otherwise indicated, the word "dollar", US\$ or \$ refers to the U.S. dollar and IPS refers to the Investment Promotion Service (IPS) of Warsaw.

List of acronyms used in the report

COMFAR - Computer Model for Feasibility Analysis and Reporting
FSS - Forum Servicing System
IFC - International Finance Corporation
IID - Industrial Investment Donor
IIS - Industrial Institutions and Services Division
INPRIS - Investment Promotion Information System
INTIB - Industrial and Technological Information Bank
IPPM - Investment Project Promotion Meeting
IPS - Investment Promotion Service
ITPD - Industrial Technology Promotion Division
PMCS - Project Monitoring and Control System
PRC - People's Republic of China
UNIDF - United Nations Industrial Development Fund

Value of the dollar in Zlotys (Z) during the period covered by this report, according to the UN operational rate of exchange:

June 1986	163 Zloty - 1 US\$
December 1986	196 " - "
June 1987	250 " - "
December 1987	310 " - "
June 1988	392 " - "
December 1988	488 " - "
June 1989	833 " - "
December 1989	3700 " - "

INTRODUCTION

(a) History of the IPS

In July 1983, the UNIDO Industrial Co-operation and Investment Promotion Service was set up in Warsaw for a three-year period, with a possibility of extension.

In early 1986, the results achieved after the initial period of the Service activities in fulfilling its objectives were judged encouraging and in a joint decision taken by the Polish Government and UNIDO, it was decided to extend the IPS's operations for another four years.

On 5 May 1986, the Polish Minister of Foreign Trade and the UNIDO Director-General exchanged letters on the arrangements concerning the extension for four years, i.e. until June 1990, of the UNIDO Service in Poland. The detailed provisions are contained in the Project Document UD/UC/INT/86/115.

The original thrust of this project was to enhance various forms of industrial co-operation at the enterprise level between Poland and developing countries with the aim of implementing financially and economically viable projects in the latter countries.

However, in October 1986, the Polish authorities approached UNIDO with the proposal to organize a programme for the promotion of joint ventures with foreign capital participation in Poland. This programme culminated with an Investor's Forum held on 12-18 October 1987 in Warsaw and thus started the activities of the IPS in the area of investment promotion into Poland.

The present joint Polish Government and UNIDO evaluation of the Investment Promotion Service (IPS) activities was carried out with reference to the second half of the Service operations, i.e. July 1986 to June 1990.

(b) Outline of the policies and practices regarding Polish investment in developing countries and foreign investment in Poland

Changes introduced in the years 1986-1989 in the management of the Polish economy were directed, among others, towards a new strategy with regard to Poland's participation in international economic co-operation. It has called for expansion of trade turnover as well as acceleration of economic and technical co-operation with the developing countries, particularly at the enterprise level. The policy was aimed at establishing and facilitating business contacts in the field of industry between interested sides in developing countries and industrial and financial organizations and institutions in Poland, with a view to encourage and support specific industrial investment programmes and ventures and the related transfer of technology. However, no specific instruments and incentives were offered.

Many impediments, however, have prevented companies from involving themselves to a greater extent in various long-term industrial co-operation agreements with partners from the developing countries. The lack of capital and other financial shortages in Poland were the main constraints in achieving more active co-operation development between investment projects' sponsors from developing countries and Polish companies.

To move faster towards a market economy, foreign financial assistance, including private investments, are needed. For this reason, Poland has opened its market and has encouraged foreign capital investment on its territory. New opportunities in this field have been created by the new joint ventures law enacted in April 1986 and subsequently amended at the end of 1988. This law expresses the political will of the Polish Government to make foreign capital a stable and dynamic element of the Polish economy which is open to business activities whenever it ensures:

- Introduction of modern technologies and management methods;
- Provisions of goods and services for export;
- Improvement in the supply of modern and high quality commodities and services to the domestic market; and
- Protection of the environment.

The following essential new conditions to stimulate foreign investment in Poland have been adopted by the new law:

1. Access of the foreign investors to all areas of economic activities (i.e. elimination of all previous restrictions).
2. Equal access of foreign capital to private, state and co-operative sectors.
3. Provision of an attractive financial package, including extensive tax holidays, relatively low corporate income tax and low personal income tax for expatriate staff.
4. Elimination of restrictions on foreign shareholding (introduction, however, of a requirement - foreign investors' equity participation should be at minimum 20 per cent and not less than US\$ 50,000). Due to the precarious foreign exchange balance situation, the new law upheld restrictions in transferability of profits and dividends. Remittance abroad of income can only be made from convertible currency export proceeds.

(c) Reason for the evaluation

According to the Project Document No. UD/UC/INT/86/115, the UNIDO Service in Poland was extended to 30 June 1990. The evaluation was to be undertaken not later than six months prior to the completion of the project and should provide the basis for a joint decision on the extension of the project.

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

1. To assess the achievements of the project against its objective and expected outputs, including a re-examination of the project design and a proposal for a new design.
2. To identify and assess the factors that have facilitated the achievements of the project's objectives, as well as those factors that have impeded the fulfillment of those objectives.

In addition to the above, the joint evaluation mission has reviewed whether the approach utilized in the project has led to optimum results and/or whether another approach could have improved the results.

(d) Dates, composition of mission, methodology and proceedings

Dates

The mission assembled in Vienna on 12 November 1989 and during the next three working days was briefed extensively by the involved UNIDO staff. The mission then proceeded to Warsaw where, starting from 27 November 1989, eight working days were allowed for records, reviews and interviews in the IPS and related organizations in Poland.

Upon completion of its work, the mission was debriefed by the Ministry of Foreign Economic Relations.

The mission had been allowed two extra working days to complete its report in draft in Warsaw. It completed its evaluation on 7 December 1989.

Composition of the mission

The mission was composed of the following:

1. Mr. Oscar Gonzalez Hernandez
Chief, Evaluation Staff
Office of the Director-General, UNIDO

as the representative of UNIDO

2. Mr. Janusz Kozinski
Deputy Director, Legal Department
Ministry of Foreign Economic Relations

as the representative of the Government of Poland

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

Methodology

It should be emphasized that this is the first independent joint evaluation mission analyzing an IPS. While a thorough review of the past was itself very important, the in-depth evaluation was also expected to lead to detailed suggestions for a future project.

As regards methodology, this report is based on the source of information mentioned in the enclosed Annex I (Organizations visited and persons met), as well as records reviewed.

The overall evaluation was carried out, as far as possible, in accordance with the Director-General's Bulletin on "In-depth evaluations of technical co-operation projects" (UNIDO/DG/B.106), taking into consideration the changes required by the special characteristics of this project.

The evaluation mission concentrated its investigations on those issues which concerned IPS directly, i.e. its current tasks as set out in the project document for the four-year period of 1986 to 1990. However, other activities and/or projects with which the Service was involved were also taken into consideration by the mission.

Proceedings

The mission started its investigations in Vienna - UNIDO headquarters. It has maintained liaison with the Industrial Investment Division and other appropriate organizational units in UNIDO, including IIS and DTT.

In Warsaw, several meetings and interviews were held with the project staff. In the discharge of its duties, the mission has visited selected Government organizations and institutions such as the Ministry of Foreign Economic Relations, the Ministry of Foreign Affairs, the Ministry of Finance and the Foreign Investment Agency. Talks were also held with a number of institutions such as banks, foreign trade organizations, co-operatives and private companies (for details, see Annex II to this report). Final debriefing of the mission was made by Mr. A. Wojcik, Secretary of State of the Ministry of Foreign Economic Relations on behalf of the Government of Poland and Mr. A. Araoz, Deputy Director-General, Department for Industrial Promotion, Consultations and Technology.

I. PROJECT CONCEPT AND DESIGN

A. Socio-economic and institutional context

(a) Economic developments in Poland

During the period under evaluation, major changes took place within the Polish economic policy that began to re-shape profoundly the legal and institutional environment for business organizations of the Polish and foreign firms. The general thrust of changes already introduced and those planned for the coming year clearly indicate the willingness of the Polish Government to introduce a market economy and a competitive business environment.

First and foremost, the starting of new business operations has been substantially simplified through the adoption in 1988 of the new Law on Economic Activity. It guarantees full freedom to companies to undertake activities in the field of production, construction, services and trade.

In order to create a mechanism to allow the merging and splitting of companies and to diversify ownership, the existing state enterprises will soon be transformed into joint stock and/or limited liability companies. The Government also continues its policy of restructuring (and eventually liquidating) ailing state enterprises.

At the end of 1988, the Parliament amended the law of April 1986 on foreign direct investment. The changes introduced are aimed at attracting more new foreign investment and to create better conditions for already existing foreign-owned and joint venture companies. The new law established a one-stop Foreign Investment Agency and introduced the possibility of setting up in Poland wholly foreign-owned limited companies, as well as allowing foreign nationals to become chief executive officers.

Under the amended Banking Law and related regulations, the National Bank of Poland is fully assuming the essential role of the central bank. Nine new commercial banks were established at the beginning of this year. The new and existing banks have become profit-oriented ventures. More generally, the changes being introduced in the Polish financial system should gradually create a full-fledged capital market on which equity and debt instruments will be treated among private, state and co-operative participants of the market.

The accelerating pace of opening up of the Polish economy offers new opportunities for national companies to "go international" and to link up with foreign partners.

The new institutional set-up and gradual introduction of the market economy, with its rewards and penalties for companies, will, if successfully implemented, also remould the ways and means that public authorities will use to manage the economy.

(b) Development problems affecting the project

Experience has shown that Polish enterprises are skeptical when approached with industrial investment and/or co-operation proposals from developing countries (especially when they come from relatively unknown

countries or areas). This is particularly true for projects which deal not only with the supply of equipment and/or technology but require a long-term, more encouraging commitment from the Polish partners.

The direct investment equity component of the project package has usually been the most difficult to achieve. Due to historical circumstances of business institutions in Poland, it has been a time and effort consuming process to bring about a change in the attitudes of Polish firms; a change in attitude from selling to participating (through equity involvement), sharing both successes and failures in the operation of an implemented project. The reluctant approach to projects from developing countries has further been compounded by:

- Non-existence of an administrative and financial system aimed at promoting Polish industrial co-operation with developing countries;
- General scarcity of capital in convertible currencies for support of Polish investments abroad; and
- Administrative hurdles in obtaining permits to invest abroad.

Although a gradual streamlining of the Polish economy will undoubtedly increase eventually interest of Polish companies in projects to be implemented in developing countries, promotion of joint ventures with foreigners in Poland will remain, at least in the medium term, a more rewarding activity for the IPS. Recent political changes in Poland, promises of huge foreign assistance to Poland, will surely contribute to still increased efficiency of inward foreign investment in Poland and thus increase the role of IPS Warsaw as an effective instrument/mechanism for inward investment promotion.

(c) Existing national infrastructure regarding the project

The existing national infrastructure surrounding the project consists of:

1. Central administrative authorities such as

- Ministry of Foreign Economic Relations;
- Ministry of Foreign Affairs;
- Ministry of Industry;
- Ministry of Agriculture, Forestry and Food Economy;
- Ministry of Finance; and
- since January 1989, the newly established Foreign Investment Agency, with responsibilities for formulating the objectives and implementing the policy of the State on investment co-operation with foreign countries, as well as promoting foreign capital involvement in Poland.

2. Promotion and research organizations like

- Polish Chamber of Foreign Trade;
- Chamber of Industry and Commerce of Foreign Investors;
- Central School of Planning and Statistics;
- Foreign Trade Research Institute; and
- Market Research Centre.

3. Banks such as

- National Bank of Poland;
- Bank Handlowy S.A.;
- Export Development Bank S.A.; and
- Bank PeKaO, S.A.
- BIG Bank SA (Bank of Economic Initiatives)

A grid of new commercial banks begins to emerge throughout Poland as the result of the transformation of the Polish banking system. There are fourteen of them now and others will be coming. The new banking law allows for private banks to be established in Poland, with or without foreign participants.

4. Business community

The Consultative Council has remained the principal form of co-operation of the IPS with the Polish business community. The members of the Council, which presently amounts to 54 firms representing the interests of about 300 associated manufacturing companies, construction and engineering firms.

In recent years, the authorities have opened access to foreign trade activities to all Polish firms and private persons, abandoning the traditional system of State-owned foreign trade organizations as the only channel via which foreign firms could do business in Poland.

As a result of demonopolization of foreign trade, the number of registered firms and persons directly engaged in foreign trade operations is steadily growing, exceeding 2,000 at the beginning of this year.

(d) Other relevant external technical co-operation activities in the area

In addition to the Project Document signed by UNIDO and the Ministry of Foreign Economic Relations, which regulates the objectives and activities of the IPS, the following Project Documents were approved and implemented during the period under review and concern activities which were undertaken under the direct supervision of the IPS.

UT/CPR/86/059 - First Country Delegate from the People's Republic of China (PRC), March 1987 to April 1988. Total expenditure Z 3.6 mil.

The second delegate from the PRC, during May 1988 to December 1988, was financed directly by the Ministry at a total cost of Z 6.6 mil.

During 1989, other country delegates - one from the People's Republic of China (PRC) and another from the Republic of Korea (ROK) - (the latter on an exchange programme with a Polish delegate from the IPS Warsaw, who is staying in the IPS Seoul) were received by IPS Warsaw at a total cost of Z 25.5 mil, which was directly contributed by the Ministry, out of which Z 8 mil will be recovered from Polish companies.

The Forum on Joint Ventures of 1987 was financed by two projects, UC/POL/87/043 and UT/POL/87/043, at costs respectively of US\$ 10,200 and Z 17 mil.

B. Project document

The Document governing the operations of the IPS Warsaw from 1 July 1986 to 30 June 1990 has an unusual structure, which is as follows:

1. Background Information;
2. Objectives of the Project;
3. Institutional Structure of the Service;
4. Special Provisions; and
5. Legal Provisions;

followed by a budget in local currency covering the first year of operation, which was later followed by a budget in local and foreign currency for the four-year period June 1986 - June 1990.

Background Information provides, in fact, a very brief description of activities and general achievements of the IPS during its initial period of July 1983 until June 1986.

The Objectives of the Project are a mixture of activities, outputs and rather broad objectives.

The Institutional Structure of the Service refers mostly to personnel and management issues, adding a series of activities and a broad framework for co-operation of the IPS with other projects and the Polish authorities.

Special Provisions refer mostly to funding, financial reporting and evaluation requirements. Finally, Legal Provisions concern the recruitment of its personnel and its privileges and immunities and a broad framework of legal obligations.

It is the opinion of the mission that this Project Document is inadequate as a guiding, monitoring and evaluation framework. Furthermore, no indication was provided on ultimate beneficiaries, critical assumptions and rationale for the approach taken, not to speak of the absence of a logical framework. Priorities and quantitative data are missing.

For the purpose of this evaluation, the mission extracted from the Project Document what it considers to be the project's objectives, outputs and activities.

For the follow-up of this project, the mission considers that the normal Project Document format is adequate and will make a proposal for the IPS Warsaw, which can be subsequently adopted for other IPS's. This would provide maximum commonality between the frameworks for all IPS's, which would facilitate reporting, monitoring, evaluation, compilation and comparison of results.

II. PROJECT IMPLEMENTATION

A. Delivery of inputs

(a) UNIDO inputs

The different budget lines (in Zlotys), as approved in the project document, subsequently revised and actually spent during each year are indicated in Table 1 below. No particular comments are offered since the actual expenditures were done according to schedule. The increases indicated for the different budget lines in the revisions and expenditures reflect only inflation. In fact, the increases verified are often below the rates of inflation during the equivalent periods.

Table 1
BUDGETS in 1986 - 1989 (in Zlotys)

Budget Line	Expenditure Title	1986 (2nd half)			1987		
		Project Document	Revi- sion	Expenditure	Project Document	Revi- sion	Expenditure
11-01	Head of Service	2,100,000	*	2,720,000	5,400,00	*	7,246,232
13-01	Admin. Support	950,000	*	841,722	1,900,000	*	2,846,000
15-01	Travel of Project Staff	350,000	*	543,465	800,000	*	1,825,619
16-99	HQ and Other Staff Missions	800,000	*	1,312,758	1,600,000	*	908,256
21-01	Sub-Contract	400,000	*	400,000	800,000	*	800,000
35-01	Country Presenta- tion Meetings	30,000	*	----	50,000	*	10,000
41-99	Equipment	370,000	*	272,820	290,000	*	777,253
43-99	Premises	2,460,000	*	1,453,488	4,740,000	*	2,568,983
51-99	Misc.	730,000	*	1,208,927	1,390,000	*	1,786,163
TOTAL		8,730,000	*	8,753,798	16,970,000	*	18,768,506

*No revision of the project budget had taken place during this year since the related funds were approved retroactively in 1987.

	1986	1987
Average value of US \$ in Zlotys	197.	268.
Official Rate of Zloty Inflation	17%	16%

Table 1 (cont'd)
BUDGETS in 1986 - 1989 (in Zlotys)

Budget line	Expenditure Title	1988			1989			1990
		Project Document	Revision	Expendi- ture	Project Document	Revision	Expendi- ture*	Planned
11-01	Head of Service	5,400,000	7,400,000	12,502,187	6,000,000	14,500,000	29,205,489	34,000,000
13-01	Admin. Support	1,900,000	3,600,000	4,482,900	2,000,000	7,000,000	12,457,850	14,000,000
15-01	Travel of Project Staff	800,000	1,500,000	1,695,863	900,000	2,000,000	2,260,342	4,000,000
16-99	HQ and Other Staff Missions	1,600,000	3,400,000	3,930,440	1,600,000	5,350,000	3,243,695	3,000,000
21-01	Sub-Contract	800,000	800,000		900,000	2,500,000		2,000,000
35-01	Country Presentation Meetings	50,000	60,000		50,000			500,000
41-99	Equipment	290,000	500,000	1,318,749	300,000	1,500,000	2,482,996	2,900,000
43-99	Premises	4,740,000	3,250,000	7,322,763	4,840,000	8,850,000	10,578,832	19,150,000
51-99	Misc.	1,510,000	1,945,000	4,645,505	1,630,000	4,900,000	6,636,889	7,650,000
55-01	Hospitality					600,000	502,045	88,450,000
TOTAL		17,230,000	22,455,000	35,898,407	18,220,000	47,200,000	61,645,326	88,450,000

*Total expenditures as of 1st December 1989.

	1988	1989
Average value of US \$ in Zlotys	420.	1351.
Official Rate of Zloty Inflation	160%	600% estimated

The dollar budget of the IPS was approved under a separate project financed by UNIDF (convertible tool) and is indicated in Table 2. They concern social security and pension contributions in respect of the Head of Service, the dollar portion for the office travel and imported office equipment. Increases in expenditures in relation to the budget may be observed for travel of office staff and equipment. However, increased convertible currency expenditures did not rise to the level of approved UNIDO contributions to the project. The surplus originated from Zlotys and hard currency swap, since the UD project (in Zlotys), financed UNIDO staff missions to Poland, BL-16, and the subsequent credit was accorded on budget line 57 of the UC project.

Table 2
UC/INT/86/115
PROJECT BUDGET 1986-1990
(US\$ Convertible Currency)

Line	Title	1986		1987		1988		1989		1990*
		Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual	Budget
11-01	Head of Service	9,500	8,811	19,000	17,705	19,000	18,521	20,000	n/a	10,000
15-01	Travel of Project Staff	4,000	4,005	5,000	11,700	5,000	13,589	5,000	n/a	2,000
41-11	Equipment	2,000	1,056	1,000	3,086	1,000	2,550	-0-	n/a	-0-
41-12	Consumable Office Supplies	500		1,000		1,000		1,000		500
42-01	Office Equipment (over US\$ 450)	10,000	13,489	2,000	5,625	-0-	1,470	-0-	n/a	-0-
51-99	Sundries	1,000	336	2,000	464	1,500	1,423	1,500	n/a	500
55-01	Hospitality	100	102	150	360	150	106	150	n/a	100
99-99	Project Total	27,100	27,799	30,150	38,948	27,650	37,659	27,650	n/a	13,100

*for half a year only.

(b) Other inputs from other projects

Table 3 below gives an indication of the projects other than the two described above which fell under the direct responsibility of the IPS. These projects correspond to the Country Delegates Programme and to the 1987 Joint Venture Forum.

Table 3
Projects Administered by the IPS Warsaw

Country Delegate	Project Number	Duration	Total Planned	Actual Expenditure
The People's Republic of China	CPR/86/059	8703-8804	3,374,400	3,601,840*
The People's Republic of China***		8805-8812	3,928,000	6,556,305*
The People's Republic of China***		89	14,460,000	25,521,053**
Republic of Korea				
Joint Venture Forum '87	UC/POL/87/043		16,830,000	17,188,451/ -358,451
Joint Venture Forum '87	UT/POL/87/043			US\$ 10,000

*Figures given in Zlotys.

**Estimate including December 1989 expenditures.

***Directly financed by the Ministry of Foreign Trade

Since 1988, the Country Delegate's Programme has been financed directly by the Ministry of Foreign Trade through a trust fund operated in the IPS' name, e.g., the financing has not come through UNIDO. During 1989, part of this financing (around 2 8 million) was provided by Polish companies, presumably with an interest in the countries where the delegates came from.

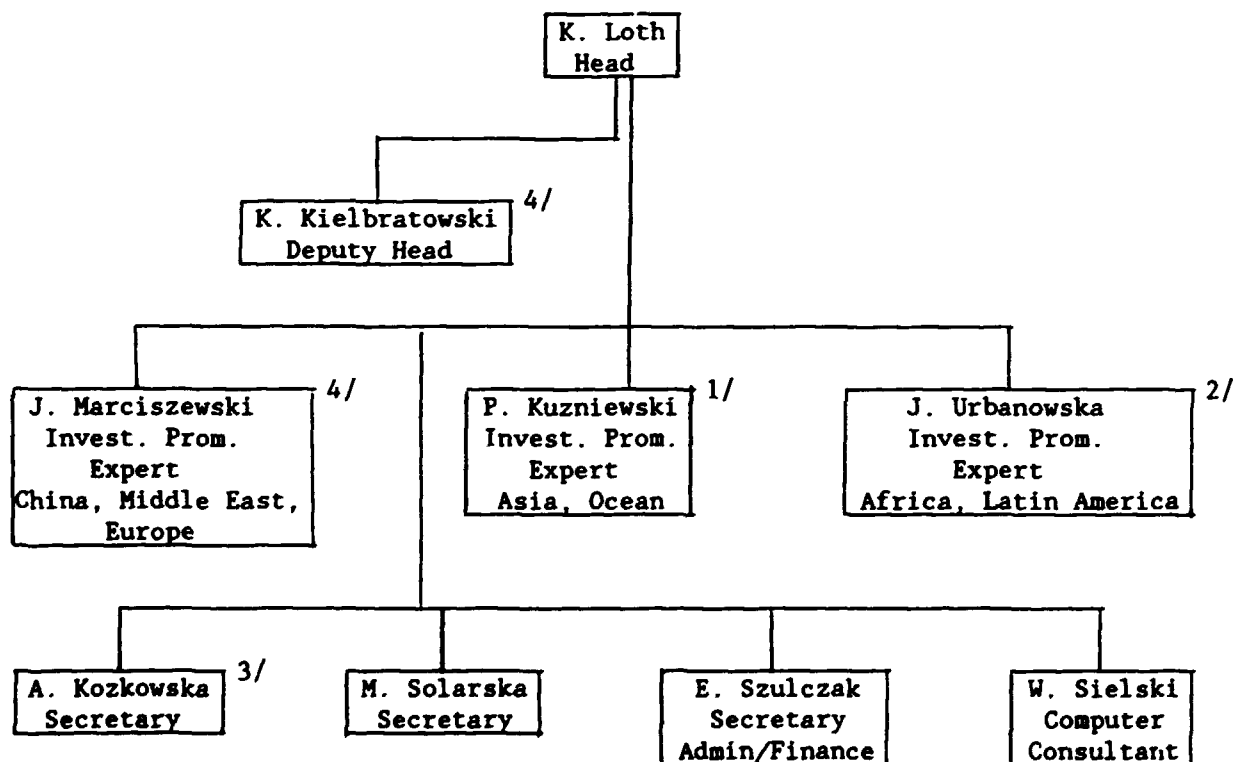
(c) Personnel (organigram)

The organigram of the IPS on the occasion of the evaluation is indicated on Table 4.

Table 4

UNIDO Industrial Co-operation and Investment Promotion Service
Warsaw, Poland

Organigram



1/ Since March 1989 seconded to IPS Seoul.

2/ Until December 1988 on secondment from Central School of Planning and Statistics; since January 1989, on IPS payment list.

3/ Resigned as of 31 October 1989.

4/ Left on 31 December 1989.

For the variety and quantity of activities undertaken by the IPS, the staff strength is rather limited. In fact, there are in addition to the head and his deputy, three investment promotion experts, one of whom is in Seoul in exchange with a delegate from that country. The deputy head and one of the

investment promotion experts left the IPS at the end of 1989. This leaves the IPS with only two professionals, which is very thin, in particular when considering all the arrangements necessary for the Investors' Forum for Poland scheduled for the end of May 1990.

Another problem observed and connected with the previous one refers to the salaries paid to staff, which are in line with those of the Polish Administration. These are, in dollar terms, extremely low and this makes it very difficult for the IPS to attract and retain suitable personnel, particularly at a time when private companies are being set up in Poland and offering much better salaries. This problem affects the whole of the Polish administration. In the absence of an effective and durable solution, a partial one would be the direct hiring by the IPS of staff as local recruits, in conformity with Polish rules and regulations pertaining to work conditions, instead of the present practice, which is the secondment of staff from the Ministry of Foreign Economic Relations on a sub-contract basis. This would allow a slightly higher level of remuneration.

(d) Steering by UNIDO headquarters and the Ministry of Foreign Economic Relations

The IPS Warsaw depends formally within UNIDO on the Industrial Investment Division. A professional staff member in this Division had been given the task of overseeing the activities of the IPS until he left for the field mid 1989. Another professional took over and at the beginning of 1990, he was substituted by another one. The IPS reports to UNIDO on its activities on a quarterly and yearly basis using forms which are the same for all Services. Reporting requirements centre on projects under promotion. These reports are regularly sent to UNIDO but they are only acknowledged and not commented upon. As mentioned elsewhere in this report, project proposals emanating from UNIDO headquarters meet a low level of success. Although contacts of the IPS with different Polish authorities are frequent, the direct guidance from the Ministry of Foreign Economic Relations could not be felt by the mission.

It may be concluded that the steering of IPS operations both by UNIDO and the Ministry needs strengthening. The same may be said of the companies integrating the Consultative Committee, who co-operate with the IPS on a project-by-project basis but provide little, if any, overall guidance and advice.

B. Implementation of activities

(a) Identification of partners in Poland, in developed and developing countries

Obviously the identification of parties in the three groups is done in different ways.

There are presently in Poland over 50,000 manufacturing enterprises. This number is likely to increase in the near future due to the breaking down of large public conglomerates and to the creation of smaller private enterprises. The IPS establishes contacts with companies in Poland through various means as described below.

1. The Consultative Council, which groups 54 companies which are probably the closest to the IPS.
2. Questionnaires sent through the tutelage ministries to the respective companies enquiring about their interest in investing abroad/providing technology or in establishing a joint venture in Poland with a foreign partner. Such questionnaires are sent prior to IPPM's organized either in Poland or in developing countries.
3. Direct contacts established by the IPS with individual companies or vice-versa, All the Polish firms showing interest in co-operating with the IPS in developing countries are entered in the Project Monitoring and Control System (PMCS) and are subdivided into the groups below. So far, companies interested in joint ventures in Poland are not entered with PMCS.

FT - Foreign trade companies (36). Such companies had, until 1986, the monopoly on doing business (trade, investment, offers of technology) abroad and represented a number of Polish companies, usually of the same branch. With the disappearance of this monopoly, it is possible that the importance of such companies for the IPS will diminish.

M - Manufacturers (92). Obviously the largest group.

FTM- Foreign trade cum manufacturing companies (14).

CB - Construction and Building Companies (31). Often engaged in manufacturing of building materials and construction equipment.

CBT- Construction and building cum foreign trade companies (13).

CE - Consulting and engineering companies (51), often associated with certain manufacturing companies.

CET- Consulting and engineering cum foreign trade companies (13).

RD - Research and development institutions and companies (31).

The identification of partners in developed countries for investment in Poland started with the preparation for the first Investment Project Promotion Meeting (IPPM). This identification took place by promotion tours undertaken by members of the IPS, together with consultants and staff provided by different government departments (at no cost, only travel and per diem being paid) covering eight developed countries.

As mentioned before, the companies from developed countries interested in investing in Poland are not entered separately in the PMCS and are only registered in connection with the projects in which they are interested. It might be advisable to enter them into the PMCS, provided its number remains within limits (less than 500).

(b) Identification, screening, preparation and promotion of projects.

There are basically two sources of projects in developing countries: Projects provided by headquarters, which can be divided into three groups:

- a) Projects identified by Industrial Investment Division (IID) consultants and provided in the form of questionnaires filled in, with identification numbers assigned by headquarters (These projects are included in the Investment Promotion Information System (INPRIS)).

- b) Information published in the monthly publication "UNIDO Newsletter" in the chapter "Resources Sought".
- c) Correspondence (sometimes with a one-page questionnaire attached) addressed to UNIDO headquarters by individual businessmen or companies from developing countries.

Projects identified by IPS Warsaw through:

- a) Contacts with companies with a view to selecting Polish technologies for potential implementation in developing countries.
- b) Individual business discussions held during Investment Project Promotion Meetings (IPPMs).
- c) Individual discussions during Industrial Consultations organized in Poland (e.g. Fisheries Industrial Consultation held in Gdansk, 1-5 June, 1987).
- d) Polish companies delegates on missions to developing countries.
- e) Polish commercial counsellors in developing countries (e.g. as in the Regional Cooperation Programme Poland-China).
- f) Partners from developing countries approaching IPS Warsaw directly.
- g) Response to the offers by Polish companies published in the "UNIDO Newsletter" under "Resources Available" (See page 17, Table 5).
- h) Participants of training courses organized by headquarters in Warsaw (Central School of Planning and Statistics).
- i) Polish consultants seconded by UNIDO for missions to developing countries.
- j) Information from local newspapers in developing countries (e.g. Ghanaian "People's Daily Graphic").

It should be noted that around ninety per cent of the success stories relate to projects identified by the IPS. Possibly the IPS, knowing these projects better, prefers to work on them. Complaints were voiced by the IPS on the quality of projects or their sponsors submitted by UNIDO headquarters. Often the Government is named as the sponsor and then claims that "later on" a sponsor will be found. It should be recalled that in the vast majority of developing countries, new projects are essentially implemented by private sponsors.

The fact remains that Polish companies do not seem to be interested in the majority of projects emanating from UNIDO sources.

The screening of projects from developing countries is done in the IPS in the following manner:

1. A preliminary project screening, in two stages:

1.1. IPS Warsaw is not promoting the projects which are either

- belonging to industrial sectors non-existent in Poland (e.g. exotic products); or
- belonging to industrial sectors not well developed in Poland.

1.2. Polish firms are not interested in cases where:

- technology on offer is not competitive with others available from Western European countries;
- technology on offer is not adaptable in developing countries; or
- financing and/or a loan is the only form of cooperation sought by local investor.

2. A secondary project screening, is made after the response of a local investor to the Polish company letter is received.

2.1. In case the response is positive, the project is actively followed up.

2.2 In case the response is negative or there is no response, the project is not promoted.

In view of the considerable involvement of IFS in the mechanisms and tools of project preparation (UNIDO Manual and COMFAR), the IPS often helps the entrepreneur (either for an investment in Poland or in developing countries) involved with the preparation of a feasibility study or at least the financial analysis. This extra help has been often at the root of the success stories indicated in Annex III.

The information on projects in developing countries to be promoted is delivered to Polish companies in the form of:

- Lists of projects provided by headquarters or prepared by IPS;
- Copies of "Resources sought" from "UNIDO Newsletter";
- Copies of correspondence received from the individual partners from developing countries;
- Specific project profiles (questionnaires) provided by headquarters or prepared by IPS.

The above information is supplemented with:

- Investors guides (if available);
- Information on economies and development policies of specific countries;
- Investment laws, procedures of developing countries.

The information is sent to all Polish companies registered in the PMCS and to other companies potentially interested in projects promoted. The projects are first sent to Polish companies in abridged form - normally a

title and the production capacity. If a company shows interest, it is followed by the 12-page standard project questionnaire developed by IID.

The projects for Poland are essentially promoted during the IPPMs in Warsaw. A similar approach for promotion as for projects in developing countries is applied. First a short description is made available and if proven interesting, it is followed by the standard 12-page questionnaire.

In connexion with the forthcoming IPPM in Warsaw (May'90), a shorter Report Questionnaire (Annex V) was derived developed to accomodate a large number of requests (3,000-5,000) from Polish companies for co-operation with companies abroad, referring specifically to relatively small investments (US\$ 50,000 to US\$ 1 m) and for which there will be no possibility to prepare the full questionnaire. This will become a permanent feature of the IPS Warsaw. Dossiers with a short description of such projects will be made available during the May 1990 Warsaw IPPM. They will be updated every six months and made available to foreign companies by mail. If these proposals are of interest and the services of the IPS are fully requested, the standard questionnaire will be sent to the interested companies and promoted in the usual manner.

It should be noted that the information pertaining to projects in Poland is not fully integrated in the PMCS.

The mission wonders whether the keeping of dead projects is useful since it only uses computer memory. If a dead project is to find a renewed interest, its re-insertion in the system could be made again.

Projects for developing countries registered in PMCS have their activity levels recorded according to the development of negotiations between partners. The definitions of project levels are:

- A- Letters to local investor sent by Polish company and IPS;
- B- Positive response from local investor received;
- C- Proposal of co-operation by Polish company is sent to local investor;
- D- Positive response to proposal of co-operation received from local investor;
- E- Negotiations undergoing between both partners;
- Z- Promotion concluded; a written agreement signed by both partners.

The PMCS presently holds 1175 projects on disk, of which 177 are active and 998 are dead. Of the former, 87 have activity level A, 34 level B, 24 level C, 7 level D, 13 level E and 12 level Z.

Of note is the low number of projects in respect of which letters of intent were signed and the fact that none of the success stories of the IPS (projects implemented) originated at IPPMs in developing countries, except for one project in China. The IPS Warsaw does not pursue too much the signature of letters of intent since Polish companies are somewhat reluctant to do so and, finally, these letters do not represent an obligation from any of the parties. This may be a wise decision.

(c) UNIDO Newsletter

The IPS makes use of the above publication to provide information on Polish technology, know-how and technical expertise which might be appropriate

for developing countries. This information is collected, screened and edited by IPS Warsaw and regularly sent to UNIDO headquarters in Vienna for their subsequent publication in the Newsletter under the heading "Resources Available".

Between 1986-1988, 25 such entries were published. (See Table 5 below.)

Table 5
Polish Entries in the UNIDO Newsletter

<u>Newsletter No.</u>	<u>Polish Entry</u>	<u>Responses to Offers</u>
218/June/86	"CIECH" - Technology, licence, know-how, technical assistance for production of anhydrous hydro-fluoride or hydrofluoric acid	3 India, Turkey, UK
220/August/86	"UNITRA" - Technology, technical assistance production of power semiconductors	15-20 responses from countries
221/September/86	"REMEX" - Technology, technical assistance, machinery to manufacture multi-purpose plastic containers	9 India, Somalia, Cameroon, Colombia, Pakistan, Sri Lanka, UK
228/April/87	POLITECHNIKA POZNANSKA - Computer-aided design for tanks, cisterns and vessels for storage and transportation of liquid substances	
231/July/87	CENTRALNY OSRODEK BADAWCZO-ROZWOJOWY OPKOWAN - Technology and technical assistance to produce plasticized paper	5 (mainly India)
231/July/87	HUTMASZ-HAPEKO - Technology, know-how, technical services for manufacturing of corrugated aluminium or galvanized sheets	29 India, 5 Bangladesh, 4 Ghana, 3 Kenya, 3 Mexico, 3 Pakistan, 2 Sri Lanka, 2 Tanzania, 1 Philippines, 1 Senegal, 2 Uganda, 1 Morocco, 1 Nepal, 1 Turkey, 1 Peru, 1 Switzerland, 1 Italy, 1 USA.
231/July/87	"BISTYP" - Technical assistance, know-how, technology for construction of industrial buildings and thermal power and industrial refrigeration	
238/February/88	INSTITUTE OF CHEMICAL & PROCESSING ENGINEERING - Technical assistance, process for manufacture of phosphate fertilizers	
240/April/88	LEATHER RESEARCH INSTITUTE - Technology, know-how and training for tannery waste-water treatment	Over 10 (Asia, Africa, South America) + UNIDO Representatives in Uganda and Ecuador

Table 5 (cont'd)
Polish Entries in the UNIDO Newsletter

<u>Newsletter No.</u>	<u>Polish Entry</u>	<u>Responses to Offers</u>
241/May/88	LEATHER RESEARCH INSTITUTE - Technology, know-how, technical assistance for manufacture of phosphate fertilizers	About 10 responses
241/May/88	LEATHER RESEARCH INSTITUTE - Technology, know-how, technical assistance and equipment for production of nubuck leather through thermal grain processing	About 10 responses
241/May/88	"POLMATEX" - Technical assistance, managerial assistance, know-how and machinery to set up maintenance and repair workshop for textile machinery	About 5 responses
242/June/88	ZAKLADY GORNICZO-HUTNICZE 'ORIEL BIALY' - Technical assistance, know-how, training for the removal of heavy metals and suspension ions from water and sewage	
242/June/88	ZAKLAD BUDOWY KOPALN RUD - Technical assistance, know-how, training for minicomputer system of continuous radiometric analysis of zinc-lead floatation products	
242/June/88	"HYDROKOP" - Know-how for construction and development of bore-hole sulphur mines	
245/September/88	"BIOMET" - Technology, technical assistance and training for production of vaccines, serum diagnostics and pharmaceutical veterinary use	20 responses from various countries
247/November/88	"HUTMASZPROJEKT HAPEKO" - Technology, technical assistance, personnel training, machinery for manufacturing agricultural handtools, spanners, screwdrivers, locksmith's hand tools, forge shops	14 India, 9 Nigeria, 2 Mexico, 2 Tanzania 2 Uganda, Bangladesh Iraq
249/January/89	"BIPROMET" Engineering, know-how, equipment training and technical assistance for semi-continuous copper and brass slab/billet casting processing line	
250/February/89	INSTITUTE OF PRECISION MECHANICS - Technology, technical assistance and equipment for "fluidizative" heat and thermal-chemical treatment in fluidized-bed furnaces	

Table 5 (cont'd)
Polish Entries in the UNIDO Newsletter

<u>Newsletter No.</u>	<u>Polish Entry</u>	<u>Responses to Offers</u>
252/April/89	COOPERATIVE "ZOROWIE" - Technology, know-how, technical assistance for the manufacture of nontraumatic needles with surgical thread used for treatment and prevention of miscarriages.	
254/June/89	CENTRALNE LABORATORIUM AKUMULATOROW I OGNIW - know-how, technical assistance and personnel training for the manufacture of lead-acid starter and traction batteries	
257/September/89	"TECHMA", INSTITUTE OF PRECISION MECHANICS - Technology for carburizing and carbonitriding in pit furnaces	

The fact that no response is indicated does not mean there was none but that the Polish firm did not report on responses, despite reminders from the IPS.

Those responses communicated to IPS became a good source of projects in developing countries which are then developed and promoted in the usual manner.

(d) Poland-China co-operative programme

This Regional Co-operative Programme was worked out in 1987 between the IPS Warsaw and the Chinese Ministry of Foreign Economic Relations and Trade, International Relations Department, with the support of the Polish Commercial Counsellor's Office in Beijing.

According to this programme, every year the Chinese provincial authorities prepare lists of investment project proposals for co-operation with foreign partners. The projects are submitted to the Polish Commercial Counsellor's Office in Beijing for preliminary screening from the point of view of the suitability for implementation in co-operation with the Polish companies. The selected projects are sent to UNIDO IPS Warsaw for further promotion. At the moment, IPS Warsaw has over 1500 such projects from 21 provinces and four open cities.

These projects, which consist of a single page description, are presented to suitable Polish companies and, if sufficient interest is found, they are promoted in the usual manner. At present, from the 75 active projects in China, around 25 per cent derive from this co-operative programme. As project ideas mature, this percentage is bound to increase. The staff member who is in charge of the programme, formerly with the Polish Commercial Counsellor's Office in Beijing, is to leave the IPS shortly. It would be necessary to replace him with somebody with experience in China so as not to lose the momentum gained by the programme.

(e) Follow-up of projects which have a letter of intent

An interesting and useful feature of the IPS Warsaw consists in continuing its intervention in projects beyond the signature of the letter of intent, sometimes up to the constitution of the company or even the start of operations. The Mission has been informed during its briefing in Vienna that the investment promotion activities normally stop with the signature of the letter of intent.

This further assistance is normally extended to Polish companies interested in a joint venture either in Poland or in developing countries and covers the following principal areas:

- The preparation of the feasibility study or at least the financial analysis;
- The obtention of the various permits required by the Polish Government for the establishment of the joint venture; and
- The obtention of credits, mainly in foreign exchange, to establish the joint venture abroad.

More details on this assistance provided by the IPS is indicated in respect of the specific projects in Annex IV.

(f) Information on developing countries and Polish enterprise. Target groups.

In the majority of cases, flows of information on technology and its transfer and on countries' development plans, policies and incentives is entertained by the IPS in connection with specific projects and, therefore, difficult to single out of the project context. A certain number of requests from developing countries for general information on Polish companies or products is entertained by the IPS but its number should not exceed 25 per year.

The Government has a list of some 20 priority developing countries for assistance and investment but it is in the process of being revised. The IPS has been working in all developing countries where business opportunities arise, independently from the above list. However, as experience is gained, it is possible that the IPS may concentrate its activities in a few target developing countries where chances of success are higher for Polish enterprises, such as China.

By the same token, the Government gives priority to a number of industrial sub-sectors for foreign participation where extended tax holidays are granted. However, the IPS has honoured any project in any sub-sector, provided it makes financial, technical and economic sense for the country.

There are no plans to restrict the IPS actions in respect of joint ventures in Poland to priority manufacturing sub-sectors.

(g) COMFAR

Most probably because of the previous association of the Head of the Service with UNIDO's Feasibility Studies Branch, the IPS has been instrumental in spreading through Polish companies good and modern practices of pre-investment work, particularly financial analysis and computer

applications. It has been mentioned in this report of the work undertaken by the IPS to assist Polish firms with the preparation of pre-invest analysis. Other forms of assistance in this area have taken place:

- UNIDO, together with the Central School of Planning and Statistics, organizes every year, since 1982, a training course in industrial project preparation, evaluation and financing. These courses take 4-6 weeks and comprise 20-25 participants from developing countries. Sometimes Polish participants from companies also attend. Usually a staff member of the IPS undertakes a few sessions of the course.
- The IPS has been instrumental in translating the UNIDO Manual for Preparation of Feasibility Studies and COMFAR into Polish.
- IPS has undertaken twelve two to three-day presentations on COMFAR to Polish individuals and companies. Such presentations are no longer done since four consulting companies know well the system and may apply it on request..

In total, the system was acquired by eleven Polish companies and financial institutions.

The IPS campaign on pre-investment work coincided with the Polish authorities' drive to introduce wide-ranging economic policy changes in the country. One of the priorities was the introduction of new standards for financial feasibility calculations. As the direct result of IPS activities, the Minister of Foreign Trade issued in 1986 a circular letter presenting guidelines for submission of applications for permits to establish joint ventures with foreigners in Poland. One of the formal requirements has been that a pre-investment feasibility study be an integral part of the application. According to the guidelines, the study should be prepared in conformity with the methodology of UNIDO or along similar lines. At any rate, during visits of the Mission to various financial institutions as well as to the Ministry of Finance, it was confirmed that the IPS had been the driving force behind the introduction of modern methodologies and practices related to pre-investment work in Poland.

(h) Activities related to IPPMs

The IPS is involved in two broad types of IPPMs: those related to investments in developing countries and those related to Poland. In preparation for IPPMs in developing countries, UNIDO headquarters provides IPS Warsaw with the following information:

- Aide-Memoire;
- Preliminary project list;
- Final project list;
- Addenda to the final project list; and
- Project profiles.

In order to start as early as possible with the diffusion of the project proposals, IPS Warsaw does not wait until the final project list is delivered by UNIDO headquarters but immediately distributes the Aide-Memoire and the preliminary project list to a number of Polish companies potentially interested in those projects. This is carried out with the help of the PMCS.

The information is distributed to Polish companies with a covering letter in which IPS requests companies to confirm their interest in specific projects and in their participation in the forthcoming forum. The project profiles are forwarded only to companies upon request.

In cases where Polish companies confirm their participation in an IPPM, IPS is extending its assistance by:

- Briefing delegates before their departure for the meeting;
- Debriefing delegates upon their return from the meeting and collecting their reports on the discussions held; and
- Arranging formalities concerned such as visas, air tickets, hotel reservations, etc.

Records of the discussions held at the IPPM are kept in the respective project files, which are then promoted and follow up in the usual way.

Details on participation of Polish companies in IPPMs are provided in Table 6 on the following page.

Table 6
Investment Project Promotion Meetings
Participation by Polish Companies

Name and Place	No. of projects received from headquarters	No. of companies contacted	No. of project profiles distributed to Polish companies	Polish participants companies	IPS	No. of discussions held during Forum	Letters of Intent signed
Harare, Zimbabwe 3-7.11.1986	165	123	250	12	1	82	1
Dakar, Senegal 1-4.12.1986	98*	85	78	1	1	29	-
Dhaka, Bangladesh 12-22.1.1987	135	63	166	11	1	80	4
Port Louis, Mauritius 25-29.5.1987	143**	65	165	-	-	-	-
Jakarta, Indonesia 23-27.10.1987	78	120	95	2	-	18	2
Cairo, Egypt 2-5.11.1987	120	60	100	7	-	75	2
Bangkok, Thailand 10-12.11.1987	32	35	20	-	1	-	-
Manila, Philippines 7-10.11.1988	130	50	57	6	1	35	21
Freetown, Sierra Leone 15-19.5.1989	234	79	120	4	-	21	-

* +12 sent six weeks before IPPM

** +29 sent two weeks before IPPM

The IPPMs related to investments in Poland have a more recent history. The first one, called Forum for the Promotion of Joint Ventures, took place in Warsaw on 12-15 October 1987. It centered around 157 projects for which mainly joint venture and equity participation from abroad was requested. In addition, equipment, technology, licensing, access to foreign markets, subcontracting and expertise was requested for specific cases.

Those projects were identified and prepared with the assistance of consultants as indicated under (b) above.

One hundred fifty-six foreign companies and fourteen banks came. EEC and IFC representatives were present and the latter organization was involved in the screening of project proposals.

The projects were followed up after the Forum in the usual manner. Seven companies were established and in the case of another twelve projects, negotiations are still under way. (Please see Joint ventures established in Poland in Annex IV.)

During this forum, a two-day panel meeting was organized to discuss policy and procedures related to foreign investments in Poland. During the panel, experts and prospective foreign partners criticized the existing regulations. The Government took note and as a consequence, issued on 23 December 1988 a new law governing foreign investment in Poland which took care of the above criticisms. This can be underlined as one of the major successes of the IPS. The forum was financed from various sources. The dollar portion to finance promotion trips abroad was provided by Project UC/POL/87/043 (US\$ 10,200). A separate project financed from the UNIDF in zlotys (UT/POL/87/043 - 17 million zl) covered local costs. The Polish companies financed an additional amount in zlotys to cover costs of local experts who were to prepare the project proposals and of printing of materials. The IPS provided all necessary planning, support, organizational and follow-up services to the forum.

The second forum pertained to agri-business and was organized jointly by the Ministry of Agriculture, Forestry and food Economy, the Foreign Investment Agency and the IPS on the occasion of the Poznan 1989 Agricultural and Food Trade Fair. It seems that the idea for the forum originated in the IPS. The usual methodology was followed. Five hundred project ideas (with investments ranging from US\$ 50,000 to US\$ 1 million) were screened by Polish experts and from these, 90 were selected and developed according to the full project questionnaire. Sixty-three participants came from abroad, out of which 51 were potential investors, 12 from embassies in Poland, two from the World Bank and one from IFC. It is too early to determine results at this stage since the forum took place only recently. The projects are being followed up in the usual manner.

The third forum will take place in 1990 and, due to the economic changes going on in Poland and the plans for privatization of certain sectors of the economy, interest in this forum is expected to be considerable. The projects to be promoted will be grouped into three categories, as indicated below:

- 250-300 projects with full questionnaires (foreign investment over US\$ 500,000);
- 3,000-5,000 projects with a short description (Annex V); and
- A number of projects related to privatization of public companies.

It is not sure whether the latter projects will be selected on time for promotion at the forum but in the positive case, they could constitute a considerable attraction for important foreign investors to come.

(1) Computer aids

in UNIDO

There are two programmes in UNIDO headquarters which are currently being used by IPS. The Industrial and Technical Information Bank (INTIB) covers three files:

- Technologies available;
- Technologies requested; and
- Joint venture opportunities (not integrated with INPRIS).

The system has a critical mass of 5000 entries in the three areas to gather momentum, and now covers only 3000. The IPS Warsaw uses only the third file. One hundred twenty entries have been made from Poland. Out of these, some are published in the UNIDO Newsletter. (Please see II.B.(c).)

The Investment Promotion Information System (INPRIS), which is administered by IID, covers five files, as follows:

- Projects;
- Financial institutions;
- Development and Research Institutions;
- Investors' files; and
- Country profiles

Projects

This file is the most used. It consists of a half-page description of the project and an activity record of exchange of memoranda and letters on the project. This file has presently 3000 entries. It has possibilities of on-line access but so far no IPS office has taken advantage of this offer. This file is the main source of projects from UNIDO headquarters for the IPS. (Please check and update. Also, it seems to us that information on projects is rather obsolete!)

Financial institutions. This file is out of date (last update made in 1983).

Development and research institutions. There are no entries from Poland.

Investors' file. There are no entries from Poland since the file does not cover countries with IPS's.

Country profiles. This file has been discontinued.

The INPRIS programme is being restructured and is indeed of urgent need for a deep revamping since IPS's, particularly Warsaw, do not seem to have much faith in it.

in Warsaw

There are two programmes operating. One covers the following data bases:

1. Project Monitoring and Control System (PMCS):

- Project file: described before;
- Company file: described before;
- Sponsor record: correspondence between IPS + sponsor in developing country; and
- Project record: correspondence between IPS + sponsor in developing country + Polish companies.

(The third file is of little use and the related entries are all in the fourth file.)

2. Visits book - of IPS officials to companies in Poland.

3. Visitors book - to IPS by any outsiders.

(The second and third data bases are out of date.)

The second programme is called the Forum Servicing System (FSS) and basically deals with the arranging of meetings during the IPS's fora for scheduling and arranging discussions on specific project proposals. It also provides for registration and listing of participants.

A third programme is being designed to deal with the 3,000 - 5,000 projects mentioned in II.A.(h) to be covered by the May 1990 Forum and in respect of which little information is available. The related information will be included in a project questionnaire included in Annex V.

It seems that the first programme is in need of revision to eliminate unused files and to increase its usefulness as a monitoring and reporting tool.

(j) Other activities

In addition to the activities listed above, the following are undertaken by the IPS:

- International Business Opportunity Service of the World Bank - IBOS - Subscription and assistance to Polish companies. Due to the relative lack of success - only two Polish companies have so far been awarded World Bank sub-contracts - the information supplied is presently little used.
- Logistical support to UNIDO missions coming to Poland (travel and hotel arrangements, organization of meetings, briefings).
- Briefing and debriefing of Polish experts on UNIDO assignments.
- Assistance and briefing of Polish participants to UNIDO-sponsored meetings.
- Assistance in organizing the meeting in Gdansk on fisheries.
- Assistance to the Central Union of Cooperatives for the Blind in organizing work opportunities for blind people in developing countries.
- Maintaining files on developing countries separated into three subjects:
 - General information;
 - Bi-lateral (Poland/developing countries) projects; and
 - Laws and regulations pertaining to foreign investment.
- Contacting foreign participants in the training course in industrial project preparation, evaluation and financing organized in Warsaw to interest them in Polish companies and eventually to identify projects.

It seems that the amount of time spent by the IPS on such activities which grew considerably has diminished recently and now the focus is essentially on investment promotion activities. However, it is felt that in the next project document, allowance should be made for such other activities for which a demand will never cease.

III. PROJECT RESULTS AND OBJECTIVES

A. Outputs

The following tangible results may be claimed by the IPS Warsaw.

(a) Inventory of companies and institutions in Poland

Included in the PMCS data base under the company file. The entries in this file are described under II.B.(a).

(b) Presentation meetings

The main objective of country presentation meetings is to introduce and to interest the Polish business community in the economies of developing countries. Three topics are discussed during such meetings:

- General background information on the economy of the country being presented;
- Government policies and business practices relevant to potential foreign partners/transfer of technology, joint ventures, etc.; and
- Background information on the Polish economic relations with the country in question.

The topics are introduced to Polish participants most often by government officials and/or businessmen from developing countries on visits to Poland.

The meetings are organized by the IPS in co-operation with the Ministry of Foreign Economic Co-operation and the Polish Chamber of Foreign Trade. Most of the Polish participants of such meetings are representatives of companies interested in co-operation with developing countries, as well as of financial institutions and Government officials dealing with economic co-operation with developing countries. Please see Table 7 on the following page for details on such meetings.

Table 7
Country Presentation Meetings

Country Presented	Meeting Title	Place	Date	Number of Polish Companies Attending
PR CHINA	Co-operation opportunities	Warsaw	23.05.87	No records
PR CHINA	Opportunities for industrial	Warsaw	07.09.87	No records
ZIMBABWE	Possibilities of industrial co-operation with Zimbabwean firms	Warsaw	21.09.87	20 companies 27 participants
INDONESIA	Country presentation before IPPM in Jakarta	Warsaw	22.10.87	73 companies
PR CHINA Liaoming Province	The background information on foreign investment and joint venture regulations	Warsaw	23.03.88	22 companies
ZIMBABWE	General presentation	Warsaw	16.06.88	15 companies
REPUBLIC OF KOREA	The Korean economy and the investment environment	Warsaw	05.10.88	45 companies
PHILIPPINES	The Philippines economy and the regulations related to foreign direct investment	Warsaw	14.10.88	42 companies
PR CHINA	The role of CITIC in foreign investment in China	Krynica	03.05.89	16 companies
NIGERIA	Investment possibilities in Nigeria	Warsaw	19.05.89	30 companies

The visits of the speakers from developing countries to Poland is announced to the IPS by the Ministry of Foreign Economic Relations. However, little notice is often given to the IPS and it has happened that these speakers are not prepared or willing to make a presentation. This gives way to embarrassing situations since, in the meantime, the Polish participants have been already invited to the meeting. It would be advisable that the Ministry gives sufficient notice to the IPS of such visits so that the speakers can be prepared. Otherwise, what is considered by the IPS as a valuable tool to provide information on developing countries to Polish companies is not adequately used.

(c) Country delegates programme

IPS Warsaw started the implementation of the country delegate's programme in 1987. The basic objectives of this programme are to:

- Strengthen investment promotion through the familiarization of country delegates in the techniques and tools of investment promotion of IPS Warsaw; and
- Promote a number of individual industrial projects from the delegate's country among potential Polish investment partners and other European companies as deemed suitable.

The major tasks of the country delegate during his stay at IPS Warsaw are:

- Informing appropriate institutions and companies in Poland of the delegate programme and inviting them to make use of these services;
- Promotion in Poland of the projects in his/her respective country;
- Serving as a focal point in Poland for businessmen of the home country wishing to get into contact with European companies or institutions by establishing suitable contacts and appointments and by assisting in the preparation of visiting programmes; and
- Informing his/her home country regularly and upon request on aspects relevant to industrial co-operation in Poland.

The first country delegate was Mr. Huan Ling Yun of the Provincial Commission of Foreign Trade and Economic Cooperation, of the Sichuan Province, the People's Republic of China. He realized his programme in IPS Warsaw during 1987.

The second country delegate also from the People's Republic of China was Miss Huang Xiao Hong, representative of a similar commission of the Fujian Province, who carried out her programme during 1988 in two stages of a total of six months, with a three-month break in between. During this period, Miss Huang followed up the promotion of the projects in Fujian Province.

After two years, some alterations in the programme have been introduced:

1. The country delegate should not represent a province but institutions or companies engaged in industrial promotion for the general interest of his/her country.
2. There should be two delegates participating in the project who will interchange in Poland and China on a quarterly basis. This form of a "shuttle programme" seems to be much more effective in follow up action for the projects promoted.

Taking the above changes into consideration, the third country delegate from the People's Republic of China was Mrs. Zhang Yingli, representing the China International Trust and Investment Corporation, the biggest Chinese corporation of that type. The delegate stayed in Poland for a total of six months during 1989 with an interval in between. Her counterpart in China is Mr. Wang Zhenquan of CITIC, who will come to IPS Warsaw in December 1990.

In May 1989, IPS Warsaw started an exchange country delegate's programme with the Republic of Korea. The first Korean delegate is Mr. Y.O. Park, Deputy Director of the Industrial, Financial and Economic Cooperation Bureau, Ministry of Finance of Korea.

(d) Project promotion completed

UNIDO's definition of the above status refers to the signature of a letter of intent between two partners interested in a project. This letter of

intent is, in fact, no more than a declaration of interest in pursuing negotiations without bindings from either side. IPS Warsaw does not follow this classification and instead classified the project according to the six levels, as indicated in II.B(a), page 16.

The Mission took as an output for IPS Warsaw the promotion of projects up to Level E, which refers to negotiations between both partners concerning the formation of the enterprise, which is, in fact, a bit more advanced than the letter of intent. The following projects are recorded at that level:

<u>Projects with Activity Level E</u>		<u>Tentative Investment Level</u>
CPR/005/W/88-05	Poultry processing	US\$ 6 mil
CPR/006/W/87-04	Canned Ham Production	US\$ 2-6 mil depending on the technical profile
CPR/007/W/88-03	Modified Starch Production	US\$ 2.5 mil
CPR/012/W/88-08	Sweets Production	US\$ 0.7 mil
CPR/113/V/81-11	Electric Cells and Accumulators	US\$ 0.4 mil
CPR/700/V/85-08	Gypsum Mining Project	US\$ 10 mil
CPR/788/W/86-11	Production of transformers	US\$ 1.1 mil
IND/001/W/87-08	Manufacturing of Potentiometers	US\$ 1 mil
IND/002/W/88-12	Colour TV Glass Tubes (Stage I)	US\$ 2.5 mil
NIR/061/V/86-06	Foundry	US\$ 3.5 mil
PAK/001/W/89-04	Steel Rolls Manufacturing	US\$ 0.5 mil
ZAI/002/W/88-01	Poultry Processing	US\$ 3.0 mil
ZIM/002/W/87-11	Railway Steel Wheels and Axes	US\$ 2.0 mil

Since the projects for promotion into Poland are not yet entered into the PMCS, it was not possible to identify those with Activity Level E. However, a number of them have already reached Level Z, which corresponds to the company established or under installation.

(e) IPPMs

For the purpose of this evaluation, an IPPM was considered as an output of the project, while all the work related to the preparation of such a meeting is considered an activity. The activity part is described in 2.B(2). Outputs of the IPS Warsaw in terms of IPPMs are two:

- The Forum for the promotion of Joint Ventures, Warsaw, 12-15 October 1987;
- The Forum for agro-industries, Poznan, October 1989.

A third one is planned for May 1990.

B. Achievement of the project's objectives

From the original project document, one cannot really extract the objectives of the project. One can imagine, however, that the objective of

the project was the establishment of industrial enterprises in developing countries and by its extended mandate, the establishment of joint ventures in Poland.

The Mission could ascertain that IPS has been instrumental in the setting up of industrial enterprises in developing countries using Polish know-how, machinery and investment, as well as in the implementation of joint ventures in Poland with foreign partners. These are indicated in Annexes III and IV, which indicates for each case the involvement of the IPS.

As a conclusion, it may be said that the IPS Warsaw has met its objectives during the period under review.

IV. CONCLUSION.

The IPS has achieved with distinction the objectives stated in its project document and those in related project documents pertaining to delegates from developing countries and investment promotion fora in Poland.

The present economic environment in Poland, particularly the lack of foreign exchange and related credits as well as a certain lack of success of past Polish industrial projects in developing countries, makes the promotion in Poland of projects in developing countries rather problematic and difficult. However, the Mission was assured by Government authorities that the interest in investing in developing countries persists. It is expected that such flows will increase when economic conditions in Poland start to improve. The IPS is now practically the sole institution in Poland which is making Polish firms aware of the interest in and capable of assisting them in investing in developing countries, despite the lack of appropriate instruments and incentives to do so.

On the other hand, the market for inwards foreign investment has considerably improved. Demands for services of the IPS in this respect are increasing. In this connection, the Investment Promotion Meetings (Joint Venture Fora) organized in Poland have been and continue to be a useful tool. There was found to exist very good co-operation between the IPS and the Agency for Foreign Investment and that no overlap exists between the two institutions on the promotion of foreign investments in Poland.

The evaluation mission noted that a number of projects promoted and/or assisted by the IPS materialized both in Poland and in developing countries. These are indicated in Annexes III and IV.

The number of projects originated in UNIDO headquarters was significantly larger than those identified directly by the IPS but their quality was lower and led to much less successful implementation. There is a risk that projects emanating from UNIDO headquarters might be ignored by the IPS. There is a need perceived by the IPS to improve and update the data in the INPRIS system, which is considered by the IPS as a tool of potentially great use. Quality over quantity is needed here.

The IPS has taken advantage with success of Consultation Meetings for the identification of projects. This approach should be furthered.

It has been the practice of the investment promotion activities of UNIDO to stop action when a letter of intent has been signed in respect of a project under promotion. In the case of the IPS Warsaw, substantial assistance to the entrepreneurs (both Polish and from developing countries) continues to be provided until the company is established and in some cases, until the start of operations. This constitutes good practice if and when requested.

The lists of projects for Investment Promotion Meetings in developing countries arrive sometimes too late in IPS for adequate local promotion.

The country profiles for developing countries have been discontinued by headquarters but were found useful by the IPS when up to date.

The IPS has been instrumental in introducing and spreading in Poland modern and good practices of pre-investment study, particularly related to financial analysis and computer applications.

The steering of IPS by UNIDO headquarters and the Ministry needs improvement. Reports and programmes of work are regularly submitted but not reacted to.

The Consultative Council, which constitutes in effect the assembly of end-users of the IPS, has a relatively passive role and should be activated to provide direction.

The exchange of delegates (Warsaw/Seoul), although it is too early to show results, seems promising and should be furthered. It was noted with satisfaction the co-financing of the programme by Polish firms.

A substantial amount of subsidiary activities is undertaken by the IPS and allowance for this should be made in the project document. On the other hand, the IPS should be informed on UNIDO's activities in Poland with sufficient anticipation in order to avoid last-minute requests for intervention.

Lack of co-ordination at UNIDO headquarters between the Industrial Investment Activities, Consultations, Rehabilitation and Transfer of technology confuses the IPS since this office sometimes receives conflicting signals from headquarters.

When not adequately and timely prepared, the country presentations in Poland from developing countries' government representatives are not too useful.

The response of SIDFAs to IPS requests, in general, should be improved. The IPS perceives that their action is limited purely to technical assistance matters.

Co-operation between different IPS's, namely in the provision of information to the host country companies and products needs improvement. There's great potential for co-operation between IPSs for joint actions in developing countries.

V. RECOMMENDATIONS

Based on the findings of the evaluation, the mission recommends that the IPS be extended for another 4 year period. The project document format and contents should be changed to include inter alia the promotion of projects out of and into Poland, as foreseen by the resolution GC.3, Res 19 of the UNIDO 3rd General Conference on Industrial Investment Promotion.

The IPS could host and assist representatives of foreign companies interested in business in Poland. The IPS should charge for those services in convertible currency, to be credited to a separate trust fund in US dollars. In parallel, the IPS should try to increase its revenue from services provided to companies and the related funds should revert to trust funds (in US dollars and Zlotys).

The IPS has been spreading its activities into a variety of countries, sub-sectors of industry and activities. As the volume of work increases and experience builds up, it may become necessary for the IPS to give priority to selected developing countries where Polish companies have comparative advantages. As to what concerns investment in Poland, the IPS may concentrate its work on priority sub-sectors of industry, particularly those which he will know best as a result of sub-sector analyses, which it proposes to undertake. Targeted projects should be those related to privatization of public manufacturing enterprises and to export orientation,

Because of its current awareness of the Polish industrial structure, the IPS could be instrumental in assisting in the preparation and execution of bilateral technical co-operation for industrial restructuring and in particular, for the privatization programme which is being made available to Poland by industrialized countries .

All efforts should be made to include in the forthcoming investors' forum in Warsaw at least a portion of the package of public industrial firms earmarked for privatization.

Due to the limited financial capabilities of Polish companies, favorable consideration should be given to the establishment of a project completion facility for use in Zlotys.

Reports and Work Programmes of the IPS should be reacted upon by UNIDO and the Ministry of Foreign Economic Relations. The Consultative Committee should be reactivated.

The Project Monitoring and Control System should be improved (it has not been changed since its installation in 1985) and data on projects in Poland should be fully integrated in it.

There is considerable attraction for valuable professional and general service staff of proven ability and knowledge of languages from private firms in Poland. It will become more and more difficult to retain the staff in the IPS. Ways and means should be found to obviate this problem. One approach can be the direct hiring of staff by the IPS as local recruits in conformity with Polish rules and regulations pertaining to work conditions, instead of the present practice, which is the secondment of staff from the Ministry of Foreign Economic Relations on a sub-contract basis.

The mission proposes a new format for the project document pertaining to the next phase. Financial needs are estimated in the region of Zlotys equivalent to US\$ 85,000 and US\$ 50,000 in foreign exchange per year. This compares favourably with costs of US\$ 191,000 - US\$ 830,000 per year for other IPS's. The budget in Zlotys for the next phase should be stated in dollars (equivalent in Zlotys) to obviate the problems deriving from the high levels of inflation prevailing in Poland and the subsequent devaluation of the Polish currency.

The preliminary estimate of budgetary requirements is given below. A detailed budget will be included in the Project Document to be proposed by the Mission.

Personnel costs	US\$ 70,000
Travel	10,000
Equipment	25,000*
Premises	15,000
Telecommunications	10,000
Promotional activities	5,000
Total	<u>US\$ 135,000</u>

US\$ 85,000 Zlotys equivalent
out of which US\$ 50,000 foreign exchange

*First year when a new photocopying
machine and computer network will be
purchased.

It is to be noted that the proposed US\$ 135,000 annual requirements of the Warsaw IPS for 1990-1994 are only slightly higher compared to the expenditures (in real terms) during the period under review 1986-1990, where the equivalent of around US\$ 80,000 was made available in Zlotys and UNIDO contributed nearly US\$ 30,000 in convertible currency. The increase in the proposed foreign exchange expenditures relate to higher personnel costs, as proposed by the Mission, including the possibility to have a certain amount of consultancy services paid in foreign exchange.

In view of the extended mandate of the IPS Warsaw, particularly the inclusion of promotion of joint ventures in Poland, it is suggested that the title of the office be changed to reflect the extended mandate.

VI. LESSONS LEARNED

This being the first joint and independent evaluation of an IPS, the following lessons were learned and may be used in future evaluations of IPS's:

- The principles for in-depth evaluations of technical co-operation projects established in DG.B/106 may be used for in-depth evaluations of IPS's. A total of two man-months should be devoted to this exercise.
- The project document format established by UNDP's Programme and Projects Manual should be used for IPS's not only to guide the activities but also as an approval document.
- The involvement of an IPS in the promotion of a project should not stop at the signature of a letter of intent but should rather continue, if possible, until the erection of the plant.

Annex I

TERMS OF REFERENCE

12 September 1989

In-depth Evaluation

UD/UC/INT/86/115

UNIDO Service in Poland for Promotion of Industrial Investment
Co-operation in Developing Countries

1. BACKGROUND

Project

The UNIDO Industrial Co-operation and Investment Promotion Service was established in Warsaw in July 1983 for three years with a possibility of extension.

A Polish Government and UNIDO joint evaluation of the Service was undertaken in the fall of 1985, six months prior to the expiration of the Service operations. The results achieved after the initial period of the Service and the fulfilling of its objectives were judged encouraging and resulted in a joint decision to extend the Service operations for further four years. The agreement on the continuation of the IPS activities also provided for extension of the Service's tasks.

On 5 May 1986, the Minister of Foreign Trade and the UNIDO Director-General exchanged letters constituting the arrangements for the extension of the UNIDO Service in Poland. The detailed provisions concerning the operations of the Service are contained in the Project Document UD/UC/INT/86.115. According to the Document, the UNIDO Service in Poland was extended to 30 June 1990.

The project's main objective is to enhance various forms of industrial co-operation at the enterprise level between project sponsors from developing countries and Polish companies.

To achieve the objective of the project, its activities have been addressing two sets of problems:

- there exists a perceived need in developing countries to foster economic and social development through implementation of financially and economically viable industrial co-operation and investment projects. To satisfy this need, project sponsors in developing countries should be assisted through project identification, formulation, evaluation and promotion;
- reforms aimed at introduction of market mechanisms and the gradual opening of the Polish economy to international competition have also created a qualitatively new environment for Polish companies. Seen within this perspective, the project has been designed to assist directly Polish firms in actively searching for, and exploiting opportunities for industrial co-operation with companies from developing countries.

The project has aimed to help solve the two identified problems through:

- bringing to the attention of the interested Polish organizations and enterprises information on industrial projects to be implemented in developing countries requiring technology and/or financing, with special attention to small and medium scale industries;
- identifying potential partners in Poland and assisting them as appropriate by providing information and expert advice; organizing where needed contacts between the project sponsors from developing countries and Polish enterprises willing to establish long-term co-operation;
- advising and assisting developing countries at their request in identification and preparation of investment projects and their submission to potential investors;
- arranging and organizing visits to interested industrial and financial enterprises in Poland for potential partners from developing countries;
- providing information to developing countries on available technologies and on possibilities of transfer of technology;
- providing information and advice regarding forms of industrial co-operation, such as joint-ventures, leasing, subcontracting, licensing, limited time partnerships and any other forms of transfer of resources to the developing countries;
- providing information to enterprises in Poland on the development plans of the developing country concerned and on policies and procedures governing foreign investment;
- providing information to UNIDO on policies and incentives in Poland as they relate to industrial investment in developing countries;
- maintaining and expanding an inventory of organizations and enterprises in Poland interested in co-operation with developing countries;
- organizing training possibilities in Poland in the field of industrial investment promotion for nationals of developing countries. The modalities of this programme are covered by a separate project document.

Evaluation

This joint evaluation is stipulated in the project document. The evaluation is to be undertaken not later than six months prior to the completion of the project and shall provide the basis for a joint decision on the extension of the project.

II. SCOPE, PURPOSE AND METHODS OF THE EVALUATION

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

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

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

Specifically the mission is to review and assess the involvement of the project in the following activities:

- (a) promotion of industrial investment projects for establishment in developing countries as well as in Poland;
- (b) delegates programmes undertaken within the scope of the project;
- (c) developing country presentation meetings prior to Investment Promotion Fora;
- (d) information services:
 - (i) to Poland related to UNIDO activities, and
 - (ii) to developing countries related to Polish services and products.

The mission should also review to what extent the planned relations with the involvement of:

- Ministry of Foreign Economic Relations;
- Ministry of Industry;
- Polish Chamber of Foreign Trade;
- National Bank of Poland;
- Export Development Bank and numerous other industrial associations and organizations (to be selected by the evaluation team) have been realized and how these should be improved.

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

III. COMPOSITION OF THE MISSION

The mission will be composed of the following:

- one representative of the Government of Poland nominated by the Ministry of Foreign Economic Relations;
- one representative of UNIDO.

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

The costs associated to this evaluation will be charged to the project UD/UC/INT/86/115 where appropriate funds have been reserved to cover DSA and travel of the evaluation team.

IV. CONSULTATIONS

The mission will maintain close liaison with the Industrial Investment Division, any other appropriate organizational units in UNIDO, the project staff and the concerned government organization in Poland - the Ministry of Foreign Economic Relations.

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

- Ministry of Foreign Affairs;
- Ministry of Finance;
- Ministry of Industry;
- Ministry of Agriculture;
- Polish Chamber of Foreign Trade;
- Foreign Investment Agency;
- Association of Foreign Investors in Poland;

as well as a number of non governmental organizations like:

- banks (National Bank of Poland, Export Development Bank), industrial organizations (Nieorganika, Polmag, Spomasz);
- Foreign Trade Enterprises (Polimex Cekop, Metalexport, Universal);
- co-operative and private companies (Metalcoop, Konspol).

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

V. TIMETABLE AND REPORT OF THE MISSION

The mission should assemble in Vienna on or around 8 November 1989, and will be briefed by the Director, IID, and Chief, ODG/EVAL. Records review and interviews in Vienna should take approximately 3 working days. It will then proceed to Warsaw where another 8 working days should be allowed for records, reviews and interviews in the IPS and related organizations in Warsaw. Upon completion of its work, the mission will be debriefed by the Ministry of Foreign Economic Relations, Ministry of Foreign Affairs in Poland.

Substantive and administrative support should be provided by UNIDO in Vienna and the IPS in Warsaw.

The mission will complete its report in draft in Warsaw for which two extra days will be allowed. The report should follow the guidelines below. The mission will leave a copy of the draft with the Ministry of Foreign Economic Relations and IID in Vienna.

Upon comments of these organizational units for factual omission or errors, the final version of the report will be submitted simultaneously to the Government of Poland and UNIDO Headquarters.

Guidelines for the report

Annex II of the Director-General's Bulletin on "In-depth evaluation of technical co-operation projects" (UNIDO/DG/B.106) should be followed as far as possible, taking into consideration the changes required by the special characteristics of the projects.

Annex II

LIST OF PERSONS MET

UNIDO

Mr. A.B. Araoz	Deputy Director-General Department for Industrial Promotion, Consultations and Technology
Mr. J.-L. Jeanroy	Director Industrial Investment Division
Mr. M. Abdelmcneim	Acting Head Investment Project Identification and Formulation Branch
Mr. S. Shirakawa	Officer-in-Charge Investment Promotion Section
Mr. V. Podshibyakin	Chief Industrial and Technological Information Section
Mr. K. Fialkowski	Chief Information Unit
Mr. D. Rakotopare	Desk Officer for IPS Warsaw Department for Industrial Consultations and Technology
Mr. H. May	Director Special Programmes and Activities Division
Mr. W. Behrens	Head Feasibility Studies Branch
Mr. J.A. Watts	Industrial Development Officer Industrial Investment Division
Mr. H.-J. Bauer	Head Investment Promotion Service, Vienna

Polish Mission

Mr. H. Wejtko	First Secretary Permanent Polish Mission to the United Nations and other International Organizations.
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Warsaw, Poland

Ministry of Foreign Economic Relations

Mr. A. Wojcik	Secretary of State
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Mr. M. Kulczycki	Director Department of Foreign Economic Co-operation II
Mr. J. Ruszkowski	Deputy Director Department of Export Development
Mr. T.J. Lisek	Deputy Director Department of Foreign Economic Relations III
Mr. M. Rusinski	Desk Officer for UNIDO Department of Foreign Economic Relations II

Ministry of Foreign Affairs

Mr. W. Czarkowski	Deputy Director Department of International Organizations
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Ministry of Finance

Mr. J. Rejent	Deputy Director Department of Foreign Relations
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Ministry of Industry

Mr. M. Szczawnicki	Adviser to the Minister
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Ministry of Agriculture, Forestry and Food Industry

Mrs. H. Witecka	Deputy Director Department of Food Processing
Mrs. H. Ellert	Head of Division Department of Food Processing

Foreign Investment Agency

Mr. Z. Skakuj	President
Mr. H. Janiszewski	Vice President

Banks

Mr. A. Scislowski	Director National Bank of Poland, World Bank Co-operation Bureau
Mr. B. Kott	President Bank of Economic Initiatives - BIG SA
Mr. K. Szwarc	President Export Development Bank SA

Metalcoop Ltd.

Mr. Z. Lenartowski Export Director
Dromex - Road and Bridge Construction Export Enterprise

Mr. J. Karasiewicz Director
Intertrading Division and China
Operations

Polimex - Cekop Ltd.

Mr. T. Rogalski General Expert
Export Bureau, B-2

Ferropol Co. Ltd.

Mr. R. Wusatowski Consultant

Tester Co. Ltd.

Ms. M. Kotarska Director

IPS, Warsaw

Mr. K. Loth Head

Mr. K. Kielbratowski Deputy Head

Mr. J. Marciszewski Investment Promotion Expert

Mrs. J. Urbanowska Investment Promotion Expert

Mr. J. Barczynski Investment Promotion Expert
(Joint Venture Promotion Programme)

Mr. W. Sielski Computer Consultant

Mrs. K. Ligenzinska Financial Officer

Mrs. H. Skinder Computer Consultant
(Joint Venture Promotion Programme)

Mr. Park Yong-Oh Delegate from IPS Seoul
Republic of Korea -
Deputy Director,
Ministry of Finance

Mr. Wang Zhenquang Delegate from China
China International and
Investment Corporation
Information Centre

International Finance Corporation

Mr. D. Gustafson Director
Europe and Middle East

Mr. A. Doran

Senior Investment Officer
Europe and Middle East

Mr. K.K. Sehgal

Chief of Mission, Philippines

Annex III

SUCCESS STORIES
INVESTMENT IN DEVELOPING COUNTRIES

ALUMINIUM SULFATE AND SULFURIC ACID PLANT (Africa)

Source of identification: through a Polish company

IPS contribution: - efforts undertaken in arranging financing through IFC not successful
 - project profile prepared jointly by IPS and Polish partner
 - assistance in arranging Polish Government support for supplier's credit

Present status: agreement concluded, project under implementation

Total investment: US\$ 12.0 million

BUS ASSEMBLY PLANT (Africa)

Source of identification: through a Polish company

IPS contribution: - project profile prepared jointly by IPS and Polish partner
 - contacting local investor's authorities whenever needed
 - preparation of financial analysis

Present status: agreement concluded for the first stage of co-operation; 35 buses ready for shipment to Ghana

Total investment: US\$ 1.6 million (first stage)

FISHERIES COMPLEX (Africa)

Source of identification: through a Polish company owing the technology

IPS contribution: - development (together with the Polish partner) of the business strategy for the venture
 - assistance in preparation of documents needed for an application to the Ministry of Economic Relations for establishment of a joint venture abroad
 - preparation of a financial feasibility study
 - assistance in putting together a financial package for the joint venture (Bank for Export Development)
 - assistance in negotiating financial agreements with the bank

Present status: agreement concluded; company already registered

Total investment: US\$ 0.2 million (first stage)

FISHERIES COMPLEX (Africa)

Source of identification: through a Polish company owning the technology

IPS contribution:

- development (together with the Polish partner) of the business strategy for the venture
- assistance in preparation of documents needed for an application to the Ministry of Economic Relations for establishment of a joint venture abroad
- preparation of a financial feasibility study
- assistance in putting together a financial package for the joint venture (Bank for Export Development)
- assistance in negotiating financial agreements with the bank

Present status: agreement concluded; company already registered

Total investment: US\$ 0.5 million (first stage)

COLOUR TV TUBES MANUFACTURING (Mediterranean area)

Source of identification: contacts with the Polish owner of the technology

IPS contribution:

- familiarization of the Polish company with the legal requirements of the country where investment was to take place
- assistance in preparation of the financial feasibility study

Present status: agreement concluded, company operational in 1989

Total investment: US\$ 2.0 million

FISH CATCHING AND PROCESSING (Africa)

Source of identification: contacts with the Polish owner of the technology

IPS contribution:

- development of the business strategy (together with the Polish partner)
- assistance in preparation of documents needed for an application to the Ministry of Economic Relations and National Bank of Poland
- preparation of a financial feasibility study
- assistance in putting together a financial package for the joint venture
- assistance in negotiating financial agreement with the bank

Present status: agreement concluded; company already registered;
finance for the joint venture secured (agreement
with the bank signed)

Total investment: US\$ 12.1 million

GRANITE STONE WORK, GRANITE SLAB AND GRANULATE (Asia)

Source of identification: headquarters

IPS contribution:

- identification of Polish partner for the project
- providing Polish partner with guidelines concerning legal aspects of joint ventures in China
- assistance in preparation of joint venture agreement
- preparation of a financial feasibility study

Present status: agreement concluded; Polish partner is negotiating purchase of equipment for the joint venture

Total investment: US\$ 1 million

COLD STORAGE (Asia)

Source of identification: through the Commercial Counsellor's Office

IPS contribution:

- assistance in arranging Polish Government support for supplier's credit
- assistance in negotiating financial agreement with the bank

Present status: agreement concluded; cold store completed and under operation

Total investment: US\$ 2.5 million

LIQUID BASALT PRODUCTION (Asia)

Source of identification: through a Polish company owning the technology

IPS contribution:

- assistance in organization of the technical symposium in local sponsor's country
- assistance in preparation of the documents needed
- contacting local investor's authorities

Present status: agreement concluded; project under implementation

Total investment: US\$ 2.7 million

STARCH PROCESSING (Asia)

Source of identification: through personal contacts with local authorities

IFS contribution: - development (together with the Polish partner) of the business strategy for the venture
- assistance in negotiations of legal aspects of the venture
- assistance in preparation of necessary documents

Present status: agreement concluded; Polish partner shipped machinery and equipment

Total investment: US\$ 2.5 million .

POULTRY PROCESSING (Asia)

Source of identification: through a Polish company owning the unique technology

IPS contribution: - development (together with the Polish partner) of the business strategy for the venture
- preparation of a general offer
- assistance in negotiations with foreign partner
- assistance in preparation of a full-fledged financial analysis (with a number of switching value computations)
- assistance in preparation of documents needed for and application to the Ministry of Economic Relations for the establishment of a joint venture abroad

Present status: Agreement concluded; renowned French company is working on technical design of the plant

Total investment: US\$ 3.0 million

MODERNIZATION OF PAPER MILL (Asia)

Source of identification: through personal contacts in local Ministry of Light Industry

IPS contribution: - identification of Polish supplier of technology and equipment
- assistance in arranging credit for Polish supplier
- contacted local investor's authorities whenever needed

Present status: agreement concluded; first part of the equipment shipped to the local investor

Total investment: US\$ 5.0 million

Annex IV

JOINT VENTURES ESTABLISHED IN POLAND

HOTEL PROJECT

Source of identification: IPS and the potential foreign owner

IPS contribution:

- preparation of the overall joint venture strategy
- familiarizing the Polish partner with the joint venture concept and requirements
- preparation of a financial feasibility study
- assistance in getting a permit for establishing the joint venture
- assistance to a foreign consulting company preparing a fully-fledged feasibility study for submission to a foreign bank (which eventually financed most of foreign-dominated costs)

Present status: joint venture registered; construction to start soon.

Investment: Total - US\$ 20 million; foreign - US\$ 8 million*

COLD STORAGE PROJECT

Source of identification: IPS and Polish partner

IPS contribution:

- assistance in development of the overall business strategy
- provision of the Polish partner with background information on legal framework for joint venture in Poland
- familiarizing the Polish partner with the joint venture concept and requirements
- preparation of a financial feasibility study
- preparation of a financial feasibility study
- assistance in getting the administrative permit for creation of the joint venture

Present status: joint venture already operational

Investment: Total - US\$ 6 million; foreign - US\$ 4 million*

*Foreign investment refers to equity and loans in foreign exchange provided by the foreign partner.

FILM PRODUCTION PROJECT

Source of identification: IPS and the foreign partner

IPS contribution: - familiarization of the Polish partner with the joint venture concept and requirements
 - preparation of the financial part of the feasibility study
 - assistance in getting the joint venture permit

Present status: joint venture already operational

Investment: Total - US\$ 2 million; foreign - US\$ 0.5 million*

FRUIT PROCESSING PROJECT

Source of identification: IPS and Polish partner

IPS contribution: - provision of the foreign partner with background information on rules and regulations concerning joint ventures in Poland
 - identification of the Polish partner and assistance in business tables
 - preparing a financial analysis of the centre
 - assistance in administration procedure of establishing joint venture

Present status: joint venture registered and operating

Investment: Total - US\$ 3 million; foreign - US\$ 2 million*

GARMENTS PRODUCTION PROJECT

Source of identification: Foreign partner and IPS

IPS contribution: - provision of the foreign partner with background information on rules and regulations concerning joint ventures in Poland
 - identification of the Polish partner and assistance in business tables
 - preparing a financial analysis of the centre
 - assistance in administration procedure of establishing joint venture

Present status: joint venture registered; workshop under construction

Investment: Total - US\$ 2.5 million; foreign - US\$ 1.5 million*

*Foreign investment refers to equity and loans in foreign exchange provided by the foreign partner.

BUILDING MATERIALS PRODUCTION PROJECT

Source of identification: IPS and Polish company

IPS contribution:

- preparation of financial feasibility study
- assistance in putting together the financial scheme
- assistance in administration procedure in Foreign Investment Agency

Present status: Joint venture registered; production started in November 1989.

Investment: Total - US\$ 1.2 million; foreign US\$ 0.5 million*

GLASS FLOAT PROJECT

Source of identification: IPS and Polish Company (Preparations for 1st forum)

IPS contribution:

- preparation of financial analysis
- assistance in securing foreign loan
- assistance in negotiations and in administrative procedures for the establishment of the joint venture

Present status: Agreement signed. Guarantees of foreign government for foreign loans pending.

Investment: Total - US\$ 130 million; foreign - US\$ 60 million*

*Foreign investment refers to equity and loans in foreign exchange provided by the foreign partner.

Annex V

FOREIGN INVESTMENT AGENCY
 00-950 WARSZAWA
 Pl. Powstańców Warszawy 1
 tel. 263414, 261166
 tlx 814291-5 - DLA AGENCJI
 fax. 261166

UNITED NATIONS INDUSTRIAL DEVELOPMENT ORGANIZATION
INVESTMENT PROMOTION SERVICE (UNIDO IPS)
 00-950 WARSZAWA
 ul. Stawki 2
 tel. 6356086, 6357112
 tlx 817916 unido pl, fax. 635-12-60

JOINT VENTURE PROMOTION PROGRAMME

Industrial Sector:		Industrial Subsector:	
Name of Company/Entrepreneur & Address:		Contact Persons:	
tel.			
tlx.	fax.		
List of Expected Products and/or Services of the Joint Venture:		Expected Capacity (yearly):	Market (%): Domestic: Export:
Form of Co-operation:	What is expected of the Polish Partner:	What can the Foreign Partner offer:	
- Equity	<input type="checkbox"/>	<input type="checkbox"/>	
- Contribution in Kind	<input type="checkbox"/>	<input type="checkbox"/>	
- Loans	<input type="checkbox"/>	<input type="checkbox"/>	
- Licensing	<input type="checkbox"/>	<input type="checkbox"/>	
- Technology	<input type="checkbox"/>	<input type="checkbox"/>	
- Turn-key Project	<input type="checkbox"/>	<input type="checkbox"/>	
- Equipment Supply	<input type="checkbox"/>	<input type="checkbox"/>	
- Market Access	<input type="checkbox"/>	<input type="checkbox"/>	
- Subcontracting	<input type="checkbox"/>	<input type="checkbox"/>	
- Compensation Trade	<input type="checkbox"/>	<input type="checkbox"/>	
- Management	<input type="checkbox"/>	<input type="checkbox"/>	
- Technical Assistance	<input type="checkbox"/>	<input type="checkbox"/>	
- Training	<input type="checkbox"/>	<input type="checkbox"/>	
- Marketing	<input type="checkbox"/>	<input type="checkbox"/>	
- Other	<input type="checkbox"/>	<input type="checkbox"/>	
Total Investment in Millions of USD:		Foreign Investment in Millions of USD:	
Foreign Share in Company Stock (in %):			
Is a Pre-feasibility Study or Techno-economic Report available:		Yes	No
Remarks:			

Offer No.: _____

ISIC: _____

* To be filled in by the AGENCY or UNIDO