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PROJECT TITLE: "ESTABLISHMENT OF AN INDUSTRIAL CONSULTANCY CENTER"
UNIDO PROJECT NO: DP/SOM/86/034
UNIDO CONTRACT NO: 87/82

S U M M A R Y R E P O R T

on

ACTIVITIES CARRIED OUT UNDER
PROJECT EXTENSION
(Mid-August - End 1990)

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Belgrade, March 1991

Introduction

This document is a Summary Report on the activities carried out under the extension of the project DP/SOM/86/034 (Establishment of an Industrial Consultancy Center in Somalia), implemented by the Institute for Industrial Economics, Belgrade, Yugoslavia according to the UNIDO Contract No. 87/82.

According to the Terms for Reference for the project extension, the activities carried out under the extension have been incorporated into the Final Report on the DP/SOM/86/034 project within appropriate sections of the document. The aim of this document is, therefore, to briefly summarize the main activities and results achieved under the said extension and to present them in a separate piece of document.

According to the Terms of Reference for the project extension till end of 1991, the following has been defined as the Scope of Services to be provided by the Subcontractor:

1. Assist the ICU and the Government of Somalia (Ministry of Industry) to select six enterprises for future work on improving enterprise performance by implementing improvements measures developed by the consultancy work;
2. Assist the ICU to define the bench-marks for the measurement of the performance improvement in the selected six enterprises;
3. Assist the ICU in further strengthening of its income generating operations through contracting fee based assignments;
4. Assist the ICU in the process of transition into a share holding company;
5. Prepare the project document for the follow-up project to be implemented in 1991;

In addition to this, it is understood that the Report on the work carried out under the above project extension should be incorporated into the Final Report on DP/SOM/86/034 project.

Activities Performed and Results Achieved

The following activities have been carried out within the extension of the project:

1. Selection of enterprises for the follow-up project: Enterprises have been selected on the basis of several criteria including: their local raw material base nature; their importance for the national industry and economy; the relevance of their managerial problems and issues; and the willingness of the management to ensure cooperation with the consulting team of the ICU.

The following enterprises have been selected and approved by the Ministry of Industry:

- SOMALTEX
- Milk Factory
- Pasta and Flour Factory
- Coca-Cola Factory
- Brick Factory in Afgoi
- Maize Mill
- BANADIR Bottle Factory (complementary, if necessary)

The consent of the respective management bodies has been reached in all above enterprises, as well as the readiness of the Ministry of Industry to provide all necessary support.

In addition to this, a management training programme has been drafted with an aim to organize a series of management training seminars for managers of the six (or seven) enterprises in order to facilitate the processes involved in the management of change.

2. Definition of the bench-marks for the measurement of the performance improvement: The methodology has been prepared for defining the bench-marks and preliminary surveys have started in three out of the six enterprises (Pasta and Flour Factory, Somaltex, and Milk Factory), while in the other three the surveys delayed due to the circumstances in the Project Area (unrest).

3. Fee Based Assignments: Enlarging the scope and volume of fee based services has been one of the major tasks and objectives in ensuring the self-sustained status of the ICU. This is why a particular emphasis was given to the marketing of fee based ICU services.

During the implementation of the project extension, the following assignments have been contracted or in pipe line:

- a) Terry Towel Plant-feasibility study, Somaltex, (completed),
- b) Assessment of the Viability of the Petroleum Refinery Operations-testing by computerized model various options, Ministry of Industry, (completed),
- c) Manufacturing of Cardboard Boxes-feasibility study, Shamo Brothers, (in due course),
- d) Technological Assessment-survey of five selected villages, African Regional Center for Technology, Dakar, Senegal (in due course),
- e) Energy Management-fuel expenses reduction through improved production planning and control and rehabilitation of utilities, Somaltex, (in pipe line),
- d) Cold Storage Facilities-feasibility study, Al Hameyn Brothers (in pipe line),

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

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

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

It is important to notice that the activities related to the negotiation process as well as to the implementation of the projects have been carried out by the ICU national consultants, while the role of the CTA has mainly been an advisory and supportive one.

4. Establishment of ICU as an Share Holding Company: On the basis of previously developed documents and agreements reached with the Government of Somalia (ministry of industry), several activities have been performed during the project extension period. These activities included inter alia: additional refinement of the two basic documents (Memorandum of Association and Internal Rules); the Letter of Intent, drafted by the Ministry of Industry to be submitted to UNDP containing the request for transfer of the project equipment to the Ministry. This equipment together with the equipment provided through the Government inputs would be converted with an adequately depreciated value into the shares of the Ministry in the share holding company's assets. another component of the share of the Ministry would be the offices and utilities provided by the Ministry. Parallely to this, the process of valuating the "good will" of the consultants as their share in the ICU share holding company has also been initiated.

5. Preparation of the Draft Project Document for the Follow-up Project: The document has been prepared by the CTA in close cooperation and coordination with the UNDP office in Mogadishu. As requested, the basis for the elaboration of the Draft was the set of the recommendations of the Joint Evaluation Mission of June 1990. The Draft Project Document for the follow-up project has got the following number and title: SOM/90/035/A/01 IMPROVEMENT OF MANAGEMENT SKILLS IN SELECTED ENTERPRISES. It was submitted to the UNDP Office in Mogadishu in November 1990 in order to allow for sufficient time for the project to start in January 1991.

The Draft Project Document is attached to this Report as a separate document, though an integral part of this Report and the Final Report on the DP/SOM/86/034 project.

6. **Other Activities:** According to the role of the DP/SOM/86/034 project in coordinating the activities of another two projects (DP/SOM/88/008 Industrial Maintenance Management, and DP/SOM/88/007 UN Volunteers), this coordination has also been performed during the period of the extension.

The Industrial Maintenance Management project has been successfully brought to completion by the end of 1990, while the UN Volunteers were fully integrated into the activities of the ICU related to the improvement of performance of industrial enterprises in Somalia.

Status of the Project

As indicated above, the activities performed have been fully in accordance with the Terms of Reference for the extension of the project. In this respect, the project has been successfully accomplished.

The details related to the circumstances that resulted from the decision of UNDP Office in Mogadishu to evacuate all international experts from the Project Area, and the related status of the project have been described in the document called "Status Report on the Project DP/SOM/86/034 - "Establishment of an Industrial Consultancy Center", which was submitted to the UNDP Office in Mogadishu on its request in last days of December 1990. A copy of the Status Report is attached to this document. In addition to the status of the activities, the document also contains the details related to the project equipment, project staff, and the prospects of the ICU.