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18958

UNITED NATIONS DEVELOPMENT PROGRAMME
Project of the Government of
Somalia

PROJECT DOCUMENT

Number and title: SOM/90/035/A/01 IMPROVEMENT OF MANAGEMENT
SKILLS IN SELECTED ENTERPRISES

Duration: 12 months

Project site: Mogadishu

ACC/UNDP sector & subsector: 0510 Industrial Development
Support Services

Government sector & subsector: Industry

Government implementing agency: Ministry of Industry

Estimated starting date: January, 1991

Government inputs: 30,500,000 So.Shs. (in cash)

UNDP inputs: 566,000 US \$

UNDP and cost sharing financing	
UNDP	US\$ 566,000
Government	US\$ 9,600
Total:	US\$ 575,600
1 US\$ = 3,150 so. shs. UNDP rate	

Brief description: This is the follow-up project of the project SOM/86/034, "Establishment of an Industrial Consultancy Unit". It is intended to provide direct support to selected enterprises with aims to improve the performance through training of managers and deliveries of specific consultancy services by joint teams of Industrial Consultancy Unit consultants and UNIDO experts. The project activities will provide also the means to assess the capabilities of ICU.

On behalf of:	Signature	Date	Name/title
The Government:	-----	-----	-----
UNIDO	-----	-----	-----
UNDP	-----	-----	-----

United Nations official exchange rate at date of last signature of project document.

US \$ 1.00 = 3,150 so. shs

IMPROVEMENT OF MANAGEMENT SKILLS IN SELECTED INDUSTRIAL
ENTERPRISES
SOM/90/035

A. Context

1. Main features of industrial sector in Somalia

The manufacturing sector in Somalia is small. It currently accounts for some 8% of GDP. Nevertheless, the projected rate of growth is high with about 25% of the national investment budget allocated to the industrial sector. By the end of the current Five year Development Plan starting in 1986, the contribution to GDP is projected to exceed 8%.

Industrial development has been slow due to severe under-utilization of capacity, low levels of production and productivity. Capacity utilization in some key industries has been below 10 per cent in recent years. Many factories work below 50% of the available hours. The production in most of the factories is less than 50% of the planned targets which basically were set at modest levels as compared to those achievable from the installed facilities. Production in quantitative terms per workhour has continued to decline and thus became a subject for concern in many industries.

Some of the problems which cause the unsatisfactory performance are:

- shortage of skilled managerial and technical know-how
- shortage of foreign exchange for raw materials, equipment and spares
- out-moded pricing structure of inputs and outputs
- lack of purchasing power and/or small local market
- lack of infrastructure
- needs for modernization and replacement of plant equipment
- lack of productivity based wage policy
- weak incentives and bonus policies
- lack of standardization and quality control
- lack of factory laws
- inadequate raw material from local sources
- poor utilization of energy.

2. Institutional changes and industrial policies in Somalia

The Government recognizes the problems and has embarked on corrective strategy. This is summarized as followed:

- The greatest possible use will be made of indigenous raw materials, especially in agriculture, livestock fisheries and minerals.
- Labour-intensive techniques will be used in cases where suitable labour is available and training programmes will upgrade the skills of labour and management. Public manufacturing enterprises will finance current expenditure from their own resources and become self-sufficient.
- The efficiency of public sector manufacturing enterprises will be enhanced by the use of management consultancies, granting of greater autonomy to management, training of national staff, reform of the price structure for inputs and outputs, ensuring the availability of local raw materials and adequate foreign exchange for the purchase of imported materials, and other measures identified as appropriate in particular cases. Public sector enterprises will be given realistic latitude in setting wages. Payment of incentives to both labour and productive management will be encouraged in cases where it enhances productivity. Public enterprises which are determined to be non-viable on both economic and social grounds will be liquidated.
- A stabilization and rehabilitation programme will be undertaken to enhance the effective utilization of capacities in cases where physical plant has deteriorated and it is in need of repairs and modernization. Public enterprises will be allowed to charge prices reflecting the full cost of production plus margin of profit and they will be allowed to buy raw materials at realistic market prices. Marketing channels will be improved to assure a fair price to the consumer and adequate compensation and incentives to maximize output of the producer.
- In order to spread the economic benefits to the far out areas, regional diversification will be carried out. New industrial units will get preferred treatment in outer regions.
- Credit, including loans in foreign currency, will be made available to both public and private manufacturing enterprises based on tangible collateral.
- Private sector investment in industrial enterprises will be actively encouraged preference will be given to resource-based, import substitution and labour-intensive industrial projects. The Somali Development Bank will give preference for requests for loans to private entrepreneurs for small-scale industries. Appropriate protection will be afforded to local industrial through tariff barriers based on the merits of

individual cases. Private foreign investment and joint ventures of local entrepreneurs with foreign partners will be encouraged.

- Cottage industries and village level enterprises will be encouraged.
- Vocational and technical training facilities will be expanded and improved to ensure an adequate supply of qualified personnel.

The Government policy changes included liberalization of foreign exchange markets, greater financial and management autonomy for public enterprises, intensification of in-plant and on-the-job training programmes for the personnel of individual enterprises, reform of the price structure supported by selective subsidies and import controls, credits on collateral, etc. In the context of the new policy measures, aimed to stimulate the industrial sector, both public and private, the Government also intends to mobilize possible financial, materials, and human resources through the introduction of a rehabilitation and productivity improvement programme which would include extension services to the industrial sector, both public and private, and assistance in organization, training and advice. To effectively carry out the proposed industrial policies and programmes, the Government needs to obtain further technical assistance, particularly in view of the shortage of nationals with the necessary qualifications and experience.

3. Prior and ongoing assistance

One of the preceding projects, SOM/81/013 has devised for the Ministry of Industry, the necessary systems for monitoring and advisory services to the enterprises, created a data base, made some diagnostic surveys of the industries and implemented some systems in a small number of enterprises. As a follow-up, it was considered essential that the viable industries should be identified and as far as possible, all of them should receive direct support for improvement of the performance. The government, UNDP and UNIDO in the Tripartite Review meeting of 4th September, 1984 gave the necessary direction focusing project activities to in-plant exercises.

Based on the lessons learnt in the implementation of SOM/81/013 and previous assistance under SOM/72/007. The Government, UNIDO and UNDP in the Terminal Tripartite Review of 25th October, 1986 agreed that the establishment of a national Industrial Consultancy Unit in which Somali nationals will progressively undertake problem solving assignments in the enterprises will lead to self reliance. Based on the recommendations of the T.T.R. it was decided to start the project "Establishment of an Industrial Consultancy Unit", SOM/86/034. The purpose of this project was to train Somali nationals in the theory and practice of management consultancy through both on-the-job and

the formal training programmes. On-the-job training had a multifold purposes, to enhance the skills and to enrich the experience of the national consultants as well as to improve the performance of selected enterprises.

Industrial Consultancy Unit established by the project DP/SOM/86/034 is result of a genuine move to increase self-reliance of the country. Trained consultants within I.C.U. are filling the gap of missing management skills in the country. Through their activities they are offering valuable direct support to management systems improvement and management skills upgrading, and even more, they are forming a pool of potential highly skilled and experienced managers, civil servants or entrepreneurs.

In brief, the ICU project during its life-cycle had the following direct and/or indirect impact:

- * introducing the missing importance and values of good management in business activities,

- * dissemination of management know-how through consultancy services and management training,

- * improvement of existing general and functional management through development of appropriate management systems to prevailing conditions which are efficient as well as simple enough to be implemented and sustained,

- * improvement of efficiency in industrial enterprises as a result of diagnostic studies and recommended actions,

- * support to development of new industrial units or to reconstruction of existing ones through appropriate feasibility studies and investment programmes,

- * support to planning and development as well as to industrial restructuring activities performed by the Ministry of Trade and Industry.

Although it was not planned to deliver any support to private industries, many project activities were targeted to this sector, ranging from management training to direct support-diagnostic studies and investment programmes.

4. Institutional framework

Both public and private industrial enterprises are coordinated and supervised by the Ministry of Industry, particularly with regard to the policies and developmental strategies of the subsector. Two of the Ministry's departments, Public Enterprises and Private Enterprises Departments, are responsible for the execution of this activities. Ministry of Industry is also handling various matters concerning the issuing the licences for establishment of private industrial enterprises, the endorsement of

tax exemptions for imports of raw materials or equipments, etc.

The Ministry of Industry is not the "parent" ministry for all public industrial enterprises. Under aegis of the Ministry of Industry there are 20 enterprises, the Ministry of Fisheries and Marine Transport 4 enterprises, Cooperatives 2 enterprises and Municipality of Mogadishu 3 enterprises. The Ministry of Finance exercises also some supervising functions over public enterprises. It assists them in budget preparation as well as it monitors financial performance and controls the expenditures of public enterprises. Together with the Ministry of Planning, Ministry of Finance authorizes the new investment in public enterprises and expansions. The Magistrate of Accounts is responsible for auditing.

B. Project justification

1. Problem to be addressed

Most of the enterprises are staffed and managed by people who are not sufficiently qualified and who have relatively modest experience in industrial management. Poor management as well as hostile environment have devastating impact on the performance of the enterprises. The conclusions from the World Bank Report on Somali industry are still valid in so far as intensive assistance requirement at enterprises level in management systems, management organization and training of personnel are concerned.

Poor maintenance practice coupled with lack of spare parts are hampering the performance of industrial enterprises. In many studies and reports it was stated that the provision of spare parts is necessary precondition for rehabilitation of Somali enterprises.

The UNDP country programme 1987 - 1991 under development objective No.7 which is meant to strengthen the productive capacity of selected industrial enterprises includes a project aiming at assessing the performance and viability of selected key industrial enterprises, making recommendations to Government on the efficiency of those enterprises considered to be viable, and assisting the promotion of private investment in industrial sector.

The project SOM/86/034 and the proposed follow-up project, too, are directed to the same goals to improve the performance of industrial enterprises and to strengthen the national consultancy unit which will be capable of giving a specific support to local industries.

The I.C.U. could make an important impact in the perspective process of rehabilitation of Somali industry providing that the Unit itself reaches the maturity stage of development.

Through the activities performed during project SOM/86/034

such as formal and on-the-job training, fee-based services to public and private enterprises and support to the Ministry of Industry, I.C.U. consultants have become well acquainted with:

- peculiarities of the industrial development in Somalia,
- embracing institutional set-up
- management practices and deficiencies in both public and private industrial enterprises.

Through numerous field assignments I.C.U. consultants have developed the appropriate approaches to solve a wide range of problems besetting Somali manufacturing enterprises.

I.C.U. needs, too, extended, but limited in scope, support since it is a young consultancy organization lacking confidence, experience as well as proper penetration in the market of consultancy services. The support to I.C.U. through UNIDO experts and funds for supporting staff and equipment has to be phased-out gradually in order not to hamper the long and painstaking process of the development of I.C.U. as a successful and self-reliable consultancy organization.

This support is going to be secured through the proposed follow-up project.

The project mainstream inputs will be in the disciplines of industrial engineering and maintenance which will focus on in-plant consultancy services in the respective fields in the enterprises considered viable. Consultancy services will be aimed to achieve higher capacity utilization, better quality, low costs, higher productivity through work study and productivity through work study and productivity based wages and incentive schemes, low downtime (due to machine breakdowns) in a quantified terms. The implementation of systems will yield better data base for planning and control.

At present, the priorities for the direct assistance to industry, appear to be factories based on local raw materials pertaining to food, construction and building materials and textiles.

In perspective of the assistance given to the enterprises so far and taking into the consideration over long term development requirements of the industrial sector, it is considered that the best approach to provide technical assistance would be through strengthening the already established national consultancy unit in order to increase the capability of the Unit to provide consultancy and implementation assistance services after the completion of the project.

This project will not duplicate any other assistance provided from other source and is in line with the Government's Five Year Development Plan.

Based on a detailed review of the project concept and design as well as project implementation and outputs done by the In-debt Evaluation Mission, from June 12 to June 27, 1990, and UNDP, it is proposing to carry out the project "Improvement of Management Skills in Selected Industrial Enterprises". The project, too, is framed as the follow-up of the project "Establishment of an Industrial Consultancy Unit" DP/SOM/86/034. The project is aimed:

a) to improve the management skills and hence to ameliorate the performance of selected (at least six, local resource based) industrial enterprises as a part of overall efforts to rehabilitate Somali industry,

b) to provide means for evaluation of ICU capabilities to deliver management consultancy services,

c) to allow for further training and supporting national consultants from Industrial Consultancy Unit in (i) management consultancy, (ii) industrial engineering techniques, (iii) implementing systems and methods of performance improvement,

d) to assess the needs and routines for replacement of worn-out machinery and procurement of spare parts in six local resource based enterprises as well as to evaluate the capabilities of existing repair and spare parts production facilities to cope with the needs for repair services and spare parts of national industry.

2. Expected end of project situation

It is expected that the skills of managers in selected enterprises will be upgraded. Directed efforts of managers will lead to the expected improvement of the enterprise's performance. The improvement of performance will be measured according to the specific benchmarks, defined for each enterprise exclusively, at the very beginning of the project.

If, at least some of the selected enterprises are rehabilitated, and improved efficiency and upgraded management introduced in the plants, with the result of higher production and productivity, it is expected that there will be snowball and multiplier effects in the entire sector, leading to real contribution to the achievement of the sectoral objectives.

Through project activities, Industrial Consultancy Unit will make further steps towards full self-reliance while the ICU consultants will gain the missing know-how and experience.

It will be, too, assessed the local capacities for spare parts production and repair services as a part of efforts to provide necessary facilities for the rehabilitation of Somali industry.

3. Target beneficiaries

Main group of direct recipients of project support consists of the managers of selected enterprises. Based on upgraded management skills and following directed activities of managers through project programme, the performance of the enterprises will be improved, hence the target beneficiaries are the selected enterprises. The consultants from the Industrial Consultancy Unit, too, will be direct recipients of project support. Through further training of the consultants and guided continuous delivery of the fee-based consultancy services, the ICU will penetrate further in the market of consultancy services and will increase the income generation. It is equally important the replenishment of the missing experience through joint work with UNIDO experts. All the activities will lead to the full scale self sustenance of the Unit. Hence the ICU is also a target beneficiary of the project.

4. Project strategy and implementation arrangements

In order to deliver planned support to target beneficiaries, it will be applied appropriate strategy confined to team-work with teams consisting of experts and direct recipients, while the work will be performed in the field. Proposals for the improvement of performance will be prepared and implemented by trained managers and ICU consultants under guidance of UNIDO experts.

Implementation arrangements will be secured by the Ministry of Industry. In the preparatory stage, MOI assisted in the selection of the enterprises and provided access to the selected enterprises. Direct link with enterprises is provided through Technical Committee, supervisory body for the project execution.

5. Reasons for assistance from UNDP/UNIDO

Somalia is one of the least developed countries. Its industry is burdened with many problems that can not be solely solved by local material and human resources. In order to implement such project that will deliver direct support to industrial development, the needed financial and expert's inputs can be provided exclusively by UNDP and UNIDO.

6. Special considerations

As it is outlined by project programme, the main project activities will be carried out by mixed teams consisting of ICU consultants, managers of selected enterprises and international experts. The ICU will be established at the beginning of the project as the (private) share holding company, founded by UNDP project. The special consideration has to be paid to the strenghtening of the ICU in its path to the full self-reliance.

7. Co-ordination arrangements

It will be essential to establish effective communication for enhancing unit's outputs and achieving the project objectives with the following national institutions:-

1. The Somali Institute for Development Administration and Management (SIDAM),
2. The Vocational Training Institute run by GTZ
3. Technical Teachers training College,
4. The Ministry of Finance and the Somali Development Bank
5. The Ministry of Labour and Sports
6. The Ministry of National Planning
7. SIMA (Somali Manufacturers Association).

Communication with the current international bilateral technical assistance operations in the country will help to identify and co-ordinate inputs aimed at industrial development.

Effective cooperation has to be established with the projects on devasture of public enterprises and management training, if they become operative in due course.

8. Counterpart support capacity

Somali Government and executing agency for this project are fully committed to provide needed inputs and to deliver necessary support for smooth running of the project. Feasible arrangements are already made to sustain the results at the end of the project. Any new arrangement if might be needed will be pursued jointly by CTA and Technical Committee.

C. Development objectives

The Government accords high priority to rehabilitate and improve the performance of existing industrial enterprises and to encourage further industrial development as spelt out in the Five Year Development Plan 1987-1991. The development objectives of the project are:

1. Improvement of the performance of the viable industries.

- 2- Development and improvement of management capabilities of the national personnel employed in the industrial sector.
- 3- Support to indigenous procurement of spare parts.
- 4- Strengthening of a Industrial Consultancy Unit in order to increase its self-reliance and to enhance industrial development through consultancy services.

Improvement of the performance of selected, local raw materials based and viable industries that can be rehabilitated and encouragement of the industrial development through the support of the Government and already established Industrial Consultancy Unit would constitute the achievement of the development objectives.

D. Immediate objectives, outputs and activities

1. Immediate objective

-Improvement of performance of six local raw materials-based industries through specific consultancy assignments.

1.1. Output:

-Set of the proposals with action plans for the improvement of performance in each of the six selected enterprises.

target
date

31/12/91

Activities:

- 1.1.1. Define present status of performance in selected enterprises and establish bench-marks for evaluation of performance improvement.....18/01/91
- 1.1.2. Prepare and conduct on-the-job training of the managers from selected enterprises.....26/04/91
- 1.1.3. Survey selected enterprises and prepare recommendations with actions plans for improvement of performance.....26/04/91
- 1.1.4. Discuss the findings and agree action plans with the management of the enterprises.....16/05/91

- 1.1.5. Discuss the findings with Technical Committee.....31/05/91
- 1.1.6. Assist in the implementation of the agreed action plans.....31/12/91
- 1.1.7. Make review of the performance improvement.....31/12/91

1.2. Output:

- Recommendations for replacement of worn-out equipment and procurement of spare parts in six selected enterprises. 31/12/91

Activities:

- 1.2.1. Survey selected enterprises and prepare set of recommendations.....21/06/91
- 1.2.2. Discuss the findings with the management of the enterprises.....12/07/91
- 1.2.3. Discuss the findings with Technical Committee.....26/07/91
- 1.2.4. Review the actions taken by the Ministry of Trade and Industry and the management of the enterprises.....31/12/91

2. Immediate objective

- Assessment of local capacities and constraints to manufacture spare parts for industry

2.1. Output:

- Survey of the existing facilities for spare parts manufacturing. 31/12/91

Activities:

- 2.1.1. Make a list of the existing facilities.....18/05/91
- 2.1.2. Select the plants to be surveyed with the consent of Technical Committee.....31/05/91

- 2.1.3. Survey the selected plants and prepare the report.....27/09/91
- 2.1.4. Agree on the recommendations with Technical Committee.....04/10/91
- 2.1.5. Review the actions taken by the Ministry of Trade and Industry and the management of the enterprises.....31/12/91

3. Immediate objective

-Strengthening Industrial Consultancy Unit and expanding the proficiency of the I.C.U. consultants in general and functional management consultancy and particularly in the fields of industrial engineering consultancy.

3.1. Output

-A number of fee-based assignments (at least four) rendered by I.C.U. consultants with increased self-reliance 31/12/91

Activities:

- 3.1.1. Initiate the contacts with potential clients.....28/06/91
- 3.1.2. Negotiate the contracts with the clients26/07/91
- 3.1.3. Render the contracted services31/12/91

3.2. Output

-Institution of the Industrial Consultancy Unit as a registered and internally organized business entity. 12/07/91

Activities:

- 3.2.1. Prepare new and renovate existing I.C.U internal rules and laws as a part of activities to finalize establishment of I.C.U.....05/04/91
- 3.2.2. Register I.C.U. as a business entity.....10/05/91

3.2.3. Design and install bookkeeping, filing and internal information system.....12/07/91

3.3. Output:

-Trained at least, three I.C.U. consultants in the field of industrial engineering 31/12/91

Activities:

3.3.1. Prepare the training programme with case studies from the selected enterprises.....30/08/91

3.3.2. Run the formal and on-the-job training programme.....27/09/91

3.3.3. Draft the manuals for consultants.....01/11/91

3.3.4. Prepare the final versions of manuals.....31/12/91

3.4. Output:

-Trained at least, three I.C.U. consultants in the field of the assessment of the enterprise assets

Activities:

3.4.1. Prepare the training programme with case studies from the selected enterprises.....26/07/91

3.4.2. Run the formal and on-the-job training programme.....23/08/91

3.4.3. Evaluate assets of, at least, four public enterprises as a part of the on-the-job training.....29/11/91

3.4.4. Draft the manuals for consultants.....29/11/91

3.4.5. Prepare the final versions of manuals.....31/12/91

In order to produce the predetermined project outputs and through these, the stated project objectives, a variety of specific project activities have to be undertaken in a planned and orderly manner. These is set out in a detailed workplan which is given in the Annex I.

The Workplan will be reviewed and, if deemed necessary, it will be updated accordingly. Project Evaluation Performance Report will be based on the latest valid workplan. A monitoring mechanism

will be established through which the Government, UNIDO and UNDP will closely monitor progress made, problems encountered and recommended ways and means of overcoming those problems.

In addition to normal monitoring procedures, at the end of project cycle, an independent consultant will assess the achievements of the project.

E. Inputs

1. Government inputs

a) Professional staff

The Government through the Ministry of Trade and Industry will provide from each selected enterprise, at least one counterpart, at the level of senior management, for the coordination of project activities within the enterprises and implementation of agree proposals.

The Ministry of Trade and Industry will ensure the free access of UNIDO experts and I.C.U. constants to the selected enterprises which are under the control and supervision of the Ministry.

The overall co-ordination and direction of the project, particularly in matters of policy decisions and setting of priorities, on the part of the Government will be performed by the Technical Committee, chaired by H.E. Vice-Minister of the Ministry of Trade and Industry. Day to day monitoring of the project activities will be exercised by Director General of the Ministry of Trade and Industry, the member of the Technical Committee, through direct interaction with the Chief Technical Adviser.

b) Premises

The Government will provide a new premises for Industrial Consultancy Unit and project staff with at least ten offices, a meeting room, a library and auxiliary rooms such as computer bureau, stores for equipment, tea-kitchen and toilet-rooms. The premises have to be provided with telephone exchange and furniture such as writing desks, chairs and book shelves, supplementing those that are already on disposal of the Unit.

c) Other inputs

In order to provide the smooth running of the project, the government of Somalia will provide as Government counterpart contribution in cash amount of 30,500,000 Som. shs., equivalent to US 19,677 (1 US\$=1,550 So.sch.). The funds are provided to cover the costs of in-service training, spare parts for equipment, locally available, refurbishing of new premises and sundries. (see details in part: J. Budgets)

2. UNDP inputs

a) Personnel

Experts

UNDP will provide the following experts:

- Management consultant who will act as the Chief Technical Adviser, 12 w/m,
- Industrial engineering, 8 w/m,
- Maintenance and plant engineering, 8w/m,
- Financial Analyst, 6w/m.

The job descriptions for above mentioned posts are given in the Annex 5.

Other international staff

UNDP will provide the administrative officer (12 w/m) who will give necessary support to ICU management. The job description of the incumbent is given the Annex 5.

Other supporting staff

Existing staff from the current project which was before locally recruited, will be assigned to the follow-up project. One new post for the driver (level 2) will be created. The following posts under service agreement will be held:

1 Administrative Assistant	12 w/m
1 Senior Secretary	12 w/m
1 Senior Driver	12 w/m
1 Driver (Level 2)	12 w/m
1 Driver (Level 2)	12 w/m
Total	60 w/m

The termination of previous service agreements will be supplemented with new renewable agreements under provision of satisfactory accomplishment of duties, till the termination of the project.

National Experts/Consultants

Industrial Consultancy Unit through the subcontract with UNIDO will provide 70 w/m of consultancy services in the fields of industrial engineering, plant engineering and maintenance under guidance of expatriate experts, as a specific support to the selected enterprises. The subcontract proposal with the content and timing of the subcontracting services as well as with other modalities of delivering services will be prepared by Chief Technical Adviser.

Chief Technical Adviser will supervise the activities performed by the Unit under subcontract.

Equipment

All equipment from previous projects which are already transferred to, and equipment purchased for the project SOM/86/034 will be used for the extended project. In addition the following supplementary equipment should be provided:

- 1 petrol, pasanger vehicle,
- 2 petrol, four seats, four wheel drive, cars,
- 1 copier
- office equipment (office desks, filing cabinets, chairs, etc.)

Miscellaneous

It will provide funds for the office operation, fuel and maintenance of project equipment and vehicles.

Details of UNDP budget are given in part: J. Budgets.

F. Risks

The risks are falling in two categories. The first category is related to overall economic performance. Any further decline of economy with increased shortages of hard currency to secure necessary inputs such as raw and auxiliary materials and spare parts, will hamper the performance of the selected enterprises. This evolution of events can hardly be reverted by the management of enterprises and/or the planned support to the management. The lack of financial institutions such as banks to provide the regular financial support to the business activities, is also the same category of risks. Provision of working capital or simple facilities to keep the earned cash money, jeopardizes the normal activities of enterprises.

The second category of risks, assumed as the internal risks, it is the timely delivery of project inputs, specifically the experts and equipment. Any delay can hinder timely delivery of projects outputs. The failure of the Ministry of Industry to provide support of the management is also the same category of the risks.

G. Prior obligations and prerequisites

There are no prior obligations and prerequisites.

H. Project review, reporting and evaluation

The project will be subject to periodic reviews in accordance with the policies and procedures established by UNDP for monitoring project and programme implementation.

I. Legal context

This Project Document will be the instrument referred to as such in Article 1, of the Assistance Agreement between the government of the Somali Democratic Republic and the United Nations Development Programme.

J. Budgets

GOVERNMENT COUNTERPART CONTRIBUTION IN CASH (GCCC)

(Expressed in thousands So. Shs.)

Project Title: **Improvement of the Performance in Selected
Industrial Enterprises**

B/L	Description	Total
16-00	Incentives and allowances to participating personnel	3,000
19-99	Component total-Personnel	3,000
33-01	In-service training	4,500
33-99	Component total-Training	4,500
41-11	Expendable equipment	17,100
49-99	Component total-Equipment	17,100
51-10	Sundry	4,868
56-01	Support costs	1,032
59-99	Component total -Miscellaneous	5,900
99-99	PROJECT TOTAL	30,500

Rate of exchange 1 US \$: 3,150 S.Sh

GCCC converted in US \$ 9,680

UNDP BUDGET (Expressed in US Dollars)

Project Title: **Improvement of the Performance in Selected Industrial Enterprises**

B/L Description	W/M	Total US \$
11-01 Management Consultant (CTA)	12,0	120,000
11-02 Industrial Engineer	8,0	72,800
11-03 Maintenance Engineer	8,0	72,800
11-04 Financial Analyst	6,0	54,600
13-01 Administrative support personnel		18,000
13-02 Admin. Officer (Int'l Recruitment)	12,0	50,000
16-00 Other personnel costs		10,500
19-99 Component total-Personnel		398,700
21-00 Subcontract (Ind. Cons. Unit)	70,0	59,500
31-00 Fellowship		25,000
32-00 Meetings, Symposia		12,800
39-00 Component total		26,800
41-00 Expendable equipment		15,000
42-00 Non-expendable equipment		68,300
49-99 Component total-Equipment		83,300
51-00 Sundries		12,750
99-99 PROJECT TOTAL		566,000

K. Annexes

I. Work plan

II. Schedule of project reviews, reporting and evaluation

II-1. Evaluation

The project will undergo in depth evaluation at the end of 1991. The organization, terms of reference and timing of the evaluation will be decided through consultations between the Government, UNIDO and UNDP. Provisions have been allotted for UNDP/UNIDO Headquarters participation in the evaluation.

II-2. Project Performance Evaluation Report

Project Performance Evaluation Report (PPER) will be prepared annually in six copies by the Chief Technical Advisor and should be completed and distributed three months before the annual Tripartite Review. The reports will be written in English.

II-3. Tripartite Review Report

Tripartite Review Report will be prepared by the UNDP Resident Representative in accordance with the provisions of section 3712 of UNDP Policies and Procedures Manual.

II-4. Agency Terminal Report

Agency Terminal Report will be prepared in draft form by the Chief Technical Adviser, 4 months prior to the completion of the project. The final version of this report will be prepared at UNIDO Headquarters in time for it to be reviewed by the Government and the UNDP Resident Representative and submitted to the Terminal Tripartite Review which will be scheduled one month prior to the completion of the project. The report will be prepared in accordance with the instructions set forth under section 3712 of the UNDP Policies and Procedures Manual.

III. Training Programme

Institutionally, the Director General of the Ministry of Industry is responsible for the implementation of new Industrial

reform policies i.e Rehabilitation, privatization and divestiture, special training for the director general is deemed necessary. Therefore, it is proposed that Mr. Omar H. Omar has to be granted a 3 months fellowship to United Kingdom

IV. Job descriptions

The expert in Management Consultancy-Chief Technical Adviser

The incumbent will act as Chief Technical Adviser as well as expert in management consultancy. The main duties and responsibilities will be the following:

- To prepare a detailed work programme for all activities until the termination of the project,

- To act in close co-operation with the Director General of the Ministry of Trade and Industry,

- To co-ordinate the work of expatriate experts, project personnel and Industrial Consultancy Unit consultants and to give them all necessary support, assistance and advice throughout the duration of the project,

- To ensure the effective co-operation between expatriate experts and national consultants,

- To monitor and co-ordinate all project activities in accordance with the work programme,

- To control the timing and quality of services delivered to project by Industrial Consultancy Unit through subcontract,

- To strengthen the development of management consultancy skills of the Industrial Consultancy Unit professionals,

- To advise the management of Industrial Consultancy Unit on promotional, administrative and other subjects related to the development of the unit,

- To maintain close collaboration with managers from selected enterprises and to monitor the project activities in the plants,

- To perform all administrative and supervisory functions entrusted to the chief technical advisor regarding personnel and financial administration and administration of equipment and supply,

- To maintain close collaboration with the Ministry of Trade and Industry and to participate in the activities of Technical Committee which is monitoring the project performance,

-To maintain close contact with the UNDP Resident Representative and his office,

-To keep the UNIDO head-quarters well informed of the project progress as well as of problems and difficulties encountered in the progression of the project,

The expert in Industrial Engineering

The expert will be attached to the Industrial Consultancy Unit. In co-operation with the national consultants from I.C.U. and under the leadership of Chief Technical Adviser, the expert will specifically be expected:

-To prepare the surveys of six selected enterprises as the trouble-shooting exercises in the fields of production, maintenance and related functions,

-To make the recommendations, based on the surveys, for increase of man/machine productivity and decrease of waste and cost on the shop-floor level through simplification of operations, changes of equipment layout, alteration of materials and information process flow, improvement of materials handling, redesign of products, improvement of process and product control, use of appropriate tools, increased availability of machines, etc. and to assist in the implementation of proposals,

-To introduce industrial engineering methods and procedures-improved work methods and appropriate time standards for operatives and operations in selected enterprises for specific man/machines operations in order to raise efficiency and lower cost without involving significant capital expenditure,

-To prepare manuals with case studies from selected enterprises for use in the training workshops and as a reference books for management,

-To prepare and to conduct (at least three) workshops in industrial engineering practice for participants from public and private industrial enterprises,

-The expert will also be expected to prepare a final report, setting out the findings of his mission and his recommendation on further action which might be taken.

The expert in Plant and Maintenance Engineering

The expert will be attached to the Industrial Consultancy Unit. In co-operation with the national consultants from I.C.U. and under the leadership of Chief Technical Adviser, the expert will specifically be expected:

-To prepare the surveys of six selected enterprises with emphasis on state of installed equipment and need for replacement of worn-out machines and removal of bottle-necks, as well as on requirement and availability of spare parts and tools for smooth running of production,

-To make the survey of existing facilities in Mogadishu for spare parts manufacturing and to make recommendations for needed spare parts production,

-To assess investment in hard and local currency for replacement of worn-out equipment and removal of bottle-necks and for procurement of tools and spare parts in selected six enterprises,

-The expert will also be expected to prepare a final report, setting out the findings of his mission and his recommendation on further action which might be taken.

The expert in financial analyses

The expert will be attached to the Industrial Consultancy Unit. In co-operation with the national consultants from I.C.U. and under the leadership of Chief Technical Adviser, the expert will specifically be expected:

- To make assessment of the assets for, at least, four public industrial enterprises from the list of enterprises to be privatized,

- To train at least three ICU consultants in the field of financial assesment of the assets,

-To prepare manuals with case studies from selected enterprises for use in the training of ICU consultants and as a reference books for management,

- To assist ICU in internal financial management-budgeting and costing (preferably based on computer software package),

-The expert will also be expected to prepare a final report, setting out the findings of his mission and his recommendation on further action which might be taken.

Administrative Officer

As an administrative Assistant to the Chief Technical Adviser, the incumbent who will be internationally recruited will assume the following duties:

-To undertaken the project as well as I.C.U. administrative work in order to ease the C.T.A. and I.C.U. management burden of

administrative details. The specific tasks will be as follows:

- a) to prepare the request for and to record the project local currency disbursements from UNDP and GCC inputs,
- b) to register income from I.C.U. fee-based assignments and to keep the book of all expenses of I.C.U.,
- c) to keep the records of UNDP and I.C.U. assets,
- d) to take care of project and I.C.U. personnel files including extension of staff service agreements, annual and sick leave records, etc.,
- e) to keep the records of I.C.U. staff personnel income payed by I.C.U. (wages and incentives),
- f) to administer the use of project cars and to keep the records of cars mileage and petrol consumption,
- g) to control the stocks of stationary and spare parts for cars and office equipment and to initiate and effectuate the recording,
- h) to prepare the forms for project equipment ordering and to proceed with approved requisition keeping the tracks of the orders,
- i) to organize the proper filing of all project and I.C.U. documentation,
- j) to prepare the minutes of some meetings by request of C.T.A.,
- k) to take of all project and I.C.U. correspondence by letters and telexes,
- l) to assign some of above mentioned tasks to locally recruited administrative assistant and senior secretary and to supervise the execution of their tasks.

-To train the I.C.U. administrative staff in above mentioned practice.

-To implement well defined, standard bookkeeping, document recording and in-office reporting as well as mailing system in I.C.U.

-To introduce to all I.C.U. staff the UN system-organization and specific procedures related to project.

The incumbent will be responsible for execution of all above mentioned tasks and he or she will effect the duties under supervision of C.T.A.. He or she will co-ordinate the work of administrative assistant and senior secretary, assigned to project, giving them all necessary support, assistance and advice throughout the duration of project.

V. Framework for effective participation of national and international staff

The project will be implemented by the Ministry of the Trade and Industry and through the Ministry, by the industrial enterprises under the jurisdiction of the Ministry. Within the

Ministry, the Technical Committee will form the institutional coordinating base for the project. The basic task of the Committee will be to make recommendations for priorities to be tackled by the project as well as to review enterprise plans and performance and to initiate actions necessary for remedial action, and advise the Minister on these matters.

The Project team will be composed of national professionals from the Industrial Consultancy Unit and international experts. The Technical Committee chaired by H.E. Vice Minister will monitor the project's activities. Managers of enterprises, and other staff and officials will be called upon to participate in the project's activities, when and if, deemed necessary.

The required activities to produce the indicated outputs and to achieve the project's immediate objectives will be carried jointly by the national staff from Industrial Consultancy Unit and international staff. The responsibilities and accountabilities for the activities to be performed by Unit consultants in selected enterprises will be delineated in the contract made between UNIDO and the Unit.

The other project's activities such as training of the Unit's consultants, support to fee-based assignments of the Unit and others, will be determined by mutual discussion and agreement of Chief Technical Adviser and the Unit's manager, at the beginning of the project, and set-out in a Framework for effective participation of the Unit and international staff in the project. The Framework will be discussed and agreed with the Technical Committee and will be reviewed, if necessary, periodically. The respective roles of the national and international staff shall be in accordance with the established concept and specific purpose of the technical cooperation.

The effective participation of management of selected enterprises in project's activities related to improvement of the performance has to be secured by the Ministry of Trade and Industry prior to start-up of the project.