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Report of the Evaluation Mission*

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* This document has not been edited.

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1. INTRODUCTION

As part of the evaluation of "Investment and Technology Promotion Meetings and of the IPS System" (requested by the Director-General) the **TECHMART AFRICA '97** event (24-26 November 1997) was attended by EVAL staff, Mr. J. Navratil.

TECHMART Africa '97 represents Component 2 of the Investment, Technology and Information Programme for Selected English-speaking African Countries (XA/RAF/96/646). In order to achieve synergy of ITPD activities this Component was linked to the Component 1 "*50 Innovative and Successful Industrial Enterprises*" of the same Programme: all 6 African countries participating in Component 1 participated also in TECHMART (but not vice versa) and a number of companies participating in the Component 1 (but not all of them) participated also in TECHMART.

Another logical linkage could be assumed with Component 3 "*Technology Transfer and Management*" (training in technology management and acquisition issues): for the sake of synergy the training could have focussed on countries and companies participating in TECHMART. While the two countries in which the training was conducted (Kenya and Uganda) did participate in TECHMART, only one participant at the training course in Uganda and no participant at the training course in Kenya attended the TECHMART so that the linkage and synergy between Components 2 and 3 were negligible.

TECHMART also provided a platform for promotion of 21 investment projects in the building materials sector in 12 COMESA countries identified and formulated under the UNIDO/COMESA project TF/RAF/90/902.

While the main objective of the mission was to evaluate the TECHMART Component, the concurrence of the Component 1 and of the other COMESA project made it possible to collect some information and make observations also on these parallel activities.

Project Managers of both Components (Mr. Padickackudi for TECHMART, Mr. Vencatachellum for the Innovative Component 1) and Mr. Klykov for the UNIDO/COMESA project supported the mission and provided required information.

2. BASIC DATA

2.1 *Component 2: TECHMART Africa '97 (excluding the COMESA project)*

UNIDO budget: US\$ 194,500

SMIDO budget: US\$ 13,000 (approximately) plus contribution in kind (staff, use of the Government premises for the event, transport by cars provided by the Ministry of Industry, etc.).

Number of "manufacturing technology and joint venture opportunities" in the Compendium (demand)		74
Number of technology offers (out of which approx. 40 from African countries)		121
No. of registered participants = 170 of which:	technology suppliers	114
	technology seekers	56
No. of companies from:	India	32
	UK	18
	Mauritius	13
	South Africa	8
Total no. of stands = 59	India	23
	UK	12
	Mauritius	9
	South Africa	8
	Kenya	2
	Ethiopia	1
	Uganda	1
	Namibia	1
	Egypt	1
	COMESA	1
Number of scheduled meetings		578
Number of reported meetings		446
Number of L/I (plus 16 for the COMESA projects)		25
Reported number of contacts with a potential to continue		75

2.2: *Component 1: "50 Innovative and Successful Industrial Enterprises in Africa"*

Budget: US\$ 324,000

Participating countries: Egypt, Ghana, Ethiopia, Kenya, Zimbabwe, Mauritius.

After diagnostic analysis and screening of a number of companies national juries selected in each country three most innovative and successful companies in each of the three categories: small, medium and large scale. In Ghana no 3rd prize was awarded in the small scale category, in Zimbabwe prizes were awarded only in the small scale category.

Winners in each category participated (at project cost) in the regional contest during the TECHMART event.

2.3: *The UNIDO/COMESA project*

Twenty one investment profiles were available for rehabilitation or new projects in the ceramics (16) and cement (5) subsectors in 12 COMESA countries (Madagascar, Tanzania, Eritrea, Ethiopia, Malawi, Namibia, Swaziland, Kenya, Angola, Mozambique, Zambia, Zimbabwe). Seven of the projects were represented by (3) local promoters, the others by staff from the COMESA and UNIDO secretariats.

Sixteen Letters of Intent were signed, in most cases between technology suppliers (often from India) and COMESA staff representing the COMESA companies; in 6 cases the L/I were signed by local promoters.

3. CONDUCT OF EVALUATION

Prior to the mission itself the available information about the participants, technology demand and offer profiles, compendia of demand and offers and back-to-office mission reports on Components 1 and 3 were studied, linkages among Components identified and specific questionnaires for interviews of different categories of participants prepared. Statistics on the hits on URL "TECHMART AFRICA '97" on INTERNET were looked at (September 31 hits, October 35 hits, November 16 hits).

As mentioned above, the TECHMART event itself was conducted in parallel to the final stage of the Component 1. This consisted of presentation of winners of the national prize awards in 6 countries (Egypt, Ethiopia, Ghana, Kenya, Zimbabwe, Mauritius) in each of three categories - small, medium and large scale. It also consisted of selection (from among the national winners) of the best innovative and successful enterprises at regional (Africa) level (three in each category). The competition kept busy a number of actors and their supporters (the room for 50 odd people was full almost all the time) for 60% of the duration of TECHMART. As many TECHMART participants (including 6 out of 9 national project coordinators) were at the same time involved in the Innovative Component, the chances to interview these participants were less frequent.

At the same time it was felt important to interview in particular those foreign participants who came to the meeting without any financial subsidy so that viability of self-financed participation at such events could be ascertained.

In total 34 persons were interviewed, some of them twice or three times (in the course of and after the event): 3 consultants promoting TECHMART among technology suppliers (in UK, India, South Africa), 5 national project coordinators promoting and supporting TECHMART and/or the Innovative and Successful Enterprises Component (Zambia, Ghana, Egypt, Uganda, Mauritius), 18 technology suppliers (from India, UK, South Africa, Mauritius), 5 technology seekers (from Ethiopia, Ghana, Zambia, Namibia, Zimbabwe), and 3 companies which were awarded prizes in the national competitions for Innovative and Successful Enterprises. In addition discussions were held with the Director of SMIDO, COMESA staff and the International Project Coordinator for the Innovative Enterprises Component.

4. FINDINGS FROM INTERVIEWS AND OBSERVATIONS

4.1 *TECHMART*

- Most of the participants were mobilized through national experts recruited under the project. In a few cases the participants learned about the event from newspapers. INTERNET did not play any role.
- Most national experts had very good positions in the institutional framework of industry with excellent access to and well established personal contacts with the targeted segment (technologically sensitive SMEs) of industrial companies. They also had access to or have well established contacts with authorities approving subsidies to SMEs.
- However, no participant has been mobilized in Italy and France by the national experts suggested by the IPSs. In the case of UK the mobilization of companies as well as of Government subsidies for the UK and African companies was done by *The Technology Exchange Ltd*, a small private company with long-lasting partnership arrangement with the UNIDO Technology Service. While this partnership has proved to be very successful, it is in hardly any professional linkage with NIMTECH which houses a UK-funded UNIDO investment promotion office managed by the UNIDO Investment Services.
- Compendium of the "opportunities" (demand) was not available for the technology suppliers at the moment they had to take a decision about participation at the event. This was considered by most technology suppliers as inadequate; a few of them said had they known in advance the structure of the demand they would not have come. Others, who did not find much corresponding demand either, said they would have come anyway "to show the flag".
- In the case of a few Indian companies a list of titles of technology requests from four African countries (with company addresses and - in a very few cases - draft Technology Demand Profiles) was provided to them early enough to take a decision. Even though it was only the title and not the description of the request it made it possible for them not only to decide on participation but also to contact the potential partner and to clarify some issues before meeting at TECHMART. This approach facilitated the process of negotiation and contributed to very satisfactory results (in terms of serious contacts established) at least for one Indian company. The desire to apply this approach was expressed by a number of technology suppliers.
- With the few exceptions mentioned above the Technology Demand Profiles were not known to the technology suppliers so that they could not meet the objective of the Profile "to allow the potential technology supplier to assess... whether partnership conditions are favourable". In the few cases when the Profiles were available they were not considered helpful because they contained information difficult to interpret and did not contain information required by the supplier (in one case: information on the product to be produced).
- Filling in the Technology Demand Profile was felt difficult by both the technology seekers and national consultants helping them to fill in the data particularly as regards Section 1.5. It was also felt by them that filling in the form did not influence them in what they requested.
- Filling in the Technology Offer Profile was not considered difficult (except for the economic data which in most cases remained blank); however, in some cases companies sent background material to the national consultant and expected him to fill in the form.

- The information on each profile/opportunity as summarized in the Compendium was considered adequate and sufficient for the purpose of raising interest and deciding on establishing a contact with the company.
- Financial support to companies for participation at the TECHMART was provided as follows:
 - * UK: 600 pounds sterling for each of the 18 UK companies and 22 African companies (approximately US\$ 40,000 in total); in the case of UK companies the support covered 40-60% of the costs.
 - * South Africa: 80% of the costs for each company (some of them brought along large consignments of equipment for display, in one case the transport cost reaching US\$ 3,000). Total contribution of the Government is estimated at US\$ 40,000-50,000.

African companies-national winners under the Innovative Enterprises Component had the cost of participation paid by Component 1. However, out of the 16 national winners participating in Component 1 at project cost only 6 participated at TECHMART.

 - * No subsidy whatsoever was given to the companies from India; one of the objectives of such a policy of the Indian Government is to ensure that only viable and truly interested companies participate.

A number of companies and institutions from Africa, which submitted offers or requests and registered, in the end did not attend, reportedly due to financial constraints.

- As regards organization of the event itself, positive assessment by participants prevailed. However, a few organizational issues were raised:
 - * contrary to instructions in the distributed brochure on TECHMART the person-to-person meetings were arranged at meeting tables even for those who had a booth; this was considered irrational (in the meantime the Project Manager reported that the problem had been rectified);
 - * in a number of cases one of the parties did not turn up at the meeting; there were a number of reasons: insufficient awareness of the participants to check the pigeon boxes frequently, arrangement of some meetings by the PC programme only on the basis of participants' classification, without their explicit request for the meeting, and, in a few cases, distribution of the meeting schedules at the very time when the first meetings were supposed to start. Engagement of a number of technology seekers in the Innovative Enterprises Component contributed also to this problem; in fact during the sessions of the Component 1 the traffic at the booth was very low.
- The regional (African) dimension of the event was in general appreciated because it was associated with the perception of a large number of technology seekers. Some technology suppliers would not have come had the TECHMART been organized for one small country only.
- A significant number of technology suppliers expected larger number of technology seekers to be present; they inferred that the event "probably had not been sufficiently advertised" in Africa. A number of them had a feeling that the opportunity to broadly disseminate awareness of their technology (which they considered very appropriate for Africa) would be missed out. ("I have a serious concern: I do not see much possibility for channelling the information about my technology to the African countries".) This position highlights very clearly the perception of TECHMART as an open fair for displaying available technologies to as many people as possible, including

technology seekers, R&D institutes, consulting and engineering companies, NGOs, as well as Government institutions responsible for technology development. This perception differs from the standard UNIDO concept of a promotional forum confined primarily to participants identified as potential partners.

- The same perception was reflected in the wish of a number of companies and institutes on the technology supply side to be given an opportunity for a general presentation of the company/institute and technology(ies) to general audience.
- Some national experts, particularly from countries not involved in the Innovative Component, were active in collecting information from different suppliers for the purpose of disseminating it in their home countries. (Mr. Yamba from Zambia deserves to be singled out.) However, as this activity was carried out by a few national experts only, it could not do away fully with the above mentioned concern on the part of some technology suppliers.
- The technology suppliers were eager to learn more about UNIDO, in particular about what UNIDO can do (in addition to matchmaking) to support dissemination and use of their technologies and development of their business contacts. Inquiries about support in the search for funding were also raised. While the workshop on Technology Services was praised by the participants for raising skilfully conceptual and strategic issues of competition in a changing world (with focus on innovations), it was felt that - in addition - a briefing with questions/answers on UNIDO operations should have been offered at an early stage of the event. For example, most of the participants were not aware that information about their technologies is and will be on INTERNET; any reference to including the technology in the databases of UNIDO was highly appreciated.

S Hardly anybody from the interviewed technology suppliers represented an investor with capital large enough to finance a large project. Typically the supplier was interested either in sale of technology (licence) or know-how (expert/consulting services or training) or equipment and training (turn-key project). In some cases the arrangement was for test marketing to be followed by local production. A number of them were also interested in starting production of their more sophisticated equipment in an African country as a joint venture with a goal of gradually increasing the local component in the product. As most of them could not fund such projects they either expected the partner to have funds or to have access to funds. Being aware of the financial constraints they assumed a rather modest scope of the business deal and/or gradual build up of any partnership which might be initially agreed on. As a result the scope of the initial negotiations concluded by the interviewed companies was in most cases below US\$ 0.5 million. In a few cases the deal ranged up to US\$ 2.5 million.

- A few companies participated at other previous UNIDO promotional meetings but for most of them it was the first ("learning") experience. A number of them were interested in being informed in the future about such events.

4.2 *Component 1: Innovative and Successful Enterprises*

- The interest of the participating companies in the competition was very high and truly spontaneous; in one case of a company not achieving the first prize in its category in the regional contest resulted in an outburst of disappointment which revealed strong emotional dimension of the contest.
- It was felt by some participants in the contest that a more homogeneous group of countries (for example: Sub-Sahara countries only) would have facilitated the decisions of the regional jury.
- Some of the interviewed companies participating in the contest confirmed that the award was an important moral support for them. Some of them hoped the award would facilitate negotiations with banks; one expected improved marketing position.
- The interviewed national project coordinators asserted the collection of information had been very labourious; the most difficult task was to raise and maintain the interest of the companies in the diagnostic review (technology audit). In a number of cases the companies refused to cooperate/spend time on the project. On the other hand only a small part of the information (collected under the questionnaire C) was used for the purpose of competition; most of it is to be used for drawing generic conclusions about the factors of competitiveness to be shared and disseminated among the companies of the region.
- The companies interviewed (from among the national winners) confirmed the process had been labourious but they recognized it had been "an eye opener".
- The attention given to the contest and its results by high-level politicians and media was considerable.

4.3 *The COMESA projects (building materials)*

- The project profiles deviated from the standard UNIDO IIPP form. Profiles for the cement plants consisted of two pages of elementary information on the sector and projects. Profiles for the ceramic projects contained 6-8 pages of technological and investment information with detailed breakdown of the required equipment and its estimated cost, but without calculating commercial or economic viability. The information appeared sufficient to raise interest in the projects by a relatively large number of participants. (In fact some of the information on costs of equipment was disregarded as the technology suppliers had their own idea about its cost.)
- Some letters of intent were signed by COMESA staff on behalf of the local sponsors (who were not present). These letters of intent indicate interest of foreign partners in the project (usually to deliver equipment) but they do not represent a full-fledged indication of interest of the local sponsors. In six cases the letters of intent were signed also by local promoters.
- In some cases the supplier of technology expressed interest to participate up to 20% of the cost of equipment in direct investment in the project. In most cases it is assumed that financing by a third party would have to be looked for.

5. CONCLUSIONS

S Both Programme Components of XA/RAF/96/646 and the COMESA projects component could be considered as successful in terms of:

- C number of participating technology suppliers and the type and level of technology they offered (though advanced, much of it could be considered as "appropriate");
- C number of meetings;
- C number of letters of intent signed and number of expected on-going contacts;
- C keen interest of the African companies in the competition and award;
- C publicity and attention given to both Components by the media and high-level political bodies;
- C satisfaction of the client (COMESA) and a large segment of the target beneficiaries (participating companies and institutions).

No doubt UNIDO Project Managers contributed significantly to the above-mentioned good results; a lot of effort, organizational skills and responsiveness must have been invested in the preparation of the event. There is, however, still some scope for improvement as specified in recommendations.

- The concept of TECHMART to provide a platform for technology suppliers (irrespective of their capital strength to invest) to present and offer their technologies in the hope of finding a party ready to buy it or establish a partnership is relevant particularly for SMEs on the supply side. In other words: the small-scale technology suppliers do need a platform to "show the flag". Furthermore, when mobilizing small-scale technology suppliers from developing countries, the forum becomes a tool supporting economic and technical cooperation among developing countries (ECDC or TCDC). However, to make the platform as effective as possible the mobilization of technology suppliers for participation needs to be based on the knowledge of expected demand.
- In view of the fact that many of the technology suppliers do not have their own capital large enough to invest, the type of business deals and partnerships is bound to be small scale. This does not, however, exclude the possibility that significant business deals would evolve in the course of time. Access to a third party source of funding could support the size and growth of the business/partnership.
- Participation of investment-focussed promotional activities at a technology-focussed event (TECHMART) did not cause any problem or confusion on the part of participants. Promotion of international business and partnership development was understood to be the objective of both of them, the differences in approaches and tools appeared insignificant.
- Success in mobilizing companies for participation in the event depends very much on the selection of promoters of the event at the country level (recruited usually as national experts), their position in the institutional framework (access to industrial companies and to Government authorities supporting SMEs) and their personal contacts and knowledge of companies. In most cases the mechanism proved effective.
- Particularly in view of the small size of the projects the level of information to be collected on the demand side need not be unnecessarily detailed; the current Technology Demand Profile questionnaire is unnecessarily extensive and not fully adequate to the purpose it should serve.

- Even in the case of large projects like the ones for the building materials sector in the COMESA countries the information needed to raise interest in the project need not be as extensive and comprehensive as required by the standard IIPP format.

6. RECOMMENDATIONS

6.1 Component 2: TECHMART

Conceptual

- S** The concept of TECHMART as a platform for promotion of transfer of technology without explicitly required investment role/function of technology suppliers deserves to be maintained by UNIDO. The promotional meeting may be organized either as a stand-alone event or as a component in combination with an investment promotion meeting.
- S** Preference should be given to sectoral promotional meetings (or to a group of related industrial sectors) over promotional meetings covering any sector of industry. Sectoral focus will make it easier to provide professional (technical) support to the preparation and follow up of the meetings both by the national experts and UNIDO technical staff.

Operational

- In compliance with the above recommendation, get the technical (sectoral) specialists of UNIDO involved in the preparation, holding and follow up of the promotional meetings. They would be the most appropriate entry point for the promoted technologies to become - after screening - part of UNIDO formal and informal databases and knowledge on available technologies possessed by SMEs.
- Support wide dissemination of the promoted technologies also through other methods:
 - * Make it an explicit duty for the national expert(s) from the developing country to channel the information on the promoted technologies to the information, R&D and other relevant institutions and services in the country.
 - * Make the event accessible by the above institutions and services of the host country.
- Inquire the possibility of local banks to attend the event and present/explain their services.
- Make sure in the planning phase that there is always enough time for dissemination of information on the demand for technology before the technology suppliers make a decision on participation.
- Review the Technology Demand Profile form with the aim of confining it to information which is required for the promotional purpose only (which is needed by the supplier); as explained above the scope of information required by investors/technology suppliers is more narrow than what is in the present questionnaire.
- Do not rely on knowledge of information and instructions sent out in writing in advance and ensure proper briefing of the participants about the event and UNIDO related services at the beginning of the meeting. In particular advice the participants about the information on promotional meetings and business opportunities available on the UNIDO web site .

- In the case of complementary workshops and seminars do not schedule meetings during that time; it is conceivable to schedule the meetings till early afternoon and have the seminars afterwards.
- As a rule, arrange a meeting only for those who apply for it. Exceptions need to be well substantiated in order to avoid disappointment resulting from false expectations.
- Allocate on the agenda of the event some time to general presentations of those technology suppliers who wish to have any.

It is also advisable to establish and specify principles of cooperation between the Technology Exchange and NIMTECH and their management bodies at UNIDO.

6.2: *Component 1: Innovative and Successful Enterprises*

While this Component was not a subject of a comprehensive evaluation under this mission (the prevailing part of the Component having been implemented at national level in six countries), the following recommendations can be made based on the observation of the regional contest:

- Selection of countries for a region-wide contest should aim at a certain level of similarity as regards the stage of industrial development of the countries. Too sharp differences among the countries may lead to quasi-political difficulties for the regional jury if companies from a more advanced developing country should win all or most of the first prizes.
- In view of the intensity of the regional contest and the time it requires it is preferable not to hold it in parallel with a promotional meeting assuming an active role of a participant in both events. While the venue may be the same, a separation in time planning should be aimed at.

To make good use of the vast amount of analytical information on industrial companies collected under this Component it is hoped that the information will be processed and broadly disseminated soon.