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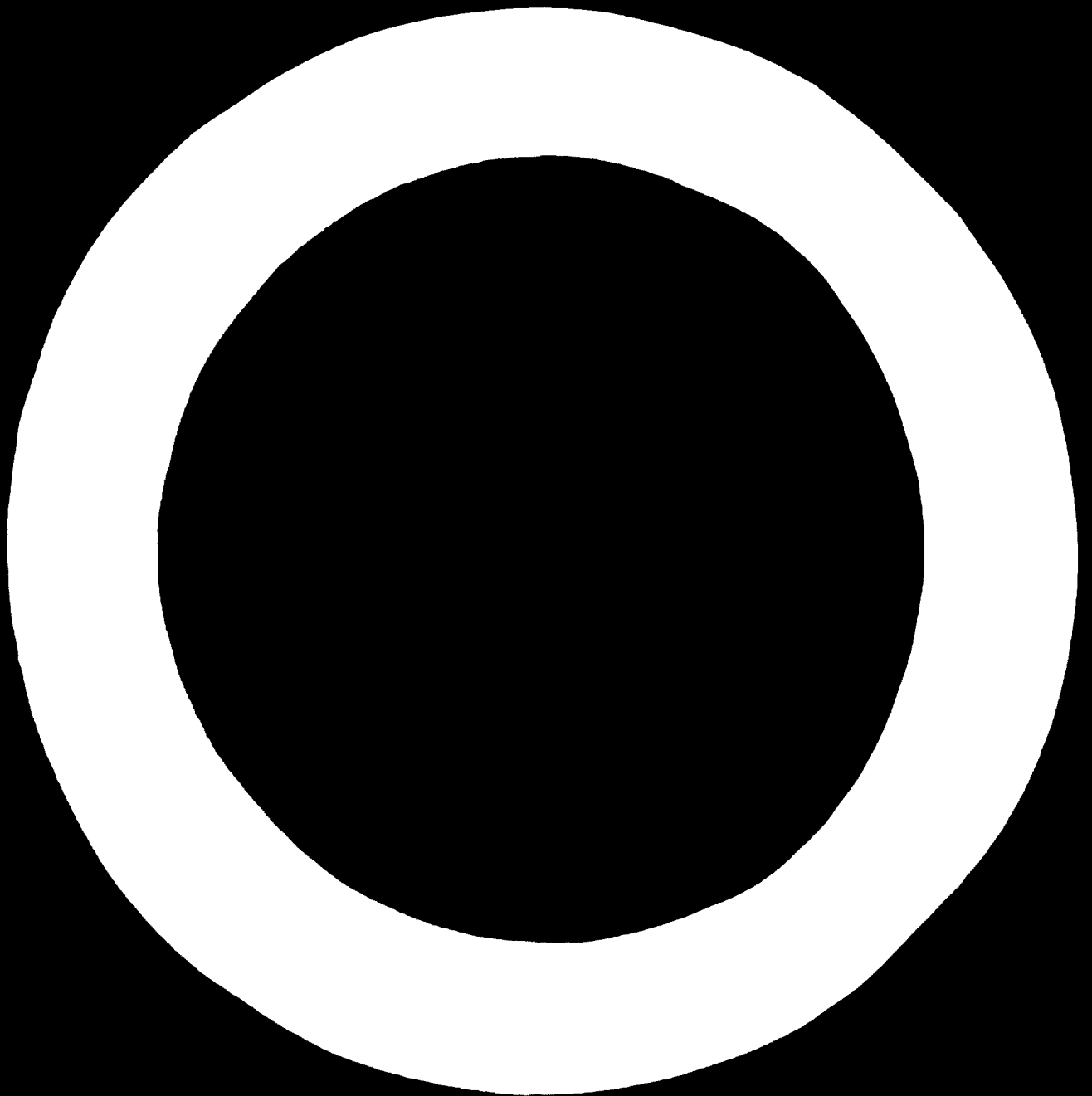
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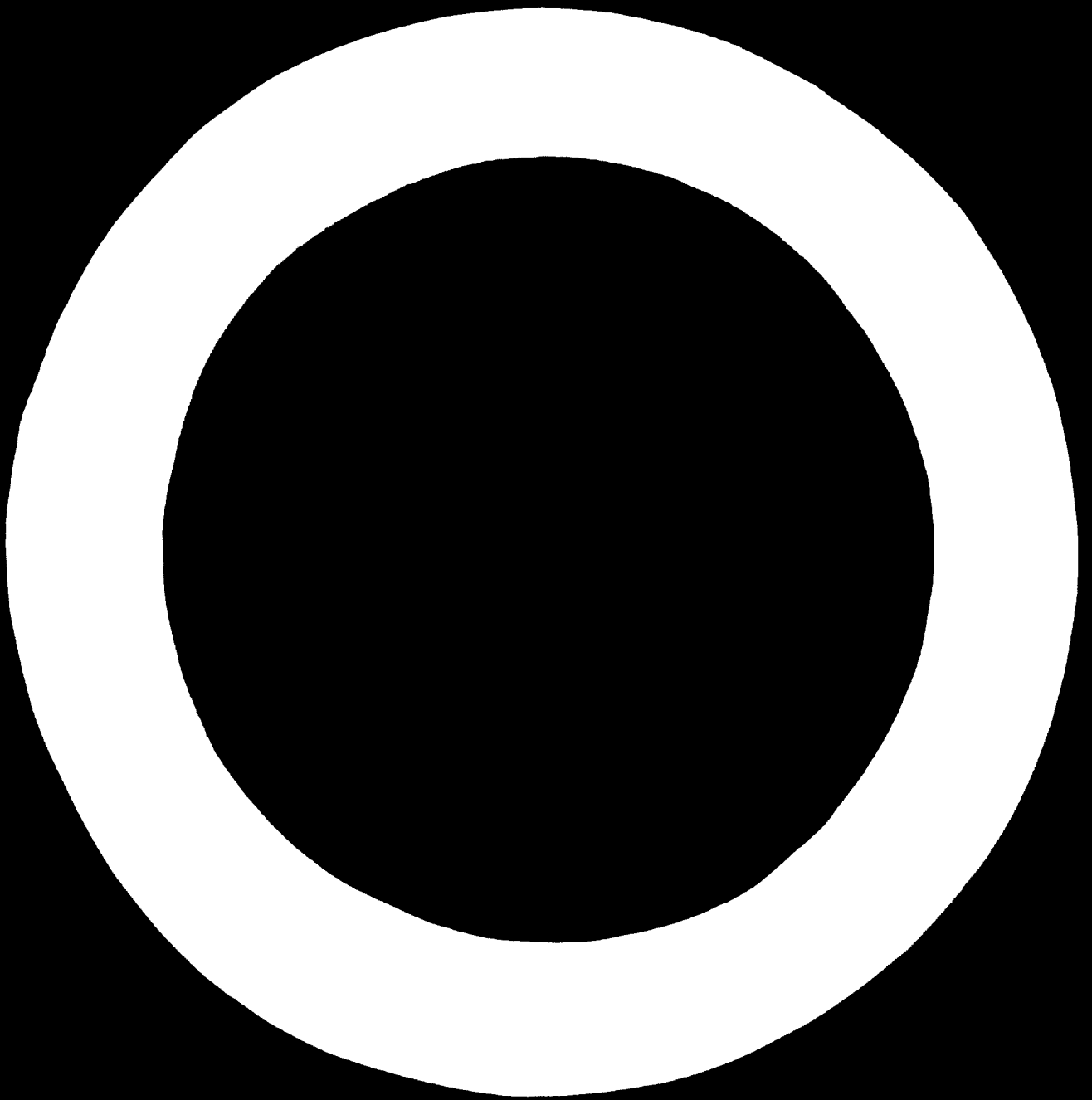
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**DIRECTORY OF EXTERNAL SOURCES
OF FINANCING
AVAILABLE FOR INDUSTRIAL PROJECTS
IN DEVELOPING COUNTRIES**



UNITED NATIONS INDUSTRIAL DEVELOPMENT ORGANIZATION
Vienna, May 1969

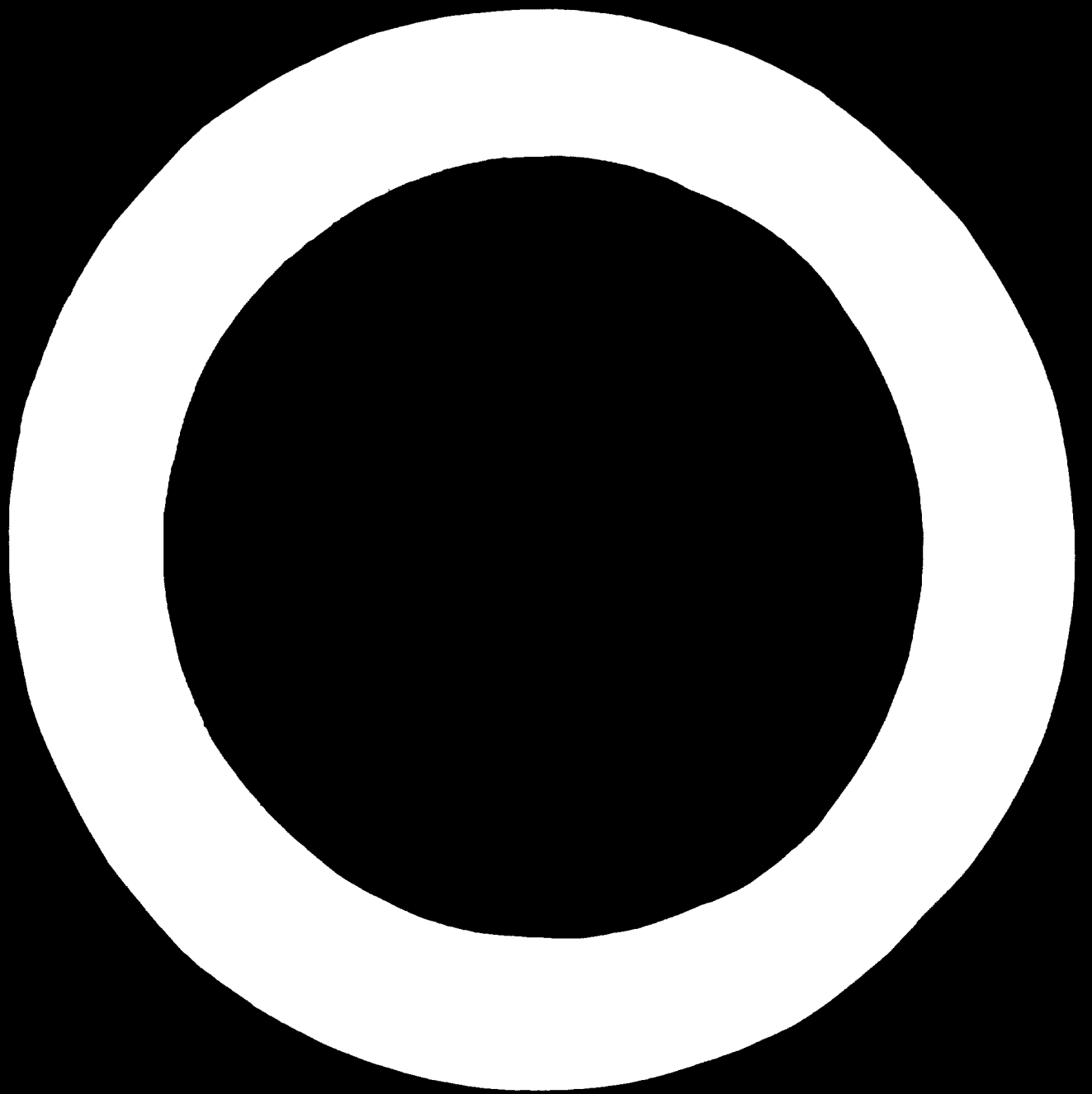
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Preface

In its Resolution 2152 (XXI) the General Assembly assigned UNIDO the function, among others, of supplying "assistance at the request of Governments of developing countries in obtaining external financing for specific industrial projects by providing information on the terms and conditions of the various financing agencies". Various studies have been undertaken by the United Nations and other organizations, national and international, with the purpose of analysing and evaluating the sources of financing available in the capital-exporting countries.

The purpose of this publication is only to supplement existing studies in this field, as it was felt that a booklet giving essentially practical information could be of use as a first reference material in selecting suitable sources of financing for industrial projects in developing countries. The Directory of External Sources of Financing is therefore conceived as a working instrument, listing individual institutions - international, national, public and private - and providing basic practical information on their structure and activities.

The information presented on each source of financing has been provided and checked by the institutions listed. The forms of financing considered are direct loans (medium- and long-term loans), equity participation and export credits.

The following information is provided for each source of financing:

- (a) Name and address of the institution with a classification indicating its origin;
- (b) Structure and resources of the institution;
- (c) The scope of activities of the institution with particular reference to financing of industrial projects in developing countries, omitting in general other types of activities;
- (d) The terms and conditions of financing as far as available and published;
- (e) Description of the procedure governing the application and processing of financing requests.

It should be noted that the present version of the directory is only a first attempt to provide some basic information on external sources of financing. It should also be stressed that the present directory is not a complete compilation of existing sources of financing available for industry in developing countries; some information, particularly on institutions of a non-governmental nature, was not available for inclusion in this first version. Neither does this directory provide full information on the terms and conditions of financing of listed institutions. These items vary considerably according to the nature of the project and are, therefore, not published. The directory does not aim at analysing or evaluating the various sources and does not contain any reference as to which source or form of financing may be most appropriate for a particular project.

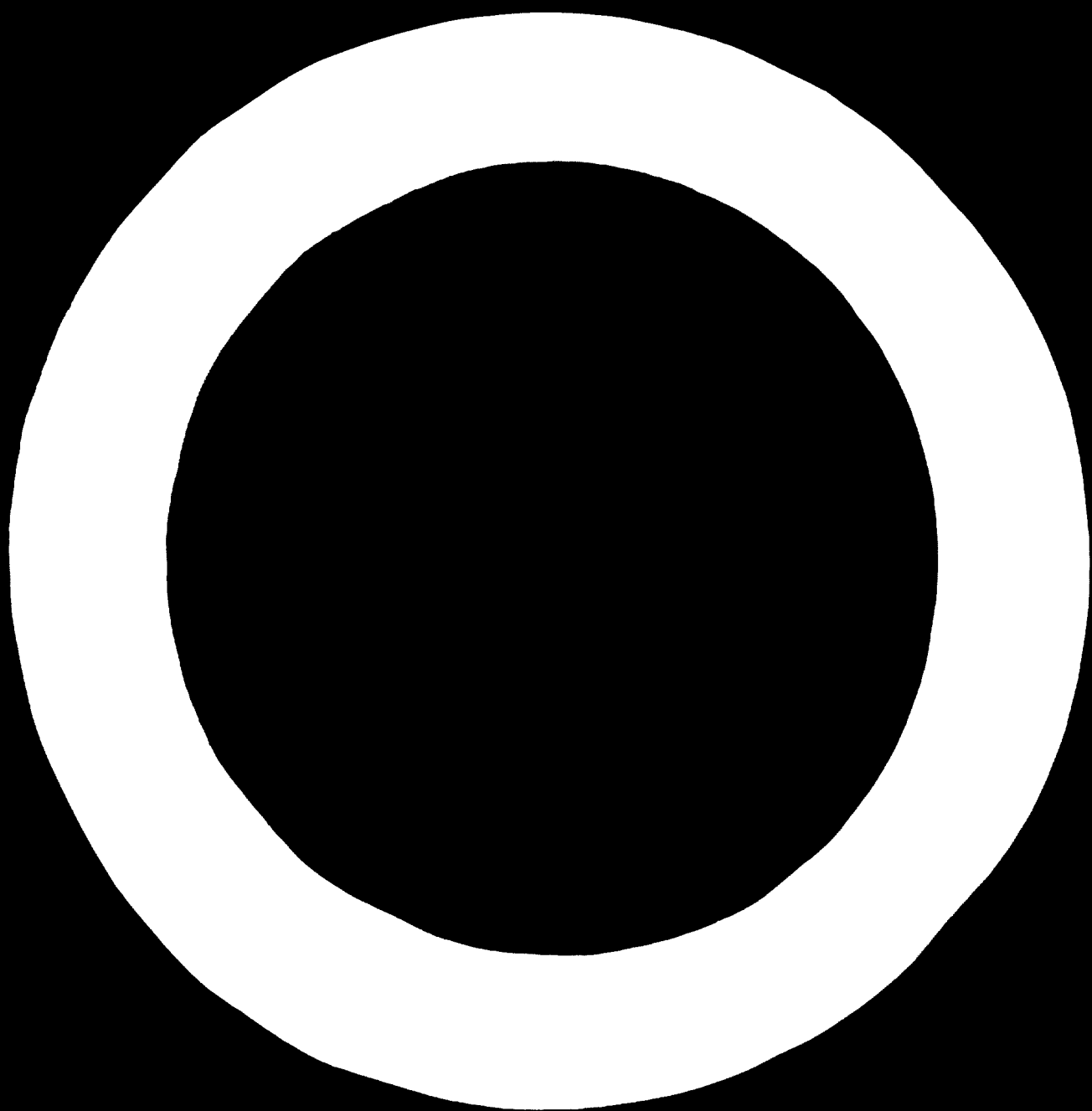
It is intended to complete the directory as information becomes available by adding new sources and updating or expanding data provided on the listed sources. This directory should, therefore, only be considered as a sample of a publication to be printed as soon as possible; the purpose of distributing such a sample is to elicit opinions, comments and suggestions which will help us in finalizing the directory. The present version is necessarily incomplete in coverage as well as in information.

In view of the fact that terms and conditions of existing sources of financing may change and new sources be set up, it is intended to publish the final version of the directory in a loose-leaf form to allow for updating and additions.

The present version of the directory covers 85 different sources of financing of the following types:

- (a) International sources: intergovernmental institutions and specialized agencies of the United Nations;
- (b) Regional sources: governmental and non-governmental institutions with multinational membership whose scope of activities is limited to a geographical region;
- (c) Export credits: national systems of export credits granted by commercial banks or specialized institutions and in general guaranteed by specialized insurance companies;
- (d) Sources of financing located in developed countries: governmental and private financial institutions providing capital under various forms for industrial projects in developing countries. The structure of these sources may be multinational or national, the scope of activities regional or world-wide.

I INTERNATIONAL SOURCES OF FINANCING



International

International Bank for Reconstruction
and Development
IBRD (World Bank)

1818 H Street, N.W.
Washington, D.C. 20433

STRUCTURE AND RESOURCES

Established: Monetary and Financial Conference, Bretton Woods, 1944, as intergovernmental institution; specialized agency of the United Nations; began operations 1948.

Membership: 110 countries.

Main

RESOURCES: Authorized capital: US\$24,000 million.
Subscribed capital: US\$22,985 million, of which 10 per cent is paid in and usable in the operations of the bank.

Subsidiary

RESOURCES: Borrowings through international sale of bonds and notes, net income, sales of loans, repayments on loans.

ACTIVITIES AND FUNCTIONS

Makes loans in member countries for high priority developmental purposes - to promote economic growth, international trade and investment, and improvement of standards of living.

Range of investment: infrastructure, industry (including manufacturing industry and development finance institutions), agriculture, education.

Co-ordinates aid from several sources to single recipient country by organizing consultative groups and aid consortia.

Provides technical advice and assistance in the preparation and execution of development programmes and plans and development projects.

TERMS AND CONDITIONS

Eligibility: borrowers may be governments, governmental agencies and private enterprises.

Loans are usually for specific projects, but are made only if funds cannot be obtained from other sources on reasonable terms; long- or medium-term loans only. Generally cover foreign exchange expenditures; are repayable in currency borrowed.

Terms are related to characteristics of the project; grace period is given. Interest rate is based on cost to the bank of raising money in the capital markets; present rate is 6.5 per cent. Commitment charge is 0.75 per cent, accrued from a date 60 days after the date of the loan agreement.

Guarantee requirements: If borrower is not a government, the loan must be guaranteed by the member government in whose territory the project is located, or by its central bank.

Use of proceeds: bank usually requires that goods and services purchased with proceeds of its loans be acquired on a basis of international competitive bidding by suppliers.

PROCEDURE

Formal loan requests are normally preceded by informal exploratory discussions. Requests to the bank for financing are processed as follows:

(a) Preliminary review of the project in relation to the country's economic priorities, needs and requirements;

(b) Technical examination of the economic, engineering, financial, managerial etc. aspects of the project;

(c) Assessment of the credit-worthiness of the borrower and of the guarantor country.

Formal loan negotiations follow the investigation procedure.

An agreement is signed between the bank and the borrower. If borrower is not a government, a guarantee agreement is signed by the appropriate government and the bank.

International

International Finance Corporation
IFC

1818 H Street, N.W.
Washington, D.C. 20433

STRUCTURE AND RESOURCES

Established: 1956 as an affiliate of the International Bank for Reconstruction and Development (IBRD) to help promote the growth of the private sector of developing countries; specialized agency of the United Nations.

Membership: 88 countries; open to all governments and members of IBRD.

Resources: Authorized capital: US\$110,000,000.
Subscribed capital: US\$102,114,000.

ACTIVITIES AND FUNCTIONS

Operates as an international investment bank; only intergovernmental institution with sole purpose of assisting international spread of private enterprise.

Range of investment: in addition to development finance companies mainly manufacturing industry, but also tourism and public utilities, and agriculture and services meeting IFC investment criteria.

In association with private investors, assists in financing the establishment, improvement and expansion of productive private enterprise.

Helps establish, expand or reorganize privately controlled local development finance companies and provides them with technical assistance.

Makes loans, invests in equities, underwrites sales of securities and shares by new or expanding companies.

Seeks to bring together investment opportunities, domestic and foreign private capital and experienced management.

Expects investment partners to provide management and does not assume management responsibilities.

TERMS AND CONDITIONS

Eligibility: private enterprise.

Invests in less developed member countries, when sufficient private capital is not available on reasonable terms.

Investment criteria: economic priority, soundness and profitability of project. Each investment is examined on its merits and in relation to local factors:

No standard formulae for terms of investment but normally combination of debt and equity.

No fixed relationship between amount of loan and equity funds provided.

Funds available for foreign exchange and local currency expenditures; untied procurement.

Share investments are denominated in the currency of the country concerned.

Final maturities of loan portions are normally seven to twelve years; repayment usually in semi-annual instalments following a grace period. Commitment fee is 1 per cent per year on undischursed portions of loans.

Participation in enterprise is generally limited to under 25 per cent. Normally investments are not less than US\$500,000 and not greater than US\$20 million.

IFC does not require or accept government guarantee for loans; government consent is sought for every investment within its territory.

IFC's investment agreements conform to the normal practices of long-term investors and contain standard protective covenants.

PROCEDURE

No standard form of application; investment proposals are submitted to IFC. Preliminary information includes description of the enterprise; legal status; financial history; present and proposed operations; amount and purpose of financing sought; financial forecasts of operating results and, where relevant, cost and availability of raw materials and other inputs; and review of technical assistance or other agreements.

IFC works closely with enterprise in further formulation of investments and as a rule appraises enterprises on the spot.

International

International Development Association
IDA

1818 H Street, N.W.
Washington, D.C. 20433

STRUCTURE AND RESOURCES

Established: 1960; affiliate of World Bank; specialized agency of the United Nations.

Membership: 102 countries divided into two groups: economically more advanced (Part I) member countries make their entire subscriptions in convertible currency, all of which may be used by IDA for its lending; less developed (Part II) nations pay only one tenth of their subscriptions in convertible funds and the remainder in the member's own currency, which is not usable by IDA without the member's consent.

Basic

RESOURCES: Principally subscriptions and contributions by member countries and transfers by World Bank from its net income.

Subscriptions: US\$1,012 million, of which \$792.5 million is available for lending.

Subsidiary

RESOURCES: Supplementary funds contributed by Part I (developed) member countries, grants from World Bank borrowings, net income.

ACTIVITIES AND FUNCTIONS

Provides financing for important development requirements of less developed member countries on terms which are more flexible and bear less heavily on the balance of payments than those of conventional loans, thereby supplementing World Bank's activities.

Range of investment: financing provided by IDA must be for purposes which are of high developmental priority and, except in special circumstances, shall be for specific projects; infrastructure, industry, agriculture, education and other developmental requirements.

As an affiliate of the World Bank, IDA, where appropriate, joins with it in the provision of technical assistance and in aid co-ordination.

TERMS AND CONDITIONS

Eligibility: IDA credits made available only in low income, less developed countries whose balance of payments problems make it difficult or impossible to service sufficient imports of external capital to meet the requirements of development. Governments, governmental agencies, private enterprises may borrow from IDA. In practice IDA lends to governments on concessionary terms; government then relends money to project on conventional terms.

Loans usually for specific projects but are made only if funds cannot be absorbed and serviced on conventional terms, including terms of World Bank. All long-term loans.

Generally cover foreign exchange expenditures; are repayable in currencies borrowed. However, if a borrowing government relends the proceeds of an IDA credit for a revenue-producing project, it is required to do so on the terms of interest and repayment that are customary in the country concerned.

Terms: 50 years, interest free. No commitment charge; service charge of 0.75 per cent on amount withdrawn and outstanding to meet IDA's administrative costs. Grace period of 10 years; thereafter, 1 per cent of the credit repayable annually for 10 years and 3 per cent annually for the final 30 years.

Use of proceeds: IDA usually requires that goods and services purchased with proceeds of its loans be acquired on a basis of international competitive bidding by suppliers.

PROCEDURE

Formal loan request, preferably preceded by informal exploratory discussions. In general, processing of request falls into two parts:

- (a) Preliminary review of the project for which financing is requested in relation to the country's economic needs and potential;
- (b) Detailed appraisal of the economic, technical, managerial, organizational, commercial and financial aspects of the project.

Formal loan negotiations follow if, after these intensive investigations, the project appears suitable for financing and the country is eligible for assistance.

An agreement is signed by IDA and the recipient. The agreement becomes effective upon fulfilment of certain prescribed conditions.

International

World Food Programme
WFP

Via delle Terme di Caracalla
Rome, Italy

STRUCTURE AND RESOURCES

Established: 1961 under joint United Nations/Food and Agriculture Organization (FAO) auspices.

Resources: Voluntary contributions from members of the United Nations and from members and associate members of FAO: commodities, cash, services. Total: US\$167,227,915.

ACTIVITIES AND FUNCTIONS

The programme provides food in support of economic and social development projects, including industrial development projects, as well as for emergency relief.

Food investment in labour-intensive industrial projects.

TERMS AND CONDITIONS

Eligibility: governments.

Assistance is for specific projects. Minimum size of project: US\$200,000 at current international prices for commodities involved; exceptions in certain cases.

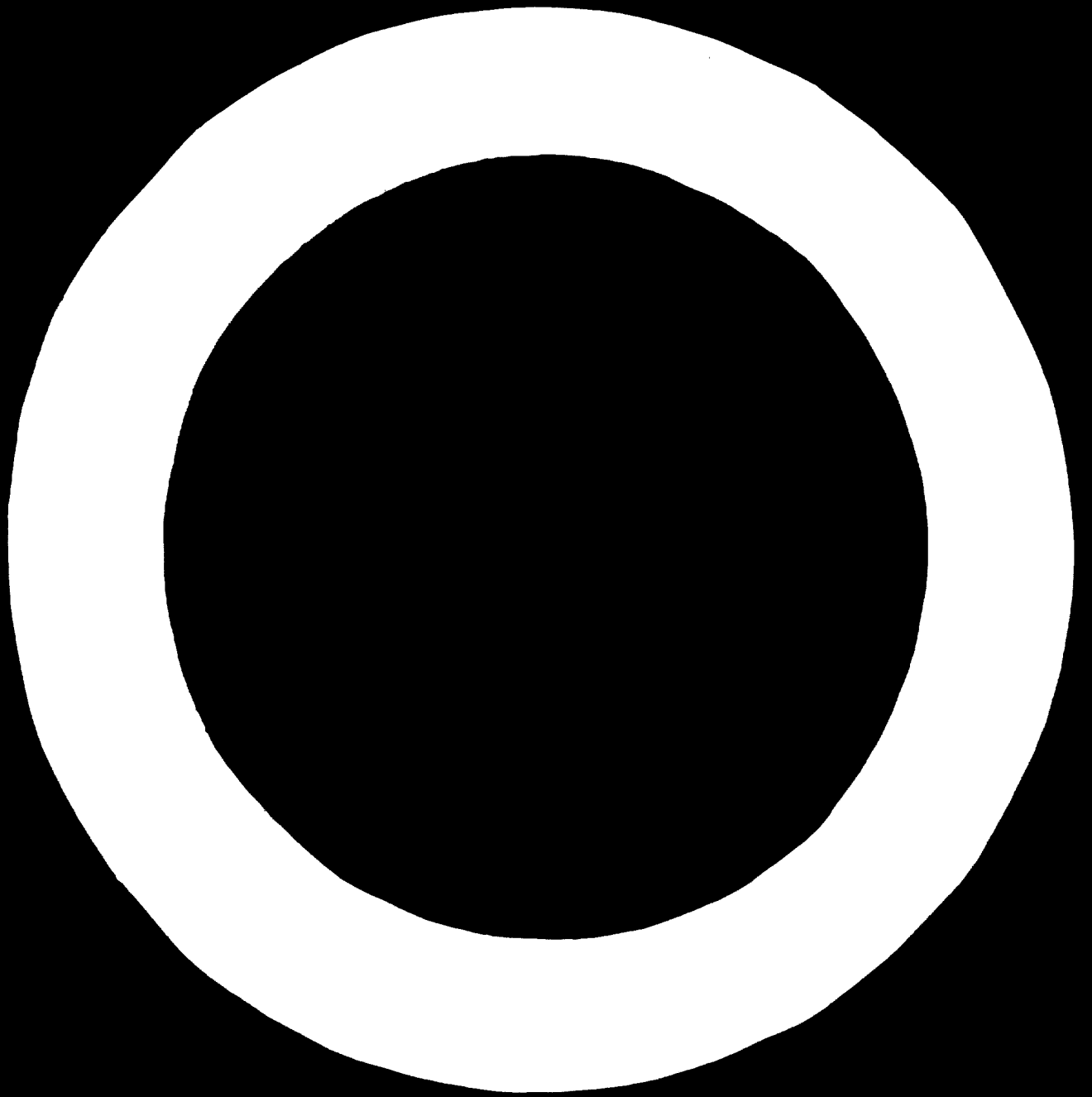
Recipients must normally meet non-food costs incurred in the country. (WFP takes responsibility for external transport.)

PROCEDURE

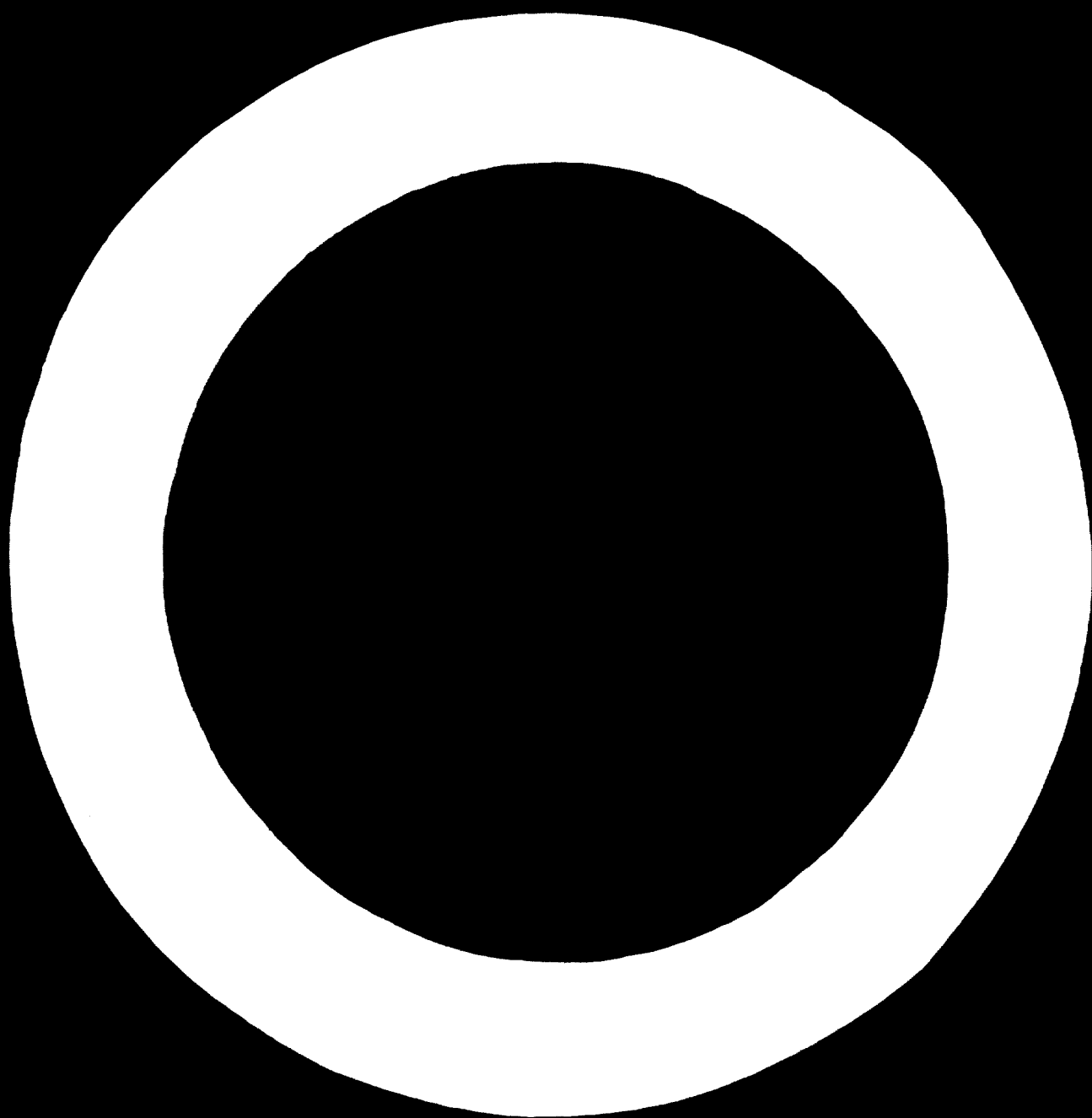
Requests for assistance are submitted by the governments through the United Nations resident representative.

After examination of the project, negotiations take place between the government and the Programme. An agreement is signed between the Programme and the government.

Responsibility for project execution rests with the recipient government, progress reports on implementation must be submitted to the Programme.



11 REGIONAL SOURCES OF FINANCING



Regional
Intergovernmental

African Development Bank
ADB

P.O. Box 1387
Abidjan, Ivory Coast

STRUCTURE AND RESOURCES

- Established:** 1964, following initiative of the United Nations Economic Commission for Africa. Began operations 1966.
- Membership:** Restricted to independent African countries. Geographical coverage: continent of Africa and African islands.
- Resources:** Authorized capital: 250 million units of account^{1/} (equivalent: US\$250 million). Capital subscribed by African countries only.

ACTIVITIES AND FUNCTIONS

- Finances investment projects and programmes relating to economic development.
- Promotes investment of public and private capital.
- Participates in equity.
- Provides technical assistance.

TERMS AND CONDITIONS

- Eligibility:** member countries, autonomous public entities, development finance institutions, private enterprises.
- Loans are for specific projects, groups of projects, particularly within national or regional development programmes.
- Preference is given to projects which benefit two or more member countries and to private projects with substantial indigenous ownership.
- The borrower has to make an investment from his own funds of approximately 50 per cent of the cost of the project.
- Loans are given when financing cannot be obtained from other sources on reasonable terms, normally cover foreign exchange costs only and are repayable in currencies borrowed.
- Upper limit for loans: US\$8 million for multinational projects; US\$3 million for national projects. Loans under US\$100,000 are not considered.
- Periods for repayment vary with the nature of the project (from five to twenty years). Grace periods may be granted. Rate of interest is market rate for international loans for industrial plants, public utilities etc.

PROCEDURE

- No standard form of application. Preliminary inquiries by prospective borrowers at the bank's headquarters.
- Basic information to be supplied includes description of the project; economic, financial and technical feasibility; plan of operation for the activity; total estimated cost of the project with breakdown into local and offshore costs; size of the loan; estimated financial results.
- An agreement is signed by the bank and the borrower.

^{1/} This unit of account represents a value of 0.88867000 grams of fine gold, i.e. an amount corresponding to the present par value of the United States dollar as recognized by the International Monetary Fund.

Regional
Intergovernmental

Asian Development Bank

Commercial Center
P.O. Box 126
Makati, Rizal, D-708
Philippines

STRUCTURE AND RESOURCES

Established: On the basis of proposals made to the United Nations Economic Commission for Asia and the Far East; commenced business December 1966.

Membership: Open to members and associate members of ECAFE, as well as to other countries in the ECAFE region and non-regional developed countries that are members of the United Nations or any of its specialized agencies. Present membership is 32 (19 regional and 13 non-regional). Geographical coverage: international membership; operational activities confined to developing member countries in the ECAFE region.

Resources: Authorized capital: US\$1,100 million.
Subscribed capital: US\$970 million.

ACTIVITIES AND FUNCTIONS

Aims to foster economic growth and co-operation in the region and to contribute to acceleration of economic development in developing member countries of the region, collectively and individually.

Range of investment: principally financing of specific projects, whether forming part of national, subregional or regional development programmes in such fields as industry, agriculture, power and transportation and communications; financing pre-investment and feasibility studies and project preparation; making loans to, or guarantees of loans to, national development banks or other suitable entities; and providing technical assistance to regional member countries, their subsidiary entities, or private entities and also to regional institutions where appropriate.

Promotes investment of public and private capital for development purposes.

Utilizes the resources at its disposal for financing development of the developing member countries of the region.

Meets requests to assist member countries in the co-ordination of their development policies and plans.

Provides technical assistance for the preparation, financing and execution of development projects and programmes.

TERMS AND CONDITIONS

Eligibility: governments of developing member countries, any of their agencies, instrumentalities or political subdivisions, and both public and private entities and enterprises operating within such countries, as well as international or regional agencies or entities concerned with economic development in the region.

Apart from the prevailing rate of interest and commission, the bank charges a commitment fee on the undischursed amount of each loan.

Loans are ordinarily repayable in the currency borrowed.

In evaluating projects, the borrower's economic, technical and financial viability and various other relevant factors, including his ability to obtain assistance elsewhere on reasonable terms, are taken into account.

Procurement normally only from member countries.

PROCEDURE

No standard form of application; appropriate application with relevant information may be addressed to the bank.

Regional
Intergovernmental

Inter-American Development Bank
IDB

POA 17th Street, N.W.
Washington, D.C. 20547

STRUCTURE AND RESOURCES

Established: 1959 upon agreement by nineteen Latin American countries and the United States; began operations 1961.

Membership: Member countries of the OAS; contribution also from other countries. Geographical coverage: Latin America.

Main

resources: Ordinary authorized capital: US\$3,150 million
Fund for special operations: US\$2,321.436 million
Social Progress Trust Fund: US\$525 million

Subsidiary

resources: Canadian Fund US\$37,037,037
United Kingdom Fund US\$ 9,942,720
Swedish Fund US\$ 5,000,000

ACTIVITIES AND FUNCTIONS

Utilizes its own capital, funds raised by it in financial markets, and other available resources to promote development through the provision of loans and technical assistance.

Encourages private investment in projects, enterprises and activities contributing to economic development.

Co-operates with member countries to orient their development policies towards a better utilization of their resources and the orderly growth of their foreign trade.

TERMS AND CONDITIONS

Eligibility: member governments, local authorities, private enterprises.

Loans are only for projects in which the borrower has made or expects to make a substantial investment from his own funds, when financing cannot be obtained from private sources on reasonable terms.

Maturities, interests and conditions of repayment vary according to the purpose and the source of the funds as follows:

Ordinary capital resources: maturities between 7 and 25 years, grace periods from 2.5 to 3.5 years; repayable in the currency borrowed; interest 7.75 per cent; commitment fee 1.25 per cent.

Fund for special operations: maturities between 15 and 30 years, grace periods from 3.5 to 4.5 years; may be partially or wholly repayable in the currency of the borrower; interest from 2.5 to 4 per cent; special commission of 0.75 per cent may be added.

PROCEDURE

No special application forms for loans. Prospective borrowers are encouraged to make preliminary inquiries at the bank's headquarters or at the regional offices. Basic information required includes description of the project, total estimated costs, size of the loan needed and estimated financial results. In addition, for private firms, information on efforts made to secure capital elsewhere and a guarantee by a private or governmental banking institution are required.

Regional
Intergovernmental

European Development Fund
(Fonds Européen de Développement)
FED

170, rue de la Loi
Brussels 4, Belgium

STRUCTURE AND RESOURCES

Established: 1958; created under the Treaty of Rome establishing the European Common Market (European Economic Community - EEC); part of Association Convention - 1964; Yaounde Convention. Administrative division of EEC Commission. Geographical coverage: associate African countries and Madagascar, overseas countries and territories, French overseas departments.

Resources: 730 million units of account^{1/} (equivalent: US\$730 million) contributed by EEC member countries.

ACTIVITIES AND FUNCTIONS

Provides grants and soft loans for economic and social investments, training programmes, technical assistance, development of agricultural and manufacturing industry.

Makes cash advances to stabilization funds or boards.

Subsidizes the interest on loans made by the European Investment Bank.

MEMBERS AND CONDITIONS

Eligibility: For non-repayable grants: associate countries, public non-profit corporations, producers, groups of producers;

For special loans: same as for non-repayable grants plus private firms.

Terms and conditions are determined separately for each project and are stated in the financing agreement.

Soft loans: maximum duration 40 years; grace period up to 10 years.

PROCEDURE

Projects selected by the associate country are submitted to the Fund. After evaluation, the project is submitted to the EEC Commission.

A financing convention is signed by the borrower and the EEC Commission.

^{1/} This unit of account represents a value of 0.00067000 grams of fine gold, i.e. an amount corresponding to the present par value of the United States dollar as recognized by the International Monetary Fund.

Regional
Intergovernmental

European Investment Bank
(Banque Européenne d'Investissement)

2, place de Metz
Luxembourg
(provisional address)

STRUCTURE AND RESOURCES

Established: by the Treaty of Rome creating the European Economic Community (EEC); began activities in 1958. An independent public law institution within the framework of EEC.

Membership: The six member countries of EEC. Geographical coverage: members of EEC and countries associated with EEC.

Resources: Funds of its own: 1,000 million units of account^{1/} (equivalent: US\$1,000 million). Borrowing on the international capital market. In 1967, the total amount raised in the form of loans was 194.5 million units of account (equivalent: US\$194.5 million).

ACTIVITIES AND FUNCTIONS

The activities of the bank in member countries are directed towards developing less developed regions, modernizing enterprises in accordance with the requirements of the Common Market, and projects of common interest to several member countries, particularly major infrastructure projects.

The bank also acts within the framework of the association agreements for Greece and Turkey and the Yaoundé Agreement for the African and Malagasy States and the associated overseas countries and territories.

The bank grants financial assistance in the form of loans for various projects including industrial projects.

TERMS AND CONDITIONS

Eligibility: governments, local authorities, public or private enterprise.

For operations in member countries, interest rates and terms are identical with those prevailing on the international capital market in the case of leading borrowers; they vary with market conditions.

For associated countries, interest rates and terms depend on the association agreements. Duration is from 7 to 20 years; interest rates vary but may be quite low in accordance with the terms of these agreements; grace periods are granted. Loans are granted for individual projects.

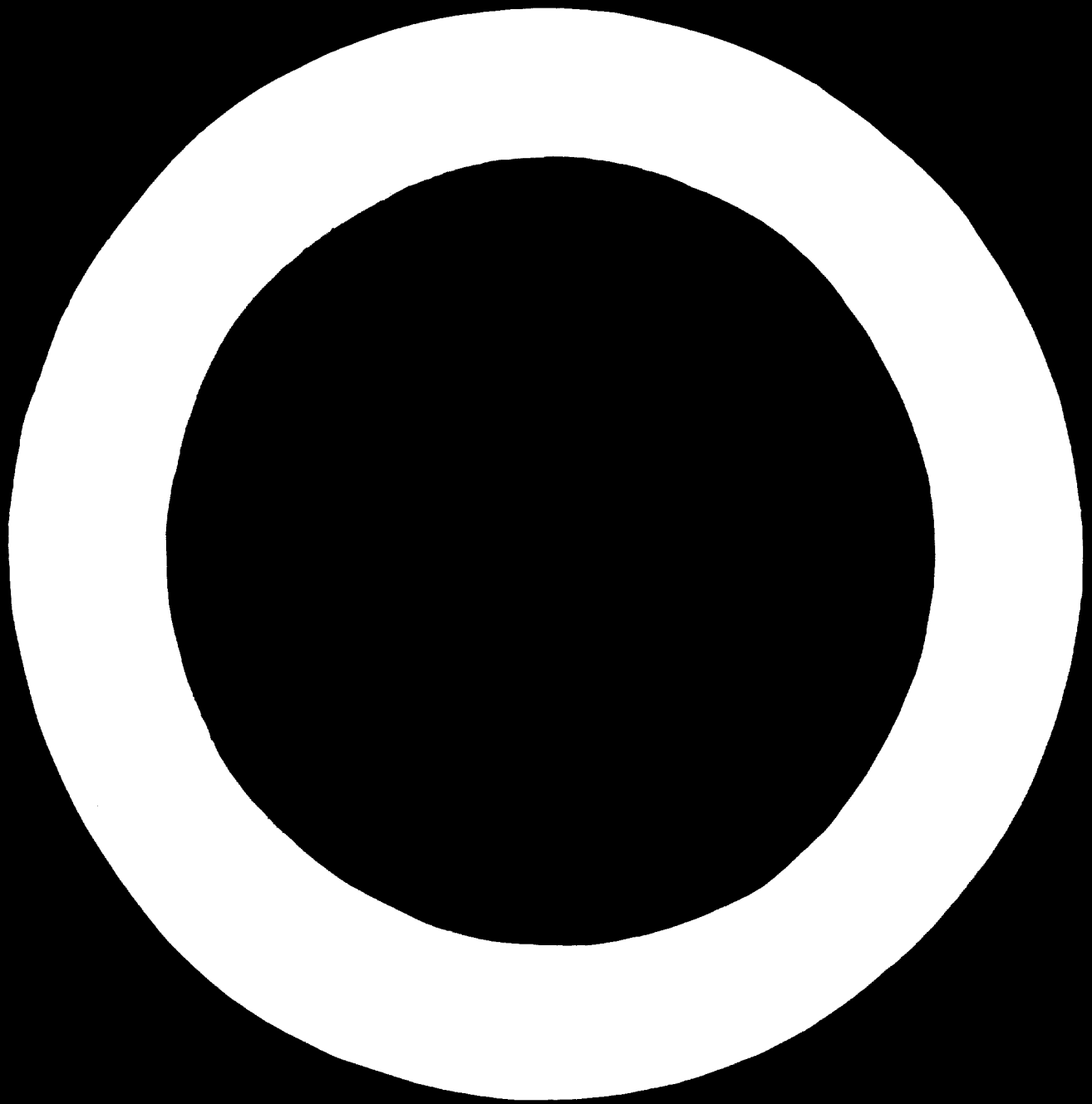
Disbursements are made in currencies available in the currency treasury of the bank. All loans must be guaranteed.

PROCEDURE

The procedures are very flexible. It is to be noted, however, that loans cannot be granted without the approval of the government within whose territory the project is to be carried out.

There is a certain amount of leeway with respect to the documentation required in the application. It must normally indicate the amount of the loan requested, the repayment period, the total cost of the project, the plan of financing and the security offered. The economic value of the project must also be stated.

^{1/} This unit of account represents a value of 0.00067000 grams of fine gold, i.e. an amount corresponding to the present par value of the United States dollar as recognized by the International Monetary Fund.



Regional
Intergovernmental

Banco Centroamericano de Integración Económica
(Central American Bank for Economic Integration)

P.O. Box 772
Tegucigalpa, D.C.
Honduras

STRUCTURE AND RESOURCES

Established: Under Constitutional Agreement, signed 1960 by the five member countries - Costa Rica, El Salvador, Guatemala, Honduras and Nicaragua. Financial organization of the Central American Economic Integration Programme; began operations 1967.

Resources: Total: more than US\$200 million.
Authorized capital: US\$40 million, of which \$20 million have been paid.

The external resources originate from loans of international financial organizations such as AID and BID; supplier credits of foreign countries (e.g. Belgium, France, Italy, Mexico, the Netherlands, Spain, Switzerland and the United Kingdom); and from credit lines of the commercial banks of the United States (e.g. the Bank of America, Morgan Guarantee Trust Company and the Philadelphia National Bank).

ACTIVITIES AND FUNCTIONS

In accordance with the principal objective of promoting the economic integration and balanced development of the member countries, the bank finances exclusively economically sound and technically viable projects. The financial structure of the bank is composed of (a) the Ordinary Fund - mainly for the development of industrial projects of regional interest; (b) the Central American Economic Integration Fund which meets the requirements of the region's physical infrastructure; and (c) the Housing Finance Fund - for the construction of housing in Central America.

TERMS AND CONDITIONS

Eligibility: projects or pre-investment studies which are of regional interest and concern the following investment sectors:

- (a) Infrastructure projects;
- (b) Projects of long-term investment in industries of regional character;
- (c) Co-ordinated projects: specialization of agriculture and cattle-breeding;
- (d) Projects for financing the extension, modernization and improvement of enterprises;
- (e) Projects related to the financing of services that are indispensable for the operation of the common market and
- (f) Other productive projects aiming at creating economic links between the member countries and increasing the Central American trade.

Financing is made up to 80 to 80 per cent of the amount of the investment for projects in the private sector, depending on whether the enterprise is new or already existing, and up to 100 per cent for projects in the public sector.

Participation in the capital of an enterprise does not exceed 30 per cent of its capital.

Requests for credits under US\$50,000 are not considered.

Interest rates vary according to the purpose of the loan:

- 8 per cent for industrial loans, for fixed investments
- 9 per cent for industrial loans, for working capital
- 9 per cent for hotel loans

6.5 per cent for feasibility studies, private sector
5.5 per cent for feasibility studies, public sector
5.25 per cent for projects in the public sector.

Loans are granted in Central American currencies, in US dollars and in other foreign currencies, according to the availability of resources.

PROCEDURE

No special procedure; applications for financing should be submitted to the bank.

Regional
Intergovernmental

East African Development Bank

13 Portal Avenue
P.O. Box 7128
Kampala, Uganda

STRUCTURE AND RESOURCES

Established: 1967, as an institution within the provisions of the Treaty for East African Co-operation by Kenya, Tanzania and Uganda (partner States); began operations 1968.

Membership: Partner States; institutions, enterprises, bodies corporate upon approval of Governments of partner States. Geographical coverage: member countries of the East African Community.

Resources: Authorized capital: 400 million units of account,^{1/} partner States providing 120 million units of account. Loan funds raised within the Community and abroad.

Special Resources: Funds raised from external aid agencies designed to promote the objectives of the bank.

ACTIVITIES AND FUNCTIONS

Provides financial and technical assistance to promote the industrial development of partner States. Provides direct loans for the development of industrial projects in the partner States.

Invests from its ordinary resources in the equity capital of industrial enterprises.

Guarantees in whole or in part loans made by others for industrial development in East Africa.

TERMS AND CONDITIONS

Eligibility: public and private enterprise.

Loans are made for specific projects, if financing cannot be obtained elsewhere on reasonable terms. Only economically sound and technically feasible projects are financed.

Through its equity investments the bank does not seek to secure a controlling interest in the enterprise concerned.

Funds are provided either in the local currency of the country in which the project is located or in convertible currency.

Loans are provided to assist in meeting the foreign exchange cost of a project.

Rates of interest, charges and repayment periods vary with the nature of the project. A commitment fee is charged on direct loans. A guarantee fee is charged in guaranteeing loans. The bank charges a commission on funds administered under its special operation.

Under each loan contract, the bank requests the right to exercise all necessary powers of entry, inspection, supervision and information.

Repayment is normally made in the currency borrowed.

PROCEDURE

Applications for finance must be submitted to the director-general of the bank. Information to be provided in the first instance includes description of the project (sponsors, location, inputs), estimated costs, capital structure and estimated financial results.

A contract is signed by the bank and the borrower.

^{1/} This unit of account represents a value of 0.124414 grams of fine gold. The present par value of the United States dollar, as recognized by the International Monetary Fund, is 0.88867000 grams of fine gold.

Regional
Private

ADELA Investment Company S.A.

13, Bd. de la Foire
Case Postale Villa 351
Luxembourg^{1/}

STRUCTURE AND RESOURCES

Established: Multinational private investment company, incorporated in the Grand Duchy of Luxembourg, 1964. Geographical coverage: Latin America.

Resources: Authorized capital: US\$50 million.
Total resources: US\$117 million (June 1968).

ACTIVITIES AND FUNCTIONS

Makes and develops capital investment in private enterprises in Latin America.

Invests in private enterprises, assists private investors.

Contributes to development of local and regional capital markets.

Provides equity capital, engages in debt financing, carries out underwritings.

Provides services in economic planning, market research and marketing, engineering, manufacturing, finance and administration (through ADELATEC: Technical and Management Services Company S.A.).

TERMS AND CONDITIONS

Eligibility: private enterprise.

Terms and conditions are determined separately for each project.

Investment criteria include adequate market demand for products to be provided, technical feasibility and soundness of project, financial viability, economic justification and priority of the project for the development of the host country.

PROCEDURE

No standard method for submitting investment proposals; preliminary inquiries to be made at operations office.

Information to be provided includes description of the enterprise, description of expansion or new activity, financial requirements and statement on financing and services sought from ADELA.

ADELA deals only directly with the interested party or authorized representative.

^{1/} Operations office:
Edificio Pacifico-Washington
Plaza Washington 125
Casilla 207, Lima, Peru

Regional
Governmental

Kuwait Fund for Arab Economic Development

P.O. Box 2921
Kuwait

STRUCTURE AND RESOURCES

Established: Based on Law No. 35/1961 as amended by Law No. 9/1963 and Law No. 64/1966; charter by Ministerial Order, April 14, 1963. Public financial institution set up as autonomous body; full juridical personality. Administration: board - director-general. Geographical coverage: Arab States and countries.

Resources: Authorized capital: KD200 million.^{1/}
Subscribed capital: KD68 million (as of August 1968).

Power to borrow money and issue bonds within twice the amount of capital plus reserves.

ACTIVITIES AND FUNCTIONS

Assists Arab countries in developing their economies and in carrying out their development programmes and projects. Projects in the manufacturing industry sector also eligible.

Mobilizes Arab and foreign capital, public or private, for investment.

Project appraisal and research on Arab economies.

Publications: Annual Reports and loan agreements.

TERMS AND CONDITIONS

Eligibility: public, mixed and private Arab borrowers.

Assistance is tied to specific projects.

Financing of one project not to exceed 50 per cent of its total requirements or 10 per cent of fund's authorized capital.

Financial transactions payable and redeemable in Kuwaiti dinars.

Projects financed must be technically and economically sound and must have high priority in the economic development programme.

Loans restricted to projects yielding satisfactory return on investment.

Financing limited to foreign cost of projects, local costs being financed only in exceptional cases.

Interest rate is generally from 3 to 4 per cent per year, including charges (service charge: 0.5 to 1 per cent).

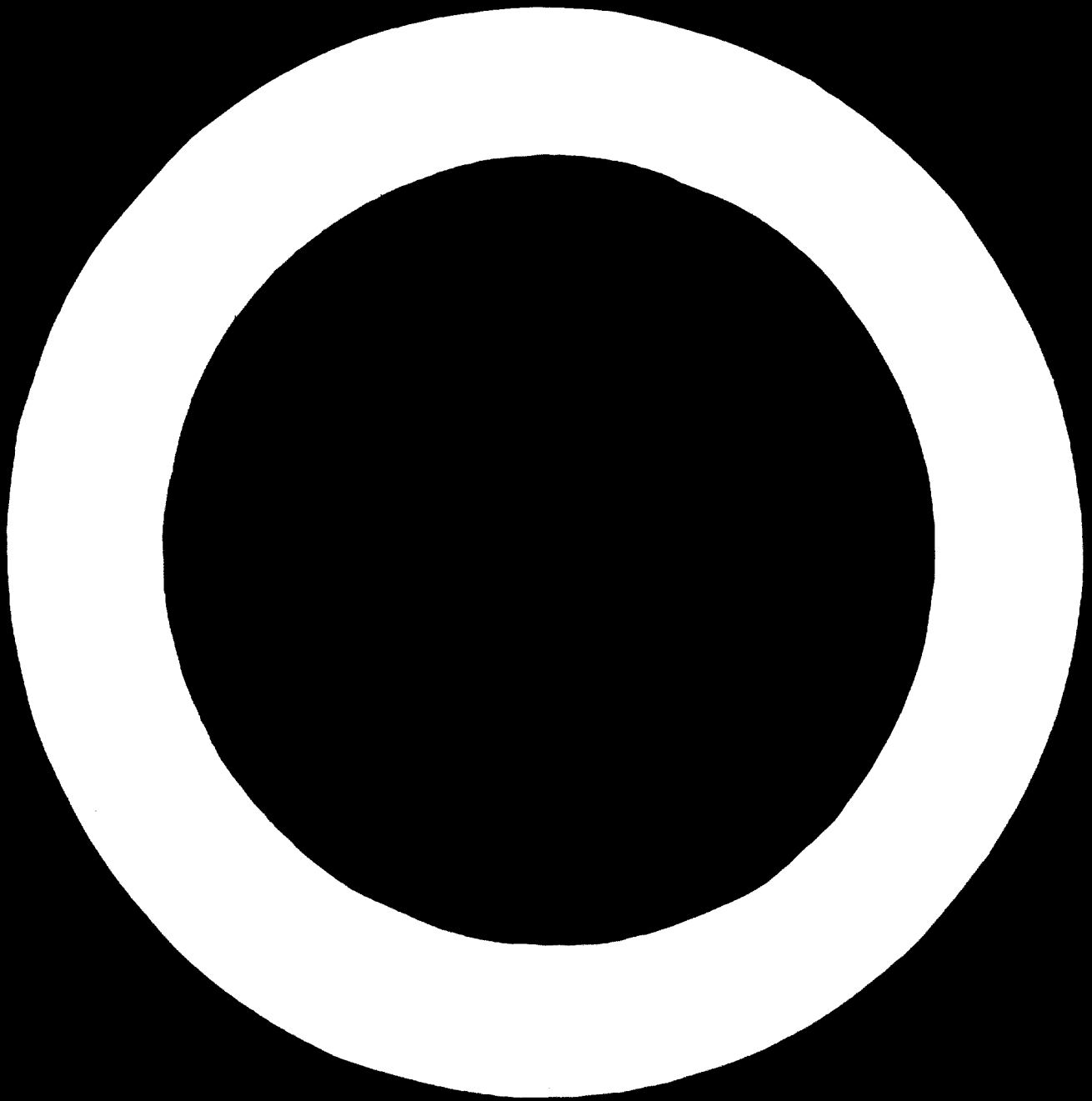
Duration is from 10 to 25 years with deferment periods ranging from 3 to 4 years, related to actual requirements of each project.

PROCEDURE

Applications for fund's assistance are submitted by the borrowing government or through the government of the potential borrower.

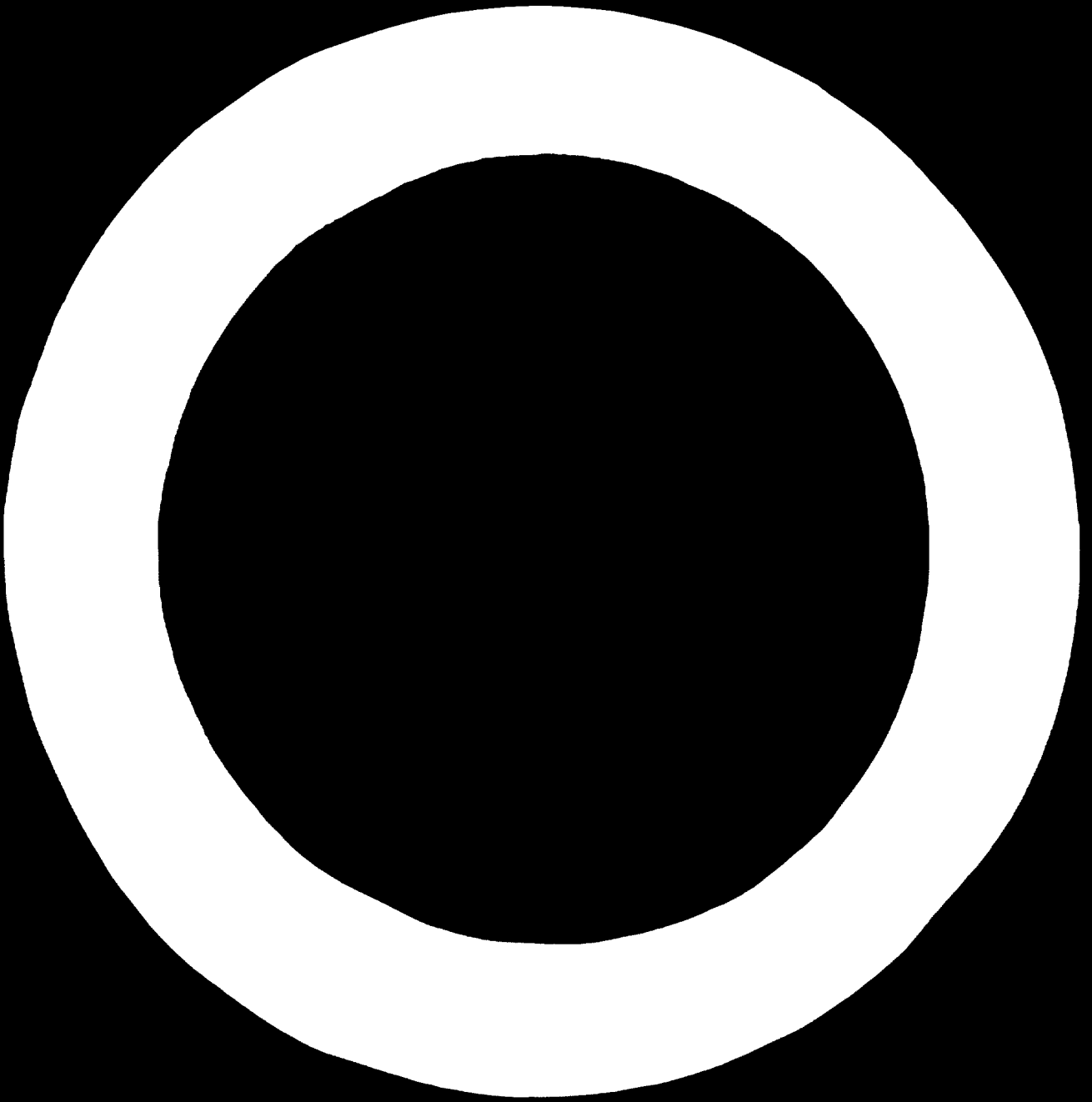
A loan agreement is concluded between the fund and the borrower covering terms of payments and repayments of loan proceeds (amount of loan, interest rate, repayment schedule), description of the project financed and obligations of borrower and guarantor related to the execution of the project and of the loan. This agreement is supplemented by a guarantee agreement with the government of the borrower when the borrower is not a government.

^{1/} O.357143 Kuwaiti Dinar - US\$1 (April 1968).



III SOURCES OF FINANCING IN INDUSTRIALIZED COUNTRIES^{1/}

^{1/} Including sources of financing to India.



AUSTRIA

Export credits

STRUCTURE

Credits for the acquisition of capital goods are financed by the commercial banks or the Österreichische Kontrollbank Aktiengesellschaft (medium-term supplier and buyer credits).

Medium-term supplier credits may be refinanced for a maximum of three years by the Österreichische Nationalbank (Central Bank).

Long-term credits are financed by the Österreichische Kontrollbank Aktiengesellschaft, established in 1948, for services to the credit community. These credits may be either given in the form of refinancing credits to the commercial banks for either supplier refinancing or buyer credits, or in the form of buyer credits directly extended by the Österreichische Kontrollbank Aktiengesellschaft.

For financing the acquisition of capital goods for developing countries a special refinancing scheme has been established. Resources originate from contributions of the Austrian Government, commercial banks and borrowings of the Österreichische Kontrollbank Aktiengesellschaft on the national and international capital markets.

TERMS AND CONDITIONS

Financing covers goods and services of Austrian origin.

The supplier is obliged to cover part of the risk; the maximum cover available is 90 per cent of the outstanding balance on credit (80 per cent of the balance can be refinanced with the Österreichische Nationalbank). In special cases a 100 per cent financing of the credit balance can be provided in case of buyer financing.

The buyer is expected to provide a guarantee from a commercial bank, or from the central bank or government of his country.

The buyer is expected to make a down payment of about 20 per cent of the contract value.

The guarantee is provided by the Österreichische Kontrollbank Aktiengesellschaft upon authorization of the Ministry of Finance.

The interest rate in the case of refinancing with the Österreichische Nationalbank is 5.25 per cent (costs of guarantee included). For longer-term financing under the special refinancing system for developing countries the rate is 5.5 per cent (guarantee costs included). Maturities for refinancing with the Österreichische Nationalbank are a maximum period of three years; for longer-term financing up to ten years repayment period (plus two years production period).

PROCEDURE

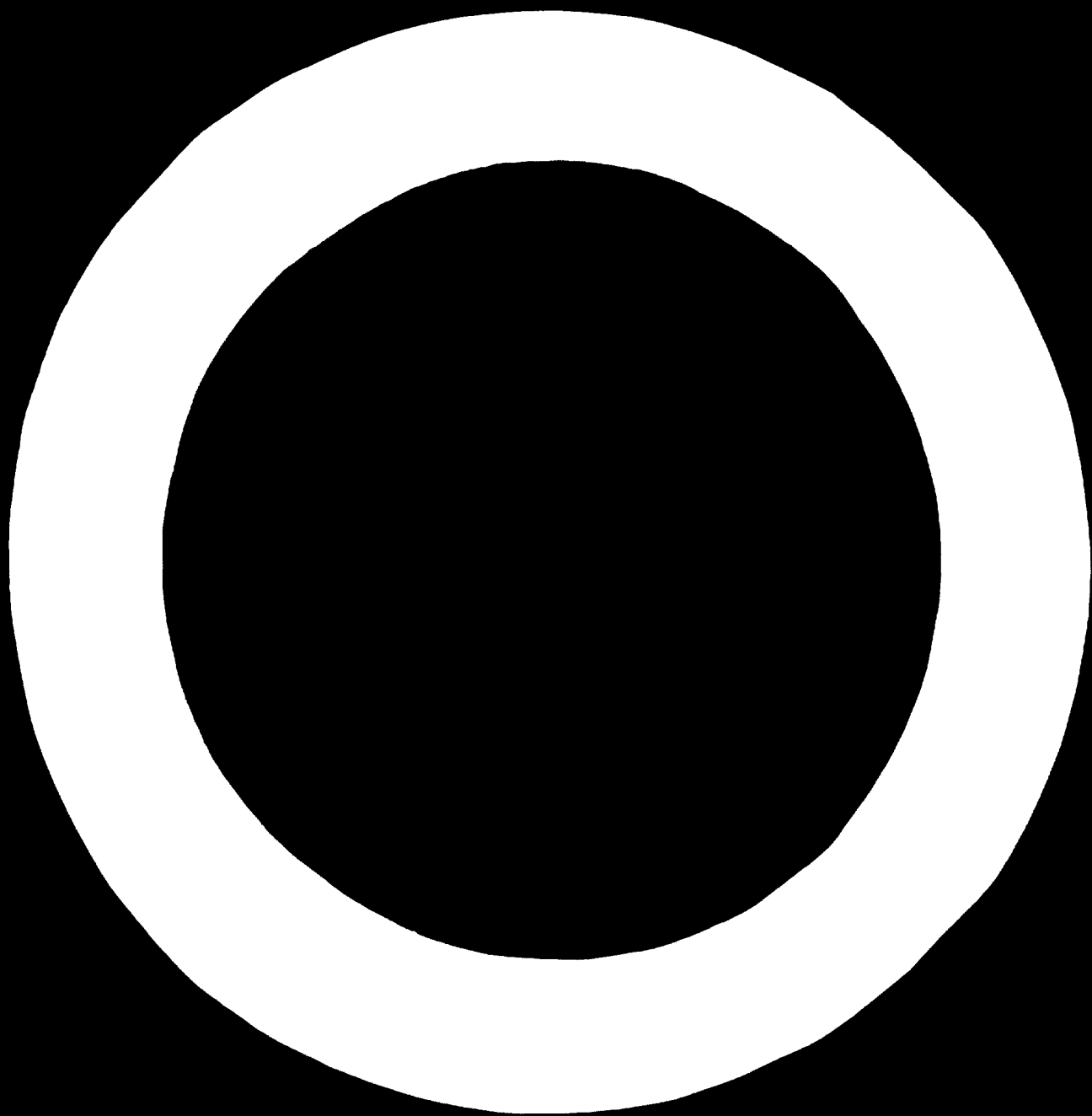
Agreement between the buyer and the Austrian exporter.

The supplier is required to obtain a credit insurance from the Österreichische Kontrollbank Aktiengesellschaft in the case of supplier credit; in the case of buyer credit insurance is required for the risk of a commercial bank of the Österreichische Kontrollbank Aktiengesellschaft.

It is advisable that contacts be established simultaneously between (a) the buyer and the supplier; (b) the supplier, his Austrian bank and the Österreichische Kontrollbank Aktiengesellschaft; and (c) the buyer and his local bank.

Contacts between the buyer and the supplier may be established directly through the foreign and the Austrian bank.

Eligibility for financing or refinancing under the scheme for developing countries is examined by a special committee.



BELGIUM

Export credits

STRUCTURE

The Association pour la Coordination du Financement à Moyen Terme des Exportations Belges (Credit-export), a non-profit association, examines requests for medium-term financing of exports. If its decision is favourable, financing is provided through a "pool", the resources of which amount to BFR15,000 million,^{1/} 50 per cent of which is provided by three credit institutions of the public sector and 50 per cent by thirteen commercial banks.

Any bank may introduce requests for credit provided it undertakes to submit to Creditexport for its advice all requests for financing of BFR5 million and above in which repayment is to be spread over a period of more than two years from the date of receipt.

TERMS AND CONDITIONS

Financing covers goods and services of Belgian origin.

The operation must be insured with the National Del Credere Office (Office National du Duceiro) or another credit insurance institution.

The insurance covers credit risks up to 85 per cent for supplier credits and 95 per cent for credits to the foreign country directly (financial credits and buyer credits). An insurance premium is payable.

The buyer must normally obtain a guarantee from a bank in his own country. The foreign buyer must usually make an initial down payment of 20 per cent of the value of the contract.

Financing is limited to medium-term credits.

Interest rates vary according to the duration of the credit and whether certain well-defined conditions are fulfilled:

(a) Easy rate (bank commission included): applies to credits receiving the guarantee of the National Del Credere Office and the approval of the National Bank of Belgium.

Financing up to a five-year maximum: 6.25 per cent per year.

Financing for more than five years: 6.50 per cent per year,
applicable from the
first year.

These rates are reduced by 0.10 per cent as soon as there is an unconditional transfer in favour of the bank of benefits under the Del Credere policy.

(b) Full rate (bank commission included): applies to credits not receiving the guarantee of the National Del Credere Office or approval from the National Bank of Belgium (these are exceptional cases).

Rate for the first five years: 7.05 per cent per year.

Rate from the sixth year: 7.30 per cent per year.

The rates quoted above are those in effect on 8 November 1968; they are subject to change.

PROCEDURE

It is the responsibility of the banker to introduce the request for financing to Creditexport on the basis of the data supplied to him by the exporter.

^{1/} 50 Belgian francs - US\$1 (April 1968).

The bank may, depending on the progress achieved in the discussions between exporters and importers, request either: advice on the question of principle (involves no commitment on the part of Credit-export); a promise of credit with or without the fixing of an interest rate; or a refinancing credit (if the transaction is concluded).

In most cases, the machinery for the medium-term financing of exports is supplier credits. The instrument is generally a bill drawn up by the exporter and addressed to and accepted by the buyer. Bills must normally be made out in Belgian francs and domiciled for payment in Belgium. In the case of bills made out in foreign currency, the exporter is asked, for the purpose of mobilization of funds from the pool, to make drafts in Belgian francs to an equivalent amount on the Belgian bank.

SOURCES OF FINANCING IN BELGIUM

Bilateral
Private

Compagnie Lambert pour
l'Industrie et la Finance

24, Avenue Marnix
Brussels

STRUCTURE AND RESOURCES

Established: 1953; limited company (société anonyme).

Resources: Registered capital: RFR2,425 million.^{1/}
Net assets (31 December 1967): RFR4,505 million.

ACTIVITIES AND FUNCTIONS

Three groups of activities:

- (a) Banking and financial sector (the Compagnie Lambert provides all the capital of the Banque Lambert).

Commercial bank activities: financing of external trade operations; various forms of credit; transactions on stock. Issues, taking firm and placing of loans. Administration of portfolios and collective investment funds. Issue of bearer warrants for shares of foreign companies. Fund certificates. Direct or indirect participation in various development banks. Participation in development companies in Africa through the Société Financière pour les Pays d'Outre-Mer. Participation in various international banks and financial concerns (Berliner Handels-Gesellschaft, Five Arrows Securities, World Banking Corporation, Compagnie du Nord, Banque Nationale d'Investissement pour le Développement Industriel, Compagnie Internationale de Crédit à Moyen Terme etc.).

Activities in relation to enterprises: establishment, amalgamation, nationalization or development of enterprises. Advice in financial matters.

- (b) Real property sector.

- (c) Portfolio of shares in various industrial and commercial ventures, including substantial participation in the energy sector, e.g. petroleum and the electrical industry.

TERMS AND CONDITIONS

Vary according to project.

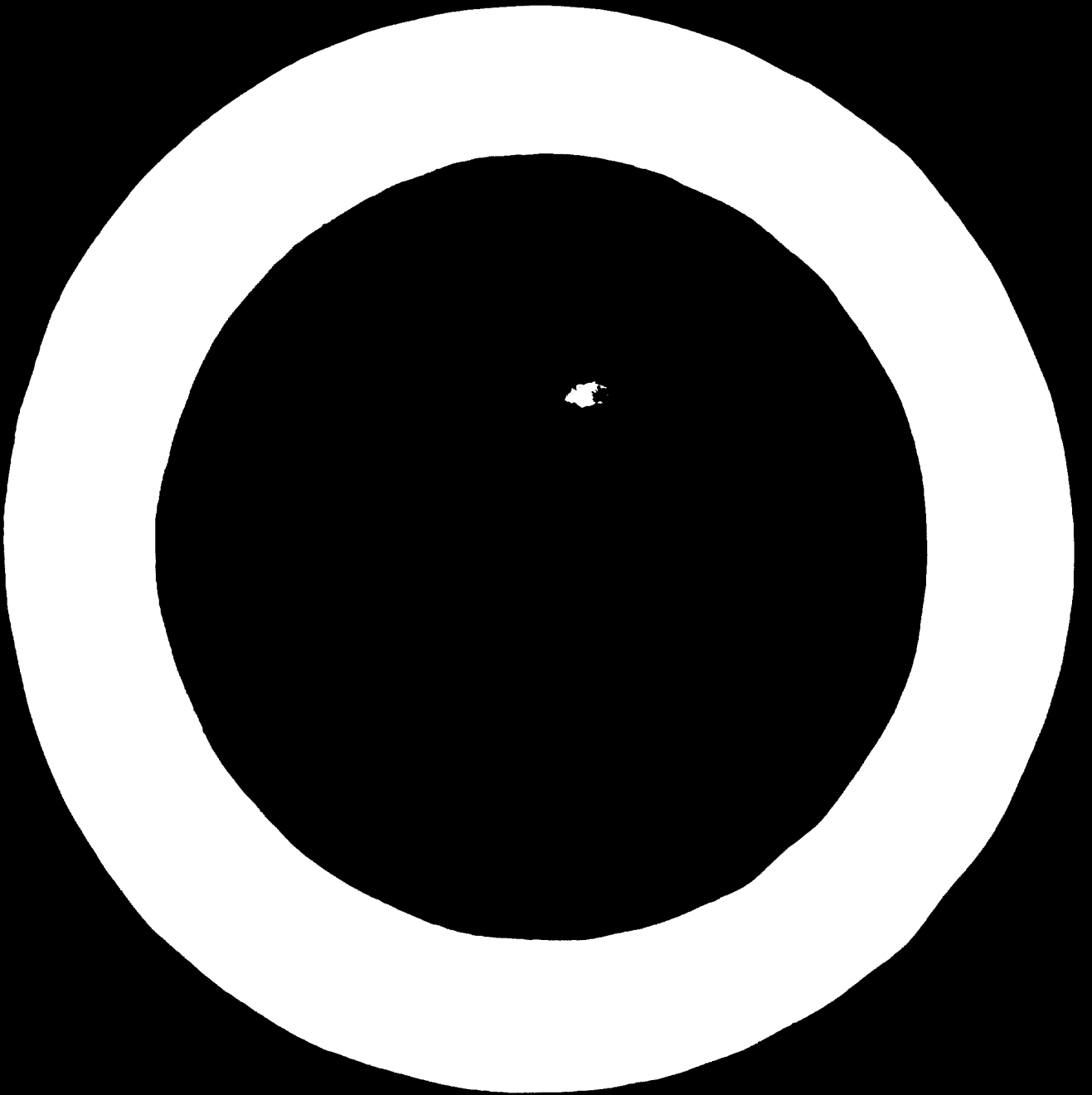
Normal duration of credits: medium term - five years maximum. Interest rate varies according to the length of the repayment period.

PROCEDURE

Applications for export credits are to be submitted to Creditsport.^{2/} Any other application for financing is to be submitted to the company.

^{1/} 50 Belgian francs = US\$1 (April 1969).

^{2/} See Belgium, export credits.



Bilateral
Private

Société Générale de Banque

3, Montagne du Parc
Brussels

STRUCTURE AND RESOURCES

Established: December 1965 as a result of the merger of the Banque de la Société Générale de Belgique, the Société Belge de Banque and the Banque d'Anvers.

Resources: Capital - BFR3,500 million;^{1/}
Reserves - BFR2,613,075 million.

ACTIVITIES AND FUNCTIONS

Member of the Association pour la Coordination du Financement à Moyen Terme des Exportations Belges, "Creditexport".^{2/} Participates in the pool specially created for medium-term financing of exports. Participates in the granting of broad-purpose credits (supplier credits, direct credits abroad or buyer credits).

TERMS AND CONDITIONS

The participating establishments must submit to Creditexport for its advice all requests for financing of BFR5 million and above in which repayment is to be spread over a period of more than two years from the date of delivery.

Financing is limited to medium-term credits.

Interest rates vary according to the duration of the credit and whether certain well-defined conditions are fulfilled.

- (a) Easy rate (bank commission included) applies to credits receiving the guarantee of the National Del Credere Office and the approval of the National Bank of Belgium.

Financing up to a five-year maximum: 6.25 per cent per year.

Financing for more than five years: 6.50 per cent per year,
applicable from the
first year.

These rates are reduced by 0.10 per cent as soon as there is an unconditional transfer in favour of the bank of benefits under the Del Credere policy.

- (b) Full rate (bank commission included) applies to credits not receiving the guarantee of the National Del Credere Office or approval from the National Bank of Belgium (these are rather exceptional cases).

Rate for the first five years: 7.05 per cent per year.

Rate from the sixth year: 7.30 per cent per year.

The rates quoted above are those in effect on 8 November 1968; they are subject to change.

PROCEDURE

It is the responsibility of the banker to introduce the request for financing to Creditexport on the basis of data supplied to him by the exporter. If Creditexport's conditions for eligibility^{3/} are fulfilled, the bank may, depending on the progress achieved in the discussion between exporters and

^{1/} 50 Belgian francs - US\$1 (April 1968).

^{2/} See Belgium, export credits.

^{3/} Ibid.

importers, request either advice on the question of principle (involves no commitment on the part of Creditexport); a promise of credit with or without the fixing of an interest rate; or a refinancing credit (if the transaction is concluded).

In most cases, the machinery for the medium-term financing of exports is supplier credits. The instrument is generally a bill drawn by the exporter and addressed to and accepted by the buyer. Bills must normally be made out in Belgian francs and domiciled for payment in Belgium. In the case of bills made out in foreign currency, or in the event of the issue of promissory notes by the foreign buyer, the exporter is asked, for the purpose of mobilization of funds from the pool, to make drafts in Belgian francs to an equivalent amount on the Belgian bank.

Financing takes the form of a rediscount by all the participants in the pool, each in proportion to its quota in the pool, of bills drawn by the exporter and addressed to his foreign buyer, or any other instruments for the mobilization of capital. The bills bear the blank endorsement of the establishment initiating the transaction.

The bills rediscounted by the pool are entrusted to the Société Nationale de Crédit à l'Industrie which acts on behalf of the pool for the purpose of the actual conduct of operations, and to which certain powers have been granted.

CANADA
Export credits

STRUCTURE

Financing for short- and medium-term export credit sales is available to the Canadian exporter through his bank or other lending institution.

Export credits insurance is available to all persons exporting Canadian goods from Canada on internationally accepted commercial credit terms. Further, a bank guarantee facility available through the government-owned Export Credits Insurance Corporation (ECIC - established in 1944 under the Export Credits Insurance Act) greatly assists insured Canadian exporters in obtaining bank financing for medium-term transactions.

Financing for export sales of capital goods, for which an extension of credit terms beyond five years is necessary and justifiable, may be provided through ECIC.

- Resources: \$200 million^{1/} - maximum liability, insurance on ECIC's own account.
\$600 million - maximum liability, insurance by ECIC for the account of the Consolidated Revenue Fund.
\$500 million - maximum liability of importers under financing; funds supplied from the Consolidated Revenue Fund.

TERMS AND CONDITIONS

Insurance may be provided for export sales of goods and services. Both credit and political risks are covered on a co-insurance basis. ECIC's liability is a maximum of 90 per cent of the invoice value of the sale. ECIC charges a premium calculated to meet actual administration costs. An ECIC insurance policy is a confidential matter between ECIC, the insured and the insured's banker; thus the insurance is not disclosed to or discussed with importers.

Financing covers capital goods exports and may include related engineering and other technical services. The term "capital goods" is defined as, among other things, investment goods constituting part of a plant or fixed assets as opposed to consumer goods or industrial materials that are transformed in the production process.

To qualify for financing the minimum value of a project must normally be \$1 million.

Canadian content must be not less than 80 per cent.

Terms longer than five years must be necessary and justifiable.

Loans extended since the beginning of the operation of the facility to the present time have been charged an interest rate of 6 per cent per year on the outstanding balance. There is no fee charged to the exporter.

Subject to approval by the Canadian Department of Justice, loans may be made to national development banks for re-lending to buyers in the country concerned for the purchase of capital goods from Canada.

PROCEDURE

Insurance: In the case of consumer goods, an exporter is required to insure all his export markets except the United States. Policies covering shipments and those covering contracts are written for a period of one year and are renewable. The policyholder makes monthly reports to ECIC of his shipments for the previous month; premiums are payable accordingly.

^{1/} Reference to dollars (\$) in this article indicates Canadian dollars; 1.08108 Canadian dollars = US\$1 (April 1969).

In the case of medium-term credit involving the sale of capital goods, a specific contract policy is issued for each transaction. The premium for a specific contract policy depends on the nature of the transaction.

Financing: Long-term financing applications are submitted by the Canadian exporter to ECIC on behalf of the buyer, and must be accompanied by a complete description of the project. The exporter should, however, approach ECIC at an early stage in the negotiations for the sale for advice as to his eligibility and the availability of funds.

If ECIC agrees to finance, a commercial agreement between the supplier and the buyer must be signed; it should be a sale agreement, expressed as conditional upon the making of a financing agreement; the latter is negotiated between ECIC and the buyer.

A suitable guarantee of payment by an institution in the buyer's country must be provided.

ECIC disburses funds to the Canadian exporter on behalf of the foreign buyer on the security of the buyer's promissory notes.

SOURCES OF FINANCING IN CANADA

**Bilateral
Private**

Bank of Montreal

**P.O. Box 6802
Montreal**

STRUCTURE AND RESOURCES

Established: 1817; Canadian chartered bank. Over 1,000 offices in Canada, the United States, the United Kingdom; representative offices include Mexico and Tokyo.

Resources: Assets exceed \$6 billion.^{1/} One third ownership of Bank of London and Montreal Ltd. (Head Office - Nassau, Bahamas), operating 45 banking offices in Caribbean area. Minority share participations in Joh. Berenberg Gossler and Co., Hamburg, and Banque Transatlantique, Paris.

ACTIVITIES AND FUNCTIONS

Participates as a shareholder in ADELA Investment Company;^{2/} assists in development schemes by way of export credits.^{3/}

TERMS AND CONDITIONS

Vary according to projects; export credits usually require insurance within the framework of the Export Credits Insurance Corporation (ECIC).

^{1/} Reference to dollars (\$) in this article indicates Canadian dollars; 1.00000 Canadian dollars = US\$1 (April 1980).

^{2/} See Regional Sources, ADELA Investment Company S.A.

^{3/} See Canada, export credits.

Bilateral
Private

The Royal Bank of Canada

Place Ville Marie
Montreal

STRUCTURE AND RESOURCES

Established: 1869; Canadian chartered bank.

Resources: Assets exceed \$8,000 million.^{1/} (Capital: \$300 million, including rest account and undivided profits.)

ACTIVITIES AND FUNCTIONS

Grants loans for the purchase of goods and services in Canada; mortgages, investment dealer, government etc. loans. Accepts demand, savings and fixed-term deposits. Letters of credit, safekeeping, credit information. General banking business in Canada and eighteen other countries (principally in the Caribbean area and Latin America).

TERMS AND CONDITIONS

Vary according to project.

PROCEDURE

No specific procedure governing activities in financing industrial projects etc. in developing countries. Each proposal is dealt with on its merits and is subject to availability of funds. Developmental loans to date have been largely confined to areas where the bank has branches and have been in the medium-term range. Basically this bank does not engage in long-term financing.

^{1/} Reference to dollars (\$) in this article indicates Canadian dollars; 1.0000 Canadian dollars = US\$1 (April 1960).

CZECHOSLOVAKIA

Export credits

STRUCTURE

Export credits available for the acquisition of capital goods:

State credits: granted within the framework of bilateral co-operation agreements.

Commercial credits: provided by the foreign trade organizations (autonomous legal entities); each organization specializes in a particular category of goods.

Credits are financed by the Československé obchodní banka, a.s. (commercial bank).

Established: 1964; supervised by Ministry of Finance.

Resources: Capital: Kč700 million; ¹/₃ shares held by State Bank, foreign trade organizations, industry.

Bank credits

Export Credits are usually supplier credits, in some cases buyer credits.

TERMS AND CONDITIONS

State credits: conditions are determined by the agreement. Interest rate is 2.5 to 3 per cent; maturities are eight to twelve years.

Repayment is carried out within the framework of clearing and payments agreements or in convertible currency.

Commercial credits: conditions vary according to project. Medium-term credits: one to five years; long-term credits: generally up to twelve years. Interest rate is approximately 6 per cent.

The buyer is expected to make a down payment of 5 to 30 per cent at the signing of the contract and a similar payment at delivery.

The buyer is expected to provide a guarantee from a bank in his country. If the guarantee cannot be provided the credit must be insured with the insurance company according to the conditions of the contract.

Repayment is carried out within the framework of clearing and payments agreements or in convertible currency.

PROCEDURE

State credits: bilateral government negotiations.

Commercial credits: contacts are to be established between the buyer and the foreign trade organization. Negotiations are carried out directly between the buyer and the organization.

The organization normally consults the Československé obchodní banka, a.s. and seeks insurance with the Státní pojistovna (State Insurance Institute of Czechoslovakia). Maximum insured is 90 per cent; only commercial risks are covered.

Foreign trade organizations
in Czechoslovakia

TECHNEXPOR

Prague 1, Václavské nám. 56

Complete industrial plants, machinery and equipment for chemical industries, paper and cellulose industry, food industry.

SINDAEXPOR

Prague 1, Václavské nám. 56

Power engineering and metallurgical plant, equipment for the manufacture of machines and instruments for foundry, electrical, textile etc. industries

STRUBEXPOR

Prague 1, Václavské nám. 56, P.O. Box 662

Machines and industrial plants, electric power distribution equipment, hydraulic installations; mine equipment: extraction and ore preparation etc.

INVESTA

Prague 7, Dukelských hrdinů 47

Machinery for clothing and footwear industries.

STRUBJEXPOR

Prague 1, Václavské nám. 1

Machine tools, glass and woodworking machines.

NOVO

Prague 7, třída Dukelských hrdinů 47

Precision engineering products; manufacture of radio and television receivers etc.

REPAIRIA

Prague 7, Dukelských hrdinů 47

Workshop tools and equipment, service equipment etc.

RETONOV

Prague 7, Dukelských hrdinů 47

Light engineering products, agricultural machinery etc.

ORNIPOEL

Prague 1, Washingtonova 11

Radio-chemical laboratories, transport aircraft, airport equipment etc.

PRAGDIWEST

Prague 8, Čechomoravská 23

Industrial plants, machinery equipment.

DENMARK

Export credits

STRUCTURE

Export credits for the acquisition of capital goods are financed by the commercial banks, e.g. Den Danske Landmandsbank, Privatbanken i Kjøbenhavn, Kjøbenhavns Handelsbank.

Refinancing may be obtained from the Denmark Nationalbank (in the form of credit certificates) for medium-term supplier credits of a minimum amount of DKR1 million.^{1/}

Long-term export credits guaranteed by the Ministry of Commerce under provision of the Act on Technical Co-operation with Developing Countries (1962) may also be refinanced by the Denmark Nationalbank.

Guarantees (commercial and political risks) are issued by the Export Credit Council. The Council also assists Danish firms in the financing of their exports by guaranteeing bank loans raised for export purposes.

TERMS AND CONDITIONS

Financing normally covers goods and services of Danish origin.

For medium-term credits the supplier must obtain a guarantee from the Council before applying to his bank for financing.

The supplier must cover part of the risks; insurance covers 80 to 90 per cent of the transaction.

The buyer is required to make a down payment of about 15 to 20 per cent of the value of the export contract not later than on delivery.

Repayments are up to five years; interest rate is 7 to 8 per cent; insurance premium is 0.50 to 1 per cent per year. (Exemption from insurance premium may be obtained.)

For long-term credits granted to developing countries, the countries must normally secure a government or bank guarantee. (Condition: goods provided must form part of the development scheme of the country and require a credit period longer than normal for ordinary export credits.)

Special facilities for guarantees include an extended period of seven to fifteen years, exemption from premium, higher risk coverage (90 to 95 per cent) and no requirement of cash down payment.

Investment guarantees are granted by the Minister of Foreign Affairs through the Board of Technical Co-operation with Developing Countries to Danish firms in connexion with direct investment. The investment should further the development of the country; the recipient country must state its approval of the proposed project.

Maximum duration of guarantee is fifteen years. The investor is charged a risk premium of 0.50 per cent per year and must bear a franchise of 10 to 15 per cent himself.

PROCEDURE

Agreement between the buyer and the Danish exporter.

The supplier must obtain insurance with the Export Credit Council and must normally obtain a guarantee from a commercial bank in his country.

It is advisable that contacts be established simultaneously between (a) the buyer and the supplier; (b) the supplier, Export Credit Council, the Danish commercial bank; and (c) the buyer and his local bank.

^{1/} 7.50 Danish kroner - US\$1 (April 1966).

SOURCES OF FINANCING IN DENMARK

Bilateral
Private

The East Asiatic Company, Ltd.

2 Nøibergsgade
Copenhagen K.

STRUCTURE AND RESOURCES

Established: 1897 as limited company. Geographical coverage: Asia, Latin America, Africa.

Resources: Capital: DKR150 million. ↓

ACTIVITIES AND FUNCTIONS

Undertakes capital investments. Range: Manufacturing industry, including food industry, iron and steel, machine, textiles, vegetable oil, forest, plantation, pharmaceutical industries.

Other activities include shipping, trading, plantation, cultivation and forestry exploitation.

TERMS AND CONDITIONS

Vary according to case, as do the investment criteria. A majority interest in the equity is normally sought. Straight financing without equity is generally not considered.

PROCEDURE

Varies according to case. Requests are to be submitted to the company.

Bilateral
Governmental

Industrialization Fund
for Developing Countries

Arallegade 7
1256-Copenhagen

STRUCTURE AND RESOURCES

Established: 1967 by Act of Parliament; non-profit self-governing institution.

Resources: Transfer to the Fund of part of net revenue from customs duty on coffee; possible contributions from Danish public and private entities.

ACTIVITIES AND FUNCTIONS

Supports Danish investments in developing countries by subscription for shares. Financing of studies on investment possibilities. Granting of loans and guarantees.

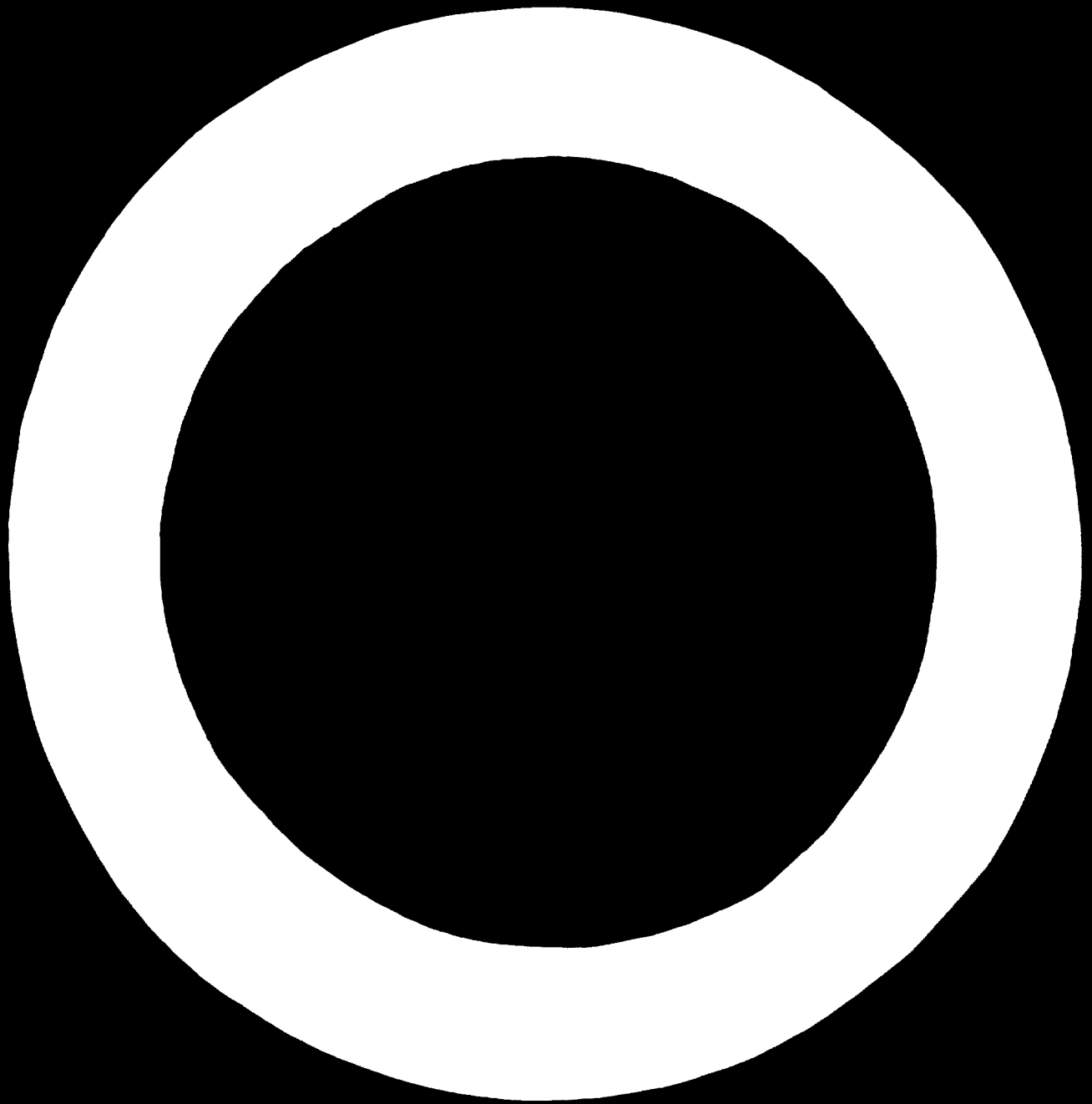
Other activities to be determined.

TERMS AND CONDITIONS

Not yet determined as activities commenced 1 April 1968.

PROCEDURE

Not yet determined.



FEDERAL REPUBLIC OF GERMANY

Export credits

STRUCTURE

Export credits for the acquisition of capital goods are financed by:

- (a) Ausfuhrkreditaktiengesellschaft (AKA), for medium-term supplier credits; private corporation, established 1952; consortium of German banks.

Resources: credit line by member banks; credit line by the Deutsche Bundesbank (central bank).

- (b) Kreditanstalt für Wiederaufbau (KfW), a public institution, established 1948; for supplier and buyer credits, long- and medium-term.

Only short-term credits are normally granted by the commercial banks.

TERMS AND CONDITIONS

Financing covers goods and services of German origin.

Financing is granted only to the extent that claims are insured by the federal insurance company, Hermes, i.e. in general up to 80 per cent of the contract value.

The buyer is expected to make a down payment of 20 per cent of the contract value.

Interest rates at the present time are 5.1 to 6 per cent for medium-term loans and 6 to 7 per cent for long-term loans.

Normal maximum financing by AKA: 64 per cent of the contract value.

Normal maximum financing by KfW: 76 per cent of the contract value.

Buyer credits are, in general, only available for larger projects.

PROCEDURE

Agreement between the buyer and the German exporter.

The supplier must obtain an insurance policy with Hermes-Kreditversicherungs-Aktiengesellschaft.

Suppliers are expected to send their credit application to the AKA through their commercial banks.

The buyer is to provide a first-class guarantee in his country.

Applications for buyer and supplier credits are in general submitted to KfW by the supplier; however, in the case of supplier credits, through a commercial bank.

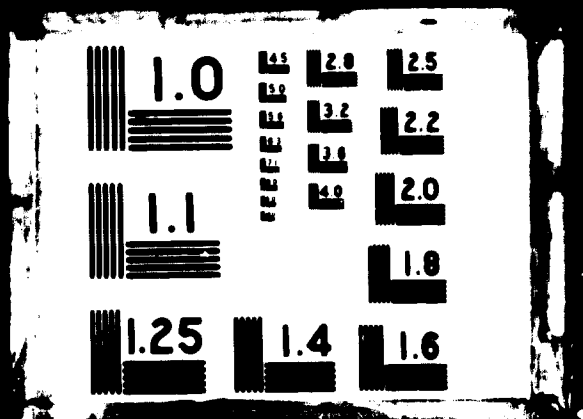
It is advisable that contacts be established simultaneously between (a) the buyer and the supplier; (b) the supplier, Hermes and the supplier's bank; and (c) the buyer and his local bank.



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SOURCES OF FINANCING IN THE FEDERAL REPUBLIC OF GERMANY

Bilateral
Governmental

Deutsche Gesellschaft
für wirtschaftliche Zusammenarbeit
(Entwicklungsgesellschaft m.b.H.)

Dürener Str. 295
P.O. Box 1266
5 Köln-Lindenthal

STRUCTURE AND RESOURCES

Established: 1962 by Government of Federal Republic of Germany. Private limited company owned by the Federal Republic of Germany.

Resources: Authorized capital: DM115 million;^{1/} government funds, various loans, own assets.

ACTIVITIES AND FUNCTIONS

Capital Investment institution.

Participates in new or expanding private investments in developing countries. Range: various fields, mainly manufacturing industry (small- and medium-sized undertakings).

Gives guarantees, particularly in connexion with equity participation. Advises and establishes contacts between prospective investment partners.

TERMS AND CONDITIONS

Eligibility: private enterprise.

Invests in projects of development priority. In general only minority stock holdings. Invests only if legislation ensures protection of invested capital against state interference and transfer of capital and interests.

Loans are given in D-marks.

Terms and conditions depend on specific features of the project.

PROCEDURE

No formal application procedure.

Preliminary information includes statement on nature of assistance sought (equity participation or loan with equity features), description of the project, financing requirements, market surveys.

Preparatory studies and examination precede signing of agreement between Deutsche Entwicklungsgesellschaft and recipient.

^{1/} 4 German marks - US\$1 (April 1969).

Bilateral
Private

Deutsch-Südamerikanische Bank
Aktiengesellschaft

Neuer Jungfernstieg 16
2000 Hamburg 36
P.O. Box 181

STRUCTURE AND RESOURCES

Established: 1906; commercial bank; affiliate of the Dresdner Bank AG. Geographical coverage: Latin America.

Resources: Capital: DM25 million.^{1/}
Declared reserve: DM11 million.

ACTIVITIES AND FUNCTIONS

Takes equity participation in commercial and development banks and finance corporations.

Grants export credits (medium- and long-term supplier credits to German exporters).

Makes direct loans to private foreign enterprises or to affiliates of German enterprises.

Arranges local currency loans.

TERMS AND CONDITIONS

Vary according to case.

PROCEDURE

Requests providing all available information concerning the project are to be submitted to the bank.

^{1/4} German marks - US\$1 (April 1980).

Bilateral
Private

Dresdner Bank
Aktiengesellschaft

Gallusanlage 7
P.O. Box 3653
6 Frankfurt/Main 1

STRUCTURE AND RESOURCES

Established: 1872; commercial bank.

Resources: Capital: DM360 million^{1/} (share capital).
Reserves: DM430 million (reserves).

ACTIVITIES AND FUNCTIONS

Assists in the financing of industrial projects in developing countries by:

- (a) Participating in all underwriter consortia to raise funds in Europe's capital markets for international and national development organizations;
- (b) Participating in floating bond issues for governments of developing countries;
- (c) Granting medium- and long-term financing for the purchase of capital goods of German origin (buyer credits).

As member of the German Export Credit Company (AKA - Ausfuhrkredit-Gesellschaft m.b.H.) participates in the refinancing of medium- and long-term supplier credits.^{2/}

TERMS AND CONDITIONS

Vary according to case and are determined individually.

Rates of interest and maturities vary according to the duration and size of the loan and the requirements of the specific project.

PROCEDURE

Requests are to be submitted to the bank. Preliminary information includes description of the project, financing requirements.

^{1/} 4 German marks = US\$1 (April 1969).

^{2/} See Federal Republic of Germany, export credits.

Bilateral
Governmental

Kreditanstalt für Wiederaufbau

Lindenstrasse 27
6 Frankfurt/Main

STRUCTURE AND RESOURCES

Established: 1948 as public institution. Since 1961 in charge of implementing public capital aid to developing countries; development bank (among other functions).

Resources: Capital: DM1,000 million.^{1/} Loans from Federal Government and Federal Special Funds (especially Emergency Recovery Programme (ERP) special funds); funds raised on capital market.

ACTIVITIES AND FUNCTIONS

Grants long-term capital aid; loans for various projects including manufacturing industry (agriculture and infrastructure).

Finances long-term export transactions.

Supplier and buyer credits covered by appropriate guarantees.

Finances investments of German enterprise in developing countries.

TERMS AND CONDITIONS (for capital aid)

Eligibility: governments, development banks, public and private enterprises.

Terms and conditions vary according to the economic situation of the recipient country and the project concerned.

Repayment period is from 12 to 25 years. Interest rate is approximately 3 to 6 per cent.

Loans are only made if financing is not available from other sources on reasonable terms.

Loans are generally tied to specific projects - normally cover foreign exchange costs only; part of local costs may be financed exceptionally.

Loans to development banks are made in form of global credits for several projects of small- and medium-scale enterprises.

PROCEDURE (for capital aid)

Applications for loans are submitted by the borrower (government) to the Federal Government through diplomatic channels.

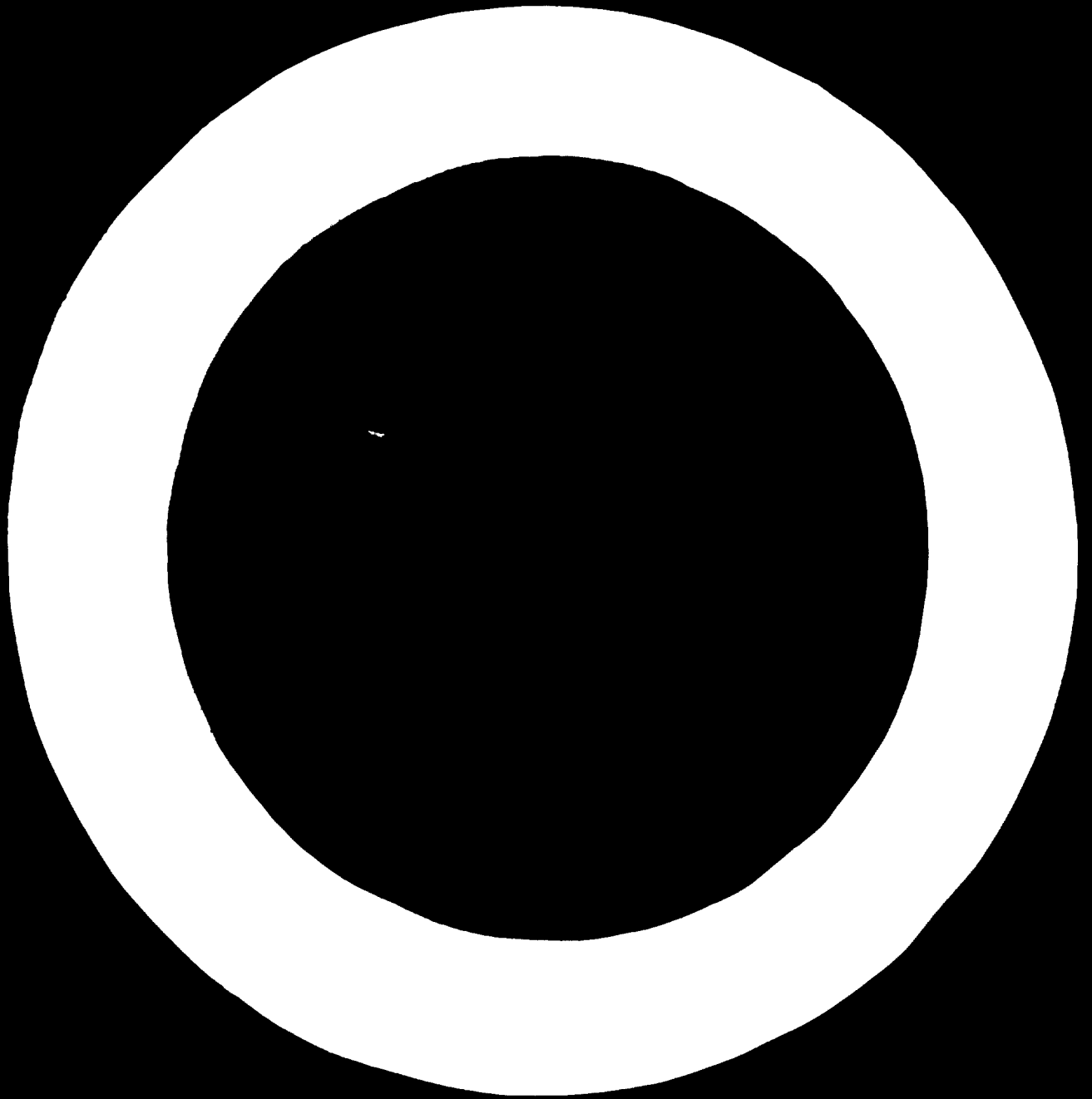
Information to be provided includes description of the project allowing technical and economic evaluation.

The Federal Government submits the loan application and connected project to the Kreditanstalt für Wiederaufbau for investigation and appraisal.

An agreement is signed between Kreditanstalt für Wiederaufbau and the recipient country or with the project sponsor.

Subsequent to disbursement of funds, the Kreditanstalt für Wiederaufbau supervises use of loan.

^{1/} 4 German marks - US\$1 (April 1969).



FINLAND

Export credits

STRUCTURE

Export credits for the acquisition of capital goods (supplier credits) are financed by Suomen Vienti- ja ulkomaankauppa Oy (Finnish Export Credit Ltd.), established 1956; joint stock company, Government is major shareholder. Share capital: FM4.5 million.^{1/}

TERMS AND CONDITIONS

Loans are made for the supply of Finnish goods and services.

The buyer is generally expected to pay 20 per cent of the value of the export contract by shipment; the remaining 80 per cent in equal annual or semi-annual instalments with no grace period.

The supplier must cover part of the credit; the Finnish Export Credit Ltd. finances only up to 85 per cent of the credit provided to the buyer.

Credits are given against sufficient securities (bank guarantees, mortgages, pledges).

Interest rate varies according to the specific transaction; normally 6 to 7.5 per cent.

PROCEDURE

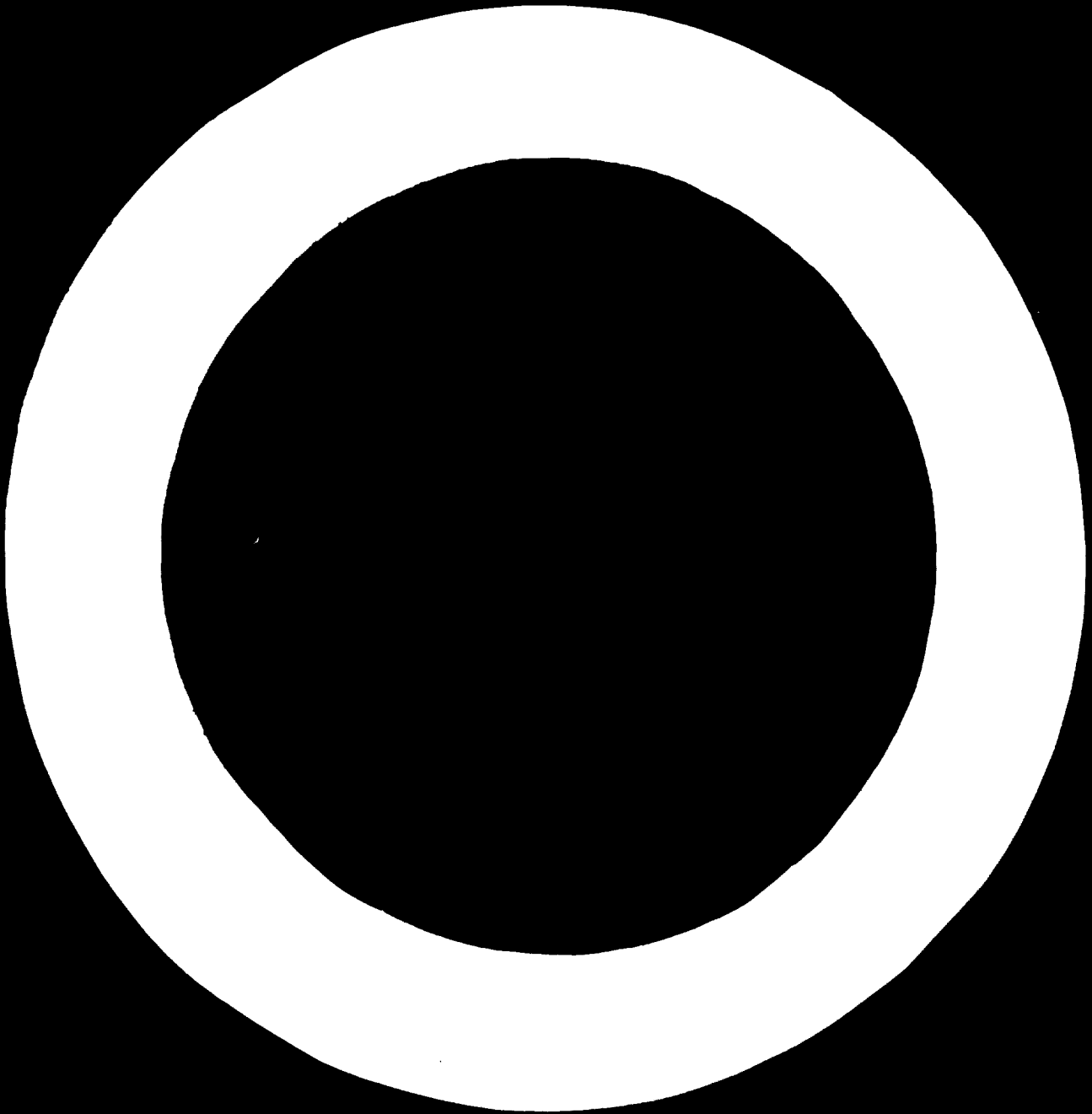
The exporter must submit a loan application containing all details on the export transaction before concluding an agreement with the buyer.

The Board of Directors decides on the financing of the business, on terms of payment etc.

The credit is disbursed on delivery of the goods or for financing production costs during production.

The buyer should normally contact the Finnish exporter and a commercial bank in his country.

^{1/} 4.19997 Finnish markka - US\$1 (April 1989).



FRANCE

Export credits

STRUCTURE

Export credits for the acquisition of capital goods (supplier credits) are provided by all major French banks (banques de dépôt and banques d'affaires).

Buyer credits are provided by such banks in co-operation with the Banque Française du Commerce Extérieur. (Maturity over eight years; amount of transaction minimum FFR25 million^{1/}).

Medium-term credits are refinanced by the Crédit National and the Groupement Interbancaire pour le Commerce Extérieur (GICEX) - pool of banks - which refinances them with the Banque de France.

Within the frame of bilateral co-operation agreements credits are refinanced by the Caisse Centrale de Coopération Economique (CCCE).^{2/}

TERMS AND CONDITIONS

Financing normally covers goods and services of French origin.

Medium-term supplier credits must be insured with the Compagnie Française d'Assurance pour le Commerce Extérieur (COFACE). The buyer is expected to make a down payment of 20 per cent of the invoice value; the supplier is expected to finance at least 10 per cent of the credit from his own funds.

Long-term supplier credits (up to ten years) are only granted after COFACE commits itself to insure them. They must be cleared by the Ministry of Finance and are refinanced by Crédit National or GICEX.

Buyer credits are not granted for amounts less than FFR25 million. They have maturities of eight years minimum and the interest rate is about 5 to 7 per cent.

The credit contract is concluded by the buyer with the Banque Française du Commerce Extérieur (BFCE) and one or more French banks. (The loan from the banks has maximum maturity of five years - additional loan from BFCE for the portion of the credit exceeding five years.)

Credits must be insured with COFACE. As a general rule both commercial and political risks are covered. COFACE normally covers up to 80 per cent for commercial risks and up to 90 per cent for non-commercial risks.

Premium rates are determined according to the country of destination, the nature of the goods and the length of the credit.

PROCEDURE

Agreement between the buyer and the French exporter. Applications for credits can be submitted - according to the type of credit needed - by the French exporter, a foreign government, foreign institutions.

The buyer must provide a guarantee from a bank in his country (the government or central bank in some cases).

It is advisable that contacts be established simultaneously between (a) the buyer and the supplier; (b) the supplier, the Compagnie Française d'Assurance pour le Commerce Extérieur (Insurance) and the French bank; and (c) the buyer and his local bank.

^{1/} 4.93706 French francs = US\$1 (April 1969).

^{2/} See Sources of Financing in France, Caisse Centrale de Coopération Economique (CCCE).

SOURCES OF FINANCING IN FRANCE

Bilateral
Private

Banque de Paris et des Pays-Bas

3, rue d'Antin
Paris 2^e

STRUCTURE AND RESOURCES

Established: 1872; limited company (société anonyme); finance institution.

Resources: Capital: FFR483.8 million.^{1/}

ACTIVITIES AND FUNCTIONS

Assistance in negotiations between foreign clients and French suppliers.

Establishment of consortiums of suppliers and institutions providing financing and credit for industrial units being exported.

Direct credits to foreign buyers; supplier credits for equipment for foreign clients.

TERMS AND CONDITIONS

Eligibility: private and public enterprise, development companies.

Terms and conditions vary according to case.

A guarantee from the government of the buyer's country is normally required.

PROCEDURE

No special procedure. All requests for financing are to be submitted to the bank.

^{1/} 4.93706 French francs - US\$1 (April 1969).

Bilateral
Private

Banque Nationale de Paris

16, boulevard des Italiens
Paris 9^e

STRUCTURE AND RESOURCES

Established: 30 June 1966 as a result of the merger of the Banque Nationale pour le Commerce et l'Industrie (founded in 1931) and the Comptoir National d'Escompte de Paris (founded in 1848); limited company (société anonyme). Geographical coverage: Africa, Asia and Latin America. The bank's activities are not limited to countries in which it has branches.

Resources: Capital: FFR325 million.^{1/}

ACTIVITIES AND FUNCTIONS

Financing by the bank in general is normally for the export of capital goods (independent equipment, complete plants, industrial units, large units, turn-key plants, public markets etc.) and the provision of services (studies, consultancy, know-how, licences, technical assistance etc.)

Exceptionally the bank finances the export of durable consumer goods, small capital goods, semi-manufactures or raw materials within the framework of government assistance to certain countries with a trade deficit.

The capital goods or services in question must be of French origin, except for a certain percentage; determined case by case by the administration; of foreign subcontracting (this percentage is higher where goods or services supplied by countries of the Common Market are concerned). In some cases, financing may also cover part of the expenses incurred in the country of the buyer.

TERMS AND CONDITIONS

Credits are granted in the form of:

- (a) Supplier credits (made available through discounting by the bank of bills representing debts due to the French exporter);
- (b) Buyer credits (credit in favour of the foreign buyer to enable him to pay cash for the full contract);
- (c) Accompanying financial credits (financing of payments on account, local costs etc.) made available in certain cases to financial institutions, development banks or public agencies.

Guarantees:

- (a) Guarantee of the Compagnie Française d'Assurance pour le Commerce Extérieur (COFACE) covering political risks, disaster and non-transfer and, in certain cases, risks of buyer insolvency (where a private undertaking is concerned) up to 90 per cent (in most cases) of the sum payable upon termination of the contract.
- (b) Sometimes a guarantee from the leading bank in the buyer's country (in the case of a private buyer).

Duration of financing: Supplier credits: medium-term two to five years
long-term five to ten years

Buyer credits: generally eight to ten years

Interest rate varies according to the country of the buyer and the duration of the credit; generally between 6 and 7 per cent (COFACE premium included).

^{1/} 4.93706 French francs - US\$1 (April 1969).

PROCEDURE

Varies according to case. All requests for financing must be submitted to the bank.

The procedures and conditions for financing of exports to a given country can be specified in a finance agreement negotiated between the bank and an agency of the buyer country.

Bilateral
Public

Caisse Centrale de Coopération Economique
CCCE

233, boulevard St-Germain
Paris 7^e

STRUCTURE AND RESOURCES

Established: 1941; text governing its present status - Decree of 1960. Incorporated and financially autonomous public institution. Development bank. Geographical coverage: French-speaking States of Africa south of the Sahara, Madagascar, Algeria, overseas departments and territories (geographical coverage may be extended).

Resources: Original grant: FFR25 million.^{1/}
Reserves: FFR244 million.
Treasury advances: FFR2,115 million.
Loans from the Deposit Office (Caisse des Dépôts): FFR126 million.

ACTIVITIES AND FUNCTIONS

Grants almost all its financial assistance in the form of loans.

Sometimes participates in institutions of public interest such as development banks, power companies or companies for the construction of low-cost housing.

Grants technical assistance - training of cadres.

Other functions: paying agent for the Fonds d'Aide et de Coopération, the Fonds d'Investissement des départements d'outre-mer and the European Development Fund; performs functions for the French Treasury; assists in the study of guarantees for foreign trade.

Various sectors are financed, especially the industrial sector.

TERMS AND CONDITIONS

Eligibility: states, development banks, other national institutions, private enterprises.

Terms and conditions vary according to the relevant agreements.

Financing is granted only for specific projects. A guarantee from the government concerned is always required.

Industrial loans are granted to development banks, national credit institutions; exceptionally, direct advances to industrial enterprises. The private enterprises contribute at least one third towards the financing of the investments.

Usual duration of the credits is from 5 to 25 years.

Interest rate is from 3.5 to 6 per cent (all commissions included).

The duration of industrial credits is from ten to fifteen years. Possibility of deferred repayment, particularly to facilitate pairing with medium-term bank credits.

Interest rate is 4.5 per cent when the credits are granted through a development bank and 5.5 per cent when the credits are granted directly to the investor (exceptional). To these rates a transaction commission of 0.50 per cent per year should be added.

PROCEDURE

As a general rule each request for financing, when it does not come from the state itself or from national institutions, is addressed to the development bank of the recipient country.

^{1/} 4.93706 French francs - US\$1 (April 1960).

The request is transmitted to the Caisse Centrale so the project can be studied with respect to its profitability; its financial, economic and social implications; and its contribution to the development of the country.

The Caisse Centrale then grants the loan to the development bank which then, on its own responsibility, lends the amount concerned to the enterprise.

The loans require the conclusion of a special loan agreement between the Caisse Centrale and the development bank.

Bilateral
Private

Compagnie Financière pour l'Outre-mer
COFIMER

13, rue Paul Valéry
Paris 16^e

STRUCTURE AND RESOURCES

Established: 1957 by a group of French banks and is a specialized investment company serving African development; limited company (société anonyme). Geographical coverage: principally the French-speaking African countries.

The Company entered into two agreements with the French Government on 15 September 1957. Under the first agreement the Government officially recognized the Company as a financial company for overseas economic development and granted it exemption from taxes.

Under the second agreement, the Company was granted a dividend guarantee by the Government for a period of ten years, the actual basic dividend rate being set at 4 per cent and the expiration date of the guarantee for 1969.

Resources: Capital: FFR125 million.^{1/}

ACTIVITIES AND FUNCTIONS

The financing, by capital participation, loans, bonds, guarantees, or other means, of companies and research and operating bodies carrying on their activities overseas, especially in such fields as mining, power, industry, agriculture, transport or tourism.

The establishment and financing of companies whose objective is to study and prepare all types of projects for the establishment, extension or modification of industries or branches of industries overseas.

The financing of new enterprises from the study stage onwards.

TERMS AND CONDITIONS

Vary according to the project.

COFIMER always participates on a minority basis, never investing more than 25 per cent of the capital of an enterprise, and total participation in any enterprise must not exceed 20 per cent of COFIMER's capital.

PROCEDURE

All applications for financing should be submitted to COFIMER.

Bilateral
Private

Compagnie Générale de
Participations et d'Entreprises
CEGEPAR

282, boulevard St-Germain
Paris 7^e

STRUCTURE AND RESOURCES

Established: 1920; limited company (société anonyme).

Resources: Capital: FFR17,676,100.^{1/}

ACTIVITIES AND FUNCTIONS

CEGEPAR is a holding company with interests mainly in companies operating in French-speaking overseas States, notably Madagascar, Ivory Coast, Morocco, Cameroon and Gabon, and also in Réunion, Chad, Congo (Brazzaville), Senegal, Cambodia and the Republic of Viet-Nam.

Through affiliated companies, CEGEPAR operates in the following fields:

- (a) Agriculture: pineapples, sugar cane, rubber, tea, forestry;
- (b) Industry: food industry - sugar, rum, tinned goods and pineapple juice; the timber industry; the textile industry; public works; and the printing industry;
- (c) Commerce;
- (d) Services, such as topography and photographic surveying, engineering, and insurance broking.

CEGEPAR's participation in its affiliated companies takes the form of the investment of money in the companies, either when they are set up or when their activities are extended. Its role is generally that of promoting the study of projects within the scope of government development plans and subsequently helping to carry these projects through to completion. In these activities it may be associated with other French or European financial or industrial groups involved, or possibly with the governments themselves.

CEGEPAR also assists in arranging for the financing of the investments and operations of its affiliated companies by drawing on (a) its own financial resources as a financial establishment; (b) the funds of banks established in the countries concerned, or those of French and European banks; (c) the resources of bodies and funds whose objective is to provide aid for the developing countries.

Through its senior staff and specialized personnel, CEGEPAR provides for the technical and financial running of its affiliated companies at the top management level.

TERMS AND CONDITIONS

CEGEPAR receives the dividends accruing to it from its participation in its affiliated companies. It is reimbursed for expenditures incurred by it in running the companies in its group, and it receives remuneration in the form of interest and commission, at the rates normally prevailing in the financing field, in respect of financial operations carried out on its own account.

PROCEDURE

No special procedure.

^{1/} 4.93706 French francs - US\$1 (April 1969).

Bilateral
Private

Union Financière Internationale
pour le Développement de l'Afrique
UFIDA

2, Avenue Hoche
Paris 8^e

STRUCTURE AND RESOURCES

Established: 1962; limited company (société anonyme). Geographical coverage: French-speaking African countries south of the Sahara.

Resources: Capital: FF1 million.^{1/}

ACTIVITIES AND FUNCTIONS

Economic and social development of West African countries. Direct or indirect assistance in the establishment and organization of enterprises. Preparation and selection of industrial projects.

Location of possible entrepreneurs and capital. Arranging of financing. Undertaking of negotiations up to the stage of the establishment of companies and the launching of their activities.

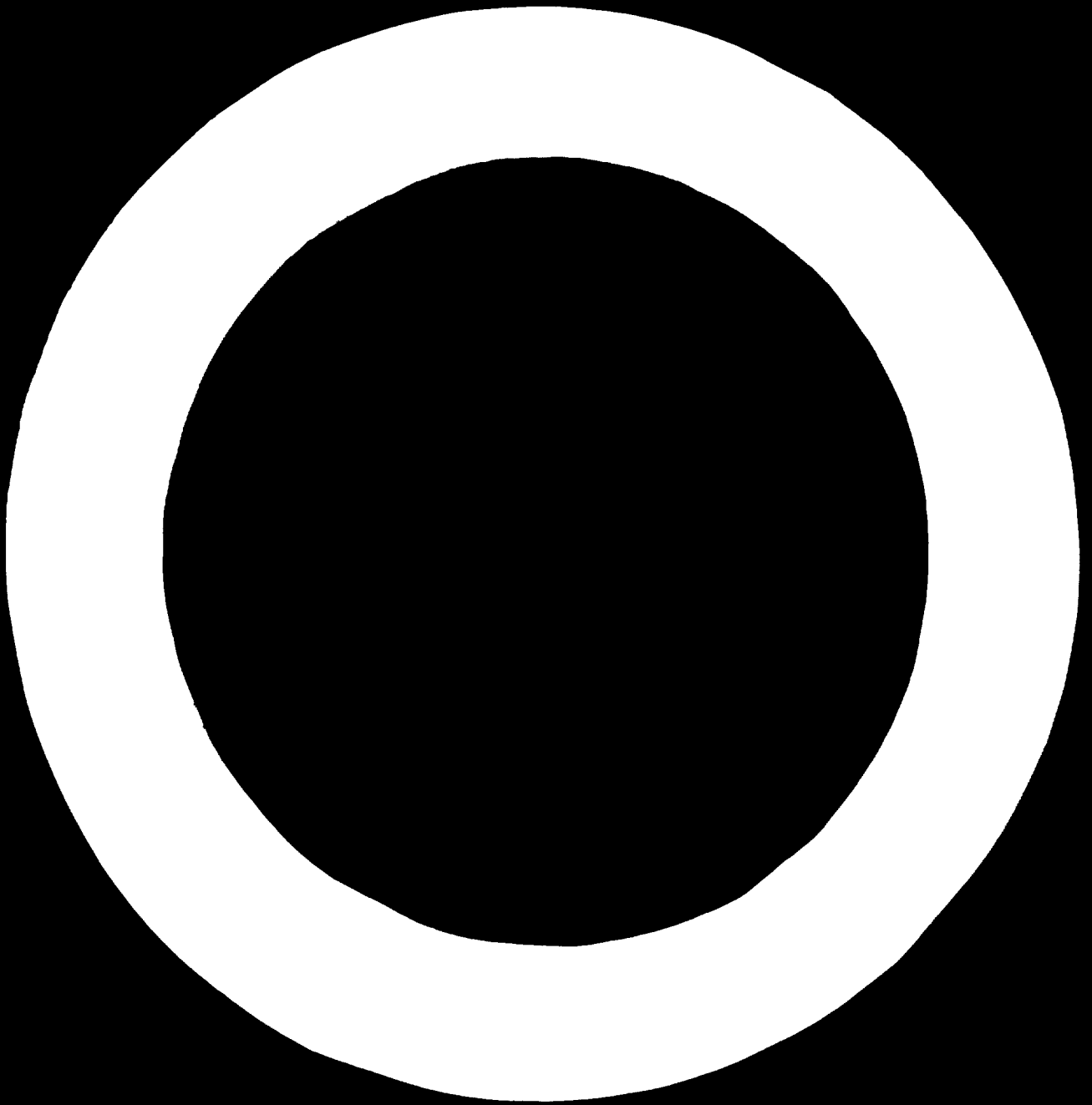
TERMS AND CONDITIONS

Vary according to the nature of the project and are determined individually.

PROCEDURE

No special procedure. All requests for information should be addressed to UFIDA.

^{1/} 4.93706 French francs - US\$1 (April 1969).



HUNGARY

Export credits

STRUCTURE

Export credits for the acquisition of capital goods:

State credits: granted within the framework of bilateral co-operation agreements.

Commercial credits: Provided by the foreign trade organizations; each organization specializes in a particular category of goods. Provided by individual industrial enterprises.

Credits are refinanced by the National Bank of Hungary within the over-all frame of the national development plan on the basis of instructions from the Ministry of Finance and the Ministry of Foreign Trade.

TERMS AND CONDITIONS

State credits: Conditions as determined by the agreement. Rate of interest is 2.5 per cent; maturities up to ten years depending on the nature of goods.

Credits are normally repayable within the frame of clearing agreements; i.e. repayment is practically made with export goods.

Commercial credits: Conditions vary according to the project. Rate of interest is generally 4.5 to 6 per cent.

The buyer is expected to provide a guarantee from a reliable bank in his country.

The credit may be insured with the Hungarian State Insurance Company (Állami Biztosító).

The buyer is expected to make a down payment of about 20 per cent of the contract value at signing of the contract or on delivery.

Repayment of the credit is normally carried out within the frame of clearing agreements; i.e. repayment is practically made with export goods.

PROCEDURE

State credits: bilateral government agreements.

Commercial credits: Contacts are to be established between the buyer and the foreign trade organizations or other authorized suppliers.

Negotiations are carried out directly between the buyer and the organizations. The organizations obtain a licence from the Ministry of Foreign Trade, normally consult the National Bank of Hungary (Magyar Nemzeti Bank) on banking questions, and, if required, obtain credit insurance from the Hungarian State Insurance Company (Állami Biztosító).

Foreign trade organizations
in Hungary^{1/}

CHEMOKOMPLEX

Budapest VI., Népköztársaság utja 64.
Letters: Budapest 62, P.O.B. 141
Phone: 316-720, 116-470
Cables: CHEMOKOMPLEX Budapest
Teleprinter: 264

Hungarian Trading Company of Machines and
Equipment for the Chemical Industry

ELEKTROIMPEX

Budapest V., Nádor utca 21.
Letters: Budapest 62, P.O.B. 296
Phone: 126-620
Cables: ELEKTRO Budapest
Teleprinter: 969

Hungarian Trading Company for Telecommunication
and Precision Goods

"GÁBOR ÁRON"

Head Office: Budapest VIII., Asztalos Sándor utca 9.
Letters: Budapest 70, P.O.B. 29
Phone: 137-870
Cables: ÉLBERGÉP, Budapest
Teleprinter: 0401
Plants: Budapest, Győr, Pécs

Machine Factory of the ÉBGM Works

GANZ MÁVAG

Budapest VIII., Könyves Kálmán körút 76.
Letters: Budapest 70, P.O.B. 136
Phone: 335-950
Cables: GANZ-MÁVAG Budapest
Teleprinter: 532

Locomotive and Railway Carriage Manufacturers,
Mechanical Engineers

FERUNION

4, Mérleg utca, Budapest V.
Letters: Budapest 53, P.O.B. 190
Telephone: 188-910
Cables: FERUNION Budapest
Telex: 513

Hungarian Trading Company for Technical Goods
(tools, agricultural tools, abrasive materials,
building materials.)

MEASURING INSTRUMENTS WORKS GANZ

Budapest V., Október 6 utca 7.
Export Department
Letters: Budapest 5, P.O.B. 577
Phone: 113-252
Cables: GANZMETER Budapest
Teleprinter: 698 /Ganzmeter/

HUNGARIAN SHIPYARDS AND CRANE FACTORY GANZ

Budapest XIII., Váci ut 202.
Letters: Budapest 62, P.O.B. 280
Phone: 200-800
Cables: SHIPANDCRANE Budapest
Teleprinter: 3600

^{1/} This is not intended to be an exhaustive list.

MEDICOR WORKS

Budapest XIII., Váci ut 48/e-f.
Letters: Budapest 62, P.O.B. 150
Phone: 495-130
Cables: MEDICOR Budapest
Teleprinter: 466

X-ray and other medical equipment

METRIMPEX

Budapest V., Nádor utca 21.
Letters: Budapest 62, P.O.B. 202
Phone: 126-620
Cables: INSTRUMENT Budapest
Teleprinter: 677

Hungarian Trading Company for Instruments

EXPORTS

PANNONIA

26, Bajza utca, Budapest VI.
Letters: Budapest 62, P.O.B. 354
Telephone: 228-850
Cables: PANNONIA Budapest
Telex: 674

Export Company of the "CSEPEL" Steel and Metal Works
(special-purpose metallurgical materials, welding electrodes, steel tubes, fittings, domestic and industrial sewing machines).

MOGÜRT

Budapest VI., Benczur utca 13.
Letters: Budapest 62, P.O.B. 249
Phone: 229-039
Cables: MOGÜRT Budapest
Teleprinter: 503

Hungarian Trading Company for Motor Vehicles

NIKEX

Budapest V., József Nádor tér 5/6.
Letters: Budapest 5, P.O.B. 128
Phone: 183-880
Cables: NIKEXPORT Budapest
Teleprinter: 601

Hungarian Trading Company for Products of Heavy Industry

RÁBA

Foreign Trade Department, Győr
Phone: 14-700 /Győr/
Cables: RÁBA, Győr
Teleprinter: - 42256

Hungarian Railway Carriage and Machine Works, Győr

8061 - 42256 - Austria
61 - 42256 - GFR
035 - 42256 - Switzerland
35 - 42256 - other countries

Foreign Trade Department, Budapest VI.,
Népköztársaság u. 113.
Phone: 424-331, 424-950
Cables: RÁBA Budapest
Teleprinter: 704

TECHNOIMPEX

Budapest V., Dorottya u. 6.
Letters: Budapest 62, P.O.B. 183
Phone: 184-950
Cables: Technoimpex Budapest
Teleprinter: 995

Hungarian Machine Industries Foreign Trade Company

METALIMPEX

6, Dorottya utca, Budapest V.
Letters: Budapest 62, P.O.B. 330
Telephone: 183-870
Cables: METALIMPEX Budapest
Telex: 455

Hungarian Foreign Trading Company for Steel and Metals

TRANSELEKTRO

60, Népköztársaság utja, Budapest VI.
Letters: Budapest 62, P.O.B. 377
Telephone: 120-790
Cables: TRANSELEKTRO Budapest
Telex: 660

Hungarian Trading Company for Electrical Equipment and Supplies

(single and three-phase a.c. motors and generators, d.c. motors and generators, motors for special purposes, power and lighting transformers, complete high-voltage transmission lines, electric installation materials, electric hand tools).

UNITED INCANDESCENT LAMP AND ELECTRICAL COMPANY LTD.

77, Váci ut, Budapest IV.
Letters: Ujpest 4
Telephone: TUNGSRAM Ujpest
Cables: TUNGSRAM Ujpest
Telex: 682

Incandescent lamps, material for the manufacture of incandescent lamps, radio and TV tubes, fluorescent lamps and accessories, phototubes, vacuum-technical machines, semi-conductors.

KOMPLEX

Budapest VI., Népköztársaság utja 10.
Letters: Budapest 5, P.O.B. 53
Phone: 117-010, 118-050
Cables: SHIPANOCRANE Budapest
Teleprinter: 3600

Hungarian Trading Company for Factory Equipment

INDIA

Export credits

STRUCTURE

Credits for financing export of capital and engineering goods and services on deferred payment basis are provided by:

- (a) Approved commercial banks (Annex 1) authorized to deal in foreign exchange. These have refinancing facilities under the scheme of the Industrial Development Bank of India (IDBI) for refinancing of medium-term export credits.
- (b) IDBI, under its scheme introduced in December 1968 for direct financial assistance to exporters in participation with licensed scheduled banks authorized to deal in foreign exchange.

IDBI is a public institution, established in July 1964 under an Act of Parliament, a wholly owned subsidiary of the Reserve Bank of India. Authorized capital: R.500 million.^{1/} Address: Reserve Bank Building, Post Box No. 1241, Bombay 1.

The business of the Refinance Corporation for Industry Ltd, set up in 1958 to provide refinancing assistance for industrial loans and medium-term export credits, was taken over by the IDBI in September 1964.

TERMS AND CONDITIONS

Refinancing of medium-term export credits: the scheme covers refinancing to the full extent of term loans sanctioned for financing the export of capital and engineering goods and financing for the over-all cost of construction projects executed abroad by India concerns, where the bulk of the construction contracts constitute equipment, material, services etc. of Indian origin. A list of goods eligible for the facilities under this scheme is given in Annex 2.

Loans eligible for refinancing should relate to exports against firm contracts and should normally be covered by appropriate policies of the Export Credit and Guarantee Corporation Ltd (ECGC).

The credits should be for periods longer than six months; the maximum period, which is ordinarily five years, may be extended up to seven years in deserving cases and up to ten years in exceptional cases.

Normally, cash payment to the extent of 10 to 20 per cent of the value of contract or a letter of credit or a bank guarantee providing for payment to that extent should be obtained from or on account of the importer.

Refinancing of export credits is provided at a concessional rate of 4.5 per cent per year. Eligible banks are not permitted to charge exporters more than 6 per cent per year.

Scheme for direct financial assistance: the IDBI, in appropriate cases, enters into participation arrangements with approved banks (Annex 1) for providing term financing and guarantee facilities to industrial concerns exporting capital and engineering goods and services on a deferred payment basis. The scheme covers export credits, during both pre-shipment and post-shipment stages, for periods longer than six months; the maximum period will depend upon the merit of the proposal.

The extent of IDBI's participation will be settled by discussion between the IDBI and the participating banks.

The risk with respect to export credits, guarantee facilities and securities will be shared pro rata between IDBI and the participating banks.

Every transaction requires coverage by appropriate insurance/guarantee covers of the ECGC.

^{1/} 7.50 Indian rupees - US\$1 (April 1969).

IOBI will normally charge 4.5 per cent per year on its portion of the export financing and the participating bank will have the discretion to charge its own rate of interest, subject to the ceiling rate stipulated by the Reserve Bank of India. Guarantee commission will be charged at 1 per cent per year by both the IOBI and the participating banks.

PROCEDURE

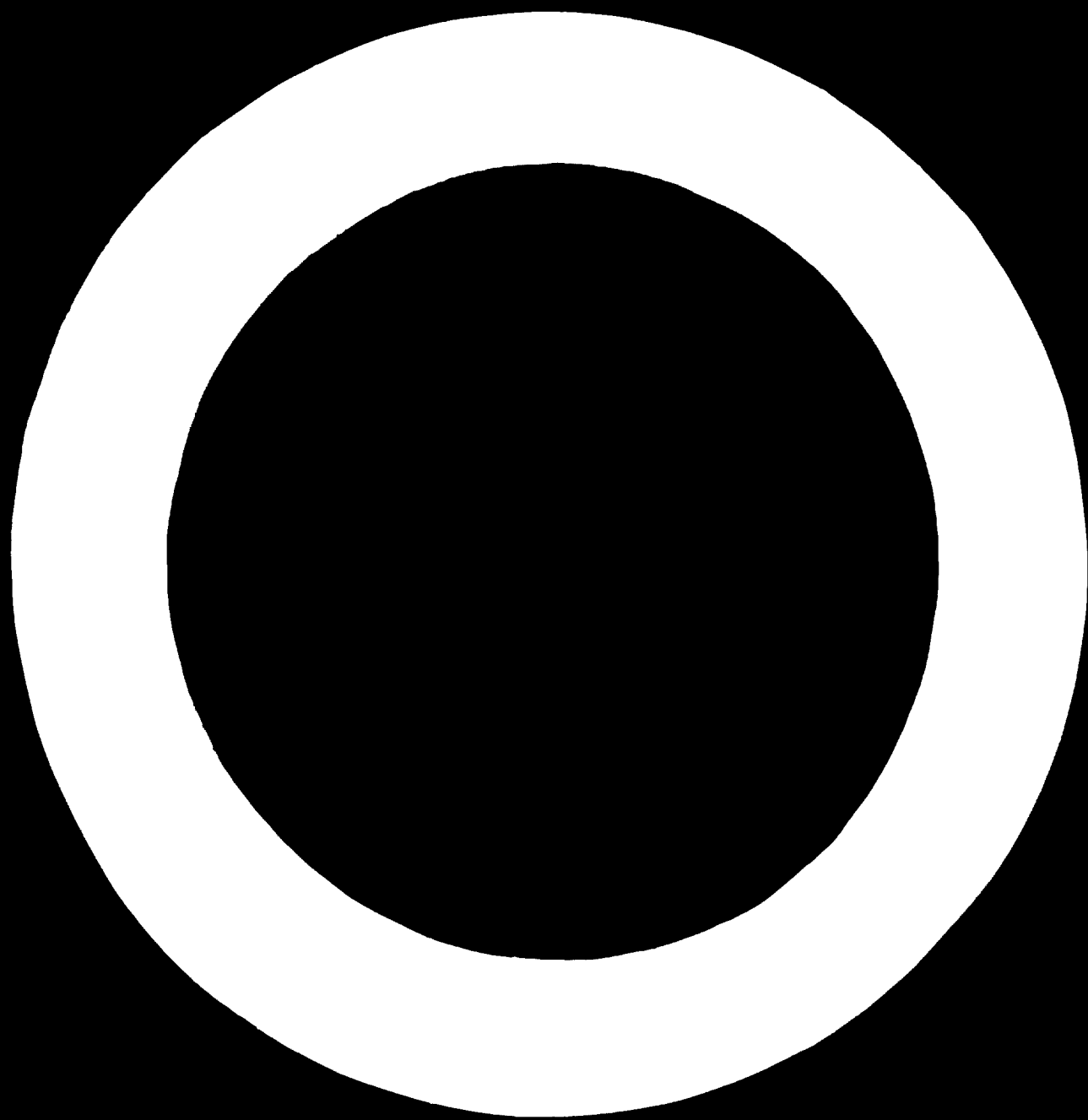
The usual documents are required. The precise nature of the documents varies according to the terms and conditions of the contract between the foreign buyer (importer) and the Indian exporter.

Annex 1

BANKS WHICH ARE AUTHORIZED DEALERS IN FOREIGN EXCHANGE, ELIGIBLE
FOR REFINANCING FACILITIES FOR MEDIUM-TERM EXPORT CREDITS 1/

Allahabad Bank Ltd
The American Express International Banking Corporation
The Andhra Bank Ltd
Bank of America National Trust and Savings Association
The Bank of Baroda Ltd
The Bank of India Ltd
The Bank of Maharashtra Ltd
The Bank of Tokyo Ltd
The British Bank of the Middle East
Canara Bank Ltd
The Central Bank of India Ltd
The Chartered Bank
Banque Nationale de Paris
Dena Bank Ltd
The Eastern Bank Ltd
First National City Bank
The Hongkong and Shanghai Banking Corporation
The Indian Bank Ltd
The Indian Overseas Bank Ltd
Mercantile Bank Ltd
The Mitsui Bank Ltd
National and Grindlays Bank Ltd
National Bank of Pakistan
Algemeene Bank Nederland N.V. (General Bank of the Netherlands)
The Punjab National Bank Ltd
State Bank of Bikaner and Jaipur
State Bank of Hyderabad
State Bank of India
State Bank of Mysore
State Bank of Saurashtra
State Bank of Travancore
Syndicate Bank Ltd
The Union Bank of India Ltd
United Bank of India Ltd
The United Commercial Bank Ltd

1/ As of January 1980.



Annex 2

EXPORTABLE ITEMS ELIGIBLE FOR REFINANCING 1/

A. Capital goods

Sugar mill machinery (including Khandsari machinery)
Textile mill machinery
Jute mill machinery
Oil mill machinery
Shoe-making machinery
Tea machinery
Flour mill, rice, Dal machinery
Printing machinery
Paper-making machinery
Woodworking machinery
Fertilizer plant and equipment
Water treatment plant

B. Producer goods

Electric Motors
Transformers (power and distribution)
Generators
Switch-gears
Industrial switchboards and control panels
Circuit breakers
Air-brake switches
Telephones
Telephone switchboards and telegraph equipment
Gas plants
Borehole turbine pumps
Diesel engines
Buses, bus body kits, motor vehicles and chassis
Transmission line towers
Sub-station structures and railway electrification structures
Structural fabrications such as bridges, factory sheds and buildings
Lathes
Steel billets
Steel rails
Centrifugal pumps
Vehicular trailers and auto parts
Tools - hand and machine
Agricultural implements
Gas cylinders
Railway track fittings
Steel tanks
Weighing scales
Oil expellers
Railway signalling equipment
Tubular poles and accessories
Tipping wagons and railway wagons
Tar boilers

1/ As of January 1969.

C. Consumer goods

Sewing machines and parts

Cycles - parts and accessories

Electric refrigerators, air-conditioners and water coolers

Electric fans

ACSR conductors and copper conductors

X-ray electro-medical equipment and hospital equipment

D. Other goods for which the exemption under Rule 6 of the Foreign Exchange Regulation Rules, 1952, has been granted for an initial period not to exceed six months.

ITALY

Export credits

STRUCTURE

Export credits are financed according to the provisions of the Banking Act of 1936 and the laws of 1952 and 1967.

Short-term credits (supplier credits up to one year) are financed by the commercial banks.

Medium- and long-term credits are granted by special credit institutions including Istituto Mobiliare Italiano (IMI), Ente Finanziario Interbancario (Efibanca), Banca di Credito Finanziario (Mediobanca), Istituto di Credito per le Imprese di Pubblico Utilità, Banca per Finanziamento a Medio Termine (Interbanca), Regional Credit Institutions, Banco di Napoli, Banca Nazionale del Lavoro.

Medium- and long-term credits are refinanced with Mediocredito Centrale (Government institution, established 1962).

Resources: L176,519 million;^{1/} endowment fund provided by the Government and credits assigned by the Ministry of the Treasury.

Types of credits available: (a) medium-term credits for the acquisition of Italian goods and services (supplier credits); (b) long-term supplier credits; (c) financial credits.

TERMS AND CONDITIONS

Medium-term supplier credits: one to five years. Long-term supplier credits: five to ten years.

Financial credits (not exceeding ten years): to governments, public entities and private firms for the purchase of Italian goods and services; to governments and central banks "for the economic support and development of the said countries" (Law of 1967 - not necessarily tied to purchase of Italian goods).

All supplier credits (in excess of one year) must be approved by the Ministry of Foreign Trade.

Financial credits must be authorized by the Ministry of Foreign Trade in agreement with the Ministry of the Treasury.

Interest rate for long-term export credits granted by special credit institutions and financial credits is 5.9 per cent. Additional cost - insurance premium.

The buyer is normally required to make a down payment of 20 per cent of the value of the contract. A guarantee from a bank in the buyer's country is normally required.

Export credits are insured with the Istituto Nazionale delle Assicurazioni (INA), an autonomous government institution. In general, insurance coverage does not exceed 90 per cent of the credit (non-government financial credits: 95 per cent). For credits of significant political and/or economic importance, coverage up to 100 per cent.

PROCEDURE

Agreement between the buyer and the Italian exporter.

The exporter must obtain a credit insurance with INA.

Applications for financing must be submitted to one of the credit institutions.

The buyer should establish contact with a bank in his country to secure the guarantee.

Financial credits to governments: bilateral government contacts and negotiations require establishment of agreement.

^{1/} 625 Italian lire - US\$1 (April 1969).

SOURCES OF FINANCING IN ITALY

Bilateral

Banco di Napoli

177-178 Via Roma
Naples

STRUCTURE AND RESOURCES

Established: 1539; a public-law credit institution.

Resources: Capital: L15,500 million.^{1/}
Reserves: L23,206 million.

ACTIVITIES AND FUNCTIONS

Grants credits for financing the export of capital goods and services of Italian origin (supplier credits). Grants credits for financing the purchase of goods and services of Italian origin (buyer credits).

Participates in banking consortia for financing industrial units. Among the bodies which can receive credits are governments, development banks and public and private enterprises.

Participates in the granting of bilateral credits to the governments of developing countries for the purpose of improving their economic or monetary situation.

TERMS AND CONDITIONS

Vary according to project.^{2/}

Duration of credits (medium and long-term) is five to fifteen years.

A guarantee from the government of the purchaser's country is normally required.

PROCEDURE

No special procedure.

Requests for credit should be submitted to the Industrial Credit Section (Sezione di Credito Industriale) of the bank.

^{1/} 625 Italian lire - US\$1 (April 1969).

^{2/} See Italy, export credits.

Bilateral

Ente Finanziario Interbancario
EFIBANCA

5 Via di S. Nicola da
Tolentino
Rome

STRUCTURE AND RESOURCES

Established: 1939 under name of Ente Finanziamenti Industriali; joint-stock corporation; reorganized 1949.

Resources: L10,500 million.^{1/} Reserves: L5,271 million (contributed by Italian public and private credit institutions; foreign financial institutions).

Main resources: time deposits, refinancing with Mediocredito.

Authorized to issue bonds to finance lending operations.

ACTIVITIES AND FUNCTIONS

Grants domestic loans. Finances export credits (L66,112 million - end of 1967). Invests in equity (Italian and foreign corporations). Grants financial credits to developing countries (L25,817 million for 1967).

TERMS AND CONDITIONS

Vary according to project.

Maturities: long- and medium-term.

PROCEDURE^{2/}

Financing requests must be submitted to the company.

^{1/} 625 Italian lire - US\$1 (April 1969)

^{2/} See Italy, export credits.

Bilateral
Public

Istituto Mobiliare Italiano
IMI

Via delle Quattro
Fontane 121
Rome

STRUCTURE AND RESOURCES

Established: 1931; public law entity. (Special functions according to Export Credit Law, 1967).

Resources: Subscribed capital: L100,000 million.^{1/}
Paid-up capital: L30,000 million.

ACTIVITIES AND FUNCTIONS

Provides medium-term credits for the acquisition of capital goods in Italy (export credits - supplier credits).

Grants direct buyer credits - financial credits to developing countries.

Grants medium- and long-term credits to governments or central banks of developing countries (within the framework of bilateral assistance).

TERMS AND CONDITIONS

Eligibility: banks, public or private entities.

Terms and conditions vary according to the specific project.

Maturities for export credits are five to seven years.

Interest rate is approximately 5.9 per cent.

Credits are normally tied to the acquisition of Italian goods.

The buyer and the supplier must obtain the required import and export authorization.

Credits are insured against "special risks" by the Istituto Nazionale delle Assicurazioni (INA) on behalf of the Italian Government pursuant to a resolution by a special interministerial committee set up within the framework of the Istituto per il Commercio Estero (ICE).

PROCEDURE

For export credits the supplier must obtain a deferred-payment export authorization from the Ministry of Foreign Trade.

Agreement on the supply of goods. Request for risk insurance with ICE. A financing agreement between IMI and the supplier.

For financial credits to developing countries, bilateral government negotiations followed by agreement and insurance of the credit involved.

^{1/} 625 Italian lire - US\$1 (April 1969)

Bilateral
Private

Mediobanca
(Limited company)

Via Filodrammatici 10
Milan

STRUCTURE AND RESOURCES

Established: 1946; medium-term credit bank.

Resources: L16,000 million^{1/} the majority of which is held by the three "Banks of National Interest" (Banca Commerciale Italiana, Credito Italiano and Banco di Roma) all of whose branches are empowered to carry out Mediobanca's transactions.

Reserves: L5,750 million.

Provision for risks: L8,250 million.

ACTIVITIES AND FUNCTIONS

Grants loans on terms of more than one year for investment programmes; financing of export credits and other medium-term financial requirements.

Participates in syndicates to underwrite and/or place bonds and shares.

As of 30 June 1968, loans disbursed L589,110 million (in addition to L208,295 million to be disbursed), including L141,697 million of export credits and L42,600 million of loans granted to governments or central banks of developing countries under specific intergovernmental agreements.

From its inception until 30 June 1968, Mediobanca had managed syndicates to underwrite and/or place bonds for a total of L2,084.3 million, of which L1,255.8 million were handled on behalf of public bodies and L828,500 million on behalf of joint-stock companies and foreign institutions.

TERMS AND CONDITIONS

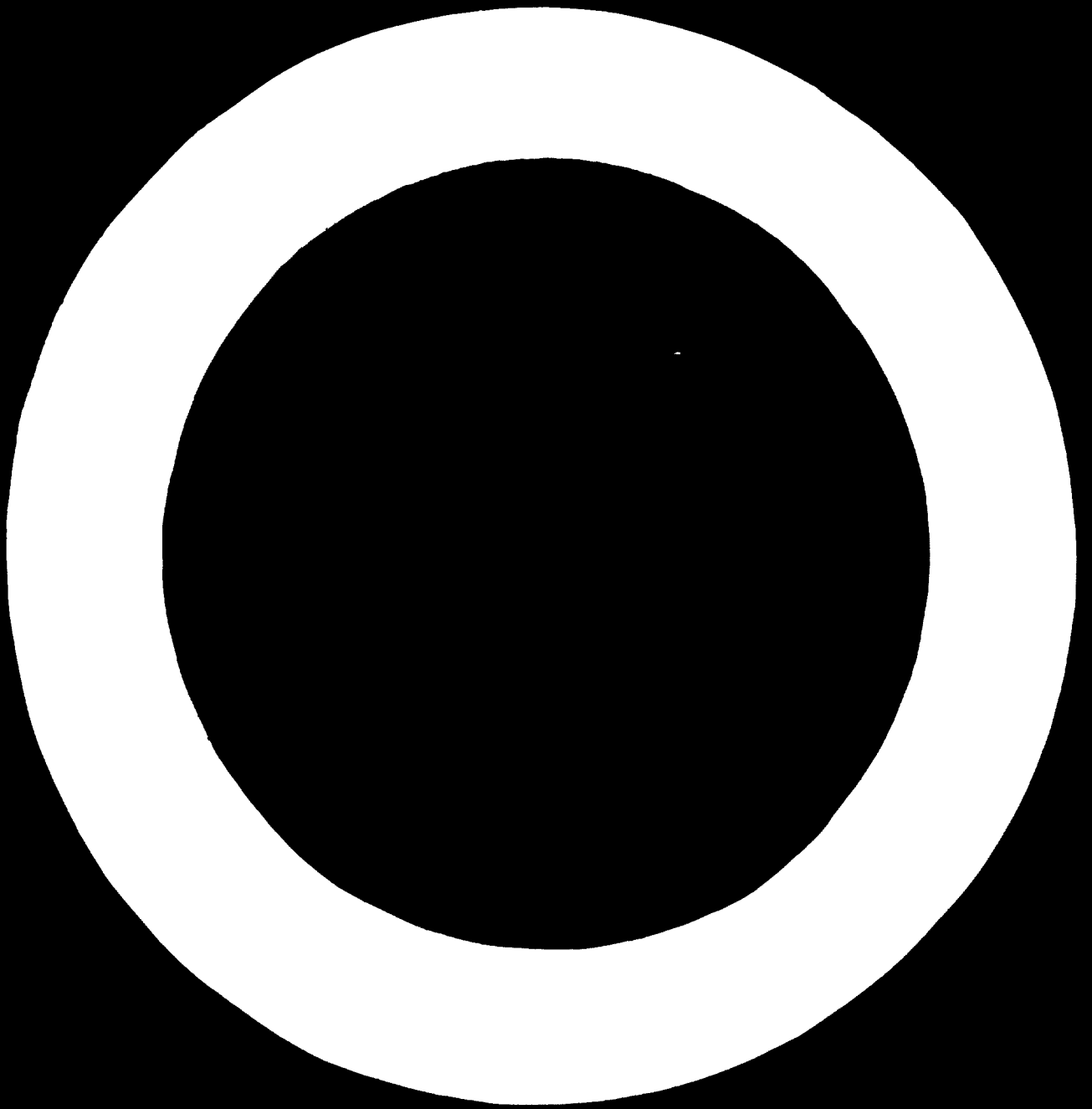
Eligibility: private and public enterprise.

Terms and conditions vary according to the specific project. In the case of credits provided on "special terms", they depend on the terms authorized and facilities granted for each project by the authorities concerned.

PROCEDURE

Applications for financing should be submitted either to Mediobanca direct, or through one of the three "Banks of National Interest" indicated above.

^{1/} 625 Italian lire - US\$1 (April 1969).



JAPA's

Export credits

STRUCTURE

Export credits for the acquisition of capital goods are financed by the Export-Import Bank of Japan in co-operation with the commercial banks (Authorized Foreign Exchange Banks).

TERMS AND CONDITIONS

Financing covers capital goods and technical services of Japanese origin.

Only supplier credits are granted. The supplier must cover part of the risk; the insurance covers only up to 85 per cent of the transaction.

The buyer is expected to make a down payment of about 20 per cent of the value of the transaction.

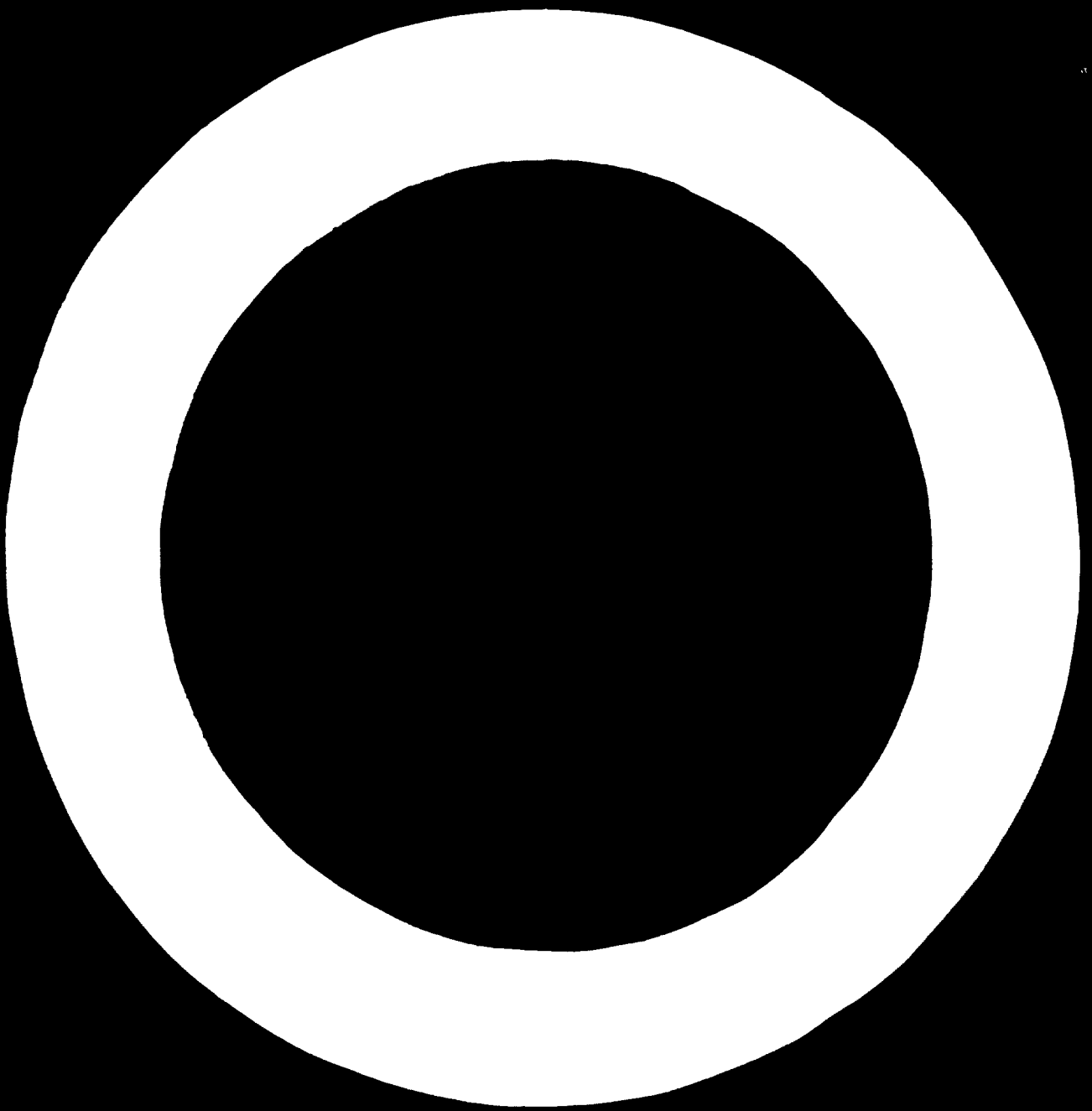
Interest rates: Export-Import Bank - 4 to 7 per cent; commercial banks - 8.5 to 9 per cent (on the position of the credit they finance). Additional cost: insurance premium.

PROCEDURE

Agreement between the buyer and the Japanese exporter.

The supplier must submit the credit application to the Export-Import Bank through his commercial bank. The supplier must obtain credit insurance from the Export Insurance Section of the Ministry of International Trade and Industry.

The buyer must obtain a guarantee from a commercial bank in his country.



SOURCES OF FINANCING IN JAPAN

Bilateral
Governmental

The Export-Import Bank
of Japan

No.5, 1-chome
Ohtemachi
Chiyoda-ku
Tokyo

STRUCTURE AND RESOURCES

Established: December 1950 under a special law as independent governmental financial institution.

Resources: Capital, wholly subscribed by the Government through its Industrial Investment Special Account, is Y308,800 million (US\$858 million) as of August 1968. Borrowings from Trust Fund Bureau of Ministry of Finance total Y652,505 million (US\$1,813 million) as of August 1968.

ACTIVITIES AND FUNCTIONS

Makes loans to foreign governments, public agencies, private enterprises; funds for importing capital goods and technical services from Japan.

Makes loans and guarantees to domestic enterprises; export credits (supplier credits); investment loans for Japanese overseas enterprises or for Japanese-foreign joint ventures in various fields including manufacturing industries.

TERMS AND CONDITIONS

Vary according to project.

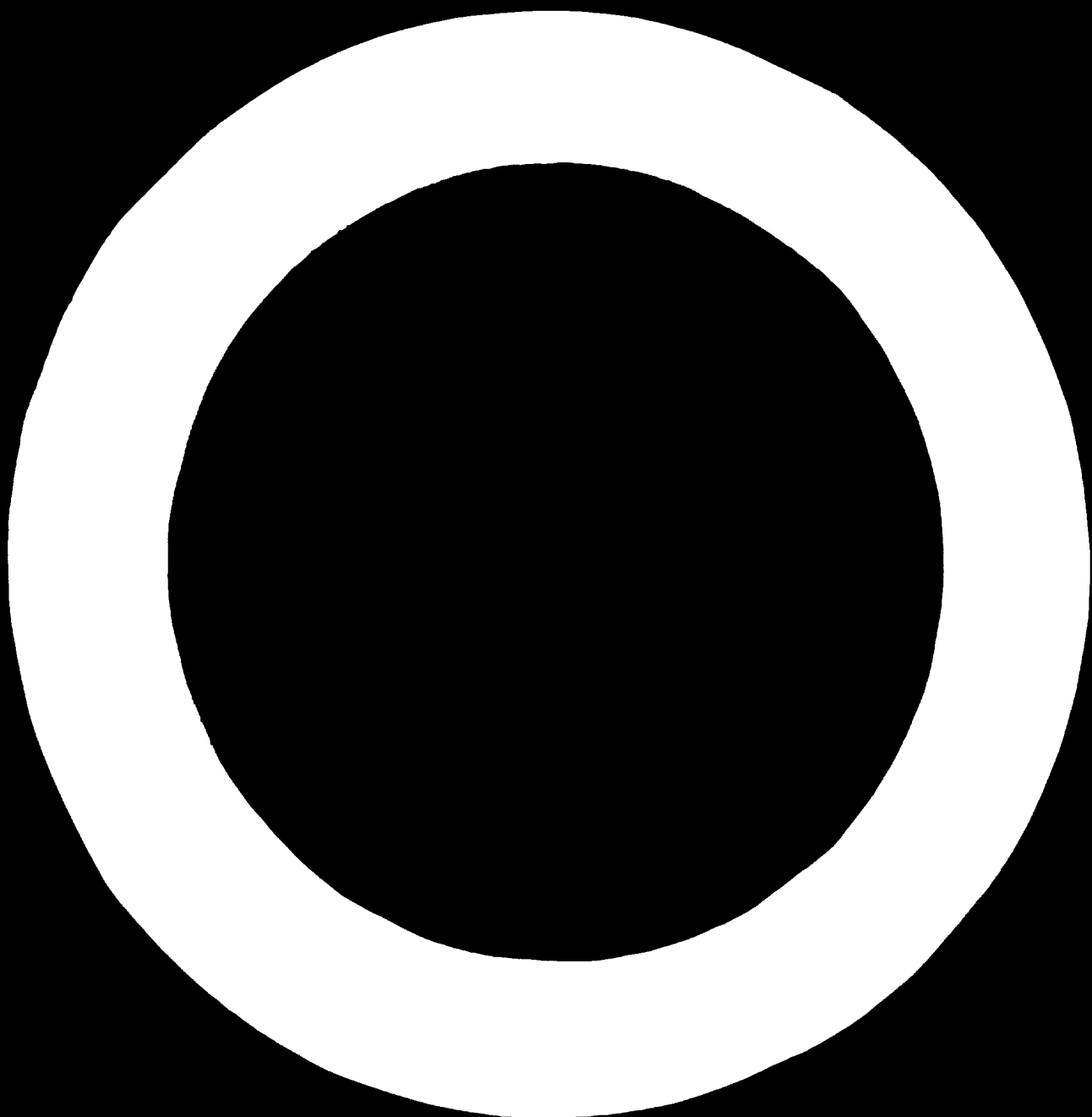
Financing is provided only when funds cannot be obtained from other sources on reasonable terms.

Maturities: foreign loans no statutory limit; export credits and investment loans, respectively, up to five and ten years in principle.

Interest rate is decided case by case, ranging usually from 4 per cent to 7 per cent.

PROCEDURE

Foreign loans handled by Loan Dept. 3. Domestic loans usually granted jointly with commercial banks, and applications submitted through commercial banks.



THE NETHERLANDS

Export credits

STRUCTURE

Export credits for the acquisition of capital goods can, in principle, be granted by the commercial banks. In practice, such credits are financed by specialized export credit institutions:

N. V. Export-Financiering-Maatschappij (EFM), N. V. Nationale Bank voor Middelland Krediet, N. V. Maatschappij voor Krediet op Vaste Termijn. Sales of ships: medium- and long-term supplier credits are financed also by ships mortgage banks, e.g. N. V. Eerste Nederlandsche Scheepverband Maatschappij Scheepshypotheekbank Nederland N. V.

N. V. Export-Financiering-Maatschappij was established in 1951 as a private company. Resources: loans raised on the capital market, deposits made by participating banks.

TERMS AND CONDITIONS

Financing covers goods and services of Netherlands origin (EFM: plants, equipment, ships, engineering services etc.).

Usually the buyer is expected to make a down payment averaging 20 per cent of the value of the export contract, the remaining 80 per cent constituting the export credit.

The financing institution as a rule finances the portion of the credit secured by collateral and/or the export-credit insurance policy. The policy usually offers 90 per cent of a maximum which covers goods to 72 per cent of the value of the order contract. The supplier is thus required to finance at least 10 per cent of the credit out of his own funds.

The financing institution usually provides the financing in the form of advances against the export bills as collateral and to a limited extent through the discounting of these bills.

Buyer credits are granted directly by the financing institutions to effect purchases on a cash basis.

PROCEDURE

Agreement between the buyer and the supplier.

The supplier must obtain credit insurance with the Nederlandsche Credietverzekering Maatschappij N. V. The buyer is expected to obtain a guarantee from a commercial bank in his country.

It is advisable that contacts be established simultaneously between (a) the prospective buyer and supplier (regarding terms and conditions of the contract); (b) the supplier and the financing institution (regarding the financing of the contemplated credit); and (c) the buyer and his local bank.

SOURCES OF FINANCING IN THE NETHERLANDS

Bilateral
Private

N. V. Export-Financiering-
Maatschappij

6 Prins Mauritslaan
The Hague

STRUCTURE AND RESOURCES

Established: 1951, as a private limited company by the National Investment Bank together with the most important commercial banks in the Netherlands.

Resources: Subscribed capital: G30,000,000.^{1/}
Paid-up capital: G6,040,000.
Reserves: G19,170,000.

Raises its working capital on the capital market.

FUNCTIONS AND ACTIVITIES

Specialized bank operating in the field of export finance. Main objective is to finance and promote export.

Operates by medium- and long-term financing of export of capital goods such as plant and equipment, and services rendered abroad by Netherlands companies such as engineering and contracting businesses.

TERMS AND CONDITIONS

Vary according to the specific project, but are fixed in each individual case.

Maturities are normally up to ten years. Rates are lower than the market rate.

PROCEDURE

Applications must be submitted to the company.

^{1/} 3.62 Dutch guilders (guilder) - US\$1 (April 1969).

Bilateral
Private

The Netherlands Investment Bank
for Developing Countries
(De Nederlandse Investeringsbank
voor Ontwikkelingslanden N. V.)

Carnegieplein 4
The Hague

STRUCTURE AND RESOURCES

Established: 1965 as a subsidiary of The National Investment Bank of the Netherlands (De Nationale Investeringsbank (Herstelbank) N. V.); 51 per cent of shares of the latter are held by the Government.

Resources: Authorized capital: G10 million.^{1/}
Various loans, debentures, funds contributed by the State.

ACTIVITIES AND FUNCTIONS

Makes state-guaranteed loans to developing countries within the framework of consortia, consultative groups or similar set-ups, as well as for development projects in Latin America in co-operation with the Inter-American Development Bank (IADB). Range: various sectors, particularly manufacturing industries.

Eligibility: governments; in Latin America: development banks, private enterprise and government agencies.

TERMS AND CONDITIONS

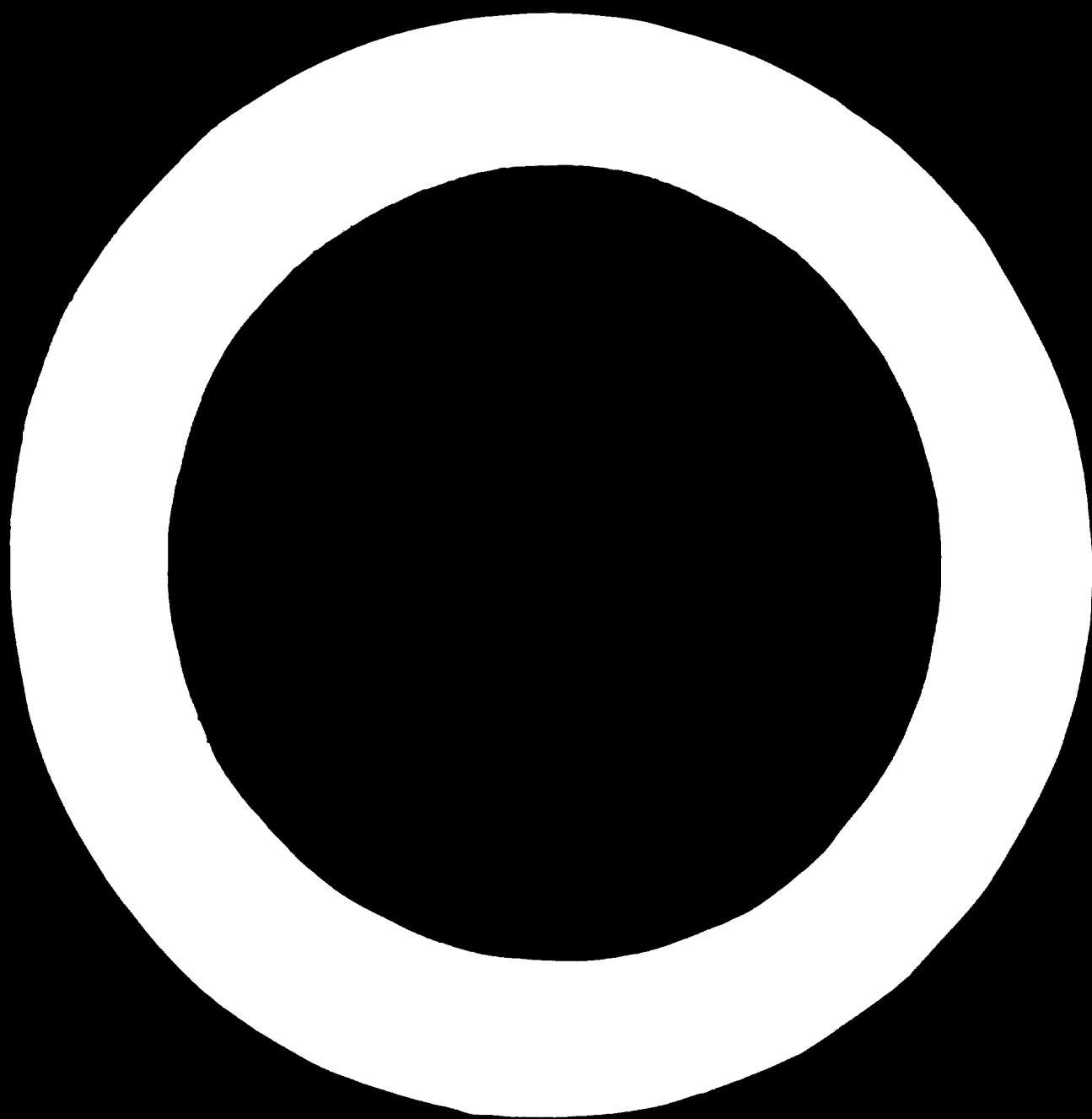
Interest rate is 3 to 6.5 per cent. Maturities are 15 to 25 years, including grace periods of 3 to 7 years.

PROCEDURE

After the pledge has been made by the Netherlands Government to contribute certain amounts to a developing country and a letter of intent from the Government has been accepted by the country concerned, The Netherlands Investment Bank for Developing Countries enters into a loan agreement.

In the case of Latin America, after the Netherlands Government and IADP have decided a project is eligible for financing under the above-mentioned arrangement and the letter of intent has been accepted, the Netherlands Investment Bank for Developing Countries enters into a loan agreement with the borrower.

^{1/} 3.62 Dutch guilders (gulden) - US\$1 (April 1969).



NORWAY

Export credits

STRUCTURE

Export credits for the acquisition of capital goods are financed by the Aksjeselskapet Forretningsbankenes Finansierings- og Eksportkreditt-Institutt (EKSPORTFINANS). Private institution established in 1962 by commercial banks.

Resources: Share capital NKR25 million (US\$3.5 million);
Liable loan capital NKR12.5 million (US\$1.7 million);
may borrow up to ten times its capital on the market.

This institution may be contacted through any commercial bank in Norway.

TERMS AND CONDITIONS

Financing covers goods of Norwegian origin.

The supplier is expected to cover part of the risks; the credit insurance covers only up to 85 per cent of the transaction.

Interest rate is market rate; additional cost: insurance premium.

PROCEDURE

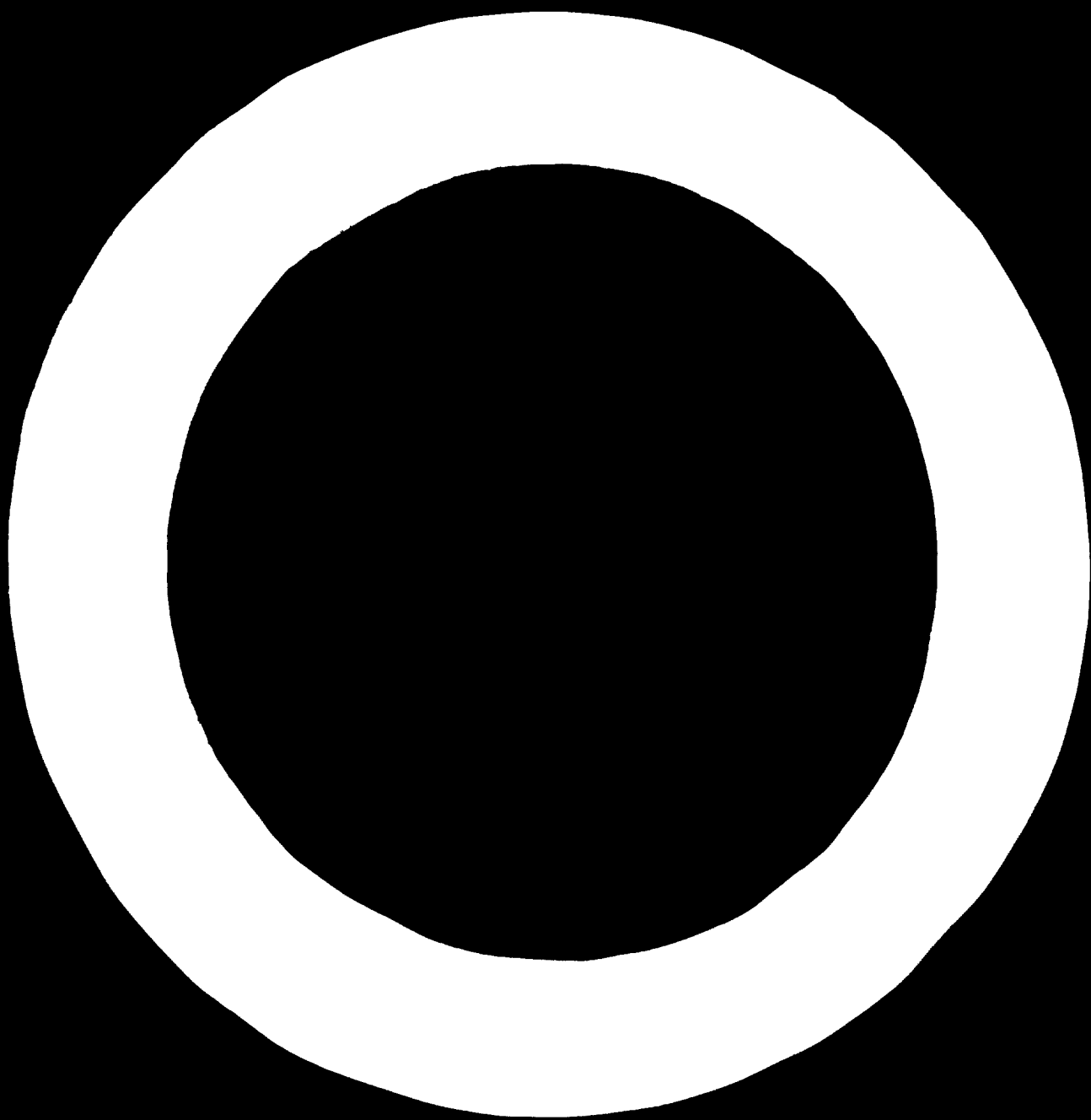
Agreement between the buyer and the Norwegian exporter, or agreement between A/S Forretningsbankenes Finansierings- og Eksportkreditt-Institutt and the buyer directly.

Submission of the credit application to the A/S Forretningsbankenes Finansierings- og Eksportkreditt-Institutt.

The supplier must obtain credit insurance with the Garanti-Instituttet for Eksportkreditt.

The buyer is expected to obtain a guarantee from a commercial or governmental bank in his country.

It is advisable that contacts be established simultaneously between (a) the buyer and the supplier; (b) the supplier, the Garanti-Instituttet for Eksportkreditt and the commercial bank in Norway; and (c) the buyer and his local bank.



POLAND

Export credits

STRUCTURE

Export credits for the acquisition of capital goods:

State credits: granted within the framework of economic co-operation agreements implemented by the foreign trade organizations.

Commercial credits:

Provided by the foreign trade organizations (autonomous legal entities with resources and budget under supervision of the Ministry of Foreign Trade). Each organization specializes in a particular category of goods.

Provided by some industrial enterprises by authorization of the Ministry of Foreign Trade.

Provided by the Bank Handlowy w Warszawie S.A. within the framework of bilateral banking agreements for the financing of goods exported by the Polish foreign trade enterprises or authorized industrial enterprises.

TERMS AND CONDITIONS

State credits: conditions as determined by the agreement. Expenditures in local currency are normally to be covered by the importing country. Interest rate is 2.5 to 3 per cent. Maturities are eight to ten years.

Repayment usually through deliveries of goods; in some cases partial payment in convertible currency.

Commercial credits: conditions vary according to project.

Credits are normally granted for export goods, in some cases also for services.

The buyer is expected to make a down payment of 10 to 20 per cent of the contract value at the time of signing the contract and another payment on delivery.

The buyer is expected to provide a guarantee from a reliable bank or other reliable credit institution in his country.

The foreign trade organizations are authorized to grant export credits for a maximum of five years (six years in the case of complete plants). Credits involving longer maturities or special payments conditions must be authorized by the Ministry of Foreign Trade. Otherwise, commercial export credits are granted without any special authorization and are merely registered with the Ministry of Foreign Trade for information purposes.

Interest rate is usually 6 per cent (never less than 4 per cent).

Repayments are made in clearing or convertible currency or in a combination of the two.

PROCEDURE

State credits: bilateral government agreements.

Commercial credits: contacts are to be established between the buyer and the foreign trade organization. Negotiations are conducted directly between the buyer and the organization or the authorized industrial enterprise.

Foreign trade organizations in Poland^{1/}
(dealing with capital goods and related services)

BUDIMEX Warsaw	Consultants and contractors in the field of municipal and industrial construction, architecture etc.
H. CEGIELSKI Poznań	Complete marine engine plants and marine diesel engines.
CEKOP Warsaw	Complete plants and equipment for the power industry, sugar industry, building and building materials industry, electrical, engineering and shipbuilding industries.
CENTROMOR Gdańsk	Cargo, fishing and inland vessels and marine equipment.
CENTROZAP Katowice	Complete plants, mining, drilling, foundry and smelting machines and equipment.
ELEKTRIM Warsaw	Electric machinery and equipment, telecommunication and radio equipment.
KOLMEX Warsaw	Railway rolling stock and equipment, railway repair shops.
METALEXPORT Warsaw	Machine tools, textile machinery, woodworking machinery, paper making machinery, machinery for the glass, lamp and cable industries, pumps, compressors, ventilators and refrigerating plants.
METRONEX Warsaw	Industrial automation and measuring apparatus, electric, electronic and optical instruments, school aids and laboratories.
MOTOIMPORT Warsaw	Farming machinery and implements, diesel engines, aircraft and sailplanes.
POLIMEX Warsaw	Contractor's plant and road building machinery, machines, equipment and complete plants for the foodstuffs and chemical industries.
POL-MOT Warsaw	Trucks, lorries, vans, trailers, passenger cars.
POLSERVICE Warsaw	Industrial consultants, services of experts, patents, licences and know-how.
VARIMEX Warsaw	Designing, building supervising, and supplying equipment for hospitals, hotels, restaurants etc. Medical instruments, metal and wood-working tools.

All organizations listed are authorized to perform independent consulting services in their field and enter into contracts providing for industrial co-operation. In case of complete plants the suppliers carry out economic surveys, feasibility reports, train local personnel, assign specialists etc.

^{1/} This is not intended to be an exhaustive list.

SWEDEN

Export credits

STRUCTURE

Export credits may be financed by the commercial banks.

Supplier credits for about five years or more can also be financed by AB Svensk Exportkredit, established 1962.

Basic resources of AB Svensk Exportkredit consist of share capital of SKR100 million,^{1/} subscribed one half by the Government, one half by commercial banks.

TERMS AND CONDITIONS

Financing by AB Svensk Exportkredit covers goods and services of Swedish origin. Credits are granted to Swedish exporters.

The basis of the credits consists of the supplier's claim on the buyer including collateral security given by the buyer.

Guarantees from the Swedish Export Credit Guarantee Board (Exportkreditnämnden) are often presented by the exporter as additional collateral. The cost and scope of such guarantees vary with the type of guarantee granted by Exportkreditnämnden.

The lending rates of AB Svensk Exportkredit consist of interest varying with the interest level in Sweden at the time the credits are granted. Since 1962 these rates have fluctuated between 5.75 and 8 per cent.

PROCEDURE

Agreement between the buyer and the Swedish exporter; application for credit by the exporter

SOURCES OF FINANCING IN SWEDEN

Bilateral
Private

Stockholms Fnskilda Bank

Kungsträdgårdsgatan 8
Box 16067
S-103 22 Stockholm 16

STRUCTURE AND RESOURCES

Established: 1856; commercial and investment bank.

Resources: Capital: SKR97.5 million.
Reserves: SKR146.5 million.
Equity, funds and surplus 283 million Swedish kroner^{1/}(1967).

ACTIVITIES AND FUNCTIONS

Participates in the financing of industrial projects; e.g. has been an underwriter of several bond loans and was the manager of the IBRD loan in Sweden; co-operates with international financial institutions in granting credits to industrial companies; holds equity capital in certain development banks in Latin America, Africa and Asia.

Was one of the initiators of the multinational ADELA Investment Company^{2/} with the aim of stimulating, assisting and participating in projects in the private sector in Latin America.

Was instrumental in forming the Swedish consortium for a mining venture in Liberia and is the financial agent of this venture and the Swedish consortium.

Extends its banking services to its clients in their operations in foreign countries.

A technical assistance team within the bank (TAT) provides expertise on development banking and related matters.

TERMS AND CONDITIONS

Vary according to project.

PROCEDURE

Through direct contact; officials of the bank travel frequently in developing countries; special visits upon request.

^{1/} 5.17321 Swedish kroner - US\$1 (April 1969).

^{2/} See Regional Sources, Adela Investment Company, S.A.

Bilateral
Private

Svenska Handelsbanken

Arsenalsgatan 11
Stockholm 16

STRUCTURE AND RESOURCES

Established: 1871; commercial bank.

Resources: Capital: SKR502 million.^{1/}
Reserves: SKR291 million.

ACTIVITIES AND FUNCTIONS

Grants short- and medium-term credits for industrial projects (supply of Swedish goods and services).
Grants credits to subsidiaries of Swedish enterprises located in developing countries.

TERMS AND CONDITIONS

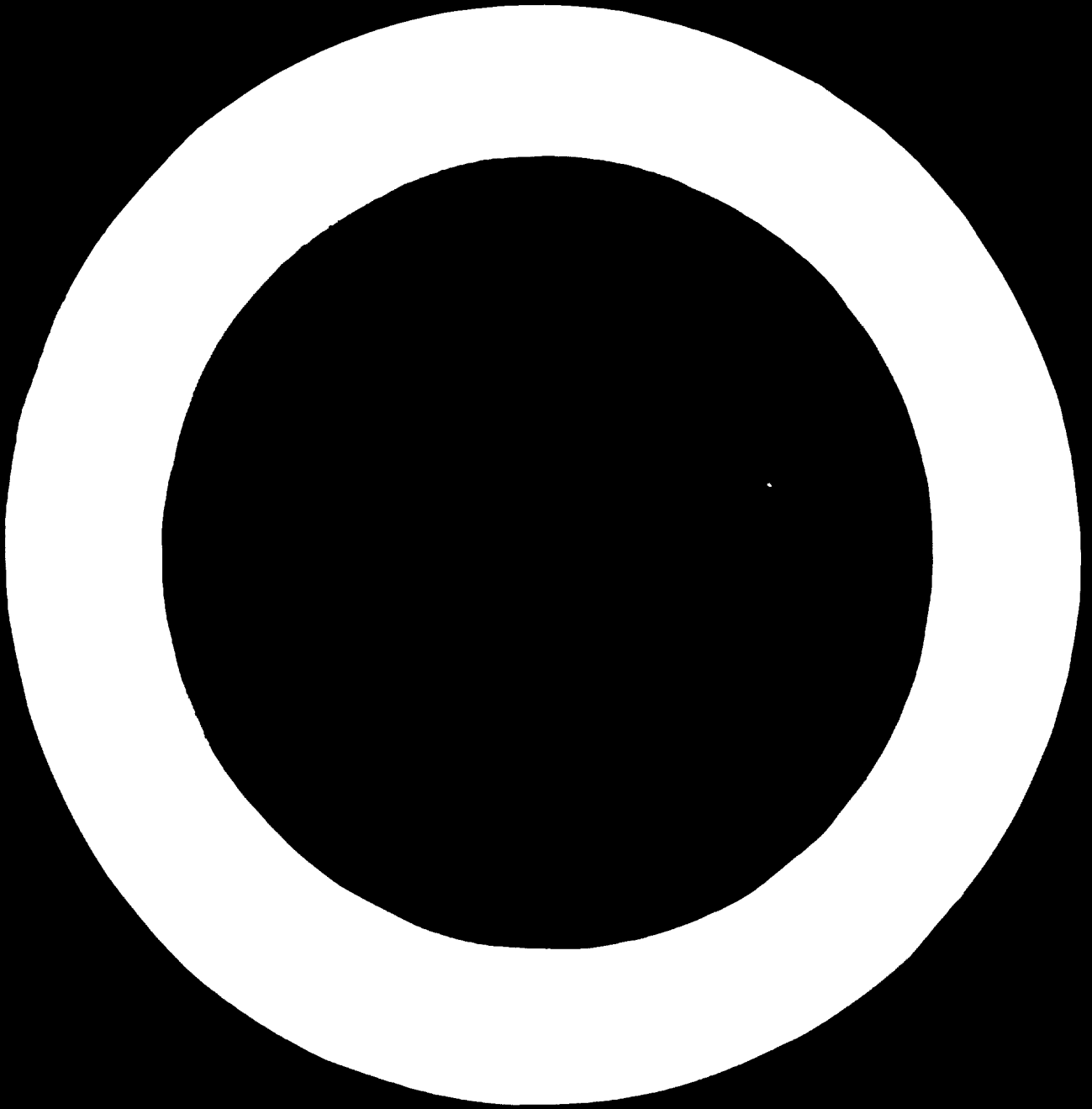
Vary according to project.

For medium-term credits a guarantee from a local bank in the recipient country is normally requested.
Guarantee from the Swedish Export Credit Guarantee Board is normally requested.

PROCEDURE

The Swedish exporter or parent company contacts the bank for discussions of the financing.

^{1/} 5.17321 Swedish kronor - US\$1 (April 1969).



SWITZERLAND

Export credits

STRUCTURE

Export credits for the acquisition of capital goods are financed by the commercial banks; usually only medium-term supplier credits are financed. Long-term credits are granted only in exceptional cases, or as buyer credits within the framework of bilateral agreements between the Swiss Government and the government of a developing country (transfer or "blanket" credits).

TERMS AND CONDITIONS

Financing covers goods and services of Swiss origin.

The buyer is normally required to make a down payment of about 20 to 40 per cent of the invoice value. A government insurance policy is normally required. A guarantee of the central bank or a commercial bank in the buyer's country is usually required.

The supplier must cover part of the risk; the insurance covers only up to 85 per cent of the transaction. (Only non-commercial risks are covered.)

Interest rate is the market rate. Additional cost: insurance premium.

PROCEDURE

Agreement between the buyer and the Swiss exporter.

The supplier must obtain insurance with the Bureau pour la Garantie contre les Risques à l'Exportation (political risks), or the Eidgenössische Versicherung-Aktiengesellschaft (commercial risks only).

It is advisable that contacts be established simultaneously between (a) the buyer and the Swiss supplier; (b) the supplier, the insurance institute and the commercial bank; and (c) the buyer and the commercial bank in his country.

SOURCES OF FINANCING IN SWITZERLAND

Bilateral
Private

Schweizerischer Bankverein
Soci t  de Banque Suisse
Societ  di Banca Svizzera
Swiss Bank Corporation

Aeschenvorstadt 1
Basle
Switzerland

STRUCTURE AND RESOURCES

Established: 1872; commercial bank. Head Office in Basle, with branches in numerous Swiss cities.
Affiliates: Banque Am ricano-Franco-Suisse pour le Maroc, Casablanca; International Financing Company Ltd, Basle; Basler Handelsbank, Beteiligungs- und Finanzgesellschaft, Basle; Soci t  Financiere Italo-Suisse, Geneva.

Resources: Share-capital: SFR330 million.^{1/}
Reserves: SFR436 million.
Total resources: SFR766 million.

ACTIVITIES AND FUNCTIONS

Grants medium- and long-term credits for the acquisition of capital goods of Swiss origin (supplier credits and buyer credits).

Participates in raising funds for industrial projects in developing countries within the framework of bilateral agreements (blanket credits).

As a rule, in both cases the transactions must be covered by the Export Risk Guarantee of the Swiss Federal Government.

TERMS AND CONDITIONS

Vary according to the specific case, as do rates of interest.

Maturities are normally up to five years; in special cases up to twelve years, according to the character of the goods involved, but in any event not longer than the duration of the Swiss Export Risk Guarantee. Repayments must normally be made by means of equal half-yearly instalments.

PROCEDURE^{2/}

Applications should be submitted to the bank.

^{1/} 4.37282 Swiss francs = US\$1 (April 1969).

^{2/} See Switzerland, export credits.

UNION OF SOVIET SOCIALIST REPUBLICS

Export credits

STRUCTURE

Export credits for the acquisition of capital goods:

State credits: granted through bilateral intergovernmental credit agreements; implemented by the foreign trade organizations.

Credits of the foreign trade organizations: granted by the foreign trade organizations against contracts for delivery of capital goods.

Foreign trade organizations (Obyedineniya) autonomous bodies, have status of legal entities and their own capital. Each organization specializes in a particular category of goods.

Foreign trade organizations are clients of the Bank for Foreign Trade of the USSR.

The Bank for Foreign Trade (Vneshtorgbank) is a joint-stock company. Capital stock: R300 million;^{1/} reserve capital: R80 million.

Activities of the bank: Crediting of foreign trade commercial transactions - operations under credits granted abroad, effecting payments for goods, exported or imported, foreign exchange operations and other international banking transactions.

TERMS AND CONDITIONS

State credits: usually granted for the construction of enterprises of public sector. Interest rate is usually 2.5 to 3 per cent. Maturities are usually twelve years beginning one year after the delivery of all equipment and material for the project. Repayment is through deliveries of traditional export goods, industrial goods, including those produced by enterprises constructed with the help of the USSR, in local currencies or free convertible currency. Local currency expenditures must normally be covered by the recipient country.

Credits of the foreign trade organizations: Conditions are to be determined individually. The buyer is usually requested to pay in cash a part of the value of the contract in one or two instalments before or upon delivery. The buyer is expected to provide a guarantee from his government or from a reliable bank in his country.

Interest rate varies according to the contract - usually 4 per cent. Maturities are usually up to five years.

Repayment: delivery of goods, in local currencies or in free convertible currency.

PROCEDURE

State credits: bilateral government negotiations.

Credits of the foreign trade organizations: contracts are to be concluded between the buyer and the foreign trade organization. Negotiations are carried out directly between the buyer and the foreign trade organization.

The Department of United Nations Technical Assistance of the State Committee of the USSR Council of Ministers for Foreign Economic Relations assists the United Nations in recruiting Soviet experts.

Address: Ovchinkovskaya nab. 18/1, Moscow, USSR.

^{1/} .90 Russian ruble - US\$1 (April 1969).

Foreign trade organizations

In the USSR

(dealing with machinery and equipment
for the manufacturing industry)

MASHINOEXPORT Smolenskaya Sennaya 32/34, Moscow G-200.	Industrial machinery; oil-field equipment; electrical, building and mining machinery.
MASCHPRIBORINTORG Smolenskaya Sennaya 32/34, Moscow G-200.	Precision engineering and electrical instruments and appliances.
STANKOIMPORT Smolenskaya Sennaya 32/34, Moscow G-200.	Machine tools, metalwork and foundry machinery, rolling mills etc.
TECHMASHEXPORT Mosfilmovskaya 35, Moscow B-330.	Equipment for light industry, food industry etc.
ENERGOMASHEXPORT Mosfilmovskaya 35, Moscow B-330.	Electric and power equipment including turbines, generators, electric motors, welding equipment etc.
NEFTEKHIMPROMEXPORT Ovchinnikovskaya Nab. 18/1, Moscow J-324.	Oil and gas processing equipment, fertilizer plants, equipment for production of organic syn- thetic products and other equipment for chemical industry.
PROMMASHEXPORT Ovchinnikovskaya Nab. 18/1, Moscow J-324.	Plants for engineering industry, automobiles, machine tools, agricultural machinery etc.
SELKHOZPROMEXPORT Ovchinnikovskaya Nab. 18/1, Moscow J-324.	Fodder factories, grain elevators and mills, soil improvement equipment, dams, pumping stations etc.
TECHNOEXPORT Ovchinnikovskaya Nab. 18/1, Moscow J-324.	Cement, brick and glass plants, plants and equip- ment for light industry, pharmaceutical industry, airport equipment and installations.
TECHNOPROMEXPORT Ovchinnikovskaya Nab. 18/1, Moscow J-324.	Hydroelectric and thermal power plants, chemical woodworking and wood-processing plants, atomic research centres and laboratories.
TIAJPROMEXPORT Ovchinnikovskaya Nab. 18/1, Moscow J-324.	Complete plants and equipment for ferrous and non-ferrous metallurgy and the mining industry.

Detailed information furnished on request by foreign trade organizations or USSR Chamber of Commerce.
Address: Ul. Kyibysheva 6, Moscow.

THE UNITED KINGDOM

Export credits

STRUCTURE

Financing for commercial export credits, insofar as it relates to capital goods or projects, is normally provided by United Kingdom commercial banks, especially the London clearing banks and the "merchant banks".

This credit may take the form of supplier or buyer credit, but in either case may be facilitated by the credit insurance or guarantees of the Export Credits Guarantee Department (ECGD).

Insured export credits exceeding two years are eligible for refinancing by the Bank of England. Loans refinanced under the scheme are either the value of repayments due in the following 18 months or 30 per cent of the loan outstanding, whichever is greater, and the rate of interest is that applicable to the original loan.

TERMS AND CONDITIONS

Financing guaranteed by ECGD is normally only available with respect to United Kingdom goods or services.

It is necessary for the UK supplier to bear part of the risk; ECGD basic policies cover only 90 to 95 per cent of the credit element. (ECGD supplemental guarantees to banks cover 100 per cent of the credit extended and financial guarantees cover 100 per cent of the loan (normally not exceeding 80 per cent of the contract price).

The buyer is required to make a down payment - with order or before shipment - of up to 20 per cent. Under a financial guarantee, the buyer, from his own resources, is required to pay direct to the supplier not less than 20 per cent of the contract price, including an adequate down payment on signature of the contract and a further instalment on or after ultimate commissioning of the plant.

A buyer must be credit-worthy for the contract concerned or able to be made credit-worthy by the provision of suitable guarantees by a body such as a leading bank, or the Ministry of Finance, in the buyer's country.

The extent to which local costs (for labour, local materials etc.) may be financed depends on their proportion of the full contract value.

The cost of export finance, for credit of two years or more covered by an ECGD direct guarantee to the financing bank or an ECGD financial guarantee, is at present 5.5 per cent. In addition there is generally a bank commitment fee of about 1 per cent, often additional charges for the negotiation and management of the loan or facility, and ECGD premium.

PROCEDURE

Financial guarantees covering buyer credits: When a financial guarantee arrangement has been approved to finance a supply contract, ECGD issues a guarantee to the lending bank, which in turn enters into a loan agreement with the overseas borrower. Premium on the guarantee is payable to ECGD by the UK exporter.

Supplier credits (direct guarantees to banks): Where ECGD cover is required this is arranged concurrently with the contractual negotiations between the UK exporter and the overseas buyer, and following the UK exporter's request for export finance.

SOURCES OF FINANCING IN THE UNITED KINGDOM

Bilateral
Private

Bank of London and
South America Limited

40-66 Queen Victoria Street
P.O. Box 241
London, E.C.4.

STRUCTURE AND RESOURCES

Established: 1862; incorporated in the United Kingdom; leading bank of the BOLSA International Banking Group. Geographical coverage: Latin America.

Resources: Assets: £535.994 million.^{1/}
Authorized capital: £30 million.

FUNCTIONS AND ACTIVITIES

Undertakes normal commercial banking activities. Grants medium-term loans. Arranges and/or leads consortia of lending banks.

Range: various fields, including manufacturing industry.

Subsidiaries include finance and investment companies. Associate companies include investment and industrial development companies.

TERMS AND CONDITIONS

Vary according to project.

PROCEDURE

Applications are submitted to the bank with full information.

Bilateral
Private

Barclays Overseas Development
Corporation Limited

54 Lombard Street
London, E.C.3.
England

STRUCTURE AND RESOURCES

Established: 1946 as subsidiary company of Barclays Bank D.C.O. Incorporated in the United Kingdom. Geographical coverage: Commonwealth countries in which Barclays Bank D.C.O. is established.

Resources: Authorized capital: £6 million.^{1/}

ACTIVITIES AND FUNCTIONS

Makes loans, invests in equity, underwrites issues.

Range: Various fields, including manufacturing industry, tourist projects, agricultural developments.

TERMS AND CONDITIONS

Eligibility: private, public and government enterprise.

Terms and conditions vary according to the project concerned, but projects must be economically sound and involve a measure of development. The project sponsor is to supply an adequate amount of the total costs of the project and to invest his share of the costs before financial assistance is received from the corporation. All necessary local and UK governmental consents must be obtained.

Duration is generally five to ten years (longer or shorter periods may be considered).

Interest rates vary according to London market conditions. Commission charged is normally 1 per cent.

Security is normally requested and generally takes the form of a charge over the fixed assets which the corporation's money is being used to develop.

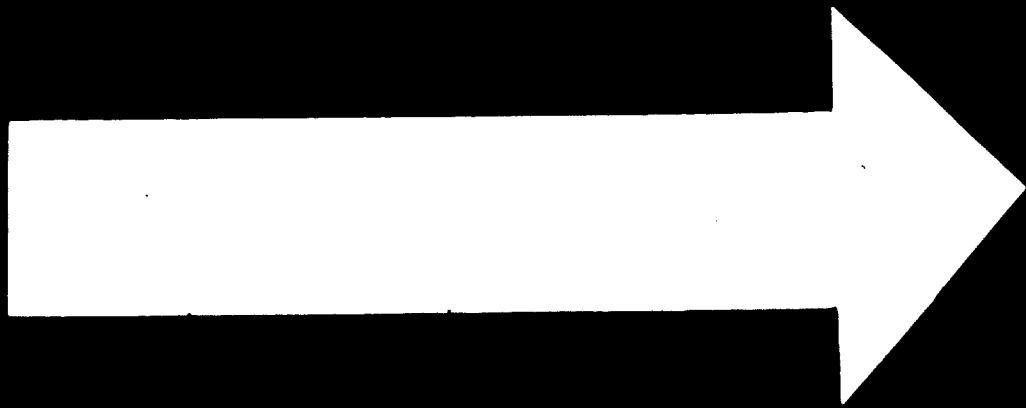
Loans are normally made in sterling.

PROCEDURE

Applications are submitted to the corporation or to branches of Barclays Bank D.C.O.

A special form of application is obtainable from the corporation or its agents. Informal discussion on specific project normally precedes formal application.

^{1/} 0.4967 English pound - US\$1 (April 1969).



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Bilateral
Governmental

Commonwealth Development Corporation
CDC

33 Hill Street
London W1A 3AR

STRUCTURE AND RESOURCES

Established: 1948 by act of Parliament as Colonial Development Corporation; 1963 act of Parliament changed name to Commonwealth Development Corporation. Statutory corporation with commercial terms of reference; public institution. Geographical coverage: Commonwealth countries having achieved independence since 1948, dependent territories and self-governing territories.

Resources: Borrowings up to £15⁰ million^{1/} on long or medium term; £10 million on short term. Up to £130 million from UK Exchequer Funds. Various other loans.

ACTIVITIES AND FUNCTIONS

Undertakes projects for promotion or expansion of economic development. Range: various fields including manufacturing industry.

Offers investment in wholly owned projects; by way of shares and debentures; in subsidiary and associated companies. Favours particularly joint companies with local entrepreneurs and local capital.

Provides management and technical services and training of indigenous employees in various fields including engineering and industrial relations.

May undertake any type of enterprise open to a private concern.

TERMS AND CONDITIONS

Eligibility: public and private enterprise.

Terms and conditions vary according to project and are subject to negotiation.

A substantial proportion of the capital required for a project must be supplied by the promoter, depending on his financial resources.

No standard minimum investment unit; generally not less than £50,000 for CDC itself, but smaller investments are undertaken by territorial industrial development companies with which CDC is associated.

Investment criteria: high development value and prospects of commercial viability.

A fee for commitment and services is normally charged.

PROCEDURE

Prospective sponsors of projects may approach CDC's Head Office in London or one of its overseas offices.

Resident regional controllers are responsible for CDC operations in the Caribbean (office in Barbados), East Asia and Pacific Islands, (Singapore and Kuala Lumpur), East Africa and Central Africa (Nairobi), Southern Africa (Johannesburg), West Africa (Lagos). There are also CDC representatives with offices in Fiji (Suva), Tanzania (Dar es Salaam), Malawi and Zambia (Lusaka), and Ghana (Accra).

^{1/} 0.4167 English pound - US\$1 (April 1969).

Bilateral
Governmental

Commonwealth Development
Finance Company Limited
CDFC

1, Union Court
Old Broad Street
London E.C.2

STRUCTURE AND RESOURCES

Established: 1953 as a public company. Subsidiary companies in Canada and Australia, Malaysia.
Geographical coverage: Commonwealth countries.

Resources: Authorized capital: £30 million.^{1/}

ACTIVITIES AND FUNCTIONS

Provides or procures financial facilities for development. Co-operates in the financing of industrial development undertaken by private enterprises.

Makes loans; takes up debenture stocks; subscribes to equity capital; underwrites or guarantees issues; other forms of financial assistance. Range: various sectors, mainly manufacturing industry. Provides advisory services on practical problems of developing commerce and industry.

TERMS AND CONDITIONS

Eligibility: private enterprise.

Invests in projects which are commercially viable, for which the sponsors have made an adequate contribution of their own and have secured as much financing as practicable through normal market channels.

Duration of loans, interest charges, pattern of repayment vary according to the enterprise (generally medium- or long-term loans).

PROCEDURE

No standard method of application.

Proposals for CDFC investment should include information on the company seeking financing, description of the project, costs, financial and economic information, amount and form of CDFC investment sought.

Informal application is followed by CDFC investigations and formal negotiations. An agreement is signed between CDFC and the borrower.

^{1/} 0.4167 English pound - US\$1 (April 1969).

Bilateral
Private

National and Grindlays
Finance and Development
Corporation Ltd

26 Bishopsgate
London E.C.2.

STRUCTURE AND RESOURCES

Established: 1948 as a wholly owned subsidiary of the National and Grindlays Bank Ltd; incorporated in the United Kingdom. Geographical coverage: mainly countries in Africa and Asia where National and Grindlays Bank Ltd is represented.

Resources: Capital authorized and issued: £2 million.^{1/}

ACTIVITIES AND FUNCTIONS

Makes loans for development purposes. Range: various fields, including manufacturing industry.

Invests in equity.

TERMS AND CONDITIONS

Eligibility: public and private enterprise.

Terms and conditions vary according to specific project.

Maturities of medium-term loans are three to ten years; in special cases term may be extended.

Rates of interest are based on market rates ruling at time of loan. Commitment charges are 0.50 to 1 per cent per year.

Loans are generally made in British sterling but may sometimes be granted in local currency.

PROCEDURE

Applications for financing should be submitted through branches or head office as applicable.

^{1/} 0.4167 English pound - US\$1 (April 1969).

Bilateral
Private

Standard Bank Finance and
Development Corporation Ltd

10 Clements Lane
London, E.C.4.

STRUCTURE AND RESOURCES

Established: 1947 as subsidiary of The Standard Bank Ltd; incorporated in the United Kingdom.
Geographical coverage: developing countries of Africa where the Standard Bank Ltd and Standard Bank of West Africa Ltd are represented.

Resources: Capital: £1 million.^{1/}

ACTIVITIES AND FUNCTIONS

Makes loans for the establishment and expansion of industries; agricultural development schemes also considered.
Undertakes equity purchase.

TERMS AND CONDITIONS

Eligibility: public and private enterprise.

Terms and conditions vary according to project.

Maturities are generally seven to ten years, although longer or shorter periods are considered.

The minimum interest rate is currently 8.5 per cent per year. Commissions are generally 1 per cent on the amount of the loan. Commitment fee is 0.50 to 1 per cent per year on undrawn balances where drawdown is likely to be protracted - in excess of six months, for example.

Tangible security is required. The promoter is expected to make a significant contribution to the total costs of the project. Local participation is generally sought.

Loans are generally made in British sterling.

Ceiling for single investment is normally £250,000, although where larger amounts are required the corporation is prepared, in approved cases, to investigate the possibilities of forming lending consortia.

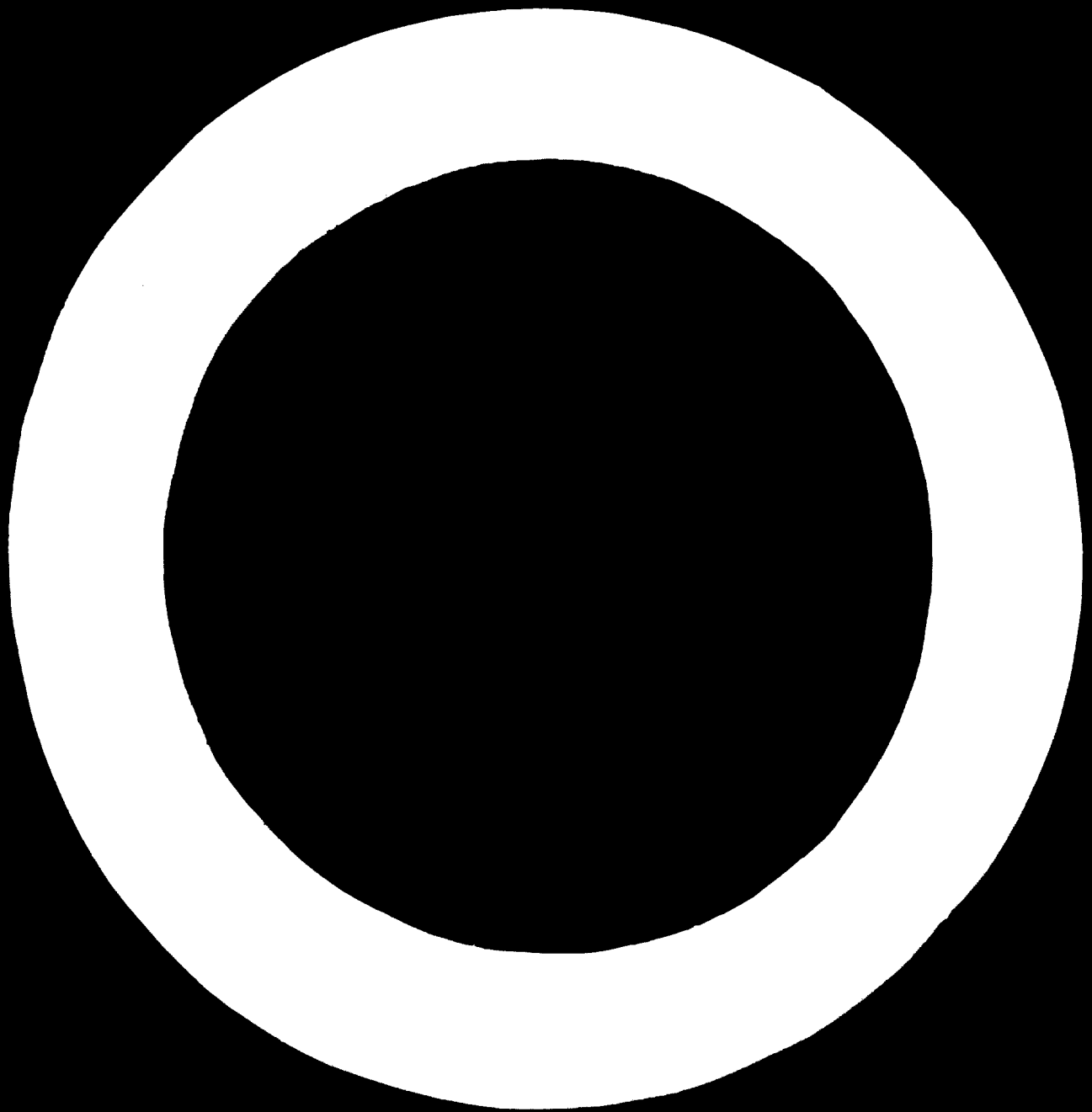
PROCEDURE

Application for financing is to be submitted to the local branch of The Standard Bank Ltd.

Information to be provided by borrower is indicated by reference forms supplied by the bank. Information includes description of project, estimated costs, amount of financing sought and securities offered.

An agreement is signed between the corporation and the borrower.

^{1/} 0.4167 English pound - US\$1 (April 1969).



UNITED STATES OF AMERICA

Export credits

STRUCTURE

Export credits for the acquisition of capital goods are financed by the commercial banks (medium-term credits only). The commercial banks carry out this activity through special international departments or through subsidiaries set up under the Edge Act, 1919 (Federal Reserve Act).

Long-term export credits are usually financed through or under the guarantee of the Export-Import Bank of the United States, and the Agency for International Development.

TERMS AND CONDITIONS

For medium-term credits the terms of credit are normally from one to seven years. Financing covers goods and services of US origin.

The buyer is normally requested to make an initial down payment of 10 to 15 per cent of the value of the transaction.

The supplier must usually cover part of the risks; insurance or guarantees, if utilized, cover only up to 90 per cent of the financed portion of the transaction.

Interest rate is the market rate; additional cost: insurance premium or guarantee fee.

Maturities vary according to the specific equipment and amount of the transaction.

PROCEDURE

Agreement between the buyer and the US exporter.

The supplier may be required to obtain insurance from the Foreign Credit Insurance Association or his commercial bank may seek an Export-Import Bank guarantee. The buyer may be expected to provide a guarantee from a commercial bank in his country.

It is advisable that contacts be established simultaneously between (a) the buyer and the supplier; (b) the supplier, the Foreign Credit Insurance Association (or Export-Import Bank) and the commercial bank; and (c) the buyer and his local bank.

SOURCES OF FINANCING IN THE UNITED STATES

Bilateral
Governmental

Agency for International Development
AID

Department of State
Washington D.C. 20523

STRUCTURE

Established: 1961 under Foreign Assistance Act; public institution; agency for United States Government foreign economic aid activities.

ACTIVITIES AND FUNCTIONS

Makes US dollar loans.

Makes local currency loans generated from the sale of United States agricultural commodities ("Cooley Loans").

Provides investment guarantees. Assists in financing pre-investment surveys. Provides information on investment opportunities.

TERMS AND CONDITIONS

Eligibility: governments, public entities, private enterprises.

US dollar loans are only made if financing is not available from other sources on reasonable terms; are made for expanding enterprises and establishing new enterprises; cover foreign exchange costs only; projects must not compete with US enterprises; procurement is normally limited to goods and services of United States origin.

Terms vary according to country and project.

Loans to private enterprises: minimum rate of 5.5 per cent per year.

Loans to governments: maturities up to 40 years including 10 years grace period; interest rate is a minimum of 1 per cent during grace period and 2.5 per cent per year thereafter.

Local currency loans: available to enterprises in some countries where the United States has sold agricultural commodities; procurement is within the country in which the funds originate. Maturities are three to fifteen years. Local interest rates.

PROCEDURE

No special application form.

Applications should be submitted to the office of Development Finance and Private Enterprise, AID, or to US AID Missions in the appropriate country, or to the proper regional office of AID in Washington, D.C.

Preliminary information to be provided includes amount of loan requested, use to be made of the funds, description and total cost of the project and preliminary studies made.

An agreement is signed between AID and the borrower.

Bilateral
Public

Export-Import Bank
of the United States

811 Vermont Ave., N.W.
Washington, D.C. 20571

STRUCTURE AND RESOURCES

Established: 1934; independent government institution. Legal basis - Export-Import Bank Act of 1945, as amended.

Resources: Capital subscribed by the United States Treasury: US\$1,000 million; may borrow up to US\$6,000 million from the treasury; various other resources.

ACTIVITIES AND FUNCTIONS

Makes direct capital loans.

Grants medium-term export credits (rare).

Provides guarantees to commercial banks for medium- and long-term export credits. Provides short- and medium-term export credit insurance (through the Foreign Credit Insurance Association).

Discounts export debt obligations held by commercial banks.

Range: various sectors including manufacturing industry.

TERMS AND CONDITIONS

Eligibility: governments, public and private enterprise.

Terms and conditions vary according to project.

Maturities are five to twenty years; grace periods may be given. Rate of interest is generally 6 per cent.

Loans cover foreign exchange costs only.

The borrower may be expected to meet up to 50 per cent of the total costs of the project.

Procurement is generally limited to goods and services of United States origin.

Loans to private enterprises sometimes require guarantee of the appropriate government.

PROCEDURE

Applications must be submitted to the Export-Import Bank.

Bilateral
Private

Bamerical International
Financial Corporation
BIFC

300 Montgomery Street
San Francisco, Calif. 94104

STRUCTURE

Established: 1962 as wholly-owned subsidiary of the Bank of America National Trust and Savings Association under Sect. 25 (A) of the Federal Reserve Act to supplement commercial banking activity.

ACTIVITIES AND FUNCTIONS

Participates in the preparation and over-all financing of projects in less developed countries which are accorded high priority.

Provides venture capital financing: equity and medium-term loans, convertible debentures or debentures with warrants or stock options.

Range: new (and expansion of existing) industrial, agribusiness and natural resources development projects.

Provides advisory and promotional services; can arrange for technical consultant services.

Prefers to consider projects in countries where Bank of America branches or affiliates are located.

TERMS AND CONDITIONS

The economic and technical soundness of the project must be assured.

Equity participation is normally not more than 25 per cent.

BIFC would seek to dispose of its equity interest after a suitable period of successful operations by prior arrangement with project sponsors.

Loans are normally made in US dollars and secured by a lien on assets. Guarantees from local financial institutions and AID may be requested.

PROCEDURE

Investment proposals are to be submitted to the corporation. Information to be provided includes description of the project (expansion or establishment of new industry), financial requirements, details of financing request.

Bilateral
Private

Bankers International Corporation

280 Park Avenue
New York, N.Y.

STRUCTURE

Established: 1962 as subsidiary company of the Bankers Trust Company under Sect. 25(A) of the Federal Reserve Act to supplement commercial banking activity.

ACTIVITIES AND FUNCTIONS

Makes equity investment

Grants medium- and long-term loans

Undertakes various forms of financing.

Invests in various fields including manufacturing industry; invests in new enterprises.

TERMS AND CONDITIONS

Eligibility: development banks, financing corporations, private enterprise.

Terms and conditions vary according to project.

PROCEDURE

Investment proposals are to be submitted to the corporation, including full information on the project, i.e. description of the project to be financed, description of the company's activities, market situation, manpower and capital requirements, details of financing request.

Bilateral
Private

Chase International Investment
Corporation
CIIC

1, Chase Manhattan Plaza
New York, N.Y. 10005

STRUCTURE

Wholly owned subsidiary of the Chase Manhattan Bank, N.A. under section 25(A) of the Federal Reserve Act to supplement Chase Manhattan's world-wide commercial banking activity. Emphasis on private sector economic development, primarily in the developing countries. Largest US Edge Act company engaged in non-bank activity.

ACTIVITIES AND FUNCTIONS

Grants and medium- and long-term loans.

Makes equity investments.

Invests own funds and assembles capital (public, private US and non-US sources). Loans are normally supplemented by subscription to equity shares, shares in profit, bonus shares, conversion, warrants etc.

Arranges long-term financing from government agencies and development institutions.

Places debentures of non-US enterprises with private investors.

Range: new and expanding enterprises in the field of industry, agriculture, mining.

TERMS AND CONDITIONS

Vary according to project. Maturities are generally five to ten years.

Minimum participation in individual ventures: US\$500,000. The local participant (sponsor) is expected to make a significant investment.

Does not invest in projects under government control but accepts government minority participation.

CIIC normally seeks representation on the board of directors of companies in which it invests. It does not wish to be involved in day-to-day management, but does follow progress of companies it works with closely, and is generally involved in major decisions of a financial nature.

PROCEDURE

Investment proposals are submitted to the corporation. Information to be supplied by the sponsors and necessary to preliminary examination of any project includes description of the company and project to be financed; description of the market situation, material and labour requirements; expected financial results, capital requirements. Feasibility studies are required.

Bilateral
Private

Chemical International Finance Ltd
CIF

20 Pine Street
New York, N.Y. 10015

STRUCTURE

Established: 1959 as wholly-owned Edge Act subsidiary of Chemical Bank New York Trust Company; pursuant to Federal Reserve Act regulations to provide international financing either not available through or inappropriate for a commercial bank.

ACTIVITIES AND FUNCTIONS

- Acts as an international investment bank providing both debt and equity funds.
- Medium-term non-recourse export financing (six months to five years) of capital goods, primarily US but also third country.
- Assists new industries and expansion of existing ones.

TERMS AND CONDITIONS

- Eligibility: private enterprise, governmental agencies, national development banks and corporations.
- Terms and conditions are individually tailored to the requirements of the project. In general, for direct term lending maturities are three to five years. Interest rate varies according to amount and duration of loan, general economic and business conditions.
- For convertible loans maturities are five to ten years.
- Equity participations: 10 to 25 per cent of a company's capital stock after CIF participation. (Luxury industries, real estate development and service companies are normally not considered.)
- Equity participation minimum: US\$100,000.

PROCEDURE

Applications for financing are to be submitted to CIF.

Information for a complete review should include description of project (expansion of existing facilities or establishment of new industry); financial projections (balance sheet, profit and loss/cash flow); three years' audited financial statements of existing enterprise; description of company's activities/market projections and distribution/service facilities, if applicable; resumes of company's principals and corporate structure (interrelationships etc.), if appropriate; banking references; details of financing request.

Bilateral
Private

First Chicago International
Finance Corporation

38 South Dearborn Str.
Chicago, Ill. 60690

STRUCTURE

Established: 1962 as subsidiary corporation of The First National Bank of Chicago to supplement commercial banking activity. World-wide geographic coverage.

ACTIVITIES AND FUNCTIONS

Provides direct and indirect financing combined with equity investment in industrial projects in the developing countries.

Undertakes equity participation in investment and development companies.

Participates in Mid-America International Development Association, Inc. (MIDA)^{1/} which provides services to encourage and develop US investments in Africa.

TERMS AND CONDITIONS

Financial institutions are given particular consideration. Existing enterprises are preferred, but new enterprises are also considered. Investments normally carry actual or potential equity participation. Minority equity position is desirable.

Total debt and equity investment should normally range between US\$100,000 and \$500,000; smaller or larger investment may be possible.

PROCEDURE

There is no standard method for presenting investment proposals. Each investment plan is tailored to the individual project.

^{1/} See Sources of Financing in the United States, Mid-America International Development Association, Inc.

Bilateral
Private

First Pennsylvania Overseas
Finance Corporation

Philadelphia, Pa. 19101

STRUCTURE

Established: 1962 as subsidiary company by the First Pennsylvania Banking and Trust Company under Sect. 25(A) of the Federal Reserve Act to supplement and complement the overseas activities of the parent institution.

ACTIVITIES AND FUNCTIONS

Makes equity investment. Grants medium- to long-term loans. Undertakes various forms of specialized financing. Provides various guarantee facilities. Investment related to various fields including manufacturing industry.

TERMS AND CONDITIONS

Eligibility: development banks and corporations, private enterprise.

Terms and conditions vary according to project.

PROCEDURE

Investment proposals are submitted to the corporation.

Information to be supplied by the sponsor and necessary to preliminary examination of any project includes description of the company and project to be financed; description of market situation, material and labour requirements; expected financial results and capital requirements.

Bilateral
Private

First National City Overseas
Investment Corporation

399 Park Avenue
New York, N.Y. 10022

STRUCTURE

Established: November 1961 as a subsidiary corporation of the First National City Bank under Sect. 25(A) of the Federal Reserve Act to supplement commercial banking and financing activities.

ACTIVITIES AND FUNCTIONS

Makes equity investment (in some cases in conjunction with debt financing) in new or existing enterprises; various fields including manufacturing industry.

TERMS AND CONDITIONS

Vary according to project.

Projects should enjoy competent administrative and technical management and favourable market prospects.

Range of financing is from US\$100,000 to \$1 million.

Participation in non-financial investments is 10 to 40 per cent of the equity. The corporation requests representation on the board of directors.

PROCEDURE

Investment proposals should be submitted to the corporation. Information to be supplied by applicant includes detailed feasibility study describing major aspects of the project including markets, expenses, investment requirements, management.

Subsequent to investment, the corporation expects to receive full financial information on at least a quarterly basis.

Bilateral
Private

Irving International
Financing Corporation

1 Wall Street
New York, N.Y. 10015

STRUCTURE

Established: 1962 as subsidiary company by Irving Trust Company under Sect. 25(A) of the Federal Reserve Act to supplement commercial banking activity.

ACTIVITIES AND FUNCTIONS

Makes equity investment; grants loans with equity-type features.

Investments are normally made in conjunction with other US and foreign banks. Range: new and expanding enterprises in various fields including manufacturing industry.

TERMS AND CONDITIONS

Eligibility: development corporations, private enterprises.

Terms and conditions vary according to project.

PROCEDURE

Investment proposals are submitted to the corporation. Information to be supplied by the sponsor includes description of the company or project to be financed, expected financial results and capital requirements, amount of investment sought.

Bilateral
Private

Manufacturers Hanover International
Finance Corporation^{1/}

350 Park Avenue
New York, N.Y. 10022

STRUCTURE

Established: 1962 as subsidiary company of Manufacturers Hanover Trust Company under Sect. 25(A) of the Federal Reserve Act to supplement commercial banking activity.

ACTIVITIES AND FUNCTIONS

Undertakes equity investment. Makes medium- and long-term loans.

TERMS AND CONDITIONS

Eligibility: development banks and finance corporations concerned with financing industrial projects.
Terms, conditions and investment criteria vary according to project.

PROCEDURE

Applications should be submitted to the corporation. Information to be provided includes description of the project, estimated capital requirements, amount of financing sought.

^{1/} Not to be confused with the Manufacturers Hanover International Banking Corporation, established 1962: equity investment in development banks.

Regional
Private

Mid-America International Development
Association, Inc.
MIDA

Room 1144
38 South Dearborn Street
Chicago, Ill. 60603

STRUCTURE AND RESOURCES

African investment banking company, incorporated in Liberia. Owned by US investment and commercial banks.

Resources: Combined assets in excess of US\$6,000 million (1968).

ACTIVITIES AND FUNCTIONS

Locates US and African joint-venture partners.

Arranges local and US debt and equity financing for initiation and/or expansion of private enterprise projects in Africa.

Advises potential US and African investors on private enterprise opportunities in Africa.

Aids in negotiating with African financial institutions and government bodies through established offices in East and West Africa.

Makes information available on the status of local African economic, political and financial conditions.

TERMS AND CONDITIONS

Fees are normally contingent upon client's irrevocable commitment to enter into project. Charges, levied in relation to services rendered, are commensurate with normal investment banking practice.

Criteria for financing are determined separately for each project. Total investment capital to be raised should exceed US\$1 million, although smaller investments will be considered. No limitations on type of project. The primary consideration is economic viability as measured by return on investment.

PROCEDURE

Principals with viable project proposals for Africa are invited at all offices in Africa^{1/} and in Chicago.

^{1/} Mid-America International
Development Association, Inc.
Boite Postale 21125
Abidjan, Ivory Coast

Mid-America International
Development Association, Inc.
Private Mail Bag
Accra, Ghana

Mid-America International
Development Association, Inc.
P.O. Box 7842
Nairobi, Kenya

Bilateral
Private

Philadelphia International
Investment Corporation

P.O. Box 7618
Philadelphia, Pa., 19101

STRUCTURE

Established: 1960 as an international investment subsidiary of the Philadelphia National Bank under Sect. 25(A) of the Federal Reserve Act to supplement the bank's international financing capabilities.

ACTIVITIES AND FUNCTIONS

Short and medium-term debt financing. Long-term debt and equity financing.

TERMS AND CONDITIONS

Eligibility: public and/or private overseas financial or industrial concerns, either previously established or in the planning stage.

Terms and conditions vary according to project.

Generally, if debt financing is required for a period of time in excess of three to five years, a minority equity participation is desired, either on a direct or deferred basis.

PROCEDURE

Preliminary proposals should be submitted to the corporation, and should include a description of the financing requirements as well as past and/or projected operating results.





74.10



0.16