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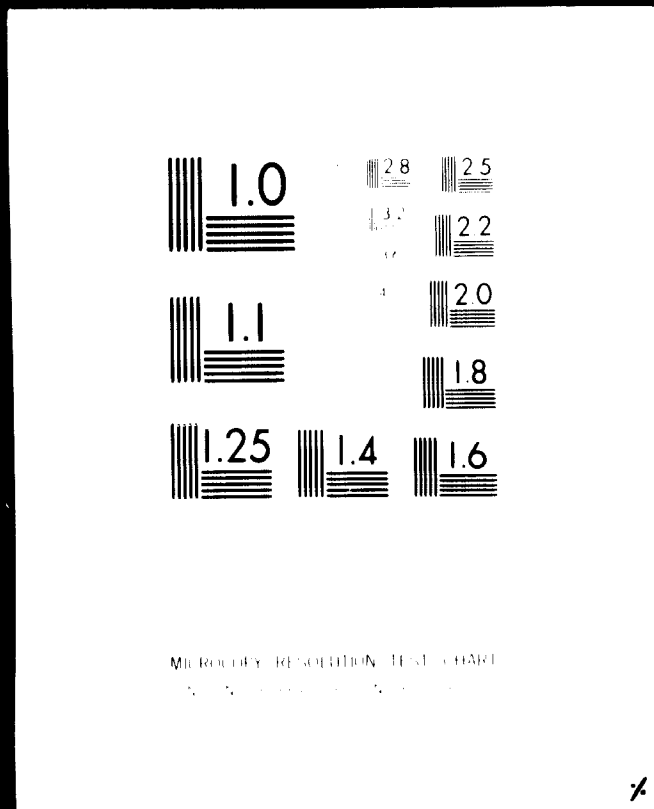
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ACTIVITY REPORT 1975/

BY

THE UNITED NATIONS INDUSTRIAL DEVELOPMENT ORGANIZATION

Prepared for the
Annual Session of the Management Committee of the
Programme for the Exchange of Information among
Development Financing Institutions

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Introduction

1. This report is a working document for the 1976 session of the Management Committee of the Programme for the Exchange of Information among Development Financing Institutions. It covers the period from July 1975, when the Management Committee last met at Caracas, Venezuela, to November 1976.
2. For ready reference, the history of the Information Exchange Programme (IEP) may be briefly recalled. The United Nations Industrial Development Organization (UNIDO) is assisting and co-operating with development financing institutions (DFIs) to aid the developing countries to raise industrial production both quantitatively and qualitatively. UNIDO assistance to DFIs is provided through two programmes: (a) the yearly meetings on co-operation among industrial development financing institutions, which bring together representatives from all over the world; and (b) the exchange of information among these institutions (IEP). The two programmes are interrelated inasmuch as the interbank meetings provide an important forum for the exchange of information and experience related to development banking. The first interbank meeting, held in Paris in March 1970, entrusted UNIDO, in consultation with the World Bank and assisted by a committee of high-ranking development bank officials, with a study of the possibilities of establishing a mechanism for the regular exchange of information and experience among development banks. Special-purpose trust funds provided by the Government of the Federal Republic of Germany to UNIDO enabled the programme to begin in June 1973 and covered its operation until the end of 1974. Since then, the financing has been covered by annual subscriptions paid into a Project Information Fund by DFIs participating in the programme.
3. The objective of the IEP is to further the exchange of information and experience among DFIs on matters of common concern. Since its inception three years ago, its activities and achievements have been reviewed regularly and restructured by the participants.
4. The programme is directed by a Management Committee comprising 16 representatives of DFIs. An Executive Committee, elected by the Management Committee and composed of four representatives of the DFIs, makes policy and supervises its implementation. A secretariat, UNIDO at present, implements the programme. The means of achieving the envisaged aims are formulated by the two committees in co-operation with the secretariat. They are regularly examined as to their appropriateness and adapted as required to meet current DFI needs.
5. The report is an account of the extent to which the objectives of the programme have been met. It may serve as a basis for defining future goals and for devising the appropriate strategy to achieve them.

A. Review of programme and setting of objectives

Management Committee

6. During the session of the Management Committee in July 1975, the IEP was reviewed, and suggestions made to extend the services were unanimously approved. It was decided that UNIDO should remain responsible for providing the necessary administrative and supporting services for the Programme under the guidance of the two committees. The work programme for 1975/76 was approved. It included the preparation and distribution of the periodic List of Projects; preparation of meetings and missions; promotional activities to disseminate information about the IEP to a worldwide circle of DFIs and to enlist their participation in the Programme as subscribers; reporting on the results of activities; and launching of the Technical Assistance Interchange Programme as an extension of the IEP with the function of disseminating information on specific subjects related to development financing. It was felt that the expanded IEP could promote the transfer of development banking know-how between DFIs by distributing a Technical Co-operation List containing information on important components of development financing. Disseminating selective information would raise the efficiency of development financing and provide a rapid problem-solving service to the DFIs. The Management Committee also decided that a survey should be undertaken to gather material for evaluating the usefulness of the IEP.

Executive Committee

7. The Executive Committee met in Vienna in March 1976 to examine the status of the work programme, to determine the methodology for promoting the Technical Assistance Interchange, and to prepare for the 1976 session of the Management Committee and the Seventh Meeting on Co-operation among Industrial Development Financing Institutions. In reviewing the implementation of the work programme, the comment was made that the sudden departure in November 1975 of the UNIDO officer-in-charge of the IEP caused a slow down in the work, and that UNIDO had not taken timely measures to prevent the programme from falling behind schedule. Remedial action was affected by the extensive reorganization of the UNIDO secretariat taking place at that time. However, as a result of the reorganization, which took effect on 1 January 1976, the administrative support for the IEP was now being provided by the UNIDO/Investment Co-operative Programme Office (ICPO). The Executive Committee discussed the details of the new administrative arrangements, which are the subject of a separate report. The members of the Executive Committee stressed the usefulness of the IEP as an efficient form of co-operation among DFIs and expressed the hope that UNIDO would give its full support to an efficient management.

Present situation

8. In April 1976 the reactivation effort was started, and now by November 1976, UNIDO can report that it has regained the lost ground and has further improved and strengthened the IEP so that its users can derive maximum benefit from the facilities offered. Evidence of this statement is presented in section B.

B. Summary of activities

9. The main instrument for disseminating information on DFI activities is at present the List of Projects, which contains brief descriptions of industrial projects financed by DFIs in developing countries. The List has been widely distributed throughout the report period. Some 120 DFIs all over the world have been regularly receiving it.

10. To date, 13 Lists of Projects giving information on 3,200 industrial projects have been distributed by UNIDO. During the report period four Lists were issued covering roughly 500 projects. The industry branches covered in the Lists were agro-based industries, including livestock and fishery products; textile industries; tanneries and leather finishing; wood-processing; manufacture of pulp and paper; industrial chemicals and chemical products, fertilizers and pesticides; synthetic fibres; plastic products; rubber and rubber products; glass and glass products; furniture and fixtures; manufacture of non-metallic mineral products; cement; manufacture of metal products, agricultural machinery and equipment, tools, hardware; iron and steel basic industries, manufacture of industrial machinery and equipment, engines and turbines, electrical industrial machinery, radio, television and communications equipment, motor vehicles, motor-cycles and bicycles, scientific, measuring and controlling equipment; shipbuilding and repairing; and cottage and tourist industries. Total investments per single project ranged from \$20,000^{1/} to \$250 million with most projects being in the \$500,000 to \$1 million range.

11. DFIs receiving the List of Projects have expressed satisfaction with the present format and presentation. Suggestions for improvement have been to include in the lists information on the current status of projects (approved for financing, being implemented, estimated completion date); suppliers of equipment, manufacturing technology and consulting services; sources of funds other than the DFIs; and identification of local and foreign raw material inputs. The DFIs strongly support the proposal to extend the IEP to include the Technical Assistance Interchange (dealt with in paragraph 28 of this report).

^{1/} References to dollars (\$) are to United States dollars.

12. To increase the informative value of the List of Projects, a Special Attention Page was introduced. It carries topics relevant to DFI activities such as news on UNIDO publications and how to obtain them; information on UNIDO-organized expert group meetings and other events of special bearing on development financing; ideas for using the information contained in the project lists; and other issues of interest to DFIs to encourage the application of information thus gathered. Subject to endorsement by the Management Committee, this effort could be continued and expanded on the basis of contributions submitted by DFIs. The inclusion of a similar Special Attention Page should add to the effectiveness of the List of Projects

13. Since establishment of the IEP, about half of the DFIs receiving the List of Projects have contributed information for inclusion in the periodic lists of the industrial projects financed by them. From July 1975 to October 1976, 11 DFIs from 9 countries submitted project information; from April to October 1976, 10 of these DFIs supplied project data. To diversify the portfolio available to UNIDO for assembling the List of Projects, DFIs have been asked on suitable occasions to send in project information. In October 1976, a campaign was launched to stimulate an increased input of project data. If the effort results in significant increase in project inflow over the next months, then a wider range of industrial ventures and a better geographical pattern of DFI activities can be presented in future Lists of Projects.

14. During recent months, the existing background documentation on the IEP has been revised and updated. Documentation available at present comprises an explanatory note (which outlines the objectives and functioning of the IEP), the industrial project information form (to be used by DFIs for submitting information on the projects they finance), the subscription schedule (detailing the subscription fees to be paid by DFIs and mode of payment), a list of participants as at 31 October 1976 (listing the DFIs currently receiving the List of Projects) and a leaflet (which introduces the IEP). The set of documents mentioned is annexed to this report. UNIDO feels that efforts to streamline and improve the promotional literature must continue, to create and maintain a good image of the IEP among DFIs and other interested financial circles.

15. Some particulars of the background material are worthy of mention. The List of Participants as of 31 October 1976 is available as a reference document to interested DFIs. It lists 130 DFIs that have expressed interest in the IEP and that consequently have been receiving the Lists of Projects and other relevant material.

over the 1975/76 report period. The List of Projects is distributed to the World Bank, regional development banks, regional associations of DFIs and international organizations. The List does not indicate the subscribing DFIs. A suggestion to do so has been made by some financing institutions, but in the absence of a policy decision and to maintain the List as a "directory" of information sources for DFIs, the suggestion has not been pursued. DFI addresses and the names of liaison officers have been updated on the basis of a mailing list questionnaire issued to participants together with the List of Projects No. 12 on 31 August 1976 with the request to return the completed questionnaire as soon as possible. Since several DFIs have not yet responded, complete accuracy cannot be ensured.

16. Information is still an innovation as a management tool, and its application and value are still not fully appreciated. Because of these and other characteristics, information is not an easy-to-sell product. Recognizing that special efforts are required to establish a relationship between product and user in this instance, UNIDO embarked on an intensive promotion campaign in May 1976. Varied measures were taken to introduce and promote the IEP with DFIs throughout the world and to gain participants. In May 1976, a letter with background material on the IEP was sent to some 50 DFIs considered prospective participants to inform them about the objectives and activities of the IEP and encourage them to "join the club". This initiative and subsequent follow-up actions procured 10 new subscribing participants for the IEP.

17. As a further marketing effort, a promotional leaflet was printed for distribution to interested DFIs. The leaflet is intended to increase the awareness of DFIs about the programme and generate inquiries for further information. These are dealt with by UNIDO on a case-to-case basis to suit the needs of individual inquirers.

18. In addition to initial advertising, every effort has been made to maintain a regular interchange of communication between DFIs and UNIDO. Interested financing institutions have been encouraged to take advantage of the IEP and contact UNIDO whenever they require assistance and advice.

19. Meetings and missions have proved an effective means of promoting an exchange of information and experience among DFIs. The initial image of the IEP was created at meetings such as the present one and at DFI meetings organized by regional associations, expert group meetings, seminars, workshops and symposia concerned with international development financing.

20. During the 1975/76 report period, UNIDO public relations activities on behalf of the IEP were restricted. A mission to African countries was suspended for timing and budgetary reasons. Plans for a meeting of liaison officers of East African DFIs were dropped. Nevertheless, when UNIDO/ICPC staff members went on mission, they were asked also to perform public relations functions for the IEP to the extent possible.

21. The preparations and backstopping for the 1976 annual session of the Management Committee held on the eve of the Seventh Meeting on Co-operation among Industrial Development Financing Institutions have been carried out as usual.

22. Every possible occasion has been seized to ask participants and prospective participants to subscribe to the Project Information Fund according to the agreed schedule and thus to contribute to the financing of the co-operative venture. This effort resulted in raising the number of subscribing DFIs from 17 to 36 and the amount paid into the Project Information Fund from \$15,000 to \$40,600 between April and October 1976.

23. In 1974, the first year of the self-supporting system, 19 DFIs paid subscriptions totalling \$23,845 into the Project Information Fund. In 1975, 47 DFIs subscribed to the IEP and contributed a total of \$42,150. By the end of October 1976, 36 DFIs had paid an annual subscription totalling \$40,600. Financing of the IEP for the year 1977 is thus in hand. The report by the treasurer will give a fuller picture of the programme's financial situation.

24. It is interesting to note that 7 DFIs have been subscribers since 1974 and 17 since 1975. All DFIs that subscribed in 1974 renewed their subscriptions in 1975, but 5 DFIs dropped out in 1976. The ratio between repeat and new subscriptions declined from 1:2 in 1975 to 1:1 in 1976.

25. The new subscribers in 1976 contributed 40 per cent of total subscriptions in that year. Ten out of 36 contributors in 1976 paid \$1,500 or more. The average subscription decreased from \$1,250 in 1974 to \$900 in 1975, and in 1976 subscriptions averaged \$1,000.

26. With regard to the regional distribution of subscribing DFIs in 1976, Europe and the Middle East accounted for the largest number, followed by Africa. Asia, the Far East, North and South America together accounted for only about 30 per cent of total subscribers.

27. Following the decision of the Management Committee, a survey was conducted to obtain data for assessing the usefulness of the IEP for DFIs in general and for the programme participants in particular. A questionnaire with nine points and a series of specific questions was issued to 120 DFIs together with a background paper prepared by the Malaysian Industrial Development Finance Berhad and describing that bank's experience with the IEP. One fourth of the recipients returned the questionnaire, contributing valuable material for a study on the use made of the IEP. The findings of the survey are reported in a separate document.

28. Although it was part of the work programme to prepare and distribute a Technical Co-operation List, this aspect of the programme was not undertaken during the report period because the UNIDO personnel available was fully occupied reactivating the IEP. The Technical Assistance Interchange Programme was to disseminate selective information on pre-investment expertise, investment promotion programmes and policies, techniques to mobilize sources of financing, types of investment financing, financing of regional projects, investment control and follow-up techniques, management and organization of DFIs and client enterprises, sources of supply of equipment and consulting services and staff training programmes. Before the expanded programme is embarked on, it would be advisable to study the results of the survey and to redefine DFIs priority requirements for selective information in accordance with the findings of the survey.

Future outlook

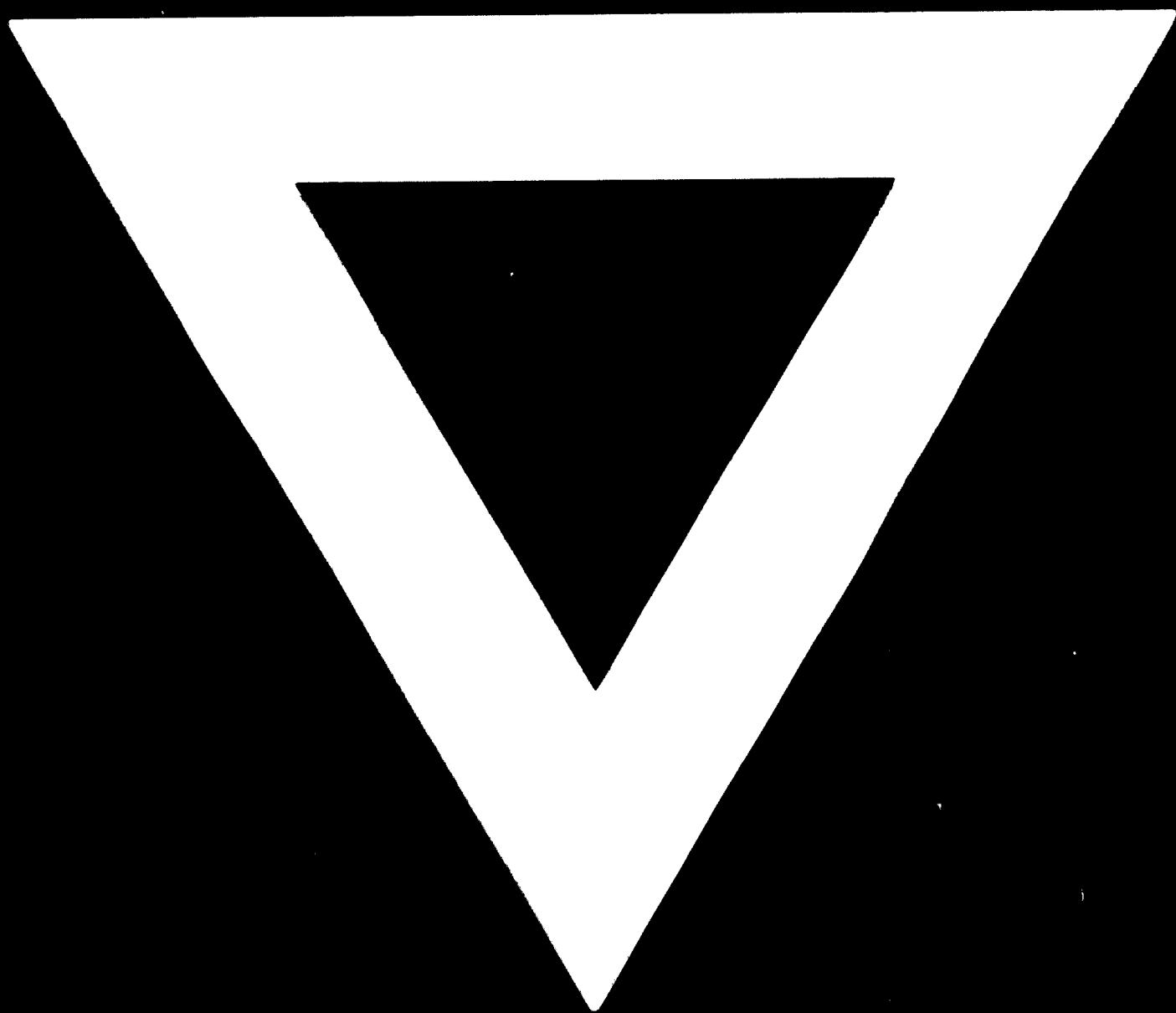
29. In the short period from April to November 1975, the UNIDO/Investment Co-operative Programme Office succeeded in giving the IEP a new momentum and re-established the programme as a viable instrument for strengthening co-operation among DFIs. The attitude towards the IEP is positive, and most DFIs recognize the advantages to be derived from participating in the programme, as shown by the tenor of the responses to the survey. The DFIs that responded to the questionnaire agree that the IEP is a co-operative venture worth pursuing. However, opinions differ on means of implementing it.

30. The present session of the Management Committee will afford the opportunity to redesign the activities to be undertaken during the period ahead to run a successful and useful programme.

31. In conclusion, UNIDO would like to recognize the valuable contribution of the Management Committee. In particular, it appreciates the continuing support of the Executive Committee.

We regret that some of the pages in the microfiche copy of this report may not be up to the proper legibility standards even though the best possible copy was used for preparing the master fiche

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