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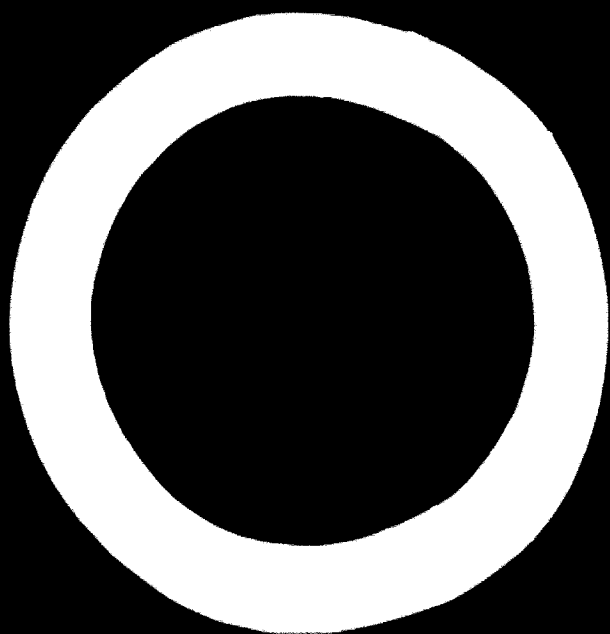
# **UNIDO PROGRAMME**

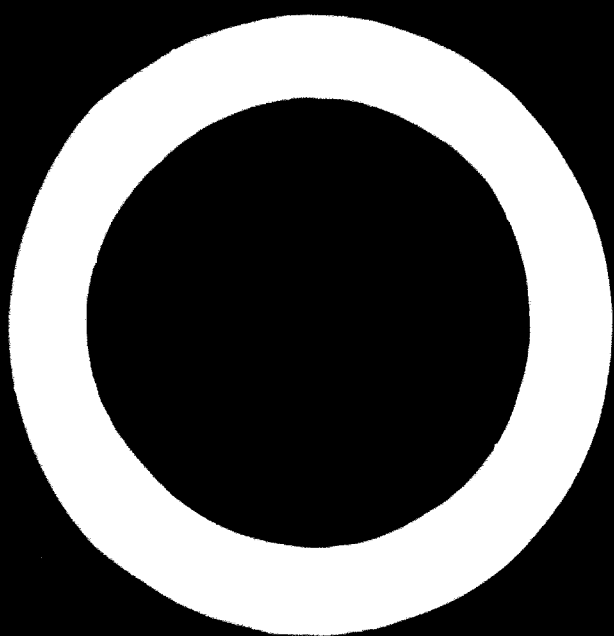
**on**

## **INDUSTRIAL DEVELOPMENT BANKING AND FINANCING INSTITUTIONS**



**UNITED NATIONS**





**UNITED NATIONS INDUSTRIAL DEVELOPMENT ORGANIZATION  
VIENNA**

# **UNIDO PROGRAMME**

**on**

## **INDUSTRIAL DEVELOPMENT BANKING AND FINANCING INSTITUTIONS**



**UNITED NATIONS  
Vienna, 1971**

This booklet on technical assistance available to banking institutions through UNIDO has been prepared in pursuance of the guidelines established by the Industrial Development Board, which requested that "the operational activities of the United Nations Industrial Development Organization should be widely publicized and brought specifically to the attention of Governments of developing countries in order to assist them in formulating their requests under the operational programme of the Organization in the immediate future."

# **TECHNICAL ASSISTANCE FOR INDUSTRIAL DEVELOPMENT AND FINANCING INSTITUTIONS**

## **INTRODUCTION**

UNIDO was established by the United Nations General Assembly in 1966 as an autonomous body within the United Nations to promote and accelerate the industrialization of the developing countries and to co-ordinate the activities undertaken by the United Nations family in this field.

UNIDO's functions cover a wide range of operational activities with the objective of assisting the developing countries *inter alia* in:

The establishment and operation of industrial development banks;

Assisting industrial financing institutions to develop their banking services;

Sponsoring industrial financing programmes and preparing bankable projects;

Training staff through in-bank training or international workshops and helping to solve problems relating to the raising and use of financial resources both external and domestic.

UNIDO has developed a programme for assistance and co-operation with finance institutions. The main purpose is to render services in the following fields:

1. Technical assistance;
2. Training;
3. Inter-bank co-operation;
4. Publications.

The purpose of this booklet is to summarize UNIDO's activities related to industrial banking and financing institutions.

## **1. TECHNICAL ASSISTANCE**

Financial assistance is available for long-term pre-investment projects financed by the **SPECIAL FUND** component of the United Nations Development Programme (UNDP/SF), medium-term assistance under the **TECHNICAL ASSISTANCE** component of UNDP (UNDP/TA) and short-term assistance mainly under the **SPECIAL INDUSTRIAL SERVICES (SIS)** of UNIDO, which is designed to provide assistance quickly to meet urgent needs in member countries.

### **Special Fund projects**

Special Fund projects can be considered for individual banks in developing countries, or groups of banks within a region.

Examples of UNIDO assistance include:

Support of the operational activities of the new industrial development corporation of a Government: provision of experts in industrial project preparation, financial analysis, international financing, investment promotion, industrial credit;

Provision of a team of four experts on industrial investment promotion, marketing and finance to an industrial development bank;

Advice to Governments on the expansion and reorganization of development corporations and development finance institutions in small countries.

Large UNDP/Special Fund projects are carried out in partnership with the assisted countries and have a normal duration of 3- 5 years. These projects are government undertakings in which the United Nations provides the resources not locally available, such as experts, consultants and equipment, or fellowships for training abroad.

### **Technical Assistance projects**

Assistance financed under the technical assistance component of UNDP is devoted to providing advisory services of experts. Specialists are made available to help solve banking problems and to improve financing operations, for example:



Preparation of bankable projects;  
Banking operations of a national finance corporation;  
Industrial credit advice to a government corporation;  
Loan appraisal for a development bank;  
International negotiation for financial assistance.

### **Special Industrial Services**

This programme of Special Industrial Services provides urgently needed assistance on short notice. UNIDO has at its disposal funds for short-term assistance of a "trouble-shooting" nature, for example, it provides:

**Advisers on industrial financing to a national investment company;**  
**Financial advisers to a Government as chief of a research team on industrial finance;**  
**Experts in legislation on industrial financing;**  
**Advisory missions on investment financing to a Government;**  
**Experts on banking operations to a national development bank;**  
**Advisers on financing and feasibility studies to an industrial bank.**

## 2. TRAINING

Training provided by UNIDO can take the form of either individual fellowships or group training.

### **Fellowships**

UNIDO fellowships are available to nationals of developing countries at the specific request of the Government concerned. The fellowships awarded are intended to give persons entrusted with functions important for the development of their countries the opportunity to broaden their professional knowledge and operational efficiency by acquainting them with more advanced methods and techniques.

The countries in which the fellows will undergo training and the types of training programmes will depend on the needs of the candidate, his qualifications, including his language ability. The place of training is selected where facilities are available that provide the candidate with the best possible training of a kind that will benefit his country on his return.

UNIDO also arranges in-bank training programmes in co-operation with industrial financing institutions in both industrialized and developing countries.

### **Workshops**

UNIDO organizes training workshops in industrial banking techniques. Their clearly defined aim is to upgrade existing skills and supplement working experience through an intensive programme of 3 to 4 weeks' duration.

### *Programme*

The training workshops in industrial banking techniques are composed mainly of three elements:

*Presentation* of the participants' own banks or development finance companies exchange of views and constructive criticism – learning from the experience of others.

*Discussion* of special case studies based on papers of consultants – solving problems, making decisions – learning through practical examples and with the guidance of experts.

*Demonstration* of "study projects", such as industrial development banks, special financing facilities for industry, operational machinery including visits to development banks and specialized industrial financing institutions to discuss with the management their organization and its operations - learning by accumulating new ideas and by comparison.

The courses are conducted with the help of lecturers from:

The World Bank;

The Commonwealth Development Finance Corporation;

Kreditanstalt für Wiederaufbau;

Caisse Centrale;

Other Scandinavian banks and Eastern European institutions.

Addresses are delivered by prominent bankers, experienced industrial managers, officials of government financing institutions in developing countries, experts from international finance institutions and other leading authorities in industrial development banking and financing.

### *Topics*

The topics presented in a training programme are determined by the processing of a financial proposal within a bank:

#### *The role of development banks in appraising requests for financing industrial projects*

Institutional arrangements

Factors and criteria

Techniques of appraisal

#### *The control of the use of financial assistance*

Institutional arrangements

Problems and techniques

Industrial banking accounting

Contract drafting

#### *Bank services to promoters of projects*

### *Participation*

The training programme is designed for officials of industrial development banks, from both the public and the private sectors. These officials should be selected from those responsible for the financing of industrial projects. Preferably they should have had some experience in the activities of other departments of industrial development banks, such as legal, accounting, promotional and other services rendered to industrial clients.

The courses are organized for English-, French- or Spanish-speaking participants. Fluency in one of these languages is therefore necessary.

### 3. INTER-BANK CO-OPERATION

UNIDO is aware of the importance of direct and personal contacts between the managers of development banks as a means of fostering inter-bank co-operation.

For the purpose of promoting the transfer of resources and experience, a new programme has been set up whose aim is to increase co-operation among industrial development financing institutions. Under this programme annual meetings are organized at which high-level representatives of national, regional and international financing institutions have an opportunity to meet individually. The first such meeting was held in March 1970 in Paris.

#### *First Meeting on Co-operation among Industrial Development Financing Institutions, Paris, March 1970*

During the Paris meeting, more than 300 individual business talks took place between representatives of financial institutions from developed and developing countries as well as representatives of regional and international financing institutions. These meetings were prearranged and held confidentially.

The Paris meeting entrusted UNIDO, in consultation with the World Bank and assisted by a committee of high-level development bankers, with a study of the possibilities of establishing machinery for the permanent exchange of information and experience among development banks.

A decision was taken to convene a second meeting in 1971.

#### *Second Meeting in Copenhagen, July 1971*

The objectives of the second meeting are:

To establish machinery for the exchange of information among development banks;

To provide further opportunity for prearranged individual, confidential contacts between the participants to discuss questions of mutual interest.

### *Exchange of information and experience*

Institutions specializing in the financing of industrial development acquire in the process of their operations useful and varied experience. This permits co-operation between banks with long experience and those more recently created.

Sharing experience and the exchange of information should be envisaged not only between institutions in the industrialized countries and those in the developing countries; co-operation may also develop among banks in the developing countries themselves. Experience could be exchanged on subjects such as:

- Techniques to mobilize domestic and external sources of financing;
- The expansion and reorganization of industrial financing institutions;
- The lending operations and policies of development banks.

Technical and economic studies of specific projects could be exchanged. Information on suppliers of equipment and consulting firms, or more general information on financing industrial development, could be circulated.

#### 4. PUBLICATIONS

UNIDO publications concerned with industrial development banking consist of directories or manuals that serve practical purposes. They are quick reference handbooks for the staff of development banks, experts, field personnel and officials dealing with financing.

##### *Directory of External Sources of Finance*

This directory provides basic information on national, regional and international institutions, both public and private, operating on a world-wide basis.

It can be used as a first reference in selecting suitable sources of financing for industrial projects in developing countries.

The information is given in the following form:

- (a) Name and address of institution;
- (b) Objectives and resources;
- (c) Scope of activities with particular reference to financing industrial projects in developing countries, omitting in general other types of activities;
- (d) Terms and conditions of financing currently available and published;
- (e) Procedures governing the application and processing of financial requests.

##### *Manual on Industrial Joint-Venture Agreements*

Because of the increase in joint ventures, much sophistication has been brought to the negotiation and execution of international business joint ventures.

This publication serves two purposes: first, to present a number of the major issues confronting the host-country partners, as, for example, the question of ownership, capital structure, direction, management, marketing, financial policies, dispute settlement, know-how etc.

The second objective of this publication is to present some alternative approaches the partners might consider.

### *Manual on Statutes and Provisions for Development Banks*

This publication discusses selected texts and by-laws needed for the establishment, organization and operation of industrial financing institutions.

To allow some flexibility in adapting these provisions to the particular needs of each country, alternative suggestions will be prepared.

Explanatory notes will help the user to select the most appropriate text for particular conditions in a developing country.

#### **How to obtain UNIDO's assistance**

Development banks and financing institutions can avail themselves of UNIDO's assistance by either presenting an official request to UNIDO through the Resident Representative of the United Nations Development Programme in their country or by writing directly to UNIDO.

Any information on the subject can be obtained from:

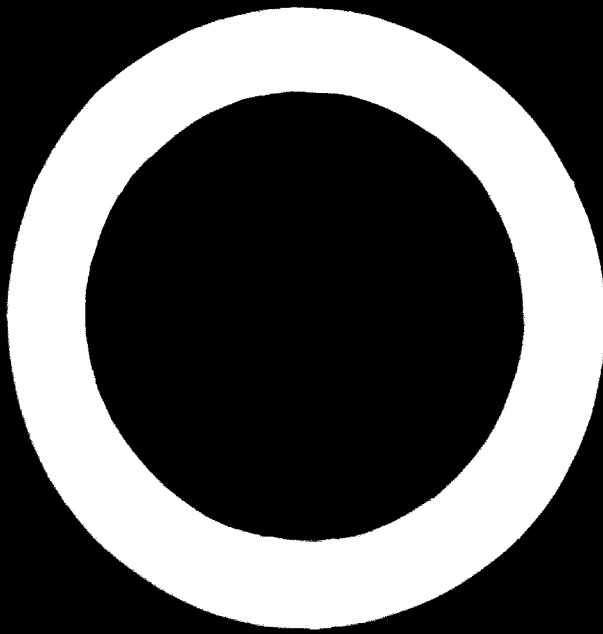
The Industrial Policies and Financing Section  
United Nations Industrial Development Organization  
P.O. Box 707  
A-1011 Vienna  
Austria

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This booklet has been written for the information of countries interested in receiving technical assistance in the field of industrial banking. It does not contain details of an administrative nature which are inherent in the regular procedures established by the various organs of the United Nations involved. It is mainly intended to provide a practical summary of the contents and forms in which assistance can be obtained through UNIDO in the various areas for industrial development banking, the types of programmes which have been established and the channels which have to be followed for submission of requests.

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