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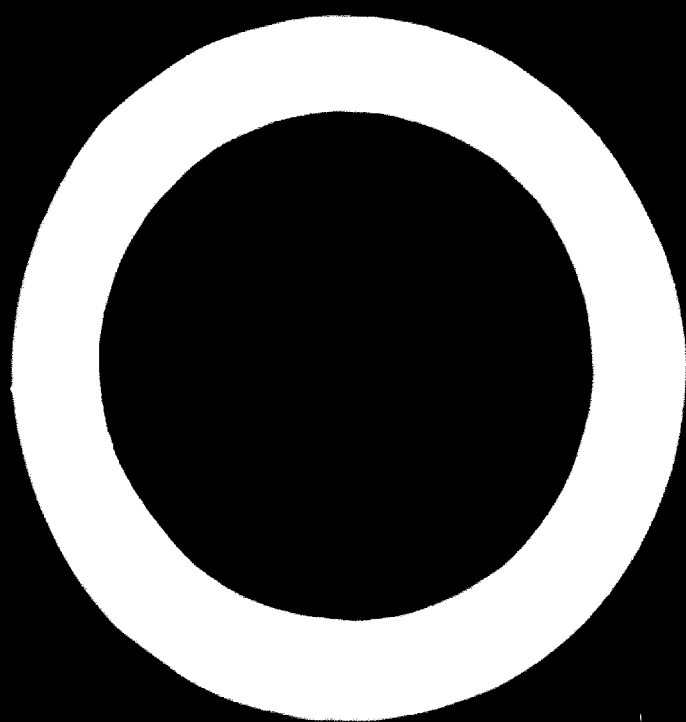
UNIDO PROGRAMME

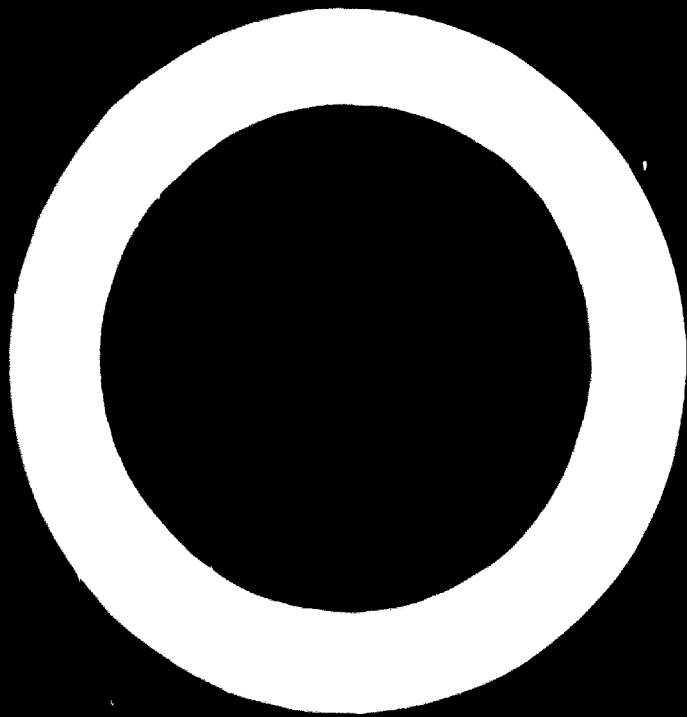
on

FINANCIAL ANALYSIS AND PLANNING FOR INDUSTRIAL PROJECTS



UNITED NATIONS





UNITED NATIONS INDUSTRIAL DEVELOPMENT ORGANIZATION
VIENNA

UNIDO PROGRAMME

on

FINANCIAL ANALYSIS AND PLANNING FOR INDUSTRIAL PROJECTS



UNITED NATIONS
New York, 1971

UNIDO PROGRAMMES OF ASSISTANCE

The United Nations Industrial Development Organization 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.

This brochure is one of a series published to inform developing countries of the types of assistance available from UNIDO to advance their industrialization programmes. It provides a brief summary of the areas of assistance, the types of programmes and the form in which assistance can be obtained through UNIDO.

FINANCIAL ANALYSIS AND PLANNING FOR INDUSTRIAL PROJECTS

UNIDO's assistance in the field of industrial financing aims to assist developing countries in mobilizing and channelling financial resources into industrial development, and in the efficient planning and management of these resources.

Practice has shown that industrial projects may be sound from a technical or economic point of view and yet meet with failure because of inadequate financial analysis and planning.

The experience of developing countries embarked on industrialization has created an increased awareness of the problems and risks involved and of the need for skilfull planning and implementation for growth and development in order to ensure optimum economic benefits.

In response to the specific needs of developing countries for help in *Financial Analysis and Planning for Industrial Projects* UNIDO has developed a programme of assistance that includes mainly:

- Training, through workshops and fellowships.
- Expert advisory services designed to help establish sound financial policies or resolve complex financing problems.

TRAINING

The training provided by UNIDO is designed to upgrade existing skills in developing countries and to prepare participants for increased responsibility in their respective fields of endeavour. The programme offers a combination of academic, professional and practical training in major aspects of financial analysis and planning for industrial projects. Modern techniques and methods are stressed and the application of these techniques to specific cases and conditions in developing countries. Participants are taught to apply fundamental concepts and theory to actual problems, to make decisions, and present viable courses of action.

UNIDO assistance in training is given mainly through workshops. However, training is also offered on the basis of individual fellowships.

Workshops

UNIDO conducts training workshops on financial analysis and planning for industrial projects in a comprehensive course of 3 to 4 weeks' duration. The training is action-oriented; it includes problem-solving and decision-making, closely related to the real problems and responsibilities the participants will face on return to their countries. The variety of national representation in the workshops enriches the educational experience through exchange of new points against a wide spectrum of industrial development backgrounds.

The courses are conducted with the help of faculty members of leading universities and experts of internationally recognized financial institutions, supplemented by local lecturers and consultants.

The curriculum of the workshop

The teaching methods include:

- Formal instruction;
- Case studies and demonstrative exercises;
- Group studies and discussion; and
- Tours of industrial plants.

The workshop course is in three main parts as described below.

Financial analysis: This part of the course covers the full range of major methods and techniques of analysing financial information. Participants are

guided into problem orientation. It is demonstrated that financial analysis is not an abstract subject, but a tool for handling special problems and deviations from estimates. The instruction includes:

- Introduction to financial analysis;
- Accounting concepts and principles relevant to financial analysis;
- Fund-flow analysis;
- Break-even analysis;
- Analysis of financial conditions (ratio analysis).

Financial planning: This part of the course is designed to develop an understanding of the financial planning of new and expanding industrial projects under a variety of conditions, with emphasis on an integrated consideration of forecasting needs. The forward-planning process is clearly stressed throughout the programme. Topics include:

- Estimating capital requirements;
- Phasing of planned expenditure;
- Capital structure;
- Forecasting techniques.

Investment analysis: In this part of the course attention is focused on evaluating investment opportunities and matching them with appropriate financial arrangements. Participants are challenged to make decisions concerning a cross-section of capital investments in the face of uncertainty and insufficient facts. Topics include:

- Components of investment analysis;
- Measures of relative desirability or investment worth;
- Replacement analysis;
- Analysis of risk investment.

The participants

The workshop is designed expressly for middle- to senior-level financial officials, selected on the basis of their academic background and the relevance of their current responsibilities.

Participants should be responsible officers directly involved in the financial analysis and planning of public and private industrial enterprises, officials of development and investment banks, and other financial institutions. Care is taken to select only those officials who would be able to

utilize readily the knowledge and experience gained from the course. A basic knowledge of economics, accounting, commerce, finance or banking is desirable to facilitate understanding and appreciation of the course.

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

Previous workshops

The workshop on financial analysis and planning for industrial projects is a well-established UNIDO training programme. Workshops have been conducted since 1968 at the request of several Governments:

Karachi, Pakistan, 1968: for participants from Iran, Pakistan and Turkey.

Dar-es-Salaam, Tanzania, 1969: for participants from Kenya, Sudan, Tanzania, Uganda and Zambia.

Accra, Ghana, 1970: for participants from Ghana, Liberia and Sierra Leone.

Singapore, 1971: for participants from Ceylon, China (Taiwan) Indonesia, Malaysia, Nepal, the Philippines, Singapore and Thailand.

Alexandria, UAR, 1971: A fifth workshop is scheduled to take place in Alexandria in July 1971, for participants from Arab-speaking countries.

A workshop is planned for participants from French-speaking African countries in the near future.

Fellowships

Individual UNIDO fellowships are available to nationals of developing countries, following specific requests from their Governments. Fellowships awards are intended to give persons entrusted with functions important for the development of their countries an opportunity to broaden their professional knowledge and operational efficiency by acquainting them with more advanced methods and techniques. The type and place of training depends on the needs of the candidate and his qualifications, including his language ability.

EXPERT ADVISORY SERVICES

Assistance is available from UNIDO under three types of programmes: long-term projects financed by the SPECIAL FUND component of the United Nations Development Programme (UNDP); medium-term assistance under the TECHNICAL ASSISTANCE component of UNDP; and short-term assistance, mainly under the SPECIAL INDUSTRIAL SERVICES (SIS) of UNIDO, designed to provide assistance quickly to meet urgent needs in developing countries that are members of UNIDO.

Special Fund projects

Large Special Fund projects are carried out in partnership with the assisted country, and have a normal duration of three to five years. Such 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. Examples include:

- Advice to a newly established interregional development bank on project preparation, feasibility studies, credit policies and loan appraisal techniques;
- Establishment of training and advisory centres for industrial finance.

Technical Assistance projects

An important part of the resources of the Technical Assistance Programme of the United Nations is devoted to providing expert advisory services. The duration of such expert assignments may be from a few months to a year or more. This assistance is used mainly to establish sound financial policies or to resolve complex financing problems, for example:

- Formulation of specific methods for financing working capital requirements or long-term investments;
- Assessment of finance requirements for industrial sectors and for an integrated industrial development;
- Mobilizing and channelling domestic resources for financing industrial development.

Special Industrial Services

The Special Industrial Services programme provides urgently needed assistance on short notice. Under the accelerated and simplified procedure possible for obtaining such services, UNIDO may provide, for example:

- Advisory services and missions on industrial financing and investment promotion;
- Financial reorganization of enterprises;
- Advice on loan appraisal procedures;
- Direct assistance in resolving specific problems encountered in the field of industrial finance.

PUBLICATIONS*

"Directory of External Sources of Financing Available for Industrial Projects in Developing Countries"

(UN Sales Publication No. E.70.H.B.24)

A quick reference handbook for development banks, experts, field personnel and government officials dealing with financing, this directory lists financing available from national, regional and international institutions, both public and private, operating on a world-wide basis. As a first reference for selection of suitable sources of financing for industrial projects, it outlines the objectives and resources of each institution; the scope of activities with particular reference to financing industrial projects in developing countries; the terms and conditions of financing; and the procedures governing the application and processing of requests for funds.

Industrialization of Developing Countries – Problems and Prospects: "Domestic and External Financing"

(UN Sales Publication No. E.69.H.B.39, Vol. 16)

Domestic resources for financing industrial development are derived from savings by households, business and Government. The monograph shows how special institutions have been established and new techniques developed to mobilize these savings. It also reviews the new techniques adopted in external financing projects, which have become increasingly diverse, and the new relations between donor and recipient countries which have emerged as a result of the problems created by the accelerated pace of development. Finally, the monograph shows how the problems of domestic and external financing are closely interrelated, so that in the long run the domestic resources set a limit to the capacity for absorbing external assistance.

* May be purchased from United Nations sales distributors and local booksellers or directly from:

Distribution and Sales Section, Palais des Nations, CH-1211 Geneva 10, Switzerland, or

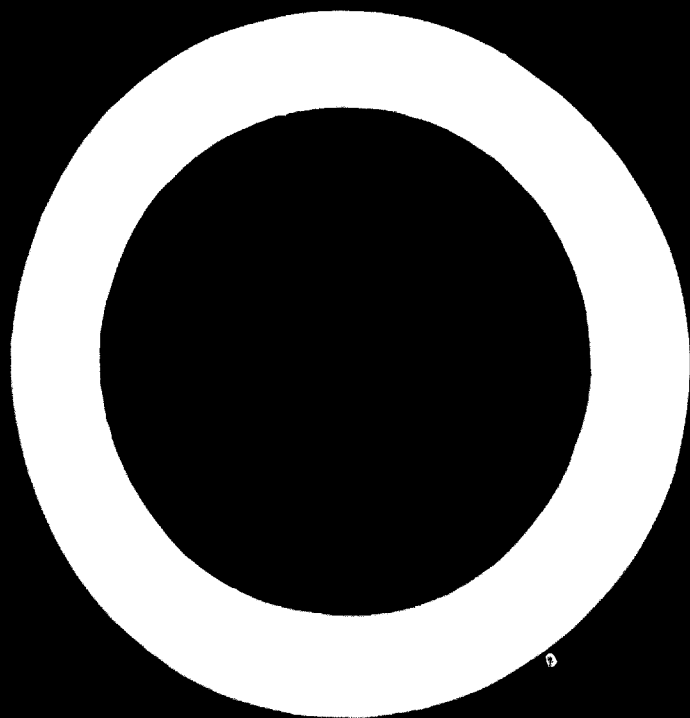
Sales Section, United Nations, New York, N.Y. 10017, USA.

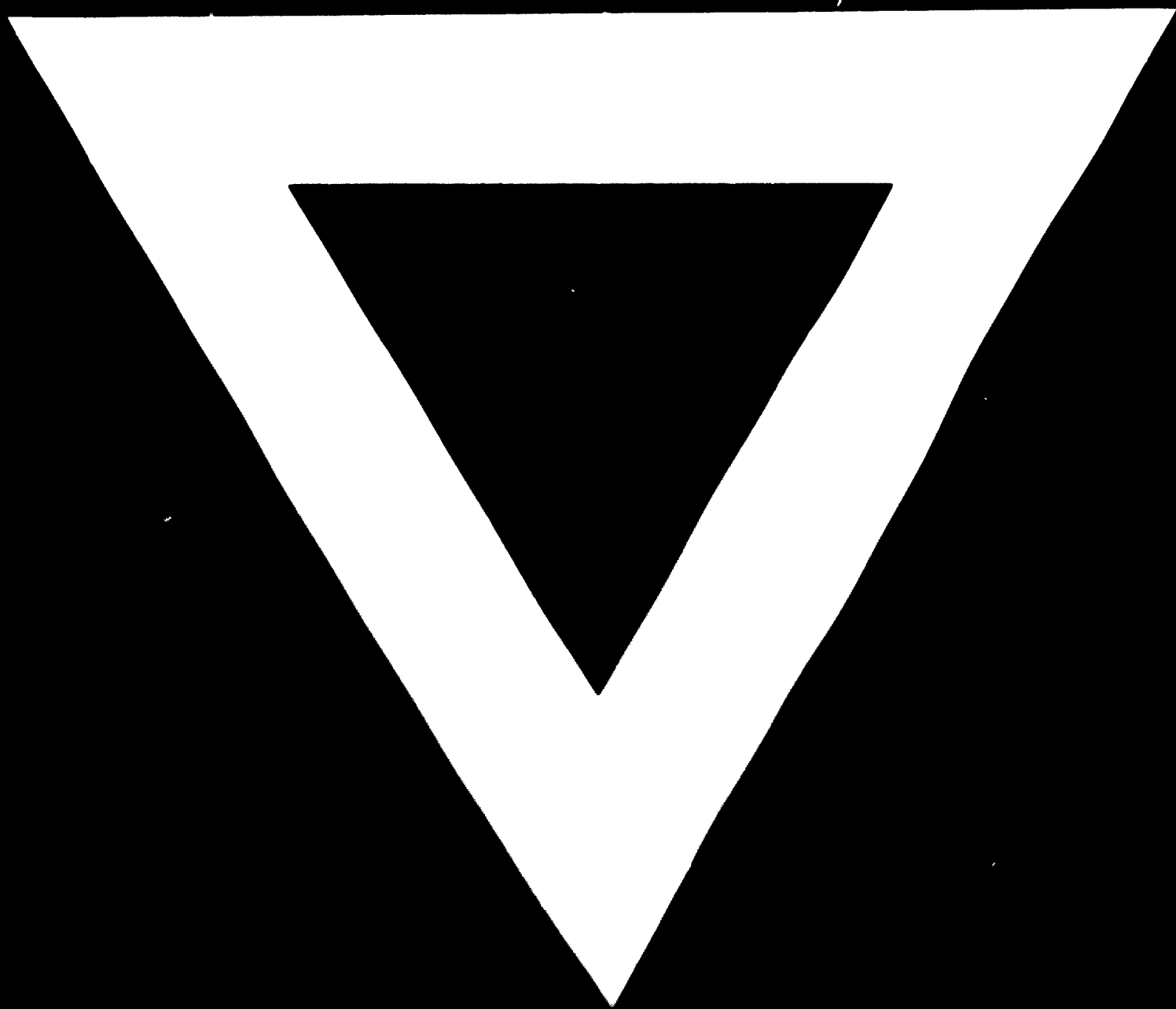
HOW TO OBTAIN UNIDO'S ASSISTANCE

Developing countries can avail themselves of UNIDO's assistance by 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.

Further information on assistance available through UNIDO in the field of Financial Analysis and Planning for Industrial Projects 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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