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for a sustainable future

OCCASION

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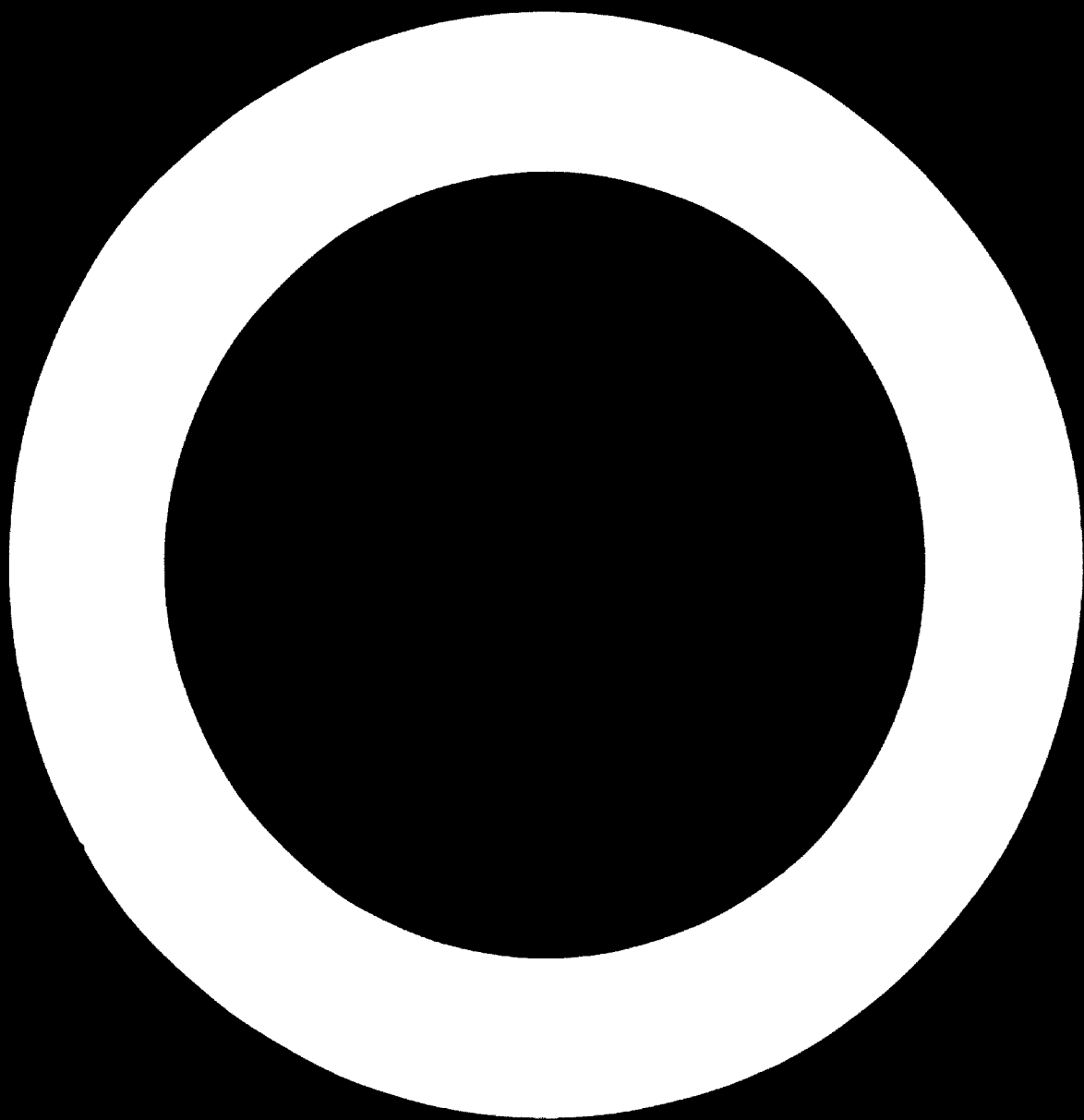
UNITED NATIONS INDUSTRIAL
DEVELOPMENT ORGANIZATION

de-restricted
as per P. Soede, Feb. 1976

UNIDO INVESTMENT FOLLOW-UP

prepared by
the Secretariat of UNIDO





UNIDO Investment Follow-up Programme

1. The Second General Conference of UNIDO which was held in Lima, Peru, in March 1978, adopted certain resolutions relating to industrialization of the developing countries, which were incorporated into the Lima Declaration and Plan of Action. This Declaration lays down a key directive that the developing countries' share of total world industrial production should be raised from the present low level of about 7% to at least 25% by the year 2000. Towards achievement of this central objective, the developing countries should enjoy a net transfer of resources from the developed and other capital surplus countries in the form of technical and financial resources.
2. With regard to transfer of financial resources, the Lima Declaration calls for the developed countries to increase their financial contributions to international organizations and to government or credit institutions in developing countries; to make available to the developing countries the resources required to sustain their growth effort essential for accelerating their social and economic development; and grant to LDC's additional favourable financial and technical assistance, with exception from counterpart requirements through bilateral and multilateral channels.
3. As the focal point within the UN system for co-ordinating and directing this industrialization process, UNIDO will face the task not only of mobilizing external financial and technical resources, but also of ensuring adequate preparation of projects to receive and effectively apply the resources that may be transferred from the developing countries. Towards this end UNIDO has established an Investment Co-operative Programme Office (ICPO), the main objectives of which are the following:
 - promote industrial investment through the IERD/UNIDO Co-operative Programme and other programmes;
 - follow up investment decisions to assist developing countries in obtaining external financing for industrial projects, particularly those studied by UNIDO.
4. In order to achieve the above objectives UNIDO has and will seek to establish relationship with official development assistance agencies on the one hand and private capital investment on the other.

5. Official Development Assistance

In mobilizing official development assistance UNIDO plans to enter into co-operative arrangements, perhaps with the following categories of financial institutions:

- a. Multi-lateral financial institutions, primarily the World Bank (including IDA and IFC), European Investment Bank, FED, Inter-American Development Bank, Asian Development Bank, African Development Bank, etc.;
- b. Arab Investment funds which assist developing countries by recycling oil income, like the Kuwait Fund, Arab Fund for Social and Economic Development, Abu Dhabi Fund, Islamic Fund, and the proposed new OPEC Development Fund;
- c. Bilateral Agencies like KFW of West Germany, USAID, CIDA of Canada, SIDA of Sweden, Overseas Economic Co-operation Fund and the Export-Import Bank, both of Japan, the Ministry of Overseas Development of the UK. etc.;
- d. Investment Funds of the Comecon Countries, including joint ventures entered into by industrial co-operatives of these countries (e.g. Poland) with enterprises in developing countries.

6. Private Capital Investment

Private external capital investment usually goes with managerial services, equipment supply, technology, marketing undertakings, brand-named products, patents and processes. The financial investment may take the form of equity or loan or both, and/or supply of goods and services.

The following are some of the modes of private external investment flows:

- a. Joint ventures including involvement with transnational corporations;
- b. Suppliers' Credits against equipment supply often covered by export credit guarantees extended by the governments of the country of origin of equipment supplies;
- c. Licensing of products and processes;
- d. Subcontracting of manufacture of components and parts to enterprises in developing countries, with guaranteed uptake arrangements by the major contracting company;
- e. Plant Leasing, as is often arranged by Merchant Banks of London.

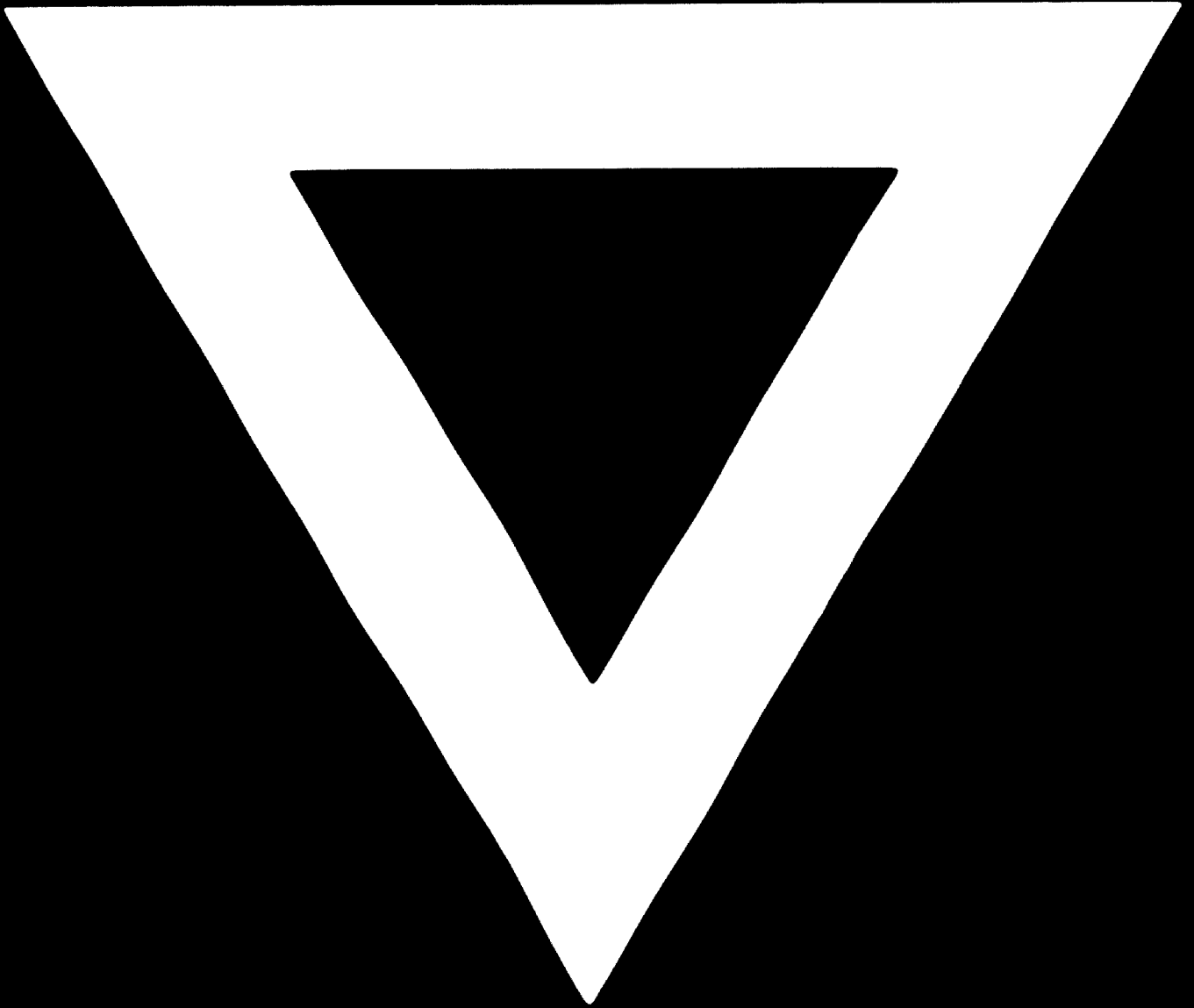
7. Meetings to promote specific industrial projects

For the promotion of specific industrial projects in developing countries UNIDO also follows another procedure. It sponsors meetings between representatives of developing countries that wish to promote specific projects and industrialists and investors from developed and capital surplus countries. Before meetings are convened, considerable effort is devoted to preparatory work. Careful, in-depth project selection and preparation is done in advance, and used as the basis of discussion in these meetings. The primary purpose of sponsoring such meetings is to enable the participants to make contacts and, hopefully, initiate negotiations on specific projects.

Any developing country that wishes to promote specific industrial projects through UNIDO-sponsored meetings is invited to convey its desire to do so to:

Investment Co-operative Programme Office
Industrial Operations Division
UNIDO





76.07.01