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Expert Working Group Meeting on Co-operation
Among Development Financing Institutions
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TECHNICAL CO-OPERATION AMONG DEVELOPMENT FINANCING INSTITUTIONS
AND
THE PROMOTIONAL ACTIVITIES OF
THE UNITED NATIONS INDUSTRIAL DEVELOPMENT ORGANIZATION (UNIDO)
TO SUPPORT THIS EFFORT^{1/}

prepared by

the secretariat of UNIDO

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This short report serves as a working paper to the expert working group on co-operation among development financing institutions, agenda item B) iv.

This item calls for consideration of ways and means by which co-operative activities among development banks could be best organized and implemented.

The expert working group is comprised of development bank officials who in their capacity as members of the Management Committee of the "Programme for the Exchange of Information among Development Financing Institutions", have considered possibilities for technical co-operation programmes among development financing institutions and UNIDO's eventual assistance in such undertakings.

Exchanges of views between development bank and UNIDO officials confirmed the general acceptance of the value of inter-institutional co-operation among development banks and brought forth a variety of ideas as to the means of pursuing co-operative activities.

UNIDO in keeping with its mandate to "promote and accelerate the industrialization of the developing countries" has pursued a large number of operational and promotional activities in support of a variety of co-operative undertakings in favour of industrial development in the developing countries. UNIDO would therefore recommend a careful study of past experience prior to embarking on new and expanded activities. There is agreement between development banks and UNIDO officials that co-operation should be pursued within a systematized framework to ensure optimum use and benefit from the available resources. Opinions, however, differ on the means and channels to use for achieving effective inter-bank co-operation.

Proposals made by some members of the standing committee of development bank officials include ideas on the forms which inter-bank co-operation could take and UNIDO's contribution to technical co-operation programmes between development financing institutions.

One idea was that of UNIDO collecting technical assistance needs of development banks by way of a "Technical Co-operation Questionnaire", and of disseminating them by means of a "Technical Co-operation List" to locate co-operation partners.

This proposal has been extensively treated at the meeting in May 1977 of the Executive Committee of the "Programme for the Exchange of Information among Development Financing Institutions" and reference is made, therefore, to the record of the meeting of the Executive Committee, item c.

..... Attached are samples of two alternative questionnaires which were at UNIDO's disposal by the end of August 1977, for consideration by the expert working group. Also attached is a sample of the format of the Technical Co-operation List proposed by some members of this standing committee.

Following the suggestion of the President of the Executive Committee, UNIDO investigated the possibilities for implementing technical co-operation programmes among development banks. Below is a summary of the findings:

1. There already exists a network of bilateral, regional and global relationships between development financing institutions which is the result of institutions' own efforts as well as those undertaken by national, regional and international banks and non-bank groups and organizations. In the interest of economy, it is suggested that prior to determining the desirable additional UNIDO inputs for technical co-operation programmes among development banks,

- a) the scope and mechanism of the existing co-operative programmes be examined;
- b) the success to date and future prospects of ongoing and planned co-operative programmes be surveyed; and
- c) the areas not yet covered or not sufficiently taken care of be identified and given appropriate attention.

2. As another step towards identifying UNIDO's future role in support of technical co-operation programmes among development financing institutions, it appears opportune to recall what UNIDO is already doing in this field.

UNIDO's activities related to development banks may be classified as operational (commonly named "technical assistance") and promotional programmes, whereby the latter may be broken down into promotional activities linked with UNIDO technical assistance projects and such which are not related to UNIDO-executed operational projects. A detailed treatment of UNIDO's functions and activities is contained in the annual reports of the Executive Director, the last one being the one for 1976

..... (UNIDO document II/E/180), copy enclosed.

Assistance of UNIDO in promoting and implementing technical co-operation programmes among development financing institutions may take the form of "technical assistance" or "promotional support". UNIDO's promotional activities in favour of strengthening inter-bank co-operation comprise the following:

- The "Programme for the Exchange of Information among Development Financing Institutions" which is now in its fifth operational year. Its objective is two-fold, i.e. to promote a regular and continuing information exchange on industrial projects in developing countries and to transfer know-how and experience in the financing of such ventures between development banks world-wide. The activities and progress under this programme are described in a separate document entitled "Survey of the Usefulness of the Information Exchange Programme among Development Financing Institutions", which is made available to the expert working group as a separate paper.
- The annual meetings on co-operation among industrial development financing institutions sponsored jointly by UNIDO and a host government. The eighth such conference which will provide a forum for direct contacts between the top management of development banks, for the exchange of confidential information and for consultations world-wide, will be organized in 1978.
- UNIDO support in the establishment of regional groupings of development financing institutions. Three regional associations are already well established (covering Africa, Asia and the Pacific, and Latin America), a fourth grouping (for the Arab countries) is in early preparatory stage.
- UNIDO assistance in the creation of a world grouping of development financing institutions. An Action Group of development bankers is studying this issue.
- The UNIDO information service on sources of finance for industrial projects in developing countries. To meet an imminent need in this field, UNIDO will publish a directory of finance sources, initially identifying some 100 finance institutions, by the end of 1977. The service will be available to interested parties throughout the world.

The types of technical assistance which UNIDO can provide reach from the provision of expert personnel, equipment, documentation and information, to training courses and fellowship awards. The implementation of technical assistance programmes comes within the competency of a number of substantive sections in the UNIDO Industrial Operations Division according to the type of assistance rendered. Following are some examples:

- The Training Section, which organizes individual and group training for development bank personnel. This programme is expanding, particularly by arranging for a Training Centre for French and English speaking development bank staff at the African Development Bank, for a total cost of approximately two million US dollars.
- The Institutional Infrastructure Section which continues to render technical assistance to development banks in institution-building through the provision of experts.
- Technical assistance in the form of information and documentation is the responsibility of the UNIDO Industrial Information Section which is part of the International Centre for Industrial Studies (ICIS). Existing industrial information and documentation offers include such services as the UNIDO Newsletter, the Guides to Information Sources, the IBI service (dissemination of selective information) and the Industrial Inquiry Service. Enclosed is a brochure entitled "Your Questions Answered" which describes how the service functions and who can use it. The UNIDO Industrial Inquiry Service provides information about a wide range of technical, economic, social and other subjects related to the industrialization process. It is available free of charge to governmental and non-governmental institutions in the developing countries world-wide.
- Recently, the Executive Director of UNIDO has initiated measures to establish a further information service to help developing countries solve problems, namely the industrial and technological information bank which commenced pilot operations in mid 1977.

.....

These examples show that UNIDO is already actively involved in technical assistance programmes benefitting the development financing institutions. Therefore, UNIDO suggests that the developing countries make full use of the existing UNIDO technical assistance programmes if they need help in solving problems which cannot be tackled from the locally available resources.

UNIDO recently has commenced a comprehensive review of its promotional activities in support of the industrialization process in developing countries. The Executive Director has established a task force for this purpose which is chaired by Mr. A.K. Basak, Deputy Director of the Investment Co-operative Programme Office. The terms of reference of the task force include evaluation of the types of promotional activities which are the most successful and which have linkages to the technical co-operation activities of UNIDO as required by the Lima Declaration and Plan of Action.

3. As a further step, the UNIDO has looked into the activities of the three regional associations of development financing institutions which see their role in assisting and promoting co-operation among their members. The means by which the associations seek to fulfil this role is described in their statutes and work plans.

- 1) The Latin American Association of Development Financing Institutions (ALIDE), established in January 1968, includes among its functions:
 - to encourage its members to benefit from the experience of others by exchanging specialized staff;
 - to distribute to its members information on industrial financing, technical assistance including personnel training, investment projects and other development issues;
 - to disseminate among its members information on the activities of development institutions of Latin America and of other regions;
 - to organize, promote and sponsor regional and sub-regional meetings and seminars.
- ii) The Association of African Development Finance Institutions (AADFI), established in March 1975, describes its functions to stimulate technical co-operation between its members as follows:
 - to establish among its members a machinery for systematic exchange of information on organizations, operations and experiences;
 - to pool the efforts in the field of staff training by organizing courses and seminars and by exchanging trainees and specialized staff.

iii) The Association of Development Financing Institutions in Asia and the Pacific (ADFIAP), established in October 1976, seeks to achieve co-operation between member institutions by carrying out functions such as:

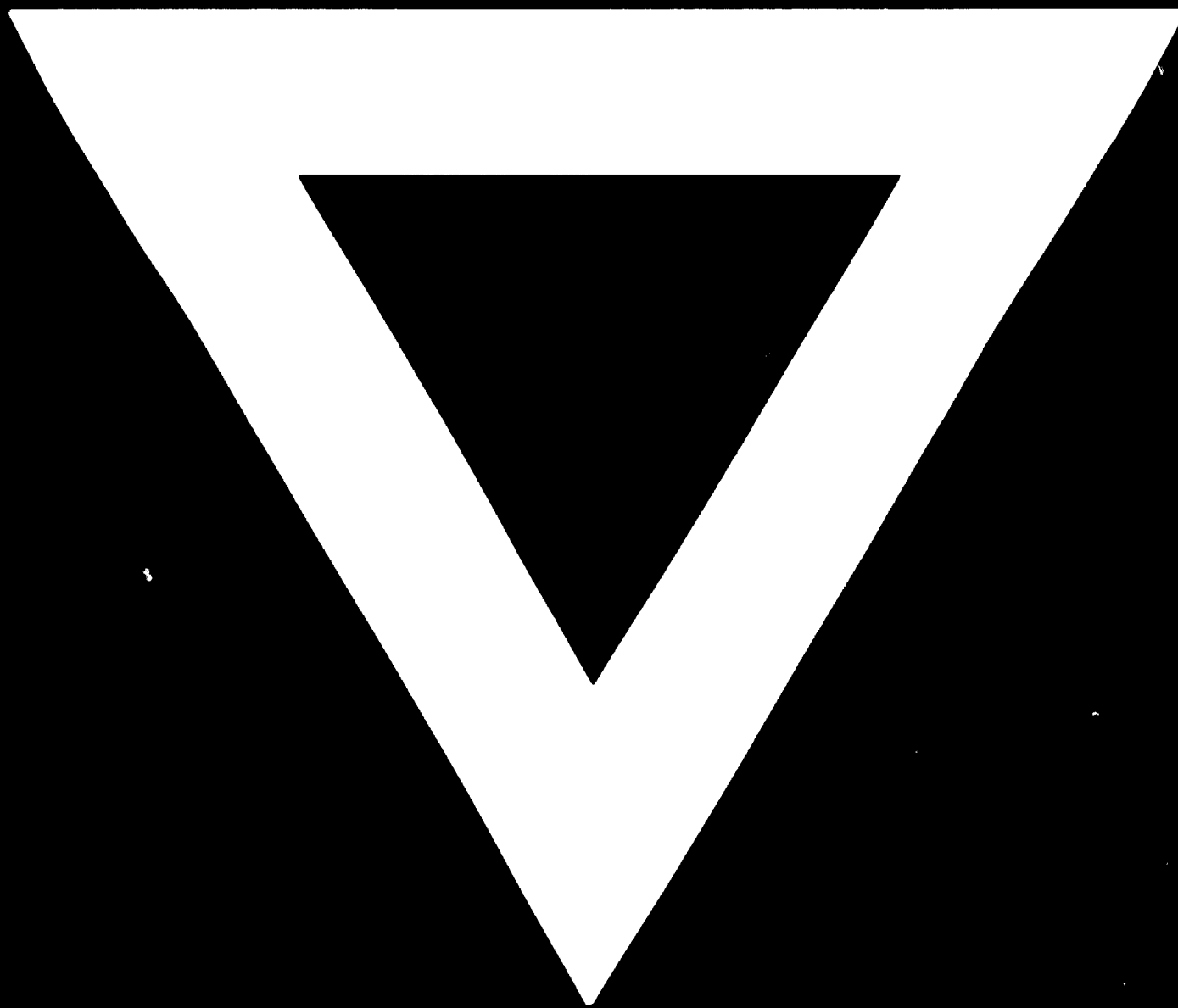
- promoting the exchange of information and experience through periodic meetings, seminars, training courses, exchange of specialized personnel and other methods;
- facilitating the collection and distribution of information on regional development matters and other subjects of common interest to members;
- establishing technical committees for dealing with special issues.

Inquiries undertaken by UNIDO have shown that the associations are already effectively involved in various forms of technical co-operation on a regional and inter-regional scope. Activities carried out by ALIDE, AADFI and ADFIAP to date have already produced results from which it is possible to examine the viability of the existing methodology, discern the systems and instruments best suited for the pursuit of co-operative programmes among development banks and recognize the limits of co-operative efforts.

Its new organizational structure has resulted in UNIDO offering a broad variety of services for industry, investors, government agencies and financing institutions which, for the time being, are considered to be sufficient. They are readily available to any interested party. In the light of the wide range of services offered by the substantive sections of UNIDO and in view of ICFD's expanded investment promotion programme, the question arises whether additional assistance is still required.



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