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SURVEY OF THE USEFULNESS  
OF THE  
INFORMATION EXCHANGE PROGRAMME  
AMONG DEVELOPMENT FINANCING INSTITUTIONS<sup>1/</sup>

by

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<sup>1/</sup> The views and opinions expressed in this paper are those of the author and do not necessarily reflect the views of the secretariat of UNIDO. This document has been reproduced without formal editing.

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## I. INTRODUCTION

The Programme for the Exchange of Information among Development Financing Institutions (IEP) is now in its fifth operational year. This report is an analytical survey of the initial four-year period.

Following the decision of the Management Committee of the IEP, this survey was undertaken by the United Nations Industrial Development Organization (UNIDO) as the executing agency and secretariat of the IEP to meet a two-fold objective, i.e.

1. For evaluating the usefulness of the "Lists of Projects" as the means of promoting information exchange among development financing institutions (DFIs) and
2. For assessing the value of co-operative activities among DFIs.

At this juncture, one should recall the objective which led to the establishment of the programme in 1973, namely to strengthen the DFIs in the execution of their multi-disciplinary tasks through the promotion of a close and regular inter-institutional exchange of information and co-operation.

While there is agreement among the programme participants that the object is worthy of pursuing, opinions differ on the means of achieving it.

To date, the main instrument for promoting inter-bank information exchange has been the "List of Projects". The mechanism is the following: Programme participants complete a form providing basic information on industrial projects financed by them in developing countries. UNIDO as the IEP secretariat collects the forms and periodically transcribes the project briefs to a list normally comprised of 200 to 300 individual project descriptions. The lists are distributed by UNIDO at quarterly intervals to all DFIs which participate in the exchange programme. Since the inception of the programme in mid-1973, 15 "Lists of Projects" featuring a total of 3,600 industrial projects in developing countries have been distributed to more than 150 programme participants world-wide. Participation in the IEP entails the assignment of a programme liaison officer in each DFI and submission of project information to UNIDO as inputs for the lists.

The idea behind the "Project List" concept is to encourage the DFIs to establish relationships between each other if they are interested in knowing more about each other's experience in the financing and promotion of specific projects as contained in the periodic lists. Since individual DFIs may be interested in different aspects of a project, the "List of Projects" is designed to stimulate the direct contacts, leaving the decision on the methods and the subjects to the participating DFIs.

..... The survey on the viability of this programme was conducted by way of a questionnaire. For the readers' easy reference, a copy is attached as Annex A. The questionnaire was sent to 120 DFIs together with a background paper prepared by the Malaysian Industrial Development Finance Berhad, describing that bank's experience with the "Lists of Projects" and inter-bank information exchange. The paper was considered to be of assistance for answering the questions posed in the questionnaire by giving examples on how best to use the information provided in the "Lists of Projects".

In the absence of established evaluation criteria, it was a difficult task to assess the extent to which the objective has been achieved. The main questions in the survey thus focused on the "Lists of Projects" and the use made of them by programme participants.

31 participating DFIs returned the questionnaire, contributing material for an analytical study on the viability of the "Lists of Projects" and the extent of information exchange.

..... A narrative report on the outcome of this exercise is presented hereafter a statistical analysis in Appendix 1.

## II. SURVEY HIGHLIGHTS

The following is indicative of the general tenor of the programme evaluation by participants.

- (1) The questionnaire seeking replies to nine questions was issued at end August 1976 to 120 DFIs throughout the world which had been regularly receiving the "Lists of Projects" since inception of the programme in 1973, that is for three and a half years.

- (2) A 25 per cent response to the questionnaire shows that there is limited interest in the Information Exchange Programme.
- (3) During the period under survey, an average of 120 DFIs regularly received the "Lists of Projects" and some 30 DFIs paid voluntary annual subscriptions to the co-operative "Project Information Fund".
- (4) Since establishment of the IEP, about half of the DFIs receiving the "Lists of Projects" also contributed project information. Out of 31 survey participants, 21 had furnished inputs to the project lists and 14 had taken advantage of the lists by seeking specific information from other IEP participants. Less than half of the survey respondents are using the programme as a two-way road by rendering and seeking experience among the participants. One third of the survey respondents or 10 DFIs gave evidence of intensive utilization of the lists, viz. by supplying project briefs to UNIDO, exchanging project details with each other, utilizing the project data for reference purposes and decision-aids, and subscribing to the Project Information Fund.
- (5) Half of the survey respondents confirmed that they make some use of the "Lists of Projects" and cited a variety of purposes: as information reference source, as a means of seeking partners in project financing, for identifying investment opportunities, for establishing relations with DFIs, for computing indicators, for inter-country project comparison, for gathering performance data, for capital cost estimation, for obtaining know-how in the techniques and practices of development financing.
- (6) The importance of proper utilization of the experience accumulated among DFIs has been recognized by the appointment of programme liaison officers at suitable hierarchical levels by all except four survey respondents. Not all liaison officers, however, make use of the "Lists of Projects", and one third of the answers admits that no information exchange with other programme participants has been undertaken yet.
- (7) The geographical profile of responses to the survey (80 per cent from developing countries in Europe/Middle East and Asia/Australia) warrants consideration of the reasons for this inequilibrium. Another significant issue was that none of the DFIs from the least-developed and land-locked countries responded to the survey.

(8) When asked in which area DFIs would foremostly wish to exchange experience among each other, the majority of answers was received in favour of pre-investment expertise and staff training. The second-most favoured disciplines were investment control and follow-up techniques, other sources of information, and assistance in management and organization. Fifty per cent of respondents considered the investment climate, investment opportunities and investment contractual arrangements as potentials for closer professional co-operation. Proposals have also been made to include confidential information on unsuccessful projects and the reasons for their failure; on the costs of capital equipment; on the performance of equipment suppliers and consulting organizations; on the costs of raw materials; on alternative uses of indigenous raw materials; on market choice; information on the financing of joint ventures and on the terms of financing.

### III. CONCLUSIONS

Undoubtedly, the promotional activities undertaken within the framework of the Information Exchange Programme resulted in improved relations and co-operation among those DFIs which actively participated in it.

In the absence of established criteria, it is difficult to measure the utility and effectiveness of the "Lists of Projects" for achieving the envisaged goals.

On the one hand, DFI responses to the questionnaire are a reflection of the general interest in co-operative activities among DFIs, on the other hand they bring to light underutilization of the available potential of information material contained in the project lists. The geographical pattern of the responses to the questionnaire is a further indication of the little use of the "Lists of Projects" especially by those DFIs which would foremostly benefit from the information. The reasons for this phenomenon are only discernible in part from the responses to the survey and existing documentation.

One factor, however, is the assignment of "liaison officers" in the individual DFIs. Their importance and their role for an effective information exchange and inter-bank co-operation is well documented by the answers to the questionnaire.

The wealth of data derived altogether from this survey constitutes good basis for discussions on future activities, particularly with respect to improving DFI knowledge about full and proper utilization of the "Lists of Projects".



Statistical Data

1. Pattern of DFIs participating in the Information Exchange Programme

DFIs on the UNIDO mailing list for the  
"List of Projects" as at 31 October 1976 130 DFIs (IES participants)

Geographical distribution:	<u>DFIs</u>
Africa	45
Asia and Australasia	28
Europe and the Middle East	26
Latin America	28
North America	3
Developing Countries - excluding LDCs	92
Least Developed Countries (LDC)	20
Industrialized Countries	18

2. Pattern of responses to the questionnaire

Questionnaire issued to 120 DFIs (IES participants)  
Questionnaire completed by 31 DFIs (Survey participants)

Geographical distribution of responses:	<u>DFIs</u>
Africa	5
Asia and Australasia	10
Europe and the Middle East	12
Latin America	3
North America	1
Developing Countries - excluding LDCs	
Africa	5
Asia and Australasia	10
Europe and the Middle East	6
Latin America	3
Least Developed Countries (LDC)	0
Industrialized Countries:	
Europe and the Middle East	6
North America	1

3. Pattern of subscriptions to the Project Information Fund (P.I.F.)

	<u>DFIs</u>
Subscription fees paid in 1974	19
in 1975	47
by October 1976	36
Geographical distribution of subscribers in 1976:	
Africa	9
Asia and Australasia	7
Europe and the Middle East	12
Latin America	7
North America	1

Developing Countries - excluding LDCs	<u>DFIs</u> 26
Least Developed Countries (LDC)	5
Industrialized Countries	5
IES participants subscribing since 1974	8
since 1975	2
since 1976	16
Survey participants subscribing to the P.I.F.	22

4. Pattern of DFI submission of project information to UNIDO for inclusion in the "List of Projects"

Number of "List of Projects" issued from July 1973 to end of 1976	13
Number of projects listed	3,200

	<u>DFIs</u>	
DFIs providing project information:		
July 1973 to December 1974 ("List of Projects" Nos. 1-7)	50	(from 44 countries)
January 1975 to December 1975 ("List of Projects" Nos. 8-11)	20	(from 15 countries)
January 1976 to October 1976 ("List of Projects" Nos. 12 and 13)	10	(from 7 countries)
DFIs contributing to "List of Projects" Nos. 1-7	50	
New DFIs contributing to "List of Projects" Nos. 8-11	2	
New DFIs contributing to "List of Projects" Nos. 12 and 13	0	
Survey participants providing project information	21	

5. Rating of the "List of Projects" by survey participants

Very good	6	
Adequate	22	(of which 4 made suggestions for improvement)*
Poor	2	(of which 2 made suggestions for improvement)**

\* To include briefs on status of project implementation, degree of DFI-financing, raw material costs, production costs per unit, and to issue the list in English, French and Spanish.

\*\* To disseminate at least as much data as are given in the project information forms, to include information on the manufacturing process, market prospects, sources of equipment and technical co-operation, and to eliminate indication of the raw material quantities.

6. Utilization made of the "List of Projects"

	<u>DFIs</u>
For various purposes	20
Thereof: for information exchange	13
for computing indicators	12
for project data comparison	12
for other uses	8
*** No utilization made	11

Among the indicators, the average size of investment is the one considered most useful, followed by the investment/capacity ratio and investment/employment ratio. Two DFIs use the list for computing raw material input indicators. Seven DFIs each compare project data with a view to supplement and diversify their investment portfolio. Other DFIs compare project data to assess raw material/manufacturing process/cost relationships; to appraise capacities and related market conditions in the region and to develop new industrialization opportunities. Many survey participants came forward with valuable suggestions for possible usage such as for obtaining reference data for project analysis, for establishing relationship with DFIs; for seeking partners for future project financing, for checking the competitiveness of equipment prices and for testing the quality of responses from DFIs to inquiries.

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\*\*\* Explanations: too little information given in the lists to enable an analysis or comparison; comparison of project data between different countries is little meaningful; information did not contain innovation; DFIs prefer to rely on their own feasibility studies and data derived therefrom; material supporting one project is rarely relevant as an aid to the study of another. personal contacts through visits and meetings are more beneficial than seeking information in writing.

7. Quality of responses to information exchange requests among DFIs

Average rating: Satisfactory

N.B. Two-thirds of survey participants did not reply to this question.

8. Appointment of a "Liaison Officer" in the individual DFI

IES participants with Liaison Officer	100
Survey participants with Liaison Officer	28
Survey participants without Liaison Officer	3
Survey participants with Liaison Officer and with in-house dissemination of the project lists	24

DFI departments which are recipients of the project lists:

Most frequent recipient departments: R and D  
operations  
loans  
project evaluation

Followed by project planning, technical evaluation, investments, industry, project promotion, engineering, management services departments; Also: legal department, library and regional offices.

9. Frequency of information exchange

Survey participants with Liaison Officer	28
Survey participants receiving inquiries	14
Survey participants seeking project details	14
Survey participants exchanging information, i.e. receiving inquiries for and seeking detailed project information	13
Survey participants encountering the "Lists of Projects" particularly useful	5

10. Proposals for reorientation of the IES

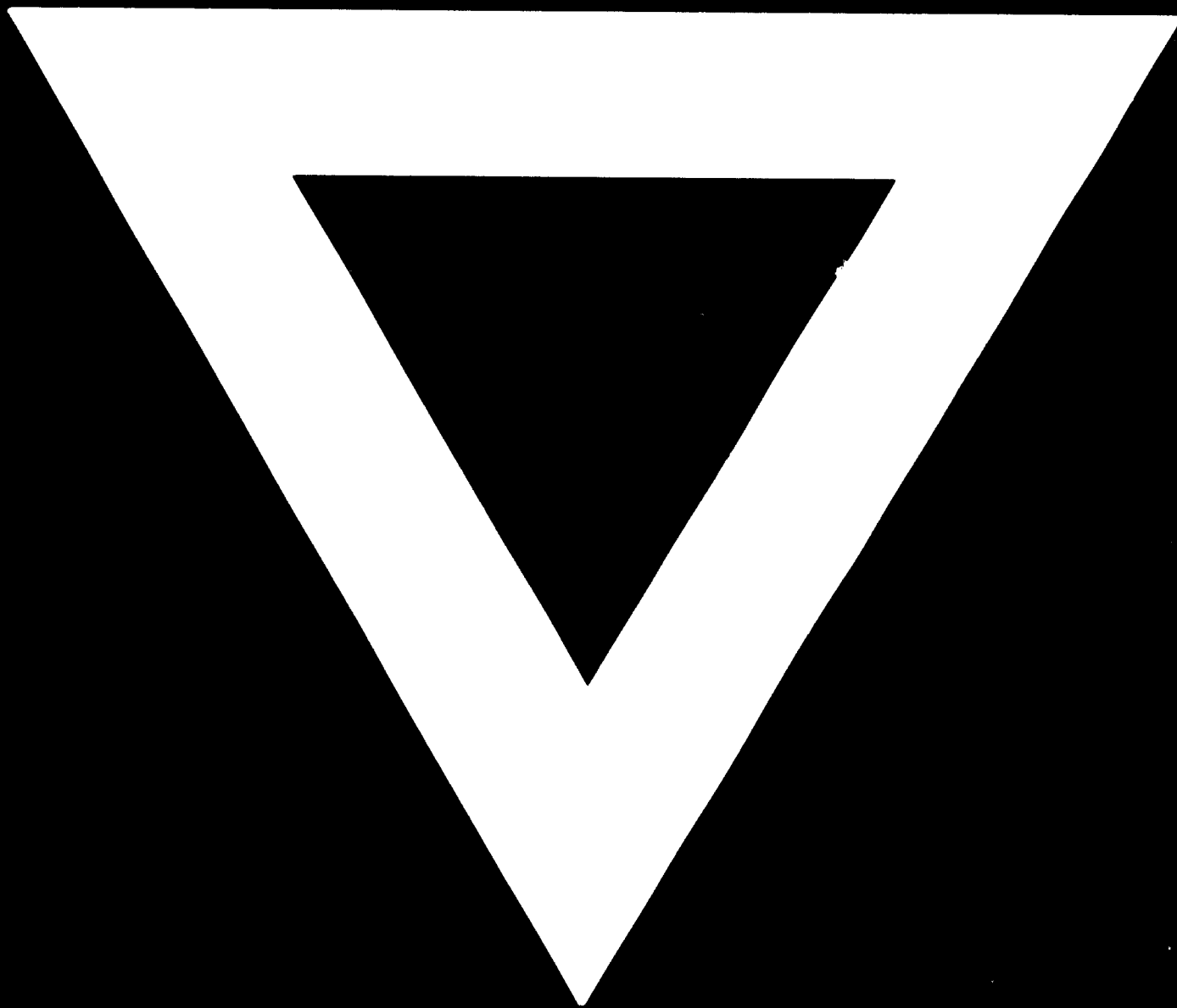
Every survey participant indicated one or more suggestions for an extension of the information exchange.

Seven DFJs offered ideas for the organization of a co-operative programme among development financing institutions.

**N.B.** The survey analysis has taken into consideration all replies to the questionnaire received by UNIDO until and including 31 October 1976.



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