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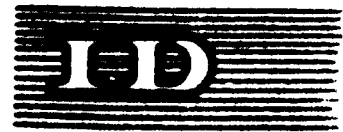
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ACTIVITY REPORT 1977

BY

THE UNITED NATIONS INDUSTRIAL DEVELOPMENT ORGANIZATION 1/

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Introduction

This is a report on the "Programme for the Exchange of Information among Development Financing Institutions (IEP)" carried out by the United Nations Industrial Development Organization (UNIDO) acting as the Secretariat.

The programme is to encourage co-operation among the development financing institutions (DFIs) which, in their turn, play an important role in the financing and promotion of industrial projects in developing countries.

The establishment of a focal point for the regular and systematised exchange of information among development banks on their operations was first proposed at the UNIDO-sponsored International Bankers' Meeting in Paris in March 1970. The IEP became operational in mid 1973. The means chosen for promoting inter-institutional information exchange was a list called "List of Projects". It is periodically compiled by UNIDO on the basis of project information supplied by DFIs, and which is disseminated to DFIs world-wide. The Lists of Projects are to promote awareness of the available information resources and to stimulate inter-bank exchange of industrial project data.

Special purpose trust funds made available by the Government of the Federal Republic of Germany to UNIDO provided the initial financial resources for the IEP. Since the latter part of 1974, the finance stems from a special fund, the "Project Information Fund (PIF)" established by the participating DFIs with the Société Tunisienne de Banque. From the PIF, UNIDO receives funds-in-trust which are credited to account number TF/INT/73/014. They partly meet the expenditures incurred by UNIDO for administrative and promotional activities undertaken in favour of the IEP. The balance of UNIDO's cost for this programme is met from the Organization's budgetary resources. The financial reporting and control between UNIDO and the Treasurer of the PIF is functioning smoothly. The programme budget for 1977 was estimated at US\$ 30,000 as against US\$ 20,125 actual expenditures including UNIDO overheads in 1976.

Since inception of the programme, UNIDO is providing the administrative and promotional services. Until end 1975, the Industrial Policies and Programming Division (IPPD) was responsible in UNIDO for servicing the IEP. After the re-organization of UNIDO, the Investment Co-operative Programme

Office (ICPO), was entrusted with the promotion and administration of the IEP in early 1976.

The DFIs have been encouraged to assign an officer to the task of liaison with UNIDO and of inter-institutional relations and exchange of information.

Besides UNIDO/ICPO the programme is directed by two standing committees, the Management Committee, composed of at present 13 development bank executives, and the Executive Committee comprising three development bank officials.

At this point, UNIDO should like to express its deep regret at the sudden death in June 1977 of Mr. H. Aaberg, General Manager of the Danish Industrialization Fund for Developing Countries, who, since the inception of the programme, has served on the committee and contributed the wealth of his experience for the benefit of programme participants. Another much regretted instance in 1977 was the resignation from the committee of Mr. E. Richie Clark, Vice President and Chief General Manager of the Federal Business Development Bank of Canada on account of his retirement. Mr. Clark's long-year services on the committee have been of great value to participants in the IEP.

Review of the programme

The Management and the Executive Committees hold annual meetings to review the programme implementation, to draw up plans of action for the period ahead and to redefine objectives and activities as necessary.

To date, the Management Committee usually gathered on the occasion of the UNIDO-sponsored annual Development Bankers' Meetings in which most of the committee members participated.

During the annual meeting 1976 of the Management Committee, the administrative and promotional efforts undertaken by UNIDO from mid 1975 to end 1976 were examined. The committee members expressed satisfaction with the results achieved. Also at this gathering, the activities for 1977 were discussed and streamlined.

Later, in May of this year, the Executive Committee met at UNIDO headquarters to detail the work programme. On this occasion, a discussion

took place with representatives of the UNIDO Investment Co-operative Programme Office on the services to be carried out by UNIDO during 1977 and on action plans for the future.

The work programme for 1977 and other issues considered in the meeting of the Executive Committee are detailed in the record of that meeting which has been made available to the members of both committees and to UNIDO/ICPO staff concerned with the IEP.

Work programme

In summary, the activities to be undertaken by UNIDO comprise the following:

1. Promote the inter-institutional exchange of information and experience in development project financing by publishing and disseminating to DFIs ex post information on industrial projects financed by them;
2. Increase the awareness of DFIs world-wide about this co-operative programme and enlist their participation in it;
3. Systematize the collection and dissemination of information on DFI project financing (i.e. preparation of the "Lists of Projects");
4. Encourage and aid the establishment of inter-bank communication channels, especially between less-developed countries and potential information exchange partners;
5. Provision of industrial information to individual inquirers;
6. Fund-raising among DFIs world-wide for replenishment of the "Project Information Fund";
7. Review the utilization of the available information services and resources and suggestions for improvement;
8. Revision of the existing and introduction of new promotional literature; and
9. Organization of the annual committee meetings including the preparation of working documents for and records of these meetings.

Programme implementation

The year 1977 was the fifth year of operation of the IEP. Intensive campaigning to elicit DFI interest and participation in the programme

continued, using the Lists of Projects as the main promotional instruments of the IEP. In the year 1977, three (3) Lists of Projects featuring 650 projects comprising all industry sectors, were distributed to 200 DFIs world-wide. In addition to this information service, UNIDO/ICPO also disseminated information to DFIs about the UNIDO offer of technical and promotional assistance. This was done by including Special Attention Pages with the "Lists of Projects", also by furnishing information to individual inquiries and by other means with the view to encourage DFI/UNIDO co-operation.

DFI requests for industrial information and technical assistance were referred to the competent offices within UNIDO for direct action, such as the Industrial Information Section, Institutional Infrastructure Section, Training Section, Least Developed Countries Section, etc..

While the network of receivers of the Lists of Projects now spans over the whole world, the pattern of industrial projects presented in the lists does not reflect this spread. There is still a marked absence of information flow on projects financed by DFIs in Africa, south of the Sahara, and Latin America. To balance the geographical disequilibrium, UNIDO/ICPO has sought the co-operation of the regional associations of DFIs in Africa and Latin America in that information on the object and mechanism of the IEP was disseminated by these associations to their members.

Although most DFIs receiving the Lists of Projects have expressed satisfaction with the present format and presentation of the project lists, a broad variety of suggestions for improvement have been forthcoming throughout the years. They have, therefore, been assembled by UNIDO/ICPO in a separate working paper for consideration by the Management Committee at its annual meeting 1977. The question arises whether it is at all possible to render a flexible and efficient service for individual requirements, since the IEP is designed to serve DFIs at large.

As a means of assessing the current status of assignment of liaison officers by DFIs, UNIDO issued a mailing list form to the 200 DFIs regularly receiving the Lists of Projects, asking for their indicating the name and title of the liaison staff. Only 40 DFIs responded to this request. In our judgement, a 20 per cent reply by the DFIs on whom the effectiveness of the systems hinges, is below the wished-for standards.

At the request of the President of the two committees of development bank executives, UNIDO/ICPO carried out the fund-raising for 1977. Some 200 DFIs identified as potential participants for the IEP were provided with updated background information on the programme including the subscription schedule to the PIF, and were invited to pay a contribution to that co-operative fund.

The report by the Treasurer will provide detailed information on the result of this campaign and the financial situation of the PIF. It is observed, however, that there is a downward trend in the number of contributors, namely from 40 in 1976 to 12 in 1977.

Following the decision of the Management Committee, a survey was conducted by UNIDO/ICPO in September/October 1976 to obtain data for evaluating the usefulness of the IEP and the Lists of Projects as its promotional instrument. At their meeting in November 1976, the members of the Management Committee suggested to adjourn consideration of the outcome of this survey to allow more time for a study of the findings. Based on a draft document prepared by UNIDO/ICPO, the survey results are outlined in working document ID/WG. 261/3 and will be discussed by the committee members at this year's review meeting. UNIDO/ICPO assisted in the preparation of that paper and the statistical annex.

The descriptive and explanatory literature on the IEP has been last revised during 1976. It comprises a promotional leaflet, an explanatory note on the mechanism of the project information exchange and the schedule of annual subscriptions to the PIF. The Executive Committee in its last meeting recommended the preparation of a listing of possible uses to be made by DFIs of the Lists of Projects with a view to increasing the rather limited utilization of the project lists. In response to that proposal, UNIDO/ICPO drew up a listing of about ten useful hints for practical use of the information contained in the Lists of Projects based on suggestions made by the committee members and those of other DFI officials participating in the IEP. It is intended to publish this "users' guide" together with a revised edition of the promotional leaflet following the review meeting 1977 of the Management Committee if this measure should be considered to produce a sizable impact.

UNIDO's services also included the preparation and organization of the annual programme review meetings of the Executive and Management.

Committees. Considerable time and effort went into the preparation of the background documentation and records of these meetings. The issues discussed and the recommendations evolving from these reunions were made known to programme participants at large.

Taking up a suggestion by the President of the two committees, UNIDO/ICPO investigated the possibilities of organizing the review meeting 1977 of the Management Committee under UNIDO financial assistance. The meeting would also provide an opportunity to consider other forms of co-operation between DFIs themselves and any assistance that may be required in this field. It was further considered to be of mutual benefit, to explore avenues for the participation of DFIs in the activities of the UNIDO Investment Co-operative Programme Office. ICPO's proposal to the UNIDO Programming Committee to favourably consider UNIDO granting financial support for a meeting to be held in late 1977 pointed out these objectives, and the Programming Committee approved the project for financing from the UNIDO General Trust Fund in non-convertible Egyptian currency. UNIDO/ICPO and the President of the two committees jointly organized this meeting, which this time is called an "expert working group meeting". The organization and implementation of the meeting is handled by UNIDO/ICPO, in co-operation with and assisted by the office of the Resident Representative of the United Nations Development Programme and the SIDFA in Cairo.

The proceedings of the meeting will be made available to interested parties at large.

Some members of the two committees of DFI officials have advanced proposals to assist DFIs in carrying out technical co-operation programmes among themselves. Considering the potential of experience available in many DFIs, co-operative activities would bring this knowledge to bear upon the DFIs in need of expertise, and would help the inter-institutional transfer of resources. Outside assistance in formulating, executing and accelerating co-operative programmes would facilitate such ventures. The President of the DFI committees thus asked UNIDO/ICPO to investigate the possibilities for implementing technical co-operation programmes among DFIs. The findings are summarized in a separate UNIDO document ID/WG. 261/4.

IN CONCLUSION

During its existence from 1973 to 1977, the IEP served a useful purpose in collecting information from DFIs on industrial projects financed in the past. The exchange programme also furthered closer contacts between DFIs world-wide.

There now exists a sufficiently well-developed network of institutional relations among DFIs. This is attributable to a considerable promotional effort. UNIDO, however, was not the only promotor of the IEP. Its activities were part of and supplementary to those undertaken by the DFIs themselves.

The review of the first four years of the IEP showed that it is difficult to measure the impact of this activity. The responses of DFIs to the 1976 survey nevertheless permitted an analysis of the achievements during the period 1973 to 1976 and of the limitations of the information exchange programme.

In conjunction with this it is appropriate to draw attention also to the working document UNIDO/ID/WG. 261/4 on technical co-operation among development financing institutions and UNIDO's promotional activities in support of this effort.

In compliance with the established administrative practice, UNIDO examines at regular intervals its activities. As a part of this review exercise of UNIDO's programmes, and taking account of the imminence of the annual review meeting of the Management Committee of the IEP, the Investment Co-operative Programme Office conducted a poll for discerning the usefulness of the IEP. In the poll, a questionnaire was sent to all DFIs which participate in the IEP asking them such questions as the benefits they derived from the programme, the problems it helped them solve and the financial support they will be willing to give in the years 1978/79/80.

The answers to this inquiry will have to be taken into consideration by all parties involved in the promotion of this programme for reshaping its future.



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