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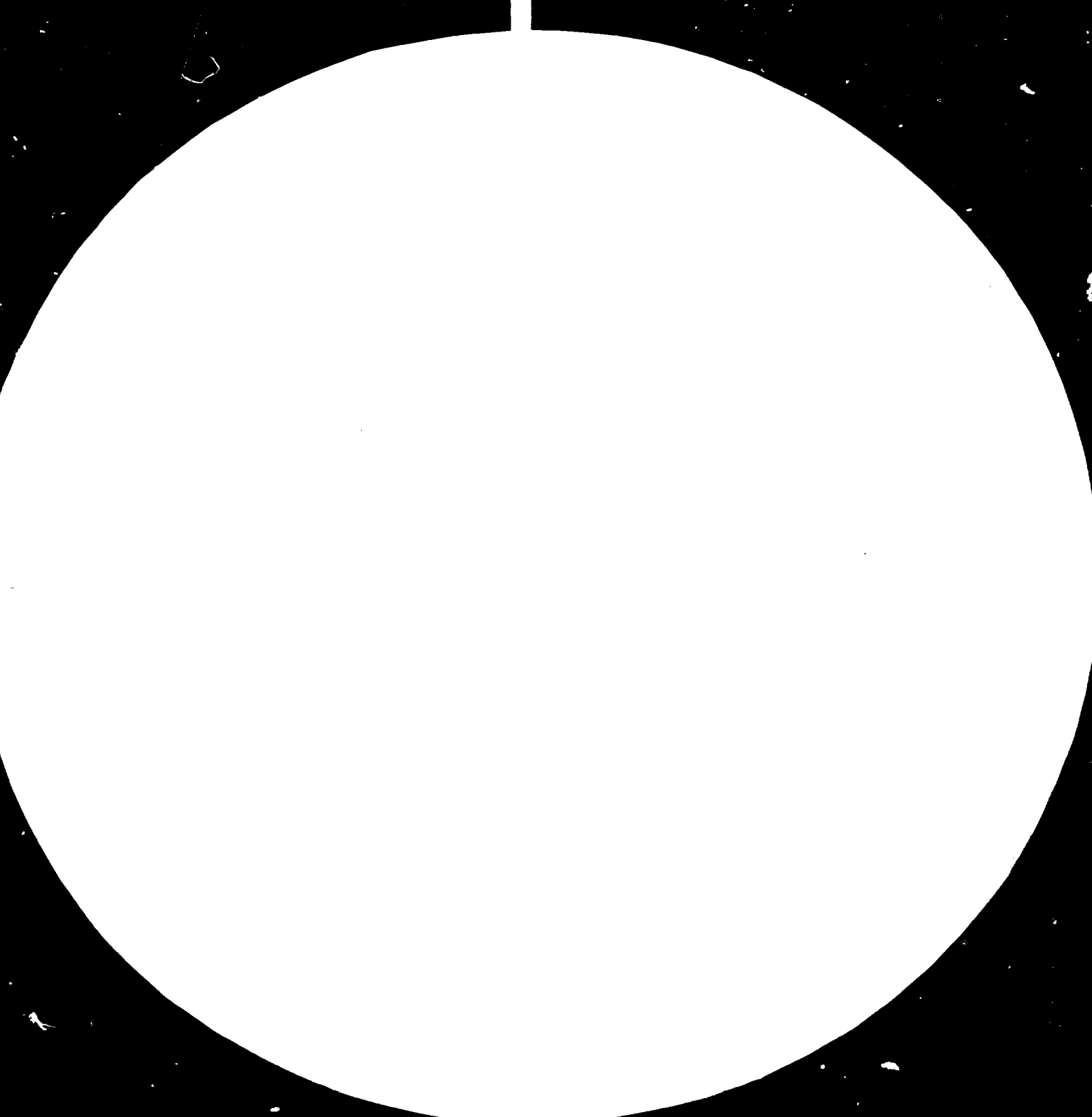
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NATIONAL BUREAU OF STANDARDS-1963-A

11213

Distr.
LIMITED

UNIDO/IS.298/Rev.1
30 June 1982

Original: ENGLISH

UNITED NATIONS
INDUSTRIAL DEVELOPMENT ORGANIZATION

TECHNOLOGICAL INFORMATION EXCHANGE NETWORK (TIEN)

PILOT OPERATION*

Note prepared by the secretariat of UNIDO

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INTRODUCTORY REMARKS

The primary purpose of the Industrial Development Finance Institutions (IDFI) is to provide financing to a variety of projects often related to manufacturing activities, thus in different industrial sectors. It is obvious, that the IDFI, in order to provide financing on whatever terms, will have to carefully analyse the project package, not only from the financial and economic points of view, but also look into the technical and/or technological areas to ascertain that the selected technology, as an important component of the project, is most appropriate for each case.

This technological assessment of the project or investment package, where very often, the ultimate feasibility of the project may be hidden, is the area where most of the IDFI at present have to and are relying on the services of outside expertise.

The complex assessment of technology on basis of which the project will be operating, including the terms and conditions of its supply, are crucial for the ultimate decision of the IDFI to finance individual investment.

However, unless the IDFI develop possibilities of independent technological assessment of the investment projects, they will be dependant either on the data provided by the potential investors or on the judgements of outside expertise, which may not always be available nor be completely impartial. This is particularly valid in the cases of IDFI with limited industrial financing activities.

This paper is a result of the Preparatory Meeting of Directors of Industrial Development Finance Institutions (IDFI), who met in Barbados 26-28.01.1982.

SCOPE OF INFORMATION REQUIRED FOR THE IDFI

The investment package which is being evaluated by the IDFI, usually contains quite substantial technological parts, particularly, if it is related to the industrial activity.

Depending on the nature of the project the technological inputs may consist of the following:

- equipment and machinery;
- turn-key plants;
- process know-how;
- engineering and consultancy services;
- drawings and blueprints;
- others:

The above "types" of technological inputs will require identification of a minimum information which in turn will enable the IDFI's to carry out basic technological evaluation. Such information may consist, minimum of the following:

- (i) alternative technologies/processes available:
- (ii) alternative sources of supply:
- (iii) experiences of the source of supply in other similar projects:
- (iv) technical parameters, guarantees, warranties;
- (v) terms of transfer/acquisition:
- (vi) modalities of transfer (outright purchase, leasing, licensing, etc.)
- (vii) requirements of additional inputs (raw materials, components):
- (viii) capacity to absorb;
- (ix) training of manpower.

It goes without saying, that most of the IDFI's at present, neither possess sufficient capacity to carry out such technological assessment on their own, nor have a reliable and permanent line of access to this type of information, which is already stressed, may be most crucial to the overall performance of the individual projects to be financed. This, naturally, is particularly true for the IDFI of limited industrial financing activities. It is also believed that such technological evaluation could minimize the risks of the borrower. Finally, it should be kept in mind that as the technology of today and of the future is expected to become more and more complex, the technological evaluation of the investment package should possibly become a permanent feature of the IDFI activities.

It should be stressed that the evaluation work of the kind described above should be oriented towards two goals:

- (a) To provide advanced services by the IDFI to individual project proposals (as a part of the overall project evaluation):
- (b) to provide advanced services by the IDFI to individual project promoters within their scope of operation.

It should also be borne in mind that such activities would and could enhance the development and strengthening of local technological capabilities of the country.

SOURCES OF SUPPLY OF INFORMATION INTO TIEM SYSTEM

As the principal idea of the establishment of TIEM has been accepted, one should answer the basic question, how and from where will the information be collected and disseminated among the IDFI during the pilot and operational phase of the system.

It is possible to identify three major sources of information for the purpose of TIEN, and namely:

- (i) the IDFI themselves:
- (ii) UNIDO's INTIB
- (iii) other sources

Practical and useful information is usually in the possession of the IDFI's and once the TIEN pilot operation is started, the collection and dissemination of such information may be initiated.

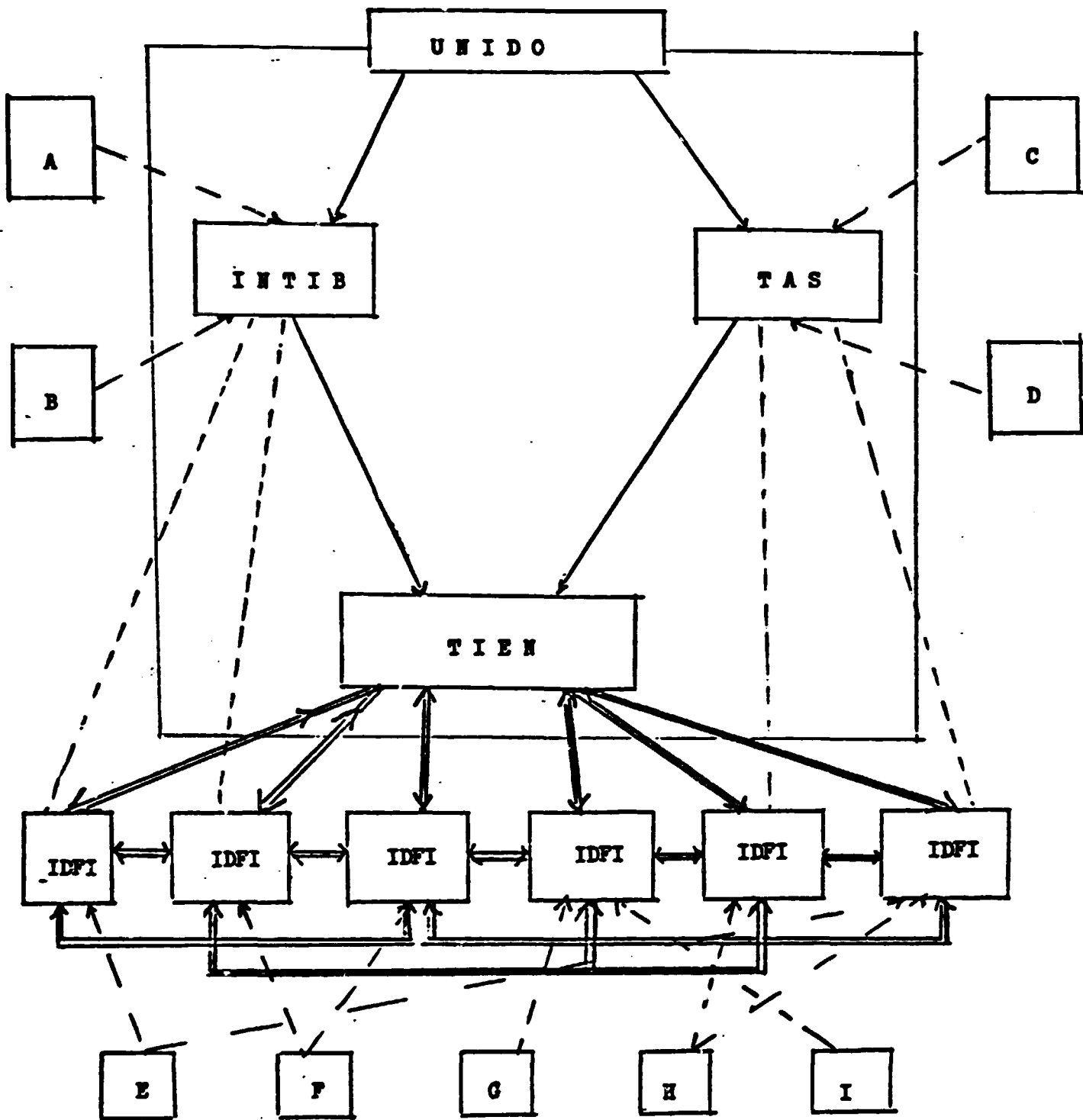
UNIDO INTIB is in a position to provide complementary inputs in terms of an alternative source of supply of technology including its basic characteristic, the requirements of technology in terms of additional inputs and some information concerning the absorption capacities.

It should also be mentioned that UNIDO operates the Technological Advisory Services (TAS), which upon request, provide impartial advice on contractual negotiations of major industrial investments, which may be also used by TIEN in certain instances.

The attached graph illustrates the supply and dissemination of information within TIEN during the operational phase.

Technological Information Exchange Network

Scheme of modus operandi



LEGEND: A → I — secondary sources of information
——→ inputs of information (by IDFI, secondary sources, INTIB, TAS)
⇔ Outputs/inputs of TIEN system to/from IDFI

PILOT SCHEME

The TIEN should operate on a basis of individual membership of the IDFI based on mutual confidentiality and reciprocity with UNIDO serving initially as a clearing focal point organising and facilitating the exchange of information.

As a start for a pilot operation, it is suggested to take a stock of all industrial projects financed by the IDFI, within the period 1.1-30.6.1981 and then keep it updated on a basis of a continuous supply of information.

It is suggested to frame TIEN on a project by project basis, eventually identified according to standard industrial classification.

Inputs will be provided by individual IDFI participating in the scheme, complemented by UNIDO's INTIB and then disseminated among the IDFI, initially in the form of detailed project listings.

It is therefore suggested that in each participating IDFI, a liaison officer be nominated, preferably on full time basis, for the purpose of collection and dissemination of the information for TIEN. Such focal point will also serve as a reference point for customers of IDFI and for purposes such as evaluation of individual projects.

The membership of TIEN should be opened to all IDFI which are willing to provide the requested information.

The IDFI's requesting information will receive it, either from UNIDO (through detailed project listings) or from other IDFI's whichever the case may be.

The role of UNIDO and UNIDO's INTIB will be to complement the information initially received from the IDFI, according to a pre-arranged scheme, and then disseminate complete information sets to all participating organizations. Initial codifying and computerisation work should also be done by UNIDO.

As can be seen from the above, there will be internal as well as external costs (point C - inputs from INTIB). While it is difficult to estimate the internal costs of the operation at present, it is suggested that UNIDO will initially finance, from its own resources, the preparation of software and codified information sheets, and the pilot operation of TIEN with a limited number of selected IDFI's. The pilot TIEN operation will use the attached individual project sheet as a basic input document. Once the pilot operation is completed, it will be evaluated and the modus operandi of TIEN changed accordingly.

Once the initial batch of projects included in the pilot operation, and covering the period between 1.1. and 30.6.1981 is completed and disseminated, UNIDO will prepare detailed evaluations of the operation for the participating agencies with the suggestions as to how to move in the operational phase.

Discussions on this phase will probably take place at a large IDFI meeting organized for this purpose later this year.



