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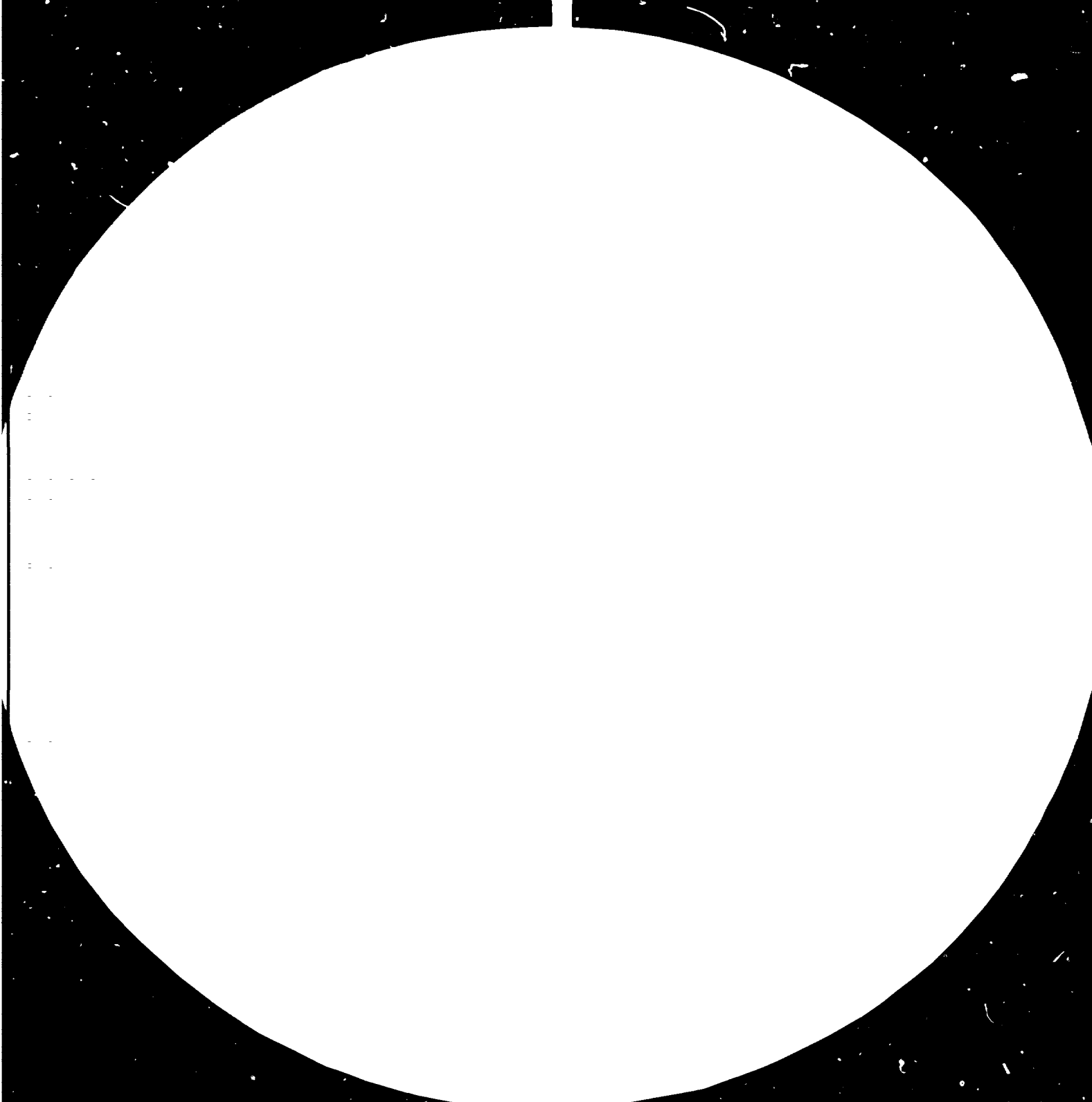
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Industrial Development Finance Institutions on the
Creation of a Technological Information Exchange Network
Bridgetown, Barbados, 26-28 January 1982

REPORT. (Meeting on creation
of a technological information exchange
network.)

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INTRODUCTION

The Preparatory Meeting of Directors of Industrial Development Finance Institutions on the Creation of a Technological Information Exchange Network was held from 26 to 28 January 1982 at the Wilkey Conference Centre at Bridgetown, Barbados. The purpose of the Meeting, which was organized by the Caribbean Development Bank (CDB) and the United Nations Industrial Development Organization (UNIDO), was to assess the technological information requirements of industrial development finance institutions by:

- (a) Reviewing the current experiences in evaluating the technological content of industrial projects dealt with by industrial development banks;
- (b) Identifying information required for technological evaluation of projects submitted for financing, such as choice of technology, terms and conditions for acquiring technology and prices paid for equipment and services etc.;
- (c) Exchanging views on the possibility of creating a development bank technological information exchange network under the overall umbrella of UNIDO's Industrial and Technological Information Bank (INTIB);
- (d) Selecting a few industrial sectors for a pilot-scale network to gain experience on and assess the viability of such a network;
- (e) Recommending follow-up action to be carried out in developing countries by UNIDO and industrial development banks.

CONCLUSIONS AND RECOMMENDATIONS

1. A technological information exchange network is necessary to provide industrial development finance institutions with an effective information system assessing technological components in investment packages.
2. In order to demonstrate the merits and feasibility of a technological information exchange network, a pilot technological information exchange network should be established immediately after the conclusion of the Meeting under the auspices of and with resources from the UNIDO secretariat.
3. The pilot operation of technological information exchange network will be based on the provision, by participating industrial development finance institutions, of answers to questions on the individual project data sheets that had been modified during the Meeting and complemented by information from INTIB, Technological Advisory Services (TAS) and other sources of information.
4. Individual project data sheets will be supplied by the UNIDO secretariat to participating industrial development finance institutions during the first half of March 1982. The participating industrial development finance institutions, in turn, will return their project sheets to UNIDO within a period of two to three months. UNIDO will augment the data with its own inputs and disseminate the combined data to participating industrial development finance institutions in August 1982 (provided information has been received).

5. The following sectors were selected for the pilot operation of the technological information exchange network:

Agro-industry, including food processing and storage

Light manufacturing industry

Alternative energy

Construction and building materials industry

Intermediate capital goods industry

Woodworking industry

The selection can be modified, if necessary.

6. Information on the individual projects, if participating industrial development finance institutions can provide it, will cover the period starting 1 January 1980 onwards.

7. Pilot operations of the technological information exchange network would be undertaken mainly by industrial development finance institutions participating at the Meeting. Other industrial development finance institutions may participate in the pilot system if they are willing to supply information in the prescribed form and agreed timetable.

8. The information exchanged will be treated confidentially.

9. After the pilot operation has been carried out, UNIDO and participating industrial development finance institutions will meet to conduct a detailed evaluation of the results with the purpose of submitting proposals for launching a global technological information exchange network.

10. Industrial development finance institutions could make more extensive use of the Technological Advisory Services of UNIDO (see annex III), particularly in contracting individual projects.

11. Regional associations of development finance institutions such as the Asian Association of Development Finance Institutions (AADFI), the Association of Development Finance Institutions of Asia and the Pacific (ADFIAP), and the Latin American Association of Development Finance Institutions (ALIDE) and the World Federation of Development Finance Institutions (WDFI/FEMIDE) should support the technological information exchange network project so that it can be launched successfully and UNIDO should co-ordinate its implementation with them.

12. If the technological information exchange network is launched on a global scale, UNIDO should consider the possibility of training industrial development finance institution staff in technical evaluation of investment projects.

I. ORGANIZATION OF THE MEETING

Attending the Meeting were 26 participants from 16 industrial development finance institutions and related organizations, including 3 representatives from ADFIAP, ALIDE and WFDFI/FEMIDE. A list of participants is attached as annex I.

William Demas, President of CDB, opened the Meeting by stressing that organizing effective technical information transfers is a difficult process, particularly across national boundaries and language barriers. In this context, he considered the Meeting to be an important milestone in technical information sharing between countries of the south. He also emphasized that in this Meeting one should think positively and devise solutions rather than detail the problems.

Trevor Gordon-Somers, Resident Representative of the United Nations Development Programme (UNDP), Barbados, stated in his opening remarks that the information flows must be organized and systematized so that access was speedy and reliable. Over the past 20 years, he said, approximately 15 per cent of UNDP resources had been directed to projects that had a distinct technology component. He concluded his remarks by saying that one should guard against the creation of bureaucratic instruments and bring into existence practical institutional arrangements that would facilitate information exchanges.

The Head of Development and Transfer of Technology Branch, speaking on behalf of the Executive Director of UNIDO, referred to the wide scope of the Meeting which would enable participants to exchange views and experiences in their personal capacities. He expressed the hope that this brain-storming exercise would result in a realistic framework which could bring the anticipated impact to the work of all industrial development banks of the developing world. UNIDO expected that the Meeting would provide a clearer picture of the technological information exchange network concept and an appropriate set of recommendations for follow-up action.

The agenda of the Meeting was:

1. Opening of the Meeting
2. Adoption of the Agenda
3. Election of officers
4. Discussion of objectives:

Objective 1. Current experience of technological evaluation and assessment by industrial development finance institutions

Objective 2. Information required for technological choice

Objective 3. Exchange of views on the possibility of creating a development bank technological information exchange network

Objective 4. Summing up of discussions and presentation of preliminary findings for starting up a pilot operation of development bank technological information exchange network

Objective 5. Recommendations for follow-up action

5. Closing of the Meeting

The Meeting elected the following officers:

Chairman: William Demas (Caribbean Development Bank)

Co-Chairman: William H. Tanaka (UNIDO)

Rapporteurs: S. S. Mehta (Industrial Credit and Investment
Corporation of India Limited)
J. P. Blackledge (Advisor to IPT)

The Meeting had before it a set of documents, including country papers prepared by participants (see annex II).

II. BACKGROUND

The role of industrial development finance institutions is crucial in accelerating the development process of the developing countries. As industrial development finance institutions are financing a variety of industrial projects, often involving substantial investment, they have an important role to play in the technology selection process in light of specific needs of the developing countries.

UNIDO, through the Investment Co-operative Programme Branch, organized jointly with the World Bank the symposium "Development Banking in the 1980s", at Zurich, Switzerland, in June 1979. The participants in that symposium considered, inter alia, the problem of technological choice and information sources for development banks. The role of industrial development finance institutions is not merely to finance but also to influence and promote the development of national technological capacities and to build a base for indigenous technological development. In seeking to discharge this task, it becomes necessary to further develop project evaluation methods and procedures to include the assessment of the technology chosen for each project to ensure that the project meets the requirements of the national development goals, resource endowments and the prevailing economic, social, technological and cultural conditions. In other words, development banks do have an important responsibility in the choice of appropriate technology and in technology acquisition, absorption, adaptation and innovation.

At the above-mentioned symposium, recommendations were made that a systematic approach be taken by international organizations such as UNIDO by setting up an industrial technological information exchange network through which the industrial development finance institutions could exchange their information and experience in a continuous manner, and thus enable development bankers in the developing countries to have access to technical information for the assessment and evaluation of industrial project proposals.

The recommendations were further strengthened by the Association of Development Finance Institutions of Asia and the Pacific at its general meeting held at Sydney, Australia, in 1981 in connection with development finance institution problems of technology assessment and technology transfer.

III. SUMMARY OF THE DISCUSSIONS

The papers (see annex II) were discussed by participants and there was a general agreement among them that there was need for an information exchange between development finance institutions in relation to the evaluation of relevant and alternative technologies.

Participants agreed that the need for the technological information exchange network was felt mostly by the small- and medium-scale industry sector and only in specific instances in the large-scale sector. Several participants mentioned that when dealing with the small-scale sector there might be a problem of inadequate in-house knowledge by the recipient development finance institutions - particularly the smaller ones. In view of the importance of such knowledge, it was suggested that UNIDO arrange to impart the training required to ensure that maximum advantage could be taken of the technological information exchange network.

After discussing the current experiences in evaluating the technological content of industrial projects, the participants took up for consideration the scope of information that would be required from the technological information exchange network. It was agreed that the scope should cover, among others:

- (a) Options available for choice of process and technology;
- (b) Choice of suppliers;
- (c) Choice of reliable consultants when required;
- (d) Terms of transfer of technology;
- (e) Modality of transfer;
- (f) Information on costs and prices of materials, equipment and services that would make it possible to make an assessment of risks involved in a project and help to minimize the risk by selecting the best option available.

While the earlier effort undertaken by UNIDO on exchange of information on industrial projects had been discontinued in 1978, it was felt that a renewed effort to set up a revised system with particular emphasis on technology was desirable, especially in view of the paramount importance of technology in modern industry and the considerable progress made in past years in communications, which would simplify the collection of information and its storage, retrieval and dissemination.

The participants expressed certain reservations about the discontinued scheme; it was felt that a new scheme could be implemented to avoid the problems previously encountered.

Collection of information would be done by development finance institutions and UNIDO, the latter through its Technological Information Exchange System (TIES), Industrial and Technological Information Bank (INTIB) and Technological Advisory Services (TAS). Information from international institutions such as the World Bank-International Finance Corporation, regional institutions such as Asian Development Bank (ADB), and regional associations of development finance institutions would complement the inputs. It was felt that regional associations of development finance institutions could play an important role by lending their support to the network. The need for involving local technological research and development institutions and other relevant organizations as appropriate was also recognized.

Various issues raised in the document "Some considerations on the possibilities and feasibility of establishment of the technological information exchange network for the use by the industrial development finance institutions " (ID/WG/362/10) were discussed by the participants in order to arrive at conclusions on the scope of the technological information exchange network after completing the preparatory pilot scheme. The adoption of and the timing of various steps in implementing the pilot scheme were discussed to reach the conclusions and recommendations given above.

Annex I

LIST OF PARTICIPANTS

James P. Blackledge, Advisor to IPT, Denver, Colorado 80210, United States of America

Reginald Bucknare, Consultancy Co-ordinator, Technology and Energy Unit, Caribbean Development Bank, Bridgetown, Barbados

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J. Dellimore, Assistant Director, Technology and Energy Unit, Caribbean Development Bank, Bridgetown, Barbados

William Demas, President and Chairman of the Board of Directors, Caribbean Development Bank, Bridgetown, Barbados

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J. E. Gallegos, General Secretary, World Federation of Development Financing Institutions (WDFDI/FEMIDE), Madrid-14, Spain

Trevor Gordon-Somers, Resident Representative, UNDP, Bridgetown, Barbados

D. P. Gupta, Managing Director, Development Bank of Mauritius, Port Louis, Mauritius

George Issa, General Manager, Development Industrial Bank (DIB), Cairo, Egypt

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Jerome Singh, Senior Technical Assistant, Technology and Energy Unit, Caribbean Development Bank, Bridgetown, Barbados

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Winthrop Wiltshire, Senior Scientist, Caribbean Industrial Research Institute (CARIRI), Tunapuna P. O., Trinidad and Tobago

Lloyd Wint, Project Officer, Development Finance Corporations, Industry Division, Caribbean Development Bank, Bridgetown, Barbados

Annex II

LIST OF DOCUMENTS

- ID/WG.362/1 Country brief: India
Siddharth S. Mehta
- ID/WG.362/2 Country brief: Mauritius
D.P. Gupta
- ID/WG.362/3 Country brief: Egypt
George Issa
- ID/WG.362/4 Background paper on creation of a technological information exchange network for development finance institutions
Siddharth S. Mehta
- ID/WG.362/5 Country brief: (United Republic of) Tanzania
J.C. Rubambe
- ID/WG.362/6 Country brief: Kenya
M.P. Kunguru
- ID/WG.362/7 Country brief: Malta
J.C. Caruana
- ID/WG.362/8 Country brief: (United Republic of) Tanzania
George F. Mbowe
- ID/WG.362/9 Technological choice and information sources for development finance institutions
James P. Blackledge
- ID/WG.362/10 Some considerations on the possibilities and feasibility of establishment of the Technological Information Exchange Network (TIEN) for the use by the Industrial Development Finance Institutions (IDFI)
Secretariat of UNIDO
- ID/WG.362/11 Background paper
Part A. Issues to be discussed for the establishment of TIEN - Past experience of UNIDO
Part B. The Industrial and Technological Information Bank (INTIB)
Secretariat of UNIDO
- ID/WG.362/12 The Bank of the Northeast of Brazil as a financing agent in the process of the industrial and technological development of its area
Emilio Capelo Recamonde
- ID/WG.362/13 Country brief: Trinidad and Tobago
John E.N. Scoon
- ID/WG.362/14 Barbados Development Bank. Country brief: Barbados
Richard E. Leslie
- ID/WG.362/15 Country brief: Mexico
Ramon Carlos Torres
- ID/WG.362/16 ALIDE and the IDFI Technological Information Exchange Network
Alfredo Angel Achegaray
- ID/WG.362/17 Country brief: Republic of Korea
Chang Dal Kim

Annex III

TECHNOLOGICAL ADVISORY SERVICES (TAS)

Note by the UNIDO secretariat

Background

The Technological Advisory Services (TAS) was initiated by UNIDO, a/ with the sole purpose of providing rapid, objective and impartial advice to Governments of developing countries in contracting major industrial projects (joint ventures, turn-key contracts etc.) in all fields of UNIDO activities.

The TAS became operational on a modest scale in early 1978 with a small revolving fund which could be drawn upon and replenished.

Scope of TAS

TAS services are available to provide any or all of the following assistance:

- (a) Preparation for negotiation of major contracts in the area of joint ventures, turn-key deliveries, licences, know-how, management and franchising services including financial arrangements;
- (b) Assistance in drafting of agreements enumerated under (a) above;
- (c) Advice during negotiations or renegotiations of contracts enumerated under (a) above;
- (d) Other contractual areas.

How to obtain TAS services

All Governments of developing countries may request TAS services from UNIDO. b/ Public and private corporations in developing countries may also request TAS services, provided that the Government endorses such a request. Requests for TAS should preferably be presented through the local UNDP office.

Reimbursement for TAS services

The fee for TAS services is the actual cost incurred by UNIDO. In principle, all services provided by UNIDO under the TAS scheme should be reimbursed by the requesting party during or upon delivery of services.

In case of least developed countries, Governments are requested to cover all local costs only (daily subsistence allowance and local transportation and accomodation); UNIDO will cover all external costs of provision of service. Provision of TAS services to least developed countries will be reviewed case by case.

a/ See Executive Director's bulletin UNIDO/EX/B.107 of 13 January 1978.

b/ Letters or telexes requesting TAS services should be addressed G. S. Gouri, Director, Division for Industrial Studies, UNIDO, P. O. Box 400, A-1400 Vienna, Austria. Telex: 135612.

References

The TAS services have been so far used by the following countries: Algeria, China, Dominican Republic, Ecuador, Egypt, Kuwait, Malaysia, Philippines, Portugal, Republic of Congo, Turkey and Venezuela.

In view of strict confidentiality of the TAS service, reports are provided to the requesting side only. The nature of the TAS services so far provided varied from assistance in assessing the feasibility of establishing an ampicilin plant through revision of contract, use of computer software, advice on negotiation for turn-key plant deliveries, advice on and revision of a complex package proposal for the establishment and modernization of an automative industry etc.

The TAS services are provided, in principle, by selected UNIDO staff with proper professional background and by a carefully selected group of outside consultants and experts.



