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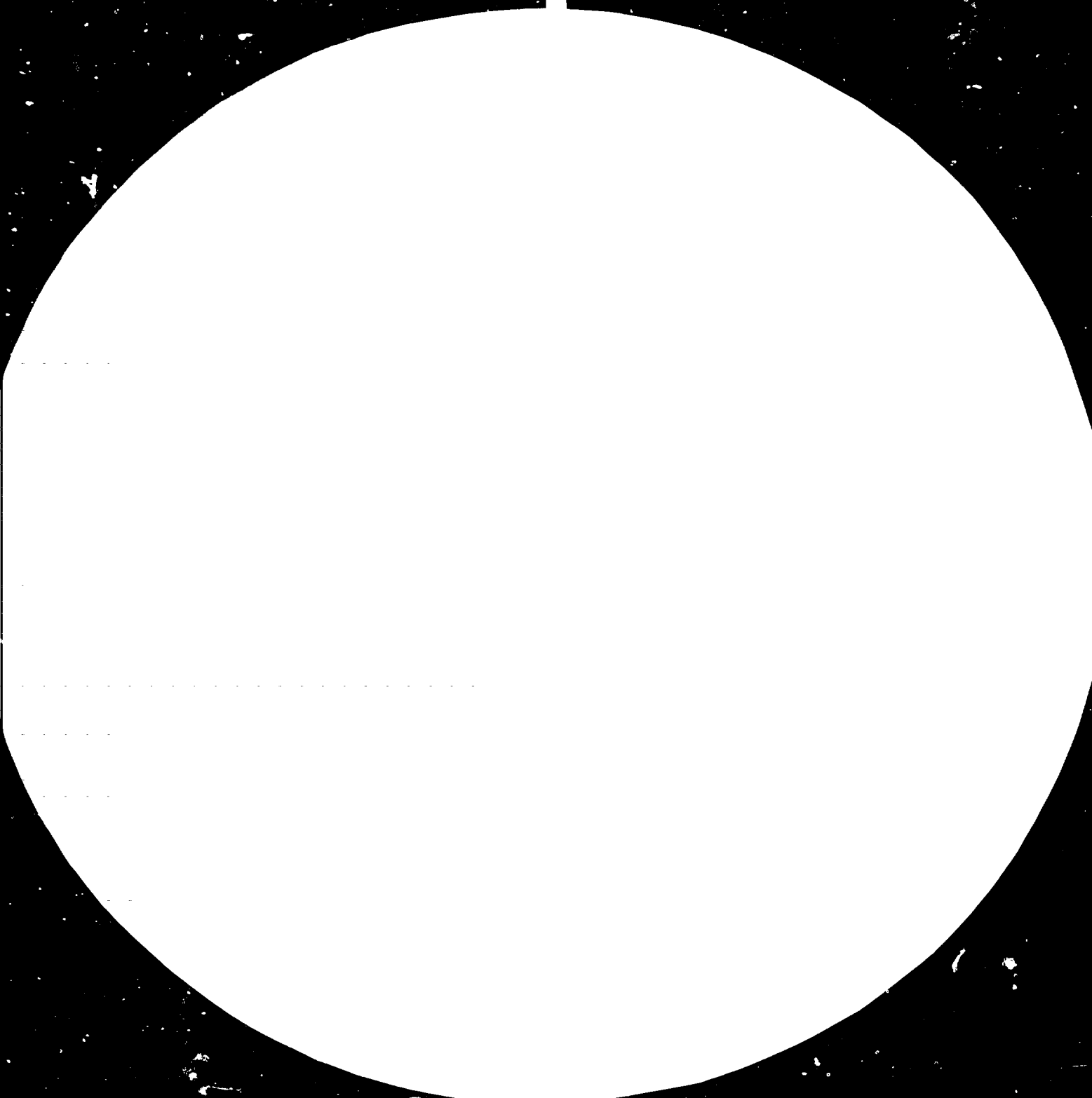
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ALIDE AND THE IDFI TECHNOLOGICAL INFORMATION EXCHANGE NETWORK*

prepared by

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1. ALIDE activities in support of industrial development financing

The Latin American Association of Development Financing Institutions (ALIDE) is the international organization that represents development banking in Latin America. It was founded on January 24th, 1968, at a meeting called by the Inter-American Development Bank.

As a co-ordinating, assisting, reciprocal services and activity mechanism for development banking, ALIDE carries out tasks involving the co-ordination and promotion of joint efforts among the area's development financing institutions, specially those involving themes and activities pertaining to development financing and to the function of development banking and of its representative organization.

The Association's objectives are to stimulate cooperation among its members; to maintain a reciprocal flow of systematic information among them; to promote the conducting of studies dealing with problems of mutual interest for the purpose of strengthening and bringing about greater cohesion in development banking; to encourage contributions to the process of Latin American integration on the part of its members; and to improve both the individual and the collective activity of its members.

For this purpose it undertakes the following primary functions:

- Promotion of the use of experience of specialized personnel by means of the interchange of these officials and by diverse other means;
- Organization of Technical Committees to study special matters;
- Dissemination of information among its members concerning the facilities offered by national or international entities with regard to such items as financing, technical cooperation, and personnel training;
- Promotion and arranging for the signing of agreements, the development of programs, and the creation of institutions with purpose of providing resources for financing Latin American development, technical cooperation, technology application, personnel training in the field of development banking, and for the carrying out of other activities in keeping with the Association's objectives;

- Facilitate the exchange of information involving Latin American investment projects among its members; and promote and coordinate the cooperation necessary to bring this about;
- Promote and sponsor sectorial, regional, and sub-regional meetings and seminars.

ALIDE is made up of active members, adhering members, and collaborating members. The active members include both the public and private development financing institutions of the countries of the region. These international and national entities from outside the area that contribute to the economic development of the region make up what is called the adhering members. ALIDE has, as adhering members, such institutions as the Inter-American Development Bank, the International Reconstruction and Development Bank (World Bank), the Central American Bank of Economic Integration, The Andean Development Corporation, the Financing Fund for Development of the Basin of La Plata, the Arab-Latin American Bank, and the Latin American Export Bank, as well as financing institutions from Spain, Portugal, and West Germany.

Other financing entities or their associates, that demonstrate agreement with the Association's purposes are considered to be collaborating members. Currently, 185 banks are included in ALIDE as active, adhering, or collaborating members. The General Secretariat, which is the executive body of ALIDE, has its Headquarters in the city of Lima, Peru.

A recent study of the institutional and operative features of Latin American development banking carried out by the General Secretariat of ALIDE has disclosed that the majority of development financing institutions in the region are made up of public capital. Given that approximately 60% of them belong to the official sector. If one takes into account the quantity of the assets of these institutions, one will arrive at the fact that 87% of the assets of development banks belong to public entities. As regards the 177 development banks of Latin America, it may be noted that 17.7% of their portfolio placements in 1980 were directed towards the industrial sector. This is true despite the classification of agro-industries in the farming and livestock sector. Thus, the industrial sector may be considered as the most important specific sector to receive loans from Latin American development banks. Nevertheless, there does exist an order to priorities that differs only slightly when referring to public development banks as opposed to private ones. For the public banks, the sectors of greatest hierarchy when rating the recipients of loans are; farming and livestock (18%), industrial (17%), and mortgages and construction/credit (12%). The hierarchical structure for loans made by private development banks, on the other hand, shows the list being headed by the industrial sector (19%), with the sector including mortgages and construction credit following (16%), while the farming and livestock sector accounted for a lesser number (10%).

ALIDE's activities have been directed since the beginning towards providing technical support to development banks engaged in financing such basic productive sectors as the farming and livestock and the industrial sector. As an aid in providing financing for industrial development, ALIDE has worked intensively to provide training for human resources at the middle and upper levels of Latin American development banking. At the same time, ALIDE has served as a coordinator for numerous inter-institutional technical assistance programs among its member banks. To this effect, it should be noted that many seminars have been organized which have allowed for the exchanging of experiences and the defining of guidelines for perfecting the technical-operational methods used by development banks in promoting small and medium-sized enterprises. Many courses on evaluating industrial projects and in-service training programs on industrial credit have also been offered.

Likewise, to stimulate the exchange of information among ALIDE's members and their experiences in a continuous manner and thus, enabling the development bankers to have access to finance information, ALIDE has created an information network (RIALIDE).

RIALIDE is conceived as a network of poles with a coordinating centre, to create a mechanism to enable the information spread (recovering-circulation) among ALIDE's members.

To this effect, there will be a network pole in each country acting as a national centre which will coordinate the network activities required in the country. At the regional level, the Documentation Centre (CEDOM) of the General Secretariat of ALIDE, performs the duties of coordinator center for the national poles. Each pole, may intercommunicate with others in order to ask for and furnish direct information to other poles without centralizing information at the center.

RIALIDE sponsors the implementation of integrated consulting service, alert and selective spread services, in the information units of selected poles, as a mechanism to enable the effective information spread on national and regional basis. Likewise, it elaborates directories, bibliographies, indices and catalogs to stock and systematize information on relevant subjects and aspects about ALIDE's member institutions. It also recovers and processes for any ALIDE member, relevant information on development banking, creating a Latin American Reference data bank.

Because of the high percentage of the IDFI as members of ALIDE, RIALIDE has concentrated the majority of its services in the field of industrial credit. Even though it is not thought of as an information network dealing exclusively with industrial development banking, it still remains true that, up to date, most of RIALIDE's services have been confined principally to industrial development banks.

In order to provide a more complete understanding of the services furnished by RIALIDE, a brief description of the integrated consulting services, data bank, alert and selective spread services is included:

Integrated consulting service: It consists of the gathering and selection of bibliographic information at various network poles on a specific subject at user's requirement. It is conceived to take advantage of the existing information about the consulted subject. For instance: market research on cement in Latin America; regional experiences in bank marketing etc. As a result, the query to be performed may be classified into three types according to the requirements of the user. Each, will have a different rate according to the amount of work spend.

type 1 - lists and directories

type 2 - locating bibliographical material, selection and preparation of summaries

type 3 - includes type 2 and the analysis of the information

Data Bank: It has the function of gathering, at Latin American level, publications, experiences and research on development banking. In each country, the network poles, elaborate descriptive filing cards of the relevant documents. These cards are sent to CEDOM, where once copied will be distributed, thus creating a data bank at reference level in each institution, with the operational mechanism for information recovery. The creation of the data bank has implied the preparation of a specialized thesaurus for document indexation and the training on the use of it.

Alert and selective spread service: It consists of the systematic remittance of the contents of books, magazines, documents references and articles to a user, for whom a profile of interest has been previously elaborated. In order to render this service, the incoming material to the information units is revised by a specialized staff, who must classify, copy and distribute it to users. With this service, the user is kept well informed, at reference level, on interest subjects, enabling him to ask for copies of the relevant publications he might desire to consult. The network poles not having information units or this service implemented, are entitled to receive it from others with collections and required staff. This service is a useful facility for recovery and active spread of information.

Reference service: This service is directed towards furthering the knowledge of the users (banks and financing and educational institutions, as well as personnel employed by the ALIDE General Secretariat). It enables them to borrow bibliographic material and search out information upon request. Specialized bibliographies have also been prepared. This task fulfills the purpose of facilitating the search for necessary information in the preparation of research work and allows dissemination of information by means of the exchange of institutional bibliographic material which takes place through inter-library loans.

Common projects: This is a service of directories, indices and bibliographies to be elaborated with poles participation, in order to recover specific information:

They include:

- Collective catalog of periodicals on Latin American Development Banking
- Indices of underway research work
- Professionals and specialists directory
- Abstracts on development banking subjects
- Bibliography on specific subjects
- Directory of information units of development banking in the region

Through the technical cooperation services mentioned, ALIDE has implemented an intensive service dissemination of banking technology that may be employed by the IDFI of the region to achieve an optimum level in their operations, either by training services, inter-institutional technical assistance, preparation of studies of topics of common interest, or by the implementation of an information network on Latin American Development Banking.

2. ALIDE and the promotion of Appropriate Technologies

As has been stated, all of ALIDE's activities have been geared towards the dissemination of banking technologies that may be accommodated to the necessities of the region's development banks and to the actual situations under which they must operate.

Without prejudice to the above, it is fitting to note the principal concrete activities of ALIDE in promoting the adoption of appropriate technologies in industrial projects. Among these activities, what first comes to mind is the inclusion of a specific point referring to "The Activity of Development Banking in the Adopting of Adequate Technologies and their Impact on Employment" on the agenda of the IX Regular Meeting of the ALIDE General Assembly held in Santo Domingo in the Dominican Republic during April 1979, which analyzed the New Focuses of Development Banking During the Decade of the 80's. The consideration of this topic in the maximum forum of ALIDE allowed for arriving at certain conclusions and recommendations which increased the development banks' concern over bettering their methods of evaluating the technological content of production projects.

This was evidenced at the Latin American Forum on "The International Financing Situation as Seen in the Light of the Rise in Petroleum Prices. Financing Policy and Development Banking" held under the auspices of ALIDE in Lima in October of 1979. Here, an initiative was brought up under which it was suggested that a Seminar be held with the primary purpose of exchanging ideas and experiences conducive to promoting the employment of credit as an instrument in paying for energy and the development of alternative energy sources. The incorporation of an energy evaluation unit within the respective divisions of project research and evaluation was even suggested for the purpose of avoiding unnecessary energy consumption by a close scrutiny of the designs for industrial plants, among other factors. Despite the fact that eight years have passed since the increase in petroleum prices, however, technicians continue to design plants, structures, and production processes with the same criteria that they employed before 1973, a time when energy consumption cost considerably less.

With an eye to the aforementioned, ALIDE promoted and organized a Workshop-Seminar on "The Energy Problem as a Factor in Project Evaluation", which took place in Santo Domingo during March of 1980. This Seminar brought to light that which had been experienced in different countries of the region with regard to the application of energy guidelines in project evaluation. In this way, recommendations were obtained by which the development financing institutions could adjust their operating policies to the newly emerging reality of the energy crisis.

With the purpose of intensifying the promotion of the adoption of appropriate technology on the part of member institutions, ALIDE managed and in 1981 obtained a non-reimbursable technical cooperation loan from IDB to carry out a study designed to identify and diagnose the criteria employed by development banks on a regional level, as well as to catalogue their experiences in applying the appropriate technologies. In a similar sense, this study has as one of its aims, the compiling of those elements of judgement necessary for counseling and training executives and technicians from development banks in the use of systems and procedures to be employed in evaluating and orientating the application of appropriate technologies when approving loans, specially with regards to industrial projects. This study was begun during the month of January, 1982, and, is expected to be completed within a time period of eight months by the participation of technicians contracted for this purpose, who will carry out field work. From this research, ALIDE will extract conclusions and recommendations to take such action in order to enable the IDFI in the region to perfect their evaluation methods of the technological content of industrial projects.

3. Perspectives for an IDFI technological information exchange network

The possibilities that would be offered to the IDFI by the creation of a technological information exchange network are multiple and of a considerable value with regards to the perspectives that would open up for industrial development on a long term basis in accord with the national realities of developing countries.

With this in mind, different purposes and activities for this network may be considered. In the first place, the basic objective could center around the compiling, exchange, and dissemination of experiences related to considering the technological content of industrial projects on the part of the IDFI.

Actually, the kind of technology to be applied in any given situation depends upon the decision of each individual country, which will base its selection upon the productive sector being dealt with.

In this context, one task that should be carried out would be that of promoting the diffusion of more information in developing countries concerning the availability of intermediate technologies that have already been applied in countries with an equivalent state of advancement. Promotion should also be given to that technology emanating from the industrialized countries which features a greater relative utilization of the available work force.

The existence of other information networks with specific areas of operation in Latin America which subscribe to the purpose of TIEN, makes it necessary to develop close coordination between the latter organization and those networks currently in the process of being installed. This should specially be the case with such networks as the information network for Latin American development banking (RIALIDE), the commercial information network sponsored by the UNCTAD-GATT Center of International Commerce, which includes as participants the commercial information offices in all of the countries of the region, the Latin American technological information network (RITLA), part of the Latin American Economic System (SELA), and the pre-investment information network of the Pre-investment Information Center for Latin America and the Caribbean (CIP). In this way, a conflict of effort with already existing information concerning factors that influence the technological alternatives for industrial projects will be considerably expanded.

Another of the proposals that TIEN could take up, would be that of lending technical assistance to the national poles of which it is made up so that they could develop an adequate infrastructure for the processing of technological information and for its use in the project evaluation phase of the IDFI. This technical assistance work

could be carried out, at the beginning, by organizing seminars and courses of instruction for the technical personnel that will be employed in the TIEN national liaison pole. This technical assistance is based upon an important pre-requisite to the satisfactory functioning of an information network of this nature. An efficient international information network can only be constituted when there exists an adequate organization on a national level for identifying, promoting, and selecting technologies that are appropriate to the industrial processes that are being taken up at the national level. This factor determines the necessity for close coordination in dealing with technological information between national scientific and technological organization and the IDFI.

On the other hand, given the importance of energy costs in industrial projects since the petroleum price increases of 1973 and 1979, a doubtlessly important part of TIEN's activities will have to be centered around the preparation, implementation, and periodic dissemination of information from an information bank dealing with the development of alternative energy sources. TIEN will also have to sponsor international technical cooperation programs that will help in conveying the results of different experiences in this field.

4. Development Banking and its contribution to national technological development

The IDFI are in condition to make important contributions towards supporting the necessities incurred in project evaluation and in the selection of technologies that are appropriate in themselves.

In this sense, ALIDE has already decided that the training of technicians for development banks that takes place under its auspices, specially the training-in project analysis and evaluation, should put emphasis upon considering the entire spectrum of technological alternatives so that national and social benefits may be derived from the selection of a technology that is adequate to the national scenario. It is doubtless that the information that TIEN is able to supply by means of examples and concrete cases in other countries will serve to enrich the illustration of the advantages that may be derived from an in-depth consideration of the technology aspect of project evaluation and will thereby significantly contribute to the study materials used for courses on project analysis and evaluation.

At the IX Regular Meeting of the ALIDE General Assembly, several mechanisms were indicated which could serve to facilitate the process of adopting appropriate technologies, among which the following are specially noteworthy:

- a. Governments could adopt clearer policies and concrete measures so as to influence development financing institutions to channel special credits, towards programs destined to the creation and development of technologies, in terms that would be more favorable according to the degree of local technological innovation to be reflected in the project.

- b. Through tax policies, risk capital could be encouraged to be invested in activities oriented towards scientific and technological capacity.
- c. Preferential tax rate could be fixed. In other words rates that are more favorable in the IDFI financing grants which would encourage a lesser proportion of investment in fixed assets, and a greater consideration for the employment factor, and appropriate technologies, thus bringing about the consequent impact on employment and its qualification.
- d. The adoption by the IDFI of credit policies that take into account the needs of the small and medium producer. These credits may be granted with assistance services to aid in furthering interpreneurial training and the use of intermediate appropriate technologies.
- e. Regional and multilateral financing institutions should extend and intensify their support to all those programs and projects that consider the creation and development of technological capacities. This could be done by granting funds and resources under special conditions and by the establishment of differential criterion in order to evaluate projects with similar ends.
- f. To foster collective self-sufficiency, through different cooperation activities among development countries in order to be able to strengthen regional dissemination mechanisms.
- g. As regards the contracting of consultant services, studies must be made on ways to promote an even greater participation on the part of national and regional firms and individual consultants, given their direct and professional knowledge of local technological needs. As such, currently existing criteria for contracting consultants might be examined.
- h. Existing professional associations should also be taken into account, in addition to those that are expected to be created in the future. They may be useful elements in attaining these same objectives.
- i. Through the system of the United Nations and of other international organizations, financial aid and technical assistance should be increased in order to reinforce development financing institutions and adapt their loan policies to their requirements for the creation of technological capacity.

During the Workshop-Seminar organized by ALIDE in 1980 on "The Energy Problems as a Factor in Project Evaluation", the limited capacity for achieving important changes in the supply-demand structure of energy resources by simple persuasion was deeply demonstrated. This placed the credit policy in the unique position of being, along with pricing policy, the most effective tool for bringing about these changes by means of effective incentives and penalties, as may be demonstrated by the experience of the Brazilian National Alcohol Program (PROALCOOL).

The tax structure in Latin America is responsible for the fact that fiscal policy is not the best way to encourage energy saving and the development of renewable energy sources.

Some incentives and penalties that the credit policy could employ in achieving its goals could, among others, be:

- Raising the percentage of investment to be financed and applying preferential interest rates to projects that adhere to governmental energy guidelines;
- Granting preferential financing terms regarding interest rates, deadlines, grace periods, and the amount to be financed to projects that are energetically independent or that develop alternative energy source.
- Limiting, denying, or making it unworthwhile to obtain investment credits for projects that use traditional technology processes that have been handed down since the era of cheap and abundant petroleum, when there existed energy alternatives whose greater fixed cost may be alleviated by the lesser cost variables incurred during the useful life of the capital goods;
- Restricting preferential financing for exports when these imply an elevated energy input that, because of distortions in the relative internal prices, does not reflect the production cost calculated according to international energy prices.

On the other hand, in light of existing reality in the sense that many small and medium-scale investments are executed upon projects conceived without considering all of the energy alternatives and their cost/benefit implications. It is absolutely necessary a big increase of the availability of reimbursable, non-reimbursable and contingencies loans for pre-investment.

The governments of the developing nations must significantly increase the availability of resources from national pre-investment funds and of resources from the IDFI so that they are in a position to grant the loans that are needed for the technical assessment programs, studies, and projects that are required both in the preparation of projects with a specific energy orientation as well as for those that employ alternative energy sources.

The creation of the Energy Evaluation Unit within the IDFI will be a significant contribution in that it will systemize the considerations over the energy guidelines that different state organizations fix for investment projects on one hand, while on the other, supplying the assessment necessary so that investment project planners will adhere to energy guidelines.

In energy saving, the efficiency of the credit policy lies more in the reconversion of that which is already in existence and in accordance with the guidelines for energy saving that have been established in each individual country, than it does in the financing of new projects.

Financing of activities destined towards the promotion of projects involving the reconversion of already existing installations to aid in energy saving should contemplate the implementation of lines of credit oriented towards the financing of the technical - economic studies necessary for defining the features and feasibility of the reconversion projects and towards the financing of the investments required for its implementation.

These loans should, whenever possible, take into consideration such conditions as deadlines and interest rates that allow for repayment by means of the savings in energy which is made possible by the reconversion project under consideration.



