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MODEL FOR THE FINANCIAL STRUCTURE AND OPERATIONS OF AN
INTERNATIONAL REPAIR AND MAINTENANCE AGENCY

Julyan W. s

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Introduction

The problems experienced by developing countries in maintaining, repairing and obtaining replacements for their plant and machinery are well known and have been the subject of considerable study and comment. The difficulties start at the procurement stage: little if any attention is devoted to the cost of maintenance, repair and replacement of plant when evaluating competing bids. Instead, the decision on which equipment to purchase is based entirely on the quoted price, the lowest bid which meets the specifications usually being accepted. This procedure fails to allow for the fact that the costs of maintenance, repair and replacement incurred during the life of an industrial facility can easily exceed the the entire initial cost of acquisition. And these costs will be heavily dependent not only on design features incorporated by the manufacturer, but also on the quality of the maintenance and operating manuals supplied with the equipment and of the training given to maintenance and operating staff.

After machinery has been installed, failure to budget and plan for maintenance and to ensure that the staff needed for this vital function are both available and have been properly trained, can lead to substantial additional costs, both through production down-time and through the heavy cost of emergency repairs necessitated by machine failure.

The inputs needed to ensure control of maintenance costs during the life of plant have been summarized in a UNIDO publication¹ as follows:

Elements to Reduce Downtime During Plant Procurement

1. Reliability and maintainability studies on proposed new plant procurement
2. Quality assurance for new plant

3. Technical information for maintenance, plant operation and training
4. Maintenance planning
5. Rationalization of plant and spare parts

Elements to Reduce Downtime for Established Plants

1. Maintenance planning
2. Rapid fault finding
3. Performance monitoring or machine audits
4. Support organization
5. Rationalization of plant and spares

The advantages that can be obtained from planned and systematic maintenance are substantial. Apart from the reduction in downtime already mentioned, such benefits as standardizing equipment, raising workforce morale, intensifying manpower utilization, extending machine life, eliminating the cost of improvised maintenance and minimizing investment in tools, spare and replacements may all be expected to emerge from a rational approach to repair and maintenance.

The problems faced in this area by developing countries are the same as those encountered in industrialized countries together with some additional features specific to the former. Among the most significant of these are:

- less favorable infrastructural and climatic conditions under which maintenance has to be effected, e.g. extreme heat, humidity, dust, poor communications, remoteness of facilities from international passenger and freight routes. This problem is compounded by the

fact that in most industrialized countries climatic conditions are more temperate, or where they are not, adverse climatic effects can largely be neutralized by suitably designed buildings.

- lack of engineers qualified to evaluate bids from the standpoint of subsequent repair and maintenance, and able to design, set up and implement planned maintenance systems; lack of workers with the basic mechanical skills required to operate such systems

- non-availability of convertible currency for the purchase of spare parts and replacements. This, coupled with raw materials shortages, is one of the main causes of low plant utilization rates in developing countries. The production downtime resulting from spare parts shortages often bears no relation to the cost of the parts involved. However, inadequate procedures for allocating scarce hard currency resources in many developing countries mean that plants may be crippled for weeks or even months for lack of spare parts costing a few hundred dollars.

The proposal to set up an international (or interregional) spare parts and maintenance agency should therefore be welcomed by industrialists, development banks, ministries of commerce and industry and by international development aid institutions. While there are a number of the latter which could be approached for a contribution to the capital of such an agency, in view of the relatively modest amount required, most of the funds required for the initial investment in fixed assets and working capital could probably be raised in the countries where the new agency will operate.

Comments on Dr. N. Hering's Study

This paper describes a financial operating framework for such an agency, based on the scenario sketched by Dr. N. Hering in his study for UNIDO entitled Securing Spare Parts Supplies for Industries - a New Concept to Support Productivity of Industrial Plant Primarily in Developing Countries.

Dr. Hering envisages two separate organizations - an International Repair and Maintenance Agency (IRMA) and a Spare Parts Agency (SPA). A few remarks about this dual concept will help clarify the issues.

1. IRMA

According to Dr Hering, IRMA would be:

"a central and main promoter of projects (maintenance, repairs, rehabilitations, ad-hoc or continuous spare part supply, know-how transfer), offering mainly project co-ordination in the financial and organizational fields. IRMA's service would be offered to private plant owners, nationalized industries, industrial development corporations and other governmental bodies on the one hand, and UNIDO and International Monetary and Aid Funds at the other."

"IRMA's functions will be as well as in the fields of economic policy as in the free market projects financing and contracting. They will be determined by rules of IRMA's future business environment: a competitive, at business-results orientated (sic!) free market. Consequently, IRMA has to be organized as an independent operating company, UNIDO-controlled and obliged to operate as effective and profitable as possible." (p.18)

This last sentence appears to conflict with Dr. Hering's statement on p. 20 that "IRMA, as a directly UNIDO-controlled entity, could restrict its activities to fund raising, fund administration, selection and supervision and control of projects." and on p.29 that "a non-profit structure appears to be suitable." By contrast, on p.30 the suggestion is made that "equities should preferably be offered to groups whose interest in IRMA's activities reflects their own interest in the field." the examples of such groups given include UNIDO, the OPEC Special Fund and the World Bank. The question arises whether these organizations could in fact participate in the equity of IRMA, if established as a commercial company.

The main difficulty in interpreting Dr. Hering's remarks is however the absence of information on which to base an assessment of IRMA's financial viability. Dr. Hering provides details only of IRMA's costs, which he estimates at US\$583,000 in the preparatory phase, US\$1,060,000 in the pilot phase and US\$1,581,000 in the operating phase. But he does not provide any estimates of what initial investment would be required and, more important, what income could be achieved. Sources of income are given as:

- handling fees for projects (i.e. project supervision etc.)
- differential interest fees for funds administered (credit/loan)
- handling fees for spare parts administration budgets
- fees for technical auditing, control functions.

Dr. Hering indicates that investigations in the pre-project phase cannot be attributed to projects, and that IRMA will initially have to be supported "by UNIDO or Monetary Funds."

All this is somewhat vague and tentative. The terms of reference of his current assignment might perhaps still allow Dr. Hering to give some basic details of:

- the initial investment required to establish his version of IRMA; and
- how and from whom the organization will generate the income to cover its staff and other costs. The basis on which fees are computed should also be indicated, e.g. hourly rate plus overhead, percentage of cost, etc. Only after these details are supplied can any kind of serious financial projections or plans to be prepared for IRMA.

Because of the above-mentioned shortcomings, this study of the financial aspects of an international repair and maintenance agency concentrates on the Spare Parts Agency concept, the subject matter of which Dr. Hering is clearly more familiar with and has therefore developed with greater clarity.

2. Spare Parts Agency (SPA)

2.1 Objectives of SPA

According to Dr. Hering, SPA would have the following objectives:

- to assist clients in organising their stocks of spare parts in such a way that items are clearly differentiated and can be speedily accessed
- to identify optimum sources (price, quality, speed of delivery) for the supply of spare parts and components
- to ensure that spare parts are ordered and received by clients as close as possible to the date actually needed in order to reduce stocking levels, thereby releasing working capital for more productive use
- to help overcome language and other communications barriers between users and suppliers of spare parts and components.

SPA "would be set up as a private company to procure spare parts for clients, both ad hoc, i.e. when the need for a given item was not foreseen, and in the framework of spare parts administration scheme, based on detailed knowledge of the client's plant and maintenance requirements. The organization would specialise in identifying sources of spare parts for all its clients, thus saving them the effort of tracing and procuring these items individually. To fulfil these tasks, SPA will require custom-designed computer hardware and software, and a team of specialists well versed in the industrial sectors served and in the specific problems of spare parts procurement and administration."

As Dr. Hering indicates, both suppliers and users of spare parts would profit from the new service. Plant manufacturers would get better feedback on how items of a given type are still in service and could adjust their own stocks of spare parts accordingly. The quantity of spare parts supplied with new machinery could be reduced in the light of SPA's services, thereby making bids more competitive. Owners of disused but still serviceable machinery could make their stocks of spare parts available to SPA at reduced prices, thereby benefiting both themselves and other users. Dr. Hering estimates that between 23% and 34% of spare part stock-keeping costs could be eliminated by adoption of the SPA concept.

2.2 Financial Structure of SPA

Dr. Hering provides a few items of information on the cost and revenue structure of SPA (but not on the initial investment required) which makes some financial projections possible (see attached Multiplan schedules). In view of the uncertainty regarding SPA's location (Dr. Hering proposes a location in Germany, but all his figures are in US dollars) the figures must be regarded as tentative in the extreme. Realistic figures can of course only be generated after a concrete model for SPA emerges from the discussions that still have to be held with future partners.

Dr. Hering envisages a preparatory phase, a pilot phase (year 1), and an operating phase (figures are given for years 2 and 3). During the preparatory phase "arising project costs (\$240,000) will be financed by external and internal sources." This statement needs to be explained before its meaning can be ascertained.

For staff costs Dr. Hering budgets \$450,000 in the first - pilot - year (9 staff), \$700,000 in the second year (13 staff) and \$1,000,000 in the third year (18 staff) by which time SPA will be able to serve three industrial subsectors. The average salary cost per employee of \$55,500 per annum seems on the high side, but only a decision as to location will allow more accurate estimates to be computed. Other costs amount \$207,000

\$260,000 and \$315,000 respectively in the first three years, yielding total costs (staff and other) of \$657,000 \$960,000 and \$1,315,000.

In computing SPA's projected sales of \$600,000 (year 1), \$1,100,000 (year 2) and \$1,500,000 (year 3), Dr. Hering may be erring on the side of optimism. Will SPA really be able to increase sales by 80% between year 1 and year 2 ? And by 36% between year 2 and year 3 ? It would seem prudent to include other, more conservative scenarios.

2.3 Location of SPA

While concentrating on the needs of developing countries, Dr. Hering does not restrict the activities of SPA a priori to such countries. He feels that this type of service would also be of value to manufacturing industry in the developed countries. One scenario for SPA would be therefore be its initial establishment in an industrialized country to serve local needs. Given a secure financial and operational base, SPA could then expand its activities to include the needs of selected developing countries. This would accord with Dr. Hering's assumption that "at a later stage, the foundation of affiliated companies in important markets has to be foreseen in time."

If however it is felt that the specific problems of developing countries require the creation of an SPA designed from the outset to cater to their needs, the question of location is less easily answered. Dr. Hering points out that "the main activities of SPA have to be on the procurement side. Consequently, the company is preferably located in the centre of the important input market (e.g. Ruhr-Area, FRG)." The objection to this proposal is that one cannot assume all plant and machinery in developing countries comes from Germany. Some of it may come from the United States, from Japan, from India and even from China. Therefore locating SPA in a particular industrialized country will not necessarily simplify and reduce the cost of procuring spare parts.

On the contrary, there are arguments in favour of locating SPA in a developing country, particularly this would enable SPA to operate on a regional basis, i.e. serving a group of countries which may share certain common economic features, or which may already be engaging in some form of economic co-operation:

- Geographical proximity will allow SPA to offer a better service to clients, e.g. help in improving standards of maintenance to reduce the consumption of spare parts and prolong machine life, and financial support to obtain technical assistance from UNIDO in such areas as training of maintenance and operative staff and rehabilitation of production facilities.
- Since one of the main problems faced by industrialists in developing countries is shortage of foreign exchange, SPA will endeavour to accept payment for spare parts and replacements supplied in local, non-convertible currency. By locating the organization in a developing country, SPA will be able to use funds earned in that country for a proportion of its operating costs, e.g. salaries, administrative expenditures and travel, and restrict its foreign exchange requirements to purchases of spare parts and replacements from abroad.
- Developing countries with severe balance of payments problems may be unwilling to participate in the equity of a company which is to be set up in an industrialized country. And yet participation and support by developing countries is a vital aspect of the SPA concept, and may be essential if international financing institutions like the AfDB and SIFIDA are to contribute financially.

The question of SPA's location cannot of course be settled without consultations involving all concerned parties. This study does not therefore make any assumptions regarding location, apart from assuming that the agency will be set up initially to serve the SADCC* countries,

*Southern African Development Co-ordination Conference

viz. Angola, Botswana, Lesotho, Malawi, Mozambique, Swaziland, Tanzania, Zambia and Zimbabwe, a region which appears to satisfy the criteria mentioned above, i.e. sharing certain common economic features and already engaging in some form of economic co-operation.

Problems of Industrial Development in the SADCC Countries

SADCC was established in 1980 to "pursue policies aimed at the economic liberation and integrated development of our national economies." Industrial development has been explicitly incorporated in the SADCC programme of action, functional responsibility for this area having been assigned to Tanzania by the 1980 summit meeting.

The share of manufacturing value added in GDP of the SADCC countries is still small. In 1980 it ranged from 3.9% (Angola) to 25.5% (Zimbabwe), averaging 12.4%. Total manufacturing value added for the region in US dollars at current prices was 3.5 billion in 1981. This figure may however be overstated, since it was derived by conversion from the national currencies, most of which are grossly overvalued.

According to a recent UNIDO report, the economies of the SADCC countries "suffer from familiar consequences of colonial rule - foreign ownership of productive assets, expatriate domination of managerial and skilled occupations, low wages and stunted domestic demand, and a trade structure dominated by raw materials exports and manufactured imports."² The region also suffers from "inadequate local service and repair facilities. Skill shortages, the relatively small concentrations of industrial plant and the multiplicity of makes and functions of machinery hinder specialization in service and repair facilities, raises the expense of stocking spare parts, and blocks local interlinkages tying plants to foreign capital goods manufacturers."³

Spare parts are another problem area. Here, the chronic shortage "can usually be ascribed to foreign exchange scarcity...and is exacerbated by its low priority against urgent competing demands for machinery, essential inputs, and scarce mass consumer goods."⁴

According to the same report, the loss of output resulting from severely run-down machinery may lead to even greater foreign exchange losses, and "there is likely to be considerable scope for regional co-operation in information exchange, in pooling key stocks, in sharing repair facilities and skilled personnel, and in procurement practices."⁵ As result of these difficulties, "the underutilization of industrial capacity has in recent years been endemic and severe. The implied waste of resources has become the main target for SADCC co-operative effort in the industrial field."⁶

The above remarks suffice to show that the SADCC region is a suitable one for which to construct a model for an international repair and maintenance agency to operate in this region alone, particularly as the SADCC approach to industrial co-operation is an ad hoc project oriented one, and one its industrial co-ordination goals is "to make particular industries and industrial activity as a whole more integrated and self-reliant and less dependent on raw materials, intermediate inputs and spares from outside the region."⁷

Functions of SPA

SPA will have a supply function, a counselling function, and a trading function, which will be discussed in a later section.

1. Supply Function

SPA will obtain from industrial enterprises in the region details of plant and machinery operated and of the spare parts and replacements required, and will seek to optimize procurement of these. SPA will actively seek sources which are competitive with the original suppliers of plant and equipment in other industrialized countries and in newly industrialized countries. In view of the volume of its purchases and sales, the agency may be able to obtain favorable payment terms from suppliers, thereby reducing its own working capital requirement.

SPA would attempt to identify engineering companies in the region with the capacity to manufacture spare parts and assist them in the technical and commercial development of this activity, purchasing from them in preference to suppliers from outside the region.

In order to reduce stocking levels of expensive items such as bearings, SPA would co-operate with industrialists in the region to establish records of enterprises with identical equipment so that such items may be exchanged between them in case of need, a service which would also save production down-time in a factory where an item needing replacement is not in store. Payment for such items could be effected through clearing accounts at SPA rather than by transfer of cash, thereby eliminating the problem of credit verification between enterprises in different parts of the region.

Based on its knowledge of plant and machinery already in use in the region, SPA would work with industrialists on standardizing their purchases of plant and machinery.

SPA would also advise its customers on repair techniques, repair, where feasible, being often cheaper than replacement. The agency will also promote the establishment of repair workshops in the region's industrial centres.

2. Consulting Function

As consultant, SPA would advise industrial enterprises on the maintenance and repair aspects of new plant acquisitions, assisting in evaluating bids from the standpoint of maintenance and repair costs throughout the life of such plant. This would include an appraisal of the operating manuals and maintenance charts, etc. to be supplied with the equipment. SPA would also advise industrial enterprises on the quality of their existing maintenance activities and help them seek guidance in improving them where necessary, e.g. through UNIDO's technical assistance programmes.

This service might include the submission of proposals on standardizing equipment with a view to simplified maintenance and a reduction in the assortment of spare parts in store. SPA would also advise industrialists on methods of optimizing spare parts stocking levels to ensure that working capital invested in such items is kept to a minimum. Optimization of replacement policies, aiming at replacing items towards the end of their useful life but before breakdown could be a particularly important aspect of SPA's service to clients.

Use of Electronic Data-Processing

SPA would make extensive use of EDP resources to set up and maintain records of:

- plant and machinery operated by its clients and the related spare parts requirements, together with related maintenance schedules and replacement timetables
- sources and prices of spare parts and replacements inside and outside the region
- its transactions with clients and suppliers.
- specifications and location of key items held by a given client but available to others in case of emergency

The agency's internal administration and accounting functions, including operational forecasts and management reports would also make extensive use of EDP.

Organizational Structure

SPA could be set up as a joint venture under the commercial law of the host country. It would best be structured as a limited liability company, generally regarded as the most convenient vehicle for commercial operations. Limited liability restricts the obligation of shareholders to

that sum which they have agreed to contribute and permits the separation of ownership from operational management while ensuring that ultimate control rests with the proprietors, who enjoy wide discretion in defining the powers of the managers they appoint.

The shareholders of SPA could be development banks and larger industrial enterprises in individual countries, together with one or more regional financial institutions such as AfDB and SIFIDA. It would have a strictly commercial orientation and be expected to achieve a reasonable return on capital. Ideally, the host country would enact legislation to reflect SPA's regional status. This might include the following matters:

- a procedure for accelerated processing and granting of import licences
- freedom from host country profits tax, except on profits earned in the host country
- exemption from import and export taxes on items held in bond for resale to its clients in other countries of the region and arrangements for fast customs clearance
- preferential treatment with respect to allocations of foreign exchange (see next section)
- the right to use local currencies received from its clients for all payments connected with its operations in the relevant countries, e.g. travel, hotel accommodation, locally manufactured spare parts

As already stated, SPA would have a strictly commercial orientation, which might include a profit-sharing scheme to give all employees a stake in the fortunes of the company.

Obtaining Convertible Currencies

The attraction of SPA for its prospective customers will be that they can purchase spare parts and replacements in their own non-convertible currencies. Even though SPA's long-term aim is to increase the proportion of spare parts manufactured locally, initially it will have to pay its suppliers in hard currency. The foreign exchange to meet SPA's external obligations will have to come, apart from a possible buffer of temporary loan funds, from the hard currency resources of the member countries.

In view of their acute balance of payments problems, these countries will not be able to allocate SPA unlimited foreign exchange for spare parts and replacements. Periodic bilateral negotiations will need to be held between SPA and the participating countries to determine how much can be reimbursed. The level of reimbursement may depend on individual central banks' evaluation of SPA's contribution to the balance of payments, e.g. by increasing exports or reducing dependence on imports.

One country in the region, Zambia, has recently introduced a system of periodic foreign exchange auctions. Applicants submit bids through their commercial banks, which relay them to a Foreign Exchange Management Committee. The foreign exchange available for auction is allocated to the bids, which are submitted in units of local currency to the US dollar, starting with the highest (largest number of local currency units) and ending with the lowest which can be satisfied in full before the allocation is exhausted. The price to all participants is that offered by the lowest successful bidder.

SPA could participate in such auctions, taking its chance with the other bidders. Alternatively, SPA might be included among the privileged organizations entitled to a foreign exchange allocation at the rate determined by each auction, without submitting a bid. Whichever option is chosen, SPA will have to make provision for fluctuations in the amount of local currency it has to pay for a given quantity of dollars. Its selling

prices will therefore require periodic adjustment to allow for such fluctuations.

Assumptions for Financial Model

The attached financial model offers a scenario for a regional agency of the type described above. Starting from a modest capital base of US\$ 1 million, the operation could be returning a profit by the end of its second year. With a total staff of 21, the agency should be able to provide the range of services specified above to industry in the region. The income is an estimate of what could be achieved with the assumed level of capital investment and is clearly far below the potential for the region. All figures are given in US dollars.

The model was prepared using the "Multiplan" electronic spread-sheet system, on which UNIDO has superimposed some specialized software for industrial project analysis and preparation. This software has been modified to comply with the format and presentation requirements of SPA, which is a trading operation. The advantage of the system lies in the linkages between the various schedules: the effects of any figure changes in one schedule are immediately recalculated for all the others. Other scenarios can therefore easily be constructed.

Interregional Financial Flows

The SADCC countries have not yet succeeded in installing either bilateral or multilateral clearing arrangements in respect of payments within the region. "In most cases chronic balance of payments crises and the exhaustion of foreign exchange reserves induce SADCC governments to require settlement in convertible currency for exports within the region..."⁸. The Preferential Trade Area has however "recently instituted its own unit of account with Zimbabwe operating the clearing house. The majority of SADCC members thereby already have access to a regional clearing system, and there seems to be no intrinsic reason why...the remaining members could not join."⁹.

In the foreseeable future however, SPA will have to operate in a non-convertible regional environment. This means it will not be possible to convert (for example) meticaais earned from clients in Mozambique into Zimbabwe dollars; these must be held in a Mozambique bank until:

- conversion is authorized by the Mozambique authorities, or possibly
- goods are identified which can be purchased by SPA for local currency and exported, whether to a country within the region or outside it.

Operating Risks of IRMA

1. Commercial Risk

The SPA concept is based on payment for the organization's services in local (soft) currency. This has the attraction that

- a) the customer will be spared the delays, red tape and uncertainties of obtaining import licences, or participating in foreign currency auctions;
- b) the government authorities can be assured that import licences granted for spare parts will not be misused for the illicit export of funds, i.e. by means of inflated or fictitious invoices for spare parts and replacements which enable the local entrepreneur to remit and deposit funds abroad.

Should therefore SPA be the only organization in the participating countries permitted to purchase spare parts abroad, thereby granting it an effective monopoly? This seems undesirable, since it would discourage SPA from operating efficiently, and might lead to corrupt practices to induce SPA to favour individual entrepreneurs. Firms should be motivated to use SPA's services because of the benefits in terms of prompt delivery and convenient payment terms, but should have access to other sources if they wish. Of course, they would then have to go through the normal

procedures to obtain an import licence or would have to use hard currency earned through exports and available under the 50% retention concession existing in certain countries of the region.

In countries where the State sector predominates, e.g. Mozambique, there is the likelihood that the authorities themselves may insist on SPA's being given exclusive rights to supply spare parts.

Whatever the details of the operating conditions ultimately agreed, SPA should be able rapidly to capture a substantial share of its regional market, sufficient to cover all its operating costs, amortization of the initial investment, and a reasonable return to its shareholders.

2. Bad Debts

The possibility of default by trade debtors of SPA must be considered. It will be operating in countries with widely differing legal systems and commercial practices. Recovery of debts in case of non-payment by suing the customer may therefore be such a lengthy, time-consuming and uncertain affair as to be resorted to only in extreme cases. The reasons for such non-payment may be two-fold:

- the customer may be (or may claim to be) dissatisfied with the quality of the goods, e.g. he may insist that they are not what he ordered, or that they are not in usable condition;
- the customer may be illiquid or even insolvent when the invoice falls due.

Such risks, except for the last-mentioned one, are no different in essence from the del credere risks in other countries and the means adopted to cope with them will therefore be similar. These may be:

- the creation of a provision to which the cost of returns of goods rejected by customers would be charged, to the extent that recourse could not be had to the original supplier. Such a provision would be adjusted annually in the light of the expense actually incurred;

- the creation of a provision for bad debts as a percentage of total receivables, to be adjusted periodically in the light of actual losses;
- establishment of a credit limit for each customer based on SPA's assessment of his financial strength and a credit rating supplied by banks and specialized agencies;
- supply of goods on a cash-on-delivery or cash-with-order basis only for customers who are in default, who have exceeded their credit limit, or on whose creditworthiness is uncertain.

In general, it appears that bad debts are unlikely to be a major problem for SPA. Industrial enterprises in the SADCC region usually have plenty of liquidity in local currency, and they are unlikely to want to jeopardize the supply of urgently needed spare parts by failing to meet their obligations vis-à-vis SPA.

3. Problems of Pricing

Initially, at least, until a local spare parts manufacturing facility has been set up, SPA will have to pay for all its purchases of spare parts and replacements in convertible currency, while receiving payment from its customer in local, non-convertible currencies. The problem therefore arises of determining an appropriate rate of exchange for SPA to convert hard currency purchases into soft currency sales.* The official exchange rates applied in the region tend to overvalue the local currencies, which means that basing invoices on the official rate would put SPA at a disadvantage, unless the monetary authorities in each country are able to guarantee reconversion into hard currency at the same rate. Another disadvantage is that the price of spare parts and replacements to local industrialists would be much lower than their true value to the economy.

*This problem will of course not arise in countries which have adopted the system of foreign exchange auctioning described above (p. 13).

This might lead to less careful handling and storage and consequently higher consumption.

One of the options open to SPA is to use a conversion factor which takes account of the shadow price of foreign currency in the relevant country. This would of course mean paying a larger number of units of local currency units than would be payable at the official rate. Soft currency balances accumulated by SPA in the course of its operations would be exchanged, if sold to the monetary authorities of the countries concerned for convertible funds, at the same shadow rate.

4. Possible Default by Central Bank

One of the difficulties which SPA may face is that, given the balance of payments problems of countries in the region, the monetary authorities may be unable to honour an undertaking to convert SPA's soft currency holdings if some unforeseen circumstance, such as a shortage of motor fuel, forces them to alter their foreign exchange allocation priorities at short notice.

There are three ways of dealing with this eventuality, one short and the other long-term:

- SPA should negotiate stand-by arrangements with one or more regional financing institutions to provide it with temporary facilities in case it runs short of convertible currencies owing to a government's failure to honour its conversion obligation;
- in the longer-term, SPA should endeavour to make itself increasingly independent of the currency resources of the local monetary authorities. This can only be achieved by identifying products available in the region which can be exported for hard currency using the services of specialist trading houses and commodity dealers. Such exports would of course have to be additional to existing hard-currency earning exports or of non-traditional items in order to qualify for official approval.

Without in any way underestimating the difficulties inherent in this type of activity, it can be stated that countries in the region have already financed imports of manufactured goods from the industrialized countries with the help of a trading house of this type located in Vienna.

UNIDO's Role

UNIDO clearly has a decisive role to play, both in the creation of SPA and in complementing its operations. At the present stage, UNIDO's assistance is needed in carrying out the detailed field studies to define SPA's role and the organizational structure best suited to its tasks and objectives. UNIDO's sponsorship will be of particular importance in

- selecting a legal status for the organization which will enable it to overcome the obstacles to efficient operation so frequently encountered in developing countries;
- UNIDO could play a valuable role in designing and holding training courses for maintenance engineers and operatives to improve their skills in planning and scheduling maintenance work, and designing appropriate records.
- assuring the co-operation and active support of local industrialists for the venture, so that they make use of its services from the very outset; and
- co-ordinating the efforts to raise the necessary initial funding from national, regional and international financing institutions.

After SPA has become operational, UNIDO support in ensuring high quality service will continue to be of great value. Other activities of SPA, such as training of local maintenance and operating staff, could qualify for inclusion in UNIDO's technical assistance programmes.

Conclusions

Without underestimating the difficulties that will doubtless be experienced in setting up and operating SPA along the lines proposed above, the need for services of this type is so acute that implementation of the project should now be pursued.

After considering the above proposal in detail and refining it in the light of other relevant studies, further progress would seem to require discussions with government representatives, bankers and industrialists in some of the countries concerned in order to obtain their view of its feasibility and to discuss operational aspects in greater detail. In particular, the support and special arrangements that governments may be prepared to grant must be evaluated, before any further steps towards implementation can be contemplated.

References

¹Introduction to Maintenance Planning in Manufacturing Establishments,
UNIDO 1975, p. 7

²Industrial Co-operation through the Southern African Development
Co-ordination Conference, UNIDO 1985, p. 20

³Ibid., p.82

⁴Ibid.

⁵Ibid.

⁶Ibid., p.102

⁷Ibid., p.110

⁸Ibid., p. 160

⁹Ibid., p. 163

Annex 1

PROJECT PROFILE SCREENING AND PRE-APPRAISAL INFORMATION SYSTEM Schedule Ia
 PROPSPIN - INVESTMENT

Project Title: IRMA
 Location: SADCC Date: 86-02-11 Income Tax
 Project No.: Base Year: 1988 Rate: 20
 Sponsor: UNIDO Startup: 3/1987 Income Tax
 Prepared By: J. Watts Inflation: 5 Defer. yrs: 2

All money figures are US\$

Schedule Ia INVESTMENT	Local	Foreign	Total	Depr Aort Rate	Annual	Maint &	Maint &
					Rate	Insur. Rate	Insur. Expense
Land	0	0	0	0	0	0	0
Site Preparation	0	0	0	2	0	0	0
Office Equipment	40,000	30,000	70,000	15	5	3,500	
Warehouse Equipment	0	0	0	10	5	0	
Computer Hardware	0	100,000	100,000	20	10	10,000	
Computer Software	0	100,000	100,000	20	10	10,000	
Transport Equipment	0	50,000	50,000	20	10	5,000	
Infrastructure	0	0	0	0	0	0	
Pre-operating Expense	10,000	20,000	30,000	20	0	0	
Subtotal	50,000	300,000	350,000			28,500	
Contingencies	20,000	30,000	50,000	5	0	0	
Research & Development	0	0	0	20	0	0	
Technology	0	0	0	20	0	0	
Total Fixed Investment	70,000	330,000	400,000			28,500	
Net Working Capital	510,000	90,000	600,000				
Total Investment	580,000	420,000	1,000,000				

PROPSPIN - INVESTMENT

Schedule Ib CAPITAL STRUCTURE	Local	Foreign	Total	% Rate		Maturity Years		Grace Years	
				Local	Foreign	Local	Foreign	Local	Foreign
Equity	300,000	300,000	600,000	20	(for & loc % of net profit)				
Long Term loans	100,000	50,000	150,000	10	5	7	7	2	2
Short Term Loans	180,000	70,000	250,000	12	10	4	7	1	2
Bonds/Debentures	0	0	0	0	0	0	0	0	0
Suppliers Credits	0	0	0	0	5	0	7	0	0
Export Credits	0	0	0	0	0	0	0	0	0
Subsidies	0	0	0						
Total Debt & Equity	580,000	420,000	1,000,000						

- 27 -
PROJECT APPROPRIATION AND PRE-APPROVAL INFORMATION SYSTEM
PROPOSAL - INVESTMENT

Schedule 10
DEPRECIATION AND
AMORTIZATION

	***** Period 1 *****			***** Period 2 *****			***** Period 3 *****		
	New/Repl Invest	Depr/ Period	Accum	New/Repl Invest	Depr/ Period	Accum	New/Repl Invest	Depr/ Period	Accum
Land	0	0	0	0	0	0	0	0	0
Site Preparation	0	0	0	0	0	0	0	0	0
Design & Engineering	10,500	10,500	10,500	10,500	21,000	21,000	10,500	31,500	31,500
Bldgs & Civil works	0	0	0	0	0	0	0	0	0
Service Facilities	20,000	20,000	20,000	20,000	40,000	40,000	20,000	60,000	60,000
Transport Equipment	20,000	20,000	20,000	20,000	40,000	40,000	20,000	60,000	60,000
Plant Mach & Equipment	10,000	10,000	10,000	10,000	20,000	20,000	10,000	30,000	30,000
Infrastructure	0	0	0	0	0	0	0	0	0
Preprod Capital Exp.	6,000	6,000	6,000	6,000	12,000	12,000	6,000	18,000	18,000
Subtotal	66,500	66,500	66,500	66,500	133,000	133,000	66,500	199,500	199,500
Contingencies	2,500	2,500	2,500	2,500	5,000	5,000	2,500	7,500	7,500
Research & Development	0	0	0	0	0	0	0	0	0
Technology	0	0	0	0	0	0	0	0	0
Total	69,000	69,000	69,000	69,000	138,000	138,000	69,000	207,000	207,000
	***** Period 4 *****			***** Period 5 *****			***** Period 6 *****		
Land	0	0	0	0	0	0	0	0	0
Site Preparation	0	0	0	0	0	0	0	0	0
Design & Engineering	10,500	42,000	42,000	10,500	52,500	52,500	10,500	63,000	63,000
Bldgs & Civil Works	0	0	0	0	0	0	0	0	0
Service Facilities	20,000	80,000	80,000	20,000	100,000	100,000	20,000	120,000	120,000
Transport Equipment	20,000	80,000	80,000	80,000	20,000	20,000	20,000	40,000	40,000
Plant Mach & Equipment	10,000	40,000	40,000	10,000	50,000	50,000	10,000	60,000	60,000
Infrastructure	0	0	0	0	0	0	0	0	0
Preprod Capital Exp.	6,000	24,000	24,000	6,000	30,000	30,000		30,000	30,000
Subtotal	66,500	266,000	266,000	80,000	252,500	252,500	60,500	313,000	313,000
Contingencies	2,500	10,000	10,000	2,500	12,500	12,500	2,500	15,000	15,000
Research & Development	0	0	0	0	0	0	0	0	0
Technology	0	0	0	0	0	0		0	0
Total	69,000	276,000	276,000	80,000	265,000	265,000	63,000	328,000	328,000
	***** Period 7 *****			***** Period 8 *****			***** Period 9 *****		
Land	0	0	0	0	0	0	0	0	0
Site Preparation	0	0	0	0	0	0	0	0	0
Design & Engineering	10,500	73,500	73,500	10,500	84,000	84,000	10,500	94,500	94,500
Bldgs & Civil Works	0	0	0	0	0	0	0	0	0
Service Facilities	20,000	140,000	140,000	20,000	160,000	160,000	20,000	180,000	180,000
Transport Equipment	20,000	60,000	60,000	20,000	80,000	80,000	80,000	100,000	100,000
Plant Mach & Equipment	10,000	70,000	70,000	10,000	80,000	80,000	10,000	90,000	90,000
Infrastructure	0	0	0	0	0	0	0	0	0
Preprod Capital Exp.		30,000	30,000		30,000	30,000		30,000	30,000
Subtotal	60,500	373,500	373,500	60,500	434,000	434,000	80,000	494,500	494,500
Contingencies	2,500	17,500	17,500	2,500	20,000	20,000	2,500	22,500	22,500
Research & Development	0	0	0	0	0	0	0	0	0
Technology	0	0	0	0	0	0	0	0	0
Total	63,000	391,000	391,000	63,000	454,000	454,000	80,000	517,000	517,000

OPERATIONAL ANALYSIS

Schedule 2

Project title:	IRMA	Date:	86-02-11	Income Tax	
Project No.:		Base Year:	1988	Rate:	20
Location:	SADCC	Startup:	3/1987	Income Tax	
Prepared By:	J. Watts	Inflation:	5 (Z p.a.)	Defer. Yrs:	2

Item	Unit Vals	1	2	3	4	5	6	7
INCOME ANALYSIS (all money figures US\$)								
Sales of spare parts & replacements		520,000	1,040,000	1,560,000	2,080,000	2,600,000	3,000,000	3,150,000
Less Purchases & Freight		433,333	866,667	1,300,000	1,733,333	2,166,667	2,500,000	2,625,000
Net sales		86,667	173,333	260,000	346,667	433,333	500,000	525,000
Consulting fees		50,000	80,000	100,000	100,000	100,000	100,000	100,000
Profit on Countertrading		10,000	30,000	50,000	70,000	80,000	90,000	100,000
TOTAL INCOME:		146,667	283,333	410,000	516,667	613,333	690,000	725,000

OPERATIONAL ANALYSIS

Schedule 2b

LABOUR:								
Skilled No.		5	5	5	5	5	5	5
Payrate (\$/yr)	0	2,000	2,100	2,205	2,315	2,431	2,553	2,680
Period Cost		10,000	10,500	11,025	11,575	12,155	12,765	13,401
Tech & Clerical No.		6	6	6	6	6	6	6
Payrate (\$/yr)	0	4,000	4,200	4,410	4,631	4,862	5,105	5,360
Period Cost		24,000	25,200	26,460	27,783	29,172	30,631	32,162

Total Non-Mgmt		34,000	35,700	37,485	39,359	41,327	43,394	45,563
Jun. Managers No.		7	7	7	7	7	7	7
Payrate (\$/yr)	0	5,000	5,250	5,513	5,788	6,078	6,381	6,700
Period Cost		35,000	36,750	38,588	40,517	42,543	44,670	46,903
Divisnl Mgrs. No.		2	2	2	2	2	2	2
Payrate (\$/yr)	0	52,000	54,500	57,330	60,197	63,206	66,367	69,685
Period Cost		104,000	109,200	114,660	120,393	126,413	132,733	139,370
Gen. Manager		1	1	1	1	1	1	1
Payrate (\$/yr)	0	65,000	68,250	71,663	75,246	79,008	82,958	87,106
Period Cost		65,000	68,250	71,663	75,246	79,008	82,958	87,106

Total Mgmt		204,000	214,200	224,910	236,156	247,963	260,361	273,380

Total Payroll		238,000	249,900	262,395	275,515	289,290	303,755	318,943
=====								
Total No. Employees	21							

INTERNATIONAL REPAIR AND MAINTENANCE AGENCY (IRMA)
NET INCOME STATEMENT

Project Title: IPMA
 Project No.: Date: 86-02-11 Equity: 600,000
 Sponsor: UNIDO Interest earned (%): 5 Div. Rate: 20
 Prepared By: J. Watts Interest paid (%): 10 Inflation: 5

Period	1	2	3	4	5	6	7
Total Income	146,667	283,333	410,000	516,667	613,333	690,000	725,000
Less: Operating Costs							
Maintenance	28,500	19,000	19,950	20,947	21,995	23,095	24,249
Insurance		9,500	9,975	10,474	10,997	11,547	12,125
Depreciation		69,000	69,000	69,000	69,000	69,000	63,000
Staff costs		238,000	249,900	262,395	275,515	289,290	303,755
Utilities		8,000	8,400	8,820	9,261	9,724	10,210
Regional travel		13,000	13,650	14,333	15,049	15,802	16,592
Overseas travel		30,000	31,500	33,075	34,729	36,465	38,288
Rent		20,000	21,000	22,050	23,153	24,310	25,526
Vehicle expense		16,000	15,800	17,640	18,522	19,448	20,421
Telecommunications		11,000	11,550	12,128	12,734	13,371	14,039
Advert. & Promotion		7,000	7,350	7,718	8,103	8,509	8,934
General office exp.		5,000	5,250	5,513	5,788	6,078	6,381
Miscellaneous		6,000	6,300	6,615	6,946	7,293	7,658
Total	451,500	327,075	343,429	360,600	378,630	397,562	417,440
Operating Profit	-304,833	-43,742	66,571	156,066	234,703	292,438	307,560
Add: Interest Inc	12,342	682	0	0	0	0	0
Less: Interest Exp	41,100	41,100	48,688	47,420	42,546	29,961	6,791
Profit before Tax	-333,591	-84,160	17,884	108,647	192,157	262,477	298,769
Income Tax Expense	0	0	3,577	21,729	38,431	52,495	59,754
Net Profit	-333,591	-84,160	14,307	86,917	153,726	209,982	239,015
Less: Dividends	0	0	2,861	17,383	30,745	41,996	47,803
Undistributed profit	-333,591	-84,160	11,445	69,534	122,980	167,985	191,212

Title:
No.:
By:

BALANCE SHEET

IRMA

Schedule 4

Date: 31.12.19xx

UNIBO
J. Matts

Assets	Days (Mk Cap)	Days						
		1	2	3	4	5	6	7
Receivables								
Inventory								
Prepayments	30	12,222	23,611	34,167	43,056	51,111	57,500	60,417
	60	24,444	47,222	68,333	86,111	102,222	115,000	120,833
Term Deposits	90	108,333	216,667	325,000	433,333	541,667	625,000	656,250
Current Assets		144,999	287,500	427,500	562,500	695,000	797,500	837,500
Assets		246,848	13,633	0	0	0	0	0
Dep/Amort		391,847	301,133	427,500	562,500	695,000	797,500	837,500
NET ASSETS		400,000	400,000	400,000	400,000	400,000	400,000	400,000
LIABILITIES		69,000	138,000	207,000	276,000	265,000	328,000	391,000
Liabilities		331,000	262,000	193,000	124,000	135,000	72,000	9,000
Overdraft		722,847	563,133	620,500	686,500	830,000	869,500	846,500
Term	45	56,437	40,884	42,929	45,075	47,329	49,695	52,180
Term		0	0	147,877	246,196	308,462	221,610	48,914
Debit		250,000	190,000	116,000	42,000	28,000	14,000	0
Credit		150,000	150,000	120,000	90,000	60,000	30,000	0
Debit		0	0	0	0	0	0	0
Debit		0	0	0	0	0	0	0
Debit		0	0	0	0	0	0	0
Liabilities		400,000	340,000	236,000	132,000	88,000	44,000	0
LIABILITIES		600,000	600,000	600,000	600,000	600,000	600,000	600,000
LIABILITIES		-333,591	-417,751	-406,305	-336,771	-213,791	-45,806	145,406
		722,847	563,133	620,500	686,500	830,000	869,500	846,500
		85,409	70,249	268,571	475,425	619,671	733,805	785,320

CASHFLOW STATEMENT

Schedule 5

Project Title: IRMA
 Project No.:
 Sponsor: UNIDO
 Prepared By: J. Watts

Total fixed
 Assets: 400,000 Date: 86-02-11

Period	Days								
	(Work Cap)	0	1	2	3	4	5	6	7
SOURCES OF FUNDS									
Profit before Tax		-333,591	-84,160	17,884	108,647	192,157	262,477	298,769	
Depreciation		69,000	69,000	69,000	69,000	69,000	63,000	63,000	
TOTAL FROM OPERATIONS		0	-264,591	-15,160	86,884	177,647	261,157	325,477	361,769
FUNDS FROM OTHER SOURCES									
Issue of Shares		600,000							
Long-term Loans		400,000							
TOTAL FUNDS GENERATED		1,000,000	-264,591	-15,160	86,884	177,647	261,157	325,477	361,769
APPLICATIONS OF FUNDS									
Dividends Paid			0	0	2,861	17,383	30,745	41,996	47,803
Tax Paid			0	0	3,577	21,729	38,431	52,495	59,754
Purchases of Fixed Assets		400,000					80,000		
Loan Repayments			0	60,000	104,000	104,000	44,000	44,000	44,000
TOTAL APPLICATIONS		400,000	0	60,000	110,438	143,113	193,176	138,492	151,557
WORKING CAPITAL CHANGES		600,000	-264,591	-75,160	-23,555	34,534	67,980	186,985	210,212
INCREASE/DECREASE (-)									
Inventories			108,333	108,333	108,333	108,333	108,333	83,333	31,250
Trade Receivables			24,444	22,778	21,111	17,778	16,111	12,778	5,833
Cash	600,000	-587,778	11,389	10,556	8,889	8,056	6,389	2,917	
Short-term Deposits			246,848	-233,214	-13,633	0	0	0	0
DECREASE/INCREASE (-)									
Trade Payables			-56,437	15,553	-2,044	-2,146	-2,254	-2,366	-2,485
Bank Overdraft			0	0	-147,877	-98,320	-62,266	86,852	172,697
NET CHANGE		600,000	-264,590	-75,161	-23,555	34,534	67,980	186,985	210,212

Annex 2

LIST OF DFI'S THAT MAY BE INTERESTED IN FINANCING PROJECTS IN SOUTHERN AFRICA.

DATE OF PRINT-OUT: 851209

FOR MR. WATTS

UNIDO INVESTMENT PROMOTION INFORMATION SYSTEM (INPRIS) - BANK FILE

CONTROL NO.: 0C0164
CODE NUMBER: GAR005 COUNTRY: Bahrain
NAME OF INSTITUTION: Arab Banking Corporation B.S.C.
ADDRESS: P.O. Box 5698
Alia Building - Diplomatic Area
Manama
Bahrain
TELEPHONE: 232235 TELEX: 9432 ABC BAH BN
CABLE ADDRESS: ABCBANK
CONTACT NAME: Mr. Morven C. Hay TITLE: SVP, Loans and
Syndications
VP, Project Finance
Mr. Iain G. Winters
GEOGRAPHICAL COVERAGE: ALL
PAID-IN CAPITAL: US\$750 million
RESERVES: US\$266 million
LENDING LIMIT: MAXIMUM Depends on circumstances
MINIMUM Depends on circumstances
MATURITY RANGE OF LOANS: Depends on circumstances
FINANCING AVAILABLE FOR
STUDY OR PREPARATION OF PROJECTS: NO
EQUITY INVESTMENT IN PROJECTS: YES
PROJECTS IN PRIVATE SECTOR: YES
EXPORT CREDITS: YES
DATE: 850219

UNIDO INVESTMENT PROMOTION INFORMATION SYSTEM (INPRIS) - BANK FILE

CONTROL NO.: 000170

CODE NUMBER: GAR018

COUNTRY: Belgium

NAME OF INSTITUTION:

Banque Europeene Arabe
(Bruxelles) S.A.

ADDRESS: Avenue des Arts 19H - Bte 2
1040 Brussels
Belgium

TELEPHONE: (02) 219 42 30

TELEX: 26415

CABLE ADDRESS: EURAB B

CONTACT NAME: Mr. J.P. Trompet

TITLE: Directeur

GEOGRAPHICAL COVERAGE: ALL

PAID-IN CAPITAL: BF1,000 million

RESERVES: BF236,000,000

LENDING LIMIT: MAXIMUM US\$15 million
MINIMUM US\$1 million

MATURITY-RANGE OF LOANS: Up to 8 years

FINANCING AVAILABLE FOR

STUDY OR PREPARATION OF PROJECTS: NO

EQUITY INVESTMENT IN PROJECTS: YES

PROJECTS IN PRIVATE SECTOR: YES

EXPORT CREDITS: YES

DATE: 850424

UNIDO INVESTMENT PROMOTION INFORMATION SYSTEM (INPRIS) - BANK FILE

CONTROL NO.: 000236
CODE NUMBER: BOT001
NAME OF INSTITUTION:
Botswana Development Corporation Ltd.
ADDRESS: P.O. Box 438
Madirelo House
Gaborone
Botswana
TELEPHONE: 51811
CABLE ADDRESS: DEVELOP
CONTACT NAME: Mr. Michael Lewis
GEOGRAPHICAL COVERAGE: BOT
PAID-IN CAPITAL: P5,145,000
RESERVES: P19,180,000
LENDING LIMIT: MAXIMUM P7,000,000
MINIMUM P50,000
MATURITY RANGE OF LOANS: Up to 25 years
FINANCING AVAILABLE FOR
STUDY OR PREPARATION OF PROJECTS: YES
EQUITY INVESTMENT IN PROJECTS: YES
PROJECTS IN PRIVATE SECTOR: YES
EXPORT CREDITS: NO
DATE: 850426

COUNTRY: Botswana

TELEX: 2251 DEVCO BD

TITLE: Projects Manager

UNIDO INVESTMENT PROMOTION INFORMATION SYSTEM (INPRIS) - BANK FILE

CONTROL NO.: 000522
CODE NUMBER: CPR003
NAME OF INSTITUTION:
China International Trust and Investment Corporation
ADDRESS: P.O. Box 9021
2 Qianmen Dongdajie
China
TELEPHONE: 753600
CABLE ADDRESS: CITIC BEIJING
CONTACT NAME: Xu Zhaolong
GEOGRAPHICAL COVERAGE: ALL
PAID-IN CAPITAL: RMB200 million
RESERVES: RMB5 million
LENDING LIMIT: MAXIMUM US\$10 million
MINIMUM US\$500,000
MATURITY RANGE OF LOANS: 5 to 10 years
FINANCING AVAILABLE FOR
STUDY OR PREPARATION OF PROJECTS: YES
EQUITY INVESTMENT IN PROJECTS: YES
PROJECTS IN PRIVATE SECTOR: YES
EXPORT CREDITS: YES
DATE: 841225

COUNTRY: China

TELEX: 22305 CITIC CN

TITLE: President

UNIDO INVESTMENT PROMOTION INFORMATION SYSTEM (INPRIS) - BANK FILE

CONTROL NO.: 000022
CODE NUMBER: GFR001

COUNTRY: Federal Republic of
Germany

NAME OF INSTITUTION:

DEG - Deutsche Finanzierungs-
gesellschaft fuer Beteiligungen
in Entwicklungslaendern GmbH

ADDRESS: P.O. Box 45 03 40
Belvederestrasse 40
D-5000 Cologne 41
Federal Republic of Germany

TELEPHONE: (0221) 4986-1

TELEX: 8881949 and 8883470

CABLE ADDRESS: deutschges koeln

CONTACT NAME: Prof. Dr. Hans Gert Braun
Alexander v. Girsewald

TITLE: Project Promotion
Middle East,
Mediterranean, S.E. Europe
West & Central Africa
Central & South America,
S.W. Europe
East & Southern Africa
Asia, Pacific

Georg Heuss
Jan-Dieter Huelsebus

Dr. Wolfgang Lehmann
Erhard Petzke

GEOGRAPHICAL COVERAGF: ALL

PAID-IN CAPITAL: DM518 million

RESERVES: DM134 million

LENDING LIMIT: MAXIMUM According to the needs of each project
MINIMUM According to the needs of each project

MATURITY RANGE OF LOANS: Up to 12 years

FINANCING AVAILABLE FOR

STUDY OR PREPARATION OF PROJECTS: YES

EQUITY INVESTMENT IN PROJECTS: YES

PROJECTS IN PRIVATE SECTOR: YES

EXPORT CREDITS: NO

DATE: 841213

UNIDO INVESTMENT PROMOTION INFORMATION SYSTEM (INPRIS) - BANK FILE

CONTROL NO.: 030331
CODE NUMBER: GFR003

COUNTRY: Federal Republic of
Germany

NAME OF INSTITUTION:

Bank fuer Gemeinwirtschaft A.G.

ADDRESS: Postfach 110 222
Theaterplatz 2
D-6000 Frankfurt am Main 11
Federal Republic of Germany

TELEPHONE: (0611) 258-0

TELEX: 4122126 bfg d

CABLE ADDRESS: hauptbankwirt frankfurtmain

CONTACT NAME: Mr. Manfred Berliner
Mr. Eberhard Goebel
Dr. Wolfgang Langer
Mr. Wolfgang Mueller
Mr. Gerd Rothhardt
Dr. Udo Wagner

TITLE: Director
Director
Director
Director
Director
Director

GEOGRAPHICAL COVERAGE: ALL

PAID-IN CAPITAL: DM1,000,000,000

RESERVES: DM791,700,000

LENDING LIMIT: MAXIMUM ...

MINIMUM ...

MATURITY RANGE OF LOANS: Changes constantly

FINANCING AVAILABLE FOR

STUDY OR PREPARATION OF PROJECTS: ...

EQUITY INVESTMENT IN PROJECTS: YES

PROJECTS IN PRIVATE SECTOR: YES

EXPORT CREDITS: ...

DATE: 830718

UNIDO INVESTMENT PROMOTION INFORMATION SYSTEM (INPRIS) - BANK FILE

CONTROL NO.: 000008

CODE NUMBER: GAR013

COUNTRY: France

NAME OF INSTITUTION:

Banque Arabe et International
d'Investissement (BAII)

ADDRESS: P.O. Box 550
12, Place Vendome
75001 Paris
France

TELEPHONE: 2603401

TELEX: 680330 F

CABLE ADDRESS: ABINTER PARIS

CONTACT NAME: Daniel Boudvillain

TITLE: Directeur Central
Department du Credit

GEOGRAPHICAL COVERAGE: ALL

PAID-IN CAPITAL: FF200,000,000

RESERVES: FF135,500,000

LENDING LIMIT: MAXIMUM None
MINIMUM None

MATURITY RANGE OF LOANS: Up to 10 years

FINANCING AVAILABLE FOR

STUDY OR PREPARATION OF PROJECTS: YES

EQUITY INVESTMENT IN PROJECTS: YES

PROJECTS IN PRIVATE SECTOR: YES

EXPORT CREDITS: YES

DATE: 850503

UNIDO INVESTMENT PROMOTION INFORMATION SYSTEM (INPRIS) - BANK FILE

CONTROL NO.: 000039

CODE NUMBER: GAR033

COUNTRY: France

NAME OF INSTITUTION:

Union de Banques Arabes
et Francaises (UBAF)

ADDRESS:

P.O. Box 92523
Neuilly Cedex 190
Avenue Charles de Gaulle
Neuilly sur Seine
France

TELEPHONE: 7380101

TELEX: 610334 F

CABLE ADDRESS:UBAFRA

CONTACT NAME: Abdel Latif Benani

TITLE: International Financial
Affairs

Jean Claude Chemorin

International Trade
Affairs

GEOGRAPHICAL COVERAGE: ALL

PAID-IN CAPITAL: FF250,000,000

RESERVES: FF106,211,000

LENDING LIMIT: MAXIMUM Limits for francs fixed at the start of each year by the
Gov. and vary through the year.

MINIMUM Limits for francs fixed at the start of each year by the
Gov. and vary through the year.

NATURITY RANGE OF LOANS: 1-10 years

FINANCING AVAILABLE FOR

STUDY OR PREPARATION OF PROJECTS: ...

EQUITY INVESTMENT IN PROJECTS: YES

PROJECTS IN PRIVATE SECTOR: ...

EXPORT CREDITS: ...

DATE: 821122

UNIDO INVESTMENT PROMOTION INFORMATION SYSTEM (INPRIS) - BANK FILE

CONTROL NO.: 000156

CODE NUMBER: GLO003

COUNTRY: International

NAME OF INSTITUTION:

International Investment Bank

ADDRESS: 17 Presnensky Val

Moscow 123557

USSR

TELEPHONE: 253-80-24, 253-88-51, 253-88-53

TELEX: IIB SU 411358, 411394
(General)
411359, 411360, 411395,
411396

CABLE ADDRESS: Internat'l Investm't Bank, Mosc.

CONTACT NAME: A. Belichenko

V. Stepanov

Mr. W. Friedrich

Mr. J. Adamec

TITLE: Chairman of the Board
Planning & Economic
Research Dept
Credit Dept for Projects
in Heavy Industry
Credit Dept for Projects
in Light Industry, etc

GEOGRAPHICAL COVERAGE: ALL

PAID-IN CAPITAL: R374,970,000 (transferable roubles)

RESERVES: R105,239,164 (transferable roubles)

LENDING LIMIT: MAXIMUM ...

MINIMUM ...

MATURITY RANGE OF LOANS: Up to 15 years

FINANCING AVAILABLE FOR

STUDY OR PREPARATION OF PROJECTS: ...

EQUITY INVESTMENT IN PROJECTS: YES

PROJECTS IN PRIVATE SECTOR: ...

EXPORT CREDITS: ...

DATE: 841220

UNIDO INVESTMENT PROMOTION INFORMATION SYSTEM (INPRIS) - BANK FILE

CONTROL NO.: 000234
CODE NUMBER: ITA002 COUNTRY: Italy
NAME OF INSTITUTION:
Finanziaria Meridionale S.p.A.
ADDRESS: Lgt. Raffaello Sanzio
I-00153 Rome
Italy
TELEPHONE: 586061 TELEX: 611630
CABLE ADDRESS:tlx FINERM
CONTACT NAME: Mr. Gaetano Manzo..i TITLE: General Manager
GEOGRAPHICAL COVERAGE: ALL
PAID-IN CAPITAL: Lit.100,000,000,000
RESERVES: Lit.6,000,000,000
LENDING LIMIT: MAXIMUM Lit.7,000,000,000
MINIMUM None
MATURITY RANGE OF LOANS: 5 years
FINANCING AVAILABLE FOR
STUDY OR PREPARATION OF PROJECTS: NO
EQUITY INVESTMENT IN PROJECTS: YES
PROJECTS IN PRIVATE SECTOR: YES
EXPORT CREDITS: NO
DATE: 841217

UNIDO INVESTMENT PROMOTION INFORMATION SYSTEM (INPRIS) - BANK FILE

CONTROL NO.: 000504
CODE NUMBER: ISL019 COUNTRY: Jordan
NAME OF INSTITUTION:
Jordan Islamic Bank for Finance
and Investments
ADDRESS: P.O. Box 926225
Amman
Jordan
TELEPHONE: 666317, 666325 TELEX: 21125 ISLAMI JO
CABLE ADDRESS:ISLAMIBANK
CONTACT NAME: ... TITLE: ...
GEOGRAPHICAL COVERAGE: ALL
PAID-IN CAPITAL: JD4 million
RESERVES: JD3,033,727
LENDING LIMIT: MAXIMUM As determined by Central Bank of Jordan; at present 75%
of total deposits and capital
MINIMUM None
MATURITY RANGE OF LOANS: Short and medium term
FINANCING AVAILABLE FOR
STUDY OR PREPARATION OF PROJECTS: YES
EQUITY INVESTMENT IN PROJECTS: YES
PROJECTS IN PRIVATE SECTOR: YES
EXPORT CREDITS: YES
DATE: 850526

UNIDO INVESTMENT PROMOTION INFORMATION SYSTEM (INPRIS) - BANK FILE

CONTROL NO.: 000034

CODE NUMBER: GAR025

COUNTRY: Kuwait

NAME OF INSTITUTION:

Kuwait International Investment
Company s.a.k.

ADDRESS: P.O. Box 22792
Al-Salhia Commercial Complex
(Entrances 1 & 8, 5th Floor)
Safat
Kuwait

TELEPHONE: 438272-9 (6 lines)

TELEX: 22325 INVEST, 22997 INVEST
22545 KIIC

CABLE ADDRESS: INTERINVEST Kuwait

CONTACT NAME: Seraj S. Al Baker

TITLE: Deputy General Manager
(Syndications & Banking)
Manager (Credit)

Abdullah Al Muneefi

GEOGRAPHICAL COVERAGE: ALL

PAID-IN CAPITAL: KD31,932,882

RESERVES: KD20,080,988

LENDING LIMIT: MAXIMUM Unspecified

MINIMUM Unspecified

MATURITY RANGE OF LOANS: 1 to 7 years

FINANCING AVAILABLE FOR

STUDY OR PREPARATION OF PROJECTS: NO

EQUITY INVESTMENT IN PROJECTS: YES

PROJECTS IN PRIVATE SECTOR: YES

EXPORT CREDITS: YES

DATE: 841231

UNIDO INVESTMENT PROMOTION INFORMATION SYSTEM (UNPRIS) - BANK FILE

CONTROL NO.: 000043

CODE NUMBER: ISL008

COUNTRY: Luxembourg

NAME OF INSTITUTION:

Islamic Banking System
International Holding S.A.

ADDRESS: P.O. Box 16241
25 Cote d'Eich
L-1450 Luxembourg
Luxembourg

TELEPHONE: 474036

TELEX: 1898 ISBAHO LU

CABLE ADDRESS:...

CONTACT NAME: Mr. Humayun Sadiq

TITLE: General Manager

GEOGRAPHICAL COVERAGE: ALL

PAID-IN CAPITAL: US\$26,070,450

RESERVES: US\$82,720

LENDING LIMIT: MAXIMUM None
MINIMUM US\$250,000

MATURITY RANGE OF LOANS: Up to 10 years

FINANCING AVAILABLE FOR

STUDY OR PREPARATION OF PROJECTS: NO

EQUITY INVESTMENT IN PROJECTS: YES

PROJECTS IN PRIVATE SECTOR: YES

EXPORT CREDITS: YES

DATE: 850603

UNIDO INVESTMENT PROMOTION INFORMATION SYSTEM (INPRIS) - BANK FILE

CONTROL NO.: 000251

CODE NUMBER: MOZ001

COUNTRY: Mozambique

NAME OF INSTITUTION:

ADDRESS: Banco Popular de Desenvolvimento
Caixa Postal 757
Av. 25 de Setembro 1184
Maputo
Mozambique

TELEPHONE: 28125

TELEX: 6293, 6250 BPDES MO

CABLE ADDRESS: BEPEDE

CONTACT NAME: Mr. A.X.H. Vaz Junior

TITLE: Administrador da Funcao
Economica

GEOGRAPHICAL COVERAGE: MOZ

PAID-IN CAPITAL: MM1 million

RESERVES: MM313,000

LENDING LIMIT: MAXIMUM ...

MINIMUM ...

MATURITY RANGE OF LOANS: ...

FINANCING AVAILABLE FOR

STUDY OR PREPARATION OF PROJECTS: NO

EQUITY INVESTMENT IN PROJECTS: YES

PROJECTS IN PRIVATE SECTOR: YES

EXPORT CREDITS: NO

DATE: 851025

UNIDO INVESTMENT PROMOTION INFORMATION SYSTEM (INPRIS) - BANK FILE

CONTROL NO.: 000333

CODE NUMBER: NOR002

COUNTRY: Norway

NAME OF INSTITUTION:

Norwegian Agency for
International Development
(NORAD)

ADDRESS: P.O. Box 8142 Dep.
Victoria Terrasse 5-7
Oslo
Norway

TELEPHONE: (02) 31-40-55

TELEX: 16548 NORAD-N

CABLE ADDRESS: NORAD Oslo

CONTACT NAME: Mr. Oddvar S. Rensen

TITLE: ...

Mr. Dag Larsson

...

Mr. Oskar Oskarsson

...

Mr. Odd Toven

...

Ms. Anne Beathe Jensen

...

Mr. Jan Dag Andersen

...

GEOGRAPHICAL COVERAGE: ALL

PAID-IN CAPITAL: Nil

RESERVES: Through government budget

LENDING LIMIT: MAXIMUM 50% of a firm's total loan capital or 50% of the total
investment in a project

MINIMUM ...

MATURITY RANGE OF LOANS: Open

FINANCING AVAILABLE FOR

STUDY OR PREPARATION OF PROJECTS: NO

EQUITY INVESTMENT IN PROJECTS: YES

PROJECTS IN PRIVATE SECTOR: ...

EXPORT CREDITS: ...

DATE: 820609

UNIDO INVESTMENT PROMOTION INFORMATION SYSTEM (INPRIS) - BANK FILE

CONTROL NO.: 000155

CODE NUMBER: AFE001

COUNTRY: Regional

NAME OF INSTITUTION:

East African Development Bank
(EADB)

ADDRESS: P.O. Box 7128
4 Nile Avenue
Kampala
Uganda

TELEPHONE: 30021

TELEX: 61074

CABLE ADDRESS: EADEVBANK

CONTACT NAME: Mr. Per Aasmundrud
Mr. M. Ngatunga

TITLE: Director General
Senior Director of
Operations

GEOGRAPHICAL COVERAGE: KEN, UGA, URT

PAID-IN CAPITAL: SDR13,010,000

RESERVES: SDR4,524,000

LENDING LIMIT: MAXIMUM SDR2 million or equivalent
MINIMUM SDR100,000 or equivalent

MATURITY RANGE OF LOANS: 5-15 years

FINANCING AVAILABLE FOR

STUDY OR PREPARATION OF PROJECTS: Yes

EQUITY INVESTMENT IN PROJECTS: Yes

PROJECTS IN PRIVATE SECTOR: Yes

EXPORT CREDITS: No

DATE: 850222

UNIDO INVESTMENT PROMOTION INFORMATION SYSTEM (INPRIS) - BANK FILE

CONTROL NO.: 000032
CODE NUMBER: SPA002 COUNTRY: Spain
NAME OF INSTITUTION:
Banco Espanol de Credito, S.A.
ADDRESS: P.O. Box 51.040
Paseo de la Castellana No. 7
Madrid-1
Spain
TELEPHONE: 419.17.08 TELEX: 23.226 and 23.085
CABLE ADDRESS: BANESTO
CONTACT NAME: J M S de Vicuna y Garcia Prieto TITLE: Director/Gen. Manager
GEOGRAPHICAL COVERAGE: ALL
PAID-IN CAPITAL: Ptas22,257 million
RESERVES: Ptas48249 million
LENDING LIMIT: MAXIMUM ...
MINIMUM ...
MATURITY RANGE OF LOANS: No fixed range, but usually one year
FINANCING AVAILABLE FOR
STUDY OR PREPARATION OF PROJECTS: ...
EQUITY INVESTMENT IN PROJECTS: YES
PROJECTS IN PRIVATE SECTOR: YES
EXPORT CREDITS: ...
DATE: 800526

UNIDO INVESTMENT PROMOTION INFORMATION SYSTEM (INPRIS) - BANK FILE

CONTROL NO.: 000133
CODE NUMBER: SWA001 COUNTRY: Swaziland
NAME OF INSTITUTION:
National Industrial Development
Corporation of Swaziland
ADDRESS: P.O. Box 866
Swazi Plaza
Mbabane
Swaziland
TELEPHONE: 43391 TELEX: 2052 WD
CABLE ADDRESS: DEVELOP
CONTACT NAME: Managing Director
GEOGRAPHICAL COVERAGE: SWA
PAID-IN CAPITAL: E14,071,000
RESERVES: E5,900,000 (deficit)
LENDING LIMIT: MAXIMUM 60 % of project cost
MINIMUM None
MATURITY RANGE OF LOANS: 5-10 years
FINANCING AVAILABLE FOR
STUDY OR PREPARATION OF PROJECTS: YES
EQUITY INVESTMENT IN PROJECTS: YES
PROJECTS IN PRIVATE SECTOR: YES
EXPORT CREDITS: NO
DATE: 850506

UNIDO INVESTMENT PROMOTION INFORMATION SYSTEM (INPRIS) - BANK FILE

CONTROL NO.: 000001

CODE NUMBER: SWE001

COUNTRY: Sweden

NAME OF INSTITUTION:

SWEDFUND, Swedish Fund for
Industrial Co-operation with
Developing Countries

ADDRESS: Jakobs Torg 3, 4th floor
Box 16 360
S-103 27 Stockholm
Sweden

TELEPHONE: (08) 23 17 40

TELEX: 141 35 SWEFUND S

CABLE ADDRESS: SWEFUND

CONTACT NAME: Per Blondell
Ernst Choler
Lars Ringheim
Erik Aberg

TITLE: North & West Africa
Asia
Latin America
East & Southern Africa

GEOGRAPHICAL COVERAGE: ALL

PAID-IN CAPITAL: SKr100 million

RESERVES: SKr38 million

LENDING LIMIT: MAXIMUM SKr25 million
MINIMUM SKr0.5 million

MATURITY RANGE OF LOANS: Medium term up to 10 years

FINANCING AVAILABLE FOR

STUDY OR PREPARATION OF PROJECTS: YES

EQUITY INVESTMENT IN PROJECTS: YES

PROJECTS IN PRIVATE SECTOR: YES

EXPORT CREDITS: NO

DATE: 841213

UNIDO INVESTMENT PROMOTION INFORMATION SYSTEM (INPRIS) - BANK FILE

CONTROL NO.: 000033

CODE NUMBER: GAR001

COUNTRY: United Arab Emirates

NAME OF INSTITUTION:

Abu Dhabi Fund for Arab Economic
Development (ADFAED)

ADDRESS:

P.O. Box 814
H.E. Said Ghobash Building
Tourist Club Area
Abu Dhabi
United Arab Emirates

TELEPHONE: 822865

TELEX: 22287 FUND EM

CABLE ADDRESS: FUND

CONTACT NAME: Nasser Al-Nowais

TITLE: Director-General

GEOGRAPHICAL COVERAGE: RAB, RAF, RAS

PAID-IN CAPITAL: Dh2,132,020,000

RESERVES: Dh643,261,702,000

LENDING LIMIT: MAXIMUM 10% of total capital of project or 50% of its total cost
MINIMUM None

MATURITY RANGE OF LOANS: Loans are granted on soft terms in respect of interest
rate, maturity and grace periods

FINANCING AVAILABLE FOR

STUDY OR PREPARATION OF PROJECTS: YES

EQUITY INVESTMENT IN PROJECTS: YES

PROJECTS IN PRIVATE SECTOR: NO

EXPORT CREDITS: NO

DATE: 851014

UNIDO INVESTMENT PROMOTION INFORMATION SYSTEM (INPRIS) - BANK FILE

CONTROL NO.: 000232

CODE NUMBER: UK 001

COUNTRY: United Kingdom

NAME OF INSTITUTION:

Commonwealth Development
Corporation

ADDRESS: 33 Hill St.
London W1A 3AR
United Kingdom

TELEPHONE: (01) 629-8484

TELEX: 21431, 25849

CABLE ADDRESS: VELOP LONDON

CONTACT NAME: M.A. Boyd

TITLE: Dep. Gen. Manager (East,
Central & Southern Africa)
Dep. Gen. Manager (West
Africa, Asia)
Dep. Gen. Man. (Pacific,
Caribbean, Latin America)

Adrian Kerwood

James Tuckett

GEOGRAPHICAL COVERAGE: ALL

PAID-IN CAPITAL: Stg.420 million

RESERVES: Stg.65 million

LENDING LIMIT: MAXIMUM Stg.15 million

MINIMUM Stg.1 million

MATURITY RANGE OF LOANS: Usually 7-15 years depending on the needs of the
project

FINANCING AVAILABLE FOR

STUDY OR PREPARATION OF PROJECTS: NO

EQUITY INVESTMENT IN PROJECTS: YES

PROJECTS IN PRIVATE SECTOR: YES

EXPORT CREDITS: NO

DATE: 850606

UNIDO INVESTMENT PROMOTION INFORMATION SYSTEM (INPRIS) - BANK FILE

CONTROL NO.: 000264

CODE NUMBER: URT004

COUNTRY: United Republic of
Tanzania

NAME OF INSTITUTION:

National Development Corporation

ADDRESS: P.O. Box 2669

Dar-es-Salaam

United Republic of Tanzania

TELEPHONE: 26271/9

TELEX: 41068

CABLE ADDRESS: NATDEV

CONTACT NAME: Mr. F. Itemba

TITLE: Director of Planning and
Finance

GEOGRAPHICAL COVERAGE: URT

PAID-IN CAPITAL: TSHS.5,680,000

RESERVES: TSHS.318,769,831

LENDING LIMIT: MAXIMUM No limit (mainly bridging finance)

MINIMUM No limit

MATURITY RANGE OF LOANS: 5 to 10 years

FINANCING AVAILABLE FOR

STUDY OR PREPARATION OF PROJECTS: YES

EQUITY INVESTMENT IN PROJECTS: YES

PROJECTS IN PRIVATE SECTOR: NO

EXPORT CREDITS: NO

DATE: 841214

UNIDO INVESTMENT PROMOTION INFORMATION SYSTEM (INPRIS) - BANK FILE

CONTROL NO.: 000265

CODE NUMBER: URT002

COUNTRY: United Republic of
Tanzania

NAME OF INSTITUTION:

Tanzania Investment Bank

ADDRESS: P.O. Box 9373

Dar-es-Salaam

United Republic of Tanzania

TELEPHONE: 28581

TELEX: 41259

CABLE ADDRESS: Investment Dar-es-Salaam

CONTACT NAME: Mr. A.W. Mosille

TITLE: Director of Projects

GEOGRAPHICAL COVERAGE: URT

PAID-IN CAPITAL: TSHS.100,000,000

RESERVES: TSHS.199,000,000

LENDING LIMIT: MAXIMUM Up to 20% of the Bank's net worth

MINIMUM TSHS.500,000

MATURITY RANGE OF LOANS: 2 to 15 years

FINANCING AVAILABLE FOR

STUDY OR PREPARATION OF PROJECTS: YES

EQUITY INVESTMENT IN PROJECTS: YES

PROJECTS IN PRIVATE SECTOR: YES

EXPORT CREDITS: NO

DATE: 850916

UNIDO INVESTMENT PROMOTION INFORMATION SYSTEM (INPRIS) - BANK FILE

CONTROL NO.: 000268
CODE NUMBER: ZAM001
NAME OF INSTITUTION: Development Bank of Zambia
ADDRESS: P.O. Box 33955
Development House
Katondo Rd.
Lusaka
Zambia
TELEPHONE: 214884, 216881
CABLE ADDRESS: DEVBANK
CONTACT NAME: Mr. L.M. Nyambe
GEOGRAPHICAL COVERAGE: ZAM
PAID-IN CAPITAL: K10 million
RESERVES: K6.489 million
LENDING LIMIT: MAXIMUM 75% of total cost of fixed assets of project
MINIMUM K25,000
MATURITY RANGE OF LOANS: 2 to 12 years
FINANCING AVAILABLE FOR
STUDY OR PREPARATION OF PROJECTS: YES
EQUITY INVESTMENT IN PROJECTS: YES
PROJECTS IN PRIVATE SECTOR: YES
EXPORT CREDITS: NO
DATE: 851022

COUNTRY: Zambia
TELEX: ZA 45040
TITLE: Managing Director