SUMMARY

In compliance with decision 82/9 adopted by the Governing Council at its twenty-ninth session, the present report describes progress achieved in respect of measures undertaken by the Administrator to strengthen the pre-investment role of the United Nations Development Programme (UNDP), with emphasis on the biennium since the thirty-third session of the Council.

Among these measures are the special relationships established by UNDP with various sources of development finance to promote linkages between UNDP-assisted pre-investment activities and follow-up investment. Also of note are the co-operative arrangements established between UNDP and executing agencies to enhance the investment potential of UNDP-assisted projects and to promote them with sources of finance.

Moreover, the report elaborates on reimbursable aid mechanisms, providing updated information on the investment Feasibility Study Facility under which special programme resources are used to finance, on a reimbursable basis, feasibility studies for investment projects. Also discussed are the status and an overview of the results achieved by the Caribbean and Africa Project Development Facilities, which are designed to assist in identifying, preparing and promoting investment projects.

The report further deals with training in investment development implemented in co-operation with the World Bank and other development finance institutions.
INTRODUCTION

1. During its twenty-ninth session, the Governing Council, in decision 82/9 of 18 June 1982, took note of the Administrator's report on pre-investment activities (DP/1982/12) and requested that a progress report be submitted thereafter to the Council on a biennial basis, with particular reference to the years 1986-1987. The present report is the third to be prepared in accordance with the above decision.

2. The Governing Council in previous sessions invited Governments to give priority to pre-investment activities in their country programmes. Accordingly, the United Nations Development Programme (UNDP) in conformity with such decisions and its own mandate as elaborated in the consensus (General Assembly resolution 2688 (XXV) of 11 December 1980, annex, paras. 52 and 53) continues to provide advice and assistance to Governments on behalf of the United Nations system with particular reference to the programming, implementation and financing of pre-investment activities. Consultations with Governments and co-operation with agencies of the United Nations system are stressed so that pre-investment projects are identified, prepared and associated with sources of development finance as early as possible in the project cycle in order to increase prospects for the realization of follow-up investment.

I. INVESTMENT COMMITMENTS

3. Pre-investment and investment-oriented activities continued to be a significant factor during UNDP's third programming cycle (1982-1986). Reported investment commitments from all sources of finance - domestic, multilateral, bilateral, whether public or private - resulting from UNDP-assisted pre-investment projects (category A) and investment-oriented projects (category B) increased from $US 6.6 billion in 1982, the first year of the third programming cycle, to $US 9.4 billion in 1986, the last year of the cycle (table 1). Developing countries, which provided the largest component of these investment commitments, continued to lead the way as the major source of finance, while multilateral organizations constituted the second largest, followed by various bilateral sources. As in previous years, the principal source of reported investment commitments is the public sector. However, the share of investment commitments by private sources, both from developed and developing countries, is rising substantially and grew from $US 350 million in 1982 to about $US 1.4 billion in 1986, a fourfold increase.

4. Also during the third cycle (1982-1986), the number of development finance institutions with which UNDP has established special interest or co-operative arrangements rose from 7 to 10. The amount of investment commitments reported for these institutions relating to UNDP-assisted pre-investment projects (category A) and investment-oriented projects (category B) is shown in table 2. It may be observed that the total amount of these investment commitments increased progressively from about $US 2.4 billion in 1982 to some $US 3.8 billion in 1986. Throughout this period the World Bank was consistently the largest single source of follow-up finance, followed usually by the regional development banks.
Table 1. Reported investment commitments as follow-up to UNDP-assisted projects, 1982-1986 a/
(Millions of US dollars)

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<tr>
<td>Category A b/</td>
<td>3318</td>
<td>3963</td>
<td>5626</td>
<td>6297</td>
<td>5587</td>
<td>24191</td>
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<tr>
<td>Category B b/</td>
<td>3222</td>
<td>2483</td>
<td>3725</td>
<td>2200</td>
<td>3818</td>
<td>15628</td>
</tr>
<tr>
<td>TOTAL</td>
<td>6640</td>
<td>6446</td>
<td>9351</td>
<td>8577</td>
<td>9405</td>
<td>40419</td>
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a/ The amount of investment commitments related to such projects during 1987 will be, as usual, incorporated in the 1987 annual report of the Administrator.

b/ The relationships between UNDP-assisted projects and reported investment commitments are classified as follows:
Category A relates to reported investment commitments for which the UNDP-assisted project carried out micro-type pre-investment studies such as identification studies, pre-feasibility studies, feasibility studies, final engineering and design, etc.
Category B relates to reported investment commitments which resulted from UNDP-assisted macro-type studies such as general area or regional planning studies, sector or subsector development studies, natural resources surveys, master plans, etc.


Table 2. Reported investment commitments for development finance institutions with which UNDP has co-operative arrangements, 1982-1986
(Millions of US dollars)

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<tr>
<td>African Development Bank</td>
<td>15</td>
<td>11</td>
<td>57</td>
<td>68</td>
<td>68</td>
<td>102</td>
<td>24191</td>
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<tr>
<td>Asian Development Bank</td>
<td>199</td>
<td>154</td>
<td>353</td>
<td>204</td>
<td>51</td>
<td>322</td>
<td>15628</td>
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<tr>
<td>Caisse centr. coop. économique</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>35</td>
<td>56</td>
<td>71</td>
<td>9405</td>
</tr>
<tr>
<td>Caribbean Development Bank</td>
<td>-</td>
<td>-</td>
<td>12</td>
<td>22</td>
<td>11</td>
<td>11</td>
<td>37</td>
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<tr>
<td>European Community</td>
<td>6</td>
<td>5</td>
<td>11</td>
<td>5</td>
<td>16</td>
<td>53</td>
<td>854</td>
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<tr>
<td>Inter-American Development Bank</td>
<td>56</td>
<td>28</td>
<td>168</td>
<td>205</td>
<td>310</td>
<td>686</td>
<td>2274</td>
</tr>
<tr>
<td>Int'l. Fund Agric. Development</td>
<td>7</td>
<td>38</td>
<td>45</td>
<td>35</td>
<td>35</td>
<td>94</td>
<td>1505</td>
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<tr>
<td>Islamic Development Bank</td>
<td>-</td>
<td>-</td>
<td>35</td>
<td>35</td>
<td>35</td>
<td>102</td>
<td>24191</td>
</tr>
<tr>
<td>World Bank</td>
<td>222</td>
<td>1156</td>
<td>1878</td>
<td>1125</td>
<td>1178</td>
<td>2303</td>
<td>5587</td>
</tr>
<tr>
<td>Total DFIs/co-operative arrangements</td>
<td>1005</td>
<td>1392</td>
<td>2397</td>
<td>1613</td>
<td>1228</td>
<td>2841</td>
<td>182</td>
</tr>
<tr>
<td>All other commitments</td>
<td>2312</td>
<td>1930</td>
<td>4243</td>
<td>2350</td>
<td>1255</td>
<td>3605</td>
<td>2280</td>
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<tr>
<td>Grand Total</td>
<td>3318</td>
<td>3322</td>
<td>6640</td>
<td>3963</td>
<td>2483</td>
<td>6446</td>
<td>5626</td>
</tr>
</tbody>
</table>

5. These increases in investment commitments may be attributed to the emphasis given by UNDP to pre-investment activities in the programming process as well as to other factors such as more comprehensive reporting of investment commitment data by an increasing number of development finance institutions and agencies.

II. MEASURES TO STIMULATE UNDP'S PRE-INVESTMENT FUNCTION

6. During the past decade UNDP has strengthened or introduced various measures to enhance its pre-investment role. Among the most significant of these are: special interest/co-operative relationships with development finance institutions; co-operative arrangements with agencies designed to review UNDP-assisted projects and enhance their investment potential; reimbursable aid arrangements designed to facilitate the financing of investment feasibility studies; various mechanisms or institutional arrangements to facilitate pre-investment assistance to the private sector; and training courses in investment development which focus on imparting to participants skills in identifying, preparing and promoting projects with sources of finance.

III. SPECIAL RELATIONSHIPS WITH DEVELOPMENT FINANCE INSTITUTIONS

7. As a mechanism to promote linkages between pre-investment and investment, UNDP has entered into special interest or similar co-operative arrangements with the World Bank, regional development banks, and several other sources of development finance. These arrangements call for the distribution by UNDP field offices to development finance institutions (DFIs) of draft country programmes and project documents - in the latter case particularly for pre-investment projects. Based on these submissions or on their own initiative, DFIs may express interest in a project and/or provide comments on the project's design or its relationship to their ongoing or intended activities. Concerning those projects where DFIs express interest, UNDP, in consultation with Governments, arranges to keep the institutions concerned informed of the status of the projects. Through this procedure, DFIs are able to monitor the execution of projects and provide advice concerning activities leading to, or needed to facilitate, appraisal of a loan or credit. Once investments are committed by DFIs this information is compiled annually by UNDP, as illustrated in table 2.

A. World Bank

8. A measurable output of UNDP/World Bank collaboration is reflected in the amount of investment commitments provided by the Bank for the years 1982-1986 (table 2). With commitments growing from $US 1.9 billion in 1982 to $US 2.5 billion in 1986, the Bank has been by far the largest source of follow-up investment for UNDP-assisted projects. Of the total investment commitments reported for the World Bank during the third cycle, a five-year average of about 50 per cent was reported as a follow-up to World Bank-executed projects.
9. The World Bank was designated executing agency for 68 UNDP-assisted projects in 1986 and for 47 projects in 1987. Total amounts allocated for these projects were $US 51 million in 1986 and about $US 54 million in 1987. A number of these projects (14 in 1986 and 16 in 1987) are expected to lead to follow-up investment.

10. Included among the UNDP-assisted, World Bank-executed projects implemented during 1986-1987 were various energy-related studies carried out under the auspices of the multilateral-funded UNDP/World Bank Energy Sector Management Assistance Programme (ESMAP). Since its inception in 1983, ESMAP has implemented or is carrying out energy-related, mostly pre-investment activities in some 60 countries and is also providing institutional and policy advice to developing country decision-makers. By the end of 1987, 81 ESMAP activities had been completed with some 90 more ongoing. Moreover, some 30 prospective activities are under consideration for approval. By the end of 1987, ESMAP activities had identified potential investments estimated to be about $US 1.9 billion. Of this amount, actual commitments of some $US 400 million have been secured from the World Bank and other sources.

B. Asian Development Bank (AsDB)

11. Since the establishment of the special interest arrangement in 1980 as a means of promoting increased consultation and collaboration between UNDP and AsDB on projects and programming matters, the number of UNDP-assisted, AsDB-executed technical assistance projects has increased to 77, from 35 such projects approved during the 1970s. Twenty-two of these, approved during the 1980-1987 period, focused on the preparation of investment projects for 10 of which Bank loans were provided, amounting to some $US 310 million out of a total estimated project cost of $US 390 million. These loans were approved for projects in six countries with emphasis on the development of agriculture, roads, power, and small town infrastructure. The amounts of these AsDB loans, as well as those prepared with UNDP-financed technical assistance executed by other agencies, are included in the investment commitment data compiled for the annual report of the Administrator. Of the remaining AsDB-executed technical assistance projects, one or more are expected to lead to further Bank loans.

C. African Development Bank (AfDB)

12. The AfDB and UNDP entered into a special interest arrangement in 1979. Since that time various efforts have been undertaken to strengthen collaboration between the two organizations and to promote linkages between UNDP-financed technical assistance and Bank financing. Typically such efforts are directed towards increasing co-operation between staff of the Bank and the UNDP field offices and ensuring that consultations/communications on projects and programmes are effectively co-ordinated. Primary roles in this regard rest with the UNDP Resident Representative in Abidjan and with the Division for Multilateral Co-operation and African Organizations - established within the Bank early in 1987. Significantly, during 1987, AfDB's role as an executing agency for UNDP was activated for the first time with the approval of six UNDP-financed, Bank-executed projects focusing
on the study and strengthening of institutional capacity. Other projects are in the pipeline, some of which are expected to be approved during 1988.

**D. Inter-American Development Bank (IDB)**

13. During 1980, UNDP and IDB established a special interest agreement calling for collaboration in joint programming and co-operation on projects, particularly those which may lead to IDB financing. To achieve these goals special emphasis is placed on consultations held with varying frequency, ranging from weekly to quarterly, between the field offices of the two organizations. As a result of such co-operation, during 1986-1987 UNDP was instrumental in preparing several loans for IDB financing while the identification/preparation of others for which follow-up financing will be required is under study. Moreover, pursuant to ongoing efforts to enhance the joint programming process, by the end of 1987 UNDP was involved with IDB in co-financing some 14 country and regional projects (including several pre-investment projects) in an amount of about $US 13 million provided through Bank grants from non-reimbursable technical assistance funds and loans to Governments. UNDP/IDB co-financing of other such projects is under consideration.

**E. International Fund for Agricultural Development (IFAD)**

14. In conformity with the special interest arrangement between UNDP and IFAD, staff of the two organizations communicate with each other on a continuing basis to exchange information and co-ordinate activities with respect to projects, programmes and other matters of mutual interest. It remains a standard practice for IFAD missions to consult with UNDP field offices while UNDP field staff, particularly resident representatives, also as a regular procedure, meet with IFAD staff at the Fund's headquarters in Rome. Pursuant to past co-operative efforts and linked with UNDP technical assistance variously involved with the identification/preparation of investments, eight IFAD loans have so far been reported as approved during the 1986-1987 biennium in an amount of $US 57.7 million for agricultural development projects in one Caribbean country and seven African countries. Three of these loans are to finance irrigation development, while two focus on livestock and one each on hillside farming, seed, and artisanal fishery development. Ongoing collaboration is expected to lead to future loan financing.

**F. Caisse centrale de coopération économique (CCCE)**

15. A co-operative arrangement was concluded between UNDP and the French Government-owned Caisse centrale de coopération économique in 1982. Under this arrangement, collaboration takes place mainly between the offices of the two organizations at the field level with a view to achieving complementarity in programming as well as utilizing UNDP pre-investment assistance as a basis for follow-up financing from CCCE. For example, UNDP participated in the identification/preparation of nine investment projects in various sectors of six countries for which CCCE reportedly provided during 1986 financing of about $US 100 million. Additional CCCE follow-up financing derived from UNDP-assisted projects is expected to be approved for 1987 and future years.

...
G. Islamic Development Bank (IsDB)

16. Since the inception of the special interest arrangement between UNDP and the Islamic Development Bank at the end of 1985, the two organizations have collaborated in programming exercises and efforts to link UNDP-assisted projects with IsDB as a prospective source of finance. With respect to the latter activities, IsDB has considered various projects with investment potential brought to its attention by UNDP offices located in member countries of the Bank and has expressed an interest in several of these in the agricultural sector.

H. European Community

17. Under the terms of the co-operative arrangement initiated in 1977 between UNDP and the European Community, consultations are encouraged between staff of UNDP field offices and delegations of the European Community located in the African, Caribbean and Pacific (ACP) States (signatories to the Lomé Conventions). Such consultations are viewed as a mechanism to foster collaboration on projects and programmes of mutual interest. Emphasis is directed towards such complementary activities as using the resources of the European Development Fund to provide, at the request of the ACP Governments concerned, follow-up financing to UNDP-assisted pre-investment projects. As indicated in table 2, investment commitments from the European Community increased substantially in 1986 in comparison to previous years, with 1986 commitments of $166 million being some three times the amount reported for 1985.

18. In order to strengthen co-operation between UNDP field offices and the delegations of the European Community located in Arab States of the Mediterranean (Algeria, Egypt, Jordan, Lebanon, Morocco, the Syrian Arab Republic and Tunisia), the two organizations during 1987 confirmed their intent to foster complementarity by consulting on the formulation and implementation of projects and programmes in these countries. Such collaboration is viewed as a particularly appropriate means, subject to government concurrence, of linking funds available under the financial protocols established between the European Community and these Arab States with UNDP-assisted technical co-operation projects.

I. Nordic Investment Bank (NIB)/Nordic Project Fund (NOPEF)

19. Following the initiation of a co-operative arrangement in 1983, UNDP and NIB/NOPEF have consulted both at their headquarters and at the field level concerning prospects for collaboration on projects in a number of countries. During 1986-1987, NIB/NOPEF were or are still actively considering follow-up financing for investment and for technical assistance projects which have been identified/prepared with UNDP assistance. These projects encompass several sectors with particular emphasis on energy (e.g., financing geothermal development and measures for energy efficiency and conservation). While no follow-up financing from NIB has as yet been reported in relation to UNDP-assisted projects, efforts to collaborate in this regard continue to be actively pursued.
J. United Nations Capital Development Fund (UNCDF)

20. Efforts are directed within UNDP towards ensuring co-ordination and complementarity between pre-investment activities and UNCDF concessional financing for the implementation of small-scale capital projects in the least developed countries. In this regard, the Government, the UNDP representative and UNCDF staff collaborate to identify projects suitable for UNCDF financing, i.e., investment projects designed to bring early and direct benefits, particularly to low-income and other vulnerable groups. Since UNCDF became fully operational in 1975, it had approved, by the end of December 1987, financing amounting to over $US 460 million for 333 projects. Fifty-eight of these projects, financed by UNCDF at a cost of $US 80.6 million, came as a follow-up to UNDP pre-investment projects, and 14 of these were financed during the 1986-1987 biennium in an amount of $US 22.9 million.

IV. CO-OPERATIVE ARRANGEMENTS WITH AGENCIES

21. Since 1979, UNDP has entered into co-operative arrangements with seven United Nations agencies. These arrangements call for the application of multi-disciplinary expertise by the agencies to assess the investment potential of UNDP-assisted projects. Where indicated, agencies will reorient these projects, usually during the course of short-term, relatively low-cost review or monitoring missions so that the necessary data are produced for the identification, preparation and, with government concurrence, promotion of investments with sources of finance.

22. Proper project design in combination with agency interventions under the co-operative arrangements has resulted in the identification and/or preparation of a number of investment projects for which follow-up financing has been obtained or is contemplated. While it is recognized that Governments have established priorities for the use of country programme resources, their willingness to allocate relatively small sums (typically about $US 20,000) for agency missions in connection with UNDP-assisted projects should both increase the pre-investment content of country programmes and enhance possibilities for the realization of follow-up investment.

A. Food and Agriculture Organization of the United Nations (FAO)

23. From the initiation of the UNDP/FAO co-operative arrangement in 1979 to the end of 1987, 172 UNDP-assisted, FAO-executed projects were monitored by the FAO Investment Centre. This has led to the identification of 73 investment projects. By the end of 1987, 32 of these projects in 23 countries had been prepared with Investment Centre assistance and approved for follow-up investments amounting to some $US 525 million. Of this amount, about $US 328 million was provided from multilateral and bilateral sources of finance. Sixteen of these projects are in Africa, 7 in the Arab States, 6 in Asia, 2 in Latin America and 1 in Europe. Of the remaining 41 investment projects, 18 with investment requirements of some $US 370 million are at various stages of preparation, and it is expected that financing will be approved for some of them in 1988.
24. During the 1986-1987 biennium, 9 of the projects assisted under the co-operative arrangement evolved into 10 investments (7 in Africa, 2 in Asia and 1 in the Caribbean) which were financed for a total of $US 83 million. Of this amount, some $US 67 million was provided by various multilateral and bilateral sources.

25. To identify projects with investment potential for possible assistance under the co-operative arrangement, the Investment Centre continues to screen projects under formulation by other units at FAO headquarters. Moreover, the Investment Centre is also participating in formulation missions for such projects. Through these actions, the Centre may introduce design changes in project documents including, as appropriate, provision for Investment Centre monitoring missions. Such action taken during the formulation of projects tends to reduce the need for unforeseen missions during project implementation. However, the need for a mission may become apparent only during implementation, thereby requiring project revisions.

B. Other agencies


27. Since the initiation of these co-operative arrangements, UNDP has annually or even more frequently communicated/consulted with the executing agencies on the identification of projects with investment potential which could benefit from reorientation or revision to ensure the production of pre-investment data needed to enhance prospects for the realization of follow-up investment. To reinforce the process UNDP has held extensive discussions with the above agencies during the past two years and elicited from them strong positive responses for the continuation of close co-operation under these arrangements. As a result, a number of UNDP-assisted projects have been selected for further examination and, in some cases, subject to the concurrence of all parties concerned, for specific assistance focusing on pre-investment or investment promotion activities. A number of specific interventions may be cited which demonstrate the nature of these co-operative arrangements and their role, both potential and realized, as a mechanism to link pre-investment and investment. For example:

(a) Missions mounted in co-operation with the ILO Investment Unit assisted in preparing two projects for which, during 1984, follow-up financing of $US 18.2 million was approved for urban housing in Malawi and $US 18.6 million for the development of education in the Sudan. Financing for both projects was provided by credits from the International Development Association (IDA) and the recipient Governments;
(b) Within the framework of the co-operative arrangement with the Department of Technical Co-operation for Development, civil engineering services were provided to Dominica to complete an engineering survey of existing water supply systems, as well as to prepare, within the framework of a 10-year municipal water development plan, preliminary designs and cost estimates for upgrading and rehabilitating water supply systems in three main urban areas. Initially, follow-up financing of some $US 5 million was provided during 1985, mainly from a bilateral source, for the rehabilitation and expansion of water supply systems;

(c) Also prepared with assistance under the UNDP/UNESCO co-operative arrangement are technical documents which will be presented to sources of follow-up finance for projects within a subregional action plan designed to strengthen the educational sector in Central America. During late 1987, a consultant was hired under this arrangement to consult with multilateral and bilateral financial sources on the provision of funds;

(d) Among the projects under preparation for which it is expected that follow-up financing will be provided is the improvement of a city sewerage system in a Caribbean country. The feasibility study for this project is to be implemented by the World Health Organization/Pan American Health Organization (WHO/PAHO) and co-financed by UNDP and a regional multilateral development finance institution.

V. REIMBURSABLE AID ARRANGEMENTS

28. UNDP initiated two reimbursable aid mechanisms to extend the use of UNDP resources to finance pre-investment studies. The first makes use of the indicative planning figure (IPF) to finance UNDP-assisted pre-investment projects in which financial institutions may express special interest. Once such interest is declared, an understanding would be reached between the Government, UNDP and the development finance institution that the cost of the study will be reimbursed to the IPF if the pre-investment study leads to an investment. Such reimbursed funds would thus become available to finance other UNDP-assisted projects. If the study does not result in an investment, its cost is considered as a grant and assumed under the IPF. Agreements were reached on the use of the reimbursable aid mechanism between UNDP and IDB, and between UNDP and the Caribbean Development Bank, during 1980 and 1981 respectively, while other development finance institutions have noted their preference to consider using reimbursable aid on a case-by-case basis.

29. The second reimbursable aid mechanism is the Investment Feasibility Study Facility (IFSF), which was established as a result of Governing Council decision 82/9 to assist Governments, primarily those of least developed countries, to finance feasibility studies for projects of high priority. A special account was established with $US 1 million from Special Programme Resources for this purpose during the third programming cycle (1982-1986), with a subsequent extension of the Facility's operational period to include the fourth cycle (Governing Council decision 86/24 of 27 June 1986). The Facility was to be used only when the cost of investment feasibility studies could not be met out of country programme
resources. Moreover, financing from the Facility would be conditional on agreement by its sponsors to reimburse the Facility for the cost of the feasibility study from investment generated as a result of the study.

30. Since 1984, when the Facility became fully operational, it has screened over 80 proposals out of which seven pre-investment studies have been prepared at a total cost to UNDP of about $US 290,000. These studies have concentrated on agricultural and industrial investment projects, mostly in the private sector, for some of which it is expected that follow-up financing may be provided, thereby resulting in reimbursement of study costs to UNDP. For the cost of one of these studies, a first-phase land reconnaissance survey for a cotton farm in Zaire, UNDP has been reimbursed in an amount of $US 15,000. Additional time will be required to assess the full impact of the other studies already completed and those in the pipeline. Moreover, reimbursement to UNDP of the cost of any of these studies will depend ultimately on the realization of follow-up investment which may be significantly influenced by various external factors (e.g., world commodity prices, changing government priorities, etc.).

31. As the services provided by the Facility become increasingly recognized by entrepreneurs and sponsoring financial institutions, its operations are expected to expand during the remaining years of the fourth cycle. By the end of 1987, two more pre-investment studies at a cost of some $US 100,000 were considered likely to be approved for financing from the Facility during early 1988. Several other studies are in preliminary stages of preparation. Moreover, new approaches to broaden the scope and use of the IFSF mechanism are also under consideration. These include a more comprehensive approach to country coverage as well as modifications to reimbursement procedures and the introduction of a more flexible approval process.

VI. PROJECT DEVELOPMENT FACILITIES

A. Caribbean Project Development Facility

32. The Caribbean Project Development Facility (RLA/81/010) was established in 1981 under the auspices of UNDP with the World Bank/International Finance Corporation (IFC) acting as the executing agency. Its main purpose is to assist in identifying, preparing and arranging financing from various domestic and foreign sources for suitable small- and medium-sized private sector projects in the Caribbean. As of December 1987 (fiscal year 1 January-31 December), total contributions to the Facility from its inception amounted to some $US 8.8 million from a number of multilateral and bilateral sources, including the United States Agency for International Development, the Inter-American Development Bank, the Canadian International Development Agency, the Caribbean Development Bank, the Governments of the Netherlands and the United Kingdom, UNDP and IFC. Of the total contribution, some $US 6.7 million has been provided in cash, some $US 1.8 million in kind (IFC) and about $US 300,000 in technical co-operation financing. It has been proposed that the Facility continue its operations for a five-year period beginning 1 January 1988 with additional contributions which are expected to be committed during this same year from multilateral and bilateral sources. The
Facility is also considering extending the scope of its operations to include Central America and Panama, which are not currently covered.

33. During its first five years of operations (1981-1986), the Facility has prepared some 58 project proposals in 19 Caribbean countries for which the estimated total investment is about $US 170 million. More than half of these projects have received equity and credit financing from a wide range of domestic and foreign financial sources. Another 18 project proposals, for an estimated total investment of approximately $US 35 million, were prepared during 1987. While financing has already been committed for three of these, most of the projects for which proposals have been prepared, as well as some others not funded in earlier periods, are under consideration by financial institutions.

B. Africa Project Development Facility

34. In a similar vein, IFC, the African Development Bank and UNDP jointly sponsored the Africa Project Development Facility as a World Bank/IFC-executed project (RAP/85/022) which became operational during mid-1986 with the establishment of a co-ordinating office located within IFC premises in Washington, D.C. Subsequently, two regional offices of the Facility were inaugurated during the last quarter of 1986 in Nairobi and Abidjan, each with its own project staff. Financial support for the Facility amounted, by the end of 1987, to over $US 17 million for its initial four-year period of operation (1986-1990) and is being provided by UNDP, IFC, AfDB and 13 Governments.

35. The main objective of the Facility is to assist private African entrepreneurs in the development of viable medium-sized enterprises in sub-Saharan Africa. To attain this goal, the Facility makes specific efforts to assist these entrepreneurs in identifying, preparing and promoting investment projects with sources of finance. Of particular interest to the Facility are projects costing between $US 0.5 and $US 5 million in various sectors with emphasis on agriculture and agro-industries. By the end of 1987, some 600 investment projects were submitted to the Facility for consideration and, as warranted, further preparation/presentation to investors. Financing has been obtained for two of these projects in Kenya (tannery rehabilitation and flower exporting), while more than 20 others have been prepared by the Africa Project Development Facility for presentation to sources of finance.

VII. TRAINING IN INVESTMENT DEVELOPMENT

36. As a means of improving UNDP's capacity in dealing with pre-investment activities, the Governing Council, in decision 80/23 of 26 June 1980, endorsed the proposal of the Administrator contained in paragraph 30 of document DP/479, that arrangements should be made between UNDP and the World Bank to ensure that resident representatives and deputy resident representatives receive special training in investment development. In subsequent decisions (82/9, 84/8, 86/24) the Council reiterated support for the Administrator's effort to continue pre-investment training in co-operation with financial institutions. By the end of
1987, training in investment development had been provided, during 11 two-week sessions held at the World Bank Economic Development Institute, to 252 participants, of whom 210 were UNDP staff; 37 came from organizations of the United Nations system; and 5 were government observers. While maintaining a technical emphasis on pre-investment, these seminars are also increasingly reflecting current development issues as well as stimulating closer UNDP/World Bank collaboration. The World Bank and UNDP intend to continue these seminars at the rate of one per year, with the next session tentatively scheduled for September 1988.

37. In addition to pre-investment workshops for UNDP staff and host government counterparts in the Asia and Pacific region, which were held at the Asian Development Bank in 1984 and 1985, a similar workshop for anglophone African countries was held at the African Development Bank in 1987. Participants in this workshop were 25 UNDP field staff and their government counterparts. A major focus of this training was on the means of ensuring the smooth implementation of the Bank's project cycle as well as promoting an exchange of views with AfDB staff on aspects of co-operation. Another session of this seminar for francophone participants is scheduled for April 1988 at the AfDB headquarters in Abidjan.

VIII. CONCLUSIONS

38. During recent years the amount of follow-up investment commitments related to UNDP-assisted projects has continued to increase. In order to reinforce this upward trend, UNDP will maintain its efforts, in consultation with Governments and executing agencies, to increase the pre-investment content of the programme and to emphasize measures for improving linkages between UNDP-assisted pre-investment activities and follow-up investment from sources of finance. To accomplish these goals, UNDP will focus on a more intensive application of its co-operative arrangements with development finance institutions and agencies of the United Nations system. UNDP will also intensify its efforts to finance pre-investment studies, from both the IPF and the resources available through the various facilities established for this purpose, and to link these studies with sources of public and private finance. Moreover, emphasis will be placed on a continuation of UNDP training programmes in investment development, particularly those seminars held in collaboration with development finance institutions.

Notes

