

**UNITED NATIONS**  
**INDUSTRIAL DEVELOPMENT ORGANIZATION**

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**REPORT OF THE**  
**INDUSTRIAL DEVELOPMENT BOARD**

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**Volume III**  
**(Second special session)**

**GENERAL ASSEMBLY**  
OFFICIAL RECORDS: THIRTY-FIFTH SESSION  
SUPPLEMENT No. 16 (A/35/16)



**UNITED NATIONS**  
New York, 1980

## NOTE

Symbols of United Nations documents are composed of capital letters combined with figures. Mention of such a symbol indicates a reference to a United Nations document.

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EXPLANATORY NOTE

In the present report, paragraphs that are underlined represent consensus conclusions adopted by the Industrial Development Board.

## INTRODUCTION

The report of the Industrial Development Board of the United Nations Industrial Development Organization (UNIDO) on its second special session is herewith submitted to the General Assembly at its thirty-fifth session in accordance with the Board's decision of 17 October 1980 (see chapter II).

The session was held at UNIDO headquarters, Vienna International Centre, on 17 October 1980. One meeting, the Board's 282nd, was held.

## CHAPTER I

### ORGANIZATION OF THE SESSION

1. The Board at its fourteenth session (12 to 19 May 1980) had decided it would hold a special session in October to consider and approve the revised work programme of UNIDO for 1981. 1/

2. The special session - the Board's second special session - was opened by Mr. Emil Keblusek (Czechoslovakia), President of the fourteenth session, who also acted as its President.

#### A. Membership and attendance

3. The following members of the Board were represented at the session:

Argentina	Malaysia
Australia	Mexico
Austria	Netherlands
Belgium	Nigeria
Brazil	Norway
Burundi	Pakistan
Bulgaria	Panama
China	Peru
Czechoslovakia	Philippines
France	Poland
Gabon	Sweden
German Democratic Republic	Switzerland
Germany, Federal Republic of	Togo
Guatemala	Trinidad and Tobago
India	Tunisia
Indonesia	Turkey
Iraq	Union of Soviet Socialist Republics
Italy	United Kingdom of Great Britain and Northern Ireland
Japan	United States of America
Kenya	

4. The following States Members of the United Nations or members of specialized agencies or of the International Atomic Energy Agency sent observers:

Algeria	Cuba
Canada	Denmark
Chile	Ecuador
Colombia	Egypt
Costa Rica	Finland
	Greece

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1/ Official Records of the General Assembly, Thirty-fifth Session, Supplement No. 16 (A/35/16), vol. II, paras. 54, 162 and 164.

Holy See  
Hungary  
Ireland  
Israel  
Lebanon  
Luxembourg  
Portugal  
Qatar  
Republic of Korea

Romania  
Saudi Arabia  
Spain  
Thailand  
United Arab Emirates  
Uruguay  
Venezuela  
Yugoslavia  
Zaire

5. Observers from the following organizations and national liberation movements attended the session:

African National Congress of South Africa  
Palestine Liberation Organization

6. The United Nations Secretariat was represented as follows:

Office of the Director-General for Development and International  
Economic Co-operation  
United Nations Conference on Trade and Development

7. The following specialized agencies sent representatives:

International Labour Organisation  
Food and Agriculture Organization of the United Nations  
World Bank  
World Intellectual Property Organization

8. Observers from the following intergovernmental organizations attended the session:

Agency for Cultural and Technical Co-operation  
Central African Customs and Economic Union  
Commonwealth Secretariat  
European Economic Community  
Gulf Organization for Industrial Consulting  
International Centre for Public Enterprises  
Mano River Union  
Organization of the Arab Petroleum Exporting Countries

9. Observers from the following international non-governmental organizations attended the session:

Afro-Asian Peoples' Solidarity Organization  
Arab Sugar Federation  
European Union of Public Relations  
International Association for Cereal Chemistry  
International Association for the Protection of Industrial Property  
International Chamber of Commerce  
International Council of Societies of Industrial Design  
International Measurement Confederation  
International Organization of Consumers Unions

International Organization of Employers  
International Savings Bank Institute  
International Union of Food Science and Technology  
Society for Chemical Industry  
World Federation of Trade Unions

#### B. Election of officers

10. The officers elected by the Board during the fourteenth session (12 to 19 May 1980), in accordance with rule 18 of its rules of procedure, also served as officers of the second special session, with the exception of one of the Vice-Presidents, Mr. M. E. P. Udebiuwa (Nigeria), who had been unable to attend. At its 282nd meeting, the Board elected by acclamation Mr. M. P. U. Obaro (Nigeria) to the office of Vice-President to take the place of Mr. Udebiuwa.

11. The officers of the second special session were:

President: Mr. Emil Keblusek (Czechoslovakia)

Vice-Presidents: Ms. Edmonde Dever (Belgium)  
Mr. Hayat Mehdi (Pakistan)  
Mr. M. P. U. Obaro (Nigeria)

Rapporteur: Ms. Maria Salazar (Peru)

#### C. Credentials

12. In accordance with rule 17, paragraph 2, of the rules of procedure of the Industrial Development Board, the Bureau of the second special session examined the credentials of the delegations attending the session. The Bureau found the credentials in order and so reported to the Board, which approved the report.

#### D. Agenda

13. At its 282nd meeting, the Board considered its provisional agenda (ID/B/S.2/1). The Board adopted the following agenda as amended (ID/B/S.2/1/Rev.1): 2/

1. Opening of the session
2. Adoption of the agenda
3. Revised work programme for 1981
4. Rules of procedure for the System of Consultations
5. Adoption of the report of the second special session
6. Closure of the second special session

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2/ The deliberations of the Board on agenda item 2 are reflected in ID/B/SR.282, paras. 2-6.

## CHAPTER II

### REVISED WORK PROGRAMME FOR 1981

14. In its deliberations on agenda item 3, the Board had before it a report by the Executive Director entitled "Revised work programme for 1981: proposed work programme in priority areas established by the Industrial Development Board at its fourteenth session" (ID/B/C.3/99), the consequential proposals of the Secretary-General concerning the current programme budget (ID/B/C.3/99/Add.1) and the report of the Permanent Committee on the work of its fourteenth session (ID/B/249). 3/

15. At its 282nd meeting, on 17 October 1980, the Industrial Development Board adopted that part of the report of the Permanent Committee on the work of its fourteenth session dealing with the revised work programme of UNIDO for 1981 as well as its conclusions and recommendations thereon (ID/B/249, paras. 18-68, 74-78 and 120-126). 4/

16. As an exceptional case, the Board decided to submit the present report directly to the General Assembly, together with the documentation mentioned above.

17. Furthermore, the Board requested the Executive Director to transmit the same to the Secretary-General of the United Nations for his consideration in finalizing his proposals for the revision of the 1981 UNIDO programme budget for submission to the General Assembly.

## CHAPTER III

### RULES OF PROCEDURE FOR THE SYSTEM OF CONSULTATIONS

18. In its deliberations on agenda item 4, the Board had before it the consensus conclusions on the rules of procedure for the System of Consultations contained in the report of the Permanent Committee on the work of its fourteenth session (ID/B/249). 5/

19. At its 282nd meeting, on 17 October 1980, the Industrial Development Board endorsed the consensus conclusions of the Permanent Committee on the rules of procedure for the System of Consultations (ID/B/249, paras. 134-135). 4/

## CHAPTER IV

### ADOPTION OF THE REPORT OF THE SECOND SPECIAL SESSION

20. At its 282nd meeting, the Board began its consideration of agenda item 5 (Adoption of the report of the second special session).

3/ The deliberations of the Board on agenda item 3, including a statement by the delegation of Panama on the special industrial services programme, are reflected in ID/B/SR.282, paras. 12-14.

4/ These paragraphs, together with paras. 134 and 135, are reproduced in annex II.

5/ The deliberations of the Board on agenda item 4, including a statement by the delegation of France on the establishment of a committee on consultations, are reflected in ID/B/SR.282, paras. 15-17.



21. The Board adopted its report as a whole, it being understood that the Rapporteur, with the assistance of the Friends of the Rapporteur, would be entrusted with the task of finalizing the report, including those sections which it was not possible to put before the Board for consideration.

## CHAPTER V

### CLOSURE OF THE SECOND SPECIAL SESSION

22. After statements by the President, by representatives of various geographical groups and by the Executive Director, the Board concluded its second special session at 7.35 p.m. on 17 October 1980.

ANNEX I

Documents submitted to the Industrial Development Board  
at its second special session

ID/B/S.2/1/Rev.1	Agenda
ID/B/C.3/99	Revised work programme for 1981: proposed work programme in priority areas established by the Industrial Development Board at its fourteenth session
Add.1	Consequential proposals of the Secretary-General concerning the current programme budget
ID/B/C.3/L.62/Add.6 <u>a/</u>	Draft report of the Permanent Committee on the work of its fourteenth session: chapter II. Follow-up of the decisions and recommendations of the Third General Conference of UNIDO: Revised work programme for 1981
ID/B/C.3/L.67 <u>a/</u>	Revised work programme for 1981: draft conclusions and recommendations submitted by the Chairman
ID/B/C.3/L.69 <u>a/</u>	Industrial development decade for Africa: draft conclusions submitted by the Chairman
ID/B/S.2/INF.1	Advance information for participants
ID/B/S.2/INF.2/Rev.1	List of participants

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a/ Issued, as amended by the Permanent Committee, in the report of the Permanent Committee on the work of its fourteenth session (ID/B/249). The relevant paragraphs from the report are reproduced in annex II below.

Excerpts from the report of the Permanent Committee  
on the work of its fourteenth session

FOLLOW-UP OF THE DECISIONS AND RECOMMENDATIONS OF THE  
THIRD GENERAL CONFERENCE OF UNIDO: REVISED WORK PROGRAMME  
FOR 1981

18. At its 155th meeting, on 13 October 1980, the Permanent Committee began its consideration of items 3 and 4. In its deliberations on the items, which were taken simultaneously on account of the subject matter, the Committee had before it "Follow-up of the decisions and recommendations of the Third General Conference of UNIDO: action by the UNIDO Secretariat" (ID/B/C.3/100 and Add.1-6), the "Revised work programme for 1981: Proposed work programme in priority areas established by the Industrial Development Board at its fourteenth session" (ID/B/C.3/99) and "Consequential proposals by the Secretary-General concerning the current programme budget" (ID/B/C.3/99/Add.1).

19. Introducing the items, the Executive Director explained that since the Third General Conference had been held so recently, it had been possible to submit to the Committee only an account of UNIDO's previous activities in the priority areas decided upon by the Board, and to make proposals for new programmes, or the intensification of ongoing programmes, in those areas. However, he said, with respect to the revised work programme, there were budgetary difficulties that might hamper the work of the Organization. The Secretariat had estimated that the additional resources needed to implement new programmes and to intensify ongoing programmes in the priority areas identified by the Board would amount to some 70 additional posts and some \$4 million. The latest revision of the Secretary-General's work programme and budget estimates for 1981, however, provided for an increase in staff of only 12 posts. Early estimates of UNDP-financed technical assistance in the field of industry, continued the Executive Director, indicated that UNIDO's share of delivery during the third country programming cycle (1982-1986) could be as high as \$200 million per year, as against \$70 million in 1979: this fact, inter alia, would make it necessary to strengthen the Organization's capacity and structure accordingly.

20. The Executive Director expressed the belief that the comments of the Permanent Committee on the 1981 revised work programme would carry great weight with the Secretary-General in drawing up his proposals and with the

Fifth Committee in its consideration of the proposed revision of the 1981 UNIDO programme budget. Nevertheless, he said, the magnitude of the budgetary implications should be borne in mind and over-optimistic performance expectations, without corresponding resources, should be avoided.

21. Several delegations commended the Executive Director on the alacrity with which the Secretariat had responded to the mandate of the Board at its fourteenth session concerning the follow-up to the decisions and recommendations of the Third General Conference of UNIDO and on the thoroughness of the documents produced. One delegation stated that, although it appreciated the efforts of the Executive Director and the Secretariat in producing documents, those documents, particularly the ones concerned with budgetary items, should be sent to member States well in advance to facilitate thorough consideration. Another delegation requested that more complete documentation, including more detailed background and financial information, be provided for consideration of UNIDO's work programme in the future.

22. One delegation pointed out that the very small increase in funds available to UNIDO from the United Nations would make it necessary for the developed and affluent countries to increase their contributions to UNIDF and also their bilateral contributions in kind to developing countries.

23. A number of delegations, as well as observers from countries participating in the work of UNIDO, addressed themselves to the question of monitoring the action taken as follow-up to the decisions and recommendations of the Third General Conference of UNIDO. In that connection, the Executive Director had pointed out in his introductory statement that in the case of the Second General Conference, the Board had decided that the monitoring exercise should take place every three years, and suggested that the reporting procedure for the Third General Conference be amalgamated with that exercise. While some delegations expressed themselves in favour of a three-yearly exercise, as proposed by the Executive Director, others suggested that every two years would be preferable. One delegation suggested that the Secretariat endeavour to shorten the preparation period for reports so that the Board and general

conferences could have before them reports of the previous two years. Some delegations, and an observer from a country participating in the work of UNIDO, also suggested that the follow-up questionnaire be simplified: in the opinion of one, it should give a clearer overview of industrialization in the developing world. Another delegation urged the Secretariat to draw as fully as possible on already available information in preparing the questionnaire and collating the results.

24. Some delegations considered that future monitoring exercises should also cover reports on the Secretariat's activities, on the country situation, and on the world situation as a whole in regard to follow-up to the decisions and recommendations of the Third General Conference. A delegation stated that the Board should have available to it, when assessing that follow-up, reports on matters such as the share of the developing countries in world manufacturing production, the level of official development assistance and the share of manufactured products in exports from developing countries, and progress towards implementation of the New International Development Strategy.

25. Several delegations, as well as observers from countries participating in the work of UNIDO, declared that items 3 and 4 could be regarded as a catalogue of interim ends and available means for accelerating the industrialization of the developing countries: with the means falling far short of the demonstrated needs. Those delegations and observers expressed appreciation of the Executive Director's efforts to secure the maximum financial and other contributions from the General Assembly. If UNIDO were to achieve its objectives, they stated, additional posts would have to be established and additional resources would be needed.

26. Several delegations, however, saw the redeployment of existing resources and the elimination of duplication in activities as the means by which UNIDO could cope with its financial and other constraints. UNIDO, in the view of one of those delegations, could do what would be required of it in 1981 if it concentrated its efforts in strategic fields, improved its internal organization and made the most effective use of its resources. A significant growth in the Organization's staff and budget, added one of those delegations, was proposed for the holding of expert group meetings, consultant services and other expenditures which could not be viewed as appropriate.

27. Some delegations recalled that it had not been agreed by the Board at its fourteenth session that UNIDO's future work in the agreed priority areas should take place on the basis of extra resources, but on the basis of redeployment of its existing resources. In that context, one delegation noted that the Secretariat had taken measures to redeploy existing resources. Some delegations expressed misgivings, however, about the shifting of resources away from a programme element dealing with co-operation with the private industry sector, and suggested that that be given further consideration. The importance of the private sector's contribution to the industrialization of developing countries was emphasized by those delegations.

28. Several delegations stated that the augmentation of UNIDO's resources proposed by the Secretary-General in document ID/B/C.3/99/Add.1 were not even the minimum necessary to implement essential programmes in the priority areas. Speaking on behalf of the Group of 77, one delegation, while welcoming the Secretary-General's proposals, pointed out that priority areas such as development of human resources and industrial manpower should be identified, but that that process should not affect the implementation of ongoing programmes and priorities. Today's priorities were the ongoing activities of tomorrow, said another delegation, and any other approach would lead to a waste of effort and resources.

29. The delegation speaking on behalf of the Group of 77 stated that resources additional to those proposed by the Secretary-General were necessary in programme areas related to energy, industrial technology, co-operation among developing countries, the Industrial Development Decade for Africa, industrial planning, training and institutional infrastructure, and operations related to technology development and transfer. The same delegation also stated that resources for the following additional meetings should be provided:

- (a) Expert group meeting on the proposed industrial project preparation facility;
- (b) Meeting of governmental experts of the Group of 77 on co-operation in production, long-term agreements and joint efforts for marketing, exploitation, processing and financing in the mining and mineral sector;

- (c) Expert group meeting on repair and maintenance of transport equipment, and standard boat-building and repair facilities in island and other developing countries;
- (d) Expert group meeting on the pattern of energy supply and industrial development in the developing countries, and energy-saving technology;
- (e) Preparatory meeting for the global consultation on industrial technology;
- (f) Expert group meeting on strengthening of national, regional and interregional industrial technology institutions and "centres of excellence" in developing countries;
- (g) Meeting on quality control in industrial production.

30. A delegation speaking on behalf of Group B expressed gratitude to the Executive Director for elaborating the proposals contained in the draft work programme. The delegation added that the Industrial Development Board and its Permanent Committee had a right and a duty to consider and comment on that work programme, and in particular to indicate the relative priorities to be accorded to the various possible elements in the work programme. The same delegation also pointed to the need for the Permanent Committee to be informed about the financial implications of individual programmes in order that cost and cost-effectiveness might be taken into account. When the Industrial Development Board indicated a priority for a particular topic, said that delegation, that did not imply that additional resources could or should be provided. Priorities were relative, not absolute, said the delegation, and the Secretariat should identify low-priority activities which could be reduced or eliminated in order to increase the resources available for activities of higher priority, with particular emphasis on reductions in administrative costs, thereby allowing an increased proportion of UNIDO's total financial resources to be devoted to supporting operational work in the field. Since UNIDO's budget was part of the regular budget of the United Nations, went on the delegation, final responsibility for it lay with the General Assembly and the

Secretary-General: they alone could take an over-all view of the conflicting claims of the various United Nations activities for available funds, which were necessarily limited in the present period of financial stringency. Another delegation added, in that context, that in such a period all budgets had to be kept within limits, and that there should be no growth in the United Nations budget in real terms.

31. Speaking on behalf of the Group of 77, one delegation stated that the Board at its fourteenth session had in no way agreed that UNIDO's work in priority areas would be based on redeployment of existing resources. In fact, the delegation added, it had been the understanding of the Group of 77 that sufficient additional resources for programmes in agreed priority areas would be made available.

32. Many delegations addressing themselves to the proposal for an Intergovernmental Conference for a North-South Global Fund for Promotion of Industrialization of the Developing Countries, as outlined in ID/B/C.3/99/Add.1, pointed out that such a fund was not among the priority areas identified by the Board at its fourteenth session, and that many countries had in the past expressed opposition to such a conference. The same delegations pointed out that the allocation of resources to it could not, therefore, be justified. Some delegations reserved the position of their Governments to comment on the substance of the proposal in the General Assembly.

33. Several other delegations stressed the need for the Conference to be held as soon as possible so as to lead to early agreement on the establishment of the North-South Fund for the Promotion of Industrialization of the Developing Countries.

34. One delegation indicated that, although it could not endorse the North-South Global Fund as proposed in the document "Industry 2000 - New Perspectives" prepared by the Secretariat for the Third General Conference,<sup>2/</sup> it remained prepared to consider appropriate proposals for the establishment of an industrialization fund that would be acceptable to all the parties concerned.

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<sup>2/</sup> ID/CONF.4/3.



35. Several delegations expressed regret that no additional resources had been suggested for the fostering of economic co-operation among developing countries (ECDC). One of those delegations expressed disappointment at the proposals to redeploy resources from that area to other activities. In the opinion of other delegations, additional resources and facilities should be provided for that programme in view of the high-level conference on the subject to be held by developing countries in 1981. ECDC, a delegation pointed out, was an important form of activity and co-operation in various priority areas such as industrial technology, industrial production, energy-related technology, development of human resources, and special measures for the least developed countries.

36. One delegation noted that the proposed co-ordination unit for the Industrial Development Decade for Africa might tend to duplicate the work of UNIDO's Section for Economic Co-operation among Developing Countries.

37. Another delegation expressed the opinion that if the useful activities of UNIDO in the priority areas were agreed on by all sides, it would be conducive to the promotion of the North-South dialogue. The healthy development of international industrial co-operation, said that delegation, not only helped to narrow the gap between poor and wealthy countries, but also helped the developed countries to overcome their economic difficulties, thus benefiting the just cause of anti-hegemonism and the maintenance of world peace.

38. Another delegation stressed that the basic needs of the poor were most effectively met by providing productive employment opportunities and therefore encouraged UNIDO to establish productive employment as a basic factor in planning and evaluating specific programmes and projects. In doing so, said the delegation, UNIDO should emphasize small and medium-sized industries, links with the agricultural sector and appropriate and capital-saving technologies. The delegation offered the technical expertise of the appropriate agency in its Government to UNIDO for help in designing programmes in those areas.

## Development of human resources

39. Many delegations addressed themselves to the question of human resources development - one of the priority areas established by the Board at its fourteenth session - and welcomed the initiatives taken by the Secretariat, although in the view of some an insufficient amount of the resources available were being devoted to the area.

40. Several delegations, as well as observers from countries participating in the work of UNIDO, expressed strong support for the Organization's training activities, both traditional and new. One delegation suggested that emphasis should shift from providing large-scale programmes in developed countries to the use of training facilities in developing countries. Another delegation, noting that the growth rate of the gross national product (GNP) was higher in developing countries with better trained manpower, expressed the opinion that the experience of the middle-level developing countries was highly relevant to trainees from the least developed countries. Some delegations, and an observer from a country participating in the activities of UNIDO, expressed support for the convening - resources permitting - of consultations on the training of industrial manpower in 1981.

## Special measures for the least developed countries

41. Many delegations spoke of the special action needed to assist the least developed countries, the land-locked developing countries and island developing countries. Recent data, said one delegation, showed that the populations of those countries, representing one-third of mankind, received only 3 per cent of total world income.

42. One delegation expressed the opinion that whereas the Secretariat's programme concerning special measures would help to identify the least developed countries' real requirements for technical assistance, clear-cut co-ordination was essential between programming missions, meetings etc. on the one hand, and the research work being done within the Organization on the other.

43. Another delegation urged UNIDO to co-ordinate its efforts with other bodies, such as the Economic and Social Council, to ensure adequate preparation for the 1981 United Nations Conference on the Least Developed Countries.

## Industrial production

44. Several delegations spoke of the importance of industrial production - another priority area - to the developing countries. In the opinion of one delegation, it constituted the rationale of UNIDO. In considering the revision of the work programme, said that delegation, account should be taken of the need to strengthen the relative importance of operational activities directly related to industrial production. Another delegation underlined the special importance of direct assistance to industrial productivity and quality control. Yet another delegation noted that the Secretariat's proposals failed to reflect adequately the Organization's activities in the field of planning. The Secretariat, the delegation suggested, might undertake within the Industrial Operations Division, the formulation of a programme of activities in the field of industrial planning as an integral part of the industrial production programme. One delegation stated that the "diagnostic mission approach" had some appeal, provided those missions did not duplicate the work of other multilateral bodies and the results were subject to evaluation by the Board.

45. With regard to the strengthening of the industrial production capabilities of the developing countries, one delegation observed that in order to create manufacturing capacities, a country must have markets large enough to utilize those capacities. Developing countries with limited domestic markets were, however, facing severe obstacles to export promotion. Product discrimination, foreign control of distribution outlets and growing protectionism in developed countries, stated the delegation, represented a serious threat to the industrialization of the developing countries, and created severe balance-of-payments problems. Another delegation believed that a balanced approach to industrialization was needed, based on the national resources and physical endowments of the countries concerned, careful attention being paid to the impact of industrialization on the population as a whole.

## Energy-related industrial technology

46. Many delegations, stressing the critical role of energy in industrial development, welcomed the establishment within the Secretariat of a Special Advisory Group on Energy. In the present world crisis, pointed out one delegation, the developing countries were suffering more than others from the shortage of energy, which was hampering the advance of their industrialization process.

47. One delegation suggested that there was an imperative need to examine the practical, large-scale contribution which new and renewable sources of energy could make towards meeting the needs of industry, in particular in the rural areas of developing countries. The same delegation noted that the small-scale approach adopted by the Regional Centre for Technology Transfer in setting up mini-hydro plants in the ESCAP region had proved to be of real benefit in improving the supply of electricity to rural areas for both agricultural and industrial purposes. UNIDO, said the delegation, should look more to that type of approach, which would fit directly into the network concept outlined below. The same delegation said that energy technologies promoted should be small-scale, capable of being deployed on a decentralized basis, and employable for small units and in areas which used and developed indigenous resources as much as possible. Several delegations pointed out that the effective use of energy in industry was as important as the development of new sources. Greater emphasis should be placed, elaborated one of those delegations, on technologies that offered the most economical use of energy in industrial processing, and on energy-saving methods in industries and plants. It was most important, went on the delegation, that developing countries' industries should achieve a much better ratio between increase of production and energy consumption than the average so far achieved by the developed countries. Several delegations observed that at least 36 developing countries were now operating nuclear power plants or had indicated interest in nuclear power, and in that respect the great contribution that the peaceful use of nuclear energy could make to industrialization could not be ignored. Consequently, one delegation suggested, subitem (g) in paragraph 2 of document ID/B/C.3/100/Add.2 should be re-drafted to reflect more accurately assumptions that would serve as a basis for the activities of the Advisory Group. In that connection, one delegation pointed to the fact that utilization of coal would imply high costs.

48. The creation of the Advisory Group, in the opinion of some delegations, was also important as a means of co-ordinating UNIDO's contribution to the forthcoming United Nations Conference on New and Renewable Sources of Energy. One delegation expressed its doubt about the necessity of the establishment of the Advisory Group, and said that its functions had already been fulfilled by the existing units of the Secretariat.

49. Several delegations cautioned against the Advisory Group's duplicating the work of other bodies in the field of energy. The Secretariat, said some delegations, should co-ordinate its work on energy questions with that of other agencies. One delegation expressed the opinion that the tasks put before the Advisory Group went far beyond the scope of UNIDO activities, and proposed that activities in that area be carried out within the Industrial Operations Division of UNIDO. Some delegations questioned the breadth of the Advisory Group's mandate. One delegation, while accepting the possible need for a technical adviser to the Secretariat on energy matters, questioned the need for a unit on the scale proposed, particularly if that should result in diversion of scarce resources from operational activities in the field.

50. One delegation, while applauding the decision of the Executive Director to redeploy UNIDO resources to ensure that greater attention was given to energy issues, suggested that he examine with donor countries the possibility of special-purpose contributions to UNIDF for the development of energy resources for the industrialization of the developing countries.

#### Industrial technology

51. Several delegations expressed their general appreciation of the Secretariat's approach to the priority question of industrial technology. UNIDO, some delegations indicated, had a vital role to play by advising developing countries on the technologies best suited to their special needs; in that connection, the most advanced technology was not necessarily the most appropriate.

52. One delegation felt that the planning approach recommended by the Secretariat should also give more recognition to the importance of the private sector in technology development, and focus upon incentives for greater commercial generation of appropriate industrial technology.

53. Another delegation urged UNIDO to intensify its efforts to strengthen the negotiating capacities of Governments with respect to technology acquisition. Likewise, other delegations suggested, the Organization should also concentrate on helping to upgrade and support national and regional institutions involved in the transfer, adaptation

and development of technology. Another delegation expressed its endorsement of the proposal to develop and expand technology planning in the developing countries as an integral part of national development plans.

54. One delegation referred appreciatively to UNIDO projects being undertaken such as the technology services delivery systems, which effectively harnessed local institutional services for meeting the needs and improving the technological performances of small and medium-scale industries, production of ethanol through enzymatic hydrolysis of cellulosic material, and a proposed workshop on mini-hydro-generating units.

55. A delegation stated that it fully supported the suggestions for establishing more technology centres and for providing easy access to modern appropriate technology for developing countries. There was also an urgent need, added the delegation, to create or strengthen regional or interregional agencies for the improvement of industrial technology capabilities in developing countries. Another delegation noted that UNIDO's assistance to indigenous research and development institutions was worthwhile.

56. Stressing the importance of UNIDO's assistance in the formulation of national technological policies, a delegation praised the Organization's past activities in that field and welcomed the preparation by the Secretariat of standard project documents for the establishment of model production development units, which was conceivably of special interest to the least developed countries and therefore deserved special support. However, as UNIDO did not have the resources to attack the field of industrial technology in its entirety, went on the delegation, a selective approach and close co-operation with other organizations, such as the United Nations Conference on Trade and Development (UNCTAD) and the World Intellectual Property Organization (WIPO), was necessary to ensure efficiency and avoid unnecessary duplication of efforts.

57. In a similar vein, a delegation suggested that UNIDO organize seminars jointly with other United Nations agencies. Co-ordination in the field, said the delegation, should continue along the lines of, for instance, UNCTAD's Committee on the Transfer of Technology. Another delegation suggested that with regard to the flow of technology, there should be feed-back from users to originators: through the proposed UNIDO role for improving linkages

between user and originator, an important gap in the infrastructure of many developing and developed countries would appear to have been identified. However, went on the delegation, such linkage bodies should not restrict their sources to domestically generated technology: national focal points for technology transfer, such as were used in the ESCAP network, had an important role to play and could function as extension centres and focal points as well as provide feed-back to UNIDO. The delegation suggested that the regional network approach had considerable merit, and its adaptation to UNIDO's activities in that area could usefully be evaluated by UNIDO, particularly with a view to developing linkages between focal points and small and medium-scale industries. A redefinition of terms of reference of existing institutions would probably be all that would be required in most cases, said the delegation.

58. Several delegations expressed support for the activities of the Industrial and Technological Information Bank (INTIB) and stressed the necessity of increasing its resources. The importance of the role of INTIB, said one delegation, could hardly be over-emphasized. Another delegation suggested that INTIB could play a co-ordinating role in the network system described above, which could augment its capacity to provide more up-to-date profiles of available technology, including refinements necessary under varying conditions. Another of those delegations stated, however, that whereas it supported proposals to enhance the use of INTIB, it could not agree to its being made a new and separate part of the work programme.

59. One delegation reminded the Permanent Committee that the consultants invited recently to examine INTIB activities had suggested that INTIB might be able to improve its activities without increasing its staff.

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60. With respect to budgetary and other resource considerations related to the System of Consultations, a delegation stated that, particularly at the present time of impasse in the North-South dialogue, the programme should be supported and extended. Another delegation, while supporting the System of Consultations as a means of bringing together experts from industry,

government and other walks of life to focus on specific problems of the industrial development of the developing world, stated that the System needed to be cost-effective and should not absorb resources at the expense of the delivery of technical assistance. A full review of the System's costs and benefits, including the costs of the associated studies and activities of other sections of UNIDO and views of participants on benefits and problems, should be submitted to the Industrial Development Board at its next session, said the delegation.

61. One delegation pointed out that from its point of view the System of Consultations could not be the main instrument in solving the most important problems in the industrialization of the developing countries. As to the future development of the System, said the delegation, estimates of the effectiveness of previous meetings conducted within the System should first be made.

62. The Executive Director, responding to a number of the comments made in the course of the discussion on items 3 and 4, stated that the central problem seemed to be one of resources. The Secretariat, he said, could not continue to increase its activities without additional resources: redeployment would not suffice; UNIDO was already using its resources as effectively as possible. However, he said, while delegations had indicated activities from which resources should not be diverted, none had identified areas of low priority from which resources should be redeployed. In preparing its revised work programme for 1981, the Secretariat had assumed that attribution of priority to certain fields of action by the Board did not imply abandonment of other fields of activity. Since apart from energy and the Industrial Development Decade for Africa, the priority areas designated by the Board were already areas of UNIDO activities, the Secretariat had proceeded on the assumption that those priority areas would be the ones to benefit from whatever additional resources UNIDO might receive. If the Board's intentions had been misunderstood, the Committee should inform the Secretariat and also indicate which present activities should be postponed or discontinued. In that context, he assured the Committee, in response to concern expressed by several delegations, UNIDO would not weaken its ties with the private industrial sector.



63. The Executive Director stated that while he respected the positions of member States that additional resources could not be provided because times were bad - although he himself was of the view that precisely because times were bad additional efforts must be made to help those in need - UNIDO's resources must be commensurate with the tasks it was requested to undertake; logically, if the tasks were increased, resources must be also. If resources were reduced, then tasks must be too. He sought, as his duty, to avoid undeserved blame for the Secretariat in the future for failure to achieve all that was asked of it, if resources were not made commensurate with the tasks requested.

64. With reference to the preparatory work for an Intergovernmental Conference for a North-South Global Fund, the Executive Director recalled that he had mentioned the intention to embark on that work in his introductory remarks to the fourteenth session of the Board, and no objections had been raised. In his view, recently expressed to the Second Committee, the conference could provide a new opportunity for resuming the North-South dialogue. He urged the Committee to consider further the advantages the conference might offer.

65. Turning to more specific points, he stated that past experience in the monitoring exercise, in obtaining replies to questionnaires, showed that it would be suitable to report every three years to permit full coverage. Concerning the possibility of reducing provisions for consultants, he stated that on an earlier budgetary exercise his proposal to replace consultants with Secretariat staff had not been accepted: it was necessary, therefore, to maintain the allocation for consultants funds at its previous level. Although co-operation among developing countries was not among the priority areas established by the Board and therefore not emphasized in the revised work programme, the Secretariat was nevertheless strengthening its activities in that area, especially in connection with the System of Consultations and investment promotion. With regard to the System of Consultations itself, the Executive Director stressed the importance of an adequate period

for preparation; the Board should give the Secretariat three years' notice of the topics for which it should prepare consultations. Follow-up of the Consultations was automatically undertaken by the Secretariat from one Consultation to the next. As for the evaluation of the System, although it was difficult to obtain the views of Governments about results and benefits derived from Consultations, the Secretariat would shortly be seeking such views of participating Governments. Within the Secretariat, concluded the Executive Director, efforts were being made to achieve a maximum degree of co-ordination. Task forces had been set up, for example, to integrate the activities connected with the System of Consultations.

66. In response to the discussion of energy-related technology, a representative of the Secretariat confirmed that the Special Advisory Group on Energy would facilitate co-ordination and not duplicate activities within the Organization or elsewhere. He noted the views expressed concerning the role of nuclear energy in developing countries. With respect to studies, while there was no intention to duplicate the work of others, he said, it was necessary in some cases to supplement or complement that work with more specific focus on the energy dimensions of the Lima target.

67. Referring to the technology programme, a representative of the Secretariat reported the close association between UNIDO and ESCAP and other regional organizations in efforts to establish networks of national focal points. He confirmed awareness by the Secretariat of the need for close co-ordination with other organizations. He also described UNIDO's proposed activities towards improving developing countries' awareness of the implications of technological breakthroughs.

68. Another representative of the Secretariat assured the Permanent Committee that the Secretariat had taken note of the other comments and suggestions made during the course of the discussion of agenda items 3 and 4.

74. At its 162nd meeting on 17 October 1980, in considering the revised work programme for 1981, the Permanent Committee examined the proposals contained in documents ID/B/C.3/99 and its Addendum 1 in the light of the consensus decisions of the fourteenth session of the Industrial Development Board on follow-up of the decisions and recommendations of the Third General Conference of UNIDO as specified in paragraph 54 of document A/35/16 (vol. II). The Permanent Committee also emphasized UNIDO's central co-ordinating role within the United Nations system in the field of industrial development.

75. Whilst recognizing the budgetary restraints under which the United Nations regular budget has to operate, the Permanent Committee recommended that the Industrial Development Board at its second special session recommend to the General Assembly that the 1981 programme budget for UNIDO be in keeping with the programme priorities established by the Industrial Development Board following the Third General Conference, and ensure the provision of adequate resources to the Organization to enable UNIDO to implement its mandate.

76. The Permanent Committee urged the Secretariat to make further efforts aimed at the most efficient use of its resources and at betterment of the ratio between operational/promotional expenses and administrative costs. The Permanent Committee welcomed the efforts of the Secretariat to render more action-oriented the studies undertaken by UNIDO.

77. The Permanent Committee took note of and commented on the Secretary-General's proposals for a revision of UNIDO's work programme for 1981 and current programme budget contained in document ID/B/C.3/99/Add.1. The Permanent Committee also considered that proper measures should be taken for all agreed priority areas, including development of human resources and industrial production, which were not reflected in the Secretary-General's proposals. Similar measures should also be taken in support of important activities within agreed priority areas in the light of comments made during discussions in the Permanent Committee on the revised work programme for 1981.

78. As an additional conclusion, the Permanent Committee recommended to the Industrial Development Board at its second special session to draw the attention of the General Assembly at its current session to the Committee's recommendations on item 8 of its agenda, the Industrial Development Decade for Africa.

## INDUSTRIAL DEVELOPMENT DECADE FOR AFRICA

120. At its 162nd meeting, on 17 October 1980, the Permanent Committee took note of the developments related to the launching of the Industrial Development Decade for Africa reported by the Executive Director in document ID/B/C.3/102.
121. The Permanent Committee reiterated the particular importance of the Industrial Development Decade for Africa and the need for UNIDO to participate in and support all stages of the formulation and, upon its launching by the General Assembly, implementation and monitoring of the Decade, in close co-operation with the Organization of African Unity and the Economic Commission for Africa, in accordance with Industrial Development Board resolution 51 (XIV).
122. The Permanent Committee endorsed the proposal contained in paragraph 12 of document ID/B/C.3/99/Add.1 for the establishment of a co-ordination group within UNIDO for the Industrial Development Decade for Africa.
123. The Permanent Committee also recommended to the Industrial Development Board that appropriate resources be provided to enable UNIDO to perform its role in the preparation and implementation of the Decade.
124. The Permanent Committee recommended to the Industrial Development Board that, immediately after the launching of the Decade, the Executive Director initiate appropriate co-ordinating contacts with other United Nations bodies and specialized agencies in order to contribute to the Decade.
125. The Permanent Committee noted that although Industrial Development Board resolution 51 (XIV) was considered by the General Assembly at its eleventh special session, no formal resolution was passed on the matter. The Permanent Committee requested the Executive Director of UNIDO to draw the attention of the Secretary-General to that situation in order that the General Assembly at its thirty-fifth regular session pass the relevant resolution proclaiming the 1980s as the Industrial Development Decade for Africa.
126. The Permanent Committee recommended that the report envisaged in paragraph 6 of Industrial Development Board resolution 51 (XIV) be submitted to the Board at its fifteenth session.

RULES OF PROCEDURE FOR THE SYSTEM OF CONSULTATIONS

134. At its 161st meeting, on 17 October 1980, the Permanent Committee noted with appreciation the report of the President of the Industrial Development Board on the revised rules of procedure for the System of Consultations (ID/B/C.3/101) and the report by the Chairman of the Working Group on the subject.

135. The Permanent Committee recommended that the Industrial Development Board at its second special session invite the President of the Board to continue consultations with the assistance of the Working Group, resolve outstanding issues, and submit the draft rules on time for adoption by the Board at its fifteenth session. "

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