

95. UNITAR maintained links with universities and other institutions in many countries, particularly developing countries, and took their work into account. Similarly, while the Club of Rome's report had been noted, UNITAR would pay careful attention, in connexion with the project on the future, to work done in national training systems, particularly in developing countries. The main purpose of the recent enlargement of the Board of Trustees had been to include representatives of developing countries. The representation of those countries with UNITAR would be increased, but it was natural that the Institute should take advantage of the wide range of experience available in developed countries.

96. He could foresee no conflict between UNITAR and the United Nations University, and he hoped that the two would co-operate closely. The institutions of the United Nations system could contribute much to the University, and he trusted that the funding of them would not suffer as a result of the funding of the University.

97. The CHAIRMAN suggested that the Committee might wish to adopt, without a vote, draft resolution A/C.2/L.1291, as orally revised.

The draft resolution, as orally revised, was adopted.

The meeting rose at 1.10 p.m.

1537th meeting

Monday, 22 October 1973, at 3.20 p.m.

Chairman: Mr. Zewde GABRE-SELLASSIE (Ethiopia).

A/C.2/SR.1537

AGENDA ITEM 48

United Nations Industrial Development Organization
(A/9003 and Corr.1, chap. XII; A/9016, A/9072, A/C.2/L.1292):

- (a) Report of the Industrial Development Board;
- (b) Second General Conference of the United Nations Industrial Development Organization: report of the Executive Director

1. The CHAIRMAN, at the start of the consideration of agenda item 48, recalled that the General Assembly, at its 2123rd plenary meeting, on 21 September, had decided to refer to the Fifth Committee those portions of the report submitted under that item, relating to administrative and budgetary matters (see A/C.2/279).

2. Mr. ABDEL-RAHMAN (Executive Director of the United Nations Industrial Development Organization) said that, while the cost of operational activities for direct assistance by UNIDO to member Governments had increased by more than 25 per cent in 1972, it was clear, although the final figures for 1973 were not yet known, that the growth of UNIDO's operational activities in that year would be very limited. However, UNIDO did expect that UNDP would assign to it approximately 10 per cent of all projects under the country programming scheme, as against the previous figure of 5 per cent. For several reasons, implementation of that large programme had been delayed and UNIDO would have to face a bigger task in the next few years. That observation was of crucial importance in considering the future resources and capacity of UNIDO.

3. Commenting on the report of the Industrial Development Board on the work of its seventh session (A/9016), he pointed out that the Board had approved the programme and budget estimates for 1974-1975 but noted that the latter would not suffice to cover the cost of programmes for the biennium. It had also approved the medium-term plan for 1974-1977, indicating that the plan could be modified in the light of changes in the requirements of the developing countries, the de-

velopment of a UNIDO strategy, and the functional structure of the organization.

4. The Board had also made recommendations concerning the expansion of the regular programme of technical assistance in the field of industry and an increase in the number of field advisers. It had also requested the General Assembly to examine the procedure for submission of the programme and budget of UNIDO, the establishment of a United Nations industrial development fund, and the possibility of granting UNIDO greater autonomy in respect of certain administrative functions.

5. The Board had attached considerable importance to co-operation among developing countries in industry and recommended a number of priority steps in that respect in its resolution 36 (VII) (see A/9016, annex II). UNDP was also seized of the same question and, while awaiting the results of consultations between itself and the Administrator of UNDP, UNIDO had already reached an agreement with UNDP to encourage direct co-operation among developing countries and to provide very limited financing for direct industrial co-operation projects from the funds for the programme of the Special Industrial Services (SIS) or for country programming. UNIDO also contributed directly to such projects. The programme was in line with the general recommendations made by the non-aligned countries at the meeting of Foreign Ministers at Georgetown in August 1972 and the Conference of Heads of State or Government at Algiers in September 1973.

6. The Board had also considered the priority programmes for the least developed countries, concerning which it had adopted resolutions 31 (VI)¹ in 1972 and 37 (VII) (see A/9016, annex II) in 1973. In co-operation with the relevant regional bodies, UNIDO was pursuing a programme of action for the least developed of the developing countries, using funds provided by UNDP and giving priority to those countries in the distribution

¹ See *Official Records of the General Assembly, Twenty-seventh Session, Supplement No. 16, annex II.*

of funds it received from voluntary contributions. The third regional seminar on operations for those countries had been held at Addis Ababa from 29 January to 8 February 1973 and a similar meeting was planned in Asia in 1974. UNIDO was also considering providing special assistance to the countries of the Sudano-Sahelian region and was paying particular attention to the needs of small and land-locked countries.

7. The Second General Conference of UNIDO would be held in March 1975. The question had been carefully studied by the Board, which had recommended acceptance of the invitation from the Government of Peru to hold the Conference at Lima. He recalled that the General Assembly, in resolution 2952 (XXVII), had requested that the Industrial Development Board and its Permanent Committee act as a preparatory committee for the Conference. The Group of High-Level Experts on a Long-Range Strategy for UNIDO, established under General Assembly resolution 2823 (XXVI), had completed its work and submitted its report to the seventh session of the Board (see A/9016, chap. IV). Having studied that report, the Board had adopted resolution 38 (VII) (see A/9016, annex II), which stated that the Board "notes with satisfaction the recommendations in the report and considers them to be a useful step in the formulation of a long-range strategy for UNIDO". The Board had also decided to transmit the report through the Economic and Social Council to the twenty-eighth session of the General Assembly. Meanwhile, it had decided to establish an *ad hoc* committee to carry out two main tasks. The first was related to the implementation of the recommendations of the Group of Experts and the second was to assist the Board in the further formulation of UNIDO's long-range strategy. The Committee had held its first session in July 1973 and was due to meet again in December and to report to the Board at its eighth session which would be held from 2 to 14 May 1974.

8. It was certainly not easy to develop a long-term strategy for industrialization. UNIDO's history showed clearly the difficulties encountered in any international action in the field of industry. However, UNIDO's activities had developed considerably. Although its resources were quite small in absolute terms, its programmes attracted great attention from Governments of countries seeking to promote their own industrial development. In implementing its task, UNIDO had established co-operative relationships with other United Nations bodies, with Government institutions throughout the world and with many non-governmental organizations active in the field of industry.

9. Although the ground had barely been broken, UNIDO's initial efforts had created deep interest in the underlying problems of industry. That interest had led to the current review and refinement of UNIDO's strategy and methods. It was for that purpose that the Group of High-Level Experts had been created. The process which had just begun should be seen as a continuing one which would become more effective as experience was gained in the implementation of programmes.

10. UNIDO's current operational programme consisted of some 1,900 individual projects requested by more than 100 developing countries. So far, UNIDO and the Board had concentrated on particular problems within individual projects. There had not been suffi-

cient consideration of the background to those problems, which should, in general, guide the strategy and the policy of industrialization. That was why the first recommendation of the Group of High-Level Experts had been that greater attention should be given to the examination of policies and strategies and that UNIDO should not provide advice merely on specific projects but also on general strategies, world trends and the interdependent external and internal factors which governed industrial decisions.

11. There were three distinct aspects: the situation of the developing countries with regard to industrialization; the situation of the advanced countries; and the identification of the appropriate role for international organizations such as UNIDO.

12. To date, he had always refrained from raising those questions before the Committee or the Board, not because he did not consider them important but because UNIDO's budget had prevented it from contributing towards the understanding of the wider implications of international co-operation in those important fields. However, at its third session (3-10 December), the Board's Permanent Committee would, for the first time, study a technical and policy document from UNIDO, namely, volume V of the *Industrial Development Survey*.² The first part of that volume summarized the trends and issues of industrialization of the developing countries in the First and Second United Nations Development Decades. The second part examined the structural changes in the process of industrialization in the different sectors of industry. Subjective conclusions had been avoided and it was left to the Governments concerned to identify policies. The Board's careful examination of the issues raised in the Survey could constitute the basic material for the review and appraisal of industrialization in the Second Decade.

13. Further, in preparation for the Second General Conference of UNIDO, the Board had submitted for consideration by the Committee a provisional agenda (see A/9016, para. 67) which included specifically the basic issues of industrialization of the developing countries. Greater attention should be given to those problems during the coming year.

14. In that connexion, he would like to make a number of comments. First, modern industry was almost entirely in the hands of the advanced countries. For the past 15 years, the developing countries' share in industrial production had remained around 6 per cent, despite an internal growth rate of the order of 6 to 10 per cent. Consumption by individuals in the advanced countries was 50 times greater than that in the developing countries and the production of the goods which they required used large amounts of energy and raw materials, whereas requirements in the developing countries were different, and the output of the food and textile industries, for example, was greater than in the developed countries. Population questions undoubtedly constituted a major problem and it was encouraging, therefore, to see that in 1974 the United Nations would probably hold a world food conference and that the World Population Conference would be held in August 1974. There seemed to be a general need in the world for a complete reconsideration of the use of energy, natural resources and resources which were slow to replenish themselves, particularly forests and

² United Nations publication, Sales No. E.73.II.B.9.

fisheries. The main centres of consumption were in the advanced countries and there was therefore a need to find new methods to reduce consumption without adversely affecting essential services, and to develop new resources. In due course, it would be advisable for the main aspects of those problems to be thoroughly examined.

15. The developing countries were dependent on the technology developed in the advanced countries. They were forced to use that technology as best they might and to adapt it where possible to their own needs. In most cases, the developing countries were therefore obliged to produce competitively priced goods for the world market, or high-priced low-quality goods for the home market. That situation was aggravated by the fact that new technologies were constantly being introduced in the advanced countries, partly as a result of investment in space and military research and also because the consumer increasingly demanded more sophisticated products. More attention was being paid to air and water pollution and the quality of human settlements, problems which mainly affected the advanced countries, while the developing countries were more concerned about the conservation and rational use of resources. All those problems were closely linked to industrialization and technology, particularly in the developed countries.

16. Industry in the developed countries presented major problems such as social costs, environment, inflation, foreign labour and investment. Those problems and others were such that the development of industry and technology in the advanced countries over the next 20 or 30 years would not be purely and simply a continuation of former trends, although it was hard to see what the new trends would be.

17. Comparing industrialization and technology in the developing and the developed countries, some facts emerged which indicated that the two positions should be combined in order to obtain a more acceptable, rational projection of development in both groups of countries. The division of labour might therefore be achieved in a more rational manner, by associating the abundant manpower and the resources of the developing countries with the technology and capital of the developed countries. But the division of labour in production should be preceded by a redirection of industrial research and technology. At the same time, steps must be taken to avoid unemployment and social disorder in the developed countries. In the long term, if the industrialization process in the developing countries were to proceed at a much higher rate than at present, there would be a large new market for manufactures from the developed countries.

18. That would be the ideal. Unfortunately, the transfer of capital and technology was taking place much too slowly and the developing countries lagged far behind the developed countries in industrialization. They had little hope of catching up, but at the same time they saw no other solution than partial industrialization plans, the benefits of which in many cases did not reach the masses of the poor.

19. With regard to more immediate realities, he said that UNIDO was principally an operational organization helping countries to industrialize through UNDP and other bodies financed by voluntary contributions. UNIDO should perhaps study, in co-operation with

other United Nations bodies, a certain number of theoretical problems of general interest which were directly related to industrialization in the developing countries.

20. Over the next few months, UNIDO would have to deal with three important activities: the review and appraisal of the progress of industrialization during the Second United Nations Development Decade; the Second General Conference in 1975, which would consider, among other things, the fundamental issues and problems of industrialization in the developing countries, including measures for international co-operation; and finally, the development of a long-range strategy. For that purpose, it would have to study the basic issues of industrialization and rechart its own course of action.

21. He hoped that his remarks would be helpful for future work in those directions.

22. Mr. DE RIVERO (Peru) thanked the Executive Director of UNIDO for his very interesting and comprehensive statement. It was clear from the report of the Industrial Development Board on the work of its seventh session (A/9016) that the concept of UNIDO's role was changing radically. His delegation felt that UNIDO was going through a phase which would be decisive for its future. The recommendations of the Group of High-Level Experts on a long-range strategy for UNIDO and the establishment of the *Ad Hoc* Committee to apply those recommendations were major developments.

23. To determine UNIDO's objectives, it was essential to have a clear idea of the direction and the scope of the industrialization process for third-world countries. Industrialization in the developing countries had to be seen in the context of sweeping political, social and economic change. That process could not be left to take its natural course. The State should promote industrialization, which must be regarded as one of the principal means of combating imperialist domination of the economy of the developing countries.

24. Those countries had therefore to ensure their own development, regain control over their natural resources and exercise real, permanent sovereignty over them.

25. Industrialization must, on the other hand, lead to a redistribution of income and a new definition of production relationships foreshadowing the social model sought. The developing countries could not therefore envisage industrialization without also planning agrarian reform, themselves exploiting their natural resources, eliminating private monopolies, carrying out in-depth educational reforms, respecting the ecology, and creating new production relationships enabling most of the marginal classes to gain ownership of the means of production.

26. If industrial development was not planned in the context of radical social change, only a partial development would be achieved which would satisfy and maintain the consumption habits of a privileged minority, or which would mostly be intended for the international market. Consumer industrialization aimed at import substitution and controlled by large businesses and multinational corporations would be false industrialization, since there would be no accompanying industrial revolution. That would run counter to the lessons of

history, since past experience had shown that the industrialization process in the developed countries had taken place against a background of substantial social and political change, from which had emerged first a capitalist industrial society and then the socialist movement.

27. That was how Peru understood the historic role of industrialization; its industrial development had been part of a revolutionary process aimed at laying a solid foundation for independent development, and giving strong stimulus to the new forms of social ownership which had been set up and which would radically change Peruvian society.

28. The Second General Conference of UNIDO would provide an opportunity for defining the principles on which industrialization should be based in the third world, and for dealing with new problems such as the recovery and use of natural resources, the environment, and foreign investments, particularly those of the large multinational corporations. The Conference would also provide an opportunity for adopting new assistance targets with a view to increasing UNIDO's effectiveness. Peru's invitation to hold the Second General Conference at Lima had been accepted by the Industrial Development Board at its seventh session. On behalf of the sponsors, who had been joined by Italy, India, Tunisia and Bolivia, his delegation introduced draft resolution A/C.2/L.1292, under the terms of which the Second General Conference of UNIDO would be held at Lima from 12 to 26 March 1975. His Government had begun preparing for that Conference, which would be held in a modern centre that had already welcomed a number of international conferences. The Government would meet any extra expenditure involved, and he also pointed out that the budget of the Conference was modest.

29. Mr. UDOVENKO (Ukrainian Soviet Socialist Republic) said that there were some positive aspects in the work of UNIDO. He welcomed the decision to have a Group of High-Level Experts draw up a long-range strategy for UNIDO and to request an *ad hoc* committee to examine the recommendations of the Group. The recommendations of the Group of Experts should constitute the foundation of UNIDO's activities in so far as they would not involve additional efforts or expenditure. Another positive aspect of UNIDO's activities was the conclusion of agreements with the ILO regarding assistance to the least developed countries, particularly in relation to employment and the maintenance of equipment. Those agreements should permit a better use of available resources and eliminate duplication, which was, unfortunately, frequent between those two organizations.

30. UNIDO's interest in the internal financial resources of countries was also commendable. Developing countries could not depend solely on external sources of financing, and had to try to mobilize their national resources. While not belittling the rôle of external assistance, he wished to stress that it should be given in a manner conducive to the independent economic development of the recipient countries. UNIDO's rôle in that respect was to assist the developing countries in developing methods of financing which would be to their advantage. In order to reap the maximum benefit from that assistance, the developing countries themselves should undertake reforms and

eliminate the archaic conditions which slowed down social progress; balanced social development led to the creation of an internal market for industrial output. The experience of the Ukrainian SSR showed that rapid development was possible only if it was accompanied by profound economic and social changes aimed at creating new modes of production.

31. The Ukrainian SSR was aware of the difficulties of the third world, and offered it assistance through bilateral channels or through its contributions to the United Nations regular budget. Under bilateral agreements, it sent experts to over 100 developing countries, and also provided training for specialists, particularly metallurgists, under projects financed by the United Nations. Over 300 specialists from developing countries had been trained in that way. In addition, a seminar on electric welding had been organized at Kiev in 1972. His country intended to continue those activities, which were financed by its contributions to UNDP and to the United Nations regular budget, and hoped that the Secretariat would continue to assist it in attracting candidates; all too often, potential candidates were not aware of the opportunities open to them.

32. One of the most important subjects dealt with at the seventh session of the Board was the administrative and financial autonomy of UNIDO. It was to be expected that, as the organization's activities expanded, it would change its working methods. However, such changes must not be made in a manner contrary to the provisions of the Charter of the United Nations. His delegation could not accept the decision (decision II (VII)) adopted on this subject, since the Board had not taken account of the principle of consensus (see A/9016, para. 125). The matters involved were too serious for a decision to be taken lightly. All the aspects of those matters had not been made clear, particularly the proposal for the establishment of a United Nations industrial development fund. It appeared that the object was not so much to increase UNIDO's autonomy within the United Nations as to transform it into a fully-fledged specialized agency; to do that would not increase its resources, whereas its administrative expenses would rise and it would be deprived of advantages it currently enjoyed in the co-ordinated field. In his delegation's view, UNIDO's effectiveness should be increased by improving the manner in which it allocated its resources to operational activities and by reducing its administrative expenditure.

33. It was regrettable to find that the principle of equitable geographical distribution of staff was not respected in UNIDO, and that there was not a single Ukrainian in its secretariat, despite the number of competent candidates and the repeated protests of the Ukrainian SSR.

34. Mr. JOSEPH (Australia) welcomed UNIDO's efforts to increase its co-operation with other United Nations organizations, since industry, broadly interpreted, covered the work of several agencies. In the narrow interpretation of the term, there seemed to be hardly any dispute as to the necessity of promoting industrial development in the developing countries or as to the central rôle to be accorded to UNIDO in that endeavour; the view that UNIDO should concentrate on assisting developing countries to develop industries founded on local raw materials was also gaining general acceptance. Finally, the need to develop rurally based

industries, so that the agricultural population could benefit from the advantages of industrialization, was recognized.

35. With regard to the report of the Industrial Development Board on the work of its seventh session, he supported the convening of the Second General Conference at Lima in March 1975; the agenda suggested seemed both balanced and comprehensive. Nevertheless, he judged the budget for the Conference to be a little low.

36. Recommendations I to V of the Group of High-Level Experts on a Long-Range Strategy for UNIDO (see A/9016, paras. 83-95) had in broad terms been accepted by the members of the Board, but recommendation VI, concerning organizational and financial requisites, had given rise to major differences of opinion. It was indeed a crucial question. Many developing countries would, at the time UNIDO was established, have preferred it to be made a specialized agency on a par with, for example, FAO. However, the developed countries had opposed that idea, since they were disturbed by the proliferation of United Nations organs. The General Assembly's decision to establish UNIDO as a branch of the United Nations Secretariat had not satisfied the developing countries, which had wished it to be granted greater autonomy, in particular as regards financing. The developed countries felt that UNIDO should first of all prove itself, to which the developing countries and, apparently the secretariat of UNIDO, retorted that that was impossible until its unworkable relationship with the United Nations Secretariat had been eliminated. At least some of the members of the Group of High-Level Experts appeared to have shared that view, and had felt that UNIDO would not be in a position to break free of its current constraints until it had greater administrative and financial autonomy and its structure was adapted to respond more effectively to the task of implementing a long-term strategy. Australia took neither side, but recognized that it would probably have to do so before the Second General Conference. The subject would probably be the main issue in the discussions at Lima, and would be at the heart of the work of the *Ad Hoc* Committee established to examine the recommendations of the Group of Experts.

37. UNIDO's limited financial autonomy had had the effect of aggravating friction between it and UNDP. UNIDO had authority for the co-ordination of industrial activities in the United Nations system, whereas UNDP had over-all responsibility for development activities and controlled over 80 per cent of the funds UNIDO required for financing operational activities in the industrial sector. Of course, UNIDO was not unique in its reliance on UNDP for operational resources, but unlike other organizations, it had come into existence at a time when UNDP's programming had been changed in such a way that the recipient Governments themselves selected the areas in which they required assistance. The other organizations had had time to establish their reputation in the eyes of recipient Governments. That had not been the case with UNIDO, which had felt that it should undertake a programme of self-promotion in order to bring the services it had to offer to the attention of recipient Governments. One might indeed say that UNIDO was what the representative of India had called "a centre without a circumference". UNDP had, however, considered

such publicity to be contrary to the provisions of the 1970 Consensus,³ and wanted UNIDO to abide by the same rules as all other organizations. His Government sympathized with UNIDO; moreover, it had to be recognized that its efforts had not been unsuccessful. Its operational activities had increased rapidly, and it was implementing close to 12 per cent of UNDP projects, as compared with 5 or 6 per cent in the early years of its existence; that proportion would probably continue to increase. It was important to note that that increase could take place without UNDP or UNIDO coming into conflict with the country programming principles. Judging by the figures, it was clear that the developing countries themselves were assisting priority to industry and to UNIDO in the programmes they submitted to UNDP. Consequently, while there was room for further improvement in the relations between UNIDO and UNDP, his delegation believed that the former rivalry between them should begin to diminish.

38. The most sensitive issue in the relations between UNIDO and UNDP was the SIS programme which, despite its merits, was in fact a loophole in country programming principles, in that the purposes for which its funds could be used were defined in advance, and were not subject to the priorities established by recipient Governments in country programmes. Originally, the SIS programme had been designed to meet urgent and unforeseen needs which could not be brought within the scope of the forward planning inherent in country programming. In practice, however, there had been a tendency occasionally to overlook those restrictions, and some Governments had come to look on the SIS programme as virtually a special fund for general industrial development, functioning outside the framework of indicative planning figures and country programming.

39. The problem of finding increased allocations for the SIS programme had been aggravated by the political compulsion felt within UNDP to do more for the least developed countries. The part of the programme reserve intended for financing other activities, including any steep increases in the SIS allocation, had been reduced accordingly. A realistic approach was required; it was no use complaining that the SIS programme was starved of funds while refusing to allow more of the programme reserve to be diverted to it. When the subject had last been discussed in the Second Committee, some representatives of the least developed countries had been among the strongest critics of the decision to restrict the funds allocated to the SIS programme although that decision had in fact been taken in their interest.

40. The Australian Government supported the recommendation to increase the appropriation from the technical assistance regular budget for UNIDO to \$2 million annually as of 1975. The increase would merely offset the effects of inflation and monetary adjustments. His Government was also in agreement with the idea of an industrial development fund, although for the moment it intended to continue to channel its contributions for United Nations system development activity through UNDP. Finally, his Government had no objection to giving UNDP full powers for resource allocation, including appointment and deployment of per-

³ See *Official Records of the Economic and Social Council, Forty-ninth Session, Supplement No. 6A*, para. 94.

sonnel. It was less enthusiastic about the idea that UNIDO should prepare a separate budget document for submission to the Fifth Committee. If that proposal were accepted, UNCTAD and other organs should be authorized to do the same. It was probably better, before taking any decision on that point, to wait until after the 1975 General Conference.

41. His delegation was surprised at the recommendation of the Board concerning increases in the number of field advisers. In view of the fact that consultations were at present under way between UNDP and UNIDO, it would seem more logical to wait until the Administrator of UNDP had made his views known on the subject. Nevertheless, there seemed no doubt that UNDP would decide in January 1974, at its seventeenth session, to increase the number of field advisers.

42. In conclusion, he said that his delegation was on the whole satisfied with the work done by the Industrial Development Board.

43. Mr. DIALLO (Upper Volta) thanked the representative of Australia for his very pertinent comments on the SIS programme and field advisers. With regard to the opposition of the developing countries to increasing resources for the SIS programme, as mentioned by Mr. Joseph, he thought that if the increase was to be reflected in a decline in the UNDP resources allocated to the developing countries, it was surely natural that they should protest. Actually, they were not opposed to an increase in resources for the SIS programme provided the increase was made feasible by an increase in the Programme Reserve or the over-all resources of UNDP. But it must not encroach upon the present limited resources of the Reserve.

44. With regard to the question of increasing the number of field advisers, the consultations under way between UNDP and UNIDO were concerned not with maintaining or increasing the number of advisers, but with financing them. There should be no problem for the Governing Council of UNDP, since it was entitled to ask for an increase in the number of advisers in the light of the needs of the developing countries. He hoped that serious efforts would be made to enable UNIDO to function as effectively as possible so as to meet the expectations of the developing countries.

45. Mr. JOSEPH (Australia) explained that as far as the increase in resources for the SIS programme and the opposition on the part of the developing countries were concerned, all he had meant was that when the question had been discussed in the Governing Council of UNDP, a problem had arisen from the fact that many members rightly thought there was a need to increase the resources allocated to the less developed among the developing countries. But since the resources of the Programme Reserve were limited, it had not been possible to do both things at the same time. That explained why some of the most vehement criticisms had been expressed by the representatives of the developing countries, and in particular the less developed among them.

46. Mr. ABHYANKAR (India) thanked the Australian representative for quoting a passage from the Indian statement, though unfortunately the quotation was incomplete. His delegation reserved the right to raise the matter again later on.

47. Mr. ABDEL-RAHMAN (Executive Director of the United Nations Industrial Development Organiza-

tion) said he was very favourably impressed by the Australian representative's statement, which pictured UNIDO as a dynamic organization worthy of a place among United Nations organs. He certainly endorsed that view. The difficulties experienced by the specialized agencies in their relations with UNDP arose from the fact that they had to interest countries in their programmes and at the same time to let them decide which projects to execute. There was no contradiction in that, since after all, UNIDO's task was to seek the best ways and means of helping countries. The choice as to the allocation of funds was a matter for the countries themselves. There again there was no contradiction. UNIDO merely wanted to know how it could improve the services it provided to countries. Countries received aid from other sources besides UNIDO and UNDP, and it was their responsibility to decide how the funds should be used. Any competition there was between the various institutions was merely in seeking the best ways of improving the services they furnished.

48. The SIS programme had been instituted many years before the establishment of the system of country programming, and the underlying reasons for setting it up had not changed because of the mere establishment of that system. UNIDO's difficulties came mainly from the complexity of the industrialization process. Any difficulties it might have with UNDP were concerned largely with the utilization of its voluntary contributions. In conclusion, he expressed the hope that the consultations at present taking place between UNIDO and UNDP would make it possible to solve those problems and to harmonize the efforts of the two bodies.

49. Mr. HAMID (Sudan) said that his delegation wished to join the sponsors of draft resolution A/C.2/L.1292. Turning to the Chairman's statement at the beginning of the meeting that the Fifth Committee was dealing with certain portions of the report of the Industrial Development Board, he (Mr. Hamid) requested that the Second Committee's competence should be defined quite clearly. In the ordinary way, the Second Committee took decisions on the basis of the recommendations contained in the report and transmitted them to the Fifth Committee for action. He wondered whether the procedure would be different on the present occasion.

50. The CHAIRMAN said that consultations were at present going on between the Chairman of the Fifth Committee and himself and that he would reply to the Sudan representative's question shortly.

*Organization of the Committee's work (continued)**
(A/C.2/L.1289, A/C.2/284)

On the proposal of the Chairman, the Committee decided without objection that the Working Party on Review and Appraisal would meet on Tuesday, 23 October, immediately after the 1973 United Nations Pledging Conference on UNIDO.

51. The CHAIRMAN informed the members of the Committee that he had received a communication from the President of the General Assembly (A/C.2/284) to the effect that at its 2156th plenary meeting, the Assembly had decided to assign item 108 entitled "Reduction of the increasing gap between the developed countries

* Resumed from the 1535th meeting.

and the developing countries'' to the Second Committee. The Committee was asked to examine the item in conjunction with item 46 concerning the review and appraisal of the International Development Strategy. He wondered whether, if the Working Party on Review and Appraisal had to examine item 46, it might not deal with item 108 as well.

52. Mr. DIALLO (Upper Volta) felt that that procedure might create difficulties. Before referring item 108 to the Working Party on Review and Appraisal, it might be well to look more closely at it so as to ascertain what exactly it implied.

53. Mr. ABHYANKAR (India) pointed out that the task of the Working Party was first and foremost to draw up a text concerning item 46 and that it was therefore not really competent to carry out a general examination of item 108. That was a task rather for the Second Committee.

54. Mr. ARUEDE (Nigeria), supported by Mr. DELIVANIS (Greece), endorsed the view expressed by the representatives of Upper Volta and India and proposed that item 108 should be examined by the Second Committee itself at the same time as item 46, when the report of the Working Party on Review and Appraisal was submitted. That would also make it possible in the meantime to ascertain the views of the delegations responsible for the inclusion of the additional item in the agenda.

55. The CHAIRMAN said that if there was no objection, he would consider that the Committee had decided to take up item 108 and 19 November, jointly with the report of the Working Party on Review and Appraisal concerning item 46.

It was so decided.

The meeting rose at 5.25 p.m.

1538th meeting

Wednesday, 24 October 1973, at 3.20 p.m.

President: Mr. Zewde GABRE-SELLASSIE (Ethiopia).

A/C.2/SR.1538

AGENDA ITEM 48

United Nations Industrial Development Organization
(continued) (A/9003 and Corr.1, chap. XII; A/9016, A/9072, A/C.2/L.1292):

- (a) Report of the Industrial Development Board;
- (b) Second General Conference of the United Nations Industrial Development Organization: report of the Executive Director

1. The CHAIRMAN recalled that at the previous meeting the representative of the Sudan had requested a clarification of the General Assembly's decision whereby it allocated to the Fifth Committee those portions of the report of the Industrial Development Board on the work of its seventh session (A/9016) relating to administrative and budgetary matters. As Chairman of the Second Committee, he had initiated consultations with the Chairman of the Fifth Committee in order to establish more precisely which portions of the report fell within the terms of the Assembly's decision. The two Chairmen might also request guidance from the President of the General Assembly in that regard. The two Chairmen had agreed that, in accordance with established practice, representatives of both Committees could refer to any section of the UNIDO report. What they were trying to clarify was the respective competence of the two Committees to consider and approve draft recommendations and resolutions for consideration by the Assembly and he hoped to be able to give the Committee a precise answer to that question very soon and certainly before any draft resolutions were formally considered.

2. Mr. MUELLER (Austria) said that the new planning, programming and budgeting system to be adopted by UNIDO for the budget cycle 1974-1975 would provide better insights into the cost-benefit relationship

between the various activities of UNIDO and also with regard to its administrative components.

3. As to the long-term strategy for UNIDO, his delegation hoped that the six recommendations put forward by the Group of High-Level Experts (see A/9016, chap. IV) would help the Organization to respond more effectively to the constantly changing needs of the developing countries. The recommendations represented largely an outline of the provisions of General Assembly resolution 2152 (XXI) which laid down UNIDO's mandate. Recommendation I in particular, which asked for a stronger involvement of UNIDO in the field of industrial strategies and policies, constituted a significant innovation. Since the members of the Industrial Development Board had not been able to reach agreement on the recommendations at the seventh session, an *Ad Hoc* Committee on 27 Member States had been set up in accordance with resolution 38 (VII) (see A/9016, annex II) to consider the report of the Group of Experts. Austria was aware of the short-comings of the proposed strategy, but it considered the recommendations as a useful beginning and would have liked the Board, at its seventh session, to have taken a more positive approach to them. At the first meeting of the *Ad Hoc* Committee, which had taken place in July 1973, Austria had advocated a more pragmatic attitude towards the recommendations and, as far as possible, their immediate implementation. It proposed *inter alia* that the recommendations should be considered in the context of the preparation for the next programme budget and the revision of the medium-term plan. The Second Committee should decide in favour of that procedure; the *Ad Hoc* Committee had been able to accomplish useful work because of the climate of realism and the practical nature of its discussions.

4. His delegation regretted that at its seventh session the Board had taken three decisions (*ibid.*) by vote