



Chairman: Mr. Narciso G. REYES (Philippines).

**AGENDA ITEM 42**

United Nations Industrial Development Organization (A/8385, A/8403, chap. XIV);

- (a) Report of the Industrial Development Board (A/8416 and Corr.1);
- (b) Report of the Special International Conference of the United Nations Industrial Development Organization (A/8341)

1. Mr. ASANTE (Ghana), speaking as President of the Industrial Development Board, said that the fifth session of the Board had been preceded, in accordance with its resolutions 3 (II) and 12 (II), by a meeting of its Working Group on Programme and Co-ordination, which had examined the programme of activities of the 15 divisions of UNIDO and related questions. The Working Group's report appeared in paragraphs 23 to 280 of the Board's report (A/8416). The Board had thus been enabled to complete practically all its work prior to the meeting of the Special International Conference of UNIDO, convened under General Assembly resolution 2638 (XXV), which had immediately followed the Board's session. Some controversy had arisen during that session as to whether the Board should meet again to consider any action that might be necessary as a result of the conclusions of the Special Conference; after a compromise solution had been reached and the Board had briefly resumed its session, it had been found that there were no questions requiring immediate action.

2. The report of the fifth session, following the established practice, described the views of delegations and left it to the secretariat to divine the guidance which the Board wished to give. The misgivings of a number of delegations on that score were described in paragraph 17 of the report. Nevertheless, certain general trends had emerged. Thus, many delegations had referred to the inadequacy of financial resources for UNIDO and the cumbersome nature of existing procedures for programming, approval and allocation of those resources, and the only resolution adopted by the Board—by unanimous vote—requested the Governing Council of UNDP to increase resources for the Special Industrial Services (SIS) programme. At a time when the dangers of pollution were being vividly described and the developing countries were being urged to avoid adding to the problems of the developed countries in that regard, it was understandable that some delegations had regretted the cancellation, for lack of funds, of a proposed regional meeting on industrial wastes.

3. The Board had expressed unanimous satisfaction with the progress made by UNIDO in the co-ordination of its industrial development activities and the need had been emphasized to improve, strengthen and extend efforts to ensure that the developing countries derived the maximum benefits from the services rendered by UNIDO in co-operation with other organizations. Paragraph 306 of the report gave an idea of the variety of organizations with which UNIDO had to co-operate because of the many facets of industrial development; in such important spheres as the transfer of technology, that co-operation must proceed speedily in order that the role of UNIDO might be more clearly defined.

4. An extremely important problem, raised by many delegations, was that of evaluation, and in that connexion it was interesting to note the satisfaction expressed with the country reports on Jamaica and Senegal, and also the comments in paragraph 309 of the Board's report.

5. Turning to the Special International Conference, he wished to pay a tribute to the Advisory Committee and its Chairman and to the President of the Conference, all of whom had made it possible for the findings and conclusions contained in the consensus resolution in paragraph 46 of the Conference's report (A/8341) to be adopted in seven working days. Whereas a reading of chapter III of the report could cause wonder at how a consensus had been reached at all, a careful study indicated a wide measure of agreement in vital areas.

6. For example, comments made on section I of the resolution related mainly to ideas which certain Governments considered should be included in the long-range strategy, but which had been excluded from the consensus. An important recommendation of paragraph 2 of section I was that the Secretary-General should appoint a group of experts to formulate the long-range strategy for the activities of UNIDO, using the consensus resolution as a guide.

7. Some important observations also accompanied section II of the consensus, and the Committee might wish to consider them seriously. Thus, in connexion with paragraph 7 (a) it seemed to be widely agreed that another general conference should be held. It also appeared to be strongly felt, especially in the African group, that paragraph 8 should be substantially amended: it was argued that that provision tended to confuse the legislative and the executive functions of UNIDO and the Committee might wish to consider a substantial amendment if protracted argument was to be avoided in the plenary meetings of the Assembly. Furthermore, there was a reservation to the recommendation in paragraph 10 that a permanent committee of the Board should be set up which would meet twice a year and

would, *inter alia*, take over the functions of the Working Group on Programme and Co-ordination. On the other hand, a number of countries wished the structural reforms to go so much further that UNIDO would become a specialized agency within the United Nations, with administrative autonomy and sufficient economic resources.

8. That point was reflected in section III and the observations on it; the divergence of views between the developed and the developing countries on UNIDO's financing was well illustrated in the curious compromise reached on paragraph 18, which, in effect, requested a larger slice of the technical assistance cake for UNIDO while the size of the cake remained the same.

9. That note of conflict epitomized the difficulties of UNIDO's task. Even in the countries it was supposed to serve, industrialization brought conflicts when it came up against age-old customs, traditions and habits and appeared to uproot hallowed institutions. But the developing countries were making great efforts to remove the many obstacles to industrialization by mobilizing their natural and human resources to that end. They had chosen industrialization, not in order to obtain adolescent toys, but because it was a necessary way of raising the standard of living of their peoples. The task was gigantic; however, the real issue was not whether it could be accomplished at all, but rather how it could be accomplished with the least anguish within the framework of international co-operation. That was why the developing countries were asking the developed countries to co-operate in the rewarding task of removing poverty and squalor from human society and helping to raise all men from the level of creatures who existed to the heights of beings who lived.

10. Mr. ABDEL-RAHMAN (Executive Director, United Nations Industrial Development Organization) noted that on 25 October 1971 the General Assembly had adopted resolution 2758 (XXVI) which should enable the People's Republic of China to participate actively in UNIDO's work. Following the recommendations of the Special International Conference, *ad hoc* consultations had taken place with a number of Governments concerning the establishment by the Secretary-General of a small group of high-level experts to formulate the long-range strategy for UNIDO's activities. He was sure that the Secretary-General would welcome any observations or proposals which might further clarify and amplify the action required of him if the recommendation was to be approved.

11. Consultations were also being held with UNDP with respect to resolution 30 (V) of the Industrial Development Board concerning the programme of Special Industrial Services (SIS) and a full report would be submitted to the Board at its next session. The Administrator of UNDP was giving favourable consideration to increasing the number of Industrial Field Advisers of UNIDO to 30 by 1973.

12. The 1971 United Nations Pledging Conference had been opened by the Secretary-General on 26 October 1971 and 65 countries had announced contributions for UNIDO for 1972, while others had expressed their intention of announcing their contributions later. UNIDO had been generously supported through the Pledging Conference as well as by direct contributions for specific projects by

many Governments from all geographical regions. The developing countries had repeatedly stressed the importance of direct contributions to UNIDO and were contributing increasingly, though in some cases symbolically, to the Pledging Conference. During the last few years the Socialist countries had contributed generously to UNIDO. The country members of Group B had originally been the major contributors to the SIS Trust Fund when it was first established. UNDP later assumed responsibility for financing the SIS programme but all members of the Group, with one exception, were co-operating with UNIDO in different ways. Italy, Austria, and recently France, had contributed directly to UNIDO. Switzerland had offered UNIDO two contributions for a specific training programme which was in its last phase. Sweden, the Federal Republic of Germany, Japan and other countries had already established joint projects with UNIDO for in-plant training, seminars and symposia. UNIDO welcomed all opportunities of co-operation and action with all member Governments.

13. Romania had expressed strong interest at the highest level in establishing a special programme of assistance to developing countries in the chemical industry and a special mission from Romania was working out detailed proposals for that project. Furthermore, senior representatives of industry and business in the Netherlands had expressed a desire for closer co-operation and co-ordination with UNIDO and specific proposals for liaison machinery would be made shortly. Discussions had been held in Ottawa with the authorities responsible for the Canadian programme of aid for development, and it seemed likely that the discussions would soon lead to specific projects in co-operation with UNIDO.

14. The Secretariat of UNIDO fully recognized that the experience and resources of the industrially advanced countries could contribute most effectively to the industrialization of the developing countries. However, the developing countries would undoubtedly have to depend in the first instance on their own determination to industrialize and to mobilize their resources and manpower, although international efforts could provide a necessary and useful supplement to the efforts of the developing countries themselves. UNIDO was also continuing its bi-annual consultations with the Industrial Projects Department of IBRD, and at its last meeting with the Bank in October 1971, in Washington, specific co-operation had been explored in two important areas, namely, fertilizers and small industry. In October 1971, UNIDO signed an agreement of understanding for co-operation with the Inter-American Development Bank and it was expected that the agreement would produce useful results in a short time.

15. UNIDO was also continuing its co-operation with the regional intergovernmental organizations. The Second Conference on the Industrialization of the Arab Countries had been held in Kuwait in October 1971 with the generous support of the Government of Kuwait and the joint sponsorship of UNIDO and the League of Arab States. Consultations with the Organization of African Unity and the Economic Commission for Africa had led to a decision to sponsor in 1973 the Second Conference of Ministers of Industry of African countries. UNIDO had also agreed with the Organization of American States to co-operate in

specific projects for science and technology and to participate in the country development appraisal meetings.

16. At the international level, UNIDO would continue to participate actively in United Nations action in connexion with the Second Development Decade in order to assist Governments in promoting industrial development in the developing countries and in co-ordinating the activities of the United Nations family in that field. It expected, in particular, to play an active role in the review and appraisal of progress in the industrial sector during the Decade within the machinery established by the General Assembly and the Economic and Social Council. In that connexion, the Special International Conference had recommended to the twenty-sixth session of the General Assembly the convening of a General Conference of UNIDO either in 1974 or 1975 to consider the arrangements and schedule for such a progress review.

17. In 1972 UNIDO representatives would attend two important international conferences, namely, the Third Conference of UNCTAD in Santiago, Chile, and the United Nations Conference on the Human Environment in Stockholm. UNIDO had held consultations with UNCTAD and the Secretary-General of the Conference on the Human Environment regarding its participation and follow-up activities.

18. With regard to the co-operation between UNIDO and UNDP, in addition to the consultations regarding the SIS programme and the increase in the number of Industrial Field Advisers, UNIDO had co-operated fully with UNDP and the Governments concerned in preparing 19 country programmes for submission to the Governing Council next January. Work was in progress on programmes for a further 25 countries to be approved in June 1972. Several recommendations had been adopted by the Industrial Development Board and by the General Assembly as well as by major donor countries to increase the share of industry in the projects financed by UNDP. In the light of the new programming procedure, that was a matter of concern to the developing countries themselves. A preliminary examination of the first group of 19 countries clearly showed that UNIDO's share would undoubtedly increase and might even double in the next five years.

19. Clearly, the developing countries were turning more and more to UNIDO for assistance in solving their industrialization problems. Total UNIDO operations which had reached a level of about \$17 million in 1971 had been increasing in the last few years by about 30 per cent annually and were likely to increase at an even higher rate in the next few years.

20. However, operational activities in industry required the establishment of special procedures to suit the complex nature of the process of industrialization, the rapid changes in technology and market situations, as well as the nature of confidential discussions necessary for business and industry. New and flexible procedures and forms of projects would have to be developed to achieve greater effectiveness in co-operation with UNDP in assisting the developing countries. That was clearly demonstrated by the very varied forms of co-operation UNIDO was developing with the industrialized countries using funds outside UNDP.

21. The financing of interregional projects by UNDP had been severely restricted for 1972 and 1973. UNIDO had submitted to UNDP more than 35 projects for approval but their financing was very much in jeopardy. The interregional projects received contributions from more than 25 countries and included such programmes as in-plant training and repair and maintenance projects which had been strongly supported by the Industrial Development Board and recommended by developing countries which had appreciated their usefulness. If UNDP financing was not likely to be forthcoming, as was the case at present, UNIDO and the developing countries would lose important opportunities of benefiting from the resources and experience of industrially advanced countries. Furthermore, as a result UNIDO's work programme for 1972, as approved by the Industrial Development Board at its last session, would have to be adjusted.

22. UNIDO's task of preparing, implementing and managing its expanding programme operations would naturally increase from year to year. UNIDO had already voiced its concern that the regular budgetary resources might be insufficient to support the expanding programmes of field operations in 1972. The situation would be further aggravated by the anticipated doubling of operational programmes over the next few years. The overhead costs paid by UNDP were far from sufficient both in dollar value and in the forms and conditions in which they were made available to ensure the speedy implementation of the operational activities for which UNIDO would be responsible.

23. However, the secretariat of UNIDO, under the guidance of the Industrial Development Board and the General Assembly would continue to do its utmost to fulfil the objectives of the organization within the available resources. It welcomed the financial support of member Governments and the interest and offers of assistance from industrialists, financial and public authorities in all member countries. It was the secretariat's function to chart a course of action which would be generally acceptable and the increasing support and involvement of all Governments in the activities of the organization indicated general acceptance of its policy. Special criticism by members would be considered carefully in connexion with the future programmes and activities of the organization.

24. Mr. PATAKI (Hungary) welcomed the fact that the Special International Conference of UNIDO had been attended not only by members of the Industrial Development Board, and expressed support for the convening of another conference in 1974 or 1975. Despite the short time available, the Conference had produced important results, an outcome due in large measure to the work of the Preparatory Committee and the desire of socialist and many other countries to assign to UNIDO a role in keeping with the importance of industrialization. It was, however, evident from the proceedings of the Conference that more preparatory work needed to be done in the future.

25. The consensus resolution on long-range strategy, structure and financing of UNIDO could be regarded as a great success. Although general agreement had not been reached on every question, the consensus resolution covered many important items on the Conference's agenda, and its

provisions could serve as a sound basis for the further improvement of UNIDO's work. Section I of the resolution, relating to long-range strategy and orientation of UNIDO's activities, was extremely important, since it would regulate the activities of the Industrial Development Board and its organs on many points of principle and would serve as a guideline for the activities of the UNIDO secretariat. It was, however, unfortunate that, in the interests of compromise, several important proposals put forward by the socialist countries and supported by the Group of 77 had been omitted from section I of the resolution. They included the proposal that UNIDO should explore with UNCTAD the methods of international co-operation contributing to the development of a rational international division of labour, and to the removal of existing obstacles to the development of developing countries, including restrictive business practices and the deterioration of the terms of trade, so as to enable the developing countries as extensively as possible to introduce their manufactured goods on to world markets and to obtain the necessary industrial equipment on favourable terms. The proposal whereby UNIDO would render the developing countries assistance in introducing and expanding economic planning and in consolidating the role of central planning in the field of industrial development should also be mentioned. Another proposal omitted from the resolution was the recommendation that the General Assembly, with a view to ensuring a better solution of the complex problems in the field of industrial development, should include within UNIDO's sphere of activities questions regarding industrial construction, power engineering and the utilization of natural resources in the interests of developing national industries. The consensus resolution had also overlooked a further problem, that of the strengthening of the national sovereignty of the developing countries and the protection of their natural resources in the interests of national development, although it was true that the General Assembly had already adopted resolution 2692 (XXV) on that subject.

26. His delegation was of the opinion that section I of the consensus resolution could be implemented more effectively if UNIDO became a truly universal organization; that point had been made by over 20 speakers at the Conference, including representatives not only of socialist countries but also of many developing countries in Africa, Asia and Latin America. It would be particularly useful to the industrial development of the developing countries and to UNIDO's activities if the Organization could secure the participation of the German Democratic Republic which was one of the most highly developed industrial nations and which provided economic and technical assistance to many developing countries in the expansion of their industries.

27. With regard to the organizational structure of UNIDO, the consensus resolution contained a number of provisions which in his delegation's view would promote the efficiency of the organization's work.

28. Despite the omissions which he had mentioned, his delegation endorsed the resolution as a whole and was firmly convinced that the provisions which had not been included would prove to be acceptable in the future, since they were tailored to the conditions and requirements of the developing countries. The resolution represented a considerable advance in the formulation of UNIDO's

strategy and provided a basis on which the group of experts to be appointed by the Secretary-General could work out ways of implementing the long-range strategy and prepare its report for submission to the next session of the Industrial Development Board.

29. It was clear that, in order to perform its operational activities more effectively, UNIDO should deal more thoroughly not only with questions of detail but with all the technological and economic problems of industrial development. Continuous study of the past experience of individual countries and of general development trends was required. Industrial development projects would only be successful if they were in harmony with the general development of the country concerned and with the processes taking place in the region in question or the world economy as a whole. For that reason it was essential that UNIDO's operational activities should be carried out within the framework of a carefully formulated development strategy. In that connexion, he wished to draw particular attention to paragraphs 1 (b) to 1 (e) and 3 (a) to 3 (c) of section I of the consensus resolution. UNIDO should take into account to a greater extent than in the past the experiences of the developing countries and the socialist States in recent decades; that would not only assist UNIDO in approaching its task but would also help the Governments of developing countries to choose the methods most suited to them.

30. The foremost aim of international co-operation in the industrialization field should be to remedy the situation in which modern industry was the exclusive preserve of a single continent or a small group of countries. The developing countries could not make greater economic progress so long as they were only primary producers and depended on the developed countries both for the sale of their products and the acquisition of the manufactured goods which they needed. Industrialization should make it possible for the developing countries to cover a much larger part of their needs out of domestic production, although it must not lead them into isolation which was also an obstacle to development.

31. At the same time, the products of the new industries in the developing countries should be placed on the world market, since that was essential to ensure that their products were up to date and competitive. A new international division of labour was needed not between developing and developed countries but between countries with differing but complementary possibilities and experiences in respect of particular industrial sectors or products. The requirements of modern technology and the large amounts of money needed for research made it impossible for every country to reach an equal level of development in every field. For that reason, UNIDO's practical operational activities should be carried out in harmony with its strategy to change the existing system of the international division of labour.

32. Experience had shown that the role of the State was of vital importance to the developing countries in the process of development. An important element of UNIDO's strategy should therefore be the provision of assistance for the introduction and expansion of economic planning and the establishment and operation of State-owned industries.

33. Furthermore, UNIDO's activities should be expanded to cover not merely processing industries but also other related industries, such as mining and energy production, which played an important role in the industrialization process in most developing countries.

34. Despite those deficiencies, his delegation supported the resolution of consensus adopted by the Special International Conference. The formulation of UNIDO's strategy had been considerably advanced by the Conference and by its resolution, while the organizational changes adopted also marked an improvement in the work of the Organization. If properly formulated, the strategy would ensure that UNIDO was able to perform its tasks of central co-ordination in the field of industrialization. For that purpose, it was also necessary for the Economic and Social Council to provide all requisite assistance. UNIDO's present status made it ideally suited for a central role. The importance of industrialization must not permit UNIDO to be confronted with unexpected difficulties.

35. Mr. YEGEN (Turkey) said that in the four years of its existence UNIDO had established itself firmly in the United Nations system as an executing and co-ordinating body in the field of industrialization. In view of the limited resources at its disposal and the growing needs of the developing countries, UNIDO had been extremely successful in its widespread activities, which ranged from training to pre-investment analysis. The organization operated a Special Industrial Services programme to provide urgent technical assistance to the developing countries in the industrial field and under General Assembly resolution 2626 (XXV), had been entrusted, together with UNCTAD and other organizations in the United Nations system, with reviewing progress in the industrial sector during the Second Development Decade.

36. Despite its successes, UNIDO was confronted with certain problems. Firstly, the resources at its disposal were limited, and unless it was granted complete financial autonomy it would continue to be largely dependent on UNDP and voluntary contributions for funds for its operational activities. It also had a structural problem which was still unresolved.

37. Country programming would call for an expansion in UNIDO's role. His delegation hoped that more emphasis would be placed by UNDP on industrial projects for which UNIDO would be the executing agency and that co-operation between UNDP and UNIDO would be strengthened.

38. The consensus resolution adopted by the Special International Conference recommended the appointment of a small group of high-level experts to formulate long-range strategy for UNIDO's activities. The resolution also recommended the convening of another general conference of UNIDO in 1974 or 1975 to consider the results of the Special International Conference and to review the progress achieved during the first part of the Second Development Decade. Furthermore, the Conference had requested UNDP to give particular attention to industrial development projects; however, participating countries had not been in full agreement on other points in the resolution, as could be seen from the reservations and observations which many of them had made.

39. In conclusion, he affirmed his delegation's continued support for UNIDO's activities and expressed the hope that the organization would be further strengthened so as to enable it to discharge its tasks more satisfactorily.

40. Mr. DO RIO-BRANCO (Brazil) observed that a memorandum submitted by the UNIDO secretariat to the Special International Conference had stated that the impact of the organization's assistance on the industrialization process of the developing countries left much to be desired. That situation was attributable not only to UNIDO's meagre resources and to the ever-increasing demands on its services but also to the basic orientation of technical assistance activities within the United Nations system. The present approach to technical assistance placed the main emphasis on the solution of *ad hoc* problems of specific industrial enterprises or branches of industry. Although that was a positive contribution which should be further expanded, the economic impact of such policies was limited to the activities of the recipient enterprise or branch of industry. That approach led to the technological problem being treated as only one of many aspects of individual projects, with the result that the broader significance of industrialization projects was often obscured by considerations of a financial or micro-economic nature. That approach contributed little to developing a national capability to orient and foster industrialization in an integrated manner. Accordingly, UNIDO should intensify efforts to evolve a comprehensive approach to the problem of the application of technology to development.

41. The highly complex nature of the industrialization process required increased UNIDO assistance in formulating policies and programmes and in establishing an industrial infrastructure. Only by adopting a clearly defined policy of technological development tailored to local conditions could a developing country retain any measure of control over its industrialization and, ultimately, its social and economic development. The implementation of such a policy required an industrial infrastructure including, *inter alia*, an institutional basis for the absorption and adaptation of foreign technology leading, wherever feasible, to the development of an indigenous research capacity to devise technological solutions applicable to a country's specific problems. Such an infrastructure should also include industrial technology information centres, institutions for quality control and standardization and training centres for managerial, skilled and semi-skilled personnel.

42. As the Advisory Committee on the Application of Science and Technology to Development had observed, the obtaining of technology from advanced countries and the building up of a scientific and technological capacity, far from being substitutes for each other, were in fact complementary and must be pursued together. In other words, efforts to transfer technology through assistance in the implementation of isolated industrial projects should, regardless of a developing country's stage of development, be accompanied by comparable and simultaneous efforts to achieve a substantial increase in technological standards. The purpose of such action was to make developing countries increasingly capable of providing, whether through national, subregional or regional institutions, the assistance required by their industrial enterprises. If that aim could be achieved, a growing proportion of UNIDO's



resources and capacity would be released and could be applied to other more complex sectors, thereby enabling available resources to be better utilized. His delegation had long favoured that approach to industrial development and was therefore gratified to note that it had been embodied in the resolution of consensus adopted by the Special International Conference.

43. That resolution was the result of long and intensive preparatory work carried out at the governmental and secretariat levels. With the exception of two paragraphs, it could be considered as a unanimous approval by all States members of UNIDO of the new concepts evolved in the field of international co-operation for industrial development. The resolution demonstrated that the co-operative spirit of the international community could be mobilized in support of the developing countries. There could be no better way in which the Committee could strengthen that spirit than by endorsing the consensus resolution and by acting decisively upon the Conference's recommendations.

44. Mr. ANANICHEV (Union of Soviet Socialist Republics) said that his country had supported the establishment of UNIDO in the belief that it would be the most effective means of activating United Nations work on industrial development and industrialization, which was so vitally important for the developing countries. The Soviet Union's evaluation of the activities of UNIDO and the Industrial Development Board over the past five years was, on the whole, positive; it had taken an active part in the Board's fifth session and generally approved of the decisions and programme of work that had been adopted. It also considered that the Special International Conference of UNIDO, convened by the General Assembly at the insistent request of the developing countries, had done useful work and that the documents it had produced would help to strengthen UNIDO's position in the United Nations system and would increase its efficiency in promoting the industrialization of the developing countries.

45. The positive aspects of the consensus resolution of the Special International Conference included the recommendation for the promotion, within the competence of UNIDO, of technological development, including assistance in application, adaptation and development of technology and know-how and preparation of product and project designs, as well as the establishment of an adequate institutional infrastructure which would help developing countries to find technological solutions of their own through independent research efforts. Another positive aspect was the recommendation for co-ordination of UNIDO operational activities at the country level. Other interesting proposals to the Executive Director of UNIDO were that he should follow the changes in production and technology occurring throughout the world, so that UNIDO assistance would be in accordance with trends in world industrial development and would be adapted to the needs and social and economic conditions of the countries concerned, that he should explore the various experiences in the field of industrialization of countries with different socio-economic systems and make full and impartial use of those experiences for interested countries and that he should take measures to achieve the most purposeful use of UNIDO resources along the lines of activity which would facilitate an accelerated industrialization of the developing countries, including such

measures as formulating economically sound plans for the industrial development of those countries, mobilizing domestic resources for industrial development, and so forth.

46. The recommendations on the organizational structure of UNIDO could lead to the enhancement of that organization's efficiency. Nevertheless, his delegation believed that the Special International Conference could have gone considerably further by including in its recommendations proposals made by certain participants in the Conference. Thus, the Soviet Union and other countries had proposed that UNIDO should explore with UNCTAD methods of international co-operation contributing to the development of a rational international division of labour and to the removal of existing obstacles to the development of developing countries, including restrictive business practices, the deterioration of terms of trade, so that co-operation with UNCTAD could enable the developing countries to introduce their manufactured goods on to world markets as extensively as possible and to obtain the necessary industrial equipment on favourable terms. Those same delegations to the Special International Conference had expressed the idea that it should be recommended to the General Assembly to include within UNIDO's sphere of activities questions regarding industrial construction, power engineering and the utilization of natural resources in the interests of developing national industries. That proposal would serve the twofold purpose of strengthening UNIDO and relieving the United Nations Secretariat of certain operational functions to which it was not really suited.

47. UNIDO should not devote itself exclusively to operational activities, however, but should also undertake research work within the framework of the long-range strategy of UNIDO's activities, so as to be able to adapt its operational activities to the specific characteristics of individual developing countries.

48. Where the financing of UNIDO was concerned, it was essential to ensure that the main sources were domestic; in mobilizing those internal resources, the co-operation of all strata of society should be sought, and that could only be achieved through radical national reforms. External assistance from the developed countries must be regarded only as a supplementary source of financing for industrial development, and UNIDO must try to limit the volume of capital investment, especially by individual firms, and to obtain better terms for outside financing.

49. At the current session of the General Assembly, stress might be laid on the information functions of UNIDO. It should collect and disseminate industrial information and should serve as a focal point for exchanges of information between the developed and the developing countries. Such activities could indeed serve to promote the establishment of a complex international undertaking which would serve as a broad basis for national scientific and technical infrastructures and would help to accelerate the industrial development and industrialization of the developing countries.

50. In conclusion, he reminded the Committee of the active part that the USSR was taking in UNIDO's work. The Soviet Union was organizing training courses for UNIDO projects, particularly in metallurgy and machine-

building; it was also doing active work on the standardization of industrial documentation. Its projects, which included the supply of plant, establishment of repair shops, research symposia, and so forth, had cost some 2.5 million roubles. Those activities were co-ordinated by the Committee on UNIDO Affairs of the USSR. He could reaffirm the willingness of the Soviet Union to continue its support of UNIDO in all its activities, which were designed to assist the developing countries in their struggle for economic independence.

51. Mr. KANKA (Czechoslovakia) said that since its foundation in 1967 UNIDO had done much useful work in the field of the industrialization of developing countries. Industrialization was of particular significance for those countries since it helped them to strengthen their independence of international monopolies, to develop their national economies, to transform their social structure and to change the over-all situation in their countries. His own Government established its bilateral relations with developing countries within the framework of the organization of the United Nations family in the light of that assessment of the task and role of industrialization. It appreciated the increase in the operational activities of UNIDO in the form of a greater number of technical assistance projects, expanded services by experts, the development of vocational training activities and intensified research.

52. The Special International Conference had confirmed that UNIDO was doing useful work, especially for the developing countries, that it had not exhausted all its possibilities for future expansion, that there was room for improvement in its work and that Member States were determined to continue promoting its activities.

53. UNIDO should give due attention to policies of industrialization, the mobilization of domestic resources, the creation of suitable social, economic and political infrastructures, a planned management of industry and the formation of a State sector. UNIDO should become the main co-ordinator for industrialization within the United Nations system and in that respect should be guided by the experiences of countries with different social and economic systems. UNIDO should not concentrate on operational activities exclusively and by restricting its activities become merely an executive organ for dispensing technical assistance. By focusing on broader global issues of industrial development, UNIDO could provide substantial support to the developing countries and, on the basis of their requirements, assist them in formulating and pursuing sound industrialization policies. His delegation felt that a wider interpretation of the role of UNIDO would contemplate the strengthening of the Industrial Development Board as well as the expansion of co-operation with all organizations in the United Nations system.

54. In the current phase of the scientific and technical revolution, the transfer and adaptation of modern technology and the dissemination of industrial information was of the utmost importance to the developing countries. UNIDO should substantially intensify its activities in that sector and ways and means of transferring technology should be given high priority. UNIDO, in close co-operation with UNCTAD, should give attention to the elaboration of methods and forms of international co-operation to bring about a

rational international division of labour and the elimination of existing obstacles to the development of developing countries, including restrictive policies which were helping to widen the technological and economic gap between the industrially advanced countries and the developing ones. In that context, UNIDO's role as a central co-ordinator in the field of industrial development in order to eliminate duplication in the institutional system of the United Nations and foster harmonious co-operation among individual countries was of key importance.

55. So-called promotional activity was often mistakenly focused exclusively or largely on the financing of industrial construction. Undoubtedly, one of the main conditions for industrialization was the rational and effective mobilization of internal resources and existing reserves. His delegation did not underestimate the importance of financial assistance but wished to stress that it should be provided under conditions fair to the developing countries and with due regard for their national interests. Accordingly, it had serious reservations concerning the assistance currently provided in industrial construction. For the most part, UNIDO's role was that of an intermediary between the developing countries and monopolistic financial circles.

56. The training of technical cadres was particularly important in accelerating the industrialization of the developing countries. The Special International Conference of UNIDO had rightly acknowledged that high priority should be given to training technical and skilled cadres. His Government had organized a number of training courses for specialists from the developing countries and in 1972 it would organize a long-term course on crude-oil engines which would be repeated in the following three years. It also planned to repeat a successful training course on the shoe and leather industries.

57. His delegation believed that UNIDO should extend its activities to the field of the utilization and protection of natural resources in accordance with General Assembly resolution 2692 (XXV). It noted with regret that the proposal of the eight Socialist Countries in that respect had not been incorporated in the resolution adopted by the Special International Conference of UNIDO despite the fact that it had the support of the Group of 77.

58. Any further expansion of UNIDO's operational activities could be covered only by corresponding expansion in voluntary contributions. UNDP should become the decisive, and probably sole, source for financing its operational activities. That would imply closer co-ordination and co-operation between Governments during the selection phase of the projects, with UNIDO during their preparation, and with UNDP during their endorsement, so that the proportion of industrialization projects using UNDP resources would increase substantially. Unless UNIDO assumed its rightful role in UNDP projects and until UNIDO resources reached the appropriate level, his Government was prepared to make voluntary contributions at the annual Pledging Conferences. It hoped that those countries which had not participated hitherto would take part in the Pledging Conferences.

59. In conclusion, his delegation wished to point out that the German Democratic Republic had often expressed its

willingness to participate in the activities of UNIDO and to share its experience with other countries. General Assembly resolution 2152 (XXI) noted that the acceleration of industrial development, especially in developing countries, depended largely on the broadest international co-operation. UNIDO should become a truly international and universal organization and all countries, irrespective of their social systems, should have an opportunity of participating in its activities.

60. Mr. RUIZ MORALES (Spain) said that the General Assembly would have to pronounce itself not only on the work of UNIDO over the last year but also on the Special International Conference. His delegation believed that the resolution of consensus of the Conference would enhance the role of UNIDO in promoting industrial development. It was imperative to strengthen co-operation between UNIDO and UNDP in the financial and operational aspects of their activities if UNIDO was to be able to discharge its functions properly. At the same time, technical development should be promoted. His delegation hoped that the high level expert group established to formulate a long-range strategy for UNIDO would open up a new phase of operations and shed light on many problems currently besetting UNIDO. In conclusion, his Government had decided to contribute \$30,000 directly to UNIDO for the year 1972 to assist it in its new phase of activity.

61. Mr. GETMANETS (Ukrainian Soviet Socialist Republic) said that, on the whole, his country took a favourable view of UNIDO's contribution to the important task of promoting the industrial development of the developing countries of Asia, Africa and Latin America, although that organization still had a considerable number of problems to solve. Nevertheless, his delegation noted with regret that such a highly-developed European State as the German Democratic Republic, which was now a leading industrial Power and had diplomatic relations with 28 States and economic relations with nearly 50 States, was still being prevented from participating in the work of the United Nations and its organs, including UNIDO, because of the recalcitrant attitude of the Western Powers. The sooner that situation could be remedied, the better it would be for UNIDO.

62. The report of the Special International Conference reflected both the difficulties, problems and successes of UNIDO's work and a wide exchange of views on the action that could be taken to improve its activities. His delegation had some comments to make on the recommendations in that regard. With regard to paragraph 1 (b) of the consensus resolution, the Ukrainian SSR considered that UNIDO had not yet paid nearly enough attention to the machine-building, metallurgical and chemical industries as those which could "have a multiplier effect in other fields" and which would "be relevant for the economic development of developing countries". Where metallurgy was concerned, the Ukrainian SSR was always prepared to contribute to the training of specialists: since 1965, it had trained 210 of them from 31 developing countries, and in 1971 alone had received 47 specialists from 19 developing countries. Its experience had shown it the cogency of the recommendation in paragraph 1 (e).

63. The Ukrainian SSR also attached great importance to the organization of meetings where experts could meet to

discuss problems of mutual interest. Thus, in 1965, an international meeting on the use of fertilizers had been held in his country, and 17 of the 29 participants had come from the developing countries; in 1969, a United Nations Inter-regional Seminar on Demographical Data and Development Planning Research had been held at Kiev; and a seminar on the planning of towns and settlements, organized for countries of the Near and Middle East under the auspices of UNESCO, had been held at Kiev in May 1971.

64. The Ukrainian SSR was fully prepared to send experts and specialists to the developing countries to enhance their industrialization, but the UNIDO secretariat tended to ignore the principle of geographical distribution, especially where the socialist States were concerned. That applied not only to experts and specialists in the field, but also to administrative posts in the UNIDO secretariat. Representations made in that regard by the authorities concerned had remained unanswered; the situation should be remedied as soon as possible.

65. An extremely important problem was the establishment of industrial estates and industrial pilot projects in the developing countries. The introduction of new techniques and technology and new production management methods had indeed been slow. The UNIDO secretariat should make every effort to activate that sector of its work.

66. Paragraph 1 (m) related to the most important aspect of the consensus resolution, namely, the study of remedial action for the factors which hampered the industrial growth of developing countries. The main factor in that respect was the undue attention that the UNIDO secretariat paid to attracting foreign capital and to pre-investment. Funds for the industrial development of the developing countries should be derived primarily from domestic sources, and external capital should serve only as an additional stimulus towards industrialization and should be correlated with national development plans. The experience of years, however, had shown that in the overwhelming majority of cases foreign capital had been invested, not to meet the needs of development, but to derive the maximum profit; that had been the cause of the increasing and chronic indebtedness of the developing countries to the developed countries, which had reached the sum of \$19,000 million in the past five years, and had thus nullified all international efforts towards the industrialization of the developing countries. The situation had come to a point where financial assistance, which should have served as an impetus towards the industrial development of the developing countries, now had an adverse effect on that development and also on the relations between donor and recipient countries. The UNIDO secretariat was in effect turning the organization into nothing more than an intermediary for dispensing foreign aid, instead of actively resisting the attempts of the imperialists to bring about the economic enslavement of the developing countries and to exploit their national resources.

67. His delegation considered that the recommendation in paragraph 7 (a) was the best way of examining the results of UNIDO's action over a fairly long period and determining its strategy and tactics during the Second United Nations Development Decade. On the other hand, it did not regard the recommendation in paragraph 12 to be neces-



sary, since UNIDO already had all the potential to develop contacts among the developing countries at the national level and at other levels.

68. Clearly, all the organizational and structural shortcomings hampering the efficiency of UNIDO should be examined: in addition to the non-observance of the principle of geographical distribution in the secretariat, attention should be paid to the undesirable preponderance of administrative over operational personnel; and the Special International Conference had rightly concluded that the main financing source of UNIDO should be UNDP, and that UNIDO's share of UNDP funds should be increased.

69. Mr. CARANICAS (Greece) noted that few comments had been heard from the main industrial countries and wondered whether that was simply because various groups of countries had expressed certain reservations on the consensus adopted at the Special International Conference. Although it might appear from previous speakers that UNIDO was beginning to suffer from excessive bureaucracy and to face many serious problems, he was convinced that it was a most useful organ and that the main stumbling block was not so much inefficiency as a lack of resources.

70. With regard to the consensus resolution on long-range strategy, structure and financing of UNIDO, operative paragraph 1 (a) implied a criticism of the effectiveness of the organization which did not appear to be borne out by the facts. UNIDO had already done excellent work in rendering assistance to developing countries. Although it was to be hoped that it would be even more effective in the future, its present capacity was restricted by the limited financial means at its disposal. He was not quite sure what was meant by paragraph 1 (c) which raised once again the theme of a rational international division of labour. That question had been debated for many years but each Government continued to interpret the concept in its own way.

71. None of the previous speakers had commented on the recommendation of the Special International Conference that a small group of high level experts should be established to formulate the long-term strategy for the activities of UNIDO. He wondered, however, whether it was really necessary to set up yet another group of experts, which seemed to be the standard procedure every time the United Nations found itself confronted with a new problem. The long-range strategy would surely be determined by UNIDO itself and by the International Development Strategy.

72. Turning to the detailed report which had been submitted by the Working Group on Programme and Co-ordination and which filled most of the report of the Industrial Development Board on the work of its fifth session, he failed to understand why it should be necessary to replace that Working Group by a new permanent committee of the Board, as was suggested in paragraph 10 of the Conference's resolution. He wished to know, moreover, what were the functions of the Special Industrial Services programme, to which the Executive Director had referred in his statement, and why an SIS Fund should be necessary when UNIDO had been created precisely to render industrial services.

73. In conclusion, he welcomed the Executive Director's comments on the various industrially advanced countries and international organizations which were collaborating with UNIDO.

#### AGENDA ITEM 45

**Review and appraisal of the objectives and policies of the International Development Strategy for the Second United Nations Decade: report of the Secretary-General (continued) (A/8387/Rev.1, A/8403, chap. V; A/C.2/L.1152, A/C.2/L.1182; E/5040)**

74. Mr. JOSEPH (Australia) agreed with the representative of France that the fifth preambular paragraph of draft resolution A/C.2/L.1182 went beyond the dynamism reflected in the fourth preambular paragraph. He feared that it might be interpreted as a mandate to UNCTAD and UNIDO to develop a new Development Strategy. That, he felt, would be going too far.

75. His delegation believed that operative paragraph 5 (i) ought to make it clear that the role of the Committee for Development Planning was to concentrate on the technical aspects of the review and appraisal and was not to undertake the work itself, which should be the responsibility of the appropriate intergovernmental body. He agreed with the representative of India, however, that it might be better if the draft resolution did not try to prejudge a final decision as to which intergovernmental body was to conduct the over-all review and appraisal.

76. His delegation was somewhat concerned by the imperative tone of the language employed in operative paragraph 5 (ii) and did not feel that the Committee for Development Planning should dictate to intergovernmental bodies, and even less to individual national Governments. He suggested that the paragraph should be replaced by a less didactic statement merely requesting that secretariats and national Governments should co-operate with that Committee in facilitating its task of data collection.

77. Operative paragraphs 5 (iii) and (iv), along with the fifth preambular paragraph and operative paragraph 8 of the draft resolution, belied the assurance of the representative of India that the resolution was uncontentious. Operative paragraphs 5 (iii) and (iv) singled out UNIDO and UNCTAD and placed them in a special position vis-à-vis other organs. In the opinion of his delegation, however, the reviews of those organizations, like the reviews of other bodies, should be funnelled, at the technical level, into the Committee for Development Planning, and, at the intergovernmental level, into the General Assembly. As to operative paragraph 8, his delegation was slightly concerned about the suggestion that the report on over-all review and appraisal would be considered jointly with the reports of the main bodies of the United Nations with responsibilities in the process of review and appraisal. That appeared to imply that the General Assembly would have three and possibly more reports before it dealing with the same subject. The task of assimilating all the information contained in so many different reports on review and appraisal would be virtually impossible for the Assembly; it was therefore to be hoped that the sponsors of the draft resolution would reconsider the wording of that paragraph.

78. Mr. HUTAGALUNG (Indonesia) recalled that, in a statement to the twenty-fifth session of the General Assembly, the Indonesian delegation had outlined a broad framework for review and appraisal of the objectives and policies of the International Development Strategy. The purpose of review and appraisal was to identify achievements, detect deficiencies and recommend new goals, where necessary; it was not to pronounce judgement on the performance of individual countries.

79. The relevant paragraphs of the Strategy clearly referred to three separate levels at which appraisal should be carried out. At the national level, appraisal should be the sole responsibility of the national Government; ECAFE had already adopted a resolution to that effect. The basic information for international appraisal—regional, sectoral and over-all—would therefore necessarily come from national sources.

80. At the regional level, it was the task of the regional commissions to evaluate progress in the region as a whole. One of their main functions would be to establish a link between national appraisals and over-all evaluation activities. Regional annual economic surveys designed to facilitate the purpose of global appraisal could make an important contribution in that respect. Collection, compilation and analysis of data should be carried out consistently, with a single source of information for each country. In appraising regional performance, regional commissions should collaborate with regional development banks and subregional groupings and with other organizations within the United Nations system. His delegation believed that global sectoral appraisals should be designed to assist Governments to adopt measures that would help them achieve the goals and objectives of the Decade.

81. It was clear that the General Assembly was responsible for over-all appraisal. If the review and appraisal process was to be successful, definite goals had to be achieved and dates set for the fulfilment of commitments made by both developed and developing countries. Analysis of progress on a global scale had to be made on both a quantitative and a qualitative basis. The collection of data and the indicators to be used should be so designed as to prevent duplication and to make full use of review and appraisal reports at regional and sectoral levels. Though it should not prove difficult to agree on a common list of economic indicators, the quantification of social development would probably prove a more complex and delicate task.

82. While the ultimate responsibility for over-all appraisal rested with the General Assembly, greater emphasis should be placed on the central role of the Economic Council in the process of review and appraisal and on its responsibility to formulate conclusions, recommendations and proposals for action by the General Assembly. In accordance with paragraph (83) of the Strategy, the Committee for Development Planning had been called upon to assume responsibility for the periodic review and appraisal of its objectives and policies. In view of the Committee's other tasks in the field of development planning and planned implementation, his delegation welcomed the decision of the Economic and Social Council to enlarge the Committee's membership and to adjust its method of work to enable it to carry out its new mandate effectively.

83. In conclusion, he congratulated the sponsors of draft resolution A/C.2/L.1182. Although his delegation had introduced an oral amendment, which it believed would improve the draft, it subscribed in general to the ideas embodied therein and expected to have no particular difficulty in supporting it.

84. Mr. CAVIGLIA STARICCO (Uruguay) said that his delegation believed that paragraph (83) of General Assembly resolution 2626 (XXV), regarding the over-all appraisal of the progress in implementing the International Development Strategy, was a most significant contribution to the success of the Second Development Decade and that the Assembly, considering the somewhat unsatisfactory outcome of the First Decade, had thereby sought to introduce a more dynamic and controlled element into the Strategy.

85. The Committee for Development Planning had accordingly prepared an extremely valuable chapter in its report (E/4990) containing suggestions for an appraisal of progress during the Second United Nations Development Decade. The Committee had prepared a series of suggestions and recommendations relating to the character and functions of a system of evaluation of progress, to the information required for such evaluation and to certain organizational aspects of the work. With regard to the character and functions of the system of evaluation, he emphasized that the arrangements for appraisals of progress called for by the General Assembly were intended to make the Second Development Decade a continuing and dynamic exercise. By means of a diagnosis of the main obstacles—both internal and external—to economic and social development, the evaluation should identify the remedial measures that might be required at both national and international levels and, if need be, in the goals and objectives of the Decade.

86. The evaluation should thus be both retrospective and forward-looking. It should also be both quantitative and qualitative. The report noted, moreover, that the General Assembly had made it clear that each developing country should formulate and implement its own national development strategy and measure the progress made against both its past performance and the efforts made to attain the designated goals. It was important to note that the basic information for international appraisal—regional, sectoral and over-all—would necessarily come from regional sources and that one of the important purposes of international appraisal would be to assist in a better formulation and implementation of policies at the national level.

87. With regard to information required for evaluation, the report underlined that it should be based on statistics relating to a wide range of economic and social variables, development plans and policies, undertaken as well as envisaged, and judgements of experts and organizations involved in programming economic and social development. Those indicators should be analysed in respect of developing and developed countries, since both were deeply involved in the tremendous effort being made to promote the welfare of nations.

88. He went on to draw attention to the areas which the report listed as most relevant to an over-all appraisal of the performance of developing and developed countries in

achieving the economic and social objectives of the Second United Nations Development Decade. His delegation suggested that the list of policy measures to be used to assess efforts of developing countries should include the kind of social provisions on behalf of the young and old to which his country had devoted particular attention. Similarly, the list of policy measures implemented by developed countries in favour of developing countries should include measures to enlarge bilateral financial assistance.

89. Finally, he drew attention to the belief expressed by the Committee for Development Planning that much remained to be done in standardizing concepts and classifications in order to improve the flow of information on the economic and social data relating to developing countries.

90. His delegation fully supported draft resolution A/C.2/L.1182, which reflected its own desire that rapid progress should be made to achieve concrete results. He agreed with previous speakers, however, that certain improvements could be made to the text. He noted, in particular, the suggestions that had been made by the representatives of Cuba and the Philippines.

91. In conclusion, he drew attention to the draft resolution submitted by his delegation (A/C.2/L.1152), which he had introduced at a previous meeting. Due note had been

taken of a number of suggestions that had been made and a revised draft, incorporating a number of amendments, would soon be forthcoming.

92. Mr. BENCHEIKH (Algeria) expressed his agreement with the comments made by the representative of Cuba on operative paragraphs 2, 5 and 7 of draft resolution A/C.2/L.1182. As his delegation had stated on previous occasions, the Development Decade should depend above all upon the mobilization of the domestic resources of the developing countries, in conjunction with international co-operation. It should be emphasized that, at the national level, the process of review and appraisal was the sole responsibility of the Governments of the developing countries. Developing countries, moreover, should not be obliged to supply information that they considered out of date. At the regional level, financial organizations should collaborate actively with regional commissions, which frequently lacked the necessary human and material means to carry out their work effectively.

93. Wherever necessary, a reassessment should be made of all problems connected with trade and development that fell within the competence of UNCTAD.

*The meeting rose at 6.35 p.m.*