



**UNITED NATIONS
INDUSTRIAL DEVELOPMENT ORGANIZATION**

**REPORT OF THE
INDUSTRIAL DEVELOPMENT BOARD
ON THE WORK
OF ITS ELEVENTH SESSION**

GENERAL ASSEMBLY

OFFICIAL RECORDS: THIRTY-SECOND SESSION

SUPPLEMENT No. 16 (A/32/16)

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NOTE

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

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ABBREVIATIONS

FAO	Food and Agriculture Organization of the United Nations
IAEA	International Atomic Energy Agency
ICIS	International Centre for Industrial Studies
ILO	International Labour Organisation
ITU	International Telecommunication Union
UNCTAD	United Nations Conference on Trade and Development
UNDP	United Nations Development Programme
UNIDAC	UNIDO Advisory Committee on Co-ordination in the Field of Industrial Development
UNIDO	United Nations Industrial Development Organization
WIPO	World Intellectual Property Organization

EXPLANATORY NOTE

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

INTRODUCTION

1. The report of the Industrial Development Board of the United Nations Industrial Development Organization on its eleventh session is herewith submitted to the General Assembly in accordance with Assembly resolution 2152 (XXI) of 17 November 1966.

2. The eleventh session of the Board was held at the Neue Hofburg, Vienna, from 23 May to 6 June 1977. The present report was adopted by the Board at its 228th meeting, on 6 June 1977.

CHAPTER I

ORGANIZATION OF THE SESSION

1. The Industrial Development Board opened its eleventh session at UNIDO headquarters, Vienna, on 23 May 1977.

2. The session was opened by Mr. Nouredine Mejdoub (Tunisia), President of the tenth session, who acted as President of the eleventh session pending the election of the new President. 1/

A. Membership and attendance

3. The following members of the Board were represented at the eleventh session: Algeria, Argentina, Austria, Belgium, Brazil, China, Cuba, Czechoslovakia, Denmark, Finland, France, Germany, Federal Republic of, Greece, Hungary, India, Indonesia, Iran, Iraq, Italy, Ivory Coast, Japan, Kuwait, Malaysia, Mexico, Netherlands, Nigeria, Peru, Romania, Sudan, Sweden, Switzerland, Thailand, Trinidad and Tobago, Turkey, Union of Soviet Socialist Republics, United Kingdom of Great Britain and Northern Ireland, United Republic of Cameroon, United States of America, Upper Volta and Venezuela.

4. The following States Members of the United Nations or members of specialized agencies or of the International Atomic Energy Agency sent observers: Australia, Bolivia, Byelorussian Soviet Socialist Republic, Bulgaria, Canada, Chile, Colombia, Ecuador, Egypt, Gabon, German Democratic Republic, Guatemala, Holy See, Ireland, Israel, Libyan Arab Jamahiriya, New Zealand, Niger, Norway, Pakistan, Panama, Philippines, Poland, Republic of Korea, Spain, Tunisia, Ukrainian Soviet Socialist Republic, Uruguay and Yugoslavia.

5. An observer from the Palestine Liberation Organization also attended the session.

6. The following United Nations bodies were represented at the session: Economic Commission for Western Asia, United Nations Conference on Trade and Development and United Nations Development Programme.

7. The following specialized agencies sent representatives: International Labour Organisation, Food and Agriculture Organization of the United Nations, World Bank and World Intellectual Property Organization. The International Atomic Energy Agency and the Contracting Parties to the General Agreement on Tariffs and Trade were also represented.

8. Observers from the following intergovernmental organizations attended the session: Arab Organization for Standardization and Metrology, Asian Productivity

1/ For the opening statement, see ID/B/SR.209, paras. 1-3.

Organization, Council for Mutual Economic Assistance, Council of Arab Economic Unity, European Economic Community, European Investment Bank, Industrial Development Centre for Arab States, Organisation for Economic Co-operation and Development, Organization of Arab Petroleum Exporting Countries and West African Economic Community.

9. Observers from the following non-governmental organizations attended the session: Arab Federation of Chemical Fertilizer Producers, International Association for Cereal Chemistry, International Association for the Protection of Industrial Property, International Christian Union of Business Executives, International Co-operative Alliance, International Council of Societies of Industrial Design, International Federation of Automatic Control, International Measurement Confederation, International Organization for Standardization, International Organization of Consumers Unions, International Organization of Employers, Latin American Association of Finance Development Institutions, Society for Chemical Industry, Union of Producers, Conveyors and Distributors of Electric Power in African Countries, Madagascar and Mauritius, World Confederation of Labour and World Federation of Trade Unions.

B. Election of officers

10. At its 209th meeting, on 23 May 1977, the Board, in accordance with rule 18 of its rules of procedure, elected by acclamation the following officers for the eleventh session:

President: Mr. Ferhang Jalal (Iraq)

Vice-Presidents: Mr. Endre Ivan (Hungary)
Mr. André T. de Mesquita (Brazil)
Mr. Wolfgang Wolte (Austria)

Rapporteur: Mr. Musa Awad Ballal (Sudan)

After his election, the President of the eleventh session addressed the Board. 2/

C. Credentials

11. In accordance with rule 17, paragraph 2, of the rules of procedure of the Industrial Development Board, the officers of the eleventh session of the Board examined the credentials of the delegations attending the current session. The officers found the credentials in order and so reported to the Board, which approved the report at its 221st meeting, on 31 May 1977.

D. Agenda

12. At its 209th meeting, the Board considered its provisional agenda (ID/B/174/Rev.1). The Board adopted the following agenda (ID/B/174/Rev.2):

2/ For the statement of the President, see ID/B/SR.209, paras. 7-9.

1. Opening of the session
2. Election of officers
3. Adoption of the agenda
4. General debate
5. Report of the Permanent Committee on its eighth session
6. Activities of UNIDO:
 - (a) Summary of activities in 1976: report of the Executive Director
 - (b) Proposed programme budget for UNIDO for the biennium 1978-1979
7. Organizational and financial matters:
 - (a) Regular programme of technical assistance for 1978-1979
 - (b) Reorganization of the secretariat, including measures taken to strengthen the operational activities
8. Follow-up of the decisions and recommendations of the Second General Conference of UNIDO, including review and appraisal of progress achieved in the implementation of the Lima Declaration and Plan of Action, and follow-up of the decisions and recommendations of the seventh special session of the General Assembly relevant to industrial development:
 - (a) Concrete co-operative programme of action to promote the creation, the transfer and the use of appropriate industrial technology for developing countries
 - (b) Industrial and technological information bank
 - (c) Report on communications received from Governments and international organizations concerned on their actions taken and progress achieved towards implementing the Lima Declaration and Plan of Action
 - (d) United Nations Industrial Development Fund
 - (e) Progress report on the preparations for the Third General Conference of UNIDO
 - (f) System of consultations
 - (g) Redeployment of industries from developed to developing countries
 - (h) Draft resolutions and proposal:
 - (i) International co-operation in the transfer of technology
 - (ii) Establishment of an insurance system for guaranteeing contracts concluded by the developing countries with enterprises from developed countries
 - (iii) The Senegalese proposal.

9. Follow-up of Board resolution 46 (X) on natural resources
10. Integration of women in development
11. Matters concerning intergovernmental and non-governmental organizations
12. Provisional agenda for the twelfth session of the Industrial Development Board and of the ninth and tenth sessions of the Permanent Committee
13. Dates and places of the twelfth session of the Industrial Development Board and of the ninth and tenth sessions of the Permanent Committee
14. Adoption of the report of the eleventh session
15. Closure of the eleventh session

E. Establishment of the Working Group on Technology

13. At its 214th plenary meeting on 25 May 1977, the Board decided to establish an open-ended Working Group on Technology to deal with agenda subitems 8 (a), 8 (b) and 8 (h) (i). It was decided that the Working Group would be chaired by Mr. Wolfgang Wolte (Austria), one of the Vice-Presidents of the current session. The Working Group submitted its reports to the Board at its 225th meeting, on 2 June 1977, and 228th meeting, on 6 June 1977.

F. Statement by the Executive Director

14. At the 209th meeting, on 23 May 1977, the Executive Director made a statement to the Board. 3/

3/ For the statement of the Executive Director, see ID/B/SR.209, paras. 22-29.

CHAPTER II

GENERAL DEBATE

15. The Board began the general debate, item 4 of its agenda, at its 210th meeting on 23 May 1977. A total of five meetings were devoted to the debate, during which 24 interventions were made: 17 speakers spoke as members of the Board and seven spoke as observers.

16. Since a detailed account of statements made during the general debate is given in the summary records (ID/B/SR.209-213), the following paragraphs are confined to the broad topics covered in the debate; these paragraphs should not, of course, be taken as reflecting the views adopted by the Board as a whole: in some cases, they reflect the views of only one delegation.

17. Most of the subjects touched on in the course of the general debate were items or subitems on the agenda of the Board: the UNIDO work programme and budget for 1978-1979, the system of consultations, the redeployment of industries from developed to developing countries, the establishment of an industrial and technological information bank, the concrete programme of action for the creation, transfer and utilization of appropriate technology, the restructuring of the UNIDO secretariat, the review of actions taken and progress achieved towards implementing the Lima Declaration and Plan of Action, the 1976 annual report of the Executive Director, follow-up of Board resolution 46 (X) on natural resources, the United Nations Industrial Development Fund, and preparations for the Third General Conference of UNIDO. The views expressed during the general debate on these topics are to be found in the present report under the sections dealing with the relevant agenda items.

18. Regret was expressed that the Intergovernmental Committee of the Whole had been unable to complete the drafting of a constitution for UNIDO as a specialized agency, and the hope was voiced that accelerated progress could be made towards completing this task. It was felt that the transformation of UNIDO into a specialized agency would increase its effectiveness and enable it to perform more efficiently the tasks assigned to it.

19. The hope was expressed that a conference of plenipotentiaries could be convened shortly to reach a compromise solution acceptable to all concerned. The suggestion was made that the plenipotentiary conference be held in two stages: the work should first be conducted by experts, and then Governments should be allowed sufficient time to examine the proposed results before adoption of the final conclusions. On the question of financing the new agency, the view was expressed that administrative expenses should be met from the regular budget and that operational activities should be financed from UNDP funds and voluntary contributions.

20. The necessity of international co-operation in the establishment of a new international economic order, which would be to the benefit of all concerned, was stressed; in this connexion, it was stated that industrialized countries would need to demonstrate the necessary political goodwill for such co-operation.

The interrelationship between the establishment of a new international economic order and the strengthening of peace and security, including the development of the process of détente and disarmament, was underscored.

21. Another statement was made that the aggression, expansion and intense rivalry of the super-Powers had aroused the strong resistance of the peoples throughout the world. The anti-imperialist, anti-colonialist and anti-hegemonic struggle, in which the third world was the main force, had developed vigorously and dealt heavy blows to the two super-Powers' wild ambitions for contention of world hegemony. The establishment of the new international economic order would require a protracted and arduous struggle as the super-Powers would not easily give up their exploitation of the developing countries; the third world was insistent that the principle of the new international economic order be embodied in the constitution of UNIDO as a specialized agency.

22. At the same time, it was indicated that socialism gave rise to completely different international relationships, making it possible for all oppressed peoples to throw off the imperialist yoke and showing the way to a radical restructuring of international economic ties. Reference was made to the historical role of the forthcoming sixtieth anniversary of the Great October Socialist Revolution in the development of international economic co-operation and trade relations based on principles of peaceful coexistence, in the liquidation of colonialism and in the emergence of the political and economic independence of the developing countries.

23. It was stated that the elimination of underdevelopment was of vital importance to the peace and progress of mankind. Although the developing countries themselves bore a major responsibility in the development process to mobilize all their human and material resources, the establishment of a new international economic order would be of great value by providing favourable conditions for the economic and social progress of developing countries. Industrialization was a decisive factor in strengthening the economical and political independence of developing countries and in broadening their participation in the international division of labour. History showed that a country's development depended mainly on a strong and well-balanced industrial base. Only recently had industrialization been seen as a crucial factor in the development process. The tendency of developing countries to put increased emphasis on industrialization was evident in multilateral development co-operation, as for example, the increasing importance of industrial projects among the activities of UNDP.

24. The role of UNIDO in translating the concept of a new international economic order into practical terms was underlined. The failure of UNIDO to meet the expectations of the developing countries could be explained in part by the very limited target that had been set for it and by the equally limited resources at its disposal.

25. The importance of the present session of the Board was stressed; not only was it the first session to be held in the second decade of UNIDO's existence, but it represented a transition from a formative status to a period of concrete action in that it was to provide guidelines for UNIDO in its future efforts to implement the Lima Declaration and Plan of Action and the decisions of the seventh special session of the General Assembly. UNIDO was urged to concentrate more vigorously on the implementation of the decisions of the Second General Conference.

26. The experiences of a number of countries in their process of industrial development were recounted and examples of government co-operation with UNIDO were given. The representatives of several specialized agencies spoke of the activities of their agencies, particularly in connexion with joint activities being undertaken with UNIDO. An observer from an intergovernmental organization spoke of the co-operation between his organization and UNIDO, and an observer of a liberation movement spoke of the needs of his people and the areas in which UNIDO could provide assistance.

27. The establishment of a section within the secretariat to deal with the least developed countries was welcomed. More resources should be made available for financing priority projects for the least developed countries, and it was particularly important to have a special allocation for such countries within the United Nations Industrial Development Fund. The location of senior industrial field advisers should also be reviewed with a view to giving higher priority to least developed countries.

28. Concern was voiced about the results of investment promotion meetings as, it was stated, they were often attended by consultants and companies interested in selling machinery and thus did not serve to help representatives of developing countries to meet potential investors in joint ventures. It was suggested that UNIDO review its investment promotion activities and take specific measures to attract the large number of competent medium-sized firms in industrialized countries in sectors not dominated by multinational corporations. UNIDO should work in conjunction with the government investment agencies of the developing countries to promote suitable investment programmes in specific capital-exporting countries.

29. The hope was expressed that UNIDO would be able to assist the developing countries in the entire question of establishing an export-oriented industry, including an examination of market possibilities, if necessary by making arrangements with another international organization such as UNCTAD.

30. The co-operation between UNIDO and FAO, particularly the establishment of a Joint Technical Working Group, was lauded. In this context, it was stated that the highest priority should be given to the processing of agricultural products and the provision of inputs of the agricultural sector.

31. Regret was voiced that the secretariat had not published an Industrial Development Survey since the Second General Conference of UNIDO.

32. The need was expressed to define clearly the respective areas of competence of the Permanent Committee and the Industrial Development Board.

33. At its 213th meeting, on 25 May 1977, at the conclusion of its general debate, the Board requested the Executive Director, in formulating the future work programmes of UNIDO, to take into due account the views that had been expressed by delegations on this agenda item.

CHAPTER III

REPORT OF THE PERMANENT COMMITTEE ON ITS EIGHTH SESSION

34. At its 210th meeting, the Board started consideration of agenda item 5. In its deliberations on that agenda item, 4/ the Board had before it the report of the Permanent Committee on its eighth session (ID/B/176).

35. At its 210th meeting, on 23 May 1977, the Board adopted the report of the Permanent Committee on the work of its eighth session.

^{4/} The deliberations of the Board on agenda item 5 are reflected in ID/B/SR.210, paras. 32-35.

CHAPTER IV

ACTIVITIES OF UNIDO

A. Summary of activities in 1976: report of the Executive Director

36. At its 213th meeting, the Board considered agenda subitem 6 (a). In its deliberations 5/ on that subitem, the Board had before it the annual report of the Executive Director, 1976 (ID/B/180 and Corr.1, 4 and 5).

37. The Executive Director was commended on the format and contents of his report for 1976. Particular welcome was voiced for the statistical annex and the appendices as well as for the profile of UNIDO technical co-operation activities. Concern was voiced about the late distribution of the report in the various working languages.

38. It was generally agreed, however, that the value of the report would be greatly enhanced if the main body were more compact and concise; emphasis should be given to a more analytical approach focusing on UNIDO performance, achievements and failures. It was suggested that the Executive Director select annually one or two important programmes for comprehensive review and evaluation in his report. It would also be useful to include two new chapters, namely, on follow-up action taken on the recommendations of the Second General Conference of UNIDO, and on the achievements of the Second United Nations Development Decade in the field of industry.

39. As regards technical assistance delivery during 1976, it was noted that although in monetary terms there was an increase of 9 per cent over 1975 delivery in real terms the value of assistance provided had not increased over the previous year. However, in view of the liquidity problems of UNDP and its significant influence on UNIDO activities, the 1976 delivery level could still be regarded as an achievement.

40. In reviewing UNIDO technical assistance, a qualitative and quantitative improvement was noted with satisfaction; the hope was expressed that in the light of the recommendations of the Second General Conference, the activities in the priority areas would be further developed and expanded.

41. Despite the increasing ability of UNIDO to respond promptly to urgent requests from developing countries, a number of delays in project implementation did not conform with the dynamic thrust of the new structure of the secretariat. Qualitative improvement in technical assistance, particularly with regard to experts should be sought.

5/ The deliberations of the Board on subitem 6 (a) are reflected in ID/B/SR.213, paras. 58-64; ID/B/SR.214, paras. 2-35; ID/B/SR.215, paras. 1-68; and ID/B/SR.216, paras. 1-33.

42. The central role of UNIDO in co-ordinating activities in the field of industrialization within the United Nations system was reaffirmed, although it was regretted that UNIDO had not yet achieved a desirable degree of active participation in UNDP country programming. Opinions differed about the role of UNIDO as a passive executing agency for UNDP, in that connexion, it was stated that the effectiveness of UNIDO continued to be dependent on factors over which it had no control and that it was thus exposed to the kind of crisis that had recently occurred. On the other hand, support was given to the centralized financing of United Nations technical co-operation activities through UNDP in view of the importance of its integrated country programming. There was some disagreement with the policy implications in the Executive Director's report that an acceptable level of UNIDO technical assistance activities could be achieved only through the transfer of resources to UNIDO through direct voluntary contributions and that there was a need for UNIDO to expand its direct action programmes considerably.

43. Members of the Board were urged to encourage their Governments to provide UNIDO with increased financial resources of its own despite the increasing tendency to concentrate all development assistance in UNDP.

44. Concern was voiced that support costs had remained high during 1976; efforts should be made to reduce those costs from the present level of almost 30 to 25 per cent of the total expenditure.

45. In his reply, the Executive Director stated, inter alia, that UNIDO had been obliged to play a passive role when the UNDP crisis had occurred, since the organization had been compelled to work within stringent administrative regulations, including project ceilings. Despite the easing of the liquidity problem of UNDP, UNIDO's work was still subject to the project ceiling system. He therefore felt that additional resources would be required to enable UNIDO to increase its assistance delivery and to make effective use of its manpower.

46. The Executive Director was commended for concluding co-operation agreements between UNIDO and other organizations within the United Nations system. Those agreements should be extended to the working level within all organizations and directed above all towards the joint implementation and financing of projects in developing countries. Further action in the area of co-ordination would be welcomed and steps should be taken to improve co-operation particularly between UNIDO and the United Nations Conference on Trade and Development (UNCTAD), as well as with the United Nations Department of Economic and Social Affairs and the Economic Commission for Europe (ECE).

47. In welcoming the establishment of the UNIDO Advisory Committee on Co-ordination in the Field of Industrial Development (UNIDAC), the wish was expressed that the Board be kept regularly informed on its work. The suggestion was made that UNIDAC concentrate its efforts on a single sector so as to co-ordinate the efforts of the various organizations in implementing specific projects.

48. The establishment of an evaluation unit within the Division of Policy Co-ordination was welcomed as a step in the right direction.

49. The efforts of UNIDO in favour of the least developed countries were commended. The secretariat was urged to intensify the priority given to that area and to

devote as many resources as possible to those countries and to the poorer sections of the community in other countries.

50. The activities of UNIDO related to co-operation among developing countries were welcomed and the secretariat was urged to give greater emphasis to the promotion of that programme, particularly to the effective use of the financial resources of those countries.

51. It was agreed that the industrial operational activities of UNIDO were of such importance that its capacity in that field should be strengthened.

52. As regards training, it was suggested that a reassessment of placement procedures might usefully be undertaken by the secretariat. The secretariat was also commended for arranging training programmes within the developing countries themselves.

53. It was suggested that the number of experts from the developing countries be increased; in that connexion, the hope was expressed that UNIDO would contribute to the study of the Joint Inspection Unit, initiated by UNDP, on recruitment of experts from developing countries, and that the forthcoming United Nations Conference on Technical Co-operation among Developing Countries would lead to a greater exchange of skills among the developing countries, without sacrificing the criteria of competence.

54. In connexion with the automatic information retrieval system established in UNIDO for providing data on procurement for UNIDO contracts, it was suggested that a country survey be included in future annual reports on contracts awarded and equipment purchased together with an analysis of the extent to which the widest possible participation in international competitive bidding had been encouraged.

55. The continued efforts of the secretariat to examine methods of investment promotion with a view to improving them were endorsed, and the secretariat was urged to use a higher degree of professionalism as a means of obtaining greater results from its limited resources. The question was raised whether the Investment Co-operative Programme Office was developing on the right lines, in view of the suggestion made in the annual report that UNIDO should receive revenues for rendering business-like service. Disagreement was expressed about the concentration on private foreign investment with its emphasis on the security to be given to private investors.

56. Great interest was shown in the work of the International Centre for Industrial Studies (ICIS). It was noted with satisfaction that the study programme corresponded with the tasks set out in the Lima Declaration and Plan of Action in the field of sectoral studies. At the same time, it was suggested that some of the studies should be more practical in their orientation; and the goals set for global and regional studies were perhaps unrealistic, particularly since the staff of the Centre was inadequate for those tasks and had to rely heavily on consultants. It was suggested that further studies should be carried out in co-operation with the Industrial Operations Division and the Division for Policy Co-ordination.

57. The hope was expressed that the contribution of the Centre to research activities in the field of industrialization would be practical as well as

theoretical. Interest was shown in the world industry co-operative model, although the practical use of the computer-based work was questioned. On the other hand, tangible results from that work were called for.

58. In reply, the secretariat stated that the Centre was participating in the work of the Committee responsible for the review and appraisal procedure for the Second United Nations Development Decade, in close co-operation with the United Nations Department of Economic and Social Affairs. As regards the computer-based model, it was mentioned that several countries had decided to work closely with UNIDO on that study. As to the study programme of the Centre, attention was drawn to the fact that every project was related to the various paragraphs of the Lima Declaration and Plan of Action.

59. At its 216th plenary meeting, on 26 May 1977, the Board noted with satisfaction the work carried out by UNIDO during 1976. In the preparation of future annual reports, the Executive Director was requested to take note of the suggestions made by delegations during the debate on that subject.

B. Proposed programme budget for UNIDO for the biennium 1978-1979

60. At its 220th meeting, on 31 May 1977, the Board considered agenda subitem 6 (b). In its deliberations ^{6/} on that subitem, the Board had before it the proposed programme budget for UNIDO for the biennium 1978-1979 (ID/B/191). In introducing the Secretary-General's proposals, the Executive Director reminded delegates that the Board was asked to concentrate on the programme of work of UNIDO as described therein and not on the budget estimates as such.

61. There was general concern about the tardy submission of that document, which caused great inconvenience to delegations, particularly since it precluded the experts of their respective Governments from studying the proposals. The fact that the programme budget had not been circulated before the beginning of the current session made it very difficult for the Board fully to discharge its responsibilities. In this connexion, attention was drawn to the six-week rule regarding distribution of documents for the Board.

62. General disappointment was voiced at the constraints being imposed on the Board to conduct its discussions on the work programme of UNIDO without regard to the budget estimates. The view was expressed that the Board could not logically discuss the proposed programme of UNIDO in isolation from the costs of implementing it and the resources available to the organization; the programme and budget estimates formed a whole, and could not be dealt with separately. In this connexion, attention was drawn to General Assembly resolution 2152 (XXI) in which the Board was charged to consider and approve the programme of activities of UNIDO and to exercise control over the effective utilization of resources available to the organization. In addition, Industrial Development Board resolution 32 (VI), which had been confirmed by the General Assembly, stipulated in paragraph 3 (a)

^{6/} The deliberations of the Board on subitem 6 (b) are reflected in ID/B/SR.220 paras. 1-59; ID/B/SR.221/Rev.1, paras. 1-60; and ID/B/SR.222, paras. 1-35.

that the Permanent Committee should examine the proposed future programme of work of UNIDO, including its financial implications. In this connexion, it was stated that there was an urgent need to transform UNIDO into a specialized agency so that it could plan its own budget in accordance with its basic objectives.

63. It was suggested that the General Assembly might consider clarifying its resolution 2152 (XXI) so as to make explicit the duty of the Board to discuss not only the programme of work of UNIDO, but also the financial aspects thereof.

64. It was generally agreed that the presentation of the proposed programme budget should be made clearer. The relationship between the objectives, priorities and time frames of the proposed programmes, and the cost of those programmes was not evident in the document. Moreover, the presentation failed to define the priorities of and within UNIDO programmes.

65. It was suggested that, in the future, the secretariat supply supplementary information to enable delegations to have a clearer idea of the relationship between programmes and costs. It was further suggested that there should be separate presentations of activities financed from the regular budget and of those financed from extrabudgetary resources. The wish was expressed that the Board be provided with much more information about the substance of the UNIDO programme than that formally required for the programme budget exercise. The view was expressed that the programme should be submitted through the Permanent Committee to the Board for comments, prior to its submission to the Secretary-General, in order that those comments might be made available to the Advisory Committee on Administrative and Budgetary Questions and other organs in their deliberations.

66. Surprise was expressed that, according to the analysis of real growth given in table 12.1, a budgetary increase in nominal terms of 30.6 per cent could lead to a real growth as low as 3 per cent, when the 1978-1979 proposals were compared with 1976-1977 appropriations. UNIDO was urged to manage its financial resources prudently and to reduce the administrative and overhead costs. An opinion was expressed that losses caused by inflation should not be included in the proposed programme budget since socialist member States and developing countries were not responsible for them.

67. A suggestion was made that, in order to reinforce the central management on the basis of equitable geographical representation, it would be appropriate to introduce a second post of Deputy Executive Director. A view was expressed that a UNIDO Liaison Office should be established at Geneva.

68. Concern was voiced at the apparent low resources growth in the Industrial Operations Division, particularly in view of General Assembly resolution 31/162 regarding the strengthening of UNIDO operational activities. It was noted that, in the proposed programme budget for 1978-1979, a mere sixth of the total estimates was allocated to the industrial operations programme. It was observed that a disequilibrium existed between the resources for administration and industrial studies on the one hand and those for industrial operations on the other hand. The industrial operations programme was allocated approximately \$1.5 million less than industrial studies and \$1 million less than Conference Services, Public Information and External Relations; since the carrying out of industrial operations was the main objective of the organization, the proposed allocation of resources was considered as demonstrating a lack of balance. UNIDO was urged to devote as much

of its resources as possible to the direct delivery of technical assistance. In the subsequent discussion, the Executive Director expressed the view that the Industrial Operations Division had sufficient staff resources to implement the technical co-operation projects for which funds were currently available. There was agreement, furthermore, that extrabudgetary resources were likely to become available on an increased scale in 1978-1979, especially through the United Nations Development Programme, the new International Fund for Agricultural Development and the United Nations Industrial Development Fund. In view of those developments, it was felt that there was an urgent need to strengthen the capabilities of the secretariat to develop with due speed enlarged programmes of technical assistance in the field of industrial development requested in connexion with the foregoing sources of finance and to ensure the appropriate direction of resources for those purposes. It was accordingly suggested that particular attention be given to strengthening the resources of the Policy Co-ordination Division, and that additional resources be sought for that purpose.

69. There was general agreement that the network of senior industrial development field advisers should be expanded in order to strengthen the field presence of UNIDO. Among the suggestions put forward to this end were: (a) that the Executive Director continue his efforts to persuade UNDP to increase the allocation of its resources for industrial development field advisers, in order to assist UNIDO to comply with the recommendations of General Assembly resolution 31/162; (b) that resources be reallocated within the regular budget, in order to finance some industrial development field adviser posts additional to those already financed by UNDP; and (c) that the Secretary-General be urged to add to his current proposals specific provision for the financing of additional industrial development field adviser posts. An objection was raised, however, to the second (b) suggestion. Note was taken of the UNDP Governing Council request to the Administrator to prepare a study for its twenty-fourth session on sectoral assistance to UNDP resident representatives.

70. Concern was widely expressed that the proposal to request only \$400,000 under the head of temporary assistance for meetings in connexion with the system of consultations, instead of \$2,124,000 estimated to be necessary for those activities, would force a severe curtailment of the proposed schedule of activities. The opinion was voiced that the scope of proposed activities relating to the system of consultations should be more concentrated and purposeful; it was suggested that the activities carried out under the system of consultations should continue until the concepts and methodologies had been further developed and staff resources made available additional to those proposed for 1978-1979.

71. Objection was made to the reference in the programme budget document to "intergovernmental" consultations, on the grounds that the General Assembly had endorsed the Lima Declaration and Plan of Action, which did not refer to intergovernmental consultations. On the other hand, it was stated that the Lima Declaration and Plan of Action implied consultations involving Governments. It was noted in that context that in the conclusions on the system of consultations, adopted by the Board at its resumed tenth session, most members of the Board's working group on that subject had observed that, if the consultations were to be in conformity with the objectives of the Lima Declaration and Plan of Action, consultations should be at the intergovernmental level, while some members of the working group had observed that those objectives could be better achieved if the consultations were to involve predominantly interests other than governmental.

72. There was consensus that there should be recognition of the principle that the regular budget of the United Nations should include appropriate provisions of conference services for this new form of international economic co-operation.

73. General support was expressed for most of the elements included in the programme of the International Centre for Industrial Studies. It was felt, however, that additional information should have been provided concerning the definition, design and scope of individual projects. Assurance was sought that such work would be carried out by fully qualified professionals whose abilities were such as to ensure that the product would command serious attention from potential users. Objection was raised to the proposal that nearly \$3 million be allocated to the Centre for consultants. The opinion was expressed that the Centre should concentrate on carrying out studies directly oriented to the system of consultations of field activities.

74. In connexion with the programme budget proposals for the Third General Conference of UNIDO, a suggestion was made that the Board, as the Intergovernmental Preparatory Committee, consider the establishment of a new ad hoc committee to review the long-range strategy of UNIDO as part of the preparations for the Conference. In view of the relatively high cost of documentation in connexion with the Conference, it was suggested that pre-session documentation should be designed not only to meet the needs of the Conference but also to serve as useful policy tools for Governments.

75. At its 226th meeting, on 3 June 1977, the Board decided to take note of the Secretary-General's proposed programme budget for UNIDO for the biennium 1978-1979 (ID/B/191) to be submitted to the General Assembly at its thirty-second session and of the explanatory statement of the Executive Director, and to call the attention of the Assembly to the comments of the member delegations as reflected in the present report and in the relevant summary records.

76. The Board noted that the consultation system of subprogramme 2 of the policy co-ordination programme presaged a new form of international economic co-operation. It strongly urged the General Assembly to provide in the regular budget of the United Nations appropriate provisions of conference services for this subprogramme.

77. The Board requested the President to inform the Secretary-General of its disappointment at the late submission of the programme budget and at the same time to request the Secretary-General to ensure that all relevant organs of the General Assembly receive the comments and observations of the Board prior to their taking decisions on the programme budget of UNIDO, noting in particular those parts of the discussion relating to the system of consultations and to the strengthening of the secretariat's organizational capacity for future programme development.

78. The Board stressed the need for timely submission of the programme budget in future years in accordance with rule 12, paragraph 3, of its rules of procedure in order to allow for a careful preparation of its consideration and approval of the programme of activities of UNIDO and of its exercise of control over the effective utilization of resources available to the Organization as provided for in paragraphs 7 (d) and (f) of General Assembly resolution 2152 (XXI) and in paragraph 3 (a) of Industrial Development Board resolution 32 (VI).

CHAPTER V

ORGANIZATIONAL AND FINANCIAL MATTERS

A. Regular programme of technical assistance for 1978-1979

79. At its 210th meeting, in its deliberations 7/ on subitem 7 (a), the Board had before it the Executive Director's proposals for the utilization of the UNIDO regular programme of technical assistance for the biennium 1978-1979 (ID/B/184).

80. Some concern was expressed about the share and use of non-convertible currencies in the proposed appropriations for the regular programme for 1978-1979. It was suggested that contributions to multinational institutions not be tied in any way. In this connexion, it was maintained that there were no difficulties in using non-convertible currencies. In reply, the Executive Director drew attention to the activities being financed from non-convertible currencies.

81. Importance was accorded to training activities, and, in this connexion, the establishment and strengthening of training facilities in developing countries were especially welcomed. The hope was expressed that the Board would be kept informed of progress achieved in that area. Support was expressed for the Executive Director's proposal to increase allocations for group training programmes; however, at the same time concern was expressed over the decreased allotment for individual fellowships.

82. The proposed allocation of regular programme resources to meet the special needs of the least developed countries was welcomed, though the proposed increase in 1978 over 1977 seemed to be too modest.

83. Support was expressed for the priority assigned to agro-industry projects and for the allocation for regional advisers, so long as these advisers continued to perform mainly technical assistance functions.

84. In its reply, the secretariat stated, inter alia, that it was hoped to make available additional funds for the establishment and strengthening of training facilities in developing countries as well as for the programme for the special needs of the least developed countries from such sources as the United Nations Industrial Development Fund.

85. At its 210th meeting, on 23 May 1977, the Board approved the proposals for the utilization of the UNIDO programme of technical assistance in 1978 and provisionally approved those proposals pertaining to the year 1979.

7/ The deliberations of the Board on subitem 7 (a) are reflected in ID/B/SR.210, paras. 36-63.

B. Reorganization of the secretariat, including measures taken to strengthen the operational activities of UNIDO

86. In its deliberations 8/ on subitem 7 (b), at its 216th meeting, the Board had before it the Executive Director's report on the reorganization of the UNIDO secretariat and strengthening its operational activities (ID/B/187) and a note by the Executive Director on interim arrangements to give UNIDO greater autonomy (ID/B/192).

87. With reference to the report of the Executive Director (ID/B/187), the efforts that had been made in reorganizing the secretariat were welcomed, although it was still too early to draw final conclusions about the effectiveness of the new structure. The Executive Director's view was supported that further reorganization would be inappropriate now that UNIDO was in the process of being converted into a specialized agency.

88. The integrated approach, taken by the secretariat since its restructuring, towards the intensification and expansion of UNIDO operational activities was noted with satisfaction, although attention was drawn to the fact that high-level secretariat co-operative units were not sufficient to strengthen field activities. In order to achieve the real objective of the reorganization, interdivisional co-operation and co-ordination, with strong leadership from the top management, were required. It was also noted that the trend in the reorganization of the secretariat to put emphasis primarily on the organization, implementation and evaluation of technical assistance was too restricted an interpretation of the recommendations of the Group of High-Level Experts on a Long-Range Strategy for UNIDO as endorsed by the Second General Conference of UNIDO. In that context, the suggestion was made that ICIS and its programme of work up to the end of 1979 should be carefully examined in the light of the long-range strategy for UNIDO. The use of headquarters staff for short-term missions was especially welcomed; careful management was needed in that respect, however, to avoid too frequent absences from headquarters of essential staff.

89. Close co-operation should be maintained between the secretariat and the Board on organizational, programming and budgetary questions and senior officers of the secretariat should discuss with the Board all such major items.

90. With reference to the industrial development field advisers, there was support for, as well as opposition to, the financing of additional field advisers' posts from the regular budget.

91. Regarding the proposals on personnel matters, made in the note by the Executive Director (ID/B/192), doubts were raised as to the appropriateness of creating a special category of UNIDO-only employees and of the legitimacy of waiving the principle of geographical distribution in the recruitment of staff; those proposals went beyond the general authorization granted to the various units of the United Nations by the General Assembly at its twenty-ninth session, and the request of the Fifth Committee to be consulted before any such arrangements were put into effect should be respected.

8/ The deliberations of the Board on subitem 7 (b) are reflected in ID/B/SR.216, paras. 34-73.

92. The hope was expressed that a permanent UNIDO liaison office would be established at Geneva, in view of the numerous delegations and agencies represented there.

93. In his statement, the representative of UNDP, 9/ inter alia, welcomed the use of UNIDO staff members as short-term consultants on field missions. In referring to the decision by the UNDP Governing Council in January 1977 to increase the number of field advisers from 23 to 30 for the second half of 1977, he said that the Administrator of UNDP had been instructed to prepare a study on sectoral support for UNDP resident representatives which, however, would not be ready for the June 1977 session of the UNDP Governing Council. He also said that the Administrator was unable to go beyond the present recommendation to maintain the level of field advisers at 30 for 1978.

94. In his reply, the Executive Director stated that he had understood from the Administrator of UNDP that eight additional field advisers' posts were proposed for the consideration of the UNDP Governing Council at its June session and that he would try to clear up the matter with the Administrator. He said that UNIDO had also taken the initiative in suggesting that some additional posts should be financed from the regular budget and that any steps taken to find additional financing for the field adviser programme must be worked out in close co-operation with UNDP.

95. In replying to queries raised during the debate, the secretariat stated that all changes giving greater autonomy to UNIDO, as set forth in the note by the Executive Director (ID/B/192), had been effected, except for the proposals on personnel matters in paragraph 9 of that document. Those proposals were under consideration and recommendations would be submitted to the Fifth Committee and the General Assembly.

96. At its 216th meeting, on 26 May 1977, the Board took note of the report of the Executive Director on the reorganization of the UNIDO secretariat and strengthening its operational activities (ID/B/187) and of a note by the Executive Director on interim arrangements to give UNIDO greater autonomy (ID/B/192).

9/ This statement is given in detail in ID/B/SR.216, paras. 52-55.

CHAPTER VI

FOLLOW-UP OF THE DECISIONS AND RECOMMENDATIONS OF THE SECOND GENERAL CONFERENCE OF UNIDO, INCLUDING REVIEW AND APPRAISAL OF PROGRESS ACHIEVED IN THE IMPLEMENTATION OF THE LIMA DECLARATION AND PLAN OF ACTION, AND FOLLOW-UP OF THE DECISIONS AND RECOMMENDATIONS OF THE SEVENTH SPECIAL SESSION OF THE GENERAL ASSEMBLY RELEVANT TO INDUSTRIAL DEVELOPMENT

A. International industrial co-operation

97. Under agenda item 8, the Board had before it a note on international industrial co-operation (ID/B/181). 10/

98. Satisfaction was expressed with the action taken by the secretariat to follow up the mandate given to UNIDO by the General Assembly in resolution 3362 (S-VII), section IV, paragraph 7.

99. The view was expressed that the lack of precision in the note by the secretariat made it difficult to define the contribution of UNIDO to the joint study; it was suggested that more detailed proposals on that item should be provided before the end of 1977 so that, prior to the circulation of the first study version to Governments for comments, consultations could be held on the contents and format of the study. Support was expressed for the views of the eminent persons, contained in the annex to the report of the Executive Director (A/31/230), namely, that the study should be carried out in close co-operation with Governments, national research institutes and the appropriate United Nations bodies.

100. A statement was made that in international co-operation importance should be attached to the participation of private firms; in that context, attention was drawn to the fact that in certain economic structures, there was no possibility of binding such enterprises to specific economic constraints. The view was expressed that the main goal should be a freely chosen economic co-operation maintained by mutual interests rather than by artificial or inequitable means.

101. At its 223rd meeting, on 1 June 1977, the Board took note of document ID/B/181 and requested the secretariat in its future work to take into account the views expressed during the discussion on that subject.

10/ The deliberations of the Board on that subject are reflected in ID/B/SR.223, paras. 32-44.

B. Concrete co-operative programme of action to promote the creation, the transfer and the use of appropriate industrial technology for developing countries

102. At its 225th meeting, on 2 June 1977, the Board considered agenda subitem 8 (a). In its deliberations on that subitem, 11/ the Board had before it a report of the Executive Director on a co-operative programme of action on appropriate industrial technology (ID/B/188).

103. General support was expressed for the ways and means proposed by UNIDO for the implementation of the programme of action and for the concept of appropriate industrial technology as well as the classification of the broad areas in which action was to be taken. There was agreement that UNIDO should promote concerted action in the field of appropriate industrial technology and the mobilization and consolidation of efforts in this area and that the report (ID/B/188) provided a suitable basis for that purpose.

104. The secretariat reported that, in response to a request made by the Executive Director, several organizations in the United Nations system had offered their co-operation in the implementation of the co-operative programme of action. Among those organizations were: the United Nations Office for Science and Technology, UNCTAD, UNDP, the ILO, FAO, ITU, WIPO and IAEA.

105. Referring to paragraph 89 of the report, in which private direct foreign investment was referred to as a major vehicle of transfer of technology, it was pointed out that since there were many channels of transfer of technology private direct foreign investment was to be regarded only as one of them; in that connexion, it was suggested that studies should be carried out in regard to the effectiveness of all such channels.

106. At its 228th meeting, on 6 June 1977, the Board adopted, without a vote, decision IV (XI) on a co-operative programme of action on appropriate industrial technology (see annex I of the present report), as submitted by the Chairman of the Board's open-ended Working Group on Technology.

C. Industrial and technological information bank

107. At its 225th meeting, on 2 June 1977, the Board considered agenda subitem 8 (b). In its deliberations on that subitem, 12/ the Board had before it a report of the Executive Director on the establishment of an industrial and technological information bank (ID/B/183).

11/ The deliberations of the Board on subitem 8 (a) are reflected in ID/B/SR.225, paras. 1-4.

12/ The deliberations of the Board on subitem 8 (b) are reflected in ID/B/SR.225, paras. 5-26.

108. General appreciation was expressed for the report of the Executive Director. A critical view was expressed, however, that the document did not contain a balanced evaluation of the proposals made by the consultants; it was suggested that a careful cost-benefit analysis should be made.

109. It was pointed out that the creation of such a bank would be an important component of a larger technological information network and a significant contribution towards the achievement of the objectives of UNIDO. The establishment of such a bank would hopefully increase the flow of technological information to the developing countries and facilitate their task of selecting, assimilating, adapting and utilizing technology.

110. It was generally agreed that a pilot operation of the industrial technological information bank should begin immediately; when sufficient experience had been gained, the pilot operation would be an important step towards making the programme fully operational. The bank should not duplicate the work of existing information sources, but establish a system of storing information within UNIDO and linking it to the information available from internal and external sources. In this connexion, it was pointed out that the success of the bank would hinge, to a large degree, on close co-operation with other United Nations bodies active in the field, particularly UNCTAD and WIPO. It was also urged that the bank co-ordinate its work with regional bodies.

111. At its 228th meeting, on 6 June 1977, the Board adopted, without a vote, decision V (XI) on the establishment of an industrial and technological information bank (see annex I of the present report), as submitted by the Chairman of the Board's open-ended Working Group on Technology.

D. Report on communications received from Governments and international organizations concerned on their actions taken and progress achieved towards implementing the Lima Declaration and Plan of Action

112. At its 223rd meeting, the Board considered agenda subitem 8 (c). In its deliberations of that subitem, ^{13/} the Board had before it a summary of the report on monitoring the implementation of the Lima Declaration and Plan of Action (ID/B/182) and the report on monitoring the actions taken and progress achieved by Governments and international organizations towards implementing the Lima Declaration and Plan of Action (ID/B/182/Add.1 and 2).

113. The view was expressed that the review of the follow-up of the Lima Declaration and Plan of Action was one of the main tasks of the Board at its current session. It was stated that the review involved an appraisal of the struggle to abolish the old economic order and establish a new one, in keeping with the wishes of the peoples of the third world. Concern was voiced about the lack of progress in implementing certain crucial aspects of the Lima Declaration and Plan of Action.

^{13/} The deliberations of the Board on this agenda item are reflected in ID/B/SR.223, paras. 1-31.

114. While it was noted that documents prepared by the secretariat provided useful guidelines for the work of UNIDO, the picture they presented was necessarily incomplete in view of the limited number of replies contained therein. Note was taken of the secretariat's intention to publish subsequent Government replies.

115. With reference to the questionnaire itself, it was stated that some Governments had not been able to reply in time owing to the way the questions had been formulated; in addition, difficulties had been encountered since several topics were covered by one question. It was pointed out that reference had been omitted to a number of important provisions to the Lima Declaration and Plan of Action relating to the developing countries' struggle for economic and political independence and that insufficient allowance had been made in the questionnaire for the characteristics of a socialist economy and the nature of its economic relations with developing countries.

116. Support was expressed for the secretariat's conclusions and recommendations; however, concern was voiced about the proposal that certain responsibilities should be delegated to other international organizations, since such a step might prejudice the implementation of specific provisions of the Lima Declaration and Plan of Action.

117. The secretariat's intention to formulate a new questionnaire, to be sent to Governments in 1978, was welcomed; in that exercise, account should be taken of the considerable amount of information already available. It was suggested that a report on the replies to the second questionnaire should be submitted to the Third General Conference for review.

118. At its 223rd meeting, on 1 June 1977, the Board took note of documents ID/B/182 and Add.1 and 2 and requested the secretariat to continue work on the subject, along the lines indicated in paragraph 13 (p) of document ID/B/182, taking into account the suggestions made by delegations during the Board's deliberations on this subject.

E. United Nations Industrial Development Fund

119. At its 224th meeting, the Board started consideration of agenda subitem 8 (d). In its deliberations on that subject, 14/ the Board had before it a progress report by the Executive Director on the United Nations Industrial Development Fund (ID/B/185 and Add.1).

120. Support was expressed for the establishment of a United Nations Industrial Development Fund as a means of channelling additional resources to UNIDO for industrial development. In this connexion, it was recalled that the reason for establishing the Fund had been to provide a degree of financial autonomy to UNIDO. The view was expressed that the pledges made by member States to the Fund would be a demonstration of their acceptance of the principles underlying the Lima Declaration and Plan of Action.

^{14/} Deliberations of the Board on this subitem are reflected in ID/B/SR.224, paras. 25-35, and ID/B/SR.228, paras. 18-31 and 66-84.

121. It was stated that only adequate funds would enable UNIDO to make a significant contribution towards the promotion of industrialization in the developing countries. In that context, the opinion was expressed that UNIDO could help to attract contributions to the Fund by building up confidence in the organization and by reducing programme support costs.

122. At its 228th meeting, the Board considered a draft decision on the United Nations Industrial Development Fund.

123. An appeal was made that a sizable sum from the Fund be allocated for the least developed countries.

124. Concern was expressed about the inclusion in the draft decision of a fixed target for a funding level. It was stated that the fixing of such a target seemed contradictory to the voluntary basis on which the Fund was established; if contributions were to be voluntary, any proposed funding level figures were bound to be arbitrary. The fear was expressed that the request in the draft decision that the Secretary-General draw the attention of Governments to the desirable funding level would be tantamount to imposing an obligation on Governments. In this connexion, it was emphasized that these reservations were not to be taken as opposition to the Fund itself or as expressions of positions against it.

125. It was pointed out that, whereas General Assembly resolution 31/202 provided for contributions from Governments, from intergovernmental and non-governmental organizations and from other non-governmental sources, no mention of such a provision was to be found in the draft decision. The suggestion was made that the proposals of the draft decision should be studied not only by members of the Board but also by non-members; otherwise the Board would seem to be imposing obligations on countries that were not represented in the Board. Attention was also called to rule 44 of the Board's rules of procedure according to which proposals should be circulated a day in advance of the meeting; that rule had not been observed with regard to the draft decision.

126. Mention was made of a recent gathering in Paris, at which socialist countries had not been represented. In this connexion, the opinion was expressed that it was unfortunate and dangerous for such gatherings to take decisions which UNIDO was then expected to follow. In this context, it was suggested that the Executive Director should report to the Permanent Committee at its ninth session with regard to the participation of UNIDO in the gathering in Paris, the grounds for UNIDO participation, the costs involved, the number of UNIDO staff who had participated and any related obligations assumed by UNIDO.

127. A statement was made on behalf of States members of Group D that, as the draft decision had been distributed in all official languages only at the last meeting of the Board, in violation of the rules of procedure, members of Group D had been unable to study it or to obtain instructions from their Governments; therefore they were not in a position to participate in the adoption of the draft decision for procedural reasons. In this connexion, it was also pointed out that the enlarged Bureau had been unable to reach agreement on the draft decision.

128. A statement was made on behalf of the Group of 77 members of the Board, recalling that the suggestion that a desirable funding level should be included in

the draft decision had emanated from the Group of 77. In making such a proposal, the Group of 77 had been inspired by the Lima Declaration and Plan of Action, particularly paragraph 72, and had not been prompted by deliberations in any other forum. It was pointed out that the Group of 77 had circulated an informal working paper on the draft decision to members of the Board some days earlier; prior to the circulation of that document, the Group of 77 had discussed the matter informally with other geographical groups.

129. The Group of 77 recognized that the United Nations Industrial Development Fund was voluntary in nature, but that did not, in their opinion, imply that the Board could not indicate a target level of funding. The setting of such a target imposed no obligation on any country, but might be useful to many countries as a guideline for the size of their contributions. It was clearly stated that there was no question of assessed contributions; no attempt had been made to indicate the amount that a particular group or category of countries had to contribute; the suggested target was a global one. No link should be established between the proposal by the Group of 77 members of the Board and events taking place elsewhere. The proposal should be considered in terms of its potential contribution to increasing the effectiveness of the future activities of UNIDO.

130. A statement was made concerning the respective roles of UNIDO and UNDP in the area of multilateral technical assistance. In that statement, stress was laid on the integrated country-related activities of UNDP country programming and UNDP co-ordination in the field. Technical co-operation among the developing countries should be thoroughly co-ordinated, as should the activities of UNIDO financed from its own resources (including those of the Fund), so that they would fit into the framework of world-wide technical assistance activities co-ordinated through UNDP.

131. At its 228th meeting, on 6 June 1977, the Board adopted the following points:

(a) Resources of the United Nations Industrial Development Fund

A desirable funding level for the United Nations Industrial Development Fund would be \$US 50 million yearly, and, in accordance with General Assembly resolution 31/203, countries may pledge contributions during the pledging conference of the Fund.

(b) Convening of a pledging conference for the Fund

The Board requests the Secretary-General, in accordance with article 3 of the annex to General Assembly resolution 31/203, to convene the first pledging conference of the United Nations Industrial Development Fund in the course of 1977. The Board also requests the Secretary-General to bring to the attention of Governments the desirable funding level for the Fund.

(c) Delegation of programming authority to the Permanent Committee of the Board

The Board decides to delegate to the Permanent Committee authority to approve an initial programme of activities for the Fund for 1978 and to apportion the resources available in connexion therewith. The Board

further requests the Executive Director to submit programme proposals for 1978 to the Permanent Committee in the light of the sums pledged to the Fund at the first pledging conference.

(d) Delegation of project approval authority to the Executive Director

The Industrial Development Board alone is empowered to approve projects for financing under the United Nations Industrial Development Fund.

The Board, while retaining this authority, delegates for 1978-1979 to the Executive Director authority to approve projects within the programmes which it approves, or which, by delegation of authority, the Permanent Committee may approve on its behalf. Nevertheless, the Board reserves the right to request the Executive Director to submit particular projects of whatever magnitude for its consideration and approval.

132. It was stated that the support given to the foregoing decision by the Board was without prejudice to the view that the principal channel for development assistance within the United Nations system should be UNDP. It was stressed that the view of some members of the Board on the financing of industrial development activities had been stated many times in the past and had remained unchanged.

F. Progress report on the preparations for the Third General Conference of UNIDO

133. At its 223rd meeting, the Board 15/ started consideration of agenda subitem 8 (e). In its deliberations on that subitem, 16/ the Board had before it a note by the secretariat on the Third General Conference of UNIDO (ID/B/178).

134. Among the main themes proposed for the Conference were: the evaluation of the results achieved in the implementation of the Lima Declaration and Plan of Action, taking due account of new developments in international co-operation; the evaluation of the progress achieved by the developing countries in establishing national industries, together with an identification of the factors hindering their industrialization; and a review of the status of UNIDO. It was suggested that the Conference should provide a forum for the developing countries to exchange experiences, particularly in the fields of self-reliance and economic co-operation among developing countries. It was further suggested that the Conference might provide a forum for consultations on a global level. The hope was expressed that the Conference would achieve a genuine consensus on future strategies and methods for UNIDO, a consensus that had eluded the participants of the Second General Conference.

135. Warm appreciation was expressed of the offer of the Government of India to act as host to the Third General Conference of UNIDO in New Delhi, and it was suggested that the venue of the Conference should be included in the Board's recommendations to the General Assembly.

15/ Acting as the Intergovernmental Preparatory Committee for the Third General Conference of UNIDO.

16/ The deliberations of the Board on this subitem are reflected in ID/B/SR.223, paras. 45-62 and ID/B/SR.224, paras. 1-24.

136. While the date proposed for the Conference was welcomed, it was suggested that the proposed conference period should be shortened to two-and-a-half or three weeks.

137. The proposed provisional agenda was welcomed in principle and a number of proposed amendments were advanced. Suggestions were also made for including such subjects as the principle of equal opportunities for development among States; the joint study on international industrial co-operation; establishment of appropriate structures in the developing countries to guarantee their economic independence and to increase their share in world production; and review of the long-range strategy of UNIDO in order to ensure its maximum contribution to the industrial development of the developing countries. The suggestion was also made that the Board, before finalizing the provisional agenda, should await the proposals of the forthcoming regional meetings.

138. With regard to the special issue of the Industrial Development Survey for the Conference, it was suggested that it should include information on specific levels of industrial developing in developing countries during the pre- and post-Lima periods in order to determine the impact of the Lima Declaration and Plan of Action. The hope was expressed that background documentation would also include the secretariat's analysis of the questionnaire to be sent to Governments in 1978 on follow-up of the Second General Conference, and a report on the experience gained in the system of consultations.

139. At its 228th meeting, on 6 June 1977, the Industrial Development Board, in its capacity as Intergovernmental Preparatory Committee for the Third General Conference of UNIDO pursuant to General Assembly resolution 31/164, having considered the note by the secretariat on the Third General Conference of UNIDO (ID/B/178), adopted the following recommendations to the General Assembly at its thirty-second session:

- (a) The Third General Conference of UNIDO should be held for a period of three weeks between September and October 1979;
- (b) In the light of the invitation extended by the Government of India during the Second General Conference and provided that this invitation is confirmed prior to the thirty-second session of the General Assembly, the venue of the Conference should be New Delhi.

140. The Board further decided to transmit to the General Assembly for its information the proposed draft provisional agenda contained in paragraph 4 of document ID/B/178 and to give further consideration to the draft provisional agenda at its twelfth session, including consideration of proposals made with respect to the draft provisional agenda during its examination of this item at its current eleventh session, with a view to submitting a provisional agenda for the Conference to the General Assembly at its thirty-third session. The Board invited suggestions from the regional commissions for the draft provisional agenda.

141. The Board also decided to consider the organizational aspects of the Conference at its twelfth session.

142. The Board agreed that the following reports should be submitted, inter alia, to the Conference:

- (a) A special issue of the Industrial Development Survey;
- (b) The joint study on international industrial co-operation;
- (c) An analytical report of the progress made in follow-up of the decisions and recommendations of the Second General Conference of UNIDO and the seventh special session of the General Assembly relevant to industrial development.

The Board, in its capacity as Intergovernmental Preparatory Committee, decided to request the Permanent Committee at its ninth session to give special attention to the question of the additional documentation to be prepared for the Conference. The secretariat was requested to submit further proposals in this regard to the Permanent Committee at its ninth session.

143. The Board recommended that supplementary financial estimates of \$US 50,000 should be approved for 1977 to cover preparatory work to be undertaken by the secretariat, it being understood that the 1978-1979 estimates for the Conference are reflected in the proposed biennial programme budget for that period, to be submitted to the General Assembly at its thirty-second session.

144. The view was expressed that the supplementary financial estimates of \$US 50,000 recommended for 1977 should be absorbed in the UNIDO programme budget for 1976-1977.

G. System of consultations

145. At its 217th meeting, the Board started consideration of agenda subitem 8 (f). In its deliberations ^{17/} on that subitem, the Board had before it the report of the Executive Director on the establishment of a system of consultations in the field of industry (ID/B/179), the report of the meeting on the Bureau of the first consultation meeting on the iron and steel industry (ID/B/179/Add.1), as well as, for information purposes, the reports of the first consultation meetings on the iron and steel industry and on the fertilizer industry (ID/WG.242/6/Rev.1 and ID/WG.242/8/Rev.1).

146. The launching of the system of consultations was generally regarded as one of the major new tasks of UNIDO since the Second General Conference. The secretariat was congratulated on its prompt response in organizing the first two meetings.

147. General satisfaction was expressed with the results of the first two consultation meetings. In this connexion, it was stated that priority should be given to follow-up activities in order to facilitate purposeful results during the second meetings on those sectors; suggestions were advanced as to the priority and number of follow-up working groups to be convened by the secretariat.

148. Some concern was expressed about the consensus approach to the final reports of consultation meetings; as those meetings had no summary records, it was requested that the reports contain a full reflection of the different views expressed by participants. The secretariat was also urged to include Russian in the working languages for the working groups.

^{17/} An account of the deliberations of the Board on this subitem is given in ID/B/SR.217, paras. 1-46; ID/B/SR.218, paras. 1-92; and ID/B/SR.219, paras. 1-32.

149. The view was advocated that in consultation meetings due regard be given to social aspects in the industrial development process and, in that context, the hope was expressed that trade union representatives would also be invited to the preparatory meetings for future consultations.

150. There was divergence of opinions as regards the status of the consultation meetings and participants. While support was given to a pragmatic approach to this problem, particularly during the experimental phase of consultations, there was disagreement as to whether or not the Lima Declaration and Plan of Action should be interpreted as stipulating the intergovernmental status of the meetings and their participants. With reference to the decision of the Board at its resumed tenth session, the necessity of conducting consultations at the intergovernmental level with the participants of Governments, industry, labour and consumer groups, etc., was strongly urged. On the other side, it was explained that the nature of certain economies required that participants from industry, labour, consumer groups, etc. - whose knowledge and subsequent actions could contribute importantly to the objectives of the consultations - speak independently rather than as members of a government delegation.

151. An extension of the experimental phase of consultations for a two-year period was advocated. It was pointed out that the system of consultations was continuing in nature although, so far, it had been experimental in its modus operandi. It was suggested that the Third General Conference, following a review of the experience gained up to that time, might decide to terminate the experimental stage of the consultations.

152. There was support for the view that priority be given to sectoral meetings and their follow-up at present and that the planning and scheduled number of such meetings and their follow-up should be selective and in realistic relation to the limited human and financial resources of UNIDO.

153. Note was taken of the secretariat's plans for preparatory activities for regional consultations in the context of sectoral consultations, though no consensus emerged on the scheduling of such meetings. It was maintained that regional consultations would provide effective follow-up of the sectoral consultations; in this connexion, it was suggested that a regional consultation meeting covering several sectors should be convened.

154. As to consultations at the global level, it was suggested that the secretariat - giving due regard to similar activities carried out by other international organizations in order to avoid duplication and to the priority to be accorded to sectoral consultations - start preparatory work on global consultations for the Board to review at its next session. It was further suggested that sufficient time should be allowed during the Third General Conference for all Governments to exchange views on global issues.

155. It was stressed that the Board's consideration of the results of consultation meetings should not be restricted to financial implications of those meetings but should extend to the substantive aspects of recommendations and conclusions; in this context, the view was advanced that it was the Board's prerogative to review the results of consultation meetings.

156. An observer from one of the intergovernmental organizations spoke about the experience of the co-operation among the member States of his organization in the field of industrial production.

157. At its 228th meeting, on 6 June 1977, the Industrial Development Board, having examined, within the context of the Lima Declaration and Plan of Action and the relevant part of resolution 3362 (S-VII) of the seventh special session of the General Assembly, the report by the Executive Director on the establishment of a system of consultations (ID/B/179), the report of the meeting of the Bureau of the first consultation meeting on iron and steel (ID/B/179/Add.1), the two reports of the consultation meetings on fertilizers and iron and steel (ID/WG.242/8/Rev.1 and ID/WG.243/6/Rev.1) and other relevant documents, including the proposed 1978-1979 programme budget (ID/B/191), commended the secretariat for having organized expeditiously consultation meetings in two sectors.

158. The Board believed that experience gained up to now had been generally useful and could thus provide a framework for future consultation meetings and contribute to the evaluation of this new form of international industrial co-operation. The consensus of the consultation meetings in identifying topics which should be studied in detail will facilitate the second stage of consultations envisaged in the two sectors in 1978. The Board therefore authorized the secretariat to convene working groups, as appropriate, to pursue further the topics recommended by the consultation meetings. The Board emphasized that, in carrying out their functions, the working groups should focus their attention on making recommendations which could form the basis for concrete action to facilitate the development of productive capacity in the appropriate sectors in developing countries, in keeping with the objectives of the system of consultations. In this connexion, the Board expressed the hope that concrete results should emerge from the second consultation meetings on the fertilizer industry and the iron and steel industry.

159. The Board agreed that the secretariat should continue to make preparations for and convene consultation meetings for the leather and leather products industry and vegetable oils and fats industry in 1977 as well as carry out follow-up action in these sectors. With regard to attendance at the follow-up working group meetings, the secretariat should continue to assume responsibility for the selection of participants, using such criteria as individual expertise, the interest of the participants' countries as producers, consumers and potential producers, and wide geographical distribution. The Board agreed that the costs of attendance normally should be borne by the participants themselves. For the biennium 1978-1979, the Board authorized the secretariat, in addition to the follow-up action on consultation meetings on fertilizers, iron and steel, leather and leather products and vegetable oils industries, to make initial preparations for consultations on additional sectors such as agricultural machinery, petrochemicals, capital goods, pharmaceuticals, and agro-based industries, so as to facilitate the holding of consultation meetings in any two of these sectors as might be decided by the Board at its next meeting, after considering the recommendations and supporting criteria of the secretariat and taking account of all available resources.

160. The Board reaffirmed the consensus of its resumed tenth session as expressed in paragraph 24 (b) of part two of the report.^{18/} In this connexion, UNIDO should assist in the follow-up activities on consultation meetings as may be requested by regional groups.

^{18/} Official Records of the General Assembly, Thirty-first Session, Supplement No. 16 (A/31/16).

161. The Board noted that certain issues common to the two sectoral consultation meetings on iron and steel, and fertilizers, such as financing, investment guarantees and training of industrial manpower, were likely to be encountered in other sectors. The Board believed that global consideration of such issues in the context of the industrialization process as a whole might be advisable at the appropriate time and decided to consider this subject-matter further at its next session.

162. The Board reiterated the need for consultations to be held among member countries. Participants from each member country may include officials of Governments as well as representatives of industry, labour, consumer groups, etc., as deemed appropriate by each Government and as may be arranged between Governments and UNIDO. Relevant international organizations may be invited to participate.

163. Final reports of the meetings should include such conclusions and recommendations as agreed upon by consensus among the participants. The reports should also include other significant views expressed during the discussion.

164. The Executive Director was requested to submit to the Board at its twelfth session a report on the further experience gained from the consultations and follow-up activities.

165. The view was expressed that the consultation programme for 1978-1979 should be financed within the limits of the amount appropriated in the proposed programme budget for UNIDO for that biennium. It was suggested that caution be exercised with regard to the number of consultations held and the number of sectors included in the programme. It was stated that the words "as appropriate" in the third sentence of paragraph 158 implied that the number of working groups would be kept to a minimum.

166. Concern was expressed that the consultations might be regarded as an end in themselves; the hope was voiced that consultations would lead to specific investment decisions.

H. Redeployment of industries from developed to developing countries

167. At its 219th meeting, the Board considered agenda subitem 8 (g). In its deliberations on that subitem, 19/ the Board had before it a note prepared by the secretariat on the redeployment of industries from developed to developing countries (ID/B/190).

168. It was felt that the concept of redeployment was open to a broad range of interpretations. The opinion was voiced that the Board should refine the concept as a tool to meet the industrial targets of the Lima Declaration and Plan of Action and to consolidate the establishment of the new international economic order according to resolutions already adopted in that field. It was also contended that, in the strict sense of the concept, redeployment of internationally less competitive industries was of advantage only to developed capitalist countries. On the other hand, it was held that such redeployment presented mutual advantages.

^{19/} The deliberations of the Board on agenda subitem 8 (g) are reflected in ID/B/SR.219, paras. 33-63.

169. It was stated that in the redeployment of industries the interest of the market-economy countries should not be the basic criteria; rather, new industries redeployed to developing countries should form part of the national development plans of those countries and should not be dependent on foreign initiative alone. With reference to paragraph 8 (c) of document ID/B/190, the view was advanced that redeployment of industry should be an intrinsic part of domestic evolutionary restructuring, in response to market forces; in this connexion, it was stated that such redeployment could be achieved only as a result of action by the private sector; the options open to Governments of market-economy countries for production control were limited to indirect measures, such as incentives and disincentives, and their primary task was to keep the economy open for structural changes. On the other hand, the view expressed in paragraph 8 (c) of the secretariat's note, namely, that redeployment should be an expression of government policy, was endorsed.

170. As to future action, the two-pronged approach proposed by the secretariat was endorsed; however, reservations were voiced about the carrying out of studies to identify entire industrial sectors to be subjected to accelerated redeployment. Attention was drawn to the report of the UNDP Administrator on the implementation of new dimensions in technical co-operation (DP/220) which covered adequately all elements required to identify future redeployment capacities.

171. The view was sustained that redeployment should be more closely linked with the system of consultations and the secretariat was urged to co-ordinate its activities with those of relevant international organizations in particular the secretariat of the General Agreement on Tariffs and Trade.

172. Suggestions were made that the secretariat conduct studies on existing legal possibilities of influencing structural development and on steps to be taken by industrialized countries to encourage the effective participation of the least developed countries in the redeployment exercise.

173. At its 219th meeting, on 30 May 1977, the Board took note of document ID/B/190. The Board requested the secretariat to continue work on this subject and to submit a follow-up report to the Board at its twelfth session.

I. Draft resolution and proposals

Draft resolution on international co-operation in the transfer of technology

174. At its 228th meeting, the Board, for its consideration of agenda subitem 8 (h) (i), had before it a draft resolution on international co-operation in the transfer of technology. The original draft resolution had been submitted to the Second General Conference of UNIDO by the Group of 77 and Romania (A/10112, para. 300). The Second General Conference subsequently transmitted that draft resolution to the Industrial Development Board for study (*ibid.*, para. 301). The present revised draft resolution was introduced by the Chairman of the Board's open-ended Working Group on Technology.

175. At its 228th meeting, on 6 June 1977, the Board adopted, without a vote, resolution 47 (XI) on international co-operation in the transfer of technology (see annex I of the present report) as submitted by the Chairman of the Board's open-ended Working Group on Technology.

Draft resolution on the establishment of an insurance system for guaranteeing contracts concluded by the developing countries with enterprises from developed countries

176. At its 225th meeting, the Board, for its consideration of agenda subitem (h) (ii), had before it the draft resolution on the establishment of an insurance system (ID/B/C.3/38, p. 9) which had been transmitted to the Board by the Second General Conference of UNIDO. 20/

177. A reservation was reiterated concerning the draft resolution as it was feared that the proposed system might well be counter-productive.

178. It was recalled that one of the subjects for follow-up, recommended by the first consultation meeting on the fertilizer industry, had been a further study of a multilateral insurance scheme for the fertilizer sector, designed to ensure the protection of all parties concerned by providing, in particular, adequate compensation for consequential losses. In view of the fact that other sectoral consultations might recommend similar arrangements, it was suggested that the Board limit its action on this agenda subitem to noting the action taken by the consultation meeting.

179. It was so decided.

Proposal by Senegal

180. At its 224th meeting, the Board, for its consideration of agenda subitem 8 (h) (iii), had before it the proposal by Senegal concerning the establishment of a joint technical advisory group for UNIDO, to give advice and make recommendations to the Board on operational projects and programmes (ID/B/C.3/38, pp. 10-11). 21/ That proposal had been transmitted to the Board by the Second General Conference.

181. In introducing the item, the President recalled that the Permanent Committee, at its sixth session, in April 1976, had recommended that the proposal be transmitted to the Intergovernmental Committee of the Whole and to the tenth session of the Board. At its tenth session, however, the Board had referred the proposal back to the Permanent Committee for consideration at its ninth session. As that session had been postponed, the matter was once again before the Board. In the meantime, acting on the recommendation of the Permanent Committee, the secretariat had transmitted the Senegalese proposal to the Intergovernmental Committee of the Whole and that proposal now formed part of the official documentation of that Committee (A/AC.180/L.3); as such, it would be forwarded to the next forum of negotiations on the draft constitution, possibly to a conference of plenipotentiaries.

182. In the light of those developments, the President suggested that the Board should endorse the recommendation of the Permanent Committee that the proposal by Senegal be transmitted to the Intergovernmental Committee of the Whole.

183. It was so agreed.

20/ The deliberations of the Board on this subitem are reflected in ID/B/SR.225, paras. 27-32.

21/ The deliberations of the Board on this subitem are reflected in ID/B/SR.224, paras. 36-37.

J. Conversion of UNIDO into a specialized agency

184. At its 228th meeting, on 6 June 1977, at the conclusion of its consideration of item 8 of the agenda, the Board emphasized that further steps should be taken in order to implement without delay the decision to convert UNIDO into a specialized agency and urged the Secretary-General, bearing in mind paragraph 4 of General Assembly resolution 31/161, to make arrangements for the resumption of the drafting of a constitution for UNIDO as a specialized agency, within the framework of a plenipotentiary conference to be convened as soon as possible during the second half of 1977.

CHAPTER VII

FOLLOW-UP OF BOARD RESOLUTION 46 (X) ON NATURAL RESOURCES

185. At its 211th meeting, the Board considered agenda item 9. In its deliberations on that agenda item 22/ the Board had before it a report by the Executive Director on the follow-up of Board resolution 46 (X) on natural resources (ID/B/189).

186. The report was welcomed as a first attempt by UNIDO to define the interrelation between industrial development and natural resources. Particular mention was made of the programme of activities as outlined in annex II of the document.

187. UNIDO was urged to delineate its activities in the area of natural resources and those of other organizations, particularly within the United Nations system, to avoid duplication of efforts. Importance was attached to an early agreement on the co-ordination of such activities of UNIDO with those of the Centre for Natural Resources, Energy and Transport; in that context, it was suggested that a summary of relevant discussions between UNIDO and the Centre should be included in a future report to the Board. Co-ordination with the United Nations Office for Science and Technology and UNCTAD should also be effected and there should be a clear definition of the respective activities of UNIDO and the United Nations Office for Science and Technology in the field of energy. The secretariat was urged to co-ordinate UNIDO activities in such fields as petrochemicals and energy with ongoing discussions in other international fora, including the Conference on International Economic Co-operation.

188. Importance was attached to the study, currently conducted by ICIS, on the utilization and processing of indigenous raw materials in relation to the industrial development of developing countries. The hope was expressed that the study, which should receive wide distribution, would lead to an effective contribution by UNIDO to the efforts of the developing countries in effecting their inalienable right to permanent sovereignty over their natural resources. It was also hoped that the Board would be kept informed on the progress of the study.

189. It was suggested that in future studies an analysis should be undertaken of the advantages of nationalized industries in the industrial development and utilization of natural resources. In that context, mention was made of the experience of socialist States in State ownership and control of exploitation and transformation of natural resources; it was suggested that UNIDO should provide increased assistance to complement the efforts of the developing countries in that respect.

190. In drawing up policies relating to raw materials, it was suggested that UNIDO should give careful consideration to the discussions on sea-bed resources taking place at the United Nations Conference on the Law of the Sea.

22/ The deliberations of the Board on agenda item 9 are reflected in ID/B/SR.211, paras. 30-52.

191. Regret was voiced that the joint report by UNIDO and the Centre on Transnational Corporations was not available at the current session; it was, however, important that the report be submitted to the Board as a separate item of its agenda for discussion at its twelfth session; in that context, it was suggested that this subject might form part of the preparations for the Third General Conference at UNIDO.

192. The secretariat was also requested to keep the Board informed on the substantive work of UNIDO in the field of natural resources and on its co-operation with other relevant bodies.

193. At its 211th meeting, on 24 May 1977, the Board took note of the report of the Executive Director on follow-up of Board resolution 46 (X) on natural resources, it being understood that the secretariat would take due account in its future activities in this area of the views and suggestions made during the current session.

CHAPTER VIII

INTEGRATION OF WOMEN IN DEVELOPMENT

194. At its 212th meeting, the Board considered agenda item 10. In its deliberations on that item, 23/ the Board had before it the report of the Executive Director on the integration of women in development (ID/B/186).

195. The secretariat was commended on its efforts to encourage the integration of women in national development programmes; however, concern was voiced over the slow progress being made in that field. Though it was noted that the main responsibility for integration of women rested with the Governments, it was suggested that UNIDO perform a more active role in encouraging government action. In that connexion, mention was made that integration could be achieved only through the introduction of the new international economic order.

196. Reference was made to the participation of women in UNIDO training activities and seminars and appreciation was expressed that the secretariat was going to give preference to female participants in its forthcoming Seminar on UNIDO Operations. The proposed policy/technical meeting in a developing country was welcomed; it was suggested that, as men were still in the majority in industrial life, the meeting should not be restricted to women only. It was also suggested that a representative of the United Nations Commission on the Status of Women assist the secretariat in planning the policy/technical meeting and that UNIDO report on that meeting to the Commission.

197. In addition to the proposed research projects and case studies, it was suggested that UNIDO should carry out a study on the possible detrimental effects of industrialization on the socio-economic condition of women in developing countries and apply the experience gained from that study in its future activities. It was also proposed that UNIDO compile a country inventory on female participation in development, listing, inter alia, the number and levels of qualification of women integrated in relevant sectors of economy; such an inventory could serve as a guide to both UNIDO and Governments for further action in that field.

198. Regret was voiced that in document ID/B/186, paragraph 11, no mention had been made of the objectives of achieving equal opportunity for employment and equal wages, and reference was made in that connexion to the Declaration of Principles and the Programme of Action adopted by the 1976 World Employment Conference.

199. Regret was also voiced about the low share of women in expert recruitment, and the hope was expressed that Governments would increase the number of female nominations, particularly from the developing countries.

23/ The deliberations of the Board on agenda item 10 are reflected in ID/B/SR.212, paras. 21-47.

200. As regards female representatives among UNIDO Professional staff, it was stated that the progress made was somewhat uneven, particularly at the P-4 level and above as illustrated in chapter IX, page 195, of the annual report; in that connexion, the question was raised as to how UNIDO rated in employing female Professional staff compared with other organizations within the United Nations system.

201. The establishment of the Standing Committee on Employment of Women and of the Joint Staff/Administration Committee on Staff Training and Career Development was generally welcomed. The wish was expressed that the Board be continually informed on the progress achieved by those two Committees and on UNIDO participation in the interagency programme on the integration of women of the Administrative Committee on Co-ordination.

202. At its 212th meeting, on 24 May 1977, the Board took note of the report on the integration of women in development (ID/B/186) and recommended that the Executive Director, in continuing the implementation of Board resolution 44 (IX), should take into account the views and suggestions expressed at the current session.

CHAPTER IX

MATTERS CONCERNING INTERGOVERNMENTAL AND NON-GOVERNMENTAL ORGANIZATIONS

203. At its 224th meeting, the Board considered agenda item 11. In its deliberations on that item, 24/ the Board had before it documents ID/B/177 and Add.1 and Add.2/Corr.1 containing applications of intergovernmental and non-governmental organizations.

A. Consideration of applications of intergovernmental organizations

204. The Board first examined the applications for association with the activities of UNIDO of two intergovernmental organizations, namely, the Arab Fund for Economic and Social Development and the Inter-Arab Investment Guarantee Corporation.

205. At its 227th meeting, on 3 June 1977, the Board agreed to grant to the Arab Fund for Economic and Social Development and the Inter-Arab Investment Guarantee Corporation the status provided for in rule 75 of the rules of procedure.

B. Consideration of applications of international non-governmental organizations

206. An Ad Hoc Committee, composed of the members of the Bureau of the Board and the Executive Director, met on 31 May 1977 and examined the applications for consultative status with UNIDO contained in the report (ID/B/177 and Add.1 and 2 and Add.2/Corr.1). The Ad Hoc Committee recommended that the Board, in accordance with the procedure for granting consultative status to international non-governmental organizations concerned with the promotion of industrial development, should grant consultative status to the following non-governmental organizations:

European Centre for International Co-operation (CECI)
International Centre for Industry and the Environment (ICIE)
International Federation of Inventors' Associations (IFIA)
International Federation of Pharmaceutical Manufacturers' Associations (IFPMA)
World Peace Council (WPC)

207. Reservations were expressed with regard to the application of the World Peace Council; a statement was made that the World Peace Council had long been reduced to the status of an instrument of a super-Power; it was questioned whether the World Peace Council could make a useful contribution to the activities of UNIDO

24/ Deliberations of the Board on this agenda item are reflected in ID/B/SR.224, paras. 38-50, and ID/B/SR.227, paras. 1-8.

in the highly specialized field of industrial development. Statements were made that, should the application be put to the vote, a number of delegations would abstain.

208. There were expressions of support for granting consultative status to the World Peace Council. It was pointed out that, not only did the World Peace Council have consultative status with the Economic and Social Council, the United Nations Educational, Scientific and Cultural Organization and the United Nations Conference on Trade and Development, but it was carrying out activities directly connected with the aims of UNIDO.

209. The attention of the Board was drawn to the fact that the Economic and Social Council had recently adopted a resolution calling upon it to reconsider the activities of the international non-governmental organizations. It was suggested that, before taking a decision on this question, the Board await the results of the Council's deliberations.

210. The President proposed that the Board agree to the granting of consultative status to all five of the international non-governmental organizations, in keeping with the recommendations of the Ad Hoc Committee, with the understanding that the observations and reservations of delegations would be placed on record.

211. At its 227th meeting, on 3 June 1977, the Board agreed to approve the recommendations of the Ad Hoc Committee.

CHAPTER X

PROVISIONAL AGENDA FOR THE TWELFTH SESSION OF THE INDUSTRIAL DEVELOPMENT BOARD AND OF THE NINTH AND TENTH SESSIONS OF THE PERMANENT COMMITTEE

212. At its 227th meeting, on 3 June 1977, the Board considered agenda item 12 25/ and adopted the provisional agenda for the twelfth session of the Industrial Development Board and for the ninth and tenth sessions of the Permanent Committee as follows:

A. Provisional agenda for the twelfth session of the Industrial Development Board

1. Opening of the session
2. Election of officers
3. Adoption of the agenda
4. General debate
5. Reports of the Permanent Committee on its ninth and tenth sessions
6. Organizational and financial matters:
 - (a) Regular programme of technical assistance for 1979;
 - (b) United Nations Industrial Development Fund:
 - (i) Proposed programme for 1979;
 - (ii) Plan for 1979-1980
7. Preparatory arrangements for the Third General Conference of UNIDO
8. Follow-up of the decisions and recommendations of the Second General Conference of UNIDO, including review and appraisal of progress achieved in the implementation of the Lima Declaration and Plan of Action; and follow-up of the decisions and recommendations of the seventh special session of the General Assembly relevant to industrial development
9. Integration of women in development
10. Follow-up of Board resolution 46 (X) on natural resources

25/ The deliberations of the Board on this agenda item are reflected in ID/B/SR.227, paras. 9-26.

11. Redeployment of industries from developed to developing countries
12. Report on UNIDO participation in programmes to achieve increased transfer of industrial technology
13. Matters concerning intergovernmental and non-governmental organizations
14. Provisional agenda for the thirteenth session of the Industrial Development Board and of the eleventh and twelfth sessions of the Permanent Committee
15. Dates and places of the thirteenth session of the Industrial Development Board and of the eleventh and twelfth sessions of the Permanent Committee
16. Adoption of the report of the twelfth session
17. Closure of the twelfth session

B. Provisional agenda for the ninth session
of the Permanent Committee

1. Opening of the session
2. Adoption of the agenda
3. Co-ordination of the activities within the United Nations system in the field of industrial development
4. Evaluation of selected activities of the organization:
 - (a) Evaluation report of the Industrial Development Field Advisers programme;
 - (b) Evaluation of the Special Industrial Services programme;
 - (c) Evaluation of small-industry development including industrial estates;
 - (d) Progress report on the completion of a systems design;
 - (e) Progress report on other joint programme evaluations with UNDP, including follow-up
5. Initial programme of activities for 1978 under the United Nations Industrial Development Fund
6. Preparatory arrangements for the Third General Conference of UNIDO
7. Adoption of the report of the ninth session
8. Closure of the ninth session

**C. Provisional agenda for the tenth session
of the Permanent Committee**

1. Opening of the session
2. Election of officers
3. Adoption of the agenda
4. Activities of UNIDO:
 - (a) Summary of activities in 1977; report of the Executive Director;
 - (b) Work programme of UNIDO for 1980-1981;
 - (c) Medium-term plan of UNIDO for 1980-1983
5. Adoption of the report of the tenth session
6. Closure of the tenth session

213. At the adoption of the provisional agenda for the ninth session of the Permanent Committee under agenda item 6, Preparatory arrangements for the Third General Conference of UNIDO, the Chairman of Group B requested on behalf of his Group that the secretariat submit a report and analysis concerning the extent to which the UNIDO programmes had been able to respond to the recommendations of the Group of High-Level Experts on a Long-range Strategy for UNIDO and the conclusions of the Ad Hoc Committee.

CHAPTER XI

DATES AND PLACES OF THE TWELFTH SESSION OF THE INDUSTRIAL DEVELOPMENT BOARD AND OF THE NINTH AND TENTH SESSIONS OF THE PERMANENT COMMITTEE

214. At its 227th meeting, on 3 June 1977, the Board considered agenda item 13. 26/

215. The Board decided to hold at Vienna the ninth session of the Permanent Committee from 5 to 9 December 1977; the Board set the provisional dates of the tenth session of the Permanent Committee from 2 to 12 May 1978 and of the twelfth session of the Industrial Development Board from 16 to 26 May 1978.

216. At the suggestion of the President, and in order to assist in future planning, the Board provisionally approved the holding of the twelfth session of the Permanent Committee and the thirteenth session of the Board at Vienna in the period immediately after Easter 1979 (17 April to 18 May 1979).

^{26/} The deliberations of the Board on this agenda item are reflected in ID/B/SR.227, paras. 9-26 and ID/B/SR.228, paras. 1-4.

CHAPTER XII

ADOPTION OF THE REPORT OF THE ELEVENTH SESSION

217. At its 226th meeting, on 3 June 1977, the Board considered the adoption of the report on the work of its eleventh session. 27/

218. During the adoption of the report and in connexion with agenda item 6 (b), the view of the large majority of Group B was expressed that, in the light of the decision of the Board at its resumed tenth session, 28/ the text of subprogramme 2 of the programme of policy co-ordination contained in the proposed programme budget for UNIDO for the biennium 1978-1979 should delete any description of the meetings to be held under this programme as "intergovernmental" in nature.

219. At its 228th meeting, on 6 June 1977, the Board unanimously adopted the report on the work of its eleventh session.

27/ The deliberations of the Board on this item are reflected in summary records ID/B/SR.226, paras. 1-21 and ID/B/SR.228, paras. 5-85.

28/ Official Records of the General Assembly, Thirty-first Session, Supplement No. 16 (A/31/16), part two, para. 24 (d).

CHAPTER XIII

CLOSURE OF THE ELEVENTH SESSION

220. After statements by the President of the eleventh session, by representatives of various geographical groups and by the Executive Director, the Board concluded its eleventh session on 6 June 1977.

ANNEX I

Resolutions and decisions adopted by the Industrial Development
Board at its eleventh session

CONTENTS

Resolution

- 47 (XI) International co-operation in the transfer of technology

Decisions

- IV (XI) Co-operative programme of action on appropriate industrial technology
V (XI) Establishment of an industrial and technological information bank

RESOLUTION

47 (XI). International co-operation in the transfer of technology

The Industrial Development Board,

Recalling General Assembly resolutions 3201 (S-VI) and 3202 (S-VI) of 1 May 1974 on the Declaration and Programme of Action on the Establishment of a New International Economic Order and, in particular, the developing countries' participation in the advantages of modern science and technology, the promotion of transfer of techniques and the creation of a national technology structure,

Recalling also General Assembly resolution 2658 (XXV) of 7 December 1970 concerning the role of modern science and technology in the development of nations and the need to strengthen economic and technico-scientific co-operation among States,

Recalling further General Assembly resolution 2626 (XXV) of 24 October 1970, the aim of which was to create the necessary and appropriate conditions to facilitate the transfer of technology to the developing countries on reasonable terms and by reasonable procedures and to promote the creation of the infrastructure essential for the development of those countries,

Recalling furthermore General Assembly resolution 3168 (XXVIII) of 17 December 1973, and more specifically paragraph 2 thereof, which stresses the need to undertake fresh initiatives to intensify international co-operation so that all the developing countries can benefit from the achievements of modern science and technology for the acceleration of their economic and social progress by encouraging the creation of national capacities for scientific and technological growth,

Taking into account the Lima Declaration and Plan of Action on Industrial Development and Co-operation, a/ adopted by the Second General Conference of the United Nations Industrial Development Organization, and General Assembly resolution 3362 (S-VII) of 16 September 1975 on development and international economic co-operation,

Bearing in mind General Assembly resolutions 3507 (XXX) of 15 December 1975 on institutional arrangements in the field of the transfer of technology and 31/183 of 21 December 1976 on the establishment of a network for the exchange of technological information, Economic and Social Council resolution 2034 (LXI) of 4 August 1976 on strengthening the technological capacity of developing countries and resolution 87 (IV) of 30 May 1976 of the United Nations Conference on Trade and Development, relating to strengthening the technological capacity of developing countries,

Recognizing the desirability for Governments to encourage all appropriate means to facilitate the transfer of technology, without discrimination, in order to promote economic development as an essential contribution to the establishment of a new international economic order,

a/ See A/10112, chap. IV.

Bearing in mind that it is highly desirable to reduce technological dependence as well as to promote technological self-reliance of developing countries by strengthening their technological infrastructures and capabilities, in particular through co-operation among developing countries and through the transfer of technology on fair, equitable and mutually acceptable terms and conditions,

Considering that the transfer of technology, including the technology reposing in private enterprises, should be brought within the framework of agreed guidelines or principles for national and international co-operation, taking into account the needs and conditions in developing countries,

Considering that it is very important that suppliers of technology should co-operate in the adaptation of that technology to local economic and social conditions in support of national development plans and programmes,

Considering that international co-operation in science and technology should be urgently intensified to allow the developing countries to benefit to the full from the achievements of modern science and technology so as to speed up their economic and social progress,

Considering that technological co-operation among developing countries offers many possibilities which have not yet been exploited, and that these countries often face similar problems with regard to the utilization of their natural resources, such as the adaptation of technologies from the developed countries, the creation of technologies adapted to their particular conditions, including an abundance of labour and a shortage of capital, and the development of a scientific and technological infrastructure as a basis for industrial development efforts,

Considering that the co-operation mechanisms administered by national and international organizations should permit advantage to be taken of the possibilities of mutual assistance among developing countries,

Bearing in mind the essential role of industrialization in the economic and social progress of the developing countries, as well as the central role of the United Nations Industrial Development Organization in efforts to keep under review and promote the co-ordination of all activities within the United Nations system in the industrial field, in particular in the transfer of industrial technology,

Considering that the lack of qualified personnel and of the capacity for training is one of the central problems of the process of technological development,

Bearing in mind that a number of international, regional and national institutions have important responsibilities in the field of technology transfer, and aware of the desirability of co-ordinating international efforts and avoiding duplication of effort and overlap of functions.

I

Co-operation between developed and developing countries

1. Emphasizes that training of technical, administrative and managerial personnel of the developing countries at all levels, and the creation of the necessary conditions to enable them to assume their responsibilities in the technical and technological fields, should be an integral part of industrial investments in developing countries, and to this end, urges that the Governments

of the developed countries undertake to encourage their enterprises and institutions to increase the implementation of manpower development programmes in developing countries in connexion with transfer of technology transactions with developing countries;

2. Urges the promotion of all appropriate forms of international co-operation, especially co-operation between developed and developing countries, in the field of transfer as well as development of industrial technology, with a view to:

(a) Contributing, under the auspices of the United Nations Conference on Trade and Development, to the formulation and adoption of an international code of conduct on the transfer of technology, due account being taken of the specific needs of, and conditions in, developing countries;

(b) Facilitating the access of the developing countries to new developments in technology, without discrimination and on fair, equitable and mutually acceptable terms and conditions, and the adaptation of such technologies to their particular economic, social and ecological conditions and development objectives;

(c) Encouraging the establishment and implementation of equitable principles concerning, inter alia, restrictive business practices related to the transfer of technology, taking into account the needs of the developing countries, through the formulation and adoption of an international code of conduct on the transfer of technology;

(d). Being receptive to developing new forms of international co-operation in research and development connected with the prospecting, exploitation, conservation and rational use of the natural resources of the developing countries;

II

Co-operation among developing countries

1. Urges the fostering of technological co-operation among developing countries and their institutions, through bilateral and multilateral arrangements that will permit:

(a) Exchange of information, as appropriate, on the conditions that govern the transfer of technology;

(b) Joint preparation, financing and execution of research projects that are of interest to several countries;

(c) Exchange of experts, expertise and trainees;

(d) Utilization by a country of the laboratories and installations of another, in order to promote a better use of human and material resources;

(e) Formulation of joint agreements on technology in order to benefit from the economies of scale, to exchange the experiences obtained in the implementation of common technologies;

(f) Creation of specialized technological centres;

2. Urges the developing countries, in the context of the regulation and control of the activities of enterprises operating within their jurisdiction, to formulate and adopt methods and measures, at the national, subregional, regional and international levels, in order to gain from such enterprises the maximum contribution to the technological development plans and projects of the developing countries;

III

Role of the United Nations Industrial Development Organization in the field of development and transfer of industrial technology

1. Urges the United Nations Industrial Development Organization to promote, in co-operation with other competent bodies of the United Nations system, particularly the United Nations Conference on Trade and Development and the World Intellectual Property Organization, the implementation of an integrated programme in the field of development and transfer of industrial technology that will facilitate, inter alia, the access of the developing countries to information on industrial technology, especially on alternate industrial technologies, costs, suppliers and other conditions of the international market of industrial technology;

2. Further urges that, to this end, the United Nations Industrial Development Organization should provide assistance, in co-operation with the above-mentioned and other relevant organizations, upon request, as appropriate, to the developing countries through such resources as may be available to it directly and indirectly in strengthening their industrial technological capabilities in such areas as:

(a) The formulation and implementation of national technology plans and programmes and the identification and implementation of measures for improving them;

(b) The elaboration of policies on the development and transfer of industrial technology;

(c) The establishment, improvement and interlinking of national, subregional, regional and interregional centres, including special attention to strengthening technological extension and field services, with emphasis on the transfer, development and practical application of industrial technology; and the interlinking of such centres together with the Industrial and Technological Information Bank into the network for the exchange of technological information as provided in General Assembly resolution 31/183;

(d) The promotion of dissemination and export, as widely as possible, of technologies from developing countries;

(e) The selection of available industrial technology, the adaptation of that technology to local economic and social conditions and the development of indigenous and appropriate technology;

(f) The examination and evaluation of the technical, economic, commercial and development implications of industrial technology transfers;

(g) Training programmes at national, regional, subregional and international levels, seminars and exchange of personnel in technical activities, especially aimed at providing the capability to acquire, evaluate and manage industrial technology, for personnel in developing countries and for the better utilization and development of skilled personnel within and between developing countries;

(h) Studies and the publication of their conclusions on ways and means to promote technological and industrial co-operation among developing countries, including co-operative projects that can be implemented with the technical resources of those countries;

(i) The initiation of specific co-operation activities among the developing countries which will cover the exchange of personnel for purposes of providing advice or receiving training, and the facilitation of institutional co-operation involving, inter alia, research institutes and enterprises that carry out engineering studies and provide consulting services and manufactures;

(j) The intensification of courses on technological and industrial management, including industrial technological information in accordance with the needs of each country;

3. Invites national and international institutions implementing or financing industrial development programmes to give high priority to requests for assistance from the developing countries in the field of industrial technological development;

4. Considers that the United Nations Industrial Development Organization should continue to make an important contribution to the promotion of international co-operation in the development and transfer of industrial technology in order to accelerate the industrialization of the developing countries;

5. Urges the United Nations Industrial Development Organization to take an active part in the preparations for, and participation in, the United Nations Conference on Science and Technology for Development and the United Nations Conference on Technical Co-operation among Developing Countries;

6. Requests the Executive Director of the United Nations Industrial Development Organization to report to the Industrial Development Board at its twelfth session on the extent to which the United Nations Industrial Development Organization is engaged, in co-operation with relevant United Nations agencies and the over-all information network being planned by the Secretary-General under General Assembly resolution 31/183, in active programmes to achieve increased transfer of industrial technology, particularly to the developing countries, and to strengthen the national technological capabilities of the developing countries.

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DECISIONS

IV (XI). Co-operative programme of action on appropriate industrial technology

1. The Industrial Development Board welcomes the report of the Executive Director on a co-operative programme of action on appropriate industrial technology. b/

2. The Board:

(a) Considers that the classifications in chapter II of the report provides a framework primarily for action and funding by Governments, national and international organizations, including relevant United Nations agencies and institutions active in the field of appropriate technology;

(b) Recognizes that the priorities accorded the specific projects listed in the report will therefore be determined by the interest and action of such entities;

(c) Takes note, in this context, of the importance of assisting developing countries, at their request, in strengthening national institutional infrastructure for appropriate industrial technology;

(d) Considers that aspects of appropriate technology should be introduced into the sectoral consultations of the United Nations Industrial Development Organization.

3. The Board:

(a) Recommends that the programme should take into account, and follow up on, activities in those sectors where the United Nations Industrial Development Organization consultations are under way or planned;

(b) Endorses the implementation measures to be taken by the United Nations Industrial Development Organization as outlined in paragraphs 107, 108 and 109 of the report, which call respectively for the organization of international meetings in the field of appropriate industrial technology, the establishment of a consultative group on appropriate technology to advise the secretariat and the monitoring of developments in this field;

(c) Requests the Executive Director, in the implementation of these measures, to take into account the comments made by delegations during the consideration of this item by the Board at its present session;

(d) Requests the Executive Director to submit to the Board at its twelfth session a follow-up report which would encompass: a further delineation of the co-operative programme, an indication of the priority considerations to be applied in selecting those projects in which the United Nations Industrial Development Organization suggests it will itself participate, the costs involved, anticipated sources of financing, and an account of the progress achieved in implementing the measures endorsed by the present decision.

4. The Board:

(a) Invites interested agencies in the United Nations system and other national and international organizations to participate in projects in appropriate technology;

(b) Invites Governments, financial institutions and other organizations to fund project implementation.

5. The Board, in accordance with resolution 2 of 25 March 1975 of the Second General Conference of the United Nations Industrial Development Organization, also requests the Executive Director to transmit to the General Assembly at its thirty-second session, through the Economic and Social Council, for information the report on a co-operative programme of action on appropriate industrial technology b/ together with the present decision.

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V (XI). Establishment of an industrial and technological information bank

1. The Industrial Development Board takes note with appreciation of the report of the Executive Director on the establishment of an industrial and technological information bank c/ and endorses the proposal contained in chapters III and IV of the report to make the bank operational through a pilot project to be undertaken during 1977-1978, which shall be complementary to the present information and advisory services of the United Nations Industrial Development Organization.

2. The Board requests the secretariat during the conduct of the pilot activities to co-ordinate the activities of the bank as a component of an international network for the exchange of technological information as requested by General Assembly resolution 31/183 of 21 December 1976, and to take maximum advantage of information and expertise available in other United Nations agencies and organizations and in other national and international bodies, including regional banks.

3. The Board further requests the Executive Director to submit to the Board at its thirteenth session a report containing a detailed analysis of the experience gained, the costs of the pilot activities, and an assessment of results obtained, so that a decision may be taken by the Board on further action in this sphere.

4. In accordance with General Assembly resolution 31/183, the Board transmits the present decision to the General Assembly at its thirty-second session through the Economic and Social Council.

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c/ ID/B/183.

ANNEX II

Documentation submitted to the Industrial Development Board for consideration at its eleventh session

ID/B/174/Rev.2	Agenda for the eleventh session
ID/B/175	Annotated provisional agenda
ID/B/176	Report of the Permanent Committee on the work of its eighth session
ID/B/177 and Add.1, Add.2 and Add.2/Corr.1	Consideration of applications of intergovernmental and international non-governmental organizations
ID/B/178	Third General Conference of UNIDO
ID/B/179	The establishment of a system of consultations in the field of industry; progress made between April 1976-March 1977, the experience thus acquired in this area of activity and suggestions for the further development of the system
ID/B/179 and Add.1	Report of the Meeting of the Bureau of the First Consultation Meeting on the Iron and Steel Industry
ID/B/180 and Corr.1, 4, 5	Annual report of the Executive Director, 1976
ID/B/181	Note on the joint study on international industrial co-operation
ID/B/182	Summary of report on monitoring the implementation of the Lima Declaration and Plan of Action
ID/B/182/Add.1 and 2	Monitoring the actions taken and progress achieved by Governments and international organizations towards implementing the Lima Declaration and Plan of Action
ID/B/183	Establishment of an industrial and technological information bank
ID/B/184	UNIDO regular programme of technical assistance for the biennium 1978-1979
ID/B/185 and Add.1	United Nations Industrial Development Fund
ID/B/186	Integration of women in development

ID/B/187	Reorganization of the UNIDO secretariat and strengthening its operational activities
ID/B/188	Co-operative programme of action on appropriate industrial technology
ID/B/189	Follow-up of Board resolution 46 (X) on natural resources
ID/B/190	The redeployment of industries from developed to developing countries
ID/B/191	Proposed programme budget for UNIDO for the biennium 1978-1979
ID/B/192	Interim arrangements to give UNIDO greater autonomy
	* * * * *
ID/B/C.3/L.30	Draft resolution on international co-operation in the transfer of technology
ID/B/C.3/38	Draft resolution on the establishment of an insurance system for guaranteeing contracts concluded by the developing countries with enterprises from the developed countries (p. 9)
	The Senegalese proposal (pp. 10-11)
	* * * * *
ID/B/INF.54/Rev.1 and Rev.1/Corr.1 and Rev.1/Add.1	List of participants

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