

UNITED NATIONS
INDUSTRIAL DEVELOPMENT ORGANIZATION

REPORT OF THE
INDUSTRIAL DEVELOPMENT BOARD
ON THE WORK
OF ITS EIGHTH SESSION

2-14 May 1974

GENERAL ASSEMBLY

OFFICIAL RECORDS: TWENTY-NINTH SESSION

SUPPLEMENT No. 16 (A/9616)



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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

CMEA	Council for Mutual Economic Assistance
FAO	Food and Agriculture Organization of the United Nations
IAEA	International Atomic Energy Agency
IBRD	International Bank for Reconstruction and Development
ICA	International Co-operative Alliance
OAU	Organization of African Unity
UNDP	United Nations Development Programme
UNIDO	United Nations Industrial Development Organization

EXPLANATORY NOTE

In the present report, paragraphs that are underlined represent a consensus opinion or conclusion of the Industrial Development Board

INTRODUCTION

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

The eighth session of the Board, held at the Neue Hofburg, Vienna, from 2 to 14 May 1974, was preceded by the fourth session of the Permanent Committee,* also held at Vienna from 17 to 26 April 1974, which was established as a subsidiary organ by resolution 32 (VI) of 2 June 1972, adopted by the Board at its sixth session. The present report** was adopted by the Board at its 165th meeting, on 14 May 1974.

* The third session of the Permanent Committee, which also preceded the eighth session of the Board, was held from 3 to 10 December 1973.

** Previously issued under the symbol ID/B/144.

CHAPTER I. ORGANIZATION OF THE SESSION

1. The Industrial Development Board opened its eighth session at the UNIDO secretariat, Vienna, on 2 May 1974. During its eighth session, the Board also acted in its capacity as intergovernmental Preparatory Committee for the Second General Conference of UNIDO, in accordance with General Assembly resolution 2952 (XXVII) of 11 December 1972.
2. The Board decided to issue a separate report, in its capacity as Preparatory Committee for the Second General Conference of UNIDO, on its deliberations on the preparatory arrangements for the Conference (ID/B/145).
3. The session was opened by Mr. Raymond Probst (Switzerland), President of the seventh session, who acted as President of the eighth session pending the election of the new President.

Statement by the President of the seventh session

4. In opening the eighth session of the Board, the President of the seventh session stated that the current session of the Board was of particular importance for two different reasons. First, the recent developments with regard to the energy situation and the problems of raw materials posed a challenge in international economic relations to the spirit of co-operation in development. It was for the Board, within the limits of its jurisdiction, to take up that challenge and to intensify its efforts towards promoting the industrialization of the developing countries.
5. Secondly, the current session would be the last before the holding of the Second General Conference of UNIDO; thus the preparatory work for that Conference would form one of the most important items of work before the Board. The President concluded that the task of the Board at its current session would be a heavy one, but he felt assured that all delegations would give their full support and co-operation in carrying out that task.

Membership and attendance

6. The following members of the Board were represented at the session: Argentina, Austria, Belgium, Brazil, China, Cuba, Czechoslovakia, Denmark, Finland, France, Gabon, Germany (Federal Republic of), Greece, India, Iran, Italy, Jamaica, Japan, Kuwait, Liberia, Libyan Arab Republic, Madagascar, Malaysia, Mexico, Netherlands, Nigeria, Norway, Peru, Philippines, Poland, Romania, Rwanda, Spain, Sri Lanka, Switzerland, Thailand, Tunisia, Union of Soviet Socialist Republics, United Kingdom of Great Britain and Northern Ireland, United Republic of Tanzania, United States of America, Upper Volta, Uruguay, Venezuela and Zambia.
7. The following States Members of the United Nations or members of the specialized agencies or of the International Atomic Energy Agency sent observers: Algeria, Australia, Bolivia, Bulgaria, Burundi, Byelorussian Soviet Socialist

Republic, Canada, Egypt, German Democratic Republic, Ghana, Guatemala, Holy See, Hungary, Iceland, Indonesia, Iraq, Ireland, Israel, Mali, New Zealand, Nicaragua, Niger, Oman, Panama, Republic of Korea, Senegal, South Africa, Sweden, Trinidad and Tobago, Turkey, Ukrainian Soviet Socialist Republic, United Republic of Cameroon, Yugoslavia and Zaire.

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

9. The following specialized agencies sent representatives: the International Labour Organisation; the Food and Agriculture Organization of the United Nations; the United Nations Educational, Scientific and Cultural Organization; and the World Health Organization. The International Atomic Energy Agency and the Contracting Parties to the General Agreement on Tariffs and Trade were also represented.

10. Observers from the following intergovernmental organizations attended the session: the Asian Productivity Organization, the Council for Mutual Economic Assistance, the European Economic Community, the European Investment Bank, the Industrial Development Centre for Arab States, the Organization of African Unity, the Organisation for Economic Co-operation and Development and the World Intellectual Property Organization.

11. Observers from the following non-governmental organizations attended the session: the Afro-Asian Organization for Economic Co-operation, the European Centre for Overseas Industrial Development, the International Association for the Protection of Industrial Property, the International Chamber of Commerce, the International Christian Union of Business Executives, the International Co-operative Alliance, the International Council for Scientific Management, the International Organization of Consumers' Unions, the International Organization of Employers, the Society for Chemical Industry and the World Federation of Trade Unions.

Election of officers

12. At its 149th meeting, on 2 May 1974, the Board, in accordance with rule 18 of its rules of procedure, elected by acclamation the following officers for the eighth session:

President: Mr. Jorge Fernandini (Peru)

Vice-Presidents: Mr. Karel Komarek (Czechoslovakia)

Mr. Nouredine Mejdoub (Tunisia)

Mr. Manicam Sivanathan (Sri Lanka)

Rapporteur: Miss Rowena Vining (United Kingdom of Great Britain and Northern Ireland)

Statement by the President of the eighth session

13. On assuming office, the President made a statement which, by a decision of the Board, was issued under the symbol ID/B/L.175.

Credentials

14. In accordance with rule 17, paragraph 2, of the rules of procedure of the Industrial Development Board, the officers of the eighth session of the Board examined the credentials of the delegations attending the current session and found them in order. The officers so reported to the Board, which approved the report at its 157th meeting, on 8 May 1974.

15. In connexion with the question of credentials, some delegations pointed out that the "Seoul administration" had no right to send observers on behalf of the whole of Korea; the Democratic People's Republic of Korea was a reality that should not be ignored. A delegation and an observer from a country participating in the activities of UNIDO stated that the Republic of Korea was a member of the United Nations system and therefore entitled to have an observer present. A delegation contested the participation of the "South Korean authorities".

Agenda

16. At its 149th meeting, the Board adopted its agenda as submitted in document ID/B/137; subsequently, at its 153rd meeting, the Board decided to modify the agenda as follows (ID/B/137/Rev.2):

1. Opening of the session
2. Election of officers
3. Adoption of the agenda
4. General debate
5. Reports of the Permanent Committee
6. Recommendations on the long-range strategy for UNIDO: report and conclusions of the Ad Hoc Committee (including consideration of paragraph 179 of the report of the Permanent Committee on the work of its fourth session (ID/B/143 and Corr.1))
7. Review of preparatory arrangements for the Second General Conference of the United Nations Industrial Development Organization (General Assembly resolution 2952 (XXVII))
8. Natural resources of the developing countries and their relationship to problems of industrialization
9. Matters concerning intergovernmental and non-governmental organizations
10. Organizational and financial matters

11. Provisional agenda of the ninth session of the Industrial Development Board (and of the fifth and sixth sessions of the Permanent Committee)
12. Date and place of the ninth session of the Industrial Development Board (and of the fifth and sixth sessions of the Permanent Committee)
13. Other business
14. Adoption of the report of the eighth session

CHAPTER II. GENERAL DEBATE 1/

17. A number of delegations called attention to the special significance of the eighth session of the Industrial Development Board, particularly as it was the last session before the holding of the Second General Conference of UNIDO. Several delegations pointed to the fact that the Board, at the current session, would also be dealing with the report and conclusions of the Ad Hoc Committee on a Long-Range Strategy for UNIDO (ID/B/142 and Corr.1). Another delegation called attention to the fact that it was the last session of the Board before the convening of the World Food Conference. Some delegations referred to the fact that the session was being held during a period of uncertainty and radical change in world economic relations.

18. Many delegations congratulated the Executive Director on his annual report (ID/B/140 and Corr.1, 4 and 5) which, it was stated, was the most complete document on UNIDO that had so far appeared. One delegation suggested that the report would be of service to all Governments participating in the Second General Conference of UNIDO.

19. In the general debate, many delegations addressed themselves to the subjects of the Second General Conference and the long-range strategy for UNIDO, including the future role of the organization; the deliberations of the Board on those subjects are to be found under relevant headings of the report.

20. Among the other topics touched on during the general debate were the Special Industrial Services (SIS) programme, the programme of industrial development field advisers, the programme of co-operation among developing countries, the special programme for the least developed countries, evaluation, voluntary contributions, industrial programming and the biennial programme and budget for 1976-1977 and the medium-term plan for 1976-1979. 2/

21. During the debate, a number of delegations referred to the experience of their countries in the process of industrial development in the context of their respective economic and social systems and spoke of the activities of UNIDO in relation to that experience.

22. During the general debate, the observer from CMEA spoke of the growth of the economies of CMEA member countries and described the highlights of the CMEA Comprehensive Programme which, he stated, was one of the decisive factors for the growth of industries in the member countries. The same observer also spoke of the assistance being provided in various forms by CMEA member countries to the developing countries.

1/ In keeping with General Assembly resolution 2836 (XXVI) of 17 December 1971, only brief summaries of the deliberations of delegations and observers during the eighth session are contained in the present report. A full account of the deliberations during the general debate is given in summary records ID/B/SR.149-ID/B/SR.153 and Add.1

2/ All these subjects are dealt with in chapter III, Reports of the Permanent Committee.

23. The observer from ICA spoke to the Board on the growth in membership of ICA and reported on the special measures that ICA had taken with regard to assistance to the developing countries. He drew particular attention to the importance of co-operatives for industrial development.

24. One delegation, referring to the statement made by the observer from ICA concerning the willingness of ICA to arrange courses, co-sponsored by UNIDO, for co-operative specialists, expressed the agreement of its Government to use its voluntary contribution for that purpose. Interest in such courses had been expressed by a number of delegations. Another delegation confirmed its interest in such training courses.

25. The observer from OAU, in referring to the great interest of OAU in UNIDO, called particular attention to the African Declaration on Co-operation, Development and Economic Independence which had been adopted by the Assembly of Heads of State and Government of OAU in May 1973. He also referred to some of the areas of specific action appearing in the Declaration on Industrialization, adopted by the Second Conference of African Ministers of Industry in December 1973, and noted with appreciation the establishment of the Joint ECA/UNIDO Industries Division.

26. Several delegations and observers from countries participating in the activities of UNIDO expressed the opinion that the representation of the developing countries on the Industrial Development Board should be increased as the beneficiaries of the activities of UNIDO ought to be closely associated with the formulation of policy guidance to the organization. One delegation also stressed the importance of interaction between the permanent missions and delegations, on the one hand, and the secretariat, on the other.

27. Many delegations expressed their support for the work of UNIDO and pledged their continued support in view of the challenging tasks facing the organization. Several delegations gave an account of the co-operative activities that their countries had carried out with UNIDO. A number of delegations expressed their gratitude to the Executive Director for his service and leadership.

28. One delegation, in a statement of principle, said "it firmly opposes any provision of assistance by UNIDO to the Lon-Nol clique, which cannot at all represent the Cambodian people". The same delegation said that "under the present circumstances, it is inappropriate for UNIDO to provide unilateral assistance to the South Korean authorities and the South Viet-Nam-Saigon authorities". The delegation further pointed out that "it is inappropriate for UNIDO to maintain affiliations with United Nations organs that have failed to expel the representatives of the Chiang Kai-shek clique in accordance with United Nations General Assembly resolution 2758 (XXVI)."

29. Some delegations stated their opposition to the fact that aid continued to be extended to Israel, which had forcefully occupied Arab territory in defiance of United Nations resolutions.

30. An observer from a country participating in the activities of UNIDO, exercising the right of reply, stated that Israel, as a State Member of the United Nations, had the right to benefit from the resources of UNIDO and of all the other United Nations organizations and specialized agencies.

The changing economic scene and its implications for economic
development and for international co-operation

31. In the general debate, many delegations referred to the recent developments, including rising prices and monetary instability, that had greatly affected the world economy. In that connexion, a number of delegations spoke of the numerous difficulties facing their countries as a result of the recent economic developments, and especially of the adverse effects on the balance of payments of the developing countries. Several delegations stated that the developing countries were the primary victims of problems such as inflation that were facing many countries. Some delegations maintained that the uncertainty in the world economy was a logical outcome of a system of gross inequality among nations.

32. A number of delegations expressed deep concern over the adverse impact on their economic development programmes of the increased cost of importing vital ingredients such as fuels, fertilizers, steel products and non-ferrous metals which more than nullified their gains in the export sector. They expressed their earnest hope that measures would be taken, both bilaterally and multilaterally, to assist the developing countries in finding solutions to those problems.

33. Several delegations referred to the increases in the prices of raw materials, including petroleum, as having caused a change in the international economic situation, while a number of delegations stated that the rise in the prices of raw materials, particularly of petroleum, was related to the rise in prices of manufactured goods and even of foodstuffs. In their opinion, the increase in oil prices was a just attempt to end a form of economic exploitation; the value of the income that the developing countries derived from the export of their raw materials was determined by how much in the way of industrialized commodities those exports could secure from them. According to those delegations, all previous efforts to establish a balance between the price of raw materials and the prices of manufactured goods had failed; the industrialized countries were invited to join in an effort to achieve a balance of prices of both manufactured goods and raw materials. However, in sympathy with the countries which might face difficulties as a result of adjustment in oil prices, some of those delegations stated that their Governments had implemented, or were prepared to introduce, a series of measures aimed at alleviating such difficulties as well as providing effective assistance for the long-term economic development of other developing countries.

34. One delegation stated that the factors responsible for the discrepancy between prices of raw materials exported by the developing countries and the industrialized goods they had to import were the aftermath of colonialism, neo-colonialism, the growing instability of the world capitalist system and the activities of the monopolistic and multinational corporations. According to that delegation, the discrepancy between the prices of raw materials and those of manufactured goods was responsible for a number of the ills of the developing countries, including their reduced share in world trade and exports, their growing debts, the high interest rates they were forced to pay on loans and other economic ailments.

35. There was general agreement that the recent developments on the world economic scene had resulted in the need for a reappraisal of the economic relations between developed and developing countries, a fact that had been underlined by the General Assembly in resolution 3201 (S-VI) of 1 May 1974 during its sixth special session when it adopted the Declaration on the Establishment of a New International Economic

Order. What was needed, in the view of several delegations, was a new set of objectives and new ideas as well as suitable strategies and technologies to achieve a new era of co-operation; developing countries should be given the same chances to reach a reasonable level of prosperity by their own efforts as other countries had enjoyed. Several delegations stated that true international economic co-operation had to be based on respect for the principles of equal rights, full equality, mutual advantage and non-interference with national sovereignty.

36. A number of delegations stated that there seemed to be a growing awareness that all countries formed part of a single economic system. All countries were mutually interdependent and a single country could not attempt to work out solutions to its economic problems in complete isolation. In that respect, several delegations, speaking of the creation of a new international economic order, stated that such an order had to be based on partnership in development, as described in the IBRD report entitled Partners in Development: Report of the Commission on International Development, 3/ and in accordance with the draft Charter of Economic Rights and Duties of States, as proposed at the third session of the United Nations Conference on Trade and Development. 4/

37. One observer from a country associated with the activities of UNIDO expressed the view that the reform of the world economy was a threefold task, calling for improvements in the present trade system, in the monetary system, and in the system for transferring resources to the developing countries. According to that observer a prerequisite for progress was interdependence in independence.

38. Several delegations spoke of the close relationship between the development of international co-operation and the process of political détente; world peace and stability were necessary for the development of industry in the developing countries and for the growth of true and just international co-operation. Those delegations stressed the importance of long-term agreements related to the development of specific branches of industry in the developing countries and covering imports of the products of those industries; they offered the assistance of their Governments in the establishment of those industries.

39. One delegation pointed out that at present the contention between the super-Powers was becoming ever fiercer, plunging the whole world into turmoil.

40. A number of delegations expressed their disappointment at the lack of progress that had been achieved in the development efforts of the developing countries. Speaking on that subject, one delegation stated that although international development co-operation had given rise to the transfer of substantial resources from the developed to the developing countries, those resources had been reabsorbed by donor countries in the form of royalties for transfer of technology and know-how, the servicing of foreign commodities, etc. In the opinion of that delegation, the essential problem of imbalance between countries had not been solved because

3/ New York, Praeger, 1969.

4/ See Proceedings of the United Nations Conference on Trade and Development, Third Session, vol. I, Report and Annexes (United Nations publication, Sales No: E.73.II.D.4), paras. 209-215 and annex I, resolution 45 (III).

the nature of under-development had not been properly understood by United Nations organizations, which confused under-development with poverty and viewed assistance as aid rather than co-operation. According to that delegation, these organizations had been addressing themselves to the effects of under-development rather than attacking its causes. Another delegation stated that much of the benefit provided by international and bilateral assistance programmes had been undermined by inequitable terms of trade, economic colonialism and the increasing powers of the multinational monopolistic corporations.

41. One delegation stated that the assistance provided by the United Nations to the developing countries had been formulated on the assumption that those countries had to depend economically on developed countries for their existence rather than on the assumption of interdependence between all countries. According to that delegation, the developed countries had viewed the developing countries as suppliers of cheap raw materials, but this view was being revised in the light of the recent developments in the market for energy: none the less, the developing countries remained at best suppliers of semi-manufactured goods and still received low prices for those goods when compared with the prices they had to pay for the finished products they imported. In the opinion of that delegation, international economic specialization would be of great benefit to both developed and developing countries.

42. One delegation stated that serious economic imbalances continued to govern relations between developing and developed countries, despite the fact that the developing countries had clearly and repeatedly stated their major problems; they had met with many disappointments - the decisions of the Special International Conference of UNIDO (A/8341/Rev.1) and the objectives of the International Development Strategy for the Second United Nations Development Decade were two examples of lost opportunities - and inequality of development was still being advocated.

43. There was general agreement that the recent developments had shown that there was a need to take a fresh look at conventional forms of international co-operation, for many of the conventional concepts, development assistance and co-operation were no longer adequate. Several delegations stated that the United Nations system, as a whole, and UNIDO, in particular, would have to adapt itself to the new conditions.

44. One delegation declared that it was necessary to counter the over-all pattern of under-development by an over-all pattern of development.

Issues of industrialization

45. Many delegations pointed out that industrial co-operation would be one of the most important components of any new form of international economic relations as industrialization was a primary factor in the social and economic growth of all countries. In that connexion, a number of delegations spoke of the benefits of industrialization to the developing countries, including an increase in the rate of economic growth, an amelioration in the balance of payments, an increase in employment opportunities, the development of managerial and entrepreneurial talents and of skilled labour and the promotion of technological innovations.

46. Some delegations spoke of such negative aspects of industrialization as pollution; over-concentration of industry in urban areas, leading to social tension; overly-capital-intensive techniques, which could pose an obstacle to employment; and imbalance in the distribution of income. Several delegations stated that there was a need for a new outlook on the subject of industrialization in developing countries in the light of the progress made to date and the recent world trends: it had become evident that economic growth, of itself, did not necessarily bring improved living standards to the population and that social and economic objectives could not be separated.

47. A number of delegations emphasized the importance of maintaining a sound balance between the industrial and agricultural sectors of a country. Several delegations stressed the fact that industrialization should be accompanied by social reforms; industrialization could and should be "people oriented". One delegation stated that if the structure of the developing countries was to be changed, industrialization must promote the utilization of natural and human resources in united action to integrate the agricultural, mining and industrial sectors. Another delegation called attention to the necessity of an integrated, well-balanced common strategy for over-all economic and social development.

48. One delegation pointed out that winning political independence and the right to develop its national economy independently were the prerequisites to a country's industrialization and that the industrialization of a developing country was linked to the development of the national economy as a whole. In the light of its country's experience, it was very important that the over-all policy for the development of the national economy should have agriculture as the foundation and industry as the leading factor; there should be a proper handling of the relationship among the various sectors of the national economy, especially the relationship between agriculture, light industry and heavy industry.

49. One delegation stated that the key to successful industrialization was the establishment of an independent national industrial sector that would provide a basis for the modernization of the economy as a whole. The type of industries needed and the industrialization policies and strategies selected would depend on the level of development of the country concerned, for the standard of development and the social and economic structure varied widely from one developing country to another. In the opinion of that delegation, however, the establishment of optimum ratios between the major subdivisions of the economy was extremely important for all groups of countries.

50. A number of delegations spoke of the difficulties encountered by the developing countries in their efforts towards industrialization.

51. One delegation pointed out that imperialism, colonialism and neo-colonialism - and particularly the super-Powers - continued the pursuit of their policies of expansion, plunder and exploitation which constituted a serious impediment to the industrialization of the developing countries.

52. Another delegation said that the developing countries could not simply follow the same path that had been taken by the present developed countries in their industrialization process, for the developed countries had established their own rules and had created new structures. The situation of the developing countries today was difficult; they were faced with the constraints of existing structures that had been set up by wealthier countries and the developing countries

had experienced great difficulties in seeking to alter the structures owing to the negative pressures exerted by imperialistic forces and multinational enterprises.

53. One delegation said that action had indeed been taken to establish industries in developing countries but that nothing had been done to ensure that those industries could make a significant contribution to the economies of the developing countries, a fact that was due largely to the way in which the developed countries had transferred capital resources and technology to the developing countries and to the manner in which trade was carried out between the two groups of countries. According to that delegation, export-oriented industries were useless to the developing countries unless developed countries would import the products of such industries; the developing countries had met with strong resistance in their attempts to find outlets for their semi-finished products in developed countries.

54. Several delegations stated that the developing countries could achieve real progress in industrialization only if the State played a strong role in that process. In the view of those delegations, practical experience had shown that planned methods of industrialization were more suited to the needs of developing countries than the market economy mechanism which had developed haphazardly.

55. One delegation stated that the industrialization of the developing countries was an immensely complex and frustratingly slow process which required concerted and integrated efforts by Governments, international agencies, enterprises and all concerned; the objective of such efforts should be the establishment of a more equitable economic order.

56. One delegation stated that recent economic trends were forcing the developing countries to move away from the normal traditional pattern of industrialization and to turn towards better utilization of natural resources and raw materials, the processing of primary commodities, the promotion of exports of non-traditional products and the adaptation of technologies better suited to local conditions.

57. Attention was called by one delegation to the fact that many developing countries still lacked an adequate industrial infrastructure. Moreover, import substitution industries in the developing countries that supplied only the domestic market tended to become inefficient and were unable to compete on the world market.

58. A delegation spoke of the anachronistic policies that were causing the gap between developing and developed countries to widen. The same delegation mentioned that military expenditures were absorbing a large share of material and human resources that could be used for industrialization.

59. Many delegations touched on the subject of raw materials and natural resources. 5/ Several delegations stated that the exercise of full sovereignty over natural resources was a major precondition for the industrialization and economic development of developing countries. One delegation said that for many developing countries, natural resources provided the basis for their economic development and the means of financing their import requirements.

5/ Chapter VI is devoted to the deliberations of the Board on natural resources.

60. A number of delegations advocated the establishment in the developing countries of processing industries based on indigenous raw materials and one delegation stated that although such a policy might cause social repercussions for developed countries, that fact should not be allowed to frustrate the industrialization of developing countries. One delegation stated that the natural resources in the developing countries had often been regarded as accessories to the industrial process although raw materials and natural resources were as important to the industrial process as technology, know-how, labour and financing. Another delegation stated that the conventional distinction between countries possessing raw materials and the countries processing and consuming them was no longer valid; raw materials should be processed increasingly in the countries of origin. One delegation said that the processing of natural resources in the country of origin was the only way to stabilize commodity prices. In that connexion, several delegations referred to the usefulness of pilot and experimental plants.

61. A number of delegations spoke on the question of foreign private investment. Several delegations recognized the fact that foreign private investment could help to accelerate the industrial development of developing countries, but stated that it was necessary that such development must fit within the country's own programme and that the decisions on specific investments had to remain with the recipient country; the need for self-reliance should be the basis for assessing foreign private investment. In that connexion, some delegations stated that State intervention was particularly important to control foreign private capital which, if used, should only be an auxiliary and never a fundamental means of financing industrial development.

62. Several delegations stated that industrial progress and the level of the standard of living were, to a large extent, dependent on the efforts of the countries themselves. One delegation stated that in order to effect industrialization, the developing countries should rely mainly on the strength and wisdom of their people to gain the funds and solve the technical problems through self-reliance for developing their industry; the developing countries should work actively to strengthen the militant unity and the mutual aid and co-operation among them. In the opinion of that delegation, self-reliance did not imply the rejection of all international assistance and international exchange; the establishment of international and economic relations, based on the principles of mutual respect for sovereignty, equality and mutual benefit, supplying one another's needs, developing economic and technical exchange and trade between countries and the acceptance of some effective international assistance sincerely given - all those factors contributed to the industrialization of developing countries.

63. Many delegations spoke of the necessity of achieving a true, dynamic and balanced international division of labour. According to one delegation, high priority should be given to the breaking down of the present structures created by the inequitable international division of labour. Several delegations referred to recommendations of the Second Conference of African Ministers of Industry, held at Cairo in December 1973, that called for modifying the existing international division of labour and for facilitating the location of export industries in the developing countries. In that connexion, some delegations spoke of the possibility of phasing out certain industries in developed countries and transferring them to developing countries.

64. One delegation advocated a new trend towards the international division of labour, namely that of taking the work to the workers and thus ending the difficulties

caused by the presence of foreign workers in many industrialized countries. The same delegation stated that it was impossible to contemplate the establishment of a new international division of labour without a complete reform of the international monetary system; industrial technical co-operation should be increased and conditions of industrial development financing liberalized.

65. Several delegations stated that the international division of labour was still highly inequitable. In that connexion, some delegations expressed the view that the developing countries were being exploited as producers of agricultural goods and suppliers of raw materials for the world capitalistic system; colonialism had been replaced by neo-colonialism.

CHAPTER III. REPORTS OF THE PERMANENT COMMITTEE 6/

66. In its deliberations on agenda item 5, the Industrial Development Board had before it the reports of the Permanent Committee on the work of its third session (ID/B/139 and Corr.1) and its fourth session (ID/B/143 and Corr.1).

67. The Board noted with appreciation and adopted the reports of its Permanent Committee on the work of its third and fourth sessions. At its 160th meeting, on 10 May 1974, the Board decided to transmit the report of the Permanent Committee on the work of its fourth session to the Secretary-General for information and reference in connexion with the biennial programme and budget for 1976-1977 and the medium-term plan for 1976-1979, requesting him to take into account the observations made by delegations on those subjects.

Summary review of 1973 activities

68. In its review of the activities of UNIDO in 1973, the Board had before it the annual report of the Executive Director (ID/B/140 and Corr.1, 4 and 5), especially chapters III-V, as well as the report of the Permanent Committee on the work of its fourth session which, especially in paragraphs 25-61, reflected the views of the members of the Permanent Committee on the activities of UNIDO in 1973, as recounted in the annual report.

69. Many delegations expressed concern about the serious problem of the world food shortage, a matter of particularly grave consequence for the developing countries.

70. Several delegations stressed the need for developing countries to maintain a sound balance between the industrial and agricultural sectors of their national economy. One delegation considered that there was a tendency in some developing countries to neglect the development of the agro-related industries, although experience had shown that the initial phase of the industrialization process called for the development and modernization of that branch. The same delegation stated that when industry was not based on a solid infrastructure, the poor remained poor because they were poor, resulting in a vicious circle of poverty that could be broken only with the development and modernization of the agricultural sector and of the agro-related industries.

71. Another delegation, referring to the changes in the structure of agricultural industries, stated that its Government was co-operating with UNIDO in the formulation of a development programme for agricultural industries in the developing countries.

72. One delegation expressed concern at the unenthusiastic reaction by UNIDO to the plan of its Government to establish a training course on the development of agro-based industries in which a national research institute and several international bodies such as FAO and the Economic Development Institute of IBRD would co-operate. That delegation expressed its regret that the participation of UNIDO in the project was still an open question despite numerous favourable reactions to the proposal.

6/ The deliberations of the Board on agenda item 5 are reflected in summary records ID/B/SR.154 and ID/B/SR.155.

73. Many delegations drew attention to the potentially dire consequences of the current rise in the prices of fertilizers for countries the populations of which were already living near the starvation level. UNIDO was urged by those delegations to assign highest priority to the development of the agro-related industries, particularly the fertilizer and petrochemical industries, in the developing countries.

74. One delegation announced that its Government was ready to provide assistance aimed at improving the operation of fertilizer plants in other countries and that it was willing to offer its technological skills to help such countries develop new fertilizer industries. The same delegation stated that its Government had proposed the establishment of an international fertilizer institute to which it was prepared to contribute facilities, technology and expertise; one of the priorities of the institute would be to develop new methods of producing fertilizers from non-petroleum resources. Should such an institute be established, it was expected that the appropriate relationship would be developed with UNIDO.

75. A number of delegations warned that sight should not be lost of the grave risks of environmental pollution resulting from the industrialization and mechanization of agriculture. According to those delegations, UNIDO had a major role to play in the field of environment and adequate resources should be made available to the organization for that purpose.

76. A number of delegations singled out the work done by UNIDO in the field of small-scale and medium-scale industries as being worthy of special note. In that connexion, it was noted with interest that within the UNIDO share of the indicative planning figure, the allocation for activities related to small-scale industries accounted for the largest proportion of programmed expenditure.

77. One delegation stated that, as outlined in the annual report of the Executive Director and in the presentation by the Director of the Division concerned, UNIDO had set up some small-scale complete industrial projects which had borne fruitful results, whereas pre-investment surveys and reports in their hundreds had frequently not, in fact, produced any positive results, but had shown that the conventional approach of United Nations multilateral assistance of merely engaging in pre-investment activities called for a change. The delegation hoped that UNIDO would continue to renew the substance and type of its assistance.

78. Several delegations expressed satisfaction with the small-scale industry programme being carried out by UNIDO in the least developed among the developing countries.

79. One delegation expressed disappointment that, owing to what it called a mistaken interpretation of the true role of small-scale and medium-scale industries in the over-all process of industrialization, a very small part of the resources for the development of small-scale industries had been devoted to the relatively more developed among the developing countries.

80. Several delegations referred to the special importance of small-scale industries as part of an integrated rural development; such industries, by providing employment in rural areas, helped to stem migration from rural to urban areas.

81. The observer from ICA stated that industrial co-operatives were ideal for the organization of small-scale and medium-scale enterprises, for the organization of

small-scale enterprises along co-operative lines permitted those industries to participate more directly in the industrialization process.

82. Several delegations expressed the opinion that the activities of UNIDO related to industrial programming represented one of the most important aspects of the country programming exercise, for industrial programming was fundamental to the attainment of balanced development in the developing countries. One delegation noted, however, that it was becoming increasingly difficult for UNIDO to provide such assistance and that the lack of such assistance was keenly felt, particularly in Latin America where a number of countries had already attained considerable technical sophistication. According to that delegation, the situation called for a gradual modification of the structure of UNIDO to meet the industrial programming needs of those countries at their new stage of economic development.

83. A number of delegations spoke of the urgent need for the developing countries to improve their balance of payments through the export of manufactured goods. The activities of UNIDO in that field, including product adaptation and development for export-oriented industries and the promotion of international subcontracting arrangements, were welcomed.

84. Several delegations pointed out the problems encountered by developing countries in their efforts to manufacture for export. Products for export had to be manufactured in accordance with international quality standards and thus required appropriate technology; there still remained the problem of being able to identify, enter, and compete on the world market. Tariff barriers and trade restrictions further complicated the situation. Several delegations mentioned the difficulties in developing a sound market strategy and in acquiring up-to-date marketing information.

85. A number of delegations urged that UNIDO devote the necessary efforts and resources to increase its assistance to the developing countries in the promotion of their export-oriented industries, taking into account the constraints of small domestic markets and the excess marketing capacity frequently present in developing countries. In that connexion, one delegation suggested that UNIDO assistance should take into account the expanded demand of both domestic and foreign markets in an attempt to solve many of the problems of economy of scale and competitive costs.

86. With respect to investment promotion, one delegation considered that UNIDO could best help the developing countries to obtain foreign investment in the following ways: by participating in the establishment of investment promotion centres and in the organization of investment finance centres; by improving the organization of regional investment promotion conferences; by providing follow-up action by organizing conferences for individual industries or industrial branches rather than on a regional basis; and by ensuring that the participants in such conferences were in fact potential industrial investors. In the experience of the delegation's own country, investment promotion was extremely beneficial to developing countries and UNIDO should therefore intensify its activities in that field.

87. A number of delegations cautioned against the misuse of foreign private capital investment. According to those delegations, it was particularly important that the use of private foreign capital should be strictly controlled by the recipient country. In the opinion of those delegations, UNIDO should assist the developing countries in seeking ways and means of obtaining external financing for their industrial development on equitable and acceptable terms.

88. The Board discussed the action to be taken in relation to the publications programme referred to in paragraph 48 of the report of the Permanent Committee on the work of its fourth session.

89. The Board requested the Executive Director to discuss with the Secretary-General action to be taken in relation to the UNIDO publications programme and to report on the outcome of those discussions to the Permanent Committee at its sixth session.

Operational activities

90. There was a general feeling of concern by the delegations about the decline in the delivery rate of technical co-operation activities by UNIDO in 1973.

91. A number of delegations questioned whether all of the difficulties encountered in technical assistance delivery could be attributed to the new system of country planning, as suggested in the annual report of the Executive Director. UNDP, those delegations pointed out, had also had to adjust its institutional machinery to the new system. In the opinion of one delegation, part of the reason for the shortfall in delivery might be attributed to the inability, for one reason or another, of some of the recipient countries to provide the necessary counterparts. Another delegation suggested that the shortfall had been caused by organizational inadequacies such as bureaucratic atrophy, lack of resources and lack of autonomy. Several delegations suggested that the Technical Co-operation Division of UNIDO should be strengthened to help it handle the sharply increasing number of UNDP projects being assigned to UNIDO.

92. The representative of UNDP pointed out that UNIDO was not unique in having experienced a shortfall of technical assistance delivery in 1973: all of the major agencies in the United Nations system had suffered a similar slowdown. Many of those agencies had blamed the new system of country programming for this fact and it was quite possible that the initial effort required to implement the new system had indeed contributed to a slowdown in project approval. That, however, according to the UNDP representative, was not the only source of difficulty: the requirements of the developing countries for technical assistance had become more sophisticated and expertise of the kind and quality required was becoming increasingly difficult to recruit in the industrialized countries. More use would need to be made of the expertise available in the developing countries themselves, with high-level experts paying short intermittent visits to review progress, examine problems and advise on future activities.

93. The UNDP representative continued that, pending completion of a thorough review to which the system was being subjected, the project approval procedure had been accelerated and major additional responsibilities had been delegated to the field so as further to accelerate the process of project formulation and approval. Those arrangements should lead to a considerable improvement of the situation, especially if they were accompanied by a corresponding delegation of authority from agencies to their own field representatives.

94. A number of delegations expressed their satisfaction with the statement of the UNDP representative and stated that they believed that the rate of implementation would regain its momentum in 1974 and in the years to come. Several delegations expressed the hope that UNIDO would meet its delivery target for the current country

programming cycle which was to end in 1976, since this would be a prerequisite for an increase in the UNIDO share of indicative planning figure funds in the next country programming cycle beginning in 1977.

95. The Board shared the concern expressed by the Permanent Committee at its fourth session over the decline in the rate of delivery of technical assistance by UNIDO in 1974 (ID/B/143 and Corr.1, para. 86). The Board welcomed the clarification given by the representative of UNDP and accepted the recommendation of the Permanent Committee that the Executive Director should continue his discussions with the Administrator of UNDP with a view to accelerating the rate of delivery. The Board also shared the hope expressed by the Permanent Committee that the situation would show a marked improvement in the future.

UNIDO regular programme of technical assistance

96. Delegations considered the UNIDO regular programme of technical assistance in the light of the discussions of the Permanent Committee on this subject at its fourth session (ID/B/143 and Corr.1, paras. 87-98).

97. The Board endorsed the recommendations of the Permanent Committee with regard to the UNIDO regular programme of technical assistance (ID/B/143 and Corr.1, paras. 97 and 98), taking note of reservations contained in the recommendations as well as of those expressed by delegations at the meetings of the Permanent Committee and the Board (ID/B/143 and Corr.1, paras. 89, 93 and 96 and ID/B/SR.154).

Special Industrial Services programme

98. In its deliberations on the Special Industrial Services (SIS) programme, the Board took into account the discussions of the Permanent Committee at its fourth session (ID/B/143 and Corr.1, paras. 99-113) on the same subject.

99. A number of delegations expressed the opinion that the SIS programme was one of the most important operational activities of UNIDO and that assistance to the developing countries under that programme should be increased. In that connexion, the steady reduction in the rate of implementation of SIS activities was generally regretted. One delegation stated that analysis of the shortfall in the rate of delivery of technical assistance by UNIDO in 1973 showed that that was due entirely to the relatively sharp fall in expenditures under the SIS programme.

100. Several delegations maintained that if UNIDO was to be effective in carrying out activities under the SIS programme, it should be authorized to administer SIS funds independently; the Executive Director of UNIDO should have full administrative and financial control over the funds to allow him to act quickly. One delegation suggested that the SIS programme be transferred to UNIDO, subject to the provision of the special measures prescribed in favour of the least developed countries.

101. One delegation suggested that the SIS programme should be developed quite separately so that funds assigned to projects under the SIS programme would not be affected by the UNDP indicative planning figure.

102. The representative of UNDP stated that the SIS programme was intended to provide short-term and urgent industrial assistance that could not be programmed

on the usual basis as it was a means of providing for unforeseen requirements. It was understandable, therefore, that by its nature, the SIS programme could only be a limited proportion of the total development programme; at present it accounted for only one sixth of the UNIDO operational activities carried out in co-operation with UNDP. The major task was to step up the development programme as a whole and, as a consequence, the totality of the programme should be of primary concern rather than one small component of it.

103. The representative continued that UNDP recognized fully the importance of the flexibility provided under the SIS programme and was determined to make that programme as effective as possible. Accordingly, the Administrator of UNDP was ready to authorize the level of commitments required to ensure full utilization of \$3.5 million available annually for SIS. Moreover, the Administrator was prepared to take whatever steps were necessary to carry over, from one year to the next, the unspent balance of annual authorized funds from the Programme Reserve for SIS so as to ensure their full utilization.

104. Referring to paragraph 112 of the report of the Permanent Committee on the work of its fourth session (ID/B/143 and Corr.1), the representative of UNDP stated that the proposal to place SIS funds in the hands of the Executive Director deserved careful study. In the opinion of the representative, such a step would entail the transfer of responsibility from one headquarters to another, whereas the real problem was that of transferring more authority from both UNDP headquarters and UNIDO headquarters to Governments, resident representatives and local UNIDO representatives.

105. Several delegations, referring to the statement made by the representative of UNDP, expressed the hope that satisfactory arrangements would be concluded between UNIDO and UNDP to reverse the adverse situation that had occurred in 1973. One delegation stated that the SIS programme was not limited to emergency circumstances and that any change in the character of the programme required the approval of the Board and of the General Assembly.

106. The Executive Director of UNIDO stated that the remarks of the representative of UNDP were encouraging and would hopefully open the way to an improvement of the situation with regard to the SIS programme. An immediate issue was to ensure that the funds allocated were fully utilized and, in the view of UNIDO, that implied that the level of approval should be increased. The Executive Director expressed his satisfaction that there was agreement that the rules for the management of the SIS programme had not changed; indeed they could only be changed by the General Assembly. He expressed the willingness of UNIDO to consult with UNDP on any proposal for improving the effectiveness of the SIS programme. He also called attention to the fact that the SIS programme had not originally been intended only for emergency action; the relevant General Assembly recommendation (resolution 2953 (XXVII) of 11 December 1972) mentioned different types of uses of funds under the programme.

107. At its 162nd meeting on 13 May 1974, after the Board had received a copy of the amendments agreed upon by the Administrator of UNDP and the Executive Director of UNIDO to the working arrangements and procedures for the SIS programme (ID/B/L.177), the Board considered a draft resolution on the programme of Special Industrial Services (ID/B/L.173/Rev.1) sponsored by Argentina, Brazil, Cuba, Gabon, India, Iran, Jamaica, Kuwait, Liberia, Libyan Arab Republic, Madagascar,

Malaysia, Mexico, Nigeria, Peru, Philippines, Romania, Rwanda, Sri Lanka, Thailand, Tunisia, United Republic of Tanzania, Upper Volta, Uruguay, Venezuela and Zambia.

108. In introducing the draft resolution, a sponsor delegation stated that the proposed resolution took into account the agreement reached between the Administrator of UNDP and the Executive Director. The same delegation inquired of the representative of UNDP and the Executive Director as to when the new arrangements and procedures would be introduced.

109. The representative of UNDP said that the changes would go into effect immediately; the changes were gratifying to the Administrator of UNDP and were in keeping with his wish that those in the field should have greater responsibility for the preparation, appraisal and approval of UNDP programmes. The UNDP representative expressed the hope that there would be a sharp rise in both project approvals and expenditures so that the SIS programme would regain its lost momentum.

110. The sponsor delegation that had introduced the draft resolution expressed gratification that both organizations had taken steps to implement the new procedures immediately. The delegation stressed the fact that the draft resolution contained proposals relating to two matters that were outside the scope of the agreement that had been reached between UNDP and UNIDO. The first proposal, concerning the study by UNDP and UNIDO of the question of placing the SIS funds in the hands of the Executive Director, was not new as the SIS programme had originally been financed from a trust fund of voluntary contributions administered jointly by UNIDO and UNDP. Moreover, the outcome of the study was not being prejudged by the draft resolution: it was merely proposed that such a study should be carried out. The second proposal was designed to expand the source of finance for the SIS programme to include voluntary contributions from interested States. That delegation expressed the hope that the Executive Director would be able to undertake immediate consultations with States that were in a position to make such voluntary contributions and that were willing to do so.

111. Several delegations welcomed the new arrangements that had been reached as a result of consultations between UNIDO and UNDP and expressed the hope that the arrangements signified the end of a problem that had unnecessarily complicated relations between the two organizations. Those delegations, while supporting the general tenor of the draft resolution, stated that they had serious reservations with regard to paragraph 4 of the text. In the opinion of those delegations, the existence of independently administered funds in the United Nations system should not be encouraged as they limited flexibility in the use of resources and could vitiate the over-all purpose of United Nations development assistance. Those delegations expressed reluctance to create an undesirable precedent. The same delegations stated that their acceptance of the text in the proposed resolution was subject to the reservation that, in the carrying out of the proposed study, the issue as to whether the action in question was feasible, desirable or indeed legal under General Assembly resolution 2953 (XXVII) would in no way be prejudged. On that understanding, those delegations stated, they would be prepared not to oppose the adoption of the draft resolution without a vote.

112. At the same meeting, the Board adopted the draft resolution on the SIS programme without a vote (see annex I, resolution 40 (VIII)).

UNIDO General Trust Fund

113. A number of delegations spoke of certain UNIDO activities that had been financed under voluntary contributions of their Governments and several delegations announced the intention of their Governments to pledge voluntary contributions in 1974.

114. One delegation stated that the method by which the UNIDO General Trust Fund was utilized was relatively flexible. The elaboration of projects through tripartite consultation between UNIDO, the donor country and the recipient country was conducive to the satisfaction of all three parties. In the opinion of that delegation, that kind of approach should be encouraged in the multilateral assistance rendered by the United Nations.

115. One delegation stated that, in its opinion, the voluntary contributions had not been effectively used for development; Governments pledging voluntary contributions to UNIDO should not dictate the use of such funds, but should make them available to UNIDO for the purpose of assisting all developing countries without discrimination.

Programme of industrial development field advisers

116. In its consideration of the programme of industrial development field advisers, the Board had before it the annual report of the Executive Director (ID/B/140 and Corr.1, 4 and 5), especially paragraphs 722-726, as well as a reflection of the deliberations on that subject during the fourth session of the Permanent Committee (ID/B/143 and Corr.1, paras. 114-127).

117. A number of delegations spoke in favour of increasing the number of industrial development field advisers. In that connexion, one delegation expressed its gratitude that the secretariat was continuing to pursue the target of one industrial development field adviser for each developing country.

118. One delegation said it was opposed to increases in the number of industrial development field advisers by set amounts and that increases should be made on the basis of needs reflected in a programme budget. The same delegation said that increases should be made by appropriate shifts of headquarters staff to the field.

119. One delegation expressed the view that UNIDO should be given greater authority in the appointment and extension of services of industrial development field advisers similar to the procedures followed in the appointment of experts in UNDP-financed projects.

120. One delegation stressed the important functions of the field advisers, which included the promotion of closer co-operation between developing countries and UNIDO. The presence of a field adviser could compensate for the lack of trained personnel in a developing country. Another delegation stated that UNIDO, as a whole, would be strengthened if regional functions were attributed to the field advisers so that they could assist the developing countries in the formulation of meaningful international projects. The observer from OAU suggested that priority could be given to the placement of industrial development field advisers in the least developed of the developing countries.

121. The representative of UNDP said that the role of industrial development field advisers was difficult and delicate. He stated that the Administrator of UNDP was prepared to review periodically the size and efficiency of the programme of industrial development field advisers as a whole. The observer also drew attention to the fact that UNDP financed field advisers only for FAO and UNIDIO; in that respect, the two organizations enjoyed a certain privilege within the United Nations system.

122. A number of delegations urged UNIDO to fill vacant field adviser posts as soon as possible.

123. One delegation pointed to certain difficulties that had occasionally arisen between field advisers and resident representatives. In reply, the representative of UNDP pointed out that in each country the UNDP resident representative was also the resident representative of UNIDIO; moreover the senior industrial development field adviser was a member of the resident representative's staff. The representative of UNDP stated his belief that as both were United Nations staff members, they would arrive at a common understanding in the case of a dispute. In the last instance, however, should such difficulties arise, reports would be made to the Executive Director of UNIDO and the Administrator of UNDP respectively, who would then dispose of the problem amicably.

124. At its 158th meeting, on 9 May 1974, a draft resolution on the programme of industrial development field advisers (ID/B/L.172) was submitted to the Board by 26 delegations. In introducing the draft resolution, one of the sponsor delegations stated that the draft resolution sprang from paragraph 121 of the report of the Permanent Committee on its fourth session (ID/B/143 and Corr.1) and also took into account the statement of the representative of UNDP. That delegation stressed the fact that the draft resolution was not asking the Executive Director to implement a decision but rather to explore the practical possibilities and study the question of some financing for the field advisers from the regular budget.

125. The representative of UNDP informed the Board that candidates were currently under consideration for all vacancies in the existing establishment of field adviser posts. The UNDP representative continued that, although the Governing Council of UNDP did contemplate at present an increase in the number of field advisers, the Administrator of UNDP felt that after an examination of the programme with the Executive Director, it might be found that there was need to strengthen the coverage in certain areas; the Governing Council might then be prepared to consider a limited expansion of the programme. The UNDP representative assured the Board that the Administrator of UNDP would take a positive attitude to such an approach.

126. The Executive Director, referring to the draft resolution, pointed out that the process of filling the posts was continuous and involved co-operation between UNDP and UNIDO in the allocation of posts and selection of candidates. If the Board so desired the possibilities of financing a larger number of field advisers from other sources of finance, including the regular budget, could be explored. He greeted as a further positive step the statement that the UNDP Administrator was prepared to request approval from the Governing Council for a limited expansion of the field adviser programme.

127. One delegation expressed surprise that of the 24 field adviser posts presently filled, only two were occupied by nationals from its geographical region and requested the secretariat to give this matter attention.

128. A revision of the draft resolution (ID/B/L.172/Rev.1) was submitted to the Board at its 162nd meeting, on 13 May 1974, by the delegations of Argentina, Brazil, Cuba, Gabon, India, Iran, Jamaica, Kuwait, Liberia, the Libyan Arab Republic, Madagascar, Malaysia, Mexico, Nigeria, Peru, the Philippines, Romania, Rwanda, Sri Lanka, Thailand, Tunisia, the United Republic of Tanzania, the Upper Volta, Uruguay, Venezuela and Zambia.

129. In introducing the revised draft resolution, a sponsor delegation stated that the new text took into account the statements by the Executive Director and the representative of UNDP. The current text would give the Executive Director latitude to explore the possibilities of securing the services of qualified advisers, either through direct contributions of manpower or funds or under the regular budget, from States and organizations.

130. After several minor amendments, the resolution, as amended, was adopted unanimously by the Board at its 162nd meeting (see annex I, resolution 39 (VIII)).

Special programmes 7/

(a) Co-operation among developing countries

131. In considering the programme of co-operation among developing countries, the Board based its discussions on paragraphs 48-60 of the report of the Permanent Committee on its third session (ID/B/139 and Corr.1), paragraphs 128-139 of its report on its fourth session (ID/B/143 and Corr.1) and paragraphs 846-860 of the annual report of the Executive Director (ID/B/140 and Corr.1, 4 and 5). Most delegations spoke out in favour of the work carried out by UNIDO under the programme.

132. Several delegations, in recommending the continuation and expansion of the programme, stated that the amount (\$US 50,000) included in the draft budget prepared by the secretariat for 1975 was too modest and that the possibility of increasing that allocation should be considered. One delegation suggested that special financing would minimize the financial burden on co-operating developing countries in the utilization of expertise available in one developing country by another.

133. One delegation stated that unity and co-operation among developing countries was built on the basis of anti-imperialism and anti-hegemonism and had a vital bearing on the consolidation of political independence and the promotion of economic development of the developing countries. Several delegations stated that co-operation among the developing countries should include the exchange of experiences and technologies and also take the form of joint ventures. Some delegations suggested that a greater impact on co-operation among countries and

7/ A full account of the deliberations on this subject is given in summary records ID/B/SR.150, ID/B/SR.151 and ID/B/SR.153.

regions might be obtained through larger and technologically more advanced projects aimed at utilizing the natural and other resources of a region; that would permit large-scale production which would satisfy the needs of more than one country on the basis of the international division of labour.

134. The representative of UNDP stated that the UNDP Working Group on Technical Co-operation among Developing Countries, which was holding its final session, would hopefully propose steps leading to an expansion of the resources available by making effective use of the unutilized capacity in the developing countries themselves. The report prepared by the UNIDO secretariat on the programme of co-operation among developing countries (ID/B/C.3/18 and Corr.1) mentioned the agreement in principle between the Administrator of UNDP and the Executive Director of UNIDO to provide various types of assistance. One proposal from UNIDO had already been received and approved and UNDP had welcomed further UNIDO initiatives along those lines.

135. The Board approved the proposed programme of action for implementation by UNIDO for the promotion of technical co-operation among developing countries, as outlined in the report (ID/B/C.3/18 and Corr.1), and accepted the recommendations of the Permanent Committee (ID/B/143 and Corr.1, para. 139) that the Executive Director continue to give high priority to the implementation of Board Resolution 36 (VII).

(b) Least developed countries

136. In dealing with special measures for the least developed among the developing countries, the Board based its discussions on paragraphs 140-146 of the report of the Permanent Committee on its fourth session (ID/B/143 and Corr.1) and paragraphs 67-82 of the annual report (ID/B/140 and Corr.1, 4 and 5). Appreciation was expressed of the work carried out by UNIDO in this field.

137. A number of delegations stressed the need for UNIDO (and other international organizations) to give top priority to assisting the least developed among the developing countries. Several delegations considered that UNIDO should intensify and diversify its activities and that the organization should undertake a comprehensive study of the most effective ways of promoting industry in the least developed countries.

138. The observer from OAU said that OAU placed special emphasis on a broader and more liberal interpretation of the Committee for Development Planning's "hard core" list 8/ in the field of industry. Another delegation regretted the low rates of economic growth recorded in the least developed countries during the first years of the Second United Nations Development Decade. Measures to alleviate the situation had already been taken by UNDP; UNIDO should follow a similar pattern in its own operational programmes and in its supporting activities. The delegation expressed the hope that the developed countries would comply with the request contained in General Assembly resolution 3174 (XXVIII) of 17 December 1973 for a re-orientation of the United Nations Capital Development Fund with a view to meeting the wants of the least developed countries.

8/ See Official Records of the Economic and Social Council, Fifty-first Session, Supplement No. 7 (E/4990), para. 66.

139. At its 162nd meeting, on 13 May 1974, the Board adopted unanimously a draft resolution on a programme of action for the benefit of the least developed of the developing countries (see annex I, resolution 41 (VIII)), submitted by Argentina, Belgium, Brazil, Cuba, Denmark, Finland, France, Gabon, Germany (Federal Republic of), India, Iran, Italy, Jamaica, Kuwait, Liberia, Libyan Arab Republic, Madagascar, Malaysia, Mexico, Netherlands, Nigeria, Norway, Peru, Philippines, Romania, Rwanda, Spain, Sri Lanka, Switzerland, Thailand, Tunisia, United Republic of Tanzania, Upper Volta, Uruguay, Venezuela and Zambia.

(c) Sudano-Sahelian region

140. In its deliberations on UNIDO assistance for countries of the Sudano-Sahelian region, the Board's discussions were based on paragraphs 147-151 of the report of the Permanent Committee on its fourth session (ID/B/143 and Corr.1) and the annual report of the Executive Director (ID/B/140 and Corr.1, 4 and 5).

141. Several delegations expressed their concern about the plight of the countries in the Sudano-Sahelian region and noted the work done by UNIDO in that area. One delegation suggested that UNIDO, FAO and other organizations collaborate more efficiently in identifying investment opportunities in the Sahelian region in particular and Africa in general. Another delegation pointed out that UNIDO could play a leading role in the economic future of the Sudano-Sahelian countries by providing assistance for the establishment of a regional centre for the development and manufacture of equipment employing solar energy.

142. The Board accepted the recommendation of the Permanent Committee (ID/B/143 and Corr.1, para. 151) that UNIDO continue giving high priority to its part in the co-operative efforts of the international community to meet the immediate and the long-term needs of the Sudano-Sahelian region.

Evaluation of selected UNIDO activities 9/

143. The Board considered the question of the evaluation of UNIDO activities on the basis of earlier discussion of this subject by the Permanent Committee at its fourth session (ID/B/143 and Corr.1, chap. IV), including suggestions made by some delegations that an independent evaluation unit should be established within the secretariat and that guidelines might be laid down (for UNIDO evaluation activities) in the course of informal consultations.

144. Most delegations intervening in the discussion recognized in principle the importance of effective evaluation to the activities of UNIDO. Several delegations held that it would be possible to set up an independent evaluation unit by some rearrangement of the existing resources of UNIDO and that such a unit, operating on the lines of similar units already in existence in other United Nations bodies, would in no way infringe the sovereignty of developing countries but would contribute to the operational effectiveness of UNIDO by enhancing its capacity to learn from experience. This would justify the use of resources involved. Some

9/ A full account of the deliberations on this subject is given in summary record ID/B/SR.154.

of those delegations also pointed out that evaluation was a complex subject on which misunderstandings could easily arise and suggested that further discussion of the points raised among members of the Board and between them and the secretariat could be fruitful. One delegation suggested that such discussion should lead to specific proposals for guidelines on future UNIDO evaluation activities, which could be considered at future sessions of the legislative bodies of UNIDO.

145. Many delegations had serious reservations on the desirability of establishing an independent evaluation unit within the secretariat at the present time. Among reasons given for those reservations were the possibility that such a unit would duplicate work already done in the field, including the evaluation undertaken by developing countries themselves; the fear that the unit might infringe the sovereign rights of developing countries in relation to their own development decisions; some doubt as to whether the scale of UNIDO activities justified the establishment of a separate unit replacing the evaluation group which already existed; and an anxiety that the unit would use up scarce resources that could be employed more appropriately in direct technical assistance to developing countries. Some delegations voiced their satisfaction with the work already done by the secretariat in the field of evaluation.

146. The Board was unable to reach any conclusion on the matter and decided to defer consideration of it to the next session of the Permanent Committee, at which time it would be open to delegations to bring forward specific proposals for evaluation guidelines, should they wish to do so.

Bringing up to date the programme and budget for 1974-1975

147. The Board had before it a note by the Executive Director on bringing up to date the programme and budget for 1974-1975 (ID/B/C.3/16) and the report on the discussions of that note by the Permanent Committee (ID/B/143 and Corr.1, paras. 152-163).

148. One delegation pointed out that its interpretation of resolution 42 (VIII) on the report of the Ad Hoc Committee on a Long-Range Strategy for UNIDO (ID/B/142 and Corr.1) called for the secretariat to make adequate allocations within the 1974-1975 programme budget of UNIDO to carry out an examination of the development problems, needs and programmes of developing countries in order to help the Board to determine the action required in relation to the recommendation in paragraph 39 of the report of the Ad Hoc Committee. That delegation said that the secretariat should submit a full report on its findings for consideration at the fifth session of the Permanent Committee, or as soon as possible thereafter, and also present at that time a full analysis of the organizational and personnel requirements and changes already made, or needing to be made, during the currency of the present programme budget and medium-term plan in order to give effect to the Ad Hoc Committee's conclusions and recommendations.

149. The Executive Director took note of this interpretation and said that the secretariat would study it with interest.

150. The Board endorsed the request to the Executive Director contained in paragraph 163 of the Permanent Committee's report (ID/B/143 and Corr.1) to take into account, in implementing his programme during the current biennium, the importance attached by delegations to (a) the food and fertilizer industries and,

in that connexion, to the participation of UNIDO in the World Food Conference; (b) the need for adequate preparations for the Second General Conference of UNIDO; (c) assistance to the least developed countries and to the Sudano-Sahelian region; (d) the promotion of co-operation among developing countries in all aspects of their industrialization; and (e) measures rendered necessary by recent developments relating to energy sources and in the terms of trade for industrial products and raw materials.

Preparation of the programme and budget for 1976-1977
and medium-term plan for 1976-1979

151. The Board had before it the note by the Executive Director entitled "Guidelines for the preparation of the biennial programme and budget, 1976-1977, and medium-term plan, 1976-1979" (ID/B/C.3/22), and the report on the discussion of this document by the Permanent Committee contained in paragraphs 164-179 of its report on its fourth session (ID/B/143 and Corr.1).

152. In considering this item, the Board also took into account the report and conclusions of the Ad Hoc Committee on a Long-Range Strategy for UNIDO (ID/B/142 and Corr.1). Many delegations linked the conclusions in the report to a possible restructuring of the programme of work of UNIDO during the biennium beginning in 1976.

153. One delegation said specifically that the secretariat should be requested to convert the agreed recommendations and conclusions of the Ad Hoc Committee into programme-budget proposals, to be implemented in the programme-budget period 1976-1977. The secretariat should submit to the fifth session of the Permanent Committee a document setting out in programme-budget terms the extent to which it would propose to include in its 1976-1977 programme budget measures and actions designed to implement recommendations I and III, for which the Ad Hoc Committee had suggested first priority.

154. One delegation pointed out that, in view of the new economic climate, some restructuring of the programme of UNIDO appeared to be necessary if the organization were to contribute as effectively as possible to the industrialization efforts being made by developing countries. In the opinion of that delegation, an even greater priority should be given in future to industrial activity linked with agricultural production. That delegation pointed out that the production of fertilizers and chemical pesticides had become considerably more expensive in developing countries that did not possess the mineral resources for their manufacture and that new approaches to the problem would be required. The same delegation also considered that encouragement should be given to small-scale and medium-scale industries as well as to the establishment of export-oriented industries.

155. The Board endorsed the view expressed by the Permanent Committee in paragraph 179 of its report (ID/B/143 and Corr.1), namely that the reports of the Group of High-Level Experts and the Ad Hoc Committee on a Long-Range Strategy for UNIDO could provide the Secretary-General and the Executive Director with guidelines on objectives and priorities needed for the formulation of the programme budget for 1976-1977 and the medium-term plan for the period 1976-1979. That view was incorporated in resolution 42 (VIII), which the Board adopted unanimously at its 163rd meeting, on 13 May 1974 (see annex I).

CHAPTER IV. IMPLICATIONS OF THE SIXTH SPECIAL SESSION OF THE
GENERAL ASSEMBLY FOR THE WORK OF UNIDO

156. During its eighth session, the Board heard a statement from a member of the UNIDO Liaison Office in New York who reported on the sixth special session of the General Assembly. The secretariat distributed a document (ID/B/L.170) containing the text of the Declaration on the Establishment of a New International Economic Order and of the Programme of Action on the Establishment of a New International Economic Order that had been adopted by the General Assembly during its special session by resolutions 3201 (S-VI) and 3202 (S-VI), respectively, of 1 May 1974.

157. In its capacity as Preparatory Committee for the Second General Conference of UNIDO, the Board took note of the Declaration and the Programme of Action, in particular of those parts that were directly relevant to the issues to be discussed at the Conference. Deliberations on this subject are contained in the report of the intergovernmental Preparatory Committee on the work of its third and fourth sessions (see ID/B/145, paras. 6 and 7).

158. The Industrial Development Board, at its 165th meeting, on 14 May 1974, considered a draft resolution on the implementation of decisions of the sixth special session of the General Assembly submitted by Argentina, Belgium, Gabon, India, Libyan Arab Republic, Malaysia, Norway, Philippines, Romania, Rwanda, Sri Lanka, United Kingdom of Great Britain and Northern Ireland, United Republic of Tanzania and Upper Volta. After slight amendments, the draft resolution was adopted unanimously (see annex I, resolution 43 (VIII)).

CHAPTER V. RECOMMENDATIONS ON THE LONG-RANGE
STRATEGY FOR UNIDO 10/

159. In its deliberations on agenda item 6, the Board had before it the report and conclusions of the Ad Hoc Committee on a Long-Range Strategy for UNIDO (ID/B/142 and Corr.1).

160. In introducing the report, the President of the Ad Hoc Committee recalled that the Committee, consisting of 27 members, had been set up under Board resolution 38 (VII) of 15 May 1973. The Ad Hoc Committee had held three sessions and had adopted by consensus its final conclusions on the recommendations contained in the report of the Group of High-Level Experts on a Long-Range Strategy for UNIDIO (ID/B/133). The President of the Ad Hoc Committee commended the report and conclusions of the Committee to the Board for action; in particular, he invited the Board to consider carefully paragraphs 67-70 of the report, in which the Committee had expressed the view that UNIDO required additional resources in order to implement the recommendations of the Group of High-Level Experts.

161. The report of the Ad Hoc Committee was generally welcomed by the Board, and many delegations expressed their appreciation of the work of the President, the Rapporteur and the delegations that had participated in the Ad Hoc Committee.

162. One delegation expressed the hope that, in future, committees established to consider important matters such as long-range strategy should be open to participation by all interested States.

163. Many delegations stressed the particular importance that they attached to the operational activities of UNIDO which, in their opinion, should be based on requests for assistance from the developing countries in accordance with their own priorities. A number of delegations stressed, however, that UNIDIO should not be merely a technical arm of UNDP to execute projects at the micro-economic level. According to many delegations, it was important that UNIDO should strengthen its capacity to assist the developing countries in the formulation of their industrial policies and strategy and in solving their basic industrial development problems at the macro-economic level. In that connexion, one delegation stated that, although the sovereign right of determining its own policies and strategies was within the purview of every country, UNIDO could render viable assistance to the developing countries in identifying the relevant facts needed for sound decision making; it could also provide them with information on the industrial experience gained by other countries.

164. One delegation expressed its serious reservations on the first recommendation

10/ Reflection of the deliberations on this item is given in summary records ID/B/SR.155-ID/B/SR.157. Moreover, this subject was touched upon several times during the general debate; the relevant passages are to be found in summary records ID/B/SR.149-ID/B/SR.153.

proposed by the Group of High-Level Experts. It held that the formulation and execution of industrial policies and plans fell within the internal affairs and sovereignty of the country concerned and that they should be carried out by the developing countries themselves. UNIDO might organize some seminars, forums and other activities to promote the exchange of experiences among its member countries, especially among the developing countries. At the request of certain developing countries, the experts of UNIDO might also provide them with some advice for reference. Nevertheless, it was inappropriate to list the activities in that connexion as "first priority" because it might be used by some people to interfere in the internal affairs and jeopardize the sovereignty of the developing countries.

165. Several delegations stated that if UNIDIO assumed the additional role of assisting developing countries at the macro-economic level, those countries would increasingly turn to it for advice and assistance and other international organizations, including UNDP, would more readily accept UNIDO as the competent international body in the field of industrial development. In that regard, a number of delegations pointed out that UNIDO would then be assuming, in fact, the central co-ordinating role within the United Nations system in activities related to industrialization, a role that had been assigned to it at its creation by the General Assembly in resolution 2152 (XXI) of 17 November 1966. Many delegations stressed the urgency of UNIDO assuming active leadership in the field of industrial development if it were to meet the increasing needs and requirements of the developing countries in their efforts towards industrialization.

166. Some delegations welcomed the order of priorities that had been established among the various recommendations of the Group of High-Level Experts; several delegations welcomed in particular that emphasis had been given to recognition that priorities in the work of UNIDO were essential. In the opinion of one delegation, the recommendations and conclusions should be viewed against the background of the Second United Nations Development Decade; it was therefore imperative that the recommendations be implemented as soon as possible. Another delegation was of the view that the report of the Ad Hoc Committee might have spelt out more fully the action to be taken by the developed countries in the promotion of industrialization in the developing countries. One delegation felt that reference should have been made in the conclusions of the Committee to the special problems of the least developed countries.

167. A number of delegations said that account should be taken of the recommendations of the Group of High-Level Experts and other conclusions of the Ad Hoc Committee in the formulation of the biennial programme and budget for 1976-1977 and the medium-term plan for 1976-1979. One delegation stated that it was disquieting to note that no discernible action had yet been taken by the secretariat to follow up the recommendations of the Group of High-Level Experts.

168. One delegation said that the secretariat could play an important role in elaborating studies on the different questions raised by the Ad Hoc Committee's report, and in working out concrete suggestions for the implementation of the recommendations contained in that report. The same delegation said also, in connexion with document ID/B/C.3/16, paragraph 10, that the consultation between the Executive Director and the Secretary-General was not needed, since the necessity of using additional financial appropriations was clearly excluded by merely calling for a reorientation of UNIDIO activities, a matter that fell within the competence of the Board.

169. Several delegations maintained that, in view of the new trends in industrial activities, UNIDO should be expected to make important contributions to the promotion of the industrial process; to that end, UNIDO would have to adjust its activities to the profound economic and social changes taking place. In the opinion of one delegation, the assistance of UNIDO to developing countries should be designed to strengthen their economies and to increase their economic independence. Some delegations pointed out that the long-range strategy for UNIDO must necessarily be a dynamic one; it would be impossible to adopt a definition of strategy that would be valid for all time. With regard to promotional activities, one delegation expressed the interest attached by its Government to that type of activity, including investment promotion.

170. One delegation pointed out that UNIDO should centre its work mainly on providing practical and effective assistance to the developing countries rather than use up its extremely limited funds on the promotion of foreign investment; therefore, it had serious reservations about the recommendation on investment promotion by the Group of High-Level Experts.

171. Several delegations, pointing out the importance of industrialization to development as a whole, stressed that the role of UNIDO had to be strengthened without delay.

172. A number of delegations, referring to the statement of the Group of Seventy-seven contained in annex II of the report of the Ad Hoc Committee, maintained that administrative and financial autonomy for UNIDO was of paramount importance if the Organization were to respond flexibly and promptly to the needs and requirements of the developing countries. One delegation voiced the warning that unless the Organization was given the necessary resources, staff and autonomy to implement the recommendations of the Group of High-Level Experts, the long-range strategy would never be realized.

173. Other delegations expressed the opinion that greater autonomy in such areas as appointment of headquarters staff, publications programme and expert recruitment would enhance the effectiveness of the Organization. In that connexion, several delegations referred to the forthcoming report that the Secretary-General had been requested to submit to the General Assembly at its twenty-ninth session on the question of the separate preparation and submission of the programme and budget of UNIDO.

174. Many delegations stated that the question of autonomy, or greater autonomy, would form an essential part of the deliberations at the Second General Conference of UNIDO.

175. At its 162nd meeting on 13 May 1974, the Board considered a draft resolution submitted by the President of the Board at its eighth session on the further development of a long-range strategy for UNIDO - report of the Ad Hoc Committee (ID/B/L.180/Rev.1). At its 163rd meeting, on 13 May 1974, the Board adopted the resolution unanimously (see annex I, resolution 42 (VIII)).

176. After the resolution was adopted, one delegation made a statement on the relationship between the report of the Ad Hoc Committee and the programme budget of UNIDO for the biennia 1974-1975 and 1976-1977 as well as the medium-term plan for 1976-1979. This intervention is reflected in the section on the bringing up to

date the programme and budget and consideration of the medium-term plan in chapter III above. 11/

177. The Executive Director said that he had listened with interest to the points made by delegations in the discussion of the report of the Ad Hoc Committee. He stated that the secretariat was not yet in a position to comment in detail on the suggestions made, but he promised to give the matter thorough consideration and to report to the Board or its Permanent Committee in due course.

11/ See paragraph 148 above.

CHAPTER VI. NATURAL RESOURCES OF THE DEVELOPING COUNTRIES AND THEIR
RELATIONSHIP TO PROBLEMS OF INDUSTRIALIZATION 12/

178. In its consideration of agenda item 8, the Board had before it a draft resolution on the natural resources of the developing countries and their relationship to problems of industrialization, contained in paragraph 46 of the report of the Permanent Committee on its third session (ID/B/139 and Corr.1). That draft resolution was submitted to the Board at its eighth session by the delegations of Cuba, Czechoslovakia, Romania and the Union of Soviet Socialist Republics (who were among the sponsors of the draft resolution submitted to the third session of the Permanent Committee) as well as by Poland. 13/

179. Several delegations, including some of the sponsors of the draft resolution, emphasized that problems of industrialization were inseparable from the sovereign rights of States to exploit, process and develop their own natural resources without coercion or domination by outside interests and to legislate and, where necessary, to nationalize their natural resources to protect their rights and the interests of their peoples. The same delegations referred to the increasing concern within the United Nations system about the question of natural resources; this was reflected in the recommendations and resolutions of the General Assembly, the Economic and Social Council, the Special International Conference of UNIDO, the Committee on Natural Resources, the Group of High-Level Experts on a Long-Range Strategy for UNIDO and the Industrial Development Board itself.

180. Several delegations stated that assistance to the developing countries in achieving a more effective use of their natural resources for industrial development should be an integral part of the industrial development activities of UNIDO; this function of the organization should be reflected in the biennial programme and budget and in the medium-term plan.

181. One observer from a country participating in the activities of UNIDO stated that sovereignty over natural resources, including the right to nationalize them, implied the freedom of each country to choose its own goals and objectives, to exercise control over the means of its development, and to conserve its non-renewable wealth which might otherwise be wasted or despoiled. That observer concurred with the views expressed by several delegations that State control over

12/ Reflection of the deliberations on matters concerning natural resources is given in summary record ID/B/SR.161. Moreover, this subject was touched upon several times during the general debate; the relevant passages are to be found in summary records ID/B/SR.150-ID/B/SR.153.

13/ In addition to the above sponsors, Bulgaria and Hungary, which were not members of the Board at its current session, originally submitted a draft resolution to the Board at its sixth session as document ID/B/L.123 and Add.1. The draft resolution was subsequently submitted at the seventh session as document ID/B/L.153. A revision of that resolution, in the light of the discussions held during the seventh session of the Board, was issued as document ID/B/C.3/L.15 and subsequently reproduced in the report of the Permanent Committee on the work of its third session (ID/B/139 and Corr.1, para. 46).

natural resources would help to establish the necessary conditions for economic development, including opportunities for training, access to sources of technology and favourable conditions of trade.

182. One delegation that was among the sponsors of the draft resolution expressed regret that the important issue of natural resources was being discussed in a plenary session before an opportunity had been afforded to delegations to pinpoint some of the important issues and before it had been possible to obtain the co-sponsorship of a number of other delegations from developing countries which were, after all, the ones most directly concerned.

183. Another delegation agreed that the question of natural resources was of primary concern to the developing countries themselves and that those countries should therefore be directly involved in the formulation of recommendations pertaining to their natural resources. The same delegation noted that important policy and organizational questions were involved in the proposed resolution. The relationship between sovereignty over natural resources and their utilization for development, in the opinion of that delegation, should be decided by the developing countries themselves. The draft resolution in its present form would have to be amended to take into account the decisions of the sixth special session of the General Assembly. For that reason, the delegation recommended that the question of natural resources should be transmitted to the Second General Conference of UNIDO for consideration under the appropriate items of its agenda and that the secretariat should prepare the necessary documentation to that end. Several delegations, including the sponsors of the draft resolution, supported that proposal.

184. The Board, taking account of the views expressed in the discussions and of the great importance attached by delegations to the relationship between natural resources and industrial development, agreed that the question should be referred to the Second General Conference of UNIDO, to be held at Lima, to be discussed at an appropriate point in its agenda.

185. One delegation expressed the wish that, during the preparatory work for the Second General Conference of UNIDO, due account should be taken, within the overall industrial question, of the problem of natural resources from the point of view of the declaration of principles and of the plan of action recommended by the General Assembly in paragraph 3 of resolution 3087 (XXVIII) of 6 December 1973. The same delegation pointed out that the problem should be examined not only from the point of view of national sovereignty, which it felt was indisputable, but with respect to the preservation of resources and the special situation of resources shared by two or more States, as provided for in General Assembly resolution 3129 (XXVIII) of 13 December 1973.

186. Another delegation stated that if the Second General Conference of UNIDO, in its preparatory work and at the Conference itself, were to examine, within the broad area of industrialization, the question of natural resources shared by two or more States, it should pay special attention to the misgivings concerning General Assembly resolution 3129 (XXVIII), the interpretation of which ran counter to Article 2, paragraph 7, of the Charter of the United Nations, thus interfering with the permanent sovereign rights of States. The misconception of "prior consultation" included in the aforementioned resolution was a procedural device that had thus far not proven capable of solving specific problems; the resolution itself failed to identify the concept of "shared natural resources" in extending

ultra vires the competence of the Governing Council of the United Nations Environment Programme, thus opening the way to disastrous misinterpretations. In the opinion of the delegation, the sole concept capable of solving adequately and equitably possible conflicts in the utilization of shared natural resources was that of legal responsibility, as established in the Asuncion Declaration on the Exploitation of International Rivers, adopted on 3 June 1971 by the Committee of the River Plate Basin, a concept that properly preserved the sovereign right of States to exploit their natural resources freely and the right of third States not to be harmed by such utilization.

CHAPTER VII. MATTERS CONCERNING INTERGOVERNMENTAL AND
NON-GOVERNMENTAL ORGANIZATIONS 14/

187. In its deliberations on agenda item 9, the Industrial Development Board had before it documents ID/B/131 and Add.1 and ID/B/INF.43.

Consideration of applications of intergovernmental organizations

188. At its 161st meeting, on 10 May 1974, the Board examined the application for association with the activities of UNIDIO of the International Secretariat for Volunteer Service. The Board agreed to grant to the International Secretariat for Volunteer Service this status in virtue of rule 75 of the rules of procedure. Several delegations welcomed the association of the International Secretariat for Volunteer Service with the activities of UNIDO.

189. The secretariat announced that the Organization of Senegal Riparian States, which had been associated with the activities of UNIDO by virtue of rule 75 of the rules of procedure, had been transformed into the Organization for the Development of the Senegal River. The Board decided that the Organization for the Development of the Senegal River should maintain the same status as previously granted to the Organization of Senegal Riparian States.

Consideration of application of non-governmental organizations

190. An ad hoc committee, composed of the officers of the Board and the Executive Director, met on 8 May 1974 and examined the applications for consultative status with UNIDO contained in documents ID/B/131 and Add.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, 15/ should grant consultative status to the following non-governmental organizations:

- (a) Mutual Assistance of the American Government Oil Companies (ARPEL);
- (b) European Federation of Management Consultants' Associations (FEACO);
- (c) International Committee of Plastics in Agriculture (CIPA);
- (d) International Council of Societies of Industrial Design (ICSID);

14/ Reflection of the deliberations on matters concerning intergovernmental and non-governmental organizations is given in summary record ID/B/SR.161.

15/ Official Records of the General Assembly, Twenty-third Session, Supplement No. 15, (A/7215), annex IV.

- (e) International Superphosphate and Compound Manufacturers' Association (ISMA);
- (f) Latin American Association of Finance Development Institutions (ALIDE);
- (g) Latin American Plastics Institute (ILAP).

191. The Ad Hoc Committee also recommended that the consideration of the application of the International Wool Secretariat (IWS) be deferred to the ninth session of the Board.

192. The Board, at its 161st meeting, on 10 May 1974, approved the recommendations of the Ad Hoc Committee.

Summary of activities of intergovernmental and non-governmental organizations in the field of industrial development

193. In referring to document ID/B/INF.43 containing a summary of activities carried out in the field of industry in 1973 by intergovernmental and non-governmental organizations in consultative status with UNIDO, the secretariat recalled that such a paper had been prepared annually for the information of the Board. In view of the facts that the co-operation of UNIDO with intergovernmental and non-governmental organizations was regularly reported to the Board through documentation on co-ordination, inter alia, and that the General Assembly, in resolution 2538 (XXIV) of 11 December 1969, had appealed to all United Nations organs, bodies and committees to reduce the volume of documentation, the secretariat proposed that the publication of that particular information paper be discontinued.

194. The proposal of the secretariat was accepted by the Board.

CHAPTER VIII. ORGANIZATIONAL AND FINANCIAL MATTERS 16/

195. In its consideration of this item of the agenda, the Board had before it the annual report of the Executive Director (ID/B/140 and Corr.1, 4 and 5), in particular chapter VI, and a statement of accounts (ID/B/L.171).
196. In introducing the item, the secretariat stated that there had been no major organizational or structural changes in the organization in 1973 with the exception of the constitution and initiation of operations of the joint UNIDO/IBRD Programme Unit.
197. The secretariat further stated that it was faced with two important tasks in 1974: the adaptation of the administrative and accounting methods to the new system of biennial programme budget and the formulation of a new medium-term plan and biennial programme budget for the second cycle, beginning in 1976.
198. The secretariat spoke of the severe budgetary restrictions in 1973 and the difficult situation facing the United Nations as a result of the world monetary crisis and consequent currency fluctuations. The disappointingly low level of delivery of technical assistance by UNIDO in 1973 meant also that there was lower percentage of overhead costs; by the end of the year, UNIDO was spending overhead funds at a rate higher than its income, a situation that would have to be corrected in 1974 and that would undoubtedly require a reduction in the number of posts financed from overhead funds. In that connexion, the secretariat mentioned its co-operation with UNDP and other executing agencies in the development of the cost measurement system that might result in a new method for reimbursement of supporting costs.
199. On the subject of personnel management, the secretariat described efforts being made to improve methods of recruitment and to accelerate the rate of new appointments, both of headquarters staff and field experts, efforts that would have to be matched by improved Government machinery, both in the developed and the developing countries, to assist in the recruitment of personnel. UNIDO needed more and better candidates from a greater number of countries. The secretariat spoke of the difficulties of recruiting capable personnel to fill technical assistance assignments in the highly competitive field of industry. If UNIDIO were to compete in this market, it required to assistance of Governments and national committees. The secretariat also appealed for quicker decisions by Governments with regard to the acceptance of candidates.
200. The secretariat expressed its appreciation for the goodwill and patience of the Austrian authorities in their contacts with the staff in translating the complicated requirements of an international organization into buildings at the

16/ A full account of the deliberations on this subject is given in summary records ID/B/SR.161, ID/B/SR.163 and ID/B/SR.165. Moreover, as this subject was touched upon several times during the general debate, additional references are to be found in summary records ID/B/SR.150-ID/B/SR.153.

permanent headquarters' site of UNIDO at the Donaupark. It also reported progress on the present problem of additional temporary premises and expressed gratitude to the Government of Austria for its untiring efforts to meet the needs of the organization. One continual administrative and financial problem remained pending, however, and that was the question of the exemption of the value-added tax on purchases made by the organization for its headquarters services. The secretariat stated that it did not believe that the position of UNIDO with respect to that tax should be less favourable than that of other United Nations agencies in other European countries where a similar tax was imposed.

201. The delegation of the host country said that the points made would be noted and studied by its Government.

202. A number of delegations expressed the view that there was a violation of the principle of equitable geographical distribution in the recruitment of UNIDO personnel, in particular for posts at higher levels. They stated that they were looking for a rapid improvement in the situation, particularly with regard to the more senior positions. Some delegations expressed the view that geographical distribution of the professional staff of UNIDO should accord with the formula of desirable geographical distribution established by the General Assembly for the United Nations as a whole. One delegation drew attention to the fact that the UNIDO secretariat was an integral part of the United Nations Secretariat as a whole; consequently, a country that was fairly represented in the UNIDO secretariat might be under-represented in the United Nations Secretariat as a whole. Several delegations also drew attention to the distribution of nationalities among UNIDO experts. Those delegations, while accepting that the competence of experts should be the primary consideration, asked the Executive Director to intensify his efforts to recruit from countries whose present representation was inadequate. Some delegations pointed out that experts recruited from developing countries might have advantages in dealing with problems similar to those encountered in their home States.

203. The secretariat said that it was continuing its efforts to improve the situation with regard to equitable geographical distribution among its headquarters staff and referred to the new initiatives being taken by the United Nations as a whole, such as recruitment missions and competitive examinations. The secretariat confirmed that UNIDO did not have a separate geographical quota of its own, but shared in the over-all quota system of the United Nations. The secretariat appealed to Governments to take an active role in assisting in the search for suitable candidates, both for headquarters and field posts.

204. At its 162nd meeting, on 13 May 1974, the Board decided to establish an informal drafting group, headed by the President, to draw up a conclusion setting out the view of the Board on the question of equitable geographical distribution with regard to UNIDO staff, but eventually no agreement proved possible.

205. One delegation, speaking on behalf of the delegations from the Group of Seventy-seven, stated that the developing countries were profoundly dissatisfied with the present situation concerning their poor representation in the higher and policy-making levels of the UNIDO secretariat, i.e. in posts of P-5 and above. Out of the seven posts of D-2, only one was filled by a national of a developing country. The Group of Seventy-seven considered that this unsatisfactory situation should be quickly remedied by the promotion to three posts of D-2 of nationals of

the developing countries. Furthermore, the Group suggested the application of the following considerations in the filling of posts within the secretariat:

(a) The UNIDO secretariat should be regarded as separate from the United Nations Secretariat;

(b) As UNIDO was created essentially for the benefit of the developing countries, those countries should have larger representation, particularly in the higher and policy-making levels of its secretariat;

(c) The representation of the developing countries at those levels in the secretariat should be on the same basis as their representation in the Industrial Development Board;

(d) In the distribution of posts among the various countries, the principle of equitable geographical distribution should be observed; the same principle should be applied with regard to the replacement of staff on fixed-term contracts, the increase of professional staff and the recruitment of experts.

206. The same delegation, speaking on behalf of the Group of Seventy-seven, requested the Executive Director of UNIDO to bring the above position of the developing countries to the attention of the Secretary-General of the United Nations for immediate consideration.

207. One delegation, speaking on behalf of the delegations from developed countries with market economies, stated that while recognizing the concern of the developing countries, the group of developed countries with market economies could not agree with the statement made on behalf of the Group of Seventy-seven.

208. Another delegation said that although it was not a member of the Group of Seventy-seven, it fully supported the position of the Group and reiterated its view that the developing countries should be fully represented within the secretariat of UNIDO.

209. Statements concerning under-representation in UNIDO posts were also made by a number of delegations from East European Socialist countries. In general, those delegations supported the view of the developing countries; they pointed out, however, that it was necessary to observe the principle of equitable geographical distribution established by the Charter of the United Nations.

210. One delegation expressed its support for the establishment of a control unit for programme formulation and evaluation with the functions described in the 1974-1975 programme budget and requested the secretariat to inform the Board of the steps taken to create this unit.

211. Some delegations put forward the view that the appointment of a deputy Executive Director might be desirable. The secretariat recalled that that additional post had been included by the Secretary-General in the 1974-1975 programme-budget proposals, but had not been accepted by the Advisory Committee on Administrative and Budgetary Questions and the General Assembly.

212. Several suggestions were put forward by delegations on the question of staff utilization, including the idea of rotating UNIDO staff between headquarters and

the field, exchanges of staff with UNDP, changes in the ratio of economists to engineers and in the distribution of staff within various parts of the secretariat.

213. Some delegations supported the granting of additional administrative autonomy to UNIDO. A number of those delegations drew attention to recommendation VI of the Group of High-Level Experts on a Long-Range Strategy for UNIDC (ID/B/133, paras. 35, 36). A reference to this point was included in resolution 42 (VIII), adopted by the Board at its 163rd meeting, requesting the Executive Director to submit to the Second General Conference for consideration and recommendations the relevant sections of the reports of the Group of High-Level Experts and of the Ad Hoc Committee (ID/B/142 and Corr.1), including the annexes thereto, with a full report of the discussions and decisions of the General Assembly on the matter, and any recommendations he might wish to offer. In that connexion, several delegations made reference to the report of the Secretary-General which is to be submitted to the General Assembly at its twenty-ninth session (A/9663).

214. Several delegations expressed their concern at the effects that inflation and currency instability and consequent reductions in the budget of the organization might have on the ability of UNIDO to deliver its approved programme. They urged the Executive Director to seek supplementary allocations at the next session of the General Assembly to remedy the situation. Other delegations stated that for the forthcoming budget period (1976-1977), the secretariat should ensure that adequate staff and other resources should be budgeted so that there would be no shortfall in the implementation of programmes, including the recommendations of the Ad Hoc Committee.

CHAPTER IX. PROVISIONAL AGENDA OF THE NINTH SESSION OF
THE INDUSTRIAL DEVELOPMENT BOARD AND OF THE
FIFTH SESSION OF THE PERMANENT COMMITTEE

215. At its 165th meeting, on 14 May 1974, the Board adopted the provisional agenda for the ninth session as follows:

1. Opening of the session
2. Election of officers
3. Adoption of the agenda
4. Report of the Permanent Committee on its fifth session
5. Activities of UNIDO
 - (a) Report of the Executive Director and summary review of 1974 activities
 - (b) Medium-term plan for 1976-1979
 - (c) Programme budget for 1976-1977
6. Follow-up of the decisions and recommendations of the Second General Conference of UNIDO
7. Matters concerning intergovernmental and non-governmental organizations
8. Organizational and financial matters
9. Provisional agenda for the tenth session of the Industrial Development Board and for the sixth and seventh sessions of the Permanent Committee
10. Dates and places of the tenth session of the Industrial Development Board and of the sixth and seventh sessions of the Permanent Committee
11. Adoption of the report of the ninth session

216. One delegation, supported by another, pointed out that the agenda proposed for the ninth session of the Board did not include provision for a general debate and said that, in its opinion, this was acceptable for that session in view of the fact that the Board would be meeting shortly after the Second General Conference of UNIDO; the omission of that item should not, however, be regarded as a precedent.

217. The Board also adopted the following provisional agenda for the fifth session of the Permanent Committee:

1. Opening of the session

2. Election of officers
3. Adoption of the agenda
4. Preparatory arrangements for the Second General Conference of UNIDO
5. Follow-up of decisions and recommendations of
 - (a) The sixth special session of the General Assembly
 - (b) The World Food Conference on matters relating to questions of industrialization
6. Consideration of action arising out of Industrial Development Board resolution 42 (VIII)
7. Evaluation
8. Adoption of the report

CHAPTER X. DATE AND PLACE OF THE NINTH SESSION OF THE
INDUSTRIAL DEVELOPMENT BOARD AND OF THE
FIFTH SESSION OF THE PERMANENT COMMITTEE

218. In discussion on this item one delegation, speaking on behalf of the Group of Seventy-seven, introduced a draft recommendation (ID/B/L.178/Rev.1) pertaining to the convening, during the fifth session of the Permanent Committee, at Vienna, of a meeting of the countries belonging to the Group of Seventy-seven for the purpose of preparing for the Second General Conference of UNIDO. The delegation stressed the importance of thorough preparations for the Conference and explained that the purpose of the draft recommendation was to provide the necessary legal framework for a meeting of the Group of Seventy-seven so that it could harmonize its views prior to the Conference.

219. Another delegation stated that the question dealt with in the draft recommendation had been examined by a contact group that had prepared a proposal and draft decision which, if adopted by the Board, would render the draft recommendation superfluous.

220. The Executive Director said that the proposal that the secretariat should provide facilities for a meeting of the Group of Seventy-seven during the coming session of the Permanent Committee would be acceptable and it was his understanding that such a meeting would not be confined to countries of the Group which were at that time members of the Board. However, it would not have been acceptable for the secretariat to provide such facilities after a session had formally closed.

221. After some debate, and after the secretariat had submitted to the Board, in accordance with rule 31 of the rules of procedure, the information as to the financial implications of the prolonged fifth session of the Permanent Committee, the Board, at its 165th meeting, decided that the fifth session of the Permanent Committee should be held from 2 to 14 December 1974 and would be resumed, in the form and composition agreed upon, from 20 to 27 January 1975. The Board recommended that, during the December sitting of the fifth session, the Permanent Committee recess for several days to allow for necessary group consultations. The Board further recommended that the Executive Director of UNIDO should assist and facilitate the convening of a meeting of the countries belonging to the Group of Seventy-seven and of other groups if they so desired, during the recess, for the purpose of preparing for the Second General Conference of UNIDO. The fifth session of the Permanent Committee would then be resumed from 20 to 27 January 1975.

222. At its 165th meeting, the Board unanimously adopted the following decisions: 17/

"The Industrial Development Board,

17/ The deliberations on this subject are contained in summary record ID/B/SR.165.

"Recalling General Assembly resolution 2952 (XXVII) of 11 December 1972,

"Considering the exceptional circumstances that will prevail in 1975, and without establishing a precedent,

"1. Decides, in pursuance of rule 62 of its rules of procedure, that the fifth session of the Permanent Committee, in its capacity as Preparatory Committee for the Second General Conference of UNIDO, will be composed at its resumed session from 20 to 27 January 1975, of those States members of the Board in 1974 with, in addition, those elected to membership of the Board for the period commencing 1 January 1975. During the resumed session, the Permanent Committee will retain its existing officers;

"2. Decides that the regular 1975 spring session of the Permanent Committee shall not be held;

"3. Decides further that, to permit of the foregoing, the application of resolution 32 (VI) of the Board is suspended until the commencement of the ninth session of the Board."

223. With regard to the date and place of the ninth session of the Industrial Development Board, the Board decided that its ninth session would be held at Vienna from 21 April to 2 May 1975 with an appropriate agenda covering all necessary items.

CHAPTER XI. OTHER BUSINESS

Inclusion of the Bahamas in list C and the German Democratic Republic in list D of States annexed to General Assembly resolution 2152 (XXI)

224. At its twenty-eighth session, the General Assembly, in resolution 3088 (XXVIII) of 6 December 1973 on the revision of the lists of States eligible for membership in the Industrial Development Board, decided to include the Bahamas in list C and the German Democratic Republic in list D of the annex to its resolution 2152 (XXI) of 17 November 1966.

225. The Board, at its 163rd meeting, on 13 May 1974, took note of the decision of the General Assembly referred to in the preceding paragraph, in conformity with the last sentence of section II, paragraph 4, of General Assembly resolution 2152 (XXI) establishing UNIDO.

Reports of the Joint Inspection Unit

226. In compliance with the provisions concerning the arrangements for dealing with the reports submitted by the Joint Inspection Unit, as proposed by the Economic and Social Council in resolutions 1457 (XUVII) of 8 August 1969 and 1554 (XLIX) of 30 July 1970, and with the procedures outlined by the Under-Secretary-General for Administration and Management in his memorandum of 20 January 1970, the secretariat, in a note by the Executive Director (ID/B/141), submitted to the Board for its consideration a list of the reports of the Joint Inspection Unit which were of relevance to the field activities of UNIDO.

227. At its 163rd meeting, the Board took note of the reports of the Joint Inspection Unit and of the note by the Executive Director (ID/B/141).

CHAPTER XII. CONSIDERATION OF THE REPORT OF THE EIGHTH SESSION

228. At its 165th meeting, on 14 May 1974, the Board unanimously adopted the report on the work of its eighth session, it being understood that the part of the report relating to the late discussions would be finalized by the Rapporteur.

229. The secretariat proposed that, in conformity with a request made at the sixth session of the Industrial Development Board relating to the reduction of documentation, 18/ the Board should not on this occasion transmit a separate summary review of UNIDO activities in 1973 through the Economic and Social Council to the General Assembly, but should instead forward the annual report of the Executive Director (ID/B/140 and Corr. 1, 4 and 5). The Board accepted that proposal.

CHAPTER XIII. CLOSURE OF THE EIGHTH SESSION OF THE BOARD

230. After statements by the President of the eighth session and representatives of various geographical groups, the Board concluded its eighth session at 10.15 p.m. on 14 May 1974.

18/ Official Records of the General Assembly, Twenty-seventh Session, Supplement No. 16 (A/8716), paras. 42-50.

ANNEX I

Resolutions adopted by the Industrial Development Board
at its eighth session

CONTENTS

- 39 (VIII) Industrial development field advisers
- 40 (VIII) Programme of Special Industrial Services
- 41 (VIII) Programme of action for the benefit of the least developed among the developing countries
- 42 (VIII) Further development of a long-range strategy for the United Nations Industrial Development Organization: report of the Ad Hoc Committee
- 43 (VIII) Implementation of the decisions of the sixth special session of the United Nations General Assembly

39 (VIII). Industrial development field advisers

The Industrial Development Board,

Having examined the report on the activities of the industrial development field advisers, a/

Having heard from the representative of the United Nations Development Programme that the Administrator does not contemplate for the present the financing of more than 30 industrial development field adviser posts, although an increase beyond that number is not excluded by him,

Noting that at the moment 24 industrial development field adviser posts are filled and that action has been initiated to fill the remaining posts,

Noting with appreciation the appointment of Junior Professional Officers financed by the donor Governments,

Considering that the number of industrial development field advisers will need to be increased in the future and that, besides the United Nations Development Programme, other sources of financing for these posts should be explored,

Requests the Executive Director of the United Nations Industrial Development Organization to explore, with interested organizations, States Members of the United Nations or members of the specialized agencies or of the International Atomic Energy Agency, the possibility of obtaining the services of additional experienced and qualified industrial development field advisers, to be financed from sources other than the United Nations Development Programme, including the regular budget, and to report on the results to the Industrial Development Board at its ninth session.

162nd plenary meeting
13 May 1974

40 (VIII). Programme of Special Industrial Services

The Industrial Development Board,

Having examined the report on the programme of Special Industrial Services for 1973, b/

Noting with concern the procedural delays and difficulties that have arisen in implementing the programme of Special Industrial Services and the decline in its implementation in 1973,

a/ ID/B/C.3/15 and Corr.1 and 2.

b/ ID/B/C.3/20 and Add.1 and 2.

Having heard with interest the statements of the representative of the United Nations Development Programme,

Noting with interest the amendments agreed to by the Administrator of the United Nations Development Programme and the Executive Director of the United Nations Industrial Development Organization on 9 May 1974 to the working arrangements and procedures for the programme of Special Industrial Services, c/

1. Welcomes the steps taken to implement the amendments without delay and considers that a report should be made by the Executive Director of the United Nations Industrial Development Organization to the Industrial Development Board at its ninth session on the working of the new arrangements;

2. Reaffirms the importance of this programme to developing countries and of its separate identity as a programme specially designed to serve promptly and effectively its original purposes, including meeting short-term, urgent and unforeseen requirements;

3. Considers that the procedures may have to be simplified and amended further, if necessary, in order to enable more effective implementation of the programme and, to that end, that the Executive Director of the United Nations Industrial Development Organization should keep under review the working of the new arrangements;

4. Invites the Administrator of the United Nations Development Programme and requests the Executive Director of the United Nations Industrial Development Organization to examine the establishment, for the programme of Special Industrial Services, of a separate account, which should include an annual United Nations Development Programme contribution of not less than \$US 3.5 million as well as voluntary contributions that may be made by interested developing and developed countries as special donations, and which may be operated by the Executive Director of the United Nations Industrial Development Organization, bearing in mind that not less than \$1 million per annum should continue to be reserved especially for use in the least developed countries;

5. Requests the Executive Director of the United Nations Industrial Development Organization to report in detail to the Permanent Committee at its fifth session on the actions taken in pursuance of paragraphs 3 and 4 above.

162nd plenary meeting
13 May 1974

41 (VIII). Programme of action for the benefit of the least developed among the developing countries

The Industrial Development Board,

Recalling General Assembly resolution 2626 (XXV) of 24 October 1970 on the International Development Strategy for the Second United Nations Development Decade, according to which special measures are to be adopted in favour of the least developed among the developing countries to enable them to benefit fully and equitably from the policy measures for the Decade,

c/ ID/B/L.177.

Recalling also General Assembly resolution 2768 (XXVI) of 18 November 1971 identifying the "hard core" least developed countries and requesting United Nations organs and programmes, including the United Nations Development Programme and the United Nations Industrial Development Organization, to undertake, for the benefit of the least developed among the developing countries, programmes oriented towards action in favour of these countries,

Considering Industrial Development Board resolution 31 (VI) of 2 June 1972, in which the Executive Director of the United Nations Industrial Development Organization and the Administrator of the United Nations Development Programme were invited to give increased and continuing attention to the preparation of operational and supporting programmes of the United Nations Industrial Development Organization in favour of the least developed among the developing countries,

Taking note with satisfaction of Industrial Development Board resolution 37 (VII) of 15 May 1973 concerning the programme of action for the least developed of the developing countries,

Taking note of General Assembly resolution 3174 (XXVIII) of 17 December 1973 concerning special measures in favour of the least developed countries,

Bearing in mind Industrial Development Board resolution 33 (VI) of 2 June 1972 on the Second General Conference of the United Nations Industrial Development Organization, as well as General Assembly resolution 3087 (XXVIII) of 6 December 1973 concerning the same Conference, and particularly paragraph 3 of the latter resolution calling for the definition of a comprehensive plan of action for assisting the developing countries, in particular the least developed among them, in their efforts to accelerate their industrialization,

Noting with satisfaction that the Second General Conference of the United Nations Industrial Development Organization, under item 6 (b) of its provisional agenda, will review the implementation of special measures to assist the least developed among the developing countries and of the main problems to be solved, d/

Bearing in mind the desire expressed by the General Assembly, at its sixth special session, for urgent measures to be taken to help the countries most affected by the present world economic situation, e/

1. Requests the Executive Director of the United Nations Industrial Development Organization to take into account, inter alia, the conclusions of the sixth special session of the General Assembly and to draw up, in consultation with the States concerned, a detailed, over-all action-oriented programme to assist the least developed among the developing countries, and further requests him to submit this programme to the Second General Conference of the United Nations Industrial Development Organization, to be held at Lima in 1975;

2. Invites the Executive Director to appoint, if necessary, consultants and experts to help him in the drawing up of the programme provided for in paragraph 1 above.

162nd plenary meeting
13 May 1974

d/ Official Records of the General Assembly, Twenty-eighth Session, Supplement No. 16 (A/9016), para. 67.

e/ General Assembly resolution 3202 (S-VI) of 1 May 1974.

42 (VIII). Further development of a long-range strategy for the United Nations Industrial Development Organization: report of the Ad Hoc Committee

A

The Industrial Development Board,

Bearing in mind General Assembly resolution 2823 (XXVI) of 16 December 1971 by which the Group of High-Level Experts on a Long-Range Strategy for the United Nations Industrial Development Organization was established,

Bearing further in mind Industrial Development Board resolution 38 (VII) of 15 May 1973,

Having considered the report and conclusions of the Ad Hoc Committee on a Long-Range Strategy for the United Nations Industrial Development Organization, f/

Taking note of the consensus reached by the Ad Hoc Committee in its report,

Further taking note of the various views expressed at the eighth session of the Industrial Development Board,

Noting with appreciation the conclusions and recommendations of the Ad Hoc Committee in its report f/ and considering them, in conjunction with the report of the Group of High-Level Experts g/ to which they refer, to be a further forward step towards the formulation and dynamic development of a fully coherent strategy,

1. Endorses the conclusions and recommendations contained in the report of the Ad Hoc Committee on a Long-Range Strategy for the United Nations Industrial Development Organization and forwards them to the General Assembly through the Economic and Social Council;

2. Requests the Executive Director of the United Nations Industrial Development Organization:

(a) To initiate, with the Secretary-General of the United Nations and the Administrator of the United Nations Development Programme and with other United Nations organizations, States Members of the United Nations or members of the specialized agencies or of the International Atomic Energy Agency, the necessary consultations directed to seeking the resources needed for the implementation of the recommendations of the Group of High-Level Experts on a Long-Range Strategy for the United Nations Industrial Development Organization, as elaborated by the Ad Hoc Committee;

(b) To start immediately the implementation of those recommendations of the Group of High-Level Experts, as elaborated by the Ad Hoc Committee, which are not contingent and dependent on the above;

f/ ID/B/142 and Corr.1.

g/ ID/B/133.

(c) To be guided, inter alia, by the report of the Ad Hoc Committee when preparing the next biennial programme budget and the medium-term plan for the years 1976 to 1979;

(d) To investigate all the possibilities indicated in the report of the Ad Hoc Committee, including the possibility of obtaining increases in the regular budget, and to explore the availability of all types of financing for the implementation of the recommendations, particularly for the purpose of the research and study programme;

(e) To report to the Permanent Committee, at its fifth session, on the measures taken or planned relevant to specific action under each recommendation and on the progress of the related studies, in implementation of the preceding subparagraphs, including any organizational and personnel changes;

3. Decides that, with a view to assisting in the further formulation of a long-range strategy at the Second General Conference of the United Nations Industrial Development Organization, the report of the Group of High-Level Experts and the report of the Ad Hoc Committee be submitted directly to the Conference by the Executive Director and that the documentation referred to in the Ad Hoc Committee's report be made available to the Conference for reference.

163rd plenary meeting
13 May 1974

B

The Industrial Development Board,

Recalling General Assembly resolution 2152 (XXI) of 17 November 1966, in particular paragraph 37,

Further recalling item 8, entitled "Institutional arrangements of the United Nations Industrial Development Organization", of the provisional agenda of the Second General Conference of the United Nations Industrial Development Organization, h/

Recalling the decision of the General Assembly as communicated by the Executive Director of the United Nations Industrial Development Organization in paragraph 768 of his annual report to the Industrial Development Board, i/

1. Recommends the General Assembly to give full and urgent consideration to these matters at its twenty-ninth session;

2. Requests the Executive Director of the United Nations Industrial Development Organization to submit to the Second General Conference of the United Nations Industrial Development Organization for consideration and recommendations the relevant sections of the reports of the Group of High-Level Experts on a

h/ Official Records of the General Assembly, Twenty-eighth Session, Supplement No. 16 (A/9016), para. 67.

i/ ID/B/140 and Corr.1, 4 and 5.

Long-Range Strategy for the United Nations Industrial Development Organization and the Ad Hoc Committee on a Long-Range Strategy for the United Nations Industrial Development Organization, including the annexes thereto, with a full report on the discussions and decisions of the General Assembly on this matter and any recommendations which he may wish to offer.

163rd plenary meeting
13 May 1974

43 (VIII). Implementation of the decisions of the sixth special session of the United Nations General Assembly

The Industrial Development Board,

Considering the Declaration on the Establishment of a New International Economic Order and the Programme of Action on the Establishment of a New International Economic Order, as adopted by the General Assembly at its sixth special session, j/

Noting that section IX, paragraph 4, of the Programme of Action provides that all organizations, institutions, subsidiary bodies and conferences of the United Nations system are entrusted with the implementation of the Programme of Action,

Bearing in mind the vital role of industrialization in the development of the developing countries,

Recalling Industrial Development Board resolution 42 (VIII) of 13 May 1974 on the further development of a long-range strategy for the United Nations Industrial Development Organization,

1. Requests the Executive Director of the United Nations Industrial Development Organization to submit a report to the Permanent Committee at its fifth session on the possible role, activities and programmes of the United Nations Industrial Development Organization for fulfilling the objectives set out in the Declaration on the Establishment of a New International Economic Order and the Programme of Action on the Establishment of a New International Economic Order as adopted by the General Assembly, particularly where these objectives are spelled out for action also in the report and conclusions of the Ad Hoc Committee on a Long-Range Strategy for the United Nations Industrial Development Organization; k/

2. Further requests the Executive Director to assist the Ad Hoc Committee on the Special Programme, established in accordance with section X, paragraph 6, of the Programme of Action, in carrying out the functions assigned to it in regard to matters concerning industrialization and where such matters are also referred to in paragraph 39 of the report and conclusions of the Ad Hoc Committee;

3. Also requests the Executive Director to provide, within the competence of the United Nations Industrial Development Organization, assistance in the emergency

j/ General Assembly resolutions 3201 (S-VI) and 3202 (S-VI) of 1 May 1974.

k/ ID/B/142 and Corr.1.

operation to be undertaken in accordance with the Special Programme, especially where such assistance could immediately result in the improvement of the economic condition of the most seriously affected developing countries by making them less dependent on the high cost of importation of industrial inputs, such as fertilizers, for food production.

165th plenary meeting
14 May 1974

ANNEX II

List of pre-session documentation submitted by the secretariat
to the Industrial Development Board

- ID/B/131/Add.1 Consideration of applications of intergovernmental and international non-governmental organizations
- ID/B/137/Rev.2 Agenda for the eighth session
- ID/B/138 Annotated provisional agenda
- ID/B/139 and Report of the Permanent Committee on the work of its third session
Corr.1
- ID/B/140 and Annual report of the Executive Director
Corr.1, 4 and 5
- ID/B/141 Reports of the Joint Inspection Unit
- ID/B/142 and Report and conclusions of the Ad Hoc Committee on Long-Range
Corr.1 Strategy for UNIDO
- ID/B/143 and Report of the Permanent Committee on the work of its fourth
Corr.1 session

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