



**UNITED NATIONS  
INDUSTRIAL DEVELOPMENT ORGANIZATION**

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

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**24 April — 15 May 1969**

**GENERAL ASSEMBLY**

**OFFICIAL RECORDS : TWENTY-FOURTH SESSION  
SUPPLEMENT No. 17 (A/7617)**

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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

ECA	Economic Commission for Africa
ECAFE	Economic Commission for Asia and the Far East
ECE	Economic Commission for Europe
ECLA	Economic Commission for Latin America
FAO	Food and Agriculture Organization of the United Nations
GATT	General Agreement on Tariffs and Trade
IAEA	International Atomic Energy Agency
ILO	International Labour Organisation
OECD	Organisation for Economic Co-operation and Development
UNCTAD	United Nations Conference on Trade and Development
UNDP	United Nations Development Programme
UNESCO	United Nations Educational, Scientific and Cultural Organization
UNESOB	United Nations Economic and Social Office in Beirut
UNICEF	United Nations Children's Fund
UNIDO	United Nations Industrial Development Organization
WHO	World Health Organization



## INTRODUCTION

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

The third session of the Industrial Development Board, which was preceded by the first session of the Working Group on Programme and Co-ordination established as its subsidiary organ by resolutions 3 (II) and 12 (II) adopted by the Board at its second session, was held at the Neue Hofburg, Vienna, Austria, from 24 April to 15 May 1969. The present report\* was adopted by the Board at its 89th meeting on 14 May 1969.

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\* Previously issued under the symbol ID/B/62 and Corr.1.

## CHAPTER I. ORGANIZATION OF THE SESSION

1. The Industrial Development Board opened its third session in Vienna, Austria, headquarters of the United Nations Industrial Development Organization, on 24 April 1969.
2. The session was opened by Mr. Heinrich Standenat (Austria), President of the second session, who acted as President of the third session pending the election of the new President.

### Membership and attendance

3. The following members of the Board were represented at the session: Argentina, Austria, Belgium, Brazil, Bulgaria, Cameroon, Canada, Chile, Colombia, Cuba, Czechoslovakia, Denmark, Federal Republic of Germany, France, Ghana, Guinea, India, Indonesia, Iran, Iraq, Italy, Ivory Coast, Japan, Kuwait, Netherlands, Nigeria, Pakistan, Peru, Philippines, Poland, Rwanda, Somalia, Spain, Sudan, Sweden, Switzerland, Thailand, Trinidad and Tobago, Turkey, Union of Soviet Socialist Republics, United Kingdom of Great Britain and Northern Ireland, United Republic of Tanzania, United States of America, Upper Volta and Uruguay.
4. The following States Members of the United Nations or members of the specialized agencies sent observers to the third session of the Board: Australia, Bolivia, Byelorussian Soviet Socialist Republic, Central African Republic, China, Costa Rica, Dominican Republic, Ecuador, Finland, Greece, Holy See, Honduras, Hungary, Israel, Jamaica, Mexico, Morocco, Nicaragua, Niger, Norway, Republic of Korea, Republic of Viet-Nam, Romania, Senegal, South Africa, Tunisia, Ukrainian Soviet Socialist Republic, United Arab Republic, Venezuela and Yugoslavia.
5. The Economic Commission for Africa, the Economic Commission for Europe, the United Nations Conference on Trade and Development and the United Nations Development Programme were represented at the session.

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

7. The following intergovernmental organizations sent representatives to the session: The Common Afro-Malagasy Organization, the European Communities, the Commission internationale des industries agricoles et alimentaires, the League of Arab States, the Office africain et malgache de la propriété industrielle, the Organization of African Unity, the Organization of American States and the United International Bureaux for the Protection of Intellectual Property.

8. The following international non-governmental organizations sent observers to the session: the Afro-Asian Organization for Economic Co-operation, the European Centre for Industrial Development Overseas, the International Association for the Promotion and Protection of Private Foreign Investments, the International Association for the Protection of Industrial Property, the International Chamber of Commerce, the International Christian Union of Business Executives, the International Confederation of Free Trade Unions, the International Council for Scientific Management, the International Organization of Employers, the World Confederation of Labour and the World Federation of Trade Unions.

Statement by the President of the second session

9. The President of the second session made a statement in which he observed that the first session had been taken up with the task of setting UNIDO on its feet. The second had seen a consolidation of the aims and purposes of the organization. Trusting that the third session would be marked by the same spirit of mutual understanding, he hoped that its result would be a considerable step forward towards the industrialization of the developing world.

## Election of officers

10. At its 63rd meeting, on 24 April 1969, the Board, in pursuance of rule 18 of its rules of procedure, elected by acclamation the following officers for the third session:

<u>President:</u>	Mr. Carlos Ortiz de Rozas	(Argentina);
<u>Vice-Presidents:</u>	Mr. Tenu Petrov	(Bulgaria);
	Mr. Eric Dikoko Quan	(Cameroon);
	Mr. Enver Murad	(Pakistan);
<u>Rapporteur:</u>	Mr. Börje Billner	(Sweden).

11. On assuming office, the President of the third session, after paying tribute to the activities of UNIDO, stressed the importance of the central role of this organization within the United Nations family in the field of industrial development. Although UNIDO was hampered by its own limited resources, it should strive to seek greater efficiency in the fulfilment of the aim as well as the spirit of General Assembly resolution 2152 (XXI) under which it had been created. It was encouraging to note that the initial pessimism of those who had feared an increasing division between developed and developing countries had been modified by the growing realization that development, to be harmonious, had to be universal. The developed countries were now conscious of the fact that not only their own progress but in fact the peace of the world depended upon over-all development. UNIDO should endeavour to be a true symbol of the movement towards international co-operation in the pursuit of a common objective, and the most tangible evidence would surely be provided by the Second United Nations Development Decade.<sup>1/</sup>

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<sup>1/</sup> For the full text of the statement by the President of the third session, see annex III.

## Credentials

12. In accordance with rule 17, paragraph 2, of the rules of procedure of the Industrial Development Board, the officers of the third 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 70th meeting, on 30 April 1969.

## Agenda

13. At the 63rd meeting, on 24 April 1969, the President submitted to the Board proposals for readjusting the agenda of the third session of the Board, taking into consideration the work completed by the Working Group on Programme and Co-ordination at its first session, as reflected in the report of the Working Group to the Board (ID/B/WGPC/2).

14. The above-mentioned report contained the results of the discussions of the Working Group on the items relating to the programme of activities of UNIDO in 1968, 1969 and 1970; the long-term programme of work for 1971 and subsequent years; the financial implications of programme proposals (budget estimates for 1970 and forecast for 1971); and part of the item on the co-ordination of activities of the United Nations system in the field of industrial development. It was therefore agreed that those items, except the item on co-ordination, would not be included specifically in the agenda of the Board, but would be considered in the context of the report of the Working Group. Consequently the following agenda was adopted:

1. Opening of the session.
2. Election of officers.
3. Adoption of the agenda.
4. General debate.
5. Consideration of the report of the Working Group.
6. Co-ordination of activities of the United Nations system in the field of industrial development.
7. Regular programmes for 1970 and 1971 and note on the guiding principles for the execution of the regular programme.

8. Voluntary contributions.
9. Question of the payment of local costs in respect of the Special Industrial Services Programme.
10. Organizational matters:
  - (a) Institutional arrangements;
  - (b) Organization of the UNIDO secretariat;
  - (c) Geographical distribution
  - (d) Proposals for expediting and improving the recruitment of project personnel.
11. Questions relating to intergovernmental and non-governmental organizations.
12. Provisional agenda of the fourth session.
13. Date and place of the fourth session.
14. Other business.
15. Adoption of the report of the third session.

15. It was also agreed that the subject of decentralization of the activities of UNIDO would be examined under the sub-item concerning institutional arrangements.

#### Organization of work

16. At its 63rd meeting, the Board examined a provisional calendar of meetings which had been drawn up on the basis of the approved agenda of the Board. A number of delegations made observations concerning the time to be allotted to the general debate and to consideration of the report of the Working Group on Programme and Co-ordination. It was decided that the proposed calendar of meetings should be considered as a target flexible enough to be revised, where necessary, during discussions. With regard to the envisaged length of the session, it was noted that the results of the work accomplished by the Working Group might make possible an early termination of the session of the Board.

17. At the same meeting, it was decided to maintain the system of "Friends of the Rapporteur" designated by the various geographical groups to assist the Rapporteur, which had proved successful at the second session of the Board.

18. At its second session, the Industrial Development Board adopted resolutions 3 (II) and 12 (II) establishing a working group on programme and co-ordination as a subsidiary organ of the Board. The first session of the Working Group on Programme and Co-ordination was held at the Neue Hofburg, Vienna, Austria, from 8 to 22 April 1969.

19. The report of the first session of the Working Group on Programme and Co-ordination (ID/B/WGPC/2) was submitted to the Industrial Development Board in accordance with resolution 3 (II).

20. At its first meeting the Working Group unanimously elected the following officers, in accordance with the provisions of rule 61 and rule 62, paragraph 3, of the rules of procedure of the Board:

<u>Chairman:</u>	Mr. Carlos Ortiz de Rozas (Argentina);
<u>Vice-Chairmen:</u>	Mr. Anton Bobanov (Bulgaria);
	Mr. Eric Dikoko Quan (Cameroon);
	Mr. Enver Murad (Pakistan);
<u>Rapporteur:</u>	Mr. Börje Billner (Sweden).

21. At the first meeting of the Working Group, the Chairman submitted to the Group for its approval a provisional agenda (ID/B/WGPC/1) drafted in accordance with the terms of reference given to the Working Group by the Board. Items 4, 5 and 7 of the provisional agenda were amended to meet points raised by certain delegations. The Working Group unanimously adopted the following revised agenda (ID/B/WGPC/1/Rev.1):

1. Opening of the session.
2. Election of officers.
3. Adoption of the agenda.
4. Activities of UNIDO:
  - (a) Programme activities of UNIDO in 1968, 1969 and 1970;
  - (b) Long-term programme of work for 1971 and subsequent years.
5. Financial implications of programme proposals: budget estimates for 1970 and forecast for 1971.

6. Co-ordination of activities of the United Nations system in the field of industrial development:
  - (a) The central role of UNIDO;
  - (b) Consolidated report, analytical report and related documents.
7. Adoption of the report of the Working Group on Programme and Co-ordination, including draft recommendations to the Board.

22. At its first meeting, the Working Group decided to consider the items of its agenda in the following order: 4 (a) - programme of UNIDO in 1968, 1969 and 1970; 5 - financial implications of programme proposals; 4 (b) - long-term programme of work for 1971 and subsequent years; 6 - co-ordination of activities of the United Nations system in the field of industrial development; and 7 - adoption of the report of the Working Group and draft recommendations to the Board.

23. In accordance with the decision taken by the Board at its 73rd meeting on 2 May 1969, the text of the report of the Working Group on Programme and Co-ordination was adopted and made part of the report of the Board together with observations made by the delegations to the Board.



## CHAPTER II. GENERAL DEBATE

24. In the general debate, special consideration was given to greater concentration of the supporting programmes of UNIDO, the need to establish priorities, long-range programming, the Second United Nations Development Decade, the financial resources of UNIDO, the technical co-operation programmes, investment promotion, increased production of manufactures for export and co-ordination of activities of United Nations bodies with responsibilities in the field of industrialization.

### Organizational matters

25. Most delegations expressed support for continuing the Working Group on Programme and Co-ordination as a subsidiary body of the Board, either as at present constituted or with slightly modified functions. Some delegations, while recognizing the usefulness of the Working Group, felt that it should not become a substitute for the Board itself. One delegation proposed the establishment of permanent intergovernmental committees as subsidiary organs of the Industrial Development Board. These committees would deal with such matters as planning and programming; technology and manpower; and intermediate and capital goods industries. Another delegation stated that the Working Group should be subdivided into three sub-groups, each of which would examine one of the items in Board resolution 3 (ii). As regards the length and timing of the sessions of the Working Group, proposals were made by some delegations that there should be a time lapse between the sessions of the Working Group and of the Board so that the Working Group's discussions could be thoroughly studied. In this connexion, other delegations felt that the Working Group should be composed of a small number of technicians responsible for industrial development. Still other delegations proposed a two-week session for the Board and a two-week session for the Working Group, with a one-week overlap - a total duration of three weeks, for the annual session.

26. Several proposals were made by individual delegations on the future programme and organization of UNIDO. One proposal entailed the establishing of a group of experts which, in addition to examining the long-term programme of UNIDO, would also undertake a study of its organizational structure; another proposal was that the Board set up an ad hoc committee assisted by expert consultants which would meet between sessions. Yet another proposal envisaged a study by a group of experts representing all geographical groupings of the Board or by a small committee of government representatives or by a single expert; one delegation suggested that an extraordinary meeting of all UNIDO member States be convened to review the above matters.

27. Several delegations considered the establishment of a group of experts or of a study group to be premature. Others either considered it inappropriate to use outside experts for such a task or opposed the proposal on the grounds that the matter was the responsibility of the Board itself.

28. In regard to documentation, many delegations expressed their satisfaction with the scope and content of the documentation presented by the Secretariat, although there was a general feeling that the volume might be reduced. In this connexion, the Executive Director mentioned that the documentation submitted to the Board was meant to meet the wishes specifically expressed by the Board. However, he was prepared to follow any guidelines that might be set forth by the Board (see chapter X).

29. The delegations of Bulgaria, Cuba, Czechoslovakia, Poland and the Union of Soviet Socialist Republics pointed out that the tasks entrusted to UNIDO by the General Assembly could be successfully carried out only if UNIDO became a truly universal organization and if all countries, irrespective of their social and economic systems, were accorded the right to participate in its activity and to collaborate in the exchange of accumulated experience and knowledge. In particular they denied that there was any just reason why the German Democratic Republic - a highly-developed industrial country engaged in extensive economic and technical collaboration with the developing countries - should not be represented in UNIDO while another German State participated in UNIDO and in a number of other organizations of the United Nations system. The observer from Romania also stated that the right to participate in the activities of UNIDO should be accorded to

certain other independent sovereign States, for instance the People's Republic of China, the Democratic Republic of Viet-Nam and the Democratic People's Republic of Korea.

30. Several delegations stated that the secretariat was not sufficiently collegial, and that its work was suffering in consequence. They favoured the introduction of a system of deputy executive directors, to be chosen on the basis of equitable geographic distribution.

#### Second United Nations Development Decade

31. A variety of views were presented on the most effective contribution that UNIDO might make to the preparation of the Second United Nations Development Decade. The importance of the work of UNIDO in that Decade was underlined by many delegations, and the contribution that might be made by the organization was felt to be of particular importance. A number of delegations considered the proposals of the secretariat to be logical and adequate. They agreed that action should be continuous, based on direct co-operation with the developing countries themselves, leading to a definition of country strategy and to more consistent programmes of technical co-operation. The same delegations approved the views of the secretariat on sectoral and country approach.

32. The collective effort of the United Nations family, with UNIDO as the primary arm for industrialization, was also stressed by many delegations; the view was expressed that the long-term programme of UNIDO should be an integral part of the Second Development Decade. In the opinion of some delegations, the objectives to be followed should be co-ordinated with those of other United Nations bodies and with those of the developing countries themselves. Several delegations considered that the spirit and the letter of General Assembly resolution 2411 (XXIII) determined the framework within which UNIDO should operate in order to contribute to the formulation of the strategy for development during the Second Decade. Several delegations considered that UNIDO should develop its own strategy, based on the needs of the developing countries. UNIDO, it was maintained, must be in a position to formulate its own role, utilizing past experience including that of the Centre for Industrial Development.

33. Several delegations observed that responsibility for preparing and launching the programme of the Second Development Decade should be entrusted to the Economic and Social Council. One delegation expressed the view that its country was against discussing the Decade in the Council because, in its view, UNCTAD would be the ideal forum for it.

34. A realistic and dynamic strategy, taking into account plans and programmes of the developing countries, was urged by several delegations, and the Decade, it was said, should also help to bridge the technological gap. In the view of one delegation, the fundamental importance of the current session of the Board was to strengthen UNIDO so that it could determine a strategy for the Second Development Decade.

35. The delegations of the Sudan, Kuwait and Bulgaria, supported by the delegations of Guinea, Iraq, Poland, Somalia and the Union of Soviet Socialist Republics, maintained that economic development and, in particular, industrialization could only be secured in an atmosphere of peace and stability. These conditions did not exist in the Middle East owing to the Israeli aggression against the Arab world which had resulted in the closure of the Suez Canal, the diversion of scarce resources to bolster the defence capabilities of the Arab States and the flight of investment capital from the region because of instability and the looming danger of war. The Arab States would strive to liquidate the consequences of aggression and would pursue their industrialization efforts with vigour to enable them to maintain their independence.

36. The delegation of the Union of Soviet Socialist Republics stated that achievement of the aims of the Second Development Decade also depended upon observance of the principles of international trade relations affirmed by the first United Nations Conference on Trade and Development, held at Geneva in 1964. In that connexion, it pointed out that all States which had suffered from colonial exploitation should be compensated by the former colonial Powers for the damage caused to their economies during the colonial period, and by

those countries which were still exploiting the human and natural resources of the developing countries. The same delegation was of the opinion that the United Nations should assess the amount of damage inflicted by each colonial Power in its former colonies and take the necessary steps to ensure compensation.

37. A number of delegations, observing that considerable resources were required if the industrial aims of the Second Development Decade were to be fulfilled, commented on the importance of efforts by the developing countries themselves to mobilize their own internal resources for that purpose, and also pointed out that additional funds should be obtained through increased levies on the income earned by foreign companies, increased income from foreign trade as a result of improved trading conditions and a normalization of international commercial exchanges, and the like. In the opinion of those delegations, sources of external financing - through economic and technical assistance, foreign investments, loans from international banks and so forth - should be regarded solely as auxiliary resources, complementing those of the developing countries themselves.

38. In this connexion, other delegations pointed out that foreign private investment, if economically sound, created new production to a value many times greater than the income returned to the foreign investor. Moreover, the industries, once established, remained within the country, provided needed employment and continued to contribute to its economic growth. In addition, the host country obtained the benefits of training of management and manpower and the stimulation of related local industries.

39. The delegation of one developing country stated that if the developing countries were to maintain a satisfactory rate of growth, they would have to continue for some time yet to use outside sources of finance, and thus would have to offer investors satisfactory profitability and security conditions. Another such delegation spoke of the successful steps taken in its country to stabilize the economy, to attract foreign capital and to stimulate investment; that policy had already shown appreciable results.

## Co-ordination

40. The central role of UNIDO in co-ordinating the industrial development activities of the United Nations system was underlined by many delegations. It was generally agreed that co-ordination was one of the most difficult tasks, and for UNIDO to discharge its mandate effectively, co-operation between UNIDO and the other organizations of the United Nations family must be strengthened in order that there should be no adverse effects on the countries receiving assistance. Several delegations, while emphasizing that UNIDO had an important role to play in the co-ordination of industrial development activities within the United Nations system, observed that the chief co-ordinating body was the Economic and Social Council, one of the principal organs of the United Nations under its Charter.

41. Many delegations expressed their satisfaction with the progress made in reaching agreements with the specialized agencies and the regional economic commissions; and confidence was expressed that agreements would soon be concluded with all United Nations bodies concerned, in particular with FAO and ECAFE.

42. In addition to harmonizing its activities with those of other United Nations organizations, UNIDO, according to some delegations, should bring about a reorientation of the work of the United Nations family in the field of industrialization. In their view, efforts at co-ordination would continue to meet with difficulties so long as industrialization remained within the field of competence of various other United Nations bodies. UNIDO, they maintained, should be assisted to become an effective instrument of co-ordination in order to exercise the central role assigned to it by the General Assembly, and the various United Nations bodies concerned with the industrialization process should be invited to make the corresponding adjustments in the interest of the developing countries. Other delegations held the view that UNIDO should refrain from attempting to take over activities and programmes from other organizations which had demonstrated their effectiveness in certain aspects of industrialization. Still other delegations felt that UNIDO should make the greatest possible use of work already carried out

and of the experience and resources of other bodies, with a view to establishing joint programmes in fields of common interest and to harmonizing activities in fields where there were conflicts over competence. Several delegations considered it important for UNIDO to promote co-ordination and co-operation through the national committees established in the recipient countries. The hope was also expressed by some delegations that there would be closer co-ordination between the multilateral programmes of international organizations, in particular those of UNIDO, and the bilateral programmes undertaken by developed countries.

#### Decentralization

43. One aspect of the activities of UNIDO that was commented upon during the debate concerned the regional structure of UNIDO. The UNIDO network of industrial advisers operating in the field was generally commended. In addition to the prevailing arrangements with the regional economic commissions, which were felt to have contributed effectively to the strengthening of the links between headquarters and the field, some delegations proposed further steps in decentralization. These proposals provided for the establishing of regional and sub-regional UNIDO offices or centres in the various areas.

44. Another delegation, however, proposed that the question of decentralization be deferred so as not to disperse the present limited resources of UNIDO. Several delegations stressed that maximum efforts must be made to consolidate the UNIDO secretariat and to give a deeper dimension to its collaboration with the regional economic commissions and the specialized agencies of the United Nations.

#### Work programme

45. With regard to the work programme, many delegations shared the view that more emphasis should be placed on field activities and that supporting programmes, including research, should be closely related and complementary to activities in the field.

46. There was general agreement on the need to take into consideration also the social and environmental problems related to industrialization, and a suggestion was made that UNIDO co-operate closely with the Social Development Division at United Nations Headquarters. One delegation stressed, in particular, the need to give continued attention to problems of health which prevail in the course of industrialization in developing countries.

47. Some delegations stressed the need to take into account the acceptability of industrial products to local habits and tastes, as well as appropriate distribution channels.

48. Many delegations urged that planning and programming should be specifically designed to meet the needs of the developing countries. In this connexion, some delegations considered that the experience of the industrialized countries should be taken into account in the work of UNIDO in this area. A number of delegations stressed the need for a study of experience in the preparation of industrialization, including the training of highly-qualified cadres and the establishment of planning organizations, which required considerable resources. Several delegations emphasized the importance of preparing such projects, which had a multiplier effect, and expressed a desire to participate in their execution.

49. As regards supporting activities, some delegations stressed that UNIDO should refrain from basic research and that any research studies undertaken should be action-oriented. Some delegations, however, recognized the need for analytical studies and research and invited UNIDO to take advantage of facilities available in a number of countries. Some delegations also felt that UNIDO should intensify such activities as the convening of symposia and study groups. Many delegations emphasized that UNIDO ought to investigate not only past and present stages and conditions of industrialization in developing countries; it should systematically study the needs of developing countries and compare them with the programmes of industrial development of those countries. They added that their countries had extensive systems of research and design institutes, the work of which exactly met the requirements of a number of developing countries.

50. Many delegations felt that, in the field of information, UNIDO should become an effective clearing-house for industrial information. A suggestion was made by one delegation that an organ should be set up within the secretariat to assist in the exchange of industrial information.

51. Some delegations stated that a central place in the working programmes of UNIDO ought to be filled by assistance to developing countries in drafting science-based, long-term and current plans of industrial development based on the establishment and reinforcement, above all, of the State and co-operative sectors of their economies; in determining the optimum industrial structure and



type of undertakings to suit the particular conditions of countries and the different levels of their industrial development; in expanding key branches of industry by mobilizing internal resources and attracting other resources so as to form a foundation for the development in those countries of a diversified national economy; in ensuring the harmonious regional development of industry; in pooling efforts by neighbouring countries, especially in the establishment of joint industrial power systems; in formulating and preparing projects which might be financed by UNDP, the United Nations regular technical assistance programme or UNIDO, particularly for the construction of pilot undertakings; in training national industrial cadres; and in executing measures to stop the "brain drain" from those countries, and the like. Other delegations pointed out that industrial experience in many countries showed clearly that centrally-directed economies were by no means the only path to industrial progress.

#### Strategy and priorities

52. In the view of some delegations, UNIDO should undertake to develop a strategy for industrial development based on the resources of individual countries. One delegation stressed that a United Nations strategy was required rather than a UNIDO strategy for industrialization, since the task of rendering assistance in industrialization was not confined to one organization only: UNIDO should concentrate its efforts on the essential sectors of industrial development. Account should also be taken of the actual situations and industrial development aims of the developing countries. It followed, therefore, that analysis and research were important tasks for UNIDO. Some delegations felt that, both at headquarters and in the field, the operational, promotional and supporting activities of UNIDO should form a coherent whole and should be in accordance with well-defined guidelines designed to assist the developing countries in improving their existing industrial equipment in order to lay a basis for their future progress, and in choosing and implementing those projects that would have the greatest impact on their economic development.

53. In the view of some other delegations, UNIDO should be in a position to cater to countries with different economic and social systems. Several delegations supported the view that the organization should evolve a realistic and dynamic strategy aimed at identifying industrial activities of key interest to many developing countries, should concentrate on such selected areas.

54. It was generally recognized that the scope and complexity of the task of UNIDO required the establishment of a set of priorities which, taking into account the requirements of the developing countries in the field of industrialization, would enable UNIDO to proceed effectively with its work. Many delegations proposed various areas of priorities that included the appraisal of overall industrial policies and programmes and of the effectiveness of various incentives and measures designed to carry them out, the identification and development of specific industrial projects, small-scale industries and problems of existing industries including repair and maintenance, export-oriented industries, adaptation of technology to the circumstances of the developing countries, processing of domestic resources with special emphasis on agro-industries, training programmes and fellowships and symposia focusing on the practical problems of developing countries, as well as the active role of UNIDO as a clearing-house for industrial information.

#### Industrial investment promotion

55. This area received support from many delegations and criticism from some others. While some delegations felt that the activities of UNIDO in this area should be expanded, other delegations thought that they should be pursued within carefully defined limits. In the view of some delegations, the promotional role of UNIDO should aim at mobilizing international resources for specific industrial projects. In support of this view, it was suggested that UNIDO concentrate on the establishment of new investment and promotion centres in developing countries, and on general promotion of contacts between recipients and investors. Such measures and contacts, it was felt, would have the additional advantage of stimulating the transfer of skill and expertise to developing countries. In this respect they particularly referred to the United Nations Panel on Foreign Investment in Developing Countries, which met at Amsterdam in February 1969. At the meetings of the Panel, great significance was attached by some delegations to the contribution of foreign private investment to industrial development. They considered close relations between UNIDO and industrial circles both in developed and developing countries of importance, since a direct association with the task and interests of industry would help to make the activities of UNIDO more realistic and effective. These delegations underlined the role of UNIDO in stimulating a better understanding between people in developing countries and foreign private investors.

56. Other delegations stressed that maximum use should be made of internal resources and, while they acknowledged that foreign private capital could play a certain role in the industrialization of the developing countries, affirmed that a great deal of caution should be exercised so that foreign capital investments would be in the real interest of the developing countries concerned and under strict government control. In the view of those and other delegations, UNIDO, as an international and intergovernmental organization, should refrain from serving as an intermediary between foreign capital and the developing countries. They also expressed concern over the heavy indebtedness of developing countries. On the other hand, one delegation pointed out that the service charges were paid out of increased production, and that much of the earnings were reinvested. In this connexion, other delegations declared that the evaluation of the advantages and benefits derived from foreign investments as well as the appropriate measures to be taken were a matter for the promoter countries themselves.

57. Some delegations, citing the provisions of General Assembly resolution 2152 (XXI), which sets forth the principal functions of UNIDO, expressed their views on its function of promoting industrial development. In their opinion that function ought not to be confined to a search for private investment. The term promotion ought to include the wider concept of the practical execution of the whole complex of measures envisaged in that resolution. They declared that, in that correct approach by the secretariat to promotion, their Governments were ready to co-operate actively in the measures taken by UNIDO to promote the industrial development of developing countries, in particular by the dissemination of their own experience in mobilizing their internal resources for industrial development, by using the facilities of the foreign-trade organizations of their own countries in relation to deliveries of equipment on the usual commercial basis, and the like.

#### Export-oriented industries

58. It was brought out during the debate that the expression "export-oriented industries" covered in a general manner all industrial activities that could generate exports, including the use of idle capacity. The debate further

reflected the importance that delegations in general attached to this field of activities, to which many delegations assigned high priority, particularly in relation to the aims of the Second United Nations Development Decade in regard to trade. A number of proposals were made, most of which provided for continued co-operation between UNIDO and UNCTAD, GATT, the International Trade Centre and OECD. Mention was made of preferential tariffs and favourable terms of trade and of the elimination or reduction of trade obstacles such as customs duties and quotas, and their potential role in promoting the accelerated industrialization of developing countries was noted. In addition, the need was stressed for closer co-operation between UNIDO and the developing countries, between the developing and the developed countries, and between the developing countries themselves.

#### Technical co-operation

59. The question of the limited resources available to UNIDO to finance its field activities was raised by most delegations. In their view, these resources should be increased to meet the growing needs of developing countries in the sphere of industry. In particular, the present share of industrial projects in the United Nations Development Programme was judged to be inadequate, and it was considered that the number of projects assigned to UNIDO should be increased. In the view of some delegations, UNIDO should be assured of independent financial resources in order to accomplish its task effectively. Many delegations urged full participation in the Pledging Conference.

60. Many delegations remarked that great importance should be attached to the preparation of projects based on the urgent needs of developing countries, and that such projects should have priority among projects considered for financing from UNDP funds.

61. Some delegations expressed the hope that the secretariat of UNIDO would take practical measures for the effective use of voluntary contributions of countries to UNIDO for technical co-operation. One delegation expounded an extensive programme of measures which its Government could take and charge to its voluntary contribution, including the holding of a series of symposia, seminars, study tours, in-plant training courses for specialists in engineering (including agricultural engineering), standardization, mineral fertilizer production, welding, planning and organization of the management of State undertakings, and so forth. It proposed to hold a symposium in 1970 on the role of heavy industry in the industrialization and economic reorganization of developing countries, to be paid for out of its country's voluntary contribution to UNIDO.

62. One other delegation expressed the view that contributions earmarked for special purposes could create considerable difficulties with over-all planning of programmes and projects, making it difficult to use available funds where they were most needed, and thus tending to distort programmes and operations. This was true particularly where contributions were made in non-convertible currencies.

63. A number of delegations stressed the central role of UNDP within the United Nations system of development assistance and stated that their Governments had increased their contribution to UNDP. They hoped that an increasing number of industrial projects would be allotted to UNIDO for execution, in conformity with the expressed wishes of the recipient countries.

64. The statement of the UNDP representative to the effect that UNDP projects in the industrial field would increase in the future was welcomed by many delegations. Others called for greater flexibility and independence for UNIDO in the use of UNDP funds.

65. The delegations of Bulgaria, Cuba, Czechoslovakia, Poland and the Union of Soviet Socialist Republics pointed to the need for a more objective approach by UNIDO to the fulfilment of requests made by developing countries for the purposes of their industrialization and for the avoidance of situations in which requests by certain countries, for example, Israel, were considered promptly while the consideration of requests by other, especially Arab, countries was often obstructed.

One delegation remarked on the difficulties met by the UNIDO secretariat in discharging its duties under General Assembly resolution 2152 (XXI) because UNDP continued to act in practice as the co-ordinator of industrial development activities by distributing projects among the various United Nations agencies.

66. One delegation suggested that ten to fifteen pilot undertakings should be constructed every year in developing countries, with priority for the least developed, at the expense of UNDP and in accordance with UNIDO proposals and plans.

67. The continued operation by UNIDO of a Special Industrial Services type programme was supported by most delegations. They recognized the usefulness to industry of a programme which had the advantage of flexibility and speed. Concern was expressed, however, by many delegations over the uncertainty as regards the replenishment of the Special Industrial Services trust fund.

68. Although it was recognized that the replenishment of the Special Industrial Services funds depended at present on the voluntary contributions of Governments, several delegations called for a more definite and continuous source of funds. Some delegations sought information on the joint UNIDO-UNDP study which had been requested by the Governing Council of UNDP at its session in January 1969 on the future financing of the Special Industrial Services programme from UNDP funds. They expressed the hope that an agreement on the matter might be reached as soon as possible. In the meantime, the programme should not be allowed to lapse for lack of funds.

69. The issue of local costs assessed on recipient countries for Special Industrial Services projects was raised by some delegations. They asked that the local costs on projects of four months or less be waived. Reference was made to Industrial Development Board resolution 7 (II), and some delegations expressed the hope that UNDP would have a constructive attitude on this issue.

70. Some delegations felt that appropriate national technical institutes or other industrial training centres which already existed in developing countries and which had achieved acceptable international standards could be utilized by UNIDO for its training programmes. In fact, they could even be converted by UNIDO into international training centres for the purpose of industrial development. In this way, the resources available to UNIDO could be augmented and considerable savings might accrue.

71. Many delegations supported the recently established system of industrial field advisers. In the opinion of those delegations and that of the representative of UNDP, the posting of the advisers to the field would contribute greatly to the identification and integration of industrial field projects and facilitate the submission of requests for technical assistance. Those delegations urged the expansion of the programme of field advisers, based on a wide geographical network.

#### Recruitment

72. The delays incurred in recruiting experts, under arrangements requiring clearance from Governments concerned and United Nations Headquarters in New York, were referred to by many delegations, who urged that there be greater speed and flexibility in the recruitment process. Several delegations stressed the need for observance of the principle of equitable geographical distribution. Some delegations requested that the number of experts from developing countries be increased, while other delegations urged that more experts should be drawn from the socialist countries. One delegation noted that, although at the request of the secretariat it had submitted a list of experts, not enough of these had been utilized in the field or in the secretariat. One delegation proposed that the co-operation of Governments be sought in drawing up the roster of experts at present under preparation by UNIDO in Vienna. One delegation expressed the view that, in the process of expediting the recruitment of experts, these experts should be recruited from among consultants from developed countries to ensure that their technical knowledge be fully up-to-date.

#### Statement by the Executive Director

73. At the end of the debate, the Executive Director expressed the view that the work programme of UNIDO already conformed, by and large, to the basic guidelines which had seemed to emerge from the general debate.

74. While the cardinal features of the programme of work in the coming year were more or less known, the Executive Director said that the details would have to depend both on the requests of the developing countries and on the resources available. The secretariat would welcome guidance from the Board on the question of a long-term programme and on the future course of the Organization. Several bodies would shortly be engaged in reviewing and inspecting the management and the structure of UNIDO.

75. In view of the limited research capacity of UNIDO, its contribution to plans for the Second United Nations Development Decade would consist only of surveys on individual countries and industrial sectors, with subsequent consultations and reviews of industrial progress with countries during the years of the Decade.

76. Regarding finance, the Executive Director said that the uncertainty as to the magnitude of the funds from different sources that would be available to UNIDO in a given year made detailed long-term planning difficult. The question arose whether forecasts for technical assistance should be based on desired and estimated needs or on indicated and actual requests.

77. As regards the decentralization of UNIDO, the Executive Director said he would await the guidance of the Board in this respect, but he believed that a greater degree of decentralization was likely to be required in the future.

78. He hoped that the difficulties that had arisen in the field of co-ordination would soon be resolved. By exercising its co-ordinating functions wisely, UNIDO could not only avoid duplication and waste, but could enhance the success of a co-ordinated attack by the United Nations family on the problems of industrialization of the developing countries.



### CHAPTER III. ACTIVITIES OF UNIDO<sup>2/</sup>

#### A. Programme activities of UNIDO in 1968, 1969 and 1970

79. In order to maintain continuity in the method of reporting, the documents pertaining to the programmes of activities of UNIDO in 1968, 1969 and 1970 (ID/B/43 and Corr.1 and Add.1 and 2, ID/B/50 and ID/B/44 and Corr.1) presented the relevant data organized in fifteen groups of activities, following the procedure adopted in the preparation of the work programme for 1968 (ID/B/20/Rev.1 and Add.1).

80. The activities of UNIDO in 1968, 1969 and 1970 were examined simultaneously on a group-by-group basis. Each group of activities was introduced by a representative of the secretariat who also answered the subsequent questions of the delegations about that particular group. In addition to the discussion of each of the fifteen programme areas, this procedure permitted the examination of the over-all programme of activities as presented in part one of the documents dealing with the 1968, 1969 and 1970 programmes. The discussions on this over-all programme were related particularly to operational activities and to the priority areas indicated in the above-mentioned documents.

81. The long-term programme of work for 1971 and subsequent years was also examined, with document ID/B/45 serving as a basis for the discussions. The financial implications of programme proposals for 1970 and 1971 were taken up, and discussions were held on the plan of action of UNIDO with regard to the Second United Nations Development Decade.

#### Programme activities by groups of activities

##### Group 1: Engineering industries

82. It was noted that, in the field of the engineering industries, UNIDO had concentrated its efforts on six major sectors: metalworking; repair and maintenance; electrical and electronic equipment; agricultural machinery; industrial design; and transportation industries. It was stated that in view

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<sup>2/</sup> This chapter consists of the report of the Working Group on Programme and Co-ordination (ID/B/WGPC/2) as revised and adopted by the Board at its 84th meeting on 12 May 1969.

of the broad field of engineering industries, many requests had been received for assistance outside these six main sectors. It was observed that, in order to make the activities of UNIDO in this sphere more efficient, its programme of work should not include projects of purely individual importance: rather, an effort should be made to ensure that UNIDO projects fit into national programmes as dependent and complementary units. Many delegations recommended that UNIDO hold more meetings, such as symposia, seminars and meetings of experts, at which advanced experience could be exchanged to accelerate the industrial growth of developing countries.

83. A number of delegations commented on the activities pertaining to repair and maintenance of manufacturing, agricultural and transportation equipment; it was noted that UNIDO had made available technical assistance at the national level by providing experts for advisory services. Teams of consultants, aided by staff members, had visited several countries to identify the nature and extent of maintenance and repair needs. It was generally agreed that this was a programme of wide scope that covered an immediate need of most developing countries. In this connexion, it was pointed out that better utilization of existing facilities should be given prime consideration and that methods should be evolved whereby the advanced technology of developed countries could be transferred to developing countries. The opinion was expressed that, in order to obtain better results, all the repair and maintenance work of UNIDO should be co-ordinated by the secretariat so as to avoid duplication by different divisions of the secretariat. One delegation supported the plans of UNIDO for holding a symposium in the field of repair and maintenance in 1970. Another delegation stressed the importance of this field of activity and suggested that UNIDO might collect information from member States by means of a questionnaire. Another delegation recognized the importance of teams of consultants and said they should be given high priority.

84. The need to maintain the technological competitiveness of the developing countries was emphasized by several delegations, and the advantage of joining bilateral and multilateral projects was pointed out. Some delegations stressed the need for taking into account factors relating to production costs and size of markets. Support was expressed for UNIDO's plans to hold a symposium on repair and maintenance in 1970 and for the proposed field activities.

85. There was agreement that more assistance should be given in the design and manufacture of agricultural machinery and implements. Close co-operation was also recommended with FAO and other United Nations bodies. In this connexion, mention was made of the agreements already reached by UNIDO. The need for strong regional co-operation, particularly in the agricultural machinery and automotive field, was emphasized by several delegations.

86. Many delegations took note of the role in developing countries of the electrical and electronic industries, upon which other industries depend, and supported the plans of UNIDO in the field of telecommunications equipment manufacture. Manufacture of low-cost radios was considered by several delegations to be a higher priority than the manufacture of low-cost television receivers. While the importance of manufacturing low-cost television receivers was noted, it was felt that this was a long-term proposition. Regarding the proposed seminar to be held in 1969 on the manufacture of telecommunications equipment in developing countries, it was felt that participation in this seminar should be open to all interested countries.

87. The functions of the metalworking industries were recognized as of basic importance, and several projects of UNIDO in this field were noted. A number of delegations stressed the importance of the application of up-to-date technology in developing countries, and the importance of the co-operation of UNIDO with the Advisory Committee on the Application of Science and Technology to Development, particularly in effecting the transfer of technology, was recognized.

88. The programme of UNIDO on the development of product design capabilities was given approval. Several delegations agreed that the capability of the developing countries to originate new designs and to adapt or modify existing ones should be strengthened and recommended that, following a meeting on this subject, product design should be taken up in technical assistance projects.

89. Reference was made to the importance of establishing pilot undertakings financed from the Special Fund and from contributions by countries to UNIDO, including contributions in non-convertible currency. The comment was also made that the main approach to the activities of UNIDO in this and other groups should be directed towards giving developing countries specific help in the preparation of development plans, the communication of knowledge and experience, the elaboration of specific projects, and the training of staff.

90. Some delegations felt that greater emphasis should be placed upon the development of internal transportation systems and equipment.

Group 2: Metallurgical industries

91. It was noted that the activities of UNIDO in this field had been concentrated on five main branches: ore processing and the production of auxiliary materials; the iron and steel industry, including the production of ferro-alloys; the manufacture of heavy non-ferrous metals such as copper, lead and tin; the production of light non-ferrous metals such as aluminium and titanium; and finally, the foundry industry. In the opinion of many delegations, in all of these branches UNIDO had formulated approaches responsive to the different stages of metallurgical development. Reference was made to the importance of the Second Interregional Iron and Steel Symposium held by UNIDO in Moscow in 1968.

92. Some delegations drew the attention of the secretariat to economies of scale and size of markets as being the decisive factors in establishing efficient metallurgical plants. In this connexion, the desirability of regional solutions was stressed. Some delegations asked how such factors were taken into account by UNIDO in its field activities. It was stated that, although the promotion of regional co-operation was of primary concern to UNIDO, it was acknowledged that only the member States themselves could finally decide whether they wished to have joint projects with their neighbours.

93. Concern was expressed regarding the apparent imbalance between the number of experts and the number of fellowships. While acknowledging the arguments presented by the secretariat regarding the limits of its influence in this matter and the difficulties encountered in supplying qualified trainees for various in-plant training programmes, it was suggested that UNIDO should follow an active policy in this matter and advertise the availability of fellowships.

94. It was suggested that a study might be made with a view to the classification and standardization of the quality of iron and steel products for export and also, in particular, of the quality of iron ore.

95. In connexion with the projected group study meeting on aluminium production facilities in Asia and the Far East (see document ID/B/44, para. 81), the suggestion was made that it might be more effective to carry out feasibility studies and pre-investment studies in the region rather than organize a group study meeting. It was stated that the meeting was designed to combine both approaches in the sense that it was planned to carry the feasibility studies previously made by ECAFE and other bodies in Asia and the Far East a stage further.

96. The purpose of the planned seminar on tin plate production (see document ID/B/44, para. 87) was questioned. It was explained that the seminar would concentrate on special technological problems of tin plate production under the specific economic conditions prevailing in developing countries. A particular consideration would be the growing demand for tin plate in countries expanding their canned food production.

97. Many delegations suggested that, in view of the discussion on pelletizing at the Second Interregional Iron and Steel Symposium in Moscow, a further meeting on this topic was required. It was pointed out that the Symposium had suggested a more detailed study of pelletizing, which was of particular importance to developing countries exporting iron ore. Some delegations advocated that the Third Interregional Iron and Steel Symposium should take place in a developing country, preferably in Latin America, Africa or Asia. On the question of holding the next Symposium in such a country, the Executive Director stated that this depended to a large extent on the availability of funds.

98. It was suggested that the report approved by participants in the Second Interregional Iron and Steel Symposium be circulated to both developed and developing countries.

99. In the implementation of the supporting activity (see document ID/B/44, para. 90), the importance of taking into account the experience of the developing countries was stressed.

100. Interest and support were expressed for the activities planned by UNIDO with regard to the role of metallurgical industries in the process of industrialization.

### Group 3: Construction and building materials industries

101. In the discussions on this group, the economic and social significance of the activities of UNIDO in this field were stressed. It was pointed out that local activities were generated by housing programmes, and the importance of using local building materials was emphasized. In this connexion, note was taken of the activities of the secretariat in the field of cement and allied industries, ceramics, bricks, clays and refractories, industrial uses of mineral deposits and general building and construction material industries. It was stated that UNIDO should strengthen its efforts in the activities coming under this group. Several delegations suggested that UNIDO should pay greater attention to the low-cost housing and construction industry and to the improvement of building techniques. The need for close co-operation with the United Nations Centre for Housing, Building and Planning was stressed. It was noted that an agreement had been reached with the Centre. Reference was also made to the Building Centre in Rotterdam. In connexion with the proposed cement industry survey, it was questioned whether the survey would not involve a study of the building industry in general.

102. A number of views were expressed regarding the activities of UNIDO in the cement and allied industries. Among the subjects touched on were the importance of freight and trade policy considerations, size of plants, capital costs and problems of financing, and the need for small-scale plants.

103. In the discussion on prefabrication, some delegations stressed that emphasis should be given by UNIDO to this area of activity, and other delegations offered assistance in supplying consultancy services. The proposal that UNIDO should hold a regional seminar on this subject in collaboration with ECA was noted.

104. The view was expressed that the suggested use of plastics in combination with local raw materials to give low-cost structures might be too sophisticated for developing countries. Several examples of relatively simple applications were mentioned, and it was suggested that these might be useful in providing low-cost weatherproof structures for use in developing countries.

105. Several delegations also pointed out the importance of construction materials based on wood and agricultural wastes and the desirability of close co-operation with FAO in this field.

106. Other topics touched on included materials for use in disaster-proof structures, the mechanization of tile manufacture, the use of refractories and fire bricks in the metallurgical industries in developing countries and the possibility of investigating, in co-operation with IAEA, the use of irradiation techniques in the manufacture of building materials.

#### Group 4: Chemicals, pharmaceuticals and other related industries

107. In the introduction by the secretariat, the subjects dealt with in this field, such as basic chemicals, marine salt, pharmaceuticals, industrial fermentation and pulp and paper, were outlined.

108. The increase of activities in this field was welcomed by a number of delegations which stressed the importance to developing countries of an active chemical industry. The desirability of regional co-operation and of UNIDO maintaining close relations with the regional economic commissions and other United Nations specialized agencies was emphasized.

109. It was pointed out that the industrialization of developing countries depended to a considerable extent on the ready availability of basic chemicals such as marine salt, soda ash, sulphuric acid, caustic soda and chlorine. As balance-of-payment considerations often tended to limit imports, local manufacture frequently became desirable. A problem which arose in this area was that of developing a fairly complex industry on a scale which was sufficiently large to make the industry viable, yet which was in keeping with the comparatively limited demand in many developing countries. Regional marketing arrangements were therefore felt to be of great importance.

110. Queries were raised regarding the need for the seminar on basic chemicals proposed by UNIDO for 1970 in the Union of Soviet Socialist Republics. It was pointed out by the secretariat that developing countries had expanded their basic chemical industries during recent years and would profit from a meeting

at which they could discuss their experiences and become acquainted with up-to-date information, both on processes and on techno-economic aspects. One delegation stated that the competent organizations of its Government, which was organizing the seminar from a voluntary contribution to UNIDO, had already performed important work on the organization of the seminar, which in fact had been carried over from the 1968 programme.

111. The desirability of undertaking marine salt manufacture as a first step in the establishment of a chemical industry was emphasized by several delegations. UNIDO plans considerable activities in this field, utilizing the results of the expert working group meeting held in Rome in 1968. These plans were generally supported.

112. Attention was drawn to the difficulty some countries had in disposing of excess chlorine, a by-product in the manufacture of caustic soda. Circumstances tended to be different in individual cases, the greatest difficulty in chlorine utilization usually being experienced by the less developed countries. Delegations agreed that UNIDO should investigate the possibilities of utilizing excess chlorine.

113. It was noted that UNIDO, in accordance with the recommendations of the Industrial Development Board, at its second session, had been active in the pharmaceutical field. An expert working group meeting on the establishment of pharmaceutical industries in developing countries will be held in May 1969 in Budapest. Details were given by the secretariat of the type of papers to be presented at this meeting; these would cover licensing, quality control, marketing and training, and a number of papers would be presented by FAO and WHO on particular aspects of the subject. Existing market arrangements would be taken into account, as well as problems related to the acquisition of know-how and licences.

114. On the question of the production of chemicals by industrial fermentation, some delegations expressed the view that this would always be greater in cost than petrochemical processes. Other delegations maintained that, in certain developing countries, industrial fermentation processes could be economic as



they had particular applications in the manufacture of a number of complex and high-cost products which were difficult to synthesize. Such questions would be among those considered at the expert working group meeting which UNIDO proposed to hold in Vienna in 1970.

115. Some delegations expressed the hope that work by UNIDO on the development of chemical and pharmaceutical industries could be undertaken in two stages. The first stage would consist of efforts to develop industries based on the chemicals involved, and at that stage the industries would rely on imports of chemical intermediates. The second stage would be to develop and expand those industries to produce the chemical intermediates to meet the needs of other sophisticated industries in the developing countries.

116. The assistance rendered by UNIDO to developing countries in the pulp and paper industry by carrying out feasibility studies and by aiding in the rehabilitation and improvement of existing plants was appreciated. Close co-operation with FAO was urged. The idea of developing small plants (under 50 tons per day) was supported. It was pointed out that under certain circumstances such small plants, using bagasse as a raw material, could be viable. Emphasis was laid by some delegations on the use of bagasse, which was readily available in many developing countries, and also on other raw materials, such as straw, softwood, bamboo and tropical hardwood. It was suggested that an expert meeting on the pulp and paper industry should be held, and that UNIDO should consider this in its future programme.

#### Group 5: Fertilizers, pesticides and petrochemical industries

117. Many delegations supported the activities currently being undertaken in this group and those proposed for 1969 and 1970. There was a consensus of opinion that UNIDO should give high priority to the fertilizers, pesticides and petrochemical industries.

118. The efforts of UNIDO in concentrating on some major fertilizer industries, namely nitrogen, phosphate and potash, were encouraged. The question of the availability and price of sulphur caused concern to many delegations, which expressed their approval of UNIDO's work in providing both supporting and

field assistance in the investigation of substitutes for sulphur. After discussing the work to be undertaken in exploring the production of fertilizers using minimum amounts of sulphur or alternatives for sulphur, a number of delegations suggested that UNIDO further extend its work in this field. Particular mention was made of the possibility of using phospho-gypsum (gypsum obtained as by-product from wet process phosphoric acid production) for the production of sulphuric acid and phosphatic fertilizers. Some delegations also suggested that a cost study be made and techniques developed with a view to reducing the cost of production of sulphur in the sulphur-producing countries so that sulphur could be made available at a lower price.

119. Regarding the proposed case study of under-utilized capacity in fertilizer plants (see document ID/B/44, para. 136), it was suggested that if the under-utilization was found to be due to lack of demand, caused by insufficient sales promotion and development of markets, the assistance of FAO should be requested in solving this problem.

120. Many delegations commented on the effective use of manuals and other publications and emphasized the importance of analyzing the cost/benefit ratio of publications. Some delegations noted that the experience of some developing countries should be used in preparing manuals and other publications. One delegation suggested that a market research survey be conducted in order to ascertain the actual demand for UNIDO publications. The publication programmes of UNIDO should be directly related to demand.

121. With regard to the fertilizer and pesticide industries promotion and development meetings to be convened in 1969 and 1970 in co-operation with regional economic commissions, some delegations pointed out that discretion must be shown in promoting new projects in countries where existing capacities were not being fully utilized.

122. One delegation expressed its doubt of the advisability of postponing until 1971, as proposed by the secretariat, the holding in the Union of Soviet Socialist Republics of an international fertilizer meeting (originally scheduled as a congress) which had been planned for 1969 or 1970 by the competent organizations of the Soviet Government.

123. There was unanimity about the importance of the pesticide and herbicide industries. However, many delegations expressed anxiety about harmful residual effects of pesticides and herbicides and suggested that, when government requests were received, UNIDO should deal with this problem in close cooperation with FAO and WHO, which had experience in the use of new or substitute pesticides and herbicides that leave no harmful residues. Improvements in production techniques of certain pesticides and herbicides might also help in this matter.

124. Several delegations recommended assistance in the utilization of excess chlorine, where it existed. Suggestions were made that the use of chlorine in the production of titanium metal, pesticides and plastics should be investigated.

125. Some delegations supported the idea of the preparation of a pesticides manual and recommended the inclusion of chapters on the utilization of herbicides and pesticides and on the risks of contamination in the handling of such products.

126. Note was taken of the work programme of UNIDO in the field of petrochemicals, and this work programme was strongly supported by most delegations. Several delegations stressed the importance of assisting the natural rubber industry and of carrying out studies to identify problems of competition between natural and synthetic rubber.

127. UNIDO's programme to provide assistance, in conjunction with IAEA, in the development of plastic wood and bagasse construction materials using irradiation techniques was given wide support after general discussion.

128. The proposed petrochemical symposium to be conducted in October 1969 in the Union of Soviet Socialist Republics was noted. Many delegations stressed their interest in this symposium, as petrochemicals were vital to their economies. One delegation stated that, in view of the importance of this meeting and also the fact that the previous similar UNIDO meeting held at Teheran in 1964 was called a conference, the proposed meeting should likewise be called a conference rather than a symposium.

129. Note was taken of the proposed programme for the production of protein and fodder yeast from oil and of the suggested development of this area in future years.

130. Among subjects that should be borne in mind by the secretariat in carrying out supporting and field activities, the following were specially mentioned: co-operation with regional economic commissions and the specialized agencies; utilization of study material already produced by other institutes and organizations; studies and efforts for better utilization of existing and future production capacities; repair and maintenance of fertilizer and petrochemical plants; fellowship training in fertilizer and petrochemical production; assistance in regional co-operation in the production and marketing of fertilizers; assistance to existing plants, projects under construction and new projects; and keeping abreast of technological developments by contacts with universities, research institutes and international organizations.

131. The representative of FAO emphasized the importance of the work being undertaken under this group of activities. He reported that FAO was co-operating with WHO and IAEA in studying the effects of fertilizers on crops. Work was also being done, he added, on pesticide control. He stated that there was wide scope for UNIDO with regard to the industrial aspects of pesticide production, especially in the light of new developments in this field.

132. The Board agreed to hear a statement by Mrs. Inga Thorsson, Director of the Social Development Division at United Nations Headquarters in New York. After having referred to the activities of the United Nations in the field of social development, the terms of reference of the Commission for Social Development and the work of the United Nations Secretariat Division serving the Commission, Mrs. Thorsson turned to the need for bringing social aspects into the planning of industrial development.

133. It was agreed that a summary of this statement be included in the present report.<sup>3/</sup>

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<sup>3/</sup> This summary is reproduced in annex VI.

## Group 6: Light industries

134. Note was taken of the fact that the activities of UNIDO in this field had been concentrated on four main sectors: food processing, leather and shoes, textiles and wood processing. The secretariat stated that, whenever appropriate, these activities had been co-ordinated with those of FAO. Several delegations stressed the importance of the activities in this group and suggested that they be given high priority. One delegation expounded the principles which it considered should underlie the solution of problems concerning the inclusion of technical assistance projects in the UNIDO programme. One of those principles was that technical assistance should be granted primarily to the least developed of the developing countries so as to meet their vital need for industrialization. The same delegation also expressed the opinion that projects in this group should be selected with greater care and that it was unprofitable to allot funds to Israel for the execution by UNIDO of technical assistance projects such as aid for the minting of money, the cutting of diamonds and the dispatch of graphic artists to that country. That opinion was shared by other delegations. While not going into the substance of the matter, several delegations objected to the singling out of one particular recipient country in this connexion as being contrary to generally established United Nations practice.

135. In reply to a question raised during the discussions concerning research, it was explained that there was no intention of undertaking or organizing research work within UNIDO, but that the aim of UNIDO was to provide technical assistance to research institutions in developing countries and to encourage research institutions in developed countries to specialize in such research as would be of particular importance to developing countries. In this connexion, attention was drawn to the project establishing a coconut institute for the purpose of investigating the manufacture of industrial products from coconuts.

136. The secretariat stated that it endeavoured to make a careful selection of experts, both from advanced and developing countries. As far as experts from advanced countries were concerned, the secretariat had set up a network of contacts with leading authorities in fields of interest to UNIDO, and it was only after an exchange of views with such leading authorities that experts

from developed countries were invited. In selecting experts from developing countries, attention was paid to the specific conditions prevailing in individual developing countries in order to make sure that the experts in question had full knowledge of, and experience in, the problems relating to the transfer of technology in the specific field with which the meeting was to deal.

137. In answer to a question regarding the extent to which staff members actively contributed to the preparation of papers for meetings, the secretariat replied that the outlines and objectives of the papers were formulated by staff members. Experience and expertise were not available within the secretariat in all the industrial sectors covered by UNIDO activities, however, and therefore in some instances outside consultants were used in order to obtain the best and most up-to-date information.

138. It was noted that, in the food processing sector, projects in the following fields were being undertaken: canning and processing of fruits and vegetables, fish processing and production of fish protein concentrate, protein from coconuts and other cheap protein products, rice and cassava processing, and the processing of soya bean into concentrate and meat-like products. Special attention was paid to the problems of the preservation and refrigeration of food products.

139. Several delegations drew attention to the difficulties, particularly in respect of trade barriers, of exporting products of the food industry and light industries.

140. The question of the activities of UNIDO in the field of rice processing was raised. In this connexion, the secretariat stressed that the activities of UNIDO were exclusively concerned with applying modern techniques to the industrial processing of rice. Interest was expressed by a number of delegations in the proposed seminar on rice processing which UNIDO hoped to hold in co-operation with FAO. Mention was also made of the work done in this field by the International Rice Commission, a statutory body of FAO, and the purpose of the proposed seminar was questioned.

141. It was suggested that UNIDO should participate in the work of the UNCTAD/FAO Working Party on Forest and Timber Products and help in the establishment of the proposed tropical timber bureaux in Europe and North America. The secretariat stated that it would give all possible assistance if requested by UNCTAD to do so.

142. During the discussion on the wood-processing industry, assistance was called for in the establishment of a design centre for furniture and in the development of an export-oriented furniture industry.

143. It was suggested that UNIDO should explore the possibility of setting up a system whereby continuous information on textile designs could be supplied to developing countries.

144. A statement<sup>4/</sup> was made by Mr. Albert Aten, representative of FAO, and it was agreed to take up his remarks in the discussion on matters of co-ordination (see chapter IV).

#### Group 7: Industrial legislation, patents and licensing

145. The activities under this group covered three main categories: industrial legislation, patents and licensing. In industrial legislation the emphasis in the work programme was on comparative studies of industrial laws and regulations and on the establishment of a network of correspondents. In the field of patents, the emphasis was on the training programme for government officials, on the organization and administration of patent offices, as well as on the preparation of training material. In the field of licensing, the emphasis was on the possibility of establishing a proprietary technology bank as well as on the preparation of training material on licensing practices. It was noted that auxiliary activities in this group in the form of seminars, conferences of groups of experts, preparation of reports and surveys and the like might give a powerful impetus to operational activities and increase the flow of applications by Governments to UNIDO for technical assistance in this field.

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<sup>4/</sup> For the full text of this statement, see annex IV.

146. Many delegations expressed their support for the programme of industrial legislation which, in their opinion, was a necessary element in the process of industrialization in the developing countries. They stated that the activities of UNIDO in this field should be expanded and strengthened functionally and financially.

147. Many delegations expressed their support of the programmes in this group. Some delegations welcomed the activities of UNIDO in preparing regional and sub-regional studies on industrial laws and regulations. A few delegations emphasized that more useful assistance could be provided by sending experts to the respective countries or regions for longer periods to advise governments on the enactment and implementation of appropriate laws and regulations. The project for the establishment of a network of correspondents was noted. One delegation suggested that UNIDO, before expanding this scheme, should consult with international aid organizations and investment promotion institutions. Another suggestion was that UNIDO should initiate the elaboration of model laws in the various fields of industrial legislation as a complementary action to the training programme for government officials. It was also suggested that the manual on licensing practices be given the form of a descriptive directory. One delegation from a developing country with considerable experience in the field of industrial legislation offered the advice of its Government to UNIDO. The importance of the protection of industrial property, as one of the basic legislative measures for the transfer of technology, was emphasized. Several delegations expressed interest in the proposed establishment of a proprietary technology bank. It was felt, however, that more detailed information regarding the purposes, functions and financing of the bank was needed before taking a position on this matter. Questions were raised concerning (a) the transfer of technology originating in developing countries, (b) the statutes of the bank, and (c) consultations with UNCTAD. One delegation suggested that more details should be provided in writing by the secretariat. It was also proposed that UNIDO take further steps to make the transfer of technology free of prohibitive conditions regarding the re-utilization of the same technology in the individual recipient countries and regarding export facilities for the end product of such transferred technology, without prejudice to the interests of the donor.



148. The proposed activities of UNIDO in the field of patents and the protection of industrial property were noted. It was emphasized that UNIDO's activities should be clearly co-ordinated with those of the United International Bureaux for the Protection of Intellectual Property and other international organizations active in this field. Those activities included a programme for training government officials in industrial property questions, to be carried out in co-operation with various intergovernmental organizations. It was noted that no costs had been assigned to this project in the work programme because the preliminary work required in 1970 was to be carried out exclusively by the staff of the secretariat. UNIDO was offered assistance in the organization, in one country, of seminars and special courses on industrial legislation, licensing and patents.

#### Group 8: Industrial services and their administration

149. Several delegations expressed the view that activities covered in this group were important to the acceleration of industrial development and expressed satisfaction with the work undertaken by UNIDO. Attention was also drawn to the importance of regional and subregional co-operation in this field.

#### Industrial research and standardization

150. The majority of delegations favourably reviewed the programmes of work in the field of industrial research and standardization and expressed their satisfaction that UNIDO was giving these important subjects the attention they deserved, as reflected in both the supporting and field activities. Some delegations noted that there was a logical sequence in planning and implementation of the programmes for 1968, 1969 and 1970, as well as consistency in the percentage of funds allocated to those activities.

151. Several delegations stressed the importance of establishing industrial research institutes in developing countries and the importance of the role that those institutes played in the mobilization of internal resources, particularly through the more effective utilization of local raw materials, agricultural wastes and by-products, which made them an effective tool of industrial development. Attention was drawn to the feasibility of utilizing natural hard fibres for the production of various industrial products. One

delegation emphasized that only the establishment of State centres in various spheres of industrial servicing could effectively solve the problems facing developing countries in this field. One delegation felt that the proposed industrial research institutes in the developing countries should establish contacts with those in developed countries and that UNIDO might serve as an intermediary in this respect.

152. Some delegations strongly supported the creation of the proposed international association of industrial research institutes as a forum for the exchange of information and experience. Such an association was also welcomed as a better means for co-operation on indigenous local technological developments and on research between various developing countries as well as between developing and developed countries.

153. The need to organize meetings and seminars in the field of standardization and research was given particular attention by many delegations. The need for training in standardization was also mentioned by a few delegations which, on the basis of the long experience of their countries in this field, offered to co-operate with UNIDO and to help in the implementation of regional and inter-regional training programmes. The delegation of one country stated that the competent organizations of its country were prepared, as part of that country's voluntary contribution to UNIDO, to organize in 1970 a programme of group training in standardization for specialists from developing countries. It also stated that those organizations were ready, as part of the same contribution, to compile special reports and studies on standardization problems, to prepare model schemes for a national standardization and metrological service adapted to the conditions of developing countries, and to assist in the establishment of national centres of metrology, including the preparation and delivery of appropriate equipment.

154. It was noted that co-operation and collaboration were taking place with UNESCO and the ILO in the field of standardization. Furthermore, meetings and field missions were being planned in close co-operation with the regional economic commissions and UNESOB. Some delegations mentioned the importance of applied metrology as a prerequisite for industrial development, and the collaboration of UNIDO with UNESCO in this field was welcomed.

155. One of the main obstacles to goods and products finding acceptance on export and local markets was lack of compliance with accepted specifications. The necessity for the establishment and implementation of quality control programmes was emphasized by several delegations, which also concluded that the activities of UNIDO in this field had improved in comparison with previous years.

#### Administrative machinery for industrial development

156. The activities of the secretariat in the organization and administration of industrial services were noted with satisfaction. In particular, one delegation expressed its appreciation of the inclusion of industrial co-operatives among the activities in this group and welcomed the publication of a manual on industrial co-operatives. The training workshop for managerial staff of chambers of industry and the workshop on the organization and administration of industrial services were noted. One delegation, reporting on the work undertaken by the competent organizations of its country on the preparation of a seminar on the organization and administration of industrial services for the countries of Asia and the Near East, expressed its concern that problems relating to the holding of the seminar in 1969 were still unsolved by the secretariat, and it requested the secretariat to take the necessary steps to hold the seminar at the appointed time (August-September 1969). The secretariat took note of this observation. One delegation stressed the urgency of the need to provide all interested governments as rapidly as possible with the findings of UNIDO missions on repair and maintenance.

#### Development of new international industrial transfer institutions

157. As far as equity capital funds were concerned, the secretariat stated that the feasibility study on this project indicated that it would be premature for UNIDO to try to stimulate the organization of such new institutions at the present time. Rather, it would be preferable to use the resources of UNIDO to help identify, document and present industrial projects to potential sources of investment. Some delegations stressed that UNIDO should not be involved in financing operations which clearly came within the competence of international financing institutions, and welcomed the decision of the secretariat to alter the proposed programme and to discard the idea of setting up such funds on a pilot basis.

158. It was noted that the preliminary feasibility study on the possible creation of medium industry multiple plant chains in the developing countries through the application of the "franchise package" system had been completed. One delegation supported the franchise system. Several delegations expressed the view that the secretariat should investigate and clarify the subject much further before it initiated any activity designed to stimulate and assist the establishment of franchising organizations. Some delegations voiced their concern about the possibility of monopolistic developments under this project, and expressed the hope that particular care would be taken to safeguard this project, if undertaken, from such tendencies.

Group 9: Industrial information and promotion

159. Projects submitted under this group comprised, in the main, continuing servicing functions tailored to the requirements of industry in the developing countries in the interrelated areas of industrial information and promotion.

160. The information submitted by the secretariat indicated that the main activities pursued by UNIDO in this group were:

- (a) The setting up of an industrial information and data centre at UNIDO headquarters, with a network of information transfer facilities in developing countries;
- (b) The provision of pertinent information to developing industry by answering specific inquiries and through the publication and distribution of periodical publications and monographs;
- (c) The promotion of the flow of financial and technical resources from potential suppliers to industries in need of those resources, through information on the availability of such resources (know-how, services, equipment and funds) and by arranging face-to-face discussions between suppliers and consumers of those resources.

161. The 1970 programme placed emphasis on the expansion of data collections at headquarters and on the strengthening of local information facilities in developing areas through the provision of experts and fellowships as well as through the organization of a training workshop and two regional seminars.

162. In commenting on this group, delegations generally recognized the important role that UNIDO should assume in the transfer of industrial information and assigned high priority to the expansion of the Information Clearing-House with the necessary strengthening of the local transfer facilities in developing countries. One of the delegations stated that the competent organizations of its country were prepared to assist UNIDO to establish and equip the UNIDO Industrial Information Centre in Vienna by supplying the Centre with scientific and technical information and documentary material that could be employed in the industrialization of developing countries, and also to assist developing countries in the organization of their own information services.

163. One delegation expressed some doubts as to the advisability of distributing industrial information cards to all institutions in the various countries, a process that would result in an overflow of questions. UNIDO should not create hopes which could not be fulfilled, but should introduce a scheme on a restricted and selective basis.

164. In his reply, the Executive Director recognized that it might be hazardous if UNIDO embarked on services which were not likely to be easily fulfilled. So far, in spite of the distribution of pamphlets and other means of contact, the number of questions received from the developing countries was still about sixty a month, and those were handled by the secretariat. OECD, for example, had established a similar project years ago. UNIDO was co-operating very closely in the project for questions and answers with a large number of information centres all over the world. Even if UNIDO were to come to the conclusion that it was receiving a greater flow of requests than it could meet, the solution would not be to stop the service, but to face the situation by taking the appropriate action possible at the country level in co-operation with national authorities.

165. Reference was made in this connexion to the catalytic role to be played by UNIDO and to the desired multiplier effects. Many delegations stressed the importance of making full use of existing sources of information and, in particular, of bringing into those efforts the facilities and services already available to developed and developing countries alike. Some delegations suggested that UNIDO assist member States in developing integrated information services that could provide a complete range of services required for ascertaining selectively the availability of investments and technology and the location of equipment.

166. Several delegations mentioned the need to upgrade local information personnel through training, and one delegation suggested that greater use be made of voluntary contributions for that purpose.

167. It was pointed out that information on the marketing of industrial products was desirable. There was a need for provision and distribution of selective information tailored to the specific requirements of various developing countries. Activities in that field had to be carefully co-ordinated, however, with those of other interested organizations, especially the UNCTAD/GATT International Trade Centre. Reservations were expressed by two delegations with regard to the feasibility study proposed in paragraph 239 of document ID/B/44 on the subject of an inspection system for used equipment, to be introduced and eventually sponsored by UNIDO. It was the view of some delegations that the transfer of used equipment to developing countries should be subject to the condition that the recipient countries must not suffer from a problem of technological obsolescence due to the transfer of such equipment.

168. Many delegations made statements in support of the continuation and expansion of activities in the field of promotion. Some delegations called attention to the importance of mobilizing all sources of investment and know-how if a desirable rate of development were to be attained. Several delegations noted in particular promotion schemes to be organized for specific industries in connexion with trade fairs. However, several delegations called for a current evaluation of results and for assistance to developing countries in the setting up of their own national promotion services.

169. Some delegations referred to the provisions of General Assembly resolution 2152 (XXI) defining the functions of UNIDO and considered that the secretariat paid undue attention to the idea of promoting the industrial development of developing countries by drawing funds from private foreign sources (Programme of work for 1970, document ID/B/44, paras. 250-254). They did not consider that UNIDO should act as an intermediary for private foreign companies seeking a favourable area in which to invest capital and endeavouring to bring the industry of developing countries under their monopolistic influence. This interpretation of resolution 2152 (XXI) was challenged by another delegation.

170. Another delegation called attention to the present division of work between the two divisions responsible for groups 7 to 11 and 12 to 15. At present there seemed to be no clear-cut distinction, since both divisions dealt with various aspects concerning the transfer of industrial information. Panels, correspondents and other contacts in developing countries for the information programme of UNIDO should be co-ordinated.

Group 10a: Industrial training

171. Many delegations supported the three-level in-plant group training programmes.

172. Some delegations considered that only the creation of a training system within the developing countries themselves would radically solve the problem of training personnel for industry. One delegation offered expert services and equipment to assist the basic level in-plant training programme.

173. It was felt that middle-level in-plant training programmes were particularly useful and were filling a gap within the existing United Nations training system. Several delegations from countries already sponsoring courses offered training in the fields not as yet covered. Some delegations expressed the willingness of their Governments to organize, in co-operation with UNIDO, middle-level in-plant training programmes in new fields. One delegation reported that, in addition to the training programme for the iron and steel industry which its country had been operating for a number of years and the training programme for the metal processing industry (including problems of agricultural engineering) organized by the same country with the co-operation of the UNIDO secretariat, the competent organizations of that country were prepared to organize in 1970 and succeeding years, from that country's contribution to UNIDO, middle-level in-plant training programmes for branches such as standardization, the manufacture of mineral fertilizers, welding, the use of heavy alloys in the metal processing industry, the use of cybernetic methods in the direction of industry, the repair and maintenance of equipment, the planning and organization of industrial management in State undertakings, and the organization of study trips to undertakings in various sectors of its industry for industrial representatives of developing countries. The question

was raised whether in-plant training of supervisory personnel was more urgently needed than similar training of graduate engineers. Some delegations welcomed the agreement with the ILO. They endorsed the training programmes, provided that there was no overlapping with ILO activities.

174. With regard to the conversion of a number of in-plant training programmes into continuing international programmes, several delegations questioned the move of UNIDO to have further projects of this kind submitted to UNDP for Special Fund financing. It was their understanding that, prior to the establishment of those programmes, UNIDO would require the approval of the Board. The delegation of one country recalled the statement it had made at the second session of the Board to the effect that its country possessed highly qualified cadres of specialists and would operate institutes in its country with its own staff, without calling in foreign specialist and administrative personnel. Several delegations asked when the long-term programme called for in Industrial Development Board resolution 8 (II) would be forthcoming. One delegation indicated that the offer of its Government envisaged organizing a programme of electronic industries in-plant training to be conducted during three consecutive years, but not the establishment of an international training institute.

175. Regarding the question of setting up training institutes in developing countries, the Executive Director indicated that, after consultations with UNDP and member States, two offers had been received from the Netherlands and Poland and transmitted to UNDP as long-range programmes to be financed under the Special Fund. The project for a textile industry training programme in Poland had already been sponsored by nine developing countries, and it was hoped that the electronic industries training project in the Netherlands would also find widespread support among developing countries. If UNDP approved those two projects, negotiations with other countries would be continued. Those represented the practical steps taken by the secretariat to implement the resolution of the Board.

176. The top-level in-plant training programmes were generally endorsed and some delegations indicated the willingness of their Governments to continue their co-operation in organizing such programmes. It was suggested that emphasis should be on the improvement of management skills. Several



delegations indicated that care should be taken to ensure that the industry in which the training was to be carried out was similar to the industry in which the participant was employed in his home country. Particular attention should be given to ensuring that the experience gained would be readily applicable to the home country of the participant. One delegation, referring to countries without enterprises in which engineers could be trained, suggested that the funds intended for in-plant training should be used to set up enterprises which could then be used for training purposes.

177. Wider circulation of the training material for the several in-plant training programmes was suggested.

178. Several delegations referred to the problem of the "brain drain" and requested UNIDO to pay continuous attention to this subject.

179. It was noted that an expert meeting would be held jointly with the ILO in 1970 to examine the best administrative and working methods for an industrial training organization.

180. The in-plant study visits in industrialized countries received the support of several delegations, which also offered the assistance of their Governments in organizing such visits. A number of delegations requested that the visits be well organized and that special attention be paid to the selection of industries and countries, in order to prevent the programme from assuming a touristic nature.

181. The training programme for managers of State enterprises was welcomed by a number of delegations as, in their opinion, this programme filled a need of many developing countries. A number of the countries requested that the priority of this project be changed from "B" to "A". Some delegations indicated that their Governments had experience in this field which could be used by UNIDO in organizing such programmes.

#### Group 10b: Industrial management and consulting services

182. Several delegations supported the management clinics programme. The success of such a clinic organized in 1968 in one country was stressed, and it was suggested that the programme be established on a continuous basis.

The need for flexibility and adaptation to particular needs was underlined, as well as the need for support and follow-up from national or private organizations.

183. Some delegations felt that there was an urgent need for improvement of local consulting resources. Other delegations, however, pointed out that a certain danger of protectionism in connexion with such improvement should be kept in mind. Some delegations felt that the University Co-operative Programme was not presented clearly in document ID/B/44. It was not clear whether assistance from universities in advanced countries, or to the universities in developing countries was envisaged. Some delegations underlined the desirability of UNIDO stimulating direct contacts between technological institutes and research organizations of the advanced and developing countries under the University Co-operative Programme.

184. Several delegations requested more information on the Consulting Consortium, in particular regarding the findings of feasibility studies on the proposed project and the cost breakdown for the project in the work programme. Doubts were expressed as to whether good consulting firms would be able to spare any idle resources and how these could be matched with the needs of developing countries.

185. A number of delegations supported the meeting in 1970 on the use of consultants. Some delegations requested information on the meeting to be held in 1969. It was stressed that a manual on the use of consultants had been published by UNIDO in 1968 and that the meetings should make use of it.

186. Several delegations expressed support for the project mentioned in paragraph 285 of document ID/B/44. It was felt, however, that the problem should not be considered on a general level and that a case-by-case approach was needed in order to take into account the specific conditions in different countries. Nevertheless, some delegations expressed their support for the utilization of the services of consulting firms, when suitable arrangements could be made.

Group 11: Small-scale industries, including industrial estates and industrial extension services

187. Many delegations expressed support for the work of UNIDO in the field of small-scale industries. In their view, there was scope in all developing countries for small but modern industrial establishments. They felt that, on the whole, the work programme of UNIDO for 1970 would contribute to the stimulation of new entrepreneurship and the modernization of existing small-scale industries in developing countries.

188. Some delegations acknowledged that small-scale industries had a role to play in the industrialization of the developing countries, especially those at an early stage of industrial development. Emphasis was laid by some delegations on the role of the co-operative movement in development programmes for small-scale industrial undertakings. The view was expressed that rapid economic growth and independence could be achieved mainly through the establishment of large-scale industry under government control and by encouraging the vertical integration of small-scale industrial activities with the heavy industrial sector, as this was the only manner in which the small-scale industries could play a meaningful role in industrial development activities. This should be reflected in the work programme of UNIDO. It was pointed out that, since the development of industrial production in developing countries - an important factor in their economic advancement - should be accomplished with due reference to the specific features of the national economy, UNIDO should give serious attention to the determination of the industrial structure and type of enterprises best adapted to the specific conditions prevailing in those countries. Some delegations were of the opinion that a disproportionate share of UNIDO's technical co-operation activities was in the field of small-scale industries as compared with other sectors (ID/B/44, para. 31, table 3). Other delegations pointed out, in this connexion, that technical co-operation funds were allocated in response to requests by governments, and not by decisions of the secretariat.

189. It was the view of some delegations that among the particularly useful projects in the 1970 work programme were the meetings on the development of small-scale industry in the West and East African sub-regions (ID/B/44, para. 301), the meeting on subcontracting between large and small industries (ID/B/43, para. 278, and ID/B/44, para. 313) and the group training programmes on industrial estates (ID/B/44, para. 296). Attention was drawn to the need for close co-ordination work with UNCTAD and GATT in organizing the meeting on marketing and export promotion of small industry products (ID/B/44, para. 315). Interest was expressed in the studies on specialized industrial estates (ID/B/44, paras. 297-299) and mobile demonstration workshops (ID/B/44, para. 305). One delegation expressed its disappointment that funds had not been obtained in 1969 for the Interregional Symposium on the Financing of Small-Scale Industry and urged that UNIDO give high priority to this project.

190. As regards the proposal to organize a floating exhibition combined with promotional services (ID/B/44, para. 302, and ID/B/50, para. 37), some delegations thought that the idea was interesting, but several others had misgivings about the cost and effectiveness of the project. The secretariat stated that it was aware of the obstacles - high cost of chartering a ship, difficulty of obtaining machinery, products and mobile vans from manufacturers, and inadequate development of national industrial extension services in the countries to be visited. The secretariat explained that the project had been classified by error in category A and that there was no intention to take any action on it without prior consultation with the Board. The Executive Director pointed out that the action of UNIDO in this matter was the result of very detailed consultations with the representatives of developing countries, particularly with their investment promotion centres. He stated that one developing country was actually far advanced towards having its

own floating exhibition of manufactured goods and that Japan had been using such exhibitions most successfully for a number of years. The project was to be self-financing: that is to say, if the developing countries themselves felt that it was worthwhile, they should pay for it. More than ten developing countries had committed themselves to take part in this project and to pay their share of the expenses, and this information had been given to the Board.

191. The proposal to organize joint UNIDO/ILO missions for the establishment or strengthening of industrial extension organizations in selected developing countries (ID/B/44, para. 303) was commended by several delegations.

Consideration of draft resolution on co-operatives  
in industrial development

192. At the 87th meeting, the representative of Poland introduced a draft resolution (ID/B/L.65/Rev.1) submitted by Austria, Bulgaria, Canada, Czechoslovakia, Ghana, Guinea, Iran, Nigeria, Pakistan, the Philippines, Poland, the Sudan, Sweden, Switzerland, the Union of Soviet Socialist Republics, the United Kingdom, the United States of America and Upper Volta. It read as follows:

"The Industrial Development Board,

"Highly appreciating the efforts made by the United Nations and the specialized agencies, aiming at the promotion of economic and social development, in particular their efforts to promote industrial development in developing countries,

"Welcoming with appreciation resolution 2459 (XXIII) adopted by the General Assembly at its twenty-third session on the role of the co-operative movement in economic and social development,

"Stressing the importance for industrial development of mobilizing the local human, natural and financial resources which could be assisted by the co-operative movement leading to the economic activation of less developed regions,

"Aware that the co-operative movement can bring together dispersed and weak economic units into larger organizations capable of developing extensive and relevant activities such as application of modern techniques in various fields, particularly in small-scale industries,

"Recognizing that small-scale industry - the branch in which the co-operative form of work is of special value - may be a relevant complement to the development of large-scale industries,

"Recognizing also that the training of well-qualified experts in co-operatives constitutes a valuable element in the effective development of co-operative initiative for industrialization,

"1. Requests the Executive Director, in consultation and collaboration with the ILO and the other specialized agencies concerned and taking into consideration the experience gathered by the International Co-operative Alliance, to prepare a concise report illustrating the role played by co-operatives in the industrial development of individual countries and the knowledge and experience acquired in that regard, as it may be relevant to the situation in developing countries;

"2. Requests the Executive Director and the Governing Council of UNDP to give proper attention to requests from developing countries for technical assistance in the industrial co-operative sector, where UNIDO can play an important role;

"3. Requests the Executive Director to submit the report provided for in operative paragraph 1 not later than to the fifth session of the Board."

193. The representative of the Sudan proposed the insertion of the phrase "as well as the specialized agencies" between the words "UNIDO" and "can play an important role" in operative paragraph 2 of the draft resolution. This amendment was accepted by the sponsors.

194. The draft resolution, as amended, was adopted unanimously by the Board (see annex VII, resolution 21 (III)).

Group 12: Industrial programming and project planning

195. In introducing this group, the secretariat noted that the issues of industrial programming were being dealt with at two levels: (a) industrial development strategies, plans and projections; and (b) industrial project preparation and implementation. The first included the formulation and implementation of development programmes, determination of priorities in industrial development strategy, plan harmonization and industrial regional co-operation. The second comprised the activities of the formulation, evaluation, implementation and follow-up of individual projects.

196. Several delegations recognized the importance of those activities and gave general support to the work programme as outlined for this group. Several delegations stated that industrial programming and planning were of great importance to the developing countries and that UNIDO should give due attention to this area.

197. A number of delegations pointed out that, in many developing countries, planning for industrial development had not yet reached an advanced stage. A few delegations expressed the view that it would be highly useful to develop

industrialization strategies for each developing country, recognizing, however, that this was beyond the resources of UNIDO. In this connexion, it was suggested that UNIDO could put its resources to use by making benchmark studies regarding demand and supply projections for industrial products on a sector-by-sector basis, similar to the types of studies made by other United Nations organizations for primary commodities.

198. Some delegations, basing themselves on the provisions of General Assembly resolution 2152 (XXI) concerning the functions of UNIDO, emphasized the special importance of UNIDO activities regarding the elaboration of scientifically sound plans and programmes for the industrial development of developing countries, aimed at eliminating any backward features in their economies, raising the productivity of labour and ensuring that they achieve economic independence. In the opinion of those delegations, a prominent feature of such UNIDO activities should be assistance to countries in strengthening the planned state sector of the economy of developing countries as a stable material basis for mobilizing their internal resources and in developing key branches of the economy, so that the developing countries can achieve with that support the optimum development of a diversified economy with maximum mobilization of material, financial and human resources.

199. A number of delegations stated that information concerning studies which had been initiated on the industrial plans and programmes of a few countries could form a basis for the creation of a framework of a broad, thorough and systematic exploration of existing industrial plans and of a review of the main characteristics of industrial development programmes so that the experience gained could be transmitted to other developing countries. A number of delegations considered that, before coming to a decision on any project, the secretariat should endeavour to inform itself fully concerning the plans and programmes of the country concerned, so as to ascertain that the project fully corresponded to the requirements of the country and its level of development.

200. Several delegations emphasized the importance of the relationship between industrial planning and programming, on an over-all basis, and



specific industrial project planning. It was also pointed out that the relationship had not yet been sufficiently explored with regard to methodology and actual performance in developing countries.

201. Furthermore, it was stressed that, although over-all planning was needed, more emphasis should be placed on the practical application of planning with regard to the incorporation into development programmes of well analysed, specific and viable projects. In this connexion, it was requested that UNIDO should place more emphasis on the establishment of project evaluation units within national development planning organizations.

202. Attention was drawn to the significance of the Interregional Seminar on Industrial Location and Regional Development, held at Minsk in 1968 by the secretariat in co-operation with the Government of the Byelorussian Soviet Socialist Republic.

203. Comments were also made on the research and development centres in this group, and it was emphasized that they should be practically oriented in order to give maximum assistance to the developing countries. It was explained that the basic activities of those centres lay in the preparation of specific industrial projects - for example, feasibility studies, elaborated to the extent that potential investors, both private and governmental, would be able to initiate further action themselves - and in assistance during the implementation stage of approved projects.

204. On the basis of recent experience, one delegation strongly supported the programme of advisory missions of UNIDO on project formulation and evaluation and, in particular, the counterpart training programme of such missions.

205. Some delegations emphasized the importance of problems related to project implementation and particularly procedures for programming and control of the implementation of industrial projects. They urged UNIDO to further its efforts in this field.

206. Inquiries were made about the usefulness of the Profiles of Manufacturing Establishments. The secretariat stated that the Profiles were designed to serve multi-purpose needs. They should be regarded more as raw material for

further study than as ready-made manuals for industrial programming. Demand for the Profiles had been sufficient to prompt UNIDO to consider the need for reprinting them.

207. A number of delegations stressed the importance of regional co-operation and plan harmonization, particularly with respect to setting up optimum-size industrial projects that would be economically viable on the basis of sharing of markets and co-ordinated investment decisions, and indicated that UNIDO could play a substantial role in promoting and helping to harmonize such plans. In that connexion, the same delegations proposed that the priority of the project concerning the study of multinational programming of industrial development should be changed from "B" to "A" (ID/B/44, para. 325).

208. The delegation of one country having considerable experience in industrial planning and possessing highly qualified personnel specializing in that field observed that inadequate measures were taken by the secretariat in enlisting the services of specialists for posts as UNIDO experts on industrial planning. The same delegation stated that the competent organizations in its country were willing to organize a programme, as part of its country's voluntary contribution to UNIDO, to train specialists from developing countries in the planning and organization of industrial management under state sector conditions, and also to organize study tours for that purpose.

#### Group 13: Industrial policies and industrial financing

209. The secretariat stated that the assistance rendered in the fields of industrial policies, industrial financing and investment promotion placed emphasis on the supplementing and strengthening of national efforts and institutions in these areas.

210. Many delegations, while commenting on specific project components and offering suggestions for improvement, expressed their support for the programme.

211. A number of delegations commented on projects in the field of industrial policies and stressed the need for UNIDO to assist the developing countries in establishing broad guidelines for policy formulation.

212. Some delegations commented on the projects proposed in the field of industrial financing. They considered that UNIDO went beyond its terms of reference and was entering into areas of competence of other bodies specialized in this field.

213. Caution was expressed against overlapping in this field. Some other delegations did not agree with this view. There was, however, general agreement that UNIDO should work closely with local financial institutions of developing countries and with other bodies, both inside and outside the United Nations system, concerned with industrial financing.

214. Replying to these suggestions, the secretariat indicated that while financing of sectors other than industry, such as infra-structure, had been provided by existing international financing organizations, sufficient attention had not been given to industrial financing in those areas to which the activities of UNIDO were specifically related. The contacts of UNIDO with such financial institutions, especially with the International Bank for Reconstruction and Development Group, were being developed, and UNIDO, in cooperation with the Bank, would provide assistance for the strengthening of the operations of industrial financial institutions, for example.

215. Several delegations expressed the view that the activities of UNIDO in the field of investment promotion should reflect the differences in the social and economic systems of the various countries and should avoid favouring private more than public sector enterprises. Some delegations emphasized that the investment promotion activities of UNIDO should be aimed primarily at promoting investments from internal accumulations and sources, and at strengthening national efforts in this field. External economic and technical assistance, including assistance through international organizations, should mainly promote the growth of internal accumulations, and supplement, not replace, internal resources. With regard to activities for promoting investments from external sources, UNIDO, in the opinion of those delegations, should not limit its role to acting as an intermediary between western monopolies and developing countries, but should be to some extent a factor and force protecting the interests of developing countries against excessive claims by foreign private capital and

against the policies of banks and monopolies. UNIDO should strive to improve the conditions of external financing and to achieve more acceptable conditions regarding the application and use of foreign private capital in the developing countries. It should also advocate limitation of the influence of foreign capital on the development of national industries in those countries. In the opinion of the same delegations, UNIDO, as an intergovernmental organization, should direct its efforts first and foremost towards developing co-operation at the intergovernmental level and not at the private enterprise level. Some delegations felt, on the other hand, that there was a definite place for promotional activities to be undertaken by UNIDO, within clearly defined limits. They were of the opinion that UNIDO, in carrying out its activities, should always keep in mind the promotional aspect of its role. They felt that the purpose of those activities should be to mobilize external know-how and financial resources to meet the specific identified needs of the developing countries. One delegation felt that UNIDO should limit its activities in the financing of industries to the identification of projects and leave the selection of investors to the countries themselves. A similar view was expressed by another delegation, which stressed that foreign capital should supplement local capital and not displace it. One delegation expressed the opinion that not too much emphasis should be given to the role of UNIDO in implementing industrial projects by promoting direct contact between interested parties from recipient countries and sources of financing. One delegation pointed out that the work of UNIDO in industrial investment promotion was a new concept and should be pursued slowly to gain experience before expanding its scope.

216. Some delegations stressed the importance of industrial know-how, which should accompany the flow of capital and investment to developing countries through joint venture arrangements or other means. They indicated that investment for its own sake should not be the objective but the means of strengthening the technical capability of recipient countries. Further, doubt was voiced by some delegations about the advisability of the proposed Industrial Floating Display. On this last point the secretariat answered that the project was financially self-sustaining; it submitted a summary presentation of the interest expressed by a number of developing countries, of the continuous

contacts with GATT and the International Trade Centre and of the results of its preliminary work so far.

217. As to the promotional activities in channelling external resources and in transferring know-how to developing countries, note was taken of examples given by the secretariat of actual transfers and of projects at more or less advanced stages of negotiations. It was agreed that the operations of the secretariat in this respect had the right orientation. A number of delegations expressed their disagreement with the trend in the activities of the secretariat in the field of investment promotion.

218. In replying to those observations, the secretariat stressed that the programme had only been in operation for a few months. It was primarily intended to supplement the promotional efforts of developing countries themselves through a catalytic approach, i.e. through assistance in identification of sources of finance and investment, which, of course, had to be in conformity with the established policies and development plans of developing countries. Assistance in the presentation of projects and in the initiation of contacts between the interested parties would also be an element of this programme.

219. The secretariat stated that it did not discriminate between different sources of financing, but responded to the wishes expressed by the requesting Governments. The sources of financing might be public or private, coming from free market as well as centrally planned economies. In this connexion, delegations from the developing countries felt that UNIDO should have a role in initiating the flow of capital from the advanced to the developing countries and that it should not limit itself to a merely passive role.

#### Group 14: Promotion of export-oriented industries

220. In introducing this group, the representative of the secretariat outlined the role of UNIDO in the promotion of export-oriented industries and the relationship between UNIDO and the other agencies engaged in this field. He pointed to the increasing emphasis being placed by UNIDO on operational activities and to the growing number of requests for technical assistance to solve practical problems in specific branches of industry, as well as to requests for assistance in the policy area.

221. A number of delegations stressed the importance of promoting export-oriented industries in developing countries and fully endorsed the work of UNIDO in this field.

222. Several delegations urged that greater emphasis should be placed on operational aspects. A number of delegations stressed the need for more assistance in product improvement and design and in the standardization of export manufactures. The importance of pricing, market acceptance and packaging was also stressed, and it was suggested that closer attention should be given to these problems.

223. With regard to the strategic planning of export development, a number of questions were raised in reference to aspects such as the over-all balance of payments benefit from foreign investment, the possibilities of exporting technology from certain developing countries and the opportunities for more advanced and final processing of local raw materials, now exported as such. One delegation stressed that, at the present stage of their development, most developing countries were in no position to export, and what they needed was help in developing indigenous raw materials. Another delegation noted that, while export promotion was essential for the developing countries which had products to export, the least developed countries would like priority to be given to technical assistance for the establishment of an industrial sector. Some delegations felt that UNIDO should give greater attention to over-all strategic questions. Other delegations referred to the generalized and vaguely defined nature of such studies and suggested that the secretariat should clearly identify their contents.

224. Several delegations pointed to the complementary role which the various United Nations agencies might play in developing an integrated export strategy for the developing countries.

225. In discussing export production opportunities opened up by the Kennedy Round of Trade Negotiations, delegations drew attention to the studies already being undertaken by UNCTAD, GATT and OECD in this field and urged continuous co-operation with those organizations. Reference was also made to the

investigations currently being carried out by UNCTAD regarding international trading patterns. It was felt that UNIDO might use such studies as a starting point for any investigations into the opportunities for increased export production in developing countries. A number of delegations also stressed the importance of the negotiations between developing countries to reduce tariffs and of the studies of preferential tariff arrangements currently being undertaken. It was felt that both of these projects could open up fruitful areas in which UNIDO could assist the developing countries to accelerate the creation of export-oriented industries.

226. The representative of UNCTAD indicated the projects which had been carried out on a co-operative basis with UNIDO, UNCTAD and the UNCTAD/GATT International Trade Centre. He referred to the fruitful working relationship that had been achieved between UNIDO and UNCTAD and to the "co-participation" arrangement between the two organizations. While pointing out the obvious difficulties in achieving fully effective co-operation between international agencies engaged in related tasks, he stressed that, in this case, close liaison between the two organizations had gone a long way towards overcoming these difficulties.

227. A number of delegations welcomed the work of UNIDO in the field of excess capacity and expressed interest in the Expert Working Group Meeting on the Utilization of Excess Capacity for Export Production, held in Rio de Janeiro in March 1969. Further information on this project was supplied by the secretariat. It was remarked that short and long-term considerations might differ; in the long run, it was not advisable to base export opportunities on excess capacity. Attention was drawn to the structural causes of excess capacity and to the possibility of diversifying output to overcome the problems. It was suggested that UNIDO should examine the possibilities for utilizing existing excess capacity in selected industries through diversification of their manufacturing activities, with minor balancing investments.

228. The proposed study on the possibility of increasing exports of manufactures through regional and subregional co-operation among developing countries was strongly supported by a number of delegations, and one delegation suggested a higher priority for this project. Another delegation, however,

referred to the considerable volume of work that had already been undertaken in this area, particularly by the United Nations regional economic commissions. It was suggested that UNIDO, while studying three or four selected regional schemes or existing groupings, and while examining specific problems related to them, should utilize the experience mentioned above.

229. Note was taken of the study on the promotion of exports of manufactures from the developing countries under specific arrangements between developed and developing countries, and it was asked whether subcontracting arrangements or barter agreements were envisaged. A survey of firms in developed countries interested in securing the services of firms in developing countries was also suggested in this connexion.

230. A number of delegations expressed the view that the training programme being undertaken by UNIDO in the export promotion field should be extended, with greater emphasis on standardization, quality control and packaging. A number of delegations felt that the exploratory missions organized by UNIDO in co-operation with UNCTAD, the UNCTAD/GATT International Trade Centre and the regional economic commissions served a useful purpose in determining the requirements of developing countries in expanding exports of manufactured goods. Some delegations stressed the need of overcoming difficulties in the marketing sphere, particularly in terms of consumer resistance to products from developing countries. Suggestions were made that UNIDO should give greater attention to those problems. Some reservations were expressed, however, concerning the proposed acceptance study.

231. In answering, the secretariat stated that work in this field had been conducted in close co-operation with UNCTAD and the International Trade Centre. Of course, no rigid predetermined definition of spheres of activities could be made, but it might be indicated that, as a general rule, UNCTAD and the Centre dealt with the demand side for exports of manufactures, while UNIDO concentrated on the supply or production side of exporting industries.



Consideration of draft resolution on promotion of export-oriented industries

232. At the 86th meeting, the representative of Sweden introduced a draft resolution (ID/B/L.57 and Corr.1 and Add.1) submitted by Brazil, Chile, Czechoslovakia, Ghana, Pakistan, the Philippines, Sweden, Trinidad and Tobago, Turkey and Uruguay. It read as follows:

"The Industrial Development Board,

"Recognizing the importance of promoting export-oriented industries in the developing countries,

"Taking into account what other United Nations organizations and regional economic commissions are doing in this field,

"Considering the need to avoid dispersal of efforts between the various organizations,

"Recalling paragraph 29 of resolution 2152 (XXI) of the United Nations General Assembly,

"1. Takes note of Economic and Social Council resolution 1362 (XLV) concerning the United Nations export promotion efforts;

"2. Approves the established co-operation with other organizations and agencies participating in the United Nations Export Promotion Programme, especially the joint UNCTAD/GATT International Trade Centre, and requests the Executive Director to continue this co-operation including practical measures of co-ordination in the various stages of execution of joint projects;

"3. Requests the Executive Director, as regards UNIDO's contributions in promoting export-oriented industries within the developing countries, to give special emphasis to standardization, quality control, product improvement, design, packaging and similar measures, as well as subcontracting and licensing arrangements, aimed at improving the market acceptance and competitiveness of industrial products of the developing countries."

233. On the proposal of the representatives of the United Kingdom and Pakistan, the Board decided to change the original title of the draft resolution, which read "United Nations export promotion efforts", to read "Promotion of export-oriented industries".

234. The representative of Poland proposed the insertion of the following paragraph between the first and second preambular paragraphs:

"Taking into account the principles of international trade relations adopted by the first United Nations Conference on Trade and Development."

This amendment was adopted by 17 votes to 15, with 7 abstentions.

235. The same representative proposed the insertion of the words "UNCTAD together with" between the words "especially with" and "the joint UNCTAD/GATT" in operative paragraph 2. This amendment was adopted by 24 votes to none, with 16 abstentions.

236. The representative of the Netherlands proposed the addition, at the end of operative paragraph 3, of the following text:

"and to co-operate with regional and international institutions within the United Nations system."

This amendment was adopted by 39 votes to none, with 4 abstentions.

237. The draft resolution as a whole, as amended, was adopted by 38 votes to 1, with 3 abstentions (see annex VII, resolution 17 (III)).

238. The representatives of Austria, Belgium, the Federal Republic of Germany, France, Switzerland and the United Kingdom made statements in explanation of their votes.

#### Group 15: Industrial reviews and surveys

239. In introducing this group, the secretariat stated that UNIDO's work under this heading had been broadened in its scope and concept so as to include

operational activities as well as supporting activities, both of which were directly connected with the industrial development of the developing countries. It reviewed the implementation of the work programme for 1968 and gave a short exposé of the outlook of the work programmes in the group for 1969, 1970 and 1971.

240. Various delegations expressed their support for the work programme of this group and underlined the importance of a close interrelation between field operations and supporting activities.

241. With regard to the operational activities under this group, considerable support was given to country survey missions, and a number of delegations emphasized the fact that the missions were important and should lead to an increase in the capacity of the developing countries to prepare their own industrial surveys. Many delegations emphasized that those survey missions should train local counterparts and aim at improving the local machinery for data collection. Some delegations suggested that the missions ought to bear the objectives of the Second United Nations Development Decade closely in mind, particularly taking note of the individual programmes and priorities of the developing countries. Some delegations drew attention to the importance, in carrying out the country surveys, of close co-operation with the regional economic commissions, UNESOB and other United Nations agencies.

242. In answering, the secretariat stated that the country survey missions and the other activities, including training courses, in this group had been designed to ensure such co-operation. Arrangements had been made, and would continue to be made, with the regional economic commissions, UNESOB and other United Nations agencies to obtain their co-operation in the preparation of the survey missions.

243. Concern was expressed by several delegations that the coverage of the industry branch reports should not be too rigidly limited, as some of the developing countries might be newcomers in certain industrial branches. It was suggested that the branch reports should indicate excess supply or insufficient supply conditions likely to occur during the process of industrial development.

244. Some delegations noted with interest the project on packaging and supported the objectives of UNIDO in this field.

245. Many delegations supported the proposed plan to prepare a comprehensive industrial development survey once every four or five years and to publish a brief annual survey, supplemented by special surveys on specific topics.

246. Some delegations emphasized the importance of the special surveys on import substitution (see ID/B/44, paras. 437-440). The same delegations emphasized the need for UNIDO to collect information on the various strategies of import substitution and to provide for exchange of information between developing countries on such policies. Other delegations referred to work already undertaken in this field and emphasized the need to concentrate on specific problems relating to import substitution. It was also felt that lessons could be drawn from existing country surveys, which could benefit other developing countries.

247. Some delegations stressed the importance of studying factors affecting the industrialization of the smaller developing countries and the need for international action in this field. In this connexion, the upgrading of the proposed studies (see ID/B/44, paras. 441-443) to priority A was suggested by several delegations. Comparisons were made between the proposed survey and the work of UNCTAD on special measures of assistance in favour of the least developed among the developing countries. One delegation drew attention to the similarities evident in the preparation of the sectoral surveys on certain branches of industry and of the monographs on those branches written in connexion with the processing of material from the International Symposium of Industrial Development held in Athens in 1967. In its reply, the secretariat stated that the monographs were designed to provide up-to-date information on sectoral and other industrial development matters based upon the proceedings of the Athens Symposium and other relevant sources.

248. In connexion with the survey of the effects of industrialization on manufacturing employment and productivity (ID/B/44, paras. 444-449), some delegations emphasized the highly complex social issues involved. They suggested that the technological and economic considerations of employment and

productivity should be viewed in the context of the social and economic conditions prevailing in the developing countries. Some delegations felt it necessary to consider the ways in which social problems might impede technical and economic objectives of manufacturing employment and productivity in those countries. It was therefore suggested that the relevant survey should be upgraded to a higher priority.

249. In its answer, the secretariat noted the wide interest expressed by the delegations, but stated that, in view of the limited resources available, it would be difficult to give first priority to all the studies mentioned. Every effort would be made, however, to meet the requests expressed above.

250. As regards the collection of statistical information, it was suggested by some delegations that UNIDO should not rely entirely on the United Nations Statistical Office in New York, but should create a liaison both with the developing countries and with existing sources of statistical data, so that first-hand information might be obtained.

251. In reply, the secretariat expressed its appreciation of the proposal and stated that, to date, UNIDO had had to rely almost entirely on the United Nations Statistical Office, with which close co-operation had been maintained.

Consideration of the programme as a whole<sup>5/</sup>

252. The secretariat commented on the field activities of UNIDO in 1968 and on its future programme of work for these activities. The various sources of funds for the field activities of UNIDO were the United Nations regular programme, the Technical Assistance and Special Fund components of UNDP and the Trust Fund for Special Industrial Services. At its second session, the Industrial Development Board recommended an increase in the regular programme from about US\$1 million to \$1.5 million. On its establishment in 1967, UNIDO assumed responsibility for eighteen Special Fund projects; by 1969, the number of such projects had doubled.

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<sup>5/</sup> Part One of documents ID/B/43, ID/B/50 and ID/B/44.

253. The Technical Assistance component of UNDP amounted to about \$2.5 million in 1968. Although it was not possible to give exact figures in advance for 1969 and subsequent years because of the new continuous programming procedures adopted by UNDP, an increase in the order of 20 per cent might be anticipated for 1969 in the activities of UNIDO under this programme.

254. As to the Special Industrial Services Programme, it was explained that so far contributions amounting to about \$8.5 million had been received. Disbursements and programmed projects under the Programme had, however, left a balance, as of April 1969, of only about \$600,000 for the programming of new projects. The secretariat further pointed out that 479 experts had been placed in the field in 1968 for the implementation of various field projects. It was estimated that the number of experts engaged in field missions in all UNIDO-assisted programmes in 1969 might reach about 850, and, in 1970, about 1,000. In the field of training, the number of fellowship posts awarded during 1968 under the various programmes amounted to nearly 600, which was more than the number of posts originally programmed; some expert posts were re-programmed during the year and converted into fellowships. The secretariat also pointed out that the forecast of future activities indicated that requests for technical assistance would increase and that the requirements of the developing countries would become more specialized and complex. According to the secretariat, a strengthening of the machinery at UNIDO headquarters would be required to respond to these needs.

255. The secretariat also referred to the voluntary contributions made to UNIDO at the first United Nations Pledging Conference for UNIDO in 1968.

256. One delegation felt that the priority system should be reviewed. UNIDO should not always assign priorities as indicated by the requesting countries, but should use its own experience. Another delegation was of the opinion that priorities should be assigned by the requesting countries, not by the Board.

257. Note was taken of the technical assistance activities of UNIDO in the various regions - Africa, the Americas, Asia and the Far East, and Europe and

the Middle East - where closer co-operation had been achieved with all countries in the regions and with the regional economic commissions and UNESOB. One delegation expressed its concern that, in the work programmes for 1968, 1969, 1970 and 1971, the share of the Latin American countries in the distribution of technical assistance projects was considerably inferior to that allocated to other geographical areas.

258. A number of delegations commended UNIDO on its technical assistance activities and programme of work. One delegation did not consider the field projects to be evenly distributed among the various geographical regions. It indicated that, in some cases, UNIDO had ventured to take over projects already under the auspices of other United Nations agencies even though they had preceded UNIDO in the field. Other delegations urged that more funds should be made available to UNIDO from UNDP for technical assistance projects and for operations of the Special Industrial Services type.

259. Closer regional co-operation in field projects was urged by some delegations. The central co-ordinating role of UNIDO in industrial development was emphasized by many delegations, though one of them stated that this role had not yet been fully demonstrated. Stress was also laid on the need for UNIDO to assist developing countries in the formulation and execution of their national development plans. One delegation emphasized that, in its activities, UNIDO should assist the developing countries in the elaboration of scientifically based plans and programmes for industrial development aimed at the rapid advance of their economies and the attainment of their economic independence; in the development of the state sector in industry; in the consolidation of the planned basis of industrialization; in the training of national cadres, particularly technical cadres; and in the implementation of measures to restrict the outflow of trained cadres. One delegation indicated that the work programme lacked a coherent plan for industrialization. In the opinion of that delegation, projects should be linked to the national development plans of the assisted countries and greater attention should be given to large-scale industries.

260. Several delegations commended the attention being given by UNIDO to such activities as repair and maintenance, agricultural equipment, food processing

and telecommunications. The importance of constant evaluation of assistance was stressed, as was the need to ensure that only sound projects were approved. One delegation pointed out that UNIDO should approve only such projects as accorded with national development plans, with recommendations of the regional economic commissions and regional conferences and symposia on the relevant branches of industry. Reference was made also to the need for utilizing the services of consulting firms to overcome the problems of recruiting individual experts, when they were not readily available in the region or through normal channels of recruitment. One delegation submitted a proposal to hold in 1970 in the territory of its country, out of its voluntary contribution to the UNIDO budget, a symposium on the role of large-scale industries in the industrialization and economic transformation of the developing countries.

261. One delegation stressed that great importance should be attached to the preparation and follow-up of conferences, symposia and seminars organized by UNIDO. In particular, there should be a careful assessment of the demand for, and the purpose to be achieved by, each particular meeting before it was organized.

262. Several delegations stated that the secretariat, though experiencing difficulty in the selection of experts, was at the same time failing to utilize the great potential of countries which had highly qualified cadres of specialists in industrial projection. In reply to those observations, the representative of the secretariat said that steps would be taken to recruit specialists from those countries as UNIDO experts.

263. The summary of the activities of UNIDO in 1968 was approved without debate. It is included in the present report<sup>6/</sup> in conformity with General Assembly resolution 2407 (XXIII) of 17 December 1968.

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<sup>6/</sup> For the Summary review of UNIDO activities in 1968, see annex I.



Consideration of draft resolution on international co-operation

264. At the 89th meeting, the representative of Peru introduced a draft resolution (ID/B/L.63) submitted by Argentina, Brazil, Chile, Colombia, Ghana, Guinea, Peru and Uruguay. It read as follows:

"The Industrial Development Board,

"Considering that, in resolution 2152 (XXI) establishing UNIDO, the United Nations General Assembly recognized that the industrialization of developing countries is essential for their economic and social development and for the expansion and diversification of their trade, and that the acceleration of industrial development, especially in the developing countries, depends largely on international co-operation,

"Believing that economic and social development is the responsibility of the developing countries and that the attainment of national objectives depends primarily on the efforts made by each country itself, but that complementary international co-operation is an important prerequisite for the utilization and mobilization of domestic resources,

"Considering that if such co-operation is to be an effective means of ensuring economic and social development it must be attuned to the conditions prevailing in the developing countries and take due account of their national development policies and strategy so that it does not constitute a factor that increases their dependence on outside resources,

"Declares:

"1. That it would be appropriate to establish effective means of co-operation that would substantially contribute to the full economic and social development of all countries, and particularly the developing countries, with a view to laying the foundations for equitable international relations serving the interests of peace;

"2. That economic and technical co-operation should be regarded as a commitment whereby the developed countries help to facilitate rapid industrialization, particularly in the developing countries, in order that

those countries may overcome the problems deriving from dependence on outside resources and make positive progress towards development;

"3. That, since technological advances originating in industrialized countries constitute a factor that sets them increasingly further apart from the developing countries, it is essential that international co-operation in this field should be directed towards the establishment and adaptation of techniques that permit the maximum utilization of resources by the developing countries;

"Recommends:

"1. That the industrialized countries and the developing countries should co-operate to an increasing extent in the industrialization plans and programmes of the developing countries, bearing in mind that such co-operation should be free from all political, economic or other conditions that might alter its nature or frustrate its purpose and that it must be made available in forms that will enable the countries concerned to ensure that the execution of their plans and programmes goes forward continuously and without interruption;

"2. That in their economic policies, arrangements and measures all countries should accordingly take due account of the interests of industrialization in the developing countries."

265. On the proposal of the representative of Spain, the Board decided to change the original title of the draft resolution, "International co-operation", to read "International co-operation in the field of industrial development".

266. Various amendments to the text of the second preambular paragraph, paragraphs 1 and 2 of the declaration and paragraphs 1 and 2 of the recommendations were suggested by the representatives of Nigeria, the Philippines and Poland. These amendments were accepted by the co-sponsors of the draft resolution.

276. A proposal by the representative of Italy to replace the word "economic" by "industrial" in paragraph 2 of the declaration was rejected by 18 votes to 1, with 16 abstentions.

268. Another proposal by the representative of Spain to delete the words "political, economic or other" in paragraph 1 of the recommendations was rejected by 19 votes to 3, with 14 abstentions.

269. The draft resolution, as amended, was adopted by 26 votes to none, with 12 abstentions (see annex VII, resolution 25 (III)).

270. The representatives of Canada, Switzerland, the United Kingdom and the United States of America made statements in explanation of their votes.

B. Long-term programme of work for 1971 and subsequent years

271. Document ID/B/45, containing a report on the summary forecast of UNIDO activities in 1971 and an outline of a long-term programme, was welcomed, and many delegations considered the report to be significant, requiring detailed study and action. In their observations on the programme of work for 1971, most delegations reiterated their earlier comments on the fifteen functional groups. Many delegations agreed generally with the main views contained in the document. Other delegations made comments on this document. In the statements, reference was made to the satisfactory performance of UNIDO during the past three years and to the need for UNIDO to do more in future; many delegations stressed the need for providing UNIDO with adequate resources and augmenting them wherever possible, thus enabling the organization to become more dynamic, more effective and more service-oriented in its future work. Several delegations emphasized the need for UNIDO to plan its activities in the context of industrial priorities and programmes envisaged by the developing countries. Several delegations stressed the need to improve the efficiency of the field activities of UNIDO.

272. In addition to noting the important features of the 1971 programme of work, mention was made of General Assembly resolution 2407 (XXIII) referring to the Second United Nations Development Decade, in which UNIDO was requested to accelerate its preparatory work in the field of industrialization and to co-operate actively in the concerted efforts undertaken by other organizations in the United Nations system. Many delegations recommended that UNIDO should accelerate its

work and play an active role in the generalized effort of the United Nations in this field. Many delegations welcomed the work of UNIDO in evolving joint work programmes in industry, in repair and maintenance and, particularly, in training. One delegation suggested that UNIDO should endeavour to improve its training programmes on a selective basis by giving special attention to programmes such as the establishment of permanent industrial training centres. Many delegations welcomed the work of UNIDO in the promotion of investment and emphasized the need for links with financial institutions. Some delegations, on the contrary, considered that the question of stimulating the industrial development of developing countries with the help of foreign private sources was given unduly great attention in the activity of UNIDO. They also considered that UNIDO should devote greater attention to the improvement of conditions of foreign financing for the benefit of developing countries.

273. The importance of the technical assistance function of UNIDO was stressed, but it was also emphasized that UNIDO should not limit its functions to technical assistance only. Hope was expressed that UNDP would allocate more projects to UNIDO and that such projects would be implemented expeditiously by UNIDO. Most delegations emphasized the need for a programme of the Special Industrial Services type for UNIDO and for a solution of the question of its financial requirements. Note was taken of the fact that the matter was under discussion by UNDP and UNIDO, and information was requested on the progress of the discussions.

274. One delegation noted with interest that, according to the opinion given by the secretariat, UNIDO should not be satisfied with managing technical assistance projects according to the classical procedure, but should make every effort to mobilize the abundant external resources that were available in the industrialized countries and to utilize them for the benefit of the developing countries. Thus the work of UNIDO would have a multiplier effect in deriving the greatest yield from the limited resources at its disposal. The same delegation, supported by other delegations, suggested that the role of UNIDO in promotion should be to assist national promotional activities and to support them by supplying information and services. In the opinion of those delegations, UNIDO should give a definite priority to activities that would result in the formulation of coherent industrial policies in the developing countries and, at the same time, should improve the industrial information services at its headquarters so that they could more effectively meet the major needs of the

national promotional activities. Some delegations emphasized the need for UNIDO to avoid dispersion of activities in its supporting programme and to concentrate on relatively few priority areas.

275. Emphasis was placed on the work of UNIDO in the formulation and implementation of industrial development policies. A suggestion was also made that the excess capacity study in fertilizers, carried out by UNIDO, should be expanded to cover excess capacity in other industries, which was an imperative factor in the formulation of the industrial policies and programmes of the developing countries. The need to give attention to the methodology involved in the world industrial survey and over-all sector surveys was emphasized by some delegations. With regard to work in establishing and strengthening mechanisms in the developing countries for industrial investigations and surveys, many delegations suggested that the main principles and approaches to country problems ought to be properly worked out in terms of the individual capacities, preferences and priorities of those countries.

276. One delegation noted that, with regard to future work programmes, UNIDO was in a better position to draw up guidelines on the basis of its previous experience, and suggested that emphasis should be placed on general areas of work such as industrial policy formation, increasing industrial efficiency, investment promotion (internal and external) and the collection and distribution of industrial information. Another delegation suggested that the future work of UNIDO at the country level should consist of the evaluation of policy decisions, provision of guidance with regard to the institutional framework, and assistance to export industries. Some delegations felt that UNIDO should have a well-thought-out strategy on industrialization, and that by 1971 UNIDO should have completed its work of drawing up clear-cut agreements with the specialized agencies and other interested organizations and of developing joint programmes. The same delegations stressed that it should also undertake action-oriented research programmes and activities. One delegation suggested the appointment of a study group on the future work of UNIDO, composed of government representatives, with due regard to equitable geographical distribution. This group should deal with the development of programmes, availability

of adequate resources and the appropriate organizational structure necessary to carry out these programmes. The findings of the group should be considered by the Industrial Development Board and the General Assembly. The undertaking of such a study, in the opinion of that delegation, should not hamper the normal growth and operation of the organization, which were necessary to meet the growing requirements of the developing countries.

277. With regard to the development of basic services, it was noted that the work of UNIDO should consist in taking a continuing and active interest, at the country level, in the developmental policies of the countries and in their decision making. Many delegations welcomed a system of high-level consultation and review in order to provide an opportunity to Governments to obtain on-the-spot advice and confidential evaluation of their programmes and policies. Some delegations warned that the development of close relations between UNIDO and member Governments would depend on the effective functioning of the former and on its capacity to meet the needs of the member States. Emphasis was also placed on the exchange of industrial information. It was pointed out that the main aspect of the activity of UNIDO in this relation should be assistance to developing countries in the organization of national industrial information services.

278. Many delegations attached importance to, and offered suggestions on, the promotional role of UNIDO. Some delegations felt that promotion work should be harmonized with activities undertaken at the country level and should be related to specific needs of countries and industries. It was mentioned by some delegations that the promotional role of UNIDO should not be narrowly interpreted in terms of finance only. Those delegations noted that attention should be given to the State sector of industry and that UNIDO should not be a link between investors and the developing countries. Some delegations underlined the need to increase assistance from UNIDO to small developing countries, in particular in regard to the developing of economic co-operation among countries in the field of industrialization. In particular, attention was drawn to the systematic decrease in the assistance of UNIDO for technical co-operation between developing countries at regional and sub-regional levels.

279. Several delegations emphasized the importance of links with public authorities, industries and financial institutions. In particular, the role of UNIDO in bringing about co-operation between multilateral and bilateral forms of assistance was emphasized. The appointment of industrial development field advisers was welcomed, and it was hoped that the posting of such advisers would be speeded up, as they performed essential functions of co-ordination at the field level. It was also hoped that they would ensure effective liaison between UNIDO headquarters and the countries of their assignment.

280. At the conclusion of the debate on this item, the Executive Director made a statement. He drew attention to paragraph 79 of document ID/B/45, which called for guidance to the secretariat regarding the next step to be taken in the matter. The decision by the Board should not be a decision of principle but one of action to be discussed at future sessions of the Board.

281. He said that in considering the long-term programme of UNIDO, one question should be asked, namely: what were the needs the organization should fulfil? Such needs had to be identified and then translated into programmes and those must correspond to resources. The resources available to UNIDO at present represented a very small fraction of the total resources the developing countries were putting into their industrialization activities. UNIDO had perhaps one dollar at its disposal for every thousand dollars being invested in the industrialization of the developing countries. The programme of work of UNIDO should aim at utilizing its one dollar to influence policies and to increase the effectiveness of the industrial operations of the developing countries. The Executive Director felt that technical assistance was only one form of action which UNIDO could take, and that the undue stressing of its role would be harmful. For maximum effectiveness, UNIDO should establish through its programme a careful and close combination of three instruments of action, namely, research and studies, technical assistance and promotional activities.

282. The Executive Director outlined ten main areas of work. Of these, five were being undertaken currently by UNIDO, two needed strengthening, two others needed to be developed and one had not yet been introduced into the work programme of UNIDO. The first five areas related to policies and the

establishment of an institutional framework, the determination of the feasibility of specific projects, improvement of production facilities, harmonization of agricultural and industrial development and attitudes towards industrial development. The two areas that needed strengthening were export-oriented industries and the relationship of small and medium industries to large industries. The two areas in which work needed to be developed were the strengthening of administrative machinery in the public sector and the transfer of technology. The last area was the evolving of a general strategy of industrial development.

283. He stated further that the main question with regard to the tenth area was whether the advanced countries saw the developing countries as partners and, therefore, would develop a policy of helping the developing countries to industrialize so as to become effective economic partners of the advanced countries. Development aid and proper trade policies were instruments of action to implement this strategy. On the other hand, the developed countries might feel that the establishment of new industries in the developing countries would cut into their present markets and compete with their own development. Thus they might try to contain industrialization of developing countries as long as possible and join in it only to the extent dictated by their internal competitiveness rather than by accepted strategy. According to the answer to this basic question, the developing countries would have to choose and establish their general strategy of industrialization. Several patterns of successful industrialization were emerging, some of them based on a policy of closed systems, while others were based on open market relations. Accordingly, policies of integrated intensive industrialization were followed in some countries, while others evolved a selective system of specialization of wide international exchange of goods. It was obvious that the strategy of industrial development of the developing countries involved very closely the basic policies of the advanced countries not only in industry and employment, but also in research and technology. In connexion with the statement of the Executive Director that the main question was "whether the advanced countries saw the developing countries as partners and, therefore, would develop a policy of helping the developing countries to industrialize" or whether the developed countries "might try to contain industrialization of developing countries as long as possible, and



join in it only to the extent dictated by their internal competitiveness rather than by accepted strategy", one delegation stated that the latter did not apply to the socialist countries, which considered industrialization to be of great significance to the economic development of the developing countries and were giving them much effective assistance in their industrialization. It appeared to other delegations that, in his statement, the Executive Director had limited himself to advancing possible alternatives.

284. As to the question whether UNIDO should establish its programme on the basis of requests received from the member States or should rely on its own judgement of the real needs of the countries, the Executive Director thought that that was a fundamental issue on which guidance was required from the Board. Neither answer could be completely correct. If UNIDO were to be guided solely by country requests, a programme would be established on a temporary and partial foundation and would be perpetuated without judgement of the real needs. On the other hand, by establishing a programme solely on UNIDO's judgement of the needs of the countries, the programme could hardly be operation-oriented, and moreover it would not necessarily correspond to the requests. The Executive Director reiterated his wish to receive guidance from the Board on this question.

285. With regard to the question of duplication in different divisions of the secretariat raised by one delegation, the Executive Director gave the assurance that in spite of the fact that the programme was composed of hundreds of activities, there was not a single case of a specific action being duplicated in two divisions.

286. Regarding the point raised by several delegations whether the least developed among the developing countries should have priority in assistance, the Executive Director pointed out that this again was a question requiring a decision by the Board.

287. On the important question of competition between synthetic fibres and natural fibres, raised by one of these delegations, a question which involves a conflict of interests between developing countries, UNIDO could not take a position without clear instruction from the Board.

288. In conclusion, the Executive Director stated that UNIDO should be in a position to give basic services to the developing countries at their request. It should be in close contact with advanced technology and with the industrialization of the developing countries. It should have its links extended beyond government offices and through them to business and to manufacturing, both in the developed and developing countries. Through such a policy, the relatively limited resources available to UNIDO, which it was hoped might grow, would be most influential and effective in aiding the industrialization of the developing countries.

Consideration of draft resolution on the long-term programme of work of UNIDO

289. At the 88th meeting the representative of India, on behalf of Argentina, Brazil, Cameroon, Chile, Colombia, Ghana, Guinea, India, Indonesia, Iran, Iraq, the Ivory Coast, Kuwait, Nigeria, Pakistan, Peru, the Philippines, Rwanda, Somalia, the Sudan, Sweden, Thailand, Trinidad and Tobago, the United Republic of Tanzania, Upper Volta and Uruguay, presented a draft resolution (ID/B/L.61 and Corr.1 and Add.1). It read as follows:

"The Industrial Development Board,

"Recognizing the high priority which developing countries attach to their industrial development,

"Conscious of the significant contribution which UNIDO can make in intensifying, co-ordinating and expediting international co-operation for the purpose of assisting the developing countries to accelerate their industrial development, and also of the fact that UNIDO is a comparatively young organization whose work has still to be developed,

"Considering it highly desirable that a thorough study be undertaken in order to find out in what ways and by what means the work and functions of UNIDO may be further strengthened to make UNIDO more responsive to the expanding needs of the developing countries,

"Noting with appreciation the report of the Executive Director on the long-term programme of work of UNIDO contained in part three of document ID/B/45,

"1. Requests the Executive Director to prepare a comprehensive report on the future strategy of work and organization of UNIDO and submit a report to the fourth session of the Industrial Development Board;

"2. Suggests to the Executive Director that, in preparing the report, the following be considered:

- "(a) The views of the Working Group and the Board as expressed during the discussions on the subject in the third session;
- "(b) Examine the financial resources of the organization and suggest measures to augment them as well as flexible procedures to maximize their utilization and to ensure the adequate financing of the long-term programme;
- "(c) Appraise the structural set-up of the organization in the light of the Jackson Report, examine the relationship between field and supporting activities of UNIDO and between the various groups of programme activities, and recommend measures that will be necessary to maximize its efficiency including decentralization, relations with other bodies of the United Nations including regional economic commissions and UNESOB and relevant national committees;
- "(d) Consult with the Governments of the developed and developing countries as deemed necessary;

"3. Requests the Executive Director to circulate the above report to member Governments of UNIDO sufficiently in advance (by February 1970) of the fourth session of the Industrial Development Board;

"4. Further requests the Executive Director to submit this report to the Working Group preceding the fourth session of the Industrial Development Board for its study and consideration;

"5. Decides that the Industrial Development Board, reviewing the report and the recommendations made on it by the Working Group, will further decide on the desirability of evolving suitable intergovernmental machinery for improving the performance of UNIDO to meet the expanding industrial needs of the developing countries."

290. The representative of India stated, however, that, after consideration of the matter, the sponsors had decided to withdraw their draft resolution subject to certain conditions. Those conditions, as approved by the Board, were:

- (a) That the text of the draft resolution and any amendments proposed during the meeting be incorporated in the report of the third session of the Board;
- (b) That the draft resolution, the proposed amendments and draft resolution ID/B/L.66 on a study of UNIDO's long-range programme, finance and organization, as well as any observations on the subject made by delegations at the current session, be referred to the fourth session of the Board for consideration;
- (c) That the Executive Director continue his work according to the plan of action described in part three of document ID/B/45.

291. Subject to the above conditions, and with the consent of their sponsors, the amendments proposed by the representative of Sweden and, on behalf of the socialist countries, by the representative of the Union of Soviet Socialist Republics, were withdrawn and are reproduced here for reference.

292. The amendment proposed by the delegation of Sweden (ID/B/L.71) to operative paragraph 2 provided for the deletion of sub-paragraphs (c) and (d) and their replacement by the following:

- "(c) Appraise the structural set-up of the organization in the light of the Jackson Report and examine the relationship between field and supporting activities of UNIDO and between the various groups of programme activities - with the assistance of such consultants and advisers as required;

- "(d) Recommend measures that will be necessary to maximize its efficiency including decentralization, relations with other bodies of the United Nations including regional economic commissions and UNESOB and relevant national committees;
- "(e) Consult with the Governments of the developed and developing countries as deemed necessary;"

293. The amendments proposed by the delegation of the Union of Soviet Socialist Republics on behalf of the group of socialist countries read as follows:

In document ID/B/L.61

1. After operative paragraph 2, sub-paragraph (a), include a new sub-paragraph:

"The fields of activity of UNIDO's work to which particular attention must be given;"

2. In operative paragraph 5, replace the words "suitable intergovernmental machinery" by the words "suitable intergovernmental measures".

In document ID/B/L.71

Amend sub-paragraph (c) as follows:

"A consideration of the question of the present structure of the organization to determine the usefulness of changes in the structure; an examination of the relationship between the activities of UNIDO at headquarters and in the field, as well as the relationship between the various groups of programme activities - if necessary with the assistance of such consultants and advisers as required;"

294. In view of the above, the representative of Sweden also agreed to withdraw the draft resolution sponsored by his delegation, dealing with a study of UNIDO's long-range programme, finance and organization (ID/B/L.66), which read as follows:

"The Industrial Development Board,

"Noting the vital role industrial development will play during the Second United Nations Development Decade,

"Considering it highly desirable that a thorough study be undertaken in order to find out in what ways and by what means the work and functions of UNIDO may be further strengthened,

"Conscious of the scope and complexity of the problems involved, and of the time factor,

"Decides to establish an ad hoc committee composed of representatives of (15) member countries of the Board, designated on the basis of equitable geographical distribution and after consultation with interested Governments, to undertake a full study of the issues involved and recommend appropriate action for consideration by the Board,

"Instructs the Committee to review in co-operation with the Executive Director of UNIDO and with the assistance of such outside consultants as required the following main problems:

- "1. Areas of UNIDO's work programme which will be especially emphasized during the Second Development Decade;
- "2. UNIDO's organizational structure;
- "3. Scope and financing of UNIDO's activities;

"Further instructs the Committee to report to the Board, at its fourth session, on the progress of its work and to submit its final report with recommendations to a resumed session of the Board to be convened before the inauguration of the twenty-fifth session of the General Assembly (1970)."

Consideration of draft resolution on the utilization of computers  
and computer techniques in industrial development

295. At the 37th meeting, the representative of Chile introduced a draft resolution (ID/B/L.62) submitted by Chile and Czechoslovakia. It read as follows:

"The Industrial Development Board,

"Bearing in mind the task entrusted to the United Nations Industrial Development Organization by resolution 2152 (XXI) of the United Nations General Assembly with a view to promoting the industrial development of the developing countries,

"Recognizing that international co-operation in the field of science and technology is an important means for accelerating progress in industrialization and for reducing the industrial and technological gap between developing and industrialized countries,

"Recalling the relevant recommendations and conclusions adopted by the first United Nations Conference on the Application of Science and Technology to Development, as well as the resolutions of the various United Nations bodies on the subject,

"Convinced of the particular importance of the utilization of computers and computer techniques in industrial planning and programming,

"Taking into account resolution 2458 (XXIII) of the United Nations General Assembly concerning international co-operation for utilization of computers and computer techniques in development,

"Noting with interest the relevant activities undertaken so far by the United Nations Industrial Development Organization in this field in promoting computer techniques in industrial planning and programming for developing countries,

"1. Considers that the United Nations Industrial Development Organization can support the efforts made by the developing countries for the utilization of computer techniques aimed at accelerated industrial development;

"2. Invites the Executive Director to assist the United Nations Secretary-General in preparing his report requested by resolution 2458 (XXIII) of the General Assembly;

"3. Requests the Executive Director:

"(a) To study the specific problems of utilization of computers and computer techniques for industrial planning and programming and for evaluation of industrial projects as well as the ways and means for facilitating the development of international co-operation in this field;

"(b) To present to the Board, on the basis of the conclusions reached by the Secretary-General's report, the appropriate measures for future action of UNIDO in this field."

296. The President mentioned the financial implications of this draft resolution, indicating that the secretariat would endeavour to accommodate the consequential workload within the limitations of the available resources.

297. The representative of Nigeria, in his capacity as chairman of the contact group,<sup>7/</sup> introduced the following new paragraph to replace operative paragraph 3 of the draft resolution:

"Requests the Executive Director to arrange for the report of the Secretary-General to be submitted to the Industrial Development Board at its fourth session, if possible, in order to enable it to consider those portions of the report which may be relevant to the competence and responsibilities of UNIDO, together with any recommendations for appropriate action by UNIDO in this field as part of its work programme."

This amendment was adopted by the Board.

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<sup>7/</sup> In order to facilitate the consideration of the draft resolutions by the Board, the various geographical groups decided to establish a contact group whose aim was to reach, by means of extensive consultations, as complete an agreement as possible on draft resolutions for submission to the Board at its plenary meetings.



298. The draft resolution, as amended, was unanimously adopted by the Board (see annex VII, resolution 19 (III)).

Consideration of draft resolution on a special meeting of  
the United Nations Industrial Development Organization

299. At the 87th meeting, the representative of Chile introduced a draft resolution (ID/B/L.60/Rev.1) submitted by Brazil, Chile, Ghana, Peru, the Philippines, Spain and Trinidad and Tobago. It read as follows:

"The Industrial Development Board,

"Considering that resolution 2152 (XXI), by which UNIDO was established, is worded in too general terms to serve as a programme of work for the Second United Nations Development Decade,

"Having noted that the industrialization process is becoming increasingly complex and that co-ordination at the world level is required,

"Taking into account the fact that the first Development Decade revealed a lack of sufficient preparation for the consideration of many factors,

"Conscious that on the eve of the Second Development Decade, taking into account the conclusions and recommendations of the third session of the Industrial Development Board and resolution... of the Board concerning the Second Development Decade, it is essential, if more positive results are to be achieved, to determine the objectives with greater precision beforehand, and that it is also necessary to consider the availability of the means required for attaining these objectives,

"Considering also that the developing countries advocated that UNIDO should play the central role in matters related to the development of industry at the world level,

"Convinced that industry constitutes now and will constitute during the Second Development Decade a basic factor in the economic and social progress of countries,

"1. Requests the Executive Director to consult member Governments, within sixty days following the closure of the third session of the Industrial Development Board, with a view to the convening of a special meeting of all member countries of UNIDO, within the framework of the twenty-fifth regular session of the General Assembly of the United Nations in 1970 (the year in which the twenty-fifth anniversary of the United Nations will be celebrated), at the highest possible level of governmental representation, in order to consider the long-term participation of UNIDO in industrial development in the developing countries, and, in particular, its participation in achieving the objectives of the Second Development Decade in regard to industrial development, the work of the Preparatory Committee being taken into account;

"2. Further requests the Executive Board, after receiving a majority of affirmative replies from member Governments, to take the necessary preparatory measures, in consultation with the Bureau of the third session of the Industrial Development Board, for the holding of the special meeting."

300. The President mentioned the financial implications of this draft resolution as provided by the secretariat, and indicated that the initial work requested by the resolution might be absorbed within the present resources of the secretariat. Further study, in the light of consultations with the member States, would be needed to determine subsequent financial implications.

301. The representative of Nigeria proposed that consideration of the draft resolution should be postponed until the fourth session of the Board. This proposal was rejected by 17 votes to 15, with 5 abstentions.

302. The representative of the United States of America introduced, on behalf of Group B, a number of amendments to the second and fifth preambular paragraphs and to operative paragraphs 1 and 2; the amendments were accepted by the sponsors of the draft resolution.

303. The representative of Italy proposed two amendments to operative paragraph 1 which were also accepted by the sponsors of the draft resolution.

304. The draft resolution, as amended, was adopted by 19 votes to 4, with 14 abstentions (see annex VII, resolution 22 (III)).

C. UNIDO plan of action for the Second United Nations Development Decade

305. The secretariat made a statement on the UNIDO plan of action for the Second United Nations Development Decade. It noted that the General Assembly, in resolution 2218 (XXI), had decided to consider the decade of the 1970s as the Second Development Decade and had invited all members of the United Nations family to co-operate in the work. At the present stage, it was difficult to foresee the exact orientation and scope of the whole exercise. The General Assembly had created a Preparatory Committee for the Second United Nations Development Decade which had just commenced its work. Several other bodies, such as the Committee for Development Planning, the Sub-Committee of the Administrative Committee on Co-ordination and the United Nations Secretariat itself, were still busy defining the purpose, methods and exact phasing of the operation. Several delegations stated in this connexion that the Preparatory Committee was unable to fulfil functions related to the preparation of measures for the Second Development Decade, since the group of socialist countries was not participating in it.

306. It was hoped that lessons would be drawn from the experiences of the first United Nations Development Decade, the results of which were rather disappointing since actual development had fallen short of the desired objectives and quantitative targets that had been published. To forestall such shortcomings as much as possible, emphasis should be put on a comprehensive strategy that would accelerate industrial development in developing countries, i.e. not merely definition of goals, but agreement on policy measures for achieving the goals. This should depend upon an interplay of actions at the international level and greater and more complete participation among all the countries themselves, on an integrated basis, since in the last instance the actual decisions would have to be made by them. This should not, however, imply that the activities of UNIDO in this regard should be conditional on the elaboration of national development plans.

307. Several delegations stressed the importance of the work to be done by UNIDO within the context of the Second Development Decade programme. They expressed

the view that this task should become a major activity in the efforts of UNIDO to assist the developing countries in their industrialization on an accelerated basis. They agreed that this activity should be a continuous one, not concluded in the first years of the Decade, but pursued and amplified throughout the period by an adequate system of follow-up and implementation. They also suggested that this task be undertaken and carefully planned in the context and on the basis of the totality of experience gleaned from technical assistance activities of the United Nations agencies in the **first** Development Decade. Another delegation pointed out that the prime responsibility for the Second Development Decade had been assigned to the Economic and Social Council and that a proper distribution of tasks among the various contributing bodies, including UNIDO, should be brought about.

308. The same delegations supported the idea that this task should be conducted in close co-operation with the Governments of the developed and the developing countries and with the regional economic commissions and other United Nations bodies.

309. Many delegations expressed the view that a major aspect of this activity would be to define a strategy of industrial development involving a harmonization of the plans, programmes and needs of the developing countries and the resources of UNIDO for promoting them. Having done this, it would be necessary to develop country, sectoral and sectional programmes and projects in terms of this strategy. In this connexion, the following topics were suggested as starting points: ways and means of increasing the share of the developing countries in world production and export of manufactured goods (reviewing the relative importance to be given to strategies of import substitution and export promotion); the relation between industrialization and employment; the relative roles of small and larger-scale industries; co-operation at the regional level and, more generally, between developing countries.

310. Several delegations stressed that the activity of UNIDO should be action-oriented and should not be confined to economic projections and studies; they enjoined the secretariat to give high priority to action-oriented policy measures.

311. Several delegations stated that full account should be taken of the existence of different economic and social systems in the developing countries. UNIDO should give assistance according to the line of strategy and policies defined by the Governments themselves.

312. Regarding the sectoral studies, several delegations said that they should aim at giving full information to the developing countries on the potential demand in the world market in order to avoid unprofitable investments and excess capacities.

313. Some delegations expressed their expectations that the work undertaken might facilitate the definition of a world strategy of industrial development.

314. In replying to the various statements, the secretariat noted the general support for the main orientation of the plan of action of UNIDO. It assured the delegations that full account would be taken of their specific suggestions. Concerning the desirability of an over-all world strategy for industrial development, it noted that this was a very complex task which, at the present stage, would be difficult to carry out within the limits of the information and resources available to UNIDO. It was suggested that UNIDO should be provided with the additional resources it required for this purpose.

Consideration of draft resolution on UNIDO and the  
Second United Nations Development Decade

315. At the 88th meeting, the representative of the Philippines introduced a draft resolution (ID/B/L.58) submitted by Argentina, Brazil, Cameroon, Chile, Colombia, Ghana, Guinea, India, Indonesia, Iran, Iraq, the Ivory Coast, Kuwait, Nigeria, Pakistan, Peru; the Philippines, Rwanda, Somalia, the Sudan, Thailand, Trinidad and Tobago, the United Republic of Tanzania, Upper Volta and Uruguay. It read as follows:

"The Industrial Development Board,

"Recalling General Assembly resolution 2305 (XXII) of  
13 December 1967 which proclaimed the 1970s as the Second United Nations  
Development Decade,

"Also recalling General Assembly resolution 2411 (XXIII) of 17 December 1968 on the international development strategy to be prepared by the Preparatory Committee on the basis of relevant studies, conclusions and proposals formulated within the different fields of competence of the various members of the United Nations family of organizations,

"Further recalling General Assembly resolution 2407 (XXIII) of 17 December 1968 requesting UNIDO to accelerate the preparatory work within its competence for the next United Nations Development Decade to co-operate actively in the concerted efforts to elaborate an international development strategy for the 1970s,

"Recalling the recommendations of the Report of the International Symposium on Industrial Development held in Athens in 1967,

"Having in mind that the international development strategy, including its aspect on industrial development for developing countries, involves very closely the basic policies of the advanced countries not only in industry and employment, but also in research and technology,

"1. Conscious of the validity of the views expressed by member Governments and of the secretariat's preparatory work on the Second United Nations Development Decade as contained in the report of its third session;

"2. Decides that the work of UNIDO for accelerated industrial development in the developing countries for the Second Development Decade should receive the highest priority, particularly in the less developed among the developing countries,

"3. Decides that UNIDO's programme of action for the Decade should be based inter alia on:

"A. Developed and developing countries are real partners in the development of the world economy where both have interdependent roles to perform;

"B. The conditions obtaining in the world economy have to be improved to make them greatly conducive to the growth of the two partners,

particularly the developing countries to increase their small share of world production and trade to a level that will provide their peoples with a decent living and permit their economies to grow on a self-sustaining and dynamic basis. This requires a substantial increase in the industrial portion of the gross national product of developing countries;

"C. Assistance in industrial development should be accompanied by adoption and implementation by developed countries of policies in the fields of industrial technology, research, employment and development which will increase substantially the level and quality of industrial production in developing countries. This will require the harmonization of national policies both of developed and developing countries;

"D While assistance is being extended to developing countries to accelerate their industrial development, simultaneous and concerted action should be taken by the international community that will allow their industrial products greater and competitive access to world markets under better terms of trade;

"E. The contribution of UNIDO to the Decade should be complementary to the concepts and recommendations formulated by UNCTAD as its contribution to the Decade;

"4. Requests the Executive Director to submit a report for its fourth session on the proposed programme of action for the Decade specifying the policy measures by sectors to be implemented on the national, regional and international levels;

"5. Requests the Executive Director to indicate to the Preparatory Committee, at its next meeting, the preliminary programme of action of UNIDO for the Decade on the lines indicated in this resolution and in the report of its third session."

316. At the request of the representative of the Union of Soviet Socialist Republics, the second and fourth preambular paragraphs were put to a vote. The second paragraph was maintained by 28 votes to 5, with 2 abstentions. The fourth paragraph was also maintained by 33 votes to none, with 4 abstentions.

317. A proposal to delete the word "advanced" in the fifth preambular paragraph and to substitute the words "developed and developing" was adopted by 26 votes to 6, with 3 abstentions. The fifth preambular paragraph as a whole was adopted unanimously.

318. Various slight amendments suggested by several delegations in all the operative paragraphs were approved by the Board.

319. An amendment to sub-paragraph B of operative paragraph 3 was submitted by the representative of the United Kingdom with modifications by the representatives of Ghana, Nigeria and the Philippines to the effect of deleting the words "particularly the developing countries to increase their small share of world production and trade to a level" and substituting the words "so as to enable the developing countries to secure a larger share of world production and trade". This amendment was adopted by 19 votes to none, with 13 abstentions.

320. A proposal made by the representative of the United Kingdom to delete the entire sub-paragraph D of operative paragraph 3 was rejected by 25 votes to 5, with 6 abstentions.

321. The representative of the Union of Soviet Socialist Republics proposed a new text for sub-paragraph E of operative paragraph 3. This text, slightly modified by the representative of the Philippines, read as follows:

"E. The contribution of UNIDO to the Decade must be developed within its terms of reference and co-ordinated with the UNCTAD proposals and contributions to the Decade."

This new paragraph was adopted by 19 votes to 2, with 13 abstentions.

322. A proposal was submitted by the representative of the Union of Soviet Socialist Republics to replace operative paragraph 5 by the following new paragraph:

"Requests the Executive Director to report to the Economic and Social Council the preliminary programme of action of UNIDO for the Decade on the lines indicated in this resolution and in the report of its third session."



The proposal was rejected by 25 votes to 5, with 5 abstentions. The original operative paragraph 5, with a slight modification in the wording, was adopted by 29 votes to 14, with 1 abstention.

323. The draft resolution as a whole, as amended, was adopted by 30 votes to none, with 4 abstentions (see annex VII, resolution 24 (III)).

324. The representatives of Japan, Poland, the Sudan and the Union of Soviet Socialist Republics made statements in explanation of their votes.

#### D. Regular programmes for 1970 and 1971

325. In his introduction of agenda item 7, the Director of the Technical Co-operation Division pointed out that the draft regular programme for 1970 (ID/B/47) had been prepared on the basis of the \$1.5 million planning level established by the Board at its second session. The value of requests for assistance received from almost 100 countries was nearly double the resources available to the programme. The emphasis of the programme was on training of technical personnel. This had to be carried out prior to the planning of major projects undertaken by developing countries. Another part of the programme covered assistance provided by UNIDO through regional advisers to the regional economic commissions and UNESOB. The programme furthermore financed a number of interregional advisers whose duties covered various fields on a world-wide basis.

326. The representative of the secretariat also drew the attention of the Board to document ID/B/48 on the planning level of the regular programme for 1971. The approval of the planning level was required to enable the secretariat to proceed with the preparation of the programme in time for submission to the Board at its fourth session.

327. Finally, the representative of the secretariat introduced document ID/B/49 on guiding principles for the execution of the regular programme, prepared by the Executive Director at the request of the Board at its second session. Part Two of the document, he pointed out, dealt with the future programming and budgeting procedures in respect of which the Secretary-General and the Governing Council of UNDP had submitted certain recommendations.

328. Commenting on the programme as a whole, one delegation noted that the usefulness of the regular programme was well known; it accounted for 15 per cent of the technical assistance of UNIDO and acted as a catalyst for other longer-term programmes. This delegation called for more effective utilization of the programme in regional and interregional activities and for an increase of allocations for industrial development from the regular programme of technical assistance, with a corresponding reduction in the funds allocated to less important activities under that programme. It urged the secretariat to utilize to a fuller extent contributions made to the programme by various countries.

329. On the subject of the regular programme of technical assistance, several delegations expressed their dissatisfaction at the wholly inadequate use made of qualified consultants and experts from their countries.

330. Other delegations expressed their satisfaction with, and support for, the programme and the guiding principles for its execution as submitted by the Executive Director. On the question of the future programming and budgeting procedures, some delegations stated that they supported the recommendations made by the Secretary-General. One of those delegations suggested that an amendment be added to paragraph 11 (a) of document ID/B/49 which would read: "This action by the Secretary-General is subject to the consideration by the General Assembly of his recommendation on programming and budgetary procedure for part V of the regular budget of the United Nations mentioned in document DP/RP/6/Add.1."

331. One delegation drew attention to the need for maximum utilization of regular programme funds for operational activities and for the prevention of their use for administrative expenses, which already accounted for an excessively high proportion of the general costs of the organization.

332. At the request of the President, the Board proceeded to adopt unanimously, as amended in paragraph 330 above, the documents on the regular programme for 1970 (ID/B/47), the planning level of \$1.5 million for 1971 (ID/B/48) and the guiding principles for the execution of the regular programme (ID/B/49).

Consideration of draft resolution on the regular  
programme of technical assistance

333. At the 85th meeting, the representative of Kuwait introduced a draft resolution (ID/B/L.48 and Add.1) submitted by Brazil, Chile, Kuwait, Nigeria, Rwanda, the Sudan and Thailand. It read as follows:

"The Industrial Development Board,

"Recalling its resolution 11 (II) which:

"(a) requested the Executive Director to draw up guiding principles for the execution of the regular programme, and

"(b) recommended the sum of \$1.5 million as the planning level of the regular programme of technical assistance for industrial development in 1969 and 1970,

"Having considered documents ID/B/47 and ID/B/49 as submitted to it by the Executive Director,

"1. Approves the regular programme proposals presented by the Executive Director in document ID/B/47 for implementation in 1970 in accordance with the planning level approved by the Board at its second session;

"2. Further approves the guidelines for the execution of the regular programme as outlined by the Executive Director in document ID/B/49;

"3. Recommends that the General Assembly take budgetary action for the implementation of the programme proposals contained in document ID/B/47 by appropriating the necessary funds within section 14 (part V) of the regular budget of the United Nations in 1970;

"4. Further recommends the sum of \$1.5 million as the planning level of the regular programme of technical assistance for industrial development in 1971."

334. The representative of Nigeria, in his capacity as Chairman of the contact group, read out two amendments to operative paragraph 2 of the draft resolution. These amendments were approved by the Board.

335. The draft resolution, as amended, was adopted by the Board (see annex VII, resolution 13 (III)).

Consideration of draft resolution on financial questions relating to the UNIDO regular programme of technical assistance

336. At the 88th meeting, the representative of the Sudan introduced a draft resolution (ID/B/L.46 and Corr.1) submitted by Argentina, Brazil, Cameroon, Chile, Colombia, Ghana, Guinea, India, Indonesia, Iran, Iraq, the Ivory Coast, Kuwait, Nigeria, Pakistan, Peru, the Philippines, Rwanda, Somalia, the Sudan, Thailand, Trinidad and Tobago, the United Republic of Tanzania, Upper Volta and Uruguay. It read as follows:

"The Industrial Development Board,

"Having considered the recommendation contained in the report of the seventh session of the Governing Council of UNDP to the forty-seventh session of the Economic and Social Council contained in document E/4609, reference to which is made in document ID/B/49,

"Noting that the above recommendation is to the effect that the Economic and Social Council proposes to the General Assembly certain changes in the programming and budgeting procedures of the regular programme of technical assistance that would modify the present procedures established under resolution 2298 (XXII) of the General Assembly that set up a separate section in part V of the budget of the United Nations for the programme of technical assistance in industrial development,

"Recognizing that the establishment of a separate section for this programme in the budget has considerably expedited assistance in the field of industrial development to meet the needs of the developing countries,

"Also recognizing the necessity for advance planning in the field of industrial development and for having specific resources available for this purpose,

"1. Considers that the present programming and budgeting procedures providing for a separate section in part V of the United Nations budget for

the needs of technical assistance in industrial development as decided by General Assembly resolution 2298 (XXII) should be maintained;

"2. Requests the Executive Director to convey this resolution to the next session of the General Assembly."

337. The draft resolution was adopted by 21 votes to none, with 16 abstentions (see annex VII, resolution 23 (III)).

338. The representatives of the Federal Republic of Germany, Pakistan and Switzerland made statements in explanation of their votes.

E. Implementation of Board resolution 3 (II) on the establishment of a Working Group on Programme and Co-ordination

339. In accordance with paragraph 14 of the report of the Second Committee of the General Assembly on UNIDO<sup>8/</sup> and paragraph 4 of Board resolution 3 (II) on the establishment of a Working Group on Programme and Co-ordination, the Board had before it the question of the Working Group on Programme and Co-ordination and, in particular, the question of its continuation.

340. After exhaustive discussions the Board decided that:

- (a) The Working Group on Programme and Co-ordination should be institutionalized as a subsidiary organ of the Board;
- (b) Its membership should remain open to all members of the Board;

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8/ Official Records of the General Assembly, Twenty-third Session, Annexes, agenda item 35, document A/7332. Paragraph 14 read as follows:

"A majority of the members of the Second Committee were of the opinion that the Industrial Development Board should consider at its third session, in the light of the experience gained, the need for the continuation of its Working Group on Programme and Co-ordination. Many of them expressed the view that if the Board felt that the Working Group should continue, it should then examine the desirability of convening the Working Group simultaneously with its own sessions."

- (c) The Working Group should meet at least two weeks prior to the Board and a lapse of not more than three days should occur between the close of the session of the Working Group and the opening of the session of the Board;
- (d) The officers of the Working Group and the Board should be the same as far as possible, in conformity with the principle of equitable geographical representation;
- (e) The mandate of the Working Group should be centred on project content and the co-ordination questions which pertained to projects within the work programme. The question of relations between UNIDO and other United Nations bodies should be reserved for the Board itself;
- (f) The Working Group should include in its report, to be completed before its adjournment, conclusions and recommendations for the consideration of the Board;
- (g) The total duration of the sessions of both the Working Group and the Board should not exceed four weeks;
- (h) The Working Group should dispense with summary records.

341. The Board also agreed that the question of the deadline for submission of draft resolutions by the Working Group, for the consideration of the Board, should be deferred to the fourth session of the Board.

342. One delegation expressed certain reservations about the Working Group, which it accepted as a less desirable alternative. This delegation would have preferred, and would still prefer, the establishment of permanent intergovernmental committees as subsidiary organs of the Board.

Consideration of draft resolution on the establishment of  
subsidiary organs of the Industrial Development Board

343. At the 87th meeting, the representative of Brazil introduced a draft resolution (ID/B/L.59 and Add.1) submitted by Brazil, Chile, Colombia, Peru and Uruguay. It read as follows:

"The Industrial Development Board,

"Recalling General Assembly resolution 2152 (XXI), under which UNIDO was established and General Assembly resolution 2218 (XXI), on the Second United Nations Development Decade,

"Bearing in mind that the principal functions and powers of the Board include:

- "(a) To formulate principles and policies to achieve the purpose of the organization,
- "(b) To make proposals for putting those principles and policies into effect and to take such other steps within its competence as may be conducive to this end,
- "(c) To review and facilitate the co-ordination of activities within the United Nations system in the field of industrial development,
- "(d) To keep the activities of the organization under review,

"Conscious of the fact that the task assigned to UNIDO within the United Nations system is far-reaching and of fundamental importance to developing countries, and that the Second Development Decade is about to begin,

"Expressing the wish to fully and adequately achieve its purposes, through the setting up of guidelines, directives and priorities to be integrated in an international development strategy,

"Recognizing the fact that consideration by the Board of the work related to the effective discharge of its functions, particularly with reference to the formulation of principles and policies for the orientation of the secretariat, is a complex and time-consuming matter, and cannot be exhaustively dealt with during the relatively short annual meetings of the Board,

"Considering it necessary, in keeping the activities of the organization under review, to count on a closer and more constant contact with the secretariat, through intermediate bodies, which would deal particularly with planning, programming and financial matters, technology and manpower, consumer goods industries, intermediate and capital goods industries,

"Aware of rule 62 of its rules of procedure according to which the Board may establish such subsidiary organs as may be necessary to expedite the effective discharge of its functions,

"1. Decides to establish three intergovernmental permanent committees which, acting in an advisory capacity, shall meet at least once a year, between the regular sessions of the Board, to review the activities of the organization and to prepare, for submission to the Board, comprehensive and analytical reports and/or recommendations;

"2. Decides that such committees shall be composed of a restricted number of representatives of member States of UNIDO, to be elected during its next session, due consideration being given to the principle of equitable geographical representation;

"3. Decides that the last annual meeting of each of the committees established by this resolution shall be held not later than \_\_\_\_\_ weeks before the Board's regular session;

"4. Decides further that:

"(a) The Committee on Planning, Programming and Financial Matters shall deal with the general aspects and central objectives of industrial development; with the major guidelines of an industrial policy for economic development; with the various aspects of the financing of industrial activities in developing countries;

"(b) The Committee on Technology and Manpower shall deal with the internal aspects of industrial technology; the adaptation of imported industrial technology to the supply of production factors in developing countries, as well as with occupational problems, such as the increasing difficulty for developing countries to absorb manpower liberated as a result of higher productivity;

"(c) The Committee on Industries shall deal with the problems related to consumer goods industries, intermediate and capital goods industries, studying, in detail, each one of these industrial sectors;



"5. Requests the Executive Director to take the necessary steps, in order that the above-mentioned committees may begin their work, as soon as possible, after the fourth session of the Board;

"6. The secretariat of the Board shall serve as secretariat to the aforementioned committees."

344. The President indicated at the beginning of the discussions that the secretariat would need further clarification from the Board on the composition of the committees, on the direction and frequency of the meetings and on the documentation desired in order to be able to calculate, with a certain degree of reliability, the financial implications.

345. While a number of delegations expressed their interest in the establishment of subsidiary organs of the Board, some delegations expressed doubts as to the advisability of setting up additional subsidiary bodies shortly after a decision had been taken by the Board regarding the continuation of the Working Group on Programme and Co-ordination.

346. The delegation of the Philippines expressed the view that it would be premature to take a decision on that subject at the current session of the Board and suggested: (a) that the draft resolution be referred to the next session of the Working Group on Programme and Co-ordination, immediately preceding the fourth session of the Board; and (b) that, in the meantime, the Executive Director should ascertain the views of member States on the subject and submit them to the next session of the Working Group.

347. In view of the large majority of delegations supporting the proposals made by the representative of the Philippines, the sponsors of the draft resolution agreed to the above proposal.

CHAPTER IV. CO-ORDINATION OF ACTIVITIES OF THE UNITED NATIONS SYSTEM  
IN THE FIELD OF INDUSTRIAL DEVELOPMENT

Statement by the Executive Director

348. The Executive Director referred to co-ordination as one of the main tasks of UNIDO. He noted that in accordance with General Assembly resolution 2152 (XXI), UNIDO had the central role in promoting the co-ordination of the industrial development activities of the United Nations system. He referred to the agreements on co-operation contained in documents ID/B/55 and Add.1, which had been submitted to the Industrial Development Board for its approval. The secretariat had taken a pragmatic approach in its negotiation of agreements on co-operation with the regional economic commissions and the specialized agencies; these agreements might be subject to modification and changes by mutual consent, as circumstances required. In the case of vocational training, for instance, it had been agreed to take up discussions on this subject at a later date.

349. The co-ordination function had two main aspects: the establishment of joint programmes of activities, as resources permitted, and the co-ordination of activities so as to ensure the harmonization of services to the developing countries. In all cases, the interests of the developing countries remained of paramount importance. Co-ordination should also be conceived in a positive sense, namely, co-ordination before rather than after the event, a fact which emphasized the importance of co-ordinating the future programmes of activities of the organizations concerned.

350. According to the data contained in the analytical report (ID/B/57), preliminary though they were, UNIDO was responsible for 15 per cent of the activities of the United Nations system in the field of industrialization. This indicated the scope and role of the co-ordinating function of UNIDO, which should cover the remaining 85 per cent of the

activities in the field of industrialization undertaken by the United Nations system. As most of those were operational activities financed by UNDP, it would appear that UNDP itself performed significant co-ordination functions. There was a need for close co-operation between UNIDO and UNDP if the central co-ordinating role assigned to UNIDO were to be carried out adequately.

351. Co-ordination at the country level could be improved by avoiding duplication of effort by the agencies. In that connexion, UNIDO would perform a useful role by undertaking, on a regular basis, country consultations. National committees as well as the UNIDO industrial development field advisers should play a significant role in this activity.

352. The Industrial Development Board had so far received reports on the industrialization activities of the organizations of the United Nations system in the consolidated report ( ID/B/56), the analytical report ( ID/B/57) and the review of the future programme of activities ( ID/B/58). The Board might wish to express its opinion on the continuation of those documents and their periods of coverage. It might wish to receive the consolidated report every third year, for instance, and it might also wish to give UNIDO guidelines to help it to discharge effectively the central role of co-ordination entrusted to it.

#### General observations on the substance of co-ordination

353. Many delegations referred to the central role of UNIDO in co-ordinating the activities of the United Nations system in accordance with General Assembly resolution 2152 (XXI). There was evidence that the secretariat had taken steps and had evolved suitable machinery to promote co-ordination. Note was taken of the difficulties in adequately discharging this task, taking into account the fact that UNIDO was a late-comer in the United Nations system. In the

opinion of some delegations, the work of co-ordination should assume significant proportions under the Second United Nations Development Decade, which called for closer co-operation between the international agencies. One delegation emphasized that the main part in co-ordinating the activities of all United Nations bodies and agencies in the economic and social fields was played by the Economic and Social Council.

354. Some delegations referred to the need to avoid the waste of effort and possible prejudice to assistance to developing countries arising from duplication. By proper co-ordination and harmonization of efforts it should be possible to utilize effectively the scarce resources available to the international organizations. UNIDO should review the gaps that were apparent in the work of the United Nations system and should develop programmes to fill these gaps. References were made to the development of activities by UNIDO in the ten areas indicated by the Executive Director in his statement to the Working Group. Several delegations felt that there was need to co-ordinate industrial policies with trade as well as with agricultural policies. In this connexion, reference was made to the need to undertake work on social aspects of industrialization and on promotion of industrial exports. Some delegations suggested that UNIDO must focus its activities on the main industrialization problems and should not attempt to deploy them in all fields of industry.

355. One delegation referred to the impartial role of UNIDO in co-ordination, not only within the United Nations system but also in the promotion of co-operation between the developing and developed countries. Reference was made to the need for promoting regional co-operation in industrial matters among groups of developing countries. Several delegations also referred to the need for bringing about co-ordination between bilateral and multilateral forms of assistance.

#### Documentation on co-ordination

356. At its 79th meeting on 7 May 1969, the Board took note of principles and procedures for technical co-operation between the secretariats of the Common Afro-Malagasy Organization (OCAM) and UNIDO, contained in

documents ID/INF.5 and Corr.1, which were approved by the meeting of the heads of States of member countries of OCAM held at Kinshasa, Democratic Republic of the Congo, from 21 to 29 January 1969.

357. Some delegations thought that the fourth consolidated report was a useful document. It contained a list of activities undertaken within the United Nations system and provided a meaningful basis for an understanding of the industrial activities of the United Nations system. One delegation observed that document ID/B/56 could, on the whole, be of some use as UNIDO reference material but could not serve as a consolidated report of the type needed to acquaint accurately the Economic and Social Council and representatives of the developing countries with the progress achieved through the efforts of the entire United Nations system in the industrialization of the developing countries and with the part played by UNIDO in that progress. The report, like its predecessor, from which it differed only in size, consisted simply of a list of projects. It contained no analysis of the current situation nor any indication of the role of particular projects in the development of the corresponding branches of industry in the developing countries. While recognizing its usefulness, several delegations doubted the need for it to be published annually and suggested that it be published once every two or three years. The analytical report (ID/B/57), presented to the Board for the first time, was considered to be a significant contribution to the understanding of the role of UNIDO in co-ordination, and it was suggested that efforts be made to improve this report so as to facilitate the identification of areas of common interest and areas requiring joint action.

#### Agreements

358. Several delegations expressed satisfaction with the efforts of the secretariat to conclude co-operation agreements with the specialized agencies and the regional economic commissions. One delegation expressed the opinion that agreements should stimulate, not hamper, action. Another delegation noted that the signing of agreements was only a first step and that the implementation of agreements needed to be kept under continuous review. One delegation, while welcoming the agreements, felt that the memorandum of understanding with the ILO

gave the impression of being vague and did not delineate clearly the responsibilities of the respective organizations. Another delegation, while endorsing all the agreements, referred to an item on patents contained in one agreement and emphasized the need for co-operation with the United International Bureaux for the Protection of Intellectual Property which, in the opinion of that delegation, had made considerable contributions in the field of patents and industrial property. Many delegations stressed the need for close co-ordination with the work of the regional economic commissions, and reference was also made to the need for continuing liaison with UNCTAD. One delegation requested the strengthening of efforts to work out more concrete agreements rather than provisional agreements.

#### Co-ordination with UNDP

359. Several delegations referred to the need for close co-operation between UNIDO and UNDP to ensure harmonization of efforts in implementing industrial projects in the United Nations system. One delegation referred to the imbalance in the allocation of resources by UNDP, and another expressed the hope that an increasing number of industrial projects would be forthcoming in accordance with the desires expressed by developing countries.

#### Co-ordination with FAO

360. Exhaustive discussion was devoted to the problem of co-ordinating the activities of UNIDO and FAO. The representative of the secretariat referred to the statement made on 14 April by the representative of FAO.<sup>9/</sup> He indicated that this statement had been made on behalf of FAO, without prior consultation with UNIDO, while negotiations were still being carried on between the two organizations. The FAO representative contended that the views of both his organization and UNIDO had been presented in a sufficiently clear manner. He expressed his appreciation for the constructive observations and remarks made, and said that FAO would spare no effort to ensure that its relations with UNIDO took the form of active co-operation as soon as possible.

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<sup>9/</sup> The texts of the statements of the representative of FAO and the representative of the UNIDO secretariat are presented in annexes IV and V.

361. Speaking on behalf of the group of developing countries, one delegation regretted the difference of opinion which had been brought up by the representative of FAO while the negotiations were still under way. It was hoped that such a situation would be avoided in future. The delegation expressed, on behalf of the same group of countries, its full support for the Executive Director in his negotiations with FAO and hoped that the Executive Director would keep in mind the interest of the developing countries in UNIDO's discharging its responsibilities regarding industrial development in accordance with General Assembly resolution 2152 (XXI).

362. Many delegations expressed concern over the conflict between FAO and UNIDO, particularly since their countries were members of both organizations. Such conflicts affected the developing countries and examples were cited to this effect. Every effort, therefore, should be made by both organizations to arrive at a mutually acceptable agreement. Several delegations referred to the principle of co-participation, which should guide the negotiations between the two organizations.

363. The matter was urgent. It was in the interests of the developing countries that an agreement be reached as soon as possible. The Executive Director of UNIDO and the Director-General of FAO were urged to continue their private discussions with a view to reaching understanding. In the meantime, the problems involved should not be allowed to develop into an issue between the two inter-governmental organizations concerned. There was a general consensus that once an agreement had been reached, it had to be fully honoured by both secretariats at all levels. If not, any agreement would be useless in practice. Many delegations, while expressing their full confidence in the Executive Director, referred to the ability, tact and negotiating skill of the heads of the two organizations and expressed the hope that they would rapidly bring the negotiations to a satisfactory conclusion. Several delegations noted with satisfaction the progress made by UNIDO in reaching agreements with other organizations of the United Nations system.

364. The Executive Director noted the view expressed by delegations that the executive heads must continue negotiations. He affirmed that UNIDO would do so and that it would be guided by the discussions of the Board. The question

at stake was not the interests of FAO or UNIDO, but service to the developing countries. He was hopeful that a satisfactory agreement could be reached by the executive heads.

#### Co-ordination at the country level

365. Many delegations thought that co-ordination at the country level was important. Advice given to countries by the organizations of the United Nations system was not always consistent and there was a tendency to compete for projects. UNIDO, it was felt, could perform a useful function by undertaking systematic and continuous consultations with governments and by working closely with the resident representatives. The system of field advisers improved the co-ordination of efforts at the country level. Many delegations expressed the view that the number of field advisers should be increased from the present figure of ten to thirty to ensure better coverage of the countries and to bring about co-ordination of efforts at the field level.

#### National committees for UNIDO

366. A number of delegations stressed the importance of the national committees as a major channel of communication with UNIDO. It was felt that they were a valuable instrument for informing public and private institutions of the countries concerned of the services that UNIDO could render in the field of industrialization. Conversely, the committees provided UNIDO with information as to the industrial policies and programmes of the countries concerned.

367. Some delegations made suggestions as to how UNIDO could help the national committees to increase their efficiency. One delegation felt that it might be helpful if UNIDO could furnish the committees with guidelines, since some of them apparently did not know what kind of approach would be most useful; in so doing, due consideration should be given to the differences between various committees in respect of their organization as well as of their functions. Another delegation suggested that UNIDO should seek to establish closer contacts with the national committees both by strengthening its relations with the permanent missions in Vienna and by increasing the number of regional advisers.



It was also proposed that UNIDO send observers to the meetings of the national committees and organize, on a regular basis, meetings of representatives of various national committees. This would facilitate an informal exchange of views on the programme and performance of UNIDO.

368. One delegation announced that its central national committee had set up sub-committees in various regions and expressed the hope that this step would result in a wider understanding of the aims and operations of UNIDO. One delegation stated that in its country a national committee for UNIDO had already been set up.

Consideration of draft resolution on the central role of UNIDO  
in co-ordinating the activities of the United Nations system  
in the field of industrial development

369. At the 85th meeting, the representative of Kuwait introduced a draft resolution (ID/B/L.49 and Add.1) submitted by Austria, Iran, Kuwait, the Netherlands, Nigeria, Pakistan, Poland, Rwanda, the Sudan, Switzerland, Thailand, the United Kingdom, the United Republic of Tanzania and the United States of America. It read as follows:

"The Industrial Development Board,

"Recalling its resolution 4 (II) of 9 May 1968 on the review and co-ordination of activities in the field of industrial development in which it requested the Executive Director to submit a report to its third session on the implementation of this resolution including the texts of any tentative agreements with the specialized agencies,

"Recalling further resolution 6 (II) of the same date on co-operation between UNIDO, the regional economic commissions of the United Nations and the United Nations Economic and Social Office in Beirut,

"Having examined the texts of the agreements on co-operation contained in the following annexes to the report by the Executive Director on the central role of UNIDO in co-ordinating the activities of the United Nations system in the field of industrial development (ID/B/55):

"Memorandum of guidelines for co-operation between the ILO and UNIDO,

"Memorandum of understanding on guidelines for co-operation and co-ordination of activities between UNESCO and UNIDO,

"Principles and procedures of co-operation between ECA and UNIDO,

"Note on co-operation between the secretariats of ECE and UNIDO,

"Principles and procedures of co-operation between UNESOB and UNIDO,

"Principles and procedures of co-operation between UNIDO and ECLA,

"1. Expresses its appreciation of the efforts of the Executive Director and approves the agreements on co-operation listed above;

"2. Requests the Executive Director to continue his efforts at concluding agreements with other United Nations organizations concerned;

"3. Emphasizes the need of reaching long-term agreements with all organizations concerned;

"4. Requests the Executive Director to submit a comprehensive report on the implementation of this resolution to the Board at its fourth session."

370. The representative of Nigeria, in his capacity as chairman of the contact group, read out a number of amendments made by the group to the third preambular paragraph and operative paragraphs 1, 2 and 3. These amendments were adopted by the Board and are reflected in the final text of the resolution.

371. In addition, the representative of Brazil proposed that operative paragraph 4 be deleted. This proposal was rejected by 32 votes to 2, with 3 abstentions.

372. The draft resolution, as amended, was adopted unanimously by the Board (see annex VII, resolution 14 (III)).

#### Consideration of draft resolution on industrial development field advisers

373. At the 85th meeting, the representative of Pakistan introduced a draft resolution (ID/B/L.54 and Add.1) submitted by Brazil, Cameroon, Guinea, India, Iran, the Ivory Coast, Kuwait, Nigeria, Pakistan, Rwanda, Somalia, the Sudan,

Sweden, Thailand, Trinidad and Tobago, Upper Volta and Uruguay. It read as follows:

"The Industrial Development Board,

"Recognizing that the developing countries attach high priority to acceleration of their industrial development within the framework of their national economic plans and programmes,

"Noting the important role played by UNIDO in assisting the developing countries to promote industrialization and the important contribution made by the industrial development field advisers in the formulation of field programmes as well as the promotion of co-ordination at the national level,

"Bearing in mind the agreement between the Administrator of UNDP and the Executive Director of UNIDO which provides for financing of field advisers by UNDP and joint appointments by UNIDO and UNDP,

"Conscious that the present number of industrial development field advisers is limited and insufficient to provide adequate coverage and service to the developing countries,

"1. Requests the Governing Council of UNDP to finalize arrangements for the establishment and financing of the existing programme of UNIDO industrial development field advisers and strongly supports the expansion of their number;

"2. Urges the Governing Council and the Administrator of UNDP to provide financing for twenty additional field advisers enabling UNIDO and UNDP to commence their recruitment before the end of 1969."

374. The representative of Nigeria, in his capacity as chairman of the contact group, read out two amendments to the second preambular paragraph and introduced a new paragraph to replace operative paragraph 1 of the draft resolution. These amendments were approved by the Board.

375. The same representative referred to operative paragraph 2 and explained the difficulties encountered by the drafting group in reaching agreement on the final version of this paragraph. The final version read as follows:

"Also urges the Governing Council and the Administrator of UNDP to provide financing for a substantial increase in the number of industrial field advisers, commensurate with the future needs of the UNIDO programme, thus enabling UNIDO and UNDP to commence their recruitment in accordance with United Nations principles at a very early date but preferably before the end of 1969".

This was adopted by the Board, taking into account the following amendments:

- (a) An amendment proposed by the representative of France reading "commensurate with the future needs of the UNIDO programme" was adopted by 16 votes to 12, with 10 abstentions;
- (b) An amendment proposed by the representative of Trinidad and Tobago reading "in accordance with United Nations principles" was adopted by 15 votes to 12, with 10 abstentions.

The representative of Canada proposed a sub-amendment providing for the insertion of the words "as applicable to UNDP and UNIDO" after the preceding amendment, which would then read: "in accordance with United Nations principles as applicable to UNDP and UNIDO". This proposal was rejected by 14 votes to 14, with 12 abstentions.

376. Operative paragraph 2, as amended, was adopted by the Board by 24 votes to none, with 15 abstentions.

377. The draft resolution as a whole, as amended, was adopted by the Board at its 86th meeting by 32 votes to none, with 7 abstentions (see annex VII, resolution 16 (III)).

## CHAPTER V. FINANCIAL MATTERS

### A. Financial implications of programme proposals for 1970 and 1971

378. The summary table in a working paper prepared by the secretariat was welcomed. This table showed, by sources of funds, estimates of financial requirements and of resources likely to be available to implement the programme of work. It was generally agreed that, in the future, information on the financial implications as well as other statistical information concerning the programme should be included in the programme documentation in the concise and clear form now submitted by the secretariat. It was pointed out that the information contained in document ID/B/44 might be rearranged in such a way as to permit a better understanding of the programme and of the priorities assigned to its component parts, and that, in particular, the programme documentation should contain in a simple and easily understandable form the summary of the means required to implement the programme and the cost of each group of activities. Separate global figures for field and supporting activities were also requested.

379. Concern was voiced by several delegations over the lack of funds for the continuation of the Special Industrial Services programme, and the hope was expressed that additional funds would be contributed to this programme and that it would continue. Several delegations and the Executive Director thought that the Special Industrial Services programme was a dynamic part of the activities of UNIDO. They also considered this programme an essential element in the identification and formulation of projects to be carried out under other sources of funds such as the Special Fund. The desirability of allowing UNIDO greater leeway and flexibility in the utilization of its allocation of UNDP and Special Industrial Services funds was underlined by many delegations.

380. Note was taken of the trend of growth that was forecast for operations financed by voluntary contributions made either directly to UNIDO or through the intermediary of UNDP. Several delegations and the Executive Director recorded their appreciation of the contributions pledged to UNIDO under the terms of General Assembly resolution 2152 (XXI). A number of delegations pointed out that insufficient attention had been paid by the secretariat to

the question of the utilization of voluntary contributions by countries to UNIDO, particularly of those in non-convertible currencies. One delegation observed that its contribution in 1968, amounting to the equivalent of more than \$0.5 million, had been virtually unused. The delegation proposed the utilization of its voluntary contribution to UNIDO for a broad programme of measures, including a series of conferences, seminars and congresses, a group training programme for industrial cadres, the organization of study tours and the preparation of papers and studies for UNIDO. Another delegation pointed out that if certain voluntary contributions were not fully utilized by UNIDO, this was due to the fact that those contributions were made in non-convertible currencies, which greatly restricted their use. In its view, no part of the contributions should be used on activities carried out at headquarters. It pointed out, in particular, the necessity to improve the training of personnel from developing countries and urged the secretariat to assume a flexible attitude with regard to the place of these training programmes. The Executive Director stated that the secretariat was engaged in the formulation of projects for the utilization of the voluntary contributions and that, as shown in the above-mentioned working paper, he estimated that pledges in 1969 and 1970 would reach the level of \$2.5 and \$3.0 million, respectively. This, he hoped, would be a conservative estimate.

381. Several delegations pointed out that, if the effectiveness of the work of the secretariat was to be enhanced, it was essential to take steps to improve its organizational structure, to avoid duplication in the work of its various departments and to improve the qualifications of its personnel. The same delegations opposed any further significant increase in staff and, in particular, the expansion of the administrative sections of UNIDO, considering this to be a superfluous and unjustified expenditure of resources that could be used to satisfy the industrial development needs of the developing countries. The secretariat, however, noted that since 1966 the substantive staff of UNIDO had increased only by 50 per cent, while the operational work load had increased by more than 100 per cent.

382. Commenting on observations made about the relative costs of field activities and headquarters activities, the Executive Director pointed out that the latter were not a burden on field activities and did not constitute a subtraction of resources that could be better employed in operational activities. The improvement in the efficiency of UNIDO could only be achieved through the accumulation of knowledge of the industrial development process by its headquarters staff. Increased efficiency would in turn result in larger resources being available to the organization for its field projects.

383. A trend towards the utilization of a larger proportion of the resources of the organization for field activities could be observed from the working paper provided by the secretariat, as expenditure under the regular budget between 1968 and 1971 would grow at a much lower rate than the expansion of expenditure under other sources of funds. Several delegations observed, however, that despite this trend, the participation of UNIDO in the funds available under UNDP continued to be below the desired level. Those delegations said that UNIDO should accord a significantly greater proportion of the resources it received from UNDP and the United Nations regular programme of technical assistance to the industrialization of the developing countries and that the organization should be allowed greater operational autonomy in the utilization of funds from those sources.

384. Note was taken of document ID/B/46 on budget estimates for 1970 and planning estimates for 1971, and it was recognized that action on the estimates was the responsibility of the Fifth Committee of the General Assembly.

#### B. Voluntary contributions

385. The Board proceeded to discuss the question of voluntary contributions to UNIDO under agenda item 8. The results of the first United Nations Pledging Conference for UNIDO, convened in New York on 4 December 1968, had been summarized in a note by the secretariat (ID/B/43, annex VII). The note also contained suggested guidelines for the utilization of those contributions.

386. In the discussion, a number of delegations observed that the resources available to UNIDO remained limited. They called for an increase in UNIDO's share of UNDP funds and urged member States to support the organization by making voluntary contributions to the budget of UNIDO.

387. Some delegations expressed dissatisfaction with the rate at which UNIDO was utilizing the voluntary contribution of their countries. They stated that their countries were able to put at the disposal of the secretariat a wealth of experience and technical know-how in several fields such as in-plant training, conferences, symposia and research. They expressed the readiness of their countries to continue to co-operate with UNIDO in the utilization of their contributions through the offices of their national committees and hoped that the secretariat would take steps to ensure that those contributions were put to rational use.

388. One delegation stated that it did not share the opinion of those who considered that UNIDO should draw exclusively upon UNDP funds and should not have its own budget, made up of voluntary contributions from countries for the purpose of promoting the industrial development of developing countries.

389. Another delegation reiterated its statement reflected in paragraph 380 above to the effect that if certain voluntary contributions were not fully utilized by UNIDO, this was due to the fact that those contributions were made in non-convertible currencies.

#### Consideration of draft resolution on the UNIDO Pledging Conference

390. At the 87th meeting of the Board, the representative of Nigeria, in his capacity as spokesman of the Group of Twenty-Five, introduced a draft resolution (ID/B/L.55/Rev.2) submitted by Argentina, Brazil, Cameroon, Chile, Colombia, Ghana, Guinea, India, Indonesia, Iran, Iraq, the Ivory Coast, Kuwait, Nigeria, Pakistan, Peru, the Philippines, Rwanda, Somalia, the Sudan, Thailand, Trinidad and Tobago, the United Republic of Tanzania, Upper Volta and Uruguay. It read as follows:



"The Industrial Development Board,

"Considering that a substantial expansion of the resources of UNIDO for the purpose of increasing its programmes of assistance to the developing countries would strengthen its ability to assist these countries in their efforts to accelerate their industrialization,

"Recalling the provisions of General Assembly resolution 2152 (XXI) of 17 November 1966 and of Industrial Development Board resolution 10 (II) of 14 May 1968,

"Further recalling Industrial Development Board resolution 2 (I) of 4 May 1967 by which the Secretary-General was invited to convene an annual pledging conference for announcement of contributions to the organization,

"1. Takes note of the Executive Director's note (annex VII of document ID/B/43) on the results of the 1968 UNIDO Pledging Conference;

"2. Expresses its appreciation to the countries which in support of UNIDO activities announced contributions for 1969 at the Pledging Conference held on 4 December 1968;

"3. Endorses the guidelines for the utilization of the voluntary contributions as contained in annex VII of document ID/B/43 and requests the Executive Director to update and add to these guidelines as more experience is gained on the utilization of these contributions;

"4. Calls on the Executive Director to take steps to achieve a more rational utilization of the already existing voluntary contributions;

"5. Calls on all countries participating in UNIDO, developed and developing alike, to increase their support for UNIDO programmes by announcing appropriate contributions at the 1969 UNIDO Pledging Conference and to make every effort to raise their contributions for 1970 to levels consistent with the magnitude of the requirements for practical action in assisting the industrialization of the developing countries."

391. After the representatives of the United States of America, the Union of Soviet Socialist Republics and Ghana had proposed various amendments to operative paragraph 3 of the draft resolution, the representative of the Union of Soviet Socialist Republics moved the deletion of the same paragraph. This amendment was approved by the Board.

392. The draft resolution, as amended, was adopted by 26 votes to none, with 14 abstentions (see annex VII, resolution 20 (III)).

#### Consideration of draft resolution on the programme of Special Industrial Services

393. At the 85th meeting of the Board, the representative of Pakistan introduced a draft resolution (ID/B/L.53 and Add.1 and 2) submitted by Argentina, Austria, Cameroon, Chile, the Federal Republic of Germany, Ghana, Guinea, India, Iran, the Ivory Coast, Kuwait, the Netherlands, Nigeria, Pakistan, the Philippines, Rwanda, Somalia, the Sudan, Sweden, Thailand, Trinidad and Tobago, the United Republic of Tanzania, Upper Volta and Uruguay. It read as follows:

"The Industrial Development Board,

"Recalling that the programme of Special Industrial Services was established as a means of providing assistance especially geared to specific requirements in the field of industrial development,

"Noting that the number of requests for assistance under the programme of Special Industrial Services has increased at a rate which may lead to an early depletion of the resources available for new projects under the programme,

"1. Takes note of the report of the Executive Director on the programme of Special Industrial Services (ID/B/43/Add.1);

"2. Emphasizes the importance of the programme of Special Industrial Services within the over-all programmes of technical co-operation in the field of industry;

"3. Endorses the concern expressed at the seventh session of the Governing Council of UNDP on the need to continue on a more permanent basis the Special Industrial Services type of operations;

"4. Expresses its earnest hope that the Governing Council of UNDP at its next session will take appropriate action in order to ensure the availability of funds from UNDP sources for the continued operation of the Special Industrial Services programme, at an annual level consistent with the past development of the programme and commensurate with its future needs."

394. The representative of Nigeria, in his capacity as chairman of the contact group, read out two amendments regarding operative paragraphs 2 and 4 of the draft resolution.

395. The draft resolution, as amended, was unanimously adopted by the Board (see annex VII, resolution 15 (III)).

C. Question of the payment of local costs in respect of the Special Industrial Services programme

396. At the outset of the discussion of this item, the representative of UNDP stated that, after the issuance of document ID/B/54, fruitful negotiations had continued between the Executive Director and the Administrator of UNDP on the matter of local operating costs as applied to Special Industrial Services. The Administrator, in his contacts with Governments and resident representatives, had fully recognized the importance that developing countries attached to the flexibility of the Special Industrial Services programme. There was a consensus that this type of service had to be continued. Experience gained from the programme showed that the bulk of the Special Industrial Services projects fell within the category of short-term missions. The Administrator and the Executive Director had agreed, therefore, that short-term missions of up to four months' duration, or those involving an amount of not more than \$10,000, should be exempt from local operating costs.

397. The representative of UNDP furthermore stated that country waivers regarding local operating costs approved by the Administrator in respect of the Technical Assistance component of UNDP would also apply to Special Industrial Services missions.

398. On the matter of the continued financing of Special Industrial Services activities, the representative of UNDP stated that discussions would be pursued at the executive level with a view to finding ways and means of replenishing Special Industrial Services from UNDP resources. He expressed the hope that UNDP would present to the Governing Council at the forthcoming June session proposals for continued financing of the Special Industrial Services programme; he assured the Board that in the meantime there would be no interruption in the Special Industrial Services.

399. Following the statement of the UNDP representative, some delegations expressed satisfaction with the progress made so far but reiterated their view that local operating costs should be discontinued, not only for Special Industrial Services but for all technical assistance programmes. Another delegation, in supporting the arrangements reached between the Administrator and the Executive Director, indicated that the charging of local operating costs would help to discourage ill-conceived requests for Special Industrial Services assistance.

## CHAPTER VI. CONCLUSIONS AND RECOMMENDATIONS ON THE WORK PROGRAMME OF UNIDO

400. The Industrial Development Board, having accepted the report of the Working Group on Programme and Co-ordination (ID/B/WGPC/2), took note with appreciation of the progress reported for 1968 in documents ID/B/43 and Add.2 and commended the Executive Director for having placed the organization on an operational basis.

401. The Board approved the report on the up-dating of the 1969 programme of work (ID/B/50 and Add.1 and 2), the proposed programme of work for 1970 (ID/B/44 and Corr.1) and the summary programme forecast for 1971 (ID/B/45), taking into account the remarks on those documents contained in the report of the Working Group and in relevant parts of the report of the third session of the Board.

402. The Board requested that UNIDO, in the carrying out of its activities, should pay close attention to the views expressed in the discussions of the first session of the Working Group and of the second and third sessions of the Board, including those concerning the classification and priority of specific areas of work. In this connexion, the Board recommended that the Executive Director should implement the suggestions of the Committee for Programme and Co-ordination in the report on its second session<sup>10/</sup> concerning the work programme of UNIDO, and also suggested that the Executive Director should evolve a dynamic strategy capable of meeting, on the basis of priorities, the future needs of the developing countries, taking into account the fact that the acceleration of industrial development, especially in developing countries, depended largely on the broadest international co-operation.

403. The Board reached the following conclusions and made the following recommendations concerning the programme of work of UNIDO for 1970. These conclusions and recommendations were also considered to be pertinent to the longer range orientation of UNIDO and to the changing and varying requirements of the developing countries.

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<sup>10/</sup> Official Records of the Economic and Social Council, Forty-fifth Session Supplement No. 9, paras. 86-99.

#### A. Field activities

404. UNIDO should place more emphasis on the expansion of field activities in accordance with General Assembly resolution 2152 (XXI) of 17 November 1966. In this connexion, UNIDO should be enabled to assume responsibility for an increased number of Technical Assistance and Special Fund projects, financed by UNDP, at country, sub-regional and regional levels.

405. UNIDO should endeavour to establish a broad and versatile base for this role by concentrating on the efficient and expeditious implementation of projects which had already been assigned to it and which it envisaged for the future. The Executive Director should take early steps, as necessary, to improve administrative and operational procedures, particularly in terms of placing experts in the field and of using consultancy services, including local services, to the extent possible in accordance with national procedures. This should also involve adequate support for field projects with emphasis on quality.

406. In addition, UNIDO should devote greater attention to assisting developing countries to identify their needs for field projects. While the Governments of developing countries were responsible for the presentation of project requests, UNIDO should play an active role in assisting them to initiate and formulate projects designed to accelerate their industrial development, bearing in mind the experience of countries with different social and economic systems. The nature of the projects to be promoted depended mainly on the specific situation of each country and on the level of its industrial development. The projects should be related directly to national economic and social development plans, programmes and priorities of the developing countries in the field of industrialization, including regional aspects. They should also be related to the broad needs and development potential of the developing countries.

407. In order to advise most effectively on the initiation and formulation of projects, UNIDO should maintain close and continuous contact with the Governments of the developing and developed countries as well as with UNIDO national committees, where they existed, and with the regional economic

commissions. The industrial development field advisers should be fully utilized for this purpose; they should be entrusted with the task of liaising directly with the areas or countries to which they were assigned in order to develop sufficient knowledge of the needs and problems of those areas, so that they might give informed advice on project proposals directly to UNIDO headquarters as well as to UNDP. Their role should be defined and developed to enable them to become an efficient and useful channel of communication between UNIDO headquarters and the field. The posting of field advisers should be expedited, and their numbers should be increased in order to provide more effective service to the countries or areas to which they were assigned.

#### B. Supporting activities

408. The Board was of the view that headquarters activities should, to an increasing extent, be closely and effectively related to field activities.

409. Within the area of direct field support activities, the Board, on the basis of examination of groups 1 to 15 in document ID/B/44 and Corr.1, suggested that UNIDO might usefully concentrate on giving effective support in the following areas, among others:

- (a) Formulation of appropriate and integrated industrial strategies, policies and programmes giving particular attention to vastly enhanced training programmes, services, various incentives and other measures designed to stimulate the industrial development of the developing countries, especially the less developed among them. In this connexion, effective methods should be evolved to deal with the social and employment aspects of industrialization;
- (b) Industrial project identification, preparation and evaluation calling for identification of investment opportunities as well as for the setting up of national and/or regional machinery for undertaking industrial surveys and the preparation of feasibility studies. Particular attention could be given to fuller development of industry, including large-scale industry, the manufacture of capital goods and the integrated development of industry in the developing countries, wherever feasible;

- (c) Development of export-oriented industries, export processing zones where appropriate, and import substitution industries;
- (d) Adaption of technology to the circumstances of developing countries, including the facilitation of the transfer of technology to the developing countries, the study of competitiveness, alternative techniques, viable scales of production, patents and designs, quality control, product improvement and standardization;
- (e) Assistance to research institutions in developing countries, including research on industrialization strategies, and encouragement of research institutions in developed countries to undertake such further research as would be of particular importance to developing countries. Where appropriate, UNIDO should, jointly with UNCTAD and the International Trade Centre, undertake studies aimed at improving the market acceptance of industrial products of developing countries.
- (f) Attention to the problems of existing industry, which would involve work on repair and maintenance including assistance in the production of spare parts, fuller utilization of existing capacity, improving efficiency and productivity of industry as well as expanding it on a competitive basis. This would entail study of problems connected with training, management etc.;
- (g) Small-scale industry; this embraced questions of design, study of finance, domestic and foreign subcontracting, industrial extension services, industrial estates, training, multiple plant chains, minimum economic scales of production and the integration of small-scale industries to the industrial sector;
- (h) Development of co-operative enterprises to permit better utilization of modern technological and marketing techniques, particularly in small-scale industries. This involved making available to the developing countries, through training and other appropriate forms of technical assistance, the experience of other countries in this field;



- (i) Fuller development of human resources for industrialization, with a view to the maximum involvement of domestic capacities and talents. This entailed training at various levels, in-plant training etc.;
- (j) Development of industry, making full use of processing domestic primary resources.

410. In the field of industrial information, UNIDO also had an important role to play as a broker between developing countries and the existing national centres, organizations and other sources of information. The industrial information services of UNIDO should be on a sufficiently broad base to meet the needs of the developing countries in fields within the competence of the organization and to assist in their fulfilment by making available to the developing countries the entire range of information, in terms of finance, technology and manpower, conducive to accelerated industrial development.

411. UNIDO, in close co-operation with UNCTAD and other organizations, should assist developing countries to follow a course of accelerated industrialization that would significantly contribute to the expansion of their trade in the 1970s. Where appropriate, UNIDO should, jointly with UNCTAD and the International Trade Centre, undertake studies aimed at improving the market acceptance of industrial products of developing countries.

412. It was clear that, in carrying on its activities, UNIDO should always keep in mind the promotional aspect of its role in accordance with General Assembly resolution 2152 (XXI). One of the purposes of its promotional activities should be to help to mobilize internal and external know-how and financial resources to meet the identified needs of the developing countries. This should be done by providing assistance for establishing or organizing appropriate machinery for investment promotion in developing countries and, where so requested, by organizing appropriate international contacts. In addition, similar contacts between the developed and the developing countries and between the developing countries themselves should be encouraged, to support their promotional action.

413. UNIDO should act as a catalyst in marshalling finance and know-how. UNIDO should devise ways and means of drawing on the experience and existing resources of financing and other institutions concerned with industrial development. Among other considerations, the results of work already being carried out should be taken into account in determining the course and extent of further action.

414. The increase in the promotional and other activities of UNIDO in the Second United Nations Development Decade would require a rationalization and improvement of the administrative structure of the organization, which should also include a balanced evaluation of the relationship between the field and headquarters. This should have the objective of ensuring maximum success in combining national and external resources and efforts for the stimulation and acceleration of industrial development in the developing countries, particularly in the less developed among them.

415. While acting on the above conclusions and recommendations, UNIDO should fulfil its central co-ordinating role in industrial development activities as stipulated in General Assembly resolution 2152 (XXI). The Industrial Development Board requested the Executive Director to take these conclusions into consideration, to implement the recommendations and to take urgent appropriate action in formulating programmes in the field of industrial development, in connexion with the preparation for the Second Development Decade, along the lines of the above recommendations. It also requested the Executive Director to report to its fourth session on these matters.

C. Financial resources for UNIDO<sup>11/</sup>

Views expressed by the representatives of Groups A and C

416. It was noted that the number of Special Fund projects increased from eighteen to twenty-nine between 1966 and 1969. The UNDP/TA component increased from \$1.9 million to \$3.5 million between 1966 and 1969. Therefore, although

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<sup>11/</sup> At its 89th meeting, the Board decided that a record of the views expressed by the various geographical groups on the question of the financial resources for UNIDO should be included in the conclusions and recommendations the work programme of UNIDO.

UNIDO had made satisfactory progress during its three years of existence, it should continue to expand and strengthen its activities in the coming years in order to enable it to cope with the requests of the developing countries.

417. In the light of the present financial circumstances of UNIDO, the Board took note of the valuable role of the programme of Special Industrial Services in enhancing the dynamic element of UNIDO. There was an urgent need to continue the Special Industrial Services programme, and the Board looked forward to an early and successful conclusion of the discussions under way between UNDP and UNIDO and hoped that there would be an enlargement of this area of activity without any break in the Special Industrial Services type of assistance.

418. The Board attached more emphasis to field activities and noted that, although 25 per cent of UNDP resources was devoted to technical assistance in the field of industry in the United Nations system, only 4 per cent of the UNDP/TA component was allocated to UNIDO. The Board therefore urged UNDP to allocate a significantly higher proportion to UNIDO. In this connexion, UNIDO should endeavour to establish a solid basis for the role of assuming responsibility for an increased number of technical assistance and pre-investment projects financed by UNDP, by concentrating on the efficient and expeditious implementation of those UNDP projects for which it had already been assigned responsibility and through such means as improvement of the procedures for recruitment and placing of experts in the field, use of consultancy firms and improving headquarters support of field projects.

419. In order to enable UNIDO to respond effectively and continuously to the needs of the developing countries in promoting their programmes of industrialization, the Board expressed the hope that UNIDO would have adequate financial resources and that governments would contribute resources to UNIDO as called for in General Assembly resolution 2152 (XXI), especially through the second Pledging Conference.

Views expressed by the representatives of Group B

420. It was the view of Group B that the conclusions and recommendations of the Board should be based essentially on the Working Group's examination of the substance of the activities of UNIDO and that it should, therefore,

address itself to the content and priorities of the work programme of UNIDO. For this reason, it was not deemed necessary to submit any statement on the question of financial resources to support those activities. In any case, this question was dealt with in connexion with other items of the Board's agenda, particularly in the general debate.

Views expressed by the representatives of Group D

421. The Board noted that, for the successful and effective execution of the task of providing the developing countries with assistance in the development of national industry with which UNIDO was entrusted under General Assembly resolution 2152 (XXI), the organization must have the necessary resources. The primary source of financing for the operational activities of UNIDO should be the funds at the disposal of UNDP, a significantly larger proportion of which should be set aside for industrial development than was currently the case. The Board also considered that UNIDO should enjoy a large measure of operational independence in the utilization of the resources of UNDP and of the regular programme of technical assistance of the United Nations earmarked for the industrialization of the developing countries.

422. As for the mobilizing of foreign capital for the industrial development of the developing countries, this might be done in accordance with the terms of paragraph 6 (e) of Industrial Development Board resolution 9 (II), and UNIDO must make every effort to ensure that outside financing, through the inflow of foreign capital, promoted the accomplishment of the national development programmes of developing countries and was provided on terms which were acceptable to those countries.

423. In addition to the other sources of financing for the activities of UNIDO in promoting the industrialization of developing countries, voluntary contributions by Governments to UNIDO funds were of great importance.

424. The Board considered that voluntary contributions, if rationally utilized, could become a substantial source of assistance to the developing countries in their industrial development; it took note of the steps taken by the Executive Director to utilize voluntary contributions to UNIDO funds for purposes connected with the industrialization of the developing countries,

including the organization of training courses, the holding of conferences, symposia and seminars for specialists from the developing countries, the preparation of studies on various problems of industrialization etc. The Board instructed him to develop ways and means by which voluntary contributions by Governments to UNIDO funds might be effectively utilized.

425. The Board attached great importance to the reduction of administrative expenses, which appeared at the present time to be disproportionately high in relation to all the other expenses of the **organization**.

426. The Board considered that, in the recruitment of experts, due attention should be paid to the question of reducing the cost of the services provided by them to the developing countries. Such savings could be achieved, in particular, by recruiting experts through the appropriate governmental organizations.

## CHAPTER VII. ORGANIZATIONAL MATTERS

### A. Future organization

427. Some delegations reiterated their view that the time had come for an examination of future objectives, orientation and organization; such an examination should best be undertaken by an outside body of experts or by a single expert of international reputation and submitted to the Industrial Development Board for its consideration. One of these delegations emphasized that the Board was not yet adequately discharging its responsibility of providing the Executive Director with useful guidelines on the programme of UNIDO. In its view, a study in depth, with recommendations to the Board by recognized experts, would help the Board to fulfil this important duty. Others felt that any examination ought to be placed in the hands of a group of the Board. Several other delegations felt that it was too early in the development of UNIDO to have such an outside study. Many delegations did not recognize the need at this stage to carry out the study envisaged and felt that this work must be done by the Industrial Development Board.

### B. Geographical distribution of the professional staff of UNIDO

428. The Board had before it document ID/B/52/Rev.1 on the geographical distribution of the professional staff of UNIDO. A number of delegations stressed the importance of an equitable geographical distribution of the professional staff of UNIDO and indicated that the regions of Asia and the Far East, Eastern Europe, Latin America and Africa were still under-represented, particularly in the allocation of senior posts - P-5 and above - most of which were held by citizens of North America and Western European countries, in discrimination against other countries. Attention was also drawn to the preponderance in the secretariat of staff from Western Europe and North America, especially in the Division of Administration, Conference and General Services and in the Technical Co-operation Division. One delegation pointed out that some countries belonging to those geographical regions were nevertheless not filling their quotas. One delegation inquired about the relationship between the number of posts in the authorized manning table and the number of posts subject to geographical distribution. Another delegation asked what criteria governed the recruitment of personnel.

C. Proposals for expediting and improving  
the recruitment of project personnel

429. The Board had before it document ID/B/53 on proposals for expediting and improving the recruitment of project personnel. Several delegations welcomed the proposal submitted by the secretariat and emphasized the importance of centralizing in Vienna the recruitment and appointment of UNIDO experts under all technical co-operation programmes as soon as possible. A number of delegations also drew attention to the importance of channelling candidatures for expert posts through the national recruitment authorities since the intricacies of national administrations were often difficult for the outsider to penetrate. One delegation expressed the view that UNIDO should assume responsibility for the appointment of accepted candidates from all geographical regions including the Western Hemisphere. Several delegations expressed their belief in the importance of UNIDO's developing its own roster of individual experts and of taking into account the vast resources of technological expertise in certain countries where the potential of supplying experts for UNIDO projects had so far been insufficiently explored. It was the consensus that closer contacts should be established between personnel services, UNIDO, and the national authorities responsible for locating and nominating candidates for expert posts.

430. Stressing the importance of appropriate channels of communications between UNIDO and the Governments, a number of delegations expressed the hope that the Governments, through their permanent missions, would be kept well informed of the important activities of UNIDO.

431. In replying to the debate, the representative of the secretariat explained that, as part of the United Nations Secretariat, the UNIDO secretariat was subject to the over-all guidelines on geographical distribution which had been established by the General Assembly; however, the Secretary-General was also endeavouring to assure wide, representative geographical distribution within the UNIDO secretariat. Although there was still some imbalance in the geographical distribution within the UNIDO secretariat, efforts were being directed towards redressing this. The criteria for the appointment of professional staff to the UNIDO secretariat were those laid down in Article 101, paragraph 3, of the United Nations Charter and Staff Regulation 4.4. The latter regulation

and the provisions of General Assembly resolution 2152 (XXI) relating to the secretariat explained the geographical distribution in the Divisions of Administration and of Technical Co-operation. The elements of continuity and experience had been essential at the foundation of UNIDO and throughout its period of rapid growth. As regards the 270 professional posts in the authorized manning table for 1969, the situation on 31 March was that 210 posts were filled by staff members holding regular appointments of one year or more and another 20 posts were held by short-term appointees on contracts of less than one year. Those short-term appointments represented a transitional measure designed to bridge the professional recruitment gap in order to help the substantive divisions to meet their commitments under the work programme of UNIDO. Another 18 posts were under active recruitment, leaving 22 net vacancies, 9 of which were language posts in Conference Services. On the same date there were 176 staff members, representing 59 nationalities, in the professional and higher categories holding posts subject to the principles of geographical distribution. The only posts not subject to geographical distribution were the short duration appointments of less than one year and linguistic and technical posts in the area of Conference Services.

432. Turning to the recruitment of experts, the representative of the secretariat confirmed that it was intended to centralize in Vienna the appointment and recruitment of experts as soon as practicable, but that this was a complex and delicate task involving a carefully phased hand-over of responsibilities from the Technical Assistance Recruitment Service at United Nations Headquarters to the Personnel Services of UNIDO. A first step would be accomplished in 1969 with the assumption of central responsibility for appointments under the Special Industrial Services programme. Arrangements had already been completed to extend such appointments from Vienna to candidates in the Western Hemisphere as well as in the other geographical regions. Personnel Services had already established an embryonic roster of individual experts in the industrial sector, being convinced that experts for the Special Industrial Services programme must be found mainly through roster searches, on account of the urgency involved. In this respect, it was hoped to introduce two new measures: the communication to Governments of a list of priority fields (substantive areas of activities) for the rostering of experts and the transmittal to each Government of a list of its own experts, details of whom



had been included in the UNIDO roster. This would allow Governments to check the accuracy of the data maintained by UNIDO concerning their candidates and to assist UNIDO by completing the roster with details on additional experts. Such assistance to the secretariat would be particularly useful if it could be rendered in relation to the list of priority fields. Means of achieving closer contacts with national recruitment authorities were currently under study, as was the desirability of enlisting the co-operation of the national committees for UNIDO with a view to promoting the recruitment of well-qualified experts on a world-wide basis.

433. The Executive Director stated that the presence of representatives of member States in or near Vienna permitted regular consultations and exchanges of information, which were indispensable to the efficient functioning of UNIDO. However, the secretariat had to follow certain established procedures: all official requests for assistance concerning operational activities of UNIDO or UNDP projects had to be transmitted through the intermediary of the resident representatives; in certain fields, such as the designation of experts and the granting of awards for studies, the secretariat took decisions, which then had to be put before the Board as this was a responsibility that could not be shared. The establishment of national committees for UNIDO should facilitate the task of the secretariat in rapidly informing it of the precise needs of the developing countries for technical assistance.

Consideration of draft resolution on the recruitment of experts

434. At the 37th meeting of the Board, the representative of Nigeria, in his capacity as chairman of the contact group, introduced a draft resolution (ID/B/L.64/Rev.1) submitted by India and Poland. It read as follows:

"The Industrial Development Board,

"Recognizing the role of United Nations technical assistance activities in furthering the economic development of the developing countries,

"Noting the arrangements already made by the Executive Director of UNIDO to take over the responsibility for recruiting Special Industrial Services experts,

"Appreciating the steps taken by the Executive Director of UNIDO in order to reach agreement with the Technical Assistance Recruitment Service of the United Nations Office of Personnel on the recruitment of experts for Special Fund and Technical Assistance projects carried out by UNIDO,

"Convinced that the existing resources of experts both in the developed and developing countries have not yet been fully utilized,

"Recalling the proposals made by the Executive Director in document ID/B/53,

"1. Requests the Executive Director to continue his efforts in order that UNIDO increase its participation in the recruitment of experts for Special Fund and Technical Assistance projects carried out by UNIDO;

"2. Requests further the Executive Director to strengthen the co-operation through proper channels with national authorities by:

"(a) Giving advance information on expected needs of experts with as detailed information as possible;

"(b) Giving up-to-date information on the process of recruitment;

"(c) Maintaining close contact on any question that might be necessary in further acceleration of the process;

"3. Recommends the Executive Director to simplify, to the maximum extent, recruitment and assignment formalities;

"4. Calls the attention of the Executive Director to the need, when seeking the services of experts, to obtain these at as reasonable cost as possible consistent with the needs of the recipient countries."

435. The same representative indicated a correction to be made in operative paragraph 4 of the draft resolution.

436. The draft resolution, as corrected, was adopted unanimously by the Board (see annex VII, resolution 18 (III)).

CHAPTER VIII. QUESTIONS RELATING TO INTERGOVERNMENTAL  
AND NON-GOVERNMENTAL ORGANIZATIONS

A. Consideration of applications of intergovernmental organizations

437. At its 79th meeting on 7 May 1969, the Industrial Development Board unanimously agreed to grant consultative status to the following intergovernmental organizations in accordance with rule 75 of the rules of procedure of the Board:

- (a) Asian Productivity Organization (APO);
- (b) European Investment Bank (EIB);
- (c) Permanent Secretariat of the General Treaty on Central American Economic Integration (SIECA).

B. Consideration of applications of international non-governmental organizations

438. In accordance with paragraph 2 of the procedure for granting consultative status to international non-governmental organizations concerned with the promotion of industrial development (see document ID/B/NGO.1), the Ad Hoc Committee, composed of the members of the Bureau of the Board and the Executive Director, met on 28 and 30 April 1969 to review the applications for consultative status contained in document ID/B/60.

439. The Ad Hoc Committee recommended that the Board should admit as observers, in accordance with rule 76 of the rules of procedure of the Board, the following international non-governmental organizations:

- (a) Pan-American Federation of Engineering Societies (UPADI);
- (b) World Federation of Engineering Organizations (WFEO);
- (c) Union des industries de la Communauté européenne (UNICE);
- (d) Union internationale des architectes (UIA);
- (e) International Federation of Automatic Control (IFAC).

440. The Ad Hoc Committee observed that in document ID/B/60, paragraphs 37 and 55, the names of the following countries should be changed to reflect the way in which they were originally listed in the applications submitted by the Union internationale des architectes and the International Federation of Automatic Control:

Eastern Germany: German Democratic Republic;

North Korea: Democratic People's Republic of Korea;

North Viet-Nam: Democratic Republic of Viet-Nam.

441. The Ad Hoc Committee also examined the report on co-operation between the UNIDO secretariat and the international non-governmental organizations having consultative status with UNIDO (ID/B/61). It expressed its interest in this report, which also provided useful information on the activities carried out in 1968 in the field of industry by the non-governmental organizations having consultative status with UNIDO. It was confident that the close relations between UNIDO and the non-governmental organizations associated with it would develop in the future. A valuable instrument for promoting this relationship was the above-mentioned report, which, according to the decision taken by the Board at its second session, was to be submitted to the Board at each regular session.

442. At its 79th meeting on 7 May 1969, the Board approved the recommendations of the Ad Hoc Committee to grant consultative status to the World Federation of Engineering Organizations, the Union des industries de la Communauté européenne, the Union internationale des architectes and the International Federation of Automatic Control.

443. With regard to the Pan-American Federation of Engineering Societies, the Board decided that, in accordance with paragraph 7 (g) of the procedure for granting consultative status to international non-governmental organizations (see document ID/B/NGO.1), the above-mentioned organization would not be entitled to consultative status with UNIDO, since it was represented in the Executive Committee of the World Federation of Engineering Organizations, which had been granted consultative status at the current session.

CHAPTER IX. INCLUSION OF EQUATORIAL GUINEA AND SWAZILAND  
IN LIST "A" OF STATES ANNEXED TO GENERAL  
ASSEMBLY RESOLUTION 2152 (XXI)

444. At its twenty-third session, in paragraph 2 of its resolution 2385 (XXIII) on the revision of the lists of States eligible for membership in the Industrial Development Board, the General Assembly decided "to include in list A of the annex Equatorial Guinea and Swaziland, which have recently been admitted to membership in the United Nations".

445. Accordingly, pursuant to the last sentence of section II, paragraph 4, of General Assembly resolution 2152 (XXI) establishing UNIDO, the Board at its 79th meeting on 7 May 1969 took note of the decision of the General Assembly referred to in the preceding paragraph.

CHAPTER X. GUIDELINES FOR DOCUMENTATION FOR THE FOURTH SESSION

446. After exhaustive discussion, the Industrial Development Board adopted a number of guidelines concerning the documentation for the fourth session. These directives were inspired by: (a) the need to facilitate the examination of the documents by the members of the Board in order to enable them to arrive more easily at a decision; (b) the wish to reduce the volume of documentation; and (c) the necessity of making documentation available to the member States in due time.

447. On the proposal of one delegation, supported by many others, it was decided that the secretariat should prepare a short summary of up to three pages on each topic of the agenda of the Board. These summaries should contain:

- (a) A brief description of the problems relating to the topic;
- (b) A background history of the topic;
- (c) Consideration which should lead to recommendations or conclusions on which the Board would have to take a decision.

448. Regarding the volume of documentation, it was decided that:

- (a) The documents should be briefer and should be summarized without increasing their cost by excessive additional work;
- (b) Cross references should be used to improve presentation and to avoid duplication;
- (c) The consolidated report might be published every second or third year only;
- (d) Simpler tables should be used for clearer presentation and the terminology should be uniform throughout the documents;
- (e) The volume of documentation should be reduced, in particular by dispensing with descriptions of some activities such as seminars and publications.

449. In connexion with the general summarization of information, some delegations suggested that the material should include a tabular presentation showing past, present and proposed activities on a functional basis, and that such tables should include comparative data. It was felt that this would assist the Board in determining the main features and emphasis of the programme of UNIDO and in distinguishing more precisely between field and supporting activities.

450. One delegation suggested that the volume of documentation should be reduced by decreasing the amount of technical detail.

451. Concerning the distribution of documents, it was decided that, in accordance with rule 29 of the rules of procedure of the Board, the documents in all working languages should be distributed at least six weeks in advance of the session of the Board and of the Working Group as its subsidiary organ. The Board noted that great efforts had been made in this connexion.

452. The Board congratulated the secretariat on the improvement in the quality of Board documentation.

## CHAPTER XI. PROVISIONAL AGENDA OF THE FOURTH SESSION

453. At its 80th meeting on 8 May 1969, the Industrial Development Board examined the draft provisional agenda of the fourth session.

454. While approving in principle the draft provisional agenda submitted to it, the Board observed that some of the draft resolutions which it had yet to examine might amend the draft provisional agenda. Consequently it was agreed that a final decision on the item should be deferred until the end of the session.

455. At its 89th meeting, the Board had before it the draft provisional agenda for its final consideration.

456. One delegation proposed, and the Board agreed, that a sub-item on questions relating to subsidiary organs of the Board should be included in the provisional agenda. The draft provisional agenda of the fourth session, as amended, was approved as follows:

1. Opening of the session.
2. Election of officers.
3. Adoption of the agenda.
4. General debate.
5. Report of the Working Group on programme and co-ordination of projects:
  - (a) Report on the activities of UNIDO in 1969;
  - (b) Work programmes for 1970, 1971 and long-term programme.
6. Co-ordination of activities of the United Nations system in the field of industrial development.
7. Financial questions.
8. Organizational matters:
  - (a) Decentralization;
  - (b) Organization of the secretariat;
  - (c) Geographical distribution of the staff of the secretariat;
  - (d) Questions relating to subsidiary organs of the Board.
9. Matters concerning intergovernmental and non-governmental organizations.
10. Provisional agenda of the fifth session.
11. Date and place of the fifth session.
12. Other business.
13. Adoption of the report of the fourth session.



## CHAPTER XII. DATE AND PLACE OF THE FOURTH SESSION

457. At its 81st meeting on 9 May 1969, bearing in mind that the session of the Working Group and the Board should not exceed four weeks, the Board decided that the fourth session should take place in Vienna during a period falling within the month of April. It pointed out, however, that this period should be flexible enough to allow the Executive Director to adjust it where necessary to the schedule of major international meetings planned for the same time.

## CHAPTER XIII. CONSIDERATION OF THE REPORT OF THE THIRD SESSION

458. During the discussion of the Board on its draft report, the delegations of Austria, Belgium, Canada, Denmark, the Federal Republic of Germany, France, Italy, Japan, the Netherlands, Spain, Sweden, Switzerland, the United Kingdom and the United States of America noted with regret the inclusion of a number of paragraphs reporting views expressed in debate by some members on current political issues. These delegations, without expressing a judgement on the substance of those paragraphs, expressed their strong view that the report of the Board should be addressed to the issues which had been assigned to it by the General Assembly in resolution 2152 (XXI). They regretted, accordingly, that the report of the Board should be burdened with references to political issues. In their view, this was a most undesirable practice. They felt that such issues were clearly outside the competence of the Industrial Development Board.

459. At its 89th meeting on 14 May 1969, the Board unanimously adopted its report as a whole.

## CHAPTER XIV. CLOSURE OF THE THIRD SESSION

460. After statements by the President of the third session, the representatives of the various geographical groups and the Executive Director, the Board concluded its third session at 2 a.m. on 15 May 1969.

# A N N E X E S

## ANNEX I

### SUMMARY REVIEW OF UNIDO ACTIVITIES IN 1968<sup>a/</sup>

#### INTRODUCTION

1. The General Assembly, in resolution 2407 (XXIII), requested the Industrial Development Board to include in its future reports a summary of the activities of the United Nations Industrial Development Organization for the previous year".
2. Information was provided by the secretariat of UNIDO on the activities of the organization in 1968 and was submitted to the Board at its third session, including information on the New York Liaison Office, which maintains contacts with the United Nations Secretariat, in particular with UNDP, with other international organizations and with organizations, agencies and individuals located in Canada and the United States of America, interested in problems of industrialization.
3. The summary of UNIDO activities for 1968 consists of three parts: part one covers field activities; part two, supporting activities (meetings, seminars, research etc.); and part three, other activities of the organization.

#### PART ONE: FIELD ACTIVITIES

4. The summary of UNIDO activities in this area is set forth by technical assistance programmes, by regions and by groups of activities, followed by fellowship and industrial adviser programmes.

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<sup>a/</sup> The Board approved without discussion the summary review of the activities of UNIDO in 1968, taking into account the fact that observations on the work of UNIDO in 1968 and in 1969 are set forth in the report of the Board.

General remarks

5. UNIDO assumed operational responsibility for industrial development projects financed from the Special Fund and Technical Assistance components of UNDP as from 1 July 1967. As from that date, UNIDO was designated by UNDP as a participating and executing agency for projects within its field of competence. In addition, UNIDO was responsible for the execution of projects financed from the United Nations regular programme of technical assistance and the programme of Special Industrial Services.

6. The resources available and commitments under the various programmes are shown in table 1 below.

UNDP/SF

7. As a participating and executing agency of UNDP, UNIDO is charged with the execution of twenty-five long-term pre-investment projects financed from the UNDP/SF component. The total cost of these projects amounts to US\$58.6 million, of which \$35.6 million represent government contributions and the balance of \$23 million represent UNDP earmarkings. In addition, UNIDO is associated in the execution of ten projects with the ILO, FAO, UNESCO and the United Nations.

8. The 1968 target value of Special Fund projects executed by UNIDO amounted to \$3,561,382. Actual expenditure is often determined by extraneous factors such as the readiness and ability of assisted countries to deliver their counterpart contributions to the projects. The actual expenditure for 1968 amounted to \$2,729,900.

UNDP/TA

9. Projects undertaken in 1968 under the UNDP/TA component fell under the 1967/1968 biennium programme established by UNIDO in 1966. The original allocation was \$5.1 million, of which projects amounting to \$1,887,500 were implemented by 31 December 1967. Projects amounting to \$3,125,813 were scheduled for implementation in 1968. Actual expenditure amounted to \$3,090,366.

10. As from January 1969, the new continuous programming procedure took effect. Requests for assistance are being made by Governments as and when needs arise, within the limitations of country targets from UNDP financial allocations. Such requests are implemented immediately after approval.

#### Regular programme

11. The total United Nations regular programme of technical assistance for 1968 amounted to \$6.4 million, of which UNIDO's share was \$991,400. Projects were implemented under this programme in 1968, expenditure amounting to \$987,441.

#### Special Industrial Services

12. The resources pledged to this programme amounted to \$8,407,251 by the end of 1968. The cumulative value of projects approved under the Special Industrial Services programme reached \$4,768,485; in addition, projects amounting to \$1,127,500 were approved by UNIDO and referred to UNDP for concurrence. Additional requests to an estimated value of \$600,000 are being processed by UNIDO.

#### Funds-in-Trust

13. In addition to the above programmes of technical assistance, UNIDO provided expert advice and services to a number of countries which had deposited funds for that purpose with the United Nations. The value of this Funds-in-Trust programme in 1968 amounted to \$863,633, of which \$761,140 was utilized by the end of the year.

Table 1

Resources available and commitments under the  
various programmes, 1967 and 1968

(In US dollars)

	<u>1967</u>		<u>1968</u>	
	<u>Resources</u>	<u>Commitments</u>	<u>Resources</u>	<u>Commitments</u>
Regular programme . . . . .	1,049,000	952,780	991,400	987,441
UNDP/TA . . . . .	2,435,800 <sup>a/</sup>	1,887,500	3,125,813	3,090,336
UNDP/SF . . . . .	3,144,936	1,712,400	3,561,382 <sup>b/</sup>	2,729,900 <sup>c/</sup>
Special Industrial Services <u>d/</u> . . . . .	2,951,785	598,153	4,768,485 <sup>e/</sup>	2,076,783

- a/ At the end of 1967 there was an unspent balance of \$548,300, which was carried over to 1968.
- b/ An annual expenditure target figure is used against resources available. This expenditure target is calculated at the beginning of each year for each operational project, taking into consideration the schedule of implementation established in the plan of operation of the project.
- c/ This figure includes only actual expenditure for Special Fund projects. Additional commitments outstanding on 31 December 1968 amounted to \$1,394,519.
- d/ Cumulative figures since the inception of the programme.
- e/ Value of the approved programme, as compared to the total contributions to the Special Industrial Services Trust Fund, which amounted to \$7,257,251 and \$8,407,251 by the end of 1967 and 1968 respectively (cumulative figures).

## Summary review by regions

14. The geographical distribution of UNIDO's technical assistance for all programmes generally followed the pattern of previous years, Africa receiving 33.9 per cent, the Americas 18.94 per cent, Asia and the Far East 30.93 per cent, and Europe and the Middle East 16.23 per cent of the total programme value. The value of UNIDO's technical co-operation activities is shown by regions in table 2 below.

### Africa

15. Thirty-five countries in Africa requested and received assistance in some twenty fields related to the establishment and promotion of industrial enterprises. Various institutions and industrial development centres were also assisted. Through Operational, Executive and Administrative Personnel (OPEX), UNIDO rendered advice on management to existing industries and assisted in the rehabilitation of certain industries. Some 136 experts were engaged in the field during 1968, and expenditure under the various programmes amounted to about \$3.5 million. The number of UNDP/SF projects in which UNIDO is the executing or associated agency has doubled since 1966. During 1968 there were eleven UNIDO-UNDP/SF projects in the region.

16. The regular programme and the UNDP/TA component have not shown to date an increase commensurate to that of the UNDP/SF component, which is largely due to the limited resources available to UNIDO. A large part of the need for industrial development was met by requests financed from Special Industrial Services, thus providing African countries with urgent short-term expertise not available under other programmes.

17. The trend among more developed African countries was towards increasing specialization, and this was reflected in requests for experts and consultants. Close co-operation with ECA and other regional bodies in Africa was maintained throughout 1968.

### The Americas

18. Some twenty-two countries received assistance in this region during 1968. Technical assistance was provided in twelve industries, for which eighty-one experts and consultants were engaged at an expenditure of about \$2 million for all programmes. In addition, assistance was given to a number of institutions.

19. In comparison with previous years, the volume of assistance increased during 1968. Assistance was provided to several countries in the region to build up or strengthen national and regional centres for technological research. Food-processing industries received particular attention as well as the textile industry, which faced difficulties in some countries owing to obsolete equipment and a shortage of qualified personnel. There was a marked trend towards more selective specialized requests for assistance from countries at a high level of industrialization.

#### Asia and the Far East

20. A total of twenty-two countries in Asia and the Far East received UNIDO expert assistance in 1968, with 188 approved projects under implementation as compared with 140 on 31 December 1967. A total of 136 experts either had been accepted by Governments, were already in the field, or had completed their assignments during 1968. In addition, approximately fifty new projects were at various stages of preparation. The value of technical assistance to all countries in the region amounted to about \$3.2 million.

21. Although government requests for new projects under the Special Industrial Services programme continued to come in at an accelerated pace, a number of countries had not yet taken full advantage of the opportunities offered by this programme. As in other regions, requests from countries with a higher level of industrialization were related to a number of specialized fields. Co-operation with regional agencies such as ECAFE and the Asian Development Bank was further intensified.

#### Europe and the Middle East

22. The volume of technical assistance rendered by UNIDO to the countries of Europe and the Middle East increased during 1968 and amounted to \$1.7 million. A major trend became apparent in the activities in the region, namely, an increase in the need for technical assistance and the rising degree of sophistication of such assistance.

23. Assistance to European countries was mostly in the form of fellowships and short-term high-level experts - with the Special Industrial Services programme contributing to a major portion of the technical assistance. While fellows from European countries represented the major part of the UNIDO programme, countries of this region also acted as host countries for training fellows from other regions.

24. In comparison with previous years, the 1968 programme for Middle Eastern countries showed a gradual departure from the provision of the services of long-term advisers and an increase in the requirements for medium-term experts in specific industrial fields. This was a result of previous United Nations activities in these countries that had led to the accumulation of a number of feasibility studies and technical economic surveys, which were now being analysed with a view to implementing the most promising projects. The number of fellowships requested by the countries of the Middle East did not increase, owing to difficulties in finding suitable candidates.



Table 2

Status of commitments for technical co-operation activities  
of UNIDO, by regions

(In US dollars)

	<u>Regular programme</u>	<u>UNDP/TA<sup>a/</sup></u>	<u>UNDP/SF<sup>b/</sup></u>	<u>Special Industrial Services</u>
<u>Africa</u>				
Country projects . . . . .	177,119	414,069	678,183	2,201,975
Regional projects . . . . .	<u>81,162</u>	<u>-</u>	<u>70,293</u>	<u>32,910</u>
Total	258,281	414,069	748,476	2,234,885
<u>The Americas</u>				
Country projects . . . . .	33,621	618,290	344,070	873,750
Regional projects . . . . .	<u>84,614</u>	<u>47,071</u>	<u>268,188</u>	<u>44,500</u>
Total	118,235	665,361	612,258	918,250
<u>Asia/Far East</u>				
Country projects . . . . .	62,464	1,043,895	723,529	1,012,260
Regional projects . . . . .	<u>93,176</u>	<u>10,000</u>	<u>-</u>	<u>20,200</u>
Total	155,640	1,053,895	723,529	1,032,460
<u>Europe/Middle East</u>				
Country projects . . . . .	53,930	481,116	645,637	446,090
Regional projects . . . . .	<u>29,018</u>	<u>-</u>	<u>-</u>	<u>2,000</u>
Total	82,948	481,116	645,637	448,090
<u>Interregional</u>				
	<u>372,337</u>	<u>475,895</u>	<u>-</u>	<u>134,800</u>
GRAND TOTAL	987,441	3,090,336	2,729,900	4,768,485

a/ These figures include contingencies.

b/ These figures are exclusive of outstanding commitments which, on 31 December 1968, amounted to \$1,394,519.

Summary review by groups of activity

25. As already indicated, the programmed activities of UNIDO are classified in fifteen groups, enumerated in table 3 below, which also lists the distribution of technical assistance to industry by groups of activity. The major area of assistance was in industrial programming and projects (group 12), followed by industrial research, standardization and quality control, industrial information (group 8) and chemicals, petrochemicals and synthetics, insecticides and pesticides, pharmaceuticals and other related industries (group 4). The figures are somewhat biased by the fact that areas with a concentration of UNDP/SF projects appear in a more favourable light because of the magnitude of the expenditure.

Table 3

Distribution of technical assistance to  
industry by groups of activity

<u>Group of activity</u>		<u>Percentage of total funds</u>
<u>Industrial Technology Division</u>		
1	Mechanical and electrical engineering industries	11.0
2	Metallurgical industries	2.0
3	Construction and building materials industries	2.3
4	Chemicals, petrochemicals and synthetics, insecticides and pesticides, pharmaceuticals and other related industries	13.6
5	Fertilizer industries	5.5
6	Light industries	4.2
	Sub-total	<u>38.6</u>
<u>Industrial Services and Institutions Division</u>		
7	Industrial legislation, patents and licensing	0.1
8	Industrial research, standardization and quality control, industrial information	18.0
9	Industrial consulting services and the organizational and administrative machinery for industrial development	0.1
10	Industrial management and industrial training	8.1
11	Special problems and institutions for small-scale industry including industrial estates	10.4
	Sub-total	<u>36.7</u>
<u>Industrial Policies and Programming Division</u>		
12	Industrial programming and projects	22.0
13	Industrial policies and industrial financing	2.4
14	Promotion of exports of manufactures and semi-manufactures	0.3
	Sub-total	<u>24.7</u>
	<u>Total</u>	<u>100.0</u>

Fellowships

26. Interim arrangements were made in 1968 for administering UNIDO fellowships pending the full take-over by UNIDO headquarters of the administration of the programme. As of 31 December 1968 there were 328 established individual fellowship posts. The number of nominations received was 279. No nominations were received for 49 established fellowships.

27. A summary of the situation for the year 1968 is given in table 4.

Table 4

1968 fellowships as of 31 December 1968, by geographical regions of origin of the fellows<sup>a/</sup>

(In man-months)

	<u>Posts established under 1968 programmes</u>	<u>Nominations received as at 31 December 1968</u>
Africa . . . . .	66/281	41/133
Asia/Far East . . . . .	59/427	46/306
Europe . . . . .	158/604	158/604
Middle East . . . . .	26/121	18/80
The Americas . . . . .	19/119	16/96
Total	328/1552	279/1219

<sup>a/</sup> The figures apply to individual fellowships and do not include fellowships awarded for participation in regional and interregional seminars and in-plant training programmes.

Industrial development field advisers

28. The activities of the industrial development field advisers initiated by UNIDO and UNDP in the second half of 1967 aimed at strengthening the links of UNIDO with the field. These advisers, in co-operation with UNDP representatives, assisted various Governments in the development of their technical assistance programmes. In particular, they helped Governments in formulating projects under UNDP/TA for 1969-1972 and a number of Special Industrial Services requests. The field advisers also maintained contact with regional economic commissions and UNESOB

and represented UNIDO at meetings of the regional economic commissions and other regional meetings. Following the approval by the UNDP Governing Council of the financing of these advisory posts, a number of candidatures were submitted in the latter part of 1968 to UNDP for posts in the four regions. When filled, these posts should bring the total number of officers in the field to ten in 1969.

PART TWO: SUPPORTING ACTIVITIES

29. The supporting activities are summarized in the following tables. Table 5 gives the breakdown of 1968 expenditure on supporting activities by source of funds. Table 6 contains a list of meetings, seminars, etc. and a list of studies and research projects; table 7 indicates the 1968 programme of printed publications.

Table 5

Expenditures on supporting activities in 1968

(In US dollars)

	<u>Expert groups, seminars, in-plant training and workshops</u>		<u>Consultants</u>	
	<u>Allotment</u>	<u>Final commitments</u>	<u>Allotment</u>	<u>Final commitments</u>
UNIDO budget . . . . .	67,000	69,393	388,000	344,567
Regular programme . . . . .	272,980	260,033	-	-
UNDP/TA . . . . .	536,726	485,894	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total	876,706	815,320	388,000	344,567

30. During 1968 UNIDO organized a total of 25 meetings in 14 groups of activities listed below and participated in 28 meetings held by other organizations and institutions.

Table 6

Summary of expert group meetings, seminars, group training and workshops and other meetings held during 1968 and studies and research projects carried out in 1968

(a) Organized by UNIDO

INDUSTRIAL TECHNOLOGY (Groups 1-6)

<u>Group of activity</u>	<u>Number of meetings</u>	<u>Place</u>	<u>Number of studies and research projects</u>
1	1	Vienna	15
2	1	Moscow	10
3	2	Copenhagen Moscow	8
4	3	Rome Vienna Vienna	15
5	1	Vienna	3
6	2	Bursa (Turkey) Novi Sad (Yugoslavia)	6

INDUSTRIAL SERVICES AND INSTITUTIONS (Groups 7-11)

7	-	-	1
8	-	-	8
9	-	-	5
10	7	Gresik (Indonesia) Denmark Czechoslovakia Sweden USSR Poland Japan	3
11	1	Beirut (Lebanon)	33

INDUSTRIAL POLICIES AND PROGRAMMING (Groups 12-15)

12	2	Minsk Vienna	19
13	3	New York Karachi Vienna	14
14	2	Zagreb Rome	14
15	-	-	5
<b>Total number of meetings</b>	<u>25</u>		<b>Total number of projects</b> <u>159</u>

Table 7

Publications printed by UNIDO in 1968

- (a) Industrial Technology Division (Groups 1-6) 15 publications

Of the fifteen publications prepared by this Division, five relate to various aspects of the fertilizer industry. Two publications each are devoted to petrochemicals and food industries and one to textiles. The remainder are reports on various symposia and expert group meetings.

- (b) Industrial Services and Institutions Division 8 publications  
(Groups 7-11)

The Division's publications are, in the main, a continuation of the Industrial Research and Development News and of the series on training for industry.

- (c) Industrial Policies and Programming Division 8 publications  
(Groups 12-15)

In addition to the publication of the Industrialization and Productivity Bulletin, the Division continued its series on industrial planning and programming and on project formulation and evaluation.

PART THREE: OTHER ACTIVITIES

31. The following summaries are intended to highlight some of the features of UNIDO activities, including those in the administrative field.

Follow-up of the International Symposium on Industrial Development, Athens, 1967 - Proceedings of the Symposium

32. The publication of the proceedings of the Athens Symposium in the form of separate monographs, each devoted to a sub-item of the agenda, has been under preparation during the year. The preparation of the monographs is carried out in part by UNIDO staff, in part by outside consultants under the guidance and supervision of the secretariat. The publication of the monographs is expected to be completed in 1969.

Co-operation with specialized agencies, regional economic commissions and other organizations

33. Agreement was reached with the ILO and UNESCO on co-operation and co-ordination of activities in a number of fields of joint interest. A similar agreement with FAO is under discussion and is expected to be finalized in the course of 1969. Exchanges of views have taken place with WHO regarding the establishment of programmes for joint action.

34. Discussions with ECA, ECE, ECLA and UNESOB have resulted in understandings for a co-operative effort in the field of industry, including the joint implementation of projects. Discussions on similar arrangements are under way with ECAFE.

35. Close co-operation was established between UNIDO, UNCTAD and the UNCTAD/GATT International Trade Centre in the field of promoting exports of manufactures, where the activities of the organizations concerned are complementary.

36. Within its programme of assistance to regional and subregional groups of developing countries, agreement was reached between the Common Afro-Malagasy Organization (OCAM) and UNIDO on principles and procedures of co-operation for technical assistance provided by UNIDO to OCAM for specific projects and on other forms of co-operation designed to promote industrial development. UNIDO is also rendering assistance to the Maghreb countries in the establishment and operation of a Centre of Industrial Studies.

37. In response to the recommendation adopted by the International Symposium on Industrial Development held in Athens (November-December 1967), a number of UNIDO member States established national committees for UNIDO. Close contacts are being maintained with these national committees in order to assist them to fulfil their statutory function in the field of industrial development.



38. A number of applications for consultative status with UNIDO received from intergovernmental and international non-governmental organizations were submitted to the Board for its consideration. Co-operation with the international non-governmental organizations associated with UNIDO covered, in particular, the exchange of information, consultations on the UNIDO work programme and joint participation in meetings organized by UNIDO or international non-governmental organizations.

#### Second United Nations Development Decade

39. UNIDO collaborated with the Committee for Development Planning and the Centre for Development Planning, Projections and Policies in the preparatory work for the Second Development Decade, particularly with regard to the establishment of targets for various industrial sectors. In this connexion it also engaged in a certain number of empirical studies of selected industrial sectors. To ensure a co-ordinated approach, contacts have been maintained with the regional economic commissions and the specialized agencies concerned, in particular with the ILO and FAO.

#### UNIDO programmes - training of experts; repair and maintenance and promotion of industrial investments

40. Following the successful in-plant training schemes for senior personnel from developing countries, measures were initiated for the establishment of in-plant training programmes in certain industrial branches; these programmes are intended to develop, at the same time, focal points of contact between developing and developed countries for each particular industry. In 1968, UNIDO initiated negotiations for the formulation of a certain number of programmes under the Special Fund programme, namely, in the electronics, automotive, textile and electrical industries.

41. A long-term programme for the improvement of repair and maintenance in developing countries was initiated by UNIDO in September 1968. Arrangements were made for developing a certain number of pilot projects in 1969 covering selected countries in various regions. These projects consist in determining priorities and the order of magnitude of the required resources and are intended to lead to a more comprehensive programme in 1970.

42. UNIDO is developing a comprehensive promotion programme to stimulate the flow of resources, both domestic and foreign, into the industries of the developing countries. In addition to technical assistance rendered in the area to a number of developing countries, UNIDO conducted a special training programme in 1968 in techniques of investment promotion and industrial bank credit for nationals of developing countries.

#### Voluntary Contributions - Pledging Conference

43. The first United Nations Pledging Conference on UNIDO, convened at United Nations Headquarters in New York on 4 December 1968, was held in accordance with the provisions of General Assembly resolution 2152 (XXI). A total of \$1,666,358 for the 1969 operations of UNIDO was pledged by forty-five Governments at the Conference. At the same meeting, the Government of the Federal Republic of Germany announced a contribution of \$1,000,000 to the Special Industrial Services programme. In addition, a number of representatives stated that their Governments would announce contributions at a later date.

#### Implementation of UNDP projects by UNIDO

44. The magnitude of the share of industry in UNDP was the subject of varied comments by delegations at the second session of the Industrial Development Board and was further discussed at the sixth session of the UNDP Governing Council (1968), at which some delegations called for an increased UNDP contribution to industry, particularly in certain specific fields.

45. The percentage rate of implementation together with the resources available and commitments made by UNIDO under Special Fund and Technical Assistance components are as follows:

	<u>1967</u>			<u>1968</u>		
	<u>Resources</u> <u>US\$</u>	<u>Commit-</u> <u>ments</u> <u>US\$</u>	<u>Rate of</u> <u>imple-</u> <u>mentation</u> <u>(per cent)</u>	<u>Resources</u> <u>US\$</u>	<u>Commit-</u> <u>ments</u> <u>US\$</u>	<u>Rate of</u> <u>imple-</u> <u>mentation</u> <u>(per cent)</u>
UNDP/TA	2,435,800	1,887,500	77.5	3,125,813	3,090,336	98.9
UNDP/SF	3,144,936	1,712,400	54.5	3,561,382	2,729,900	76.7

46. The first UNDP agency review for UNIDO relating to the operational programme of UNIDO financed from UNDP sources was devoted to a review of UNDP/SF projects and of the problems of reporting and evaluation.

47. The need for an evaluation of programmes of technical co-operation and of the results achieved by the follow-up and implementation of projects was stressed by the Industrial Development Board at its second session and was also the subject of a recent resolution (1364 (XLV)) adopted by the Economic and Social Council, and of a report of the Administrative Committee on Co-ordination to the Council at its forty-fifth session.<sup>b/</sup> A special unit was set up within the Technical Co-operation Division during 1968 for the purpose of evaluating in a systematic way the activities of UNIDO with special regard to the field operation programme. In addition to the headquarters evaluation activities in 1968, UNIDO proposes to establish field evaluation machinery to provide regular and continuous information from the field.

48. In order to expedite implementation, a Technical Assistance Recruitment Service Unit was established in UNIDO, which took over, as from 1 January 1969, the recruitment and appointment of UNIDO experts outside the Western Hemisphere. Concurrently, work commenced for the establishment in Vienna of a roster of candidates for UNIDO expert posts. The possibility has also been explored of concluding contractual arrangements with industrial enterprises and institutions for the provision of experts to UNIDO projects, particularly under the Special Industrial Services programme.

#### Public information

49. The Public Information Service worked in close co-operation with the United Nations Development Programme and the Technical Co-operation Division in

<sup>b/</sup> See Official Records of the Economic and Social Council, Forty-fifth Session, Annexes, agenda item 23, document E/4486/Add.1, annex VII.

using information techniques and materials to increase the effectiveness and acceptability of a project at the local level. The Public Information Service also embarked upon the use of mass media for general information in the work of UNIDO. It extended assistance in servicing United Nations meetings, maintained liaison with the Austrian authorities and information media, and enlisted the co-operation of major groups and organizations.

#### Administrative activities

50. On 1 January 1968 there were 78 Professional and 100 General Service vacancies. More than half of the Professional vacancies had been filled by the end of 1968 and candidates had been selected for almost all the remaining vacant posts. Major responsibility for Professional recruitment was transferred from United Nations Headquarters in New York to Vienna in the course of the year.

51. Other personnel activities included the formulation, jointly with IAEA, of a common insurance policy covering group health insurance and group life insurance. Language classes were extended to cover five languages (English, French, Spanish, Russian and German) at three levels. As a result of cost-of-living surveys, Vienna was placed in Class 1<sup>c</sup>/ with a corresponding upward revision of local salary schedules for General Service and Manual Workers staff. The UNIDO Staff Council was constituted in March 1968 and a Joint Advisory Committee for UNIDO was established to advise the Executive Director on matters of personnel policy and staff welfare.

52. The rapid growth of UNIDO was reflected in the occupation of the first two prefabricated office buildings during 1968 and an expansion in all areas of General Services. During the year, the Austrian Government continued, as in the past, to extend its full co-operation in providing additional office facilities. Further office space and facilities will be provided by the Austrian Government in 1969 to meet increasing requirements pending the completion of the permanent headquarters in the Donaupark.

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c/ An increase of approximately 4.5 per cent of salary costs for Professional staff.

ANNEX II

LIST OF PARTICIPANTS

MEMBERS OF THE INDUSTRIAL DEVELOPMENT BOARD

Argentina

Representative

Mr. Carlos Ortiz de Rozas, Ambassador of Argentina to Austria,  
Permanent Representative to UNIDO

Alternate Representatives

Mr. Fernando Lerena, Minister Extraordinary and Plenipotentiary

Mr. Carlos R. Lacroix, First Secretary, Embassy of Argentina  
in Vienna, Alternate Permanent Representative to UNIDO

Austria

Representatives

Mrs. Erna Sailer, Director and Head of Department for Assistance  
to Developing Countries, Federal Ministry of Foreign Affairs

Mr. Egon Libsch, Counsellor, Federal Ministry of Foreign Affairs

Alternate Representative

Mr. Adolf Kuen, Attaché, Federal Ministry of Foreign Affairs

Advisers

Mr. Georg Zuk, Director, Federal Chancellery

Mr. Rudolf Willenpart, Director, Federal Ministry of Commerce  
and Industry

Mr. Johannes Potocnik, Federal Ministry of Commerce and Industry

Mr. Leopold Janisch, Director, Federal Ministry of Transport  
and Nationalized Enterprises

Mr. Bodo Beelitz, Deputy Director, Federal Ministry of Transport  
and Nationalized Enterprises

Mr. Herbert Falk, Deputy Director, Federal Ministry of Transport  
and Nationalized Enterprises

Mr. Leopold Walzer, Director, Federal Ministry of Agriculture  
and Forestry

Mr. Herman Holfeld, Federal Chamber of Commerce

Mr. Friedrich Bauer, Counsellor, Federal Ministry of Foreign Affairs

Miss Helga Winkler, Second Secretary, Federal Ministry of Foreign Affairs

Mr. Peter Moser, Attaché, Federal Ministry of Foreign Affairs

### Belgium

#### Representative

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#### Alternate Representatives

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Mr. J. Davaux, Counsellor, Embassy of Belgium in Vienna

Mr. R. Pieters, Director, Department of Multilateral Organizations

Mr. W. Bittremieux, Director of Administration, Office for Development Co-operation

### Brazil

#### Representative

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#### Alternate Representatives

Mr. Ronald Leslie M. Small, Counsellor, Embassy of Brazil in Prague

Mr. Luiz Antonio Jardim Gagliardi, Second Secretary, Embassy of Brazil in Vienna, Alternate Resident Representative to UNIDO

### Bulgaria

#### Representative

Mr. Tenu Petrov, Ambassador, Chief of Economic Department, Ministry of Foreign Affairs

#### Alternate Representative

Mr. Luben Stoyanov, Ambassador of Bulgaria to Austria, Permanent Representative of the People's Republic of Bulgaria to UNIDO

## Advisers

Mr. Christo Darenkov, Counsellor, Embassy of Bulgaria in Vienna,  
Deputy Representative to UNIDO

Mr. Anton Bobanov, Counsellor, Commission for Economic, Scientific  
and Technical Co-operation, Council of Ministers

Mr. Ivan Daskalov, Third Secretary, Ministry of Foreign Affairs

## Cameroon

### Representatives

Mr. Eric Dikoko Quan, Economic Adviser, Embassy of Cameroon in Bonn

Mr. Albert Ndoung, Deputy Director of Planning, in charge of  
investments

## Canada

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### Alternate Representatives

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### Adviser

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to UNIDO

## Chile

### Representative

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Permanent Representative to UNIDO

### Alternate Representative

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Alternate Representative to UNIDO

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Colombia

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Alternate Representative

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Cuba

Representative

Mr. Fernando López Muñoz, Permanent Representative to UNIDO

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Mr. Jindrich Gabriel, Deputy Permanent Representative to IAEA and UNIDO

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Mr. Ladislav Dvoráček, Head of the Section for International Economic Organizations, Federal Ministry of Planning

Mr. Stanislav Havel, Ministry of Foreign Affairs

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### Alternate Representatives

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Mr. P. Naegeli, Assistant Head of Department,  
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Mr. Kay Gad, Commercial Counsellor, Embassy of Denmark  
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### Federal Republic of Germany

#### Representative

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Mr. Eberhard Kurth, Federal Ministry of Economics

Mr. Gerhard Bauer, Federal Ministry of Economics

Mr. Rudolf Schmidt, Federal Ministry of Finance

Mr. Heinrich Neufeldt, Federal Ministry of Economic Co-operation

### France

#### Representative

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#### Alternate Representative

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Ministry of Industry

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Mr. J. Bidaut, Chief of Mission, Division of International and Inter-African Affairs, Office of the Secretary of State for Foreign Affairs in charge of co-operation

Miss Françoise Guillaume, Secretary of Embassy, Embassy of France in Vienna

Mr. Philippe Lecourtier, Secretary of Embassy, Ministry of Foreign Affairs

#### Ghana

##### Representative

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##### Alternate Representatives

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#### Guinea

##### Representatives

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#### India

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Ivory Coast

Representatives

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Mr. Bénié Nioupin, Permanent Representative to UNIDO

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## Peru

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### Advisers

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#### Alternate Representatives

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Representative

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Advisers

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Mr. Yuri Yakovlevich Prohorov, Senior Expert, State Committee on Science and Technology of the Council of Ministers of the USSR

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United Kingdom of Great Britain and Northern Ireland

Representatives

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Alternate Representatives

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Mr. N. M. Hansford, Second Secretary, British Embassy in Vienna

Advisers

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Mr. G. H. Boyce, Third Secretary, Foreign and Commonwealth Office

United Republic of Tanzania

Representatives

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Mr. I. Abdul-Wakil, Ambassador of the United Republic of Tanzania in Bonn

Alternate Representatives

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Mr. G. F. Mbowe, Assistant Director, Industrial Research and Study Centre, Dar-es-Salaam

Mr. A. A. Abbas, Second Secretary, Embassy of the United Republic of Tanzania in The Hague

United States of America

Representatives

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Mr. William J. Stibravy, Minister, Permanent Representative to UNIDO

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Mr. Kenneth A. Guenther, Office of Economic and Social Affairs, Department of State

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Mr. Larry C. Grahl, United States Mission to IAEA

Upper Volta

Representative

Mr. Pierre Ilboudo, Ambassador of the Upper Volta in Bonn

### Alternate Representatives

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Mr. Barthelemy Zabré, Assistant Administrator in charge of planning studies, Planning Directorate, Ministry of Planning

Mr. Emmanuel Zongo, Trade Adviser, Embassy of the Upper Volta in Paris

### Advisers

Mr. Bruno Buchweiser, Consul General of the Upper Volta in Vienna

Mr. Franz Madl, Consul of the Upper Volta in Vienna

### Uruguay

#### Representative

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#### Alternate Representative

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Mr. Mile Janjic, Technical Adviser



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United Nations Secretariat

Economic Commission for Africa (ECA)

Mr. Makonnen Alemayehu, Acting Deputy Director, Industry and Housing Division

Mr. J. E. Lewis, Senior Industrial Economist, Industry and Housing Division

Economic Commission for Europe (ECE)

Mr. I. Iliuschenko, Director, Industry Division

United Nations Conference on Trade and Development (UNCTAD)

Mr. E. M. Chossudovsky, Secretary, Trade and Development Board

Mr. R. Krishnamurti, Director, Manufactures Division

\* \* \*

United Nations Development Programme (UNDP)

Mr. Paul-Marc Henry, Assistant Administrator, Associate Director of the Bureau of Operations and Programming

Mr. Bruce Harland, Chief, Industrialization Programme

Mr. Ernst W. Nagelstein, Senior Consultant

Specialized agencies

International Labour Organisation (ILO)

Mr. H. Quednau, Chief of the Field Department

Mr. M. H. Khan, Field Department (Operations Reports Branch)

Food and Agriculture Organization of the United Nations (FAO)

Mr. A. Aten, Liaison Officer (Industrial Activities), Office of the Director, International Agency Liaison Division

United Nations Educational, Scientific and Cultural Organization (UNESCO)

Mr. K. C. Deemer, Programme Specialist, Division of Technological Education and Research

World Health Organization (WHO)

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International Bank for Reconstruction and Development (IBRD)

Mr. George Kalmanoff, Chief, Industrialization Division, Economics Department

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International Atomic Energy Agency (IAEA)

Mr. D. A. V. Fischer, Director, Division of External Liaison

Mr. Boris Grinberg, Director, Division of Research and Laboratories

Mr. Ilia Zedginidze, Director, Division of Life Sciences

Mr. Anatolyi Belov, Director of External Liaison

Mr. Ferenc Antoni, Division of Life Sciences

Mr. C. K. Beswick, Head, Industrial Applications Section, Division of Research and Laboratories

General Agreement on Tariffs and Trade (GATT)

Mr. G. Hortling, Counsellor, Department of Trade and Development

## INTERGOVERNMENTAL ORGANIZATIONS

### Commission internationale des industries agricoles et alimentaires (CIIA)

Mr. Gerard Weill, Secretary-General

### Common Afro-Malagasy Organization (OCAM)

Mr. Falilou Kane, Secretary-General

Mr. Lucien Kaboré, Chief of Transport Services

### European Communities

Mr. Andre Huybrechts, Principal Administrator

Mr. Guillaume Hofmann, Principal Administrator, General Directorate for External Relations, Commission of European Communities

### League of Arab States (LAS)

Mr. Mohamed Ezzat Salama, Director General, Industrial Development Centre for Arab Countries

### Office africain et malgache de la propriété industrielle (OAMPI)

Mr. Anguile Ousmane, Deputy Director

### Organization of African Unity (OAU)

Mr. Dawood, Director for Economic Affairs

### Organization of American States (OAS)

Mr. Raul Migone, Director, Office of the Organization of American States in Europe, Geneva

Mr. Marcelo Avila, Senior Economist of the Industrial Development Unit, Department of Economic Affairs

### United International Bureaux for the Protection of Intellectual Property (BIRPI)

Mr. Roger P. Harben, External Relations Officer, External Relations Service

Mr. Ibrahima Thiam, Assistant, External Relations Service

NON-GOVERNMENTAL ORGANIZATIONS

Afro-Asian Organization for Economic Co-operation (AFRASEC)

Mr. Mohamed Laghazaoui, President  
Mr. Mohamed Ali Rifaat, Secretary-General  
Mr. Hosni el Gamal

European Centre for Industrial Development Overseas (CEDIMON)

Mr. Roland Pré, Chairman  
Mr. de Brie, Vice-Chairman  
Mr. Piganiol, Director  
Mr. Vaes, Director  
Mr. Fayolle de Mans, Secretary-General  
Mr. N. Pavillet, Chief, Department of Economic Studies and  
Industrial Relations  
Mr. Terrenoire, Director  
Mr. Bertrand de Saint Mars, Chief Engineer, Electricité de France

International Association for the Promotion and Protection of  
Private Foreign Investments (APPI)

Mr. G. Zimmer-Lehmann, Permanent Representative to UNIDO  
Mr. Michael Brandon, Executive Secretary

International Association for the Protection of Industrial Property (AIPPI)

Mr. Walter Hamburger, Vice-President, President of the Austrian  
National Group

International Chamber of Commerce (ICC)

Mr. Alfred A. Wakolbinger, Secretary-General, Austrian National  
Committee of the ICC; Secretary General, Austrian Federal Economic  
Chamber  
Mr. Werner Melis, Secretary, Austrian National Committee of the ICC;  
Secretary, Austrian Federal Economic Chamber  
Mr. Leopold Birstinger, Austrian Federal Economic Chamber

International Christian Union of Business Executives (UNIAPAC)

Mr. Herbert Mittag-Lenkheim, Permanent Representative to UNIDO

International Confederation of Free Trade Unions (ICFTU)

Mr. Kurt Prokop, Permanent Representative to UNIDO

International Council for Scientific Management (CIOS)

Mr. Rudolf Vetiska, Managing Director

International Organization of Employers (IOE)

Mr. Walter Tutschka, Permanent Representative to UNIDO

World Confederation of Labour (WCL)

Mr. Erwin Altenburger, Vice-President

Mr. Richard Timen

Mrs. Rose-Marie Hessenberger

World Federation of Trade Unions (WFTU)

Mr. Carlos de Angeli, Social and Economic Service, World Federation of Trade Unions, Prague

### ANNEX III

#### STATEMENT MADE AT THE OPENING MEETING BY THE PRESIDENT OF THE THIRD SESSION OF THE INDUSTRIAL DEVELOPMENT BOARD

The Industrial Development Board begins its third session today. I am not yet certain whether UNIDO is still in its infancy, whether it is at the adolescent stage or whether it can already be said to have attained maturity, as has been debated during the last few days. Of one thing I am sure: with the passage of time, expectations regarding our organization continue to increase, and there is a growing hope that it will really become the centralizing organization for international assistance in the field of industrial development. Looking back over the past, no one can deny that much has been accomplished in a very short time. Considerable experience has been acquired and a large number of specific projects have been carried out or are being carried out. Proof of this is provided by the many voluminous documents prepared for our consideration by the Secretariat.

However, in spite of the encouraging results already achieved, we continue to expect more of UNIDO. It is understandable and reasonable that this should be so. We who are from the developing countries, in particular, cannot permit ourselves the luxury of wasting time or squandering efforts and resources. The inexorable passage of time is a factor which, in industrialization in particular and in development in general, undoubtedly favours the more advanced nations. The rate of progress of the latter must be measured in terms of a geometrical progression whereas that of the less developed countries takes the form of an arithmetical progression. As each day passes, the gap separating the two groups of countries widens. As each day passes, the world's leading Powers increase their technical knowledge to such an extent that the time seems far off when the under-developed world will achieve an acceptable minimum of equilibrium.

Consequently, our efforts to lessen the differences must be well directed. We all know that, in spite of our enthusiasm, the role that UNIDO can play in closing the gap to which I have referred is limited, mainly because its resources are limited. Precisely on account of this, however, we must give it even fuller support, in order to make it stronger and more efficient and to enable it to fulfil not only the letter but also the spirit of the resolution of the United Nations General Assembly under which it was established.

Not long ago, there were those who argued tenaciously in favour of an international division of labour between countries exclusively producing raw materials on the one hand and industrialized countries on the other. The deterioration in the terms of trade for the former group which has occurred since the Second World War and the fact that many advanced countries are continuing to industrialize rapidly without in any way leaving off the production of raw materials, often sheltered by protectionist measures, have shown quite clearly that this thesis is fallacious and impracticable. Times have changed. At any rate, the approach to the problem appears to have changed.

Many among the developed countries realize that integrated and harmonious development provides the basis for general prosperity and well-being, and, still more importantly, for peace and understanding among peoples. As those countries which have still not attained a satisfactory level continue to develop, their possibilities of exporting will increase, their living conditions will improve and, simultaneously, the capacity of absorption of their internal markets will grow; this in turn will be inevitably reflected in increased imports from developed countries.

Naturally, that is an over-simplification of the process. Many difficulties will have to be overcome in the future if the situation I have described is to be brought about. Nor can UNIDO solve these problems on its own. The organization can begin the work and, at the same time, it is a symbol of the fact that we are on the right path: the path of international co-operation in the pursuit of a common objective. During the Second United Nations Development Decade, so we trust, this symbol will be converted more and more into tangible reality.

## ANNEX IV

### STATEMENT MADE BY MR. ALBERT ATEN, REPRESENTATIVE OF FAO, TO THE WORKING GROUP ON PROGRAMME AND CO-ORDINATION ON 14 APRIL 1969

It is the obligation of FAO to report on its programmes and field operational projects, in order to enable the Industrial Development Board to review the over-all activities within the United Nations system. As the Board sets rules and guidelines with respect to co-ordination, an account is called for of the progress made with respect to UNIDO/FAO relations since the second session of the Board. The purpose of this intervention is to deal briefly with these matters, inasmuch as they are related to the present discussions.

The direct relation between agriculture, food production (and, in general, processing of renewable raw materials) and industrial development in a broader sense has been repeatedly emphasized. Consequently, UNIDO, UNCTAD, FAO and other organizations are confronted with planning, side by side, the development of food, agriculture, forestry, fisheries, industry and trade as parts of an integrated process of socio-economic development.

In discussions, several delegations made clear that, in order to achieve practical results, a system or procedure defining in detail the respective responsibilities of FAO and UNIDO within the United Nations system was urgently required.

In these discussions it was pointed out that similar principles and guidelines had been given to FAO by its governing bodies in 1967 and 1968, a report of which was made to the Board at its second session.

Time does not permit us to deal in greater detail with the various activities of FAO, but reference is made to the fourth consolidated report (ID/B/56), chapters XX, XXI, XXII, XXIV, XXV and XXVI, as well as document ID/B/58, in particular paragraphs 16 and 17.

Through these largely field-oriented programmes, Governments have requested FAO to assist in pre-investment work for the development of a number of products-processing industries utilizing a wide variety of locally available raw materials derived from agriculture, forestry and fisheries.



It is therefore obvious that FAO has a direct interest in a number of UNIDO programmes that have been discussed during this last week.

Before continuing, it is necessary to inform the Group on the progress made in FAO/UNIDO bilateral discussions since the second session of the Industrial Development Board.

At that time (1968), FAO reported as follows:

"It was clear from the discussions held between FAO's Director-General and the Executive Director of UNIDO that fragmentation of operations should be avoided where the planning, development and management of the production base are inseparably linked, for a variety of reasons, with the industries based thereon, such being invariably the case when raw materials derived from agriculture, animal husbandry, forestry and fisheries are processed .

"The FAO Director-General and the Executive Director of UNIDO felt that the practical problems involved in these areas were such that some more fact-finding measures and studies were needed which could lead to appropriate demarcation of responsibilities and identification of areas for joint action. Pending such a study, certain broad general principles were agreed to which could be kept in view as basic preliminary guidelines for developing co-operation action. Based on such principles, a preliminary statement was prepared showing commodity-wise (a) the different stages of processing agricultural products where an integrated approach along the lines of production, processing, storage and distribution was essential and should therefore continue to be dealt with by FAO; (b) further stages of processing which could be handled by UNIDO; and (c) areas where joint action could fruitfully be developed with one of the agencies assuming primary responsibility and the other participating responsibility.

"It was also agreed that the two organizations would endeavour to adjust their programmes and activities (including the draft programme of work of UNIDO for 1969 as submitted now to the Board) in the spirit of the informal understanding reached and the tentative basic guidelines for co-operation mentioned." a/

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a/ Statement made at the second session of the Industrial Development Board by Mr. Albert Aten, representative of FAO.

It is regrettable to state that the documents presented to the Group do not indicate that such adjustments with respect to FAO activities have taken place.

This is extremely embarrassing, because two more consultations have taken place since then, during which further detailed schemes were worked out.

At the specific request of UNIDO, the records of these meetings have so far been regarded as informal. A draft of what possibly might develop into a definite agreement was sent to UNIDO on 10 January 1969, and we certainly wish to associate ourselves with the remark made by the Executive Director at the first meeting of the Group in which hope was expressed that an agreement may soon be reached.

When considering the proposals of UNIDO for 1970 and a variety of Special Industrial Services operations in such subject areas as meat, milk, fish paste, fruits, vegetables, vegetable oils, rice, cassava, hides, skins, animal by-products, agricultural waste and by-products, wood, particle board, pulp, paper and rubber, members of the Group will certainly not be surprised to learn that FAO has great interest in these activities, for they are also part and parcel of FAO. Since the inception of FAO, staff for such activities has been built up in several divisions and departments as an integrated entity within the programme of work of FAO. Thus, many of these subject areas, as presented here, do not really constitute a gap within the United Nations system.

On some of these subject areas - and reference has been made to soluble coffee, silk, kenaf, rice - consultation with FAO has indeed taken place, but unfortunately, and this is stated with great regret, in many instances, only after the project formulations and preparation of missions had been completed. Thus FAO was not permitted to share its experience with UNIDO. This is not the way we had hoped co-operation would develop.

In document ID/B/44, paragraph 145, it is stated that "the work of UNIDO involves co-operation with FAO". There is, however, no indication as to the extent of co-operation in the light industries sector. Therefore, if project formulation and planning continues in this way, without proper delineation of the FAO role, duplication of efforts with existing FAO operations cannot be avoided.

FAO also has to adhere to certain specific guidelines laid down by the FAO Conference (14th session, 1967). Briefly, these guidelines are as follows:

To reach an agreement enabling the two organizations to pursue their respective activities without duplication of effort and with maximum co-operation in areas of common concern;

To avoid waste and to put available resources to maximum use so that the impact of contribution of the United Nations system to the needs of the countries concerned will be increased; and finally,

Whatever the mode of co-operation to be established, the paramount principle should be to make such arrangements that would prevent conflicting views and advice being given to member States on the same subjects by bodies within the United Nations system.

With respect to this last, paramount principle, FAO is greatly concerned and fears that conflicting advice is bound to develop under the prevailing working conditions.

For instance, it is embarrassing to be informed that UNIDO is engaged in making preparations for a fishery industry development project in a region where governments are already participating in a similar type of project being operated by FAO/UNDP. Similarly, the proposals for the development of the Amazonas, which is now being shelved, might have been implemented if consultations had taken place.

Reference was made last week to the UNIDO Expert Group Meeting on Scientific Approaches to the Problems of Preservation and Refrigeration of Food in Developing Countries, held from 24-27 February 1969 in Vienna. This meeting, which covered such subjects as meat, milk, fruits, fish, protein and oil seeds, was organized without consultation with FAO. Can it really be considered realistic that FAO would have no views on these subjects?

Another activity, on which we also would very much have liked to have been consulted, was the planning of UNIDO for animal fodder plants development. We have in this sector, in addition to our animal husbandry activities, a very active programme aimed at the use and development of a great variety of agricultural and fisheries waste and by-products, including molasses, a programme supported by a sub-group in the FAO/Industry Co-operative Programme, UNDP and others.

We would now like to comment with respect to the development of food industries, an area in which the major responsibility of FAO is coming to be recognized.

During the last two decades, FAO has built up considerable experience. There are many and complex problems involved, such as food habits and hygiene, raising nutritional standards, food preservation, processing, marketing, distribution, promotion of new foods and food products, and especially protein development. All these require careful attention, and it is in this area that conflicting advice can so readily occur. In this respect FAO has several arrangements to review such matters at regular intervals. They are the joint WHO/FAO Codex Alimentarius Commission and its many technical committees, in which governments are actively engaged; the FAO/UNICEF Policy Committee; the FAO/WHO/UNICEF Protein Advisory Group of Experts; a sub-group under the aegis of the FAO/Industry Co-operative, etc. Therefore, when UNIDO is working out further plans on protein activities (e.g. soy bean meat-like products), projects on rice, cassava, coconut and other vegetable oils, it is hoped that consultations will take place from the earliest stages of preparation.

With respect to the technical papers that UNIDO plans to prepare on such subjects as rice bran, bran oil and possibly other by-products, and also on cassava and the use of composite flours (soy bean, peanut, cassava flour), much information could be obtained from FAO.

The same is true for that part of the programme of UNIDO referred to as information papers in its "Food Industry Series". It will be found that, with respect to subjects such as packaging, protein and milk, informative material has already been published by FAO.

Certain project proposals in the non-food sector, some of them potential foreign exchange earners, are also of great interest to FAO. To list a few - forestry products, wood, particle board, pulp, paper, hides, skins, etc. Thus, in connexion with the UNIDO proposed meetings of working groups, FAO also is in a position to supply pertinent information.

It will be realized that I am not in a position to deal further with these matters as they regard co-ordination of efforts. Although FAO and UNIDO receive guidance from the same governments whose views appear to be in harmony in general, cognizance must be taken of the fact that, as this Group has also recognized, a possible conflict situation could arise if developments continue along the lines they have followed in the past. This is clearly expressed in paragraph 5 of resolution 4 (II), adopted by the Industrial Development Board at its second session.

To conclude, it has been my intention to make constructive observations, and I would like to repeat that FAO stands ready to devote its entire competence and experience on these subjects that are of such importance to the governments which we are serving and with which we are co-operating.

ANNEX V

STATEMENT MADE BY MR. E.E. WARD, ASSISTANT DIRECTOR, TECHNICAL  
CO-OPERATION DIVISION, UNIDO, TO THE WORKING GROUP ON  
PROGRAMME AND CO-ORDINATION ON 21 APRIL 1969

On 14 April, the representative of FAO made a statement to the Group to inform the members about FAO/UNIDO relations, including negotiations which have been taking place between UNIDO and FAO since February 1968 with the object of reaching an agreement between the two organizations covering co-operation in the field of industries related to food and agriculture. It must be said at the outset that this was a statement made on behalf of FAO only and was not discussed with UNIDO beforehand although, as stated above, both organizations are still in the process of negotiation.

It is unfortunate that a statement of this kind should have been made while negotiations are still taking place, and because of the unilateral version of the facts and some implications which reflect on UNIDO's good faith in these negotiations a reply must be given. UNIDO feels that it would have failed in its responsibilities towards the Board if it did not present to it the true picture of the situation.

We pass over the first eight paragraphs of the FAO statement and come to the ninth paragraph. This paragraph quotes from a statement made by the FAO representative at the second session of the Industrial Development Board. It purports to inform the Group about a preliminary agreement supposedly reached by the FAO Director-General and the Executive Director of UNIDO in February 1968. In fact, no agreement of this kind was reached during these discussions and the statement is therefore highly misleading. The statement, which is based on selected parts of the minutes of the meeting, gives the impression that there was virtually complete agreement on demarcation of responsibilities when, in fact, such agreement or understanding as there was, was limited to certain fields only.

In order to correct this impression, some reference to the minutes of the meeting of February 1968 will have to be made.

During the discussion, certain principles emerged to be "kept in view as preliminary guidelines for developing co-operative action". These are referred to in the statement of the representative of FAO, but in much more definitive language than was ever used in the discussions. We now come to the crux of the matter. In his statement, the FAO representative said: "Based on such principles, a preliminary statement was prepared showing commodity-wise (a) the different stages of processing agricultural products where an integrated approach along the lines of production, processing, storage and distribution was essential and should therefore continue to be dealt with by FAO; (b) further stages of processing which could be handled by UNIDO; and (c) areas where joint action could fruitfully be developed with one of the agencies assuming primary responsibility and the other participating responsibility". The impression given here is that this was an agreed statement on demarcation. What do the minutes of the meeting actually state? They state as follows: "Based on some of the above-mentioned principles a preliminary statement prepared by FAO was discussed ... It was explained that the statement indicated only the preliminary thinking of FAO and could be refined after further consultations". In other words, this was a statement submitted by FAO containing its views on the demarcation of responsibilities. It was never accepted by UNIDO. UNIDO, in fact, made a counter-proposal in the same tabular form and these two documents have served in subsequent discussions as the basis for further discussion with the objective of narrowing down the divergencies between the FAO and UNIDO positions. A great deal of progress has been made in this respect with the exception of wood-based industries and food processing industries which have given rise to particularly arduous negotiations that are still under way. During the negotiations, the original tabular statement has been modified and in some areas abandoned altogether.

Having given the impression that agreement on demarcation was virtually reached, the FAO representative then goes on to give the further impression that the two organizations agreed to endeavour to adjust their work programmes in

accordance with it and that such adjustments had not been carried out by UNIDO. This is also not the case. What actually was agreed was that the two organizations would undertake a stock-taking of their operational activities, exchange information and make proposals for consideration at later meetings. They would also endeavour to adjust their work programmes in accordance with the preliminary guidelines or, if necessary, adjust them later when final agreement was reached. This was in accordance with the purpose of the discussions as stated in the second paragraph of the minutes, which reads:

"It was agreed to regard the discussions as informal and exploratory without prejudging, for the time being, the formal position of the two organizations. It was hoped, however, that with more fact-finding, experimental co-operation in selected fields, and further meetings, it should be possible to reach, by the end of the year, more definitive working arrangements which could be put to the respective governing bodies for endorsement."

However, and contrary to what the representative of FAO said, the undertaking as described above to endeavour to adjust programmes has been complied with by UNIDO to the extent possible in view of the continuing negotiations, and the work programmes for 1969 and 1970 include projects in the complementary field, e.g. agricultural machinery, fertilizers, pesticides and insecticides, where co-operation with FAO is envisaged as regards their agreed field of competence. As will be mentioned again further on, UNIDO has also withheld action on the preparation of operational projects in certain controversial areas such as fisheries and agro-industry pending the final outcome of the negotiations. The FAO representative in his statement regrets that adjustments by UNIDO "with respect to FAO activities" have not taken place, but does not mention any adjustments by FAO. Agreement has in fact been reached during the discussions on UNIDO competence in certain fields such as leather production requiring adjustments in FAO programmes, and these we presume will take place. It is surely not intended that all the adjustments will be carried out by UNIDO.

As regards projects in food industries, which the representative of FAO mentioned in his statement, I would like to refer to the statement by the Executive Director to the second session of the Board in which he informed the Board that pending full agreement with FAO in this area he proposed to go ahead with UNIDO projects on the basis of the broad terms of reference under General Assembly resolution 2152 (XXI).



Before leaving the portion of the FAO representative's statement dealing with the discussions which took place in February 1968, it must also be mentioned that the FAO version was circulated to FAO field offices last year without prior consultation with UNIDO, so that an incomplete and inaccurate account of the negotiations still taking place was given widespread circulation. This gave rise to the kind of confusion at the field level which the FAO representative states he wishes to avoid.

In his statement, the FAO representative refers to operations in the processing of many edible and non-edible agricultural products. He must be aware that during the negotiations very detailed discussions have taken place between the two organizations, product by product, in all the areas enumerated. Each of these products has been discussed individually and agreements have been reached on most of them. Agreements have been reached on vegetable oils, rice, cassava, hides and skins, animal by-products, agricultural waste, including bagasse, rubber and wood manufactures. There are only two groups of products on which agreement is still pending, namely wood-based products, in particular pulp and paper, and edible products such as meat, milk, fish, fruits and vegetables. We do not see at this stage why the representative of FAO has lumped all these products together under a general statement that puts in question the entire negotiations and agreements reached so far. We feel that to represent the situation in these terms can only lead to confusion and certainly does not help in any way the progress of our negotiations.

The FAO representative then goes on to the question of consultation between the two organizations on field projects. He will be aware that one of the clauses of the agreement under negotiation provides for the establishment of machinery by which such consultations may take place where projects may involve both organizations. Such projects will be largely projects of the Special Fund type and consultations are envisaged to take place at an early stage so that the full experience of both organizations can be applied at the formulation stage and the method of joint execution, if necessary, worked out. UNIDO has no Special Fund projects for the moment in any of the fields mentioned by the FAO representative. FAO has several. The UNIDO projects referred to are all Special Industrial Services projects which are in most cases one-man missions for a few months. It was not considered useful, for obvious

practical reasons, including the need to avoid delay in execution, that there should be elaborate consultations on these projects. Notwithstanding this, as the FAO representative knows, in addition to four projects mentioned by him, in the past few months, nine other projects in fields such as particle board, tobacco processing, sugar factories, tuna canning and vegetable oil extraction have been referred to FAO for comments and suggestions. In some cases proposals have been made for joint action where there was scope for FAO's contribution.

The FAO representative has found it "embarrassing" to be informed that UNIDO is preparing a fishery industry development project and a project for the development of the Amazonas. Some very preliminary discussions were indeed held with the governments concerned on these two proposals in March 1968 but subsequent action was withheld by UNIDO on both of them because of our discussions with FAO. These and several similar proposals were kept in mind as possible joint undertakings with FAO when agreement was reached. As the representative of FAO knows, in such areas as fisheries and agro-industries we have proposed a joint FAO-UNIDO approach under which not only consultation but also active co-operation with FAO would be envisaged. The Inter-Secretariat Working Group to be established under the Agreement would have as its main duty the elaboration of procedures for such co-operation. Although, as stated above, UNIDO has withheld action in certain projects in controversial areas this has not always been possible because of the insistence of the governments making the requests, but such projects have still been implemented in consultation with FAO.

With regard to the UNIDO Expert Group Meeting on Scientific Approaches to the Problems of Preservation and Refrigeration of Food in Developing Countries, held from 24 to 27 February 1969 in Vienna and to which FAO was invited to send a representative, we are somewhat surprised to find the representative of FAO referring to this project which has already been discussed in Rome and by correspondence. We were under the impression that the Director-General of FAO fully understood and accepted UNIDO's position on this project. Why raise the question again at this meeting?

UNIDO has never denied FAO's interest in food industries as regards food habits and hygiene, raising nutritional standards, etc., and an agreement has already been reached on protein. Here again the representative of FAO seems to raise a non-existent issue.

As regards the FAO representative's reference to projects in non-food sectors, we are already taking advantage of FAO experience and, to take only one example, are currently arranging for FAO to contribute papers to an expert meeting on timber fabrication in housing to be held towards the end of this year. Why raise this question?

In conclusion, Mr. Chairman, I must apologize to the delegates for taking up so much time in what has sometimes been a rather detailed analysis of a complex subject. This, however, has been necessary to give a balanced picture of the course of FAO/UNIDO negotiations and relations over the past year. Negotiations and discussions have continued commodity by commodity and area by area. Agreements have been reached in many of these and negotiations are continuing on the outstanding questions. It is hoped that these outstanding difficulties can also be resolved.

## ANNEX VI

### SUMMARY OF A STATEMENT MADE BY MRS. INGA THORSSON, DIRECTOR, SOCIAL DEVELOPMENT DIVISION, UNITED NATIONS HEADQUARTERS, NEW YORK

Experience from the 1960s shows that the transformation of structures and attitudes is at least as important to modernization of society and the economy as are new technologies and greater capital investment. Failure to give adequate attention, at an early state in the planning process, to the qualitative, social and institutional factors that may impede or promote development, diminishes from the outset the realism and effectiveness of planning.

Economic and Social Council resolution 1139 (XLI) of 1966 reflected a reappraisal of the role of social development and the restatement of principles and objectives of concerted action for development. The resolution charged the Commission for Social Development with responsibility as the "social conscience" of the Council and emphasized specifically the interdependence between economic and social development. It called for the integration of these two elements into our concept of development processes, an approach now used by many economists also when dealing with advances in strictly economic fields. The next step would be to cease talking of "interdependence" of social and economic development and simply to speak of development.

At its twentieth session, the Commission for Social Development focused discussions on the preparations for the Second United Nations Development Decade and on specific proposals regarding the social implications and prerequisites of the over-all development strategy to be elaborated for the forthcoming Decade. It was concluded, e.g., that:

- (a) Even the economic goals of the Decade could not be set in simple terms of growth of gross national product-physical infrastructure and that long-term slow-yielding investments must be included;
- (b) Social goals would be required for accelerating economic growth during and after the 1970s;
- (c) Social goals must be set relating to major undesirable social phenomena accompanying development;

(d) Social goals should be set to ensure adequate living standards for the majority of the population;

(e) Social goals regarding population growth were required.

The Commission also approved a five-year programme that included work related to the goals and activities for the forthcoming development decade. Among projects of particular interest to UNIDO and its Board are the following:

Social aspects of industrialization;

Social policy and the distribution of national income;

Social aspects of urbanization;

Concerted action for comprehensive rural development;

Concerted action for development and utilization of human resources.

The work programme further includes a high-level meeting of experts in September 1969 on social policy and planning under the chairmanship of Gunnar Myrdal. This meeting is arranged at the invitation of and financed by the Government of Sweden. It is hoped that this meeting, which is directly related to the preparation for the implementation of the **Second United Nations Development Decade**, will help us to emerge out of the generalities regarding social development by affording practical and concrete guidance to developing countries as well as to the United Nations.

It is hoped that social development considerations might contribute to the development of dynamic industrial sectors in the sense of making a maximum contribution to society at minimum cost, including social costs. As regards undesirable social consequences of economic growth, it was pointed out as an example that if development, which should aim at increased well-being, were measured in traditional economic terms by gross national product, a chemical factory that pollutes the air would in fact be presumed to add to well-being to the same extent as a similar factory which had technical features to prevent such pollution. In the case of the industrial complex, air and water pollution, over-crowdedness and accompanying social ills, the weakening of mutual assistance resulting from the break-up of the traditional family, etc., may necessitate expenditures and investment in programmes to prevent or remedy such undesirable effects. Almost invariably it is more economical and more desirable that the social ills be anticipated in the planning phase and that appropriate preventive action be taken.

We should also be concerned with the social prerequisites for development, which include not only manpower planning and human resources development, but also the question of industry localization from the social point of view, structural reforms for better acceptance and utilization of modern technology, social changes promoting greater motivation of work, internal savings and a productive rate and composition of investment. Many of these aspects would become bottlenecks for growth if neglected but can, more hopefully, become instruments for self-sustained growth.

The distribution of the proceeds of growth and the distribution of present income is of great significance and adequate attention must be given to social policies in this regard. This relates both to human betterment (e.g. through educational opportunities) and the growth-producing possibilities of a more equitable distribution of income. Questions related to geographical income distribution would also be important.

The question of the human environment was noted in General Assembly resolution 2398 (XXIII), which noted the deteriorating relationship between man and his environment and stressed the need for greater attention to this problem to promote sound economic and social development. The resolution called for an international conference on the subject in 1972. This topic is, of course, very relevant to the concern with social costs and the undesirable consequences of development, including industrialization and rapid urban growth.

The work programme of the Commission for Social Development on social aspects of industrialization was transmitted to the UNIDO Board as part of the documentation of its 1968 session. In view of the important place which industrialization holds in the development aspirations of developing countries, the point of departure for the programme was the need for carefully planned work with a multi-disciplinary and comprehensive approach, taking into account the several factors involved in the process of industrialization and its effect on society.

The work to be undertaken on social aspects of industrialization is divided into three parts. Two of them deal with the interrelationships among factors associated in the process of the industrialization which today affects the total fabric of society. These studies aim at giving planners in developing countries a more rational basis for formulating their development strategies.

The operational, and perhaps most significant, part of the programme envisages advisory services on social policies and planning aspects of industrialization. The extent to which these advisory services can in fact become operational will be largely dependent on the interest of UNIDO in pursuing the collaboration which has been started and the financial support available for the programme.

In some fields it has proved necessary to make provision in Special Fund projects already in operation for a social development expert. There is also a recent tendency to include social development expertise at the early planning stages of projects. We should welcome the opportunity to collaborate with UNIDO in a similar way. Generally, the social development adviser would be responsible for identifying social factors in the formulation and preparation of projects and the machinery for their implementation and evaluation; clarifying interrelationships between relevant social and economic factors; identifying the social constraints and resistances which, if ignored, might impede the implementation of the project; and analysing the likely undesirable social consequences of the project which would detract from its over-all contribution to the growth of the economy.

It might also be suggested that UNIDO include social aspects in its training activities, particularly those designed to help developing countries to formulate and execute effective industrial policies.

When we speak about social aspects of industrialization, it should be clear from what has been said above that the subject of our attention is the whole social framework for the industrialization process. Social welfare services for specific industrial enterprises or branches of industry are of course only one aspect in this broader framework.

It was finally mentioned that the five Special Rapporteurs, appointed by the Secretary-General to review technical co-operation activities in social development, considered it necessary to make, inter alia, specific recommendations regarding the relationship between the work of UNIDO and the social aspects of industrial projects. They stated that in consultations with UNIDO they had been impressed by its awareness of the social prerequisites and consequences of industrial development, although a special policy in this respect has not yet been

established with respect to field projects. The Rapporteurs considered it important that suitable arrangements be made to facilitate action on social aspects of industrial development and put forward certain proposals aiming at creating links between the UNIDO secretariat and the Social Development Division to this end.

Consequently, great importance is attached to the strengthening of contacts with UNIDO with the aim of carrying out a possible joint programme in social aspects of industrialization. This would form a part of the improved joint efforts of the whole United Nations family to assist the low income countries in their development efforts in which, as is now generally known, social factors play such an important role.



## ANNEX VII

### RESOLUTIONS ADOPTED BY THE INDUSTRIAL DEVELOPMENT BOARD AT ITS THIRD SESSION

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#### Resolution

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- 18 (III) Recruitment of experts
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- 20 (III) United Nations Pledging Conference on the United Nations Industrial Development Organization
- 21 (III) Co-operatives in industrial development
- 22 (III) Special meeting of the United Nations Industrial Development Organization
- 23 (III) Financial questions relating to the regular programme of technical assistance of the United Nations Industrial Development Organization
- 24 (III) The United Nations Industrial Development Organization and the Second United Nations Development Decade
- 25 (III) International co-operation in the field of industrial development

13 (III). Regular programme of technical assistance

The Industrial Development Board,

Recalling its resolution 11 (II) of 14 May 1968, which requested the Executive Director to draw up guiding principles for the execution of the regular programme of technical assistance, and recommended the sum of \$1.5 million as the planning level of the regular programme of technical assistance for industrial development in 1969 and 1970,

Having considered documents ID/B/47 and ID/B/49 as submitted to it by the Executive Director,

1. Approves the proposals for the regular programme of technical assistance presented by the Executive Director in document ID/B/47 for implementation in 1970 in accordance with the planning level approved by the Board at its second session;

2. Further approves the guiding principles for the execution of the regular programme of technical assistance as outlined by the Executive Director in part one of document ID/B/49;

3. Recommends that the General Assembly take budgetary action for the implementation of the programme proposals contained in document ID/B/47 by appropriating the necessary funds within part V, section 14, of the regular budget of the United Nations in 1970;

4. Further recommends the sum of \$1.5 million as the planning level of the regular programme of technical assistance for industrial development in 1971.

35th plenary meeting,  
12 May 1969.

14 (III). Central role of the United Nations Industrial Development Organization in co-ordinating the activities of the United Nations system in the field of industrial development\*

The Industrial Development Board,

Recalling its resolution 4 (II) of 9 May 1968 on the review and co-ordination of activities in the field of industrial development in which it requested the Executive Director to submit a report to the Board at its third session on the implementation of that resolution, including the texts of any tentative agreements with the specialized agencies,

Recalling further its resolution 6 (II) of the same date on co-operation between the United Nations Industrial Development Organization, the regional economic commissions of the United Nations and the United Nations Economic and Social Office in Beirut,

Having examined the bilateral arrangements on co-operation set out in annexes I to V and addendum 1, listed below, to the report by the Executive Director on the central role of the United Nations Industrial Development Organization in co-ordinating the activities of the United Nations system in the field of industrial development:<sup>a/</sup>

Memorandum of guidelines for co-operation between the International Labour Organisation and the United Nations Industrial Development Organization,

Memorandum of understanding on guidelines for co-operation and co-ordination of activities between the United Nations Educational, Scientific and Cultural Organization and the United Nations Industrial Development Organization,

Principles and procedures of co-operation between the Economic Commission for Africa and the United Nations Industrial Development Organization,

Note on co-operation between the secretariats of the Economic Commission for Europe and the United Nations Industrial Development Organization,

Principles and procedures of co-operation between the United Nations Economic and Social Office in Beirut and the United Nations Industrial Development Organization,

Principles and procedures of co-operation between the United Nations Industrial Development Organization and the Economic Commission for Latin America,

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a/ ID/B/55 and Add.1.

1. Expresses its appreciation of the efforts of the Executive Director and notes with satisfaction the conclusion of the bilateral arrangements on co-operation listed above;

2. Requests the Executive Director to continue his efforts to conclude agreements with other United Nations organizations concerned and to elaborate the existing arrangements as appropriate;

3. Emphasizes the need for reaching long-term agreements with all organizations concerned;

4. Requests the Executive Director to submit to the Board at its fourth session a comprehensive report on the implementation of the present resolution.

85th plenary meeting,  
12 May 1969.

15 (III). Programme of Special Industrial Services

The Industrial Development Board,

Recalling that the programme of Special Industrial Services was established as a means of providing assistance especially geared to meet specific requirements in the field of industrial development,

Noting that the number of requests for assistance under the programme of Special Industrial Services has increased at a rate which may lead to an early depletion of the resources available for new projects under the programme,

1. Takes note of the report of the Executive Director on the programme of Special Industrial Services;<sup>b/</sup>

2. Emphasizes the importance of the activities of the Special Industrial Services within the over-all programmes of technical co-operation in the field of industry;

3. Endorses the concern expressed at the seventh session of the Governing Council of the United Nations Development Programme on the need to continue the Special Industrial Services type of operations on a more permanent basis;

4. Expresses its earnest hope that, at its next session, the Governing Council of the United Nations Development Programme will take appropriate action to ensure the availability of funds from United Nations Development Programme sources for the continued operation of the Special Industrial Services programme at an annual level consistent with its past development and commensurate with future needs.

85th plenary meeting,  
12 May 1969.

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b/ ID/B/43/Add.1.

The Industrial Development Board,

Recognizing that the developing countries attach high priority to the acceleration of their industrial development within the framework of their national economic plans and programmes,

Noting the important role which the United Nations Industrial Development Organization should play in assisting the developing countries to promote industrialization and the important contribution that can be made by the industrial development field advisers in the formulation of field programmes as well as in the promotion of co-ordination at the national level,

Bearing in mind the agreement between the Administrator of the United Nations Development Programme and the Executive Director of the United Nations Industrial Development Organization which provides for the financing of field advisers by the Programme and joint appointments by the Organization and the Programme,

Conscious that the present number of industrial development field advisers is limited and insufficient to provide adequate coverage of, and services to, the developing countries,

1. Urges the elaboration of arrangements under the agreement between the Administrator of the United Nations Development Programme and the Executive Director of the United Nations Industrial Development Organization concerning the establishment and financing of the organization's existing programme on industrial development field advisers;

2. Also urges the Governing Council and the Administrator of the United Nations Development Programme to provide financing for a substantial increase in the number of industrial development field advisers, commensurate with the future needs of the United Nations Industrial Development Organization programme, thus enabling the organization and the Programme to commence their recruitment in accordance with United Nations principles at a very early date but preferably before the end of 1969.

86th plenary meeting,  
13 May 1969.

17 (III). Promotion of export-oriented industries

The Industrial Development Board,

Recognizing the importance of promoting export-oriented industries in the developing countries,

Taking into account the principles of international trade relations adopted by the United Nations Conference on Trade and Development at its first session,

Taking into account the activities in this field of the regional economic commissions of the United Nations and of other United Nations organizations,

Considering the need to avoid dispersal of efforts among the various organizations,

Recalling section II, paragraph 29, of General Assembly resolution 2152 (XXI) of 17 November 1966,

1. Takes note of Economic and Social Council resolution 1362 (XLV) of 2 August 1968 concerning the United Nations export promotion efforts;
2. Approves the co-operation established with other organizations and agencies participating in the United Nations Export Promotion Programme, especially with the United Nations Conference on Trade and Development together with the joint UNCTAD/GATT International Trade Centre;
3. Requests the Executive Director to continue this co-operation, including practical measures of co-ordination in the various stages of execution of joint projects, and to co-operate with regional and international institutions within the United Nations system;
4. Further requests the Executive Director, with regard to the contribution of the United Nations Industrial Development Organization in promoting export-oriented industries within the developing countries, to give special emphasis to standardization, quality control, product improvement, design, packaging and similar measures, as well as subcontracting and licensing arrangements aimed at improving the market acceptance and competitiveness of industrial products from the developing countries.

86th plenary meeting,  
13 May 1969.

18 (III). Recruitment of experts

The Industrial Development Board,

Recognizing the role of United Nations technical assistance activities in furthering the economic development of the developing countries,

Noting the arrangements already made by the Executive Director of the United Nations Industrial Development Organization to assume responsibility for recruiting experts for Special Industrial Services,

Appreciating the steps taken by the Executive Director to reach agreement with the Technical Assistance Recruitment Service of the United Nations Office of Personnel on the recruitment of experts for Special Fund and Technical Assistance projects carried out by the United Nations Industrial Development Organization,

Convinced that the existing resources of experts, both in the developed and developing countries, have not yet been fully utilized,

Recalling the proposals made by the Executive Director in document ID/B/53,

1. Requests the Executive Director to continue his efforts towards increasing the participation of the United Nations Industrial Development Organization in the recruitment of experts for Special Fund and Technical Assistance projects carried out by the organization;

2. Further requests the Executive Director to strengthen co-operation through proper channels with national authorities by:

- (a) Giving detailed information in advance on expected needs for experts;
- (b) Providing up-to-date information on the process of recruitment;
- (c) Maintaining close contact on any question that might be necessary to further the acceleration of the process;



3. Recommends the Executive Director to simplify recruitment and assignment formalities as much as possible;

4. Calls the attention of the Executive Director to the need, when seeking the services of experts, to obtain these at as reasonable a cost as possible, consistent with the needs of the recipient countries.

87th plenary meeting,  
13 May 1969.

19 (III). Utilization of computers and computer techniques for industrial development

The Industrial Development Board,

Bearing in mind the task entrusted to the United Nations Industrial Development Organization by General Assembly resolution 2152 (XXI) of 17 November 1966 with a view to promoting the industrial development of the developing countries,

Recognizing that international co-operation in the field of science and technology is an important means for accelerating progress in industrialization and for reducing the industrial and technological gap between developing and industrialized countries,

Recalling the relevant recommendations and conclusions adopted by the first United Nations Conference on the Application of Science and Technology for the Benefit of the Less Developed Areas, as well as the resolutions of the various United Nations bodies on the subject,

Convinced of the particular importance of the utilization of computers and computer techniques in industrial planning and programming,

Taking into account General Assembly resolution 2458 (XXIII) of 20 December 1968 concerning international co-operation with a view to the use of computers and computation techniques for development,

Noting with interest the relevant activities undertaken by the United Nations Industrial Development Organization in this field in promoting computer techniques in industrial planning and programming for developing countries,

1. Considers that the United Nations Industrial Development Organization can support the efforts made by the developing countries for the utilization of computer techniques aimed at accelerated industrial development;

2. Invites the Executive Director to assist the Secretary-General of the United Nations in preparing the report requested by the General Assembly in resolution 2458 (XXIII);

3. Requests the Executive Director to arrange for the report of the Secretary-General to be submitted to the Industrial Development Board at its fourth session, if possible, in order to enable it to consider those portions of the report which may be relevant to the competence and responsibilities of the United Nations Industrial Development Organization, together with any recommendations for appropriate action by the organization in this field as part of its work programme.

87th plenary meeting,  
13 May 1969.

The Industrial Development Board,

Considering that a substantial expansion of the resources of the United Nations Industrial Development Organization for the purpose of increasing its programmes of assistance to the developing countries would strengthen its ability to assist those countries in their efforts to accelerate their industrialization,

Recalling the provisions of General Assembly resolution 2152 (XXI) of 17 November 1966 and of Industrial Development Board resolution 10 (II) of 14 May 1968,

Further recalling its resolution 2 (I) of 4 May 1967 by which the Secretary-General was invited to convene an annual pledging conference for announcement of contributions to the organization,

1. Takes note of the Executive Director's communication<sup>c/</sup> on the results of the 1968 United Nations Pledging Conference on the United Nations Industrial Development Organization;
2. Expresses its appreciation to those Governments which, in support of the activities of the United Nations Industrial Development Organization, announced contributions for 1969 at the Pledging Conference held on 4 December 1968;
3. Calls upon the Executive Director to take steps to achieve a more rational utilization of the voluntary contributions already existing;
4. Further calls upon the Government of all developed and developing countries participating in the United Nations Industrial Development Organization to increase their support for its programmes by announcing appropriate contributions at the 1969 Pledging Conference and to make every effort to raise their contributions for 1970 to levels consistent with the magnitude of the requirements for practical action in assisting the industrialization of the developing countries.

87th plenary meeting,  
13 May 1969.

c/ ID/B/43, annex VII.

21 (III). Co-operatives in industrial development

The Industrial Development Board,

Highly appreciating the efforts made by the United Nations and its specialized agencies to promote economic and social development, in particular their efforts to promote industrial development in developing countries,

Welcoming with appreciation General Assembly resolution 2459 (XXIII) of 20 December 1968 on the role of the co-operative movement in economic and social development,

Stressing the importance for industrial development of mobilizing local human, natural and financial resources, which could be assisted by the co-operative movement, leading to the economic activation of less developed regions,

Aware that the co-operative movement can bring together dispersed and weak economic units into larger organizations capable of carrying out extensive and relevant activities such as the application of modern techniques in various fields, particularly in small-scale industry,

Recognizing that small-scale industry - a branch in which the co-operative form of work is of special value - may be a relevant complement to the development of large-scale industry,

Recognizing also that the training of well-qualified experts in co-operatives constitutes a valuable element in the effective development of co-operative initiative for industrialization,

1. Requests the Executive Director, in consultation and collaboration with the International Labour Organisation and the other specialized agencies concerned, to prepare a concise report on the role of co-operatives in the industrial development of individual countries and on the knowledge and experience acquired in this field as it may be relevant to the situation in developing countries, taking into consideration the experience gathered by the International Co-operative Alliance;

2. Requests the Executive Director of the United Nations Industrial Development Organization and the Governing Council of the United Nations Development Programme to give proper attention to government requests from developing countries for technical assistance in the industrial co-operative sector, where the organization as well as the specialized agencies can play an important role;

3. Requests the Executive Director to submit the report mentioned in paragraph 1 above to the Board at its fifth session at the latest.

87th plenary meeting,  
13 May 1969.

22 (III). Special meeting of the United Nations  
Industrial Development Organization

The Industrial Development Board,

Considering that General Assembly resolution 2152 (XXI) of 17 November 1966, by which the United Nations Industrial Development Organization was established, is worded in terms too general to serve as a programme of work for the Second United Nations Development Decade,

Having noted that the industrialization process is becoming increasingly complex and that an over-all view at the world level is required,

Taking into account the fact that the First United Nations Development Decade revealed a lack of sufficient preparation for the consideration of many factors,

Conscious that, on the eve of the Second United Nations Development Decade, taking into account the conclusions and recommendations of the Industrial Development Board at its third session and Board resolution 24 (III) of 14 May 1969 concerning the Second Development Decade, it is essential to determine the objectives with greater precision beforehand, if more positive results are to be achieved, and that it is also necessary to consider the availability of the means required for attaining these objectives,

Considering also that the United Nations Industrial Development Organization was established to play the central role within the United Nations system of organizations in matters related to industrial development in the developing countries,

Convinced that industrialization constitutes and will constitute during the Second United Nations Development Decade a basic factor in the economic and social progress of countries,

1. Requests the Executive Director to consult Governments participating in the work of the United Nations Industrial Development Organization within ninety days of the closure of the third session of the Industrial Development Board, in order to study the possibility of convening a special meeting of all member States of the organization within the framework of the twenty-fifth regular session

of the General Assembly of the United Nations in 1970 - the year in which the twenty-fifth anniversary of the United Nations will be celebrated - at the highest possible level of governmental representation, to consider the long-term participation of the organization in industrial development in the developing countries and, in particular, its participation in achieving the objectives of the Second United Nations Development Decade in regard to industrial development, taking into account the work of the Preparatory Committee for the Second United Nations Development Decade;

2. Further requests the Executive Director to submit a report on the results of his consultations, together with the report of the Industrial Development Board on the work of its third session to the General Assembly at its twenty-fourth session.

87th plenary meeting,  
13 May 1969.



23 (III). Financial questions relating to the regular programme of technical assistance of the United Nations Industrial Development Organization

The Industrial Development Board,

Having considered the recommendation contained in the report of the Governing Council of the United Nations Development Programme on its seventh session to the Economic and Social Council at its forty-seventh session,<sup>d/</sup> reference to which is made in document ID/B/49,

Noting that the above recommendation is to the effect that the Economic and Social Council should propose to the General Assembly certain changes in the programming and budgeting procedures of the regular programme of technical assistance that would modify the present procedures established under General Assembly resolution 2298 (XXII) of 12 December 1967, under which a separate section was established in part V of the budget of the United Nations for the programme of technical assistance in industrial development,

Recognizing that the establishment of a separate section for this programme in the budget has considerably expedited assistance in the field of industrial development to meet the needs of the developing countries,

Also recognizing the necessity for advance planning in the field of industrial development and for having specific resources available for this purpose,

1. Considers that the present programming and budgeting procedures providing for a separate section in part V of the United Nations budget for the needs of technical assistance in industrial development as decided by the General Assembly in resolution 2298 (XXII) should be maintained;

2. Requests the Executive Director to convey the present resolution to the General Assembly at its next session.

88th plenary meeting,  
14 May 1969.

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d/ Official Records of the Economic and Social Council, Forty-seventh Session, document E/4609, para. 181.

24 (III). The United Nations Industrial Development Organization and the Second United Nations Development Decade

The Industrial Development Board,

Recalling General Assembly resolution 2305 (XXII) of 13 December 1967, which proclaimed the 1970s as the Second United Nations Development Decade,

Also recalling General Assembly resolution 2411 (XXIII) of 17 December 1968 on the international development strategy to be prepared by the Preparatory Committee for the Second United Nations Development Decade on the basis of relevant studies, conclusions and proposals formulated within the different fields of competence of the various members of the United Nations family of organizations,

Further recalling General Assembly resolution 2407 (XXIII) of 17 December 1968 requesting the United Nations Industrial Development Organization to accelerate the preparatory work within its competence for the next United Nations Development Decade and to co-operate actively in the concerted efforts to elaborate the international development strategy for the 1970s,

Recalling the recommendations of the report of the International Symposium on Industrial Development<sup>e/</sup> held at Athens in 1967,

Bearing in mind that the international development strategy, including the aspect of the industrial development of the developing countries, involves very closely the basic policies of the developed and developing countries not only in industry and employment, but also in research and technology,

Conscious of the views expressed by member Governments and of the preparatory work of the secretariat of the United Nations Industrial Development Organization on the Second United Nations Development Decade as contained in the report of the Industrial Development Board on the work of its third session,

1. Decides that the work of the United Nations Industrial Development Organization in accelerating industrial development in the developing countries for the Second United Nations Development Decade should receive high priority, particularly in the less developed among the developing countries;

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e/ United Nations publication, Sales No.: E.69.II.B.7.

2. Also decides that the contribution of the United Nations Industrial Development Organization to the Second United Nations Development Decade should be based, inter alia, on the concepts that:

- (a) Developed and developing countries are real partners in the development of the world economy, in which both have interdependent roles to perform;
- (b) The conditions obtaining in the world economy have to be improved to make them fully conducive to the growth of both partners, so as to enable the developing countries to secure a larger share of world production and trade that will provide their peoples with a decent living and permit their economies to grow on a self-sustaining and dynamic basis, with a substantial increase in the industrial portion of the gross national product of developing countries;
- (c) It is desirable to give assistance to industrial development and such assistance should be accompanied by the adoption and implementation by developed and developing countries of policies in the fields of industrial technology, research, employment and development which will provide the opportunity for a substantial increase in the level and quality of industrial production in developing countries. This will require the co-ordination of efforts of both developed and developing countries;
- (d) While assistance is being extended to developing countries to accelerate their industrial development, simultaneous and concerted action should be taken by the international community to allow their industrial products greater and competitive access to world markets under better terms of trade;
- (e) The contribution of the United Nations Industrial Development Organization to the Second United Nations Development Decade must be developed within its terms of reference and co-ordinated with the proposals on and contributions to the Decade made by the United Nations Conference on Trade and Development;

3. Requests the Executive Director to submit a report to the Industrial Development Board at its fourth session on the proposed contributions to the Second United Nations Development Decade, specifying the policy measures by sectors to be implemented on the national, regional and international levels;

4. Further requests the Executive Director to indicate to the Preparatory Committee for the Second United Nations Development Decade, at its next meeting, the preliminary contributions of the United Nations Industrial Development Organization to the Decade on the lines set out in the present resolution and in the report of the Board on the work of its third session.

88th plenary meeting,  
14 May 1969.

25 (III). International co-operation in the field of industrial development

The Industrial Development Board,

Considering that, in General Assembly resolution 2152 (XXI) of 17 November 1966 establishing the United Nations Industrial Development Organization, the General Assembly recognized that the industrialization of developing countries was essential for their economic and social development and for the expansion and diversification of their trade, and that the acceleration of industrial development, especially in the developing countries, depended largely on international co-operation,

Believing that, while the main responsibility for their economic and social development and the attainment of their national objectives rests primarily with the developing countries, complementary international co-operation is an important prerequisite for the utilization and mobilization of domestic resources,

Considering that if such co-operation is to be an effective means of ensuring economic and social development, it must be attuned to the conditions prevailing in the developing countries and take due account of their national development policies and strategy so that it does not constitute a factor that increases their dependence on outside resources,

1. Declares that:

- (a) It would be desirable to further pursue effective forms of international co-operation in the industrial sector that would substantially contribute to the full economic and social development of all countries, and especially of the developing countries, with a view to laying the foundations for equitable international relations serving the interests of peace;
- (b) Economic and technical co-operation should be regarded as an important means whereby the developed countries help to facilitate rapid industrialization in the developing countries in order that those countries may overcome the problems deriving from dependence on outside resources and make positive progress towards development;

- (c) Since technological advances originating in industrialized countries constitute a factor that sets them increasingly further apart from the developing countries, it is essential that international co-operation in this field should be directed towards the establishment and adaptation of techniques that permit the maximum utilization of resources of the developing countries;

2. Recommends that:

- (a) The industrialized countries and the developing countries should co-operate increasingly in the industrialization plans and programmes of the developing countries, bearing in mind that such co-operation should be free from all political, economic or other conditions that might alter its nature or frustrate its purpose and that it should be made available in forms that will enable the countries concerned to ensure that the execution of their plans and programmes goes forward continuously and without interruption;
- (b) In their economic policies, arrangements and measures, it would be desirable that all countries accordingly take due account of the interests of industrialization in the developing countries.

89th plenary meeting,  
14 May 1969.

## ANNEX VIII

### LIST OF DOCUMENTS BEFORE THE INDUSTRIAL DEVELOPMENT BOARD AT ITS THIRD SESSION

#### General Series

- 
- ID/B/42/Rev.1                      Agenda for the third session
- ID/B/43  
and Corr.1                      Report on 1968 activities of the United Nations Industrial  
Development Organization
- Annex I      Administrative activities of UNIDO in 1968
- Annex II     Report on public information services
- Annex III    Report on the activities of the New York  
Liaison Office; November 1967 -- October 1968
- Annex IV    Detailed list of field activities by pro-  
grammes and regions
- Annex V     List of field activities by regions and  
countries
- Annex VI    Progress report on the implementation of  
UNDP projects by UNIDO
- Annex VII   Note on voluntary contributions
- Add.1       Report on the programme of Special Industrial Services
- Add.2       Updating of the report on 1968 activities of the  
United Nations Industrial Development Organization
- ID/B/44  
and Corr.1                      Programme of work for 1970 of the United Nations  
Industrial Development Organization
- Annex I     Detailed list of field activities by  
programmes and regions
- Annex II    List of field activities by regions  
and countries
- Annex III   Expert group meetings, seminars, group  
training programmes and workshops planned  
for 1970
- Annex IV    Studies and research projects planned for  
1970
- Annex V     1970 publications programme

General Series (continued)

- ID/B/45 Summary forecast for UNIDO activities in 1971 and an outline of a long-term programme
- ID/B/46 Budget estimates for 1970 and planning estimates for 1971
- ID/B/47 UNIDO regular programme of technical assistance - Draft programme for 1970
- ID/B/48 UNIDO regular programme of technical assistance - Programme planning level for 1971
- ID/B/49 Guiding principles and procedures for the execution of the regular programme
- ID/B/50 Updating of programme of work of UNIDO for 1969
- Add.1 Updating of programme of work of UNIDO for 1969
- Add.2 Supporting activities
- ID/B/51 Organization of the UNIDO secretariat
- ID/B/52/Rev.1 Geographical distribution of the professional staff of UNIDO
- ID/B/53 Proposals for expediting and improving the recruitment of project personnel
- ID/B/54 Report on the payment of local costs in respect of the Special Industrial Services programme
- ID/B/55 Central role of UNIDO in co-ordinating the activities of the United Nations system in the field of industrial development
- Annex I Memorandum of guidelines for co-operation between the ILO and UNIDO
- Annex II Memorandum of understanding on guidelines for co-operation and co-ordination of activities between UNESCO and UNIDO
- Annex III Principles and procedures of co-operation between ECA and UNIDO
- Annex IV Note on co-operation between the secretariats of ECE and UNIDO
- Annex V Principles and procedures of co-operation between UNESOB and UNIDO
- Annex VI National committees for UNIDO established as of 31 December 1968



General Series (continued)

- Add.1 Principles and procedures of co-operation between UNIDO and ECLA
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- ID/B/56 and  
Corr.1 The industrial development activities of the United Nations system of organizations for the year 1968: fourth consolidated report
- Annex I Index of projects by regions and countries
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- ID/B/57 Analytical report of the activities in the field of industrial development of the United Nations system of organizations
- ID/B/58 A review of future activities in the field of industrial development of the United Nations system of organizations
- ID/B/59 and  
Add.1 Consideration of applications of intergovernmental organizations
- ID/B/60 Consideration of applications of international non-governmental organizations
- ID/B/61 and  
Add.1 Report on co-operation between the UNIDO secretariat and the international non-governmental organizations having consultative status with UNIDO
- ID/B/62 and  
Corr.1 Report of the Industrial Development Board on the work of its third session

Conference Room Papers

ID/B/CRP/69-1                      Resolutions of the twenty-third session of the General Assembly and the forty-fifth session of the Economic and Social Council of concern to UNIDO, and of the first two sessions of the Industrial Development Board

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ID/B/NGO.2                      Statement by the representative of the International Confederation of Free Trade Unions (ICFTU)

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ID/B/L.44 and                      Draft report  
Add.1-14

ID/B/L.45                      Report of the Ad Hoc Committee on questions relating to intergovernmental and non-governmental organizations

ID/B/L.46 and                      Argentina, Brazil, Cameroon, Chile, Colombia, Ghana, Guinea, India, Indonesia, Iran, Iraq, Ivory Coast, Kuwait, Nigeria, Pakistan, Peru, Philippines, Rwanda, Somalia, Sudan, Thailand, Trinidad and Tobago, United Republic of Tanzania, Upper Volta and Uruguay: draft resolution on financial questions relating to the UNIDO regular programme of technical assistance  
Corr.1

ID/B/L.47/Rev.1                      Draft agenda for the fourth session

ID/B/L.48                      Kuwait, Sudan and Thailand: draft resolution on the regular programme of technical assistance

Add.1                      Adds Brazil, Chile and Rwanda to the list of sponsors

ID/B/L.49                      Iran, Kuwait, Poland, Sudan and Thailand: draft resolution on the central role of UNIDO in co-ordinating the activities of the United Nations system in the field of industrial development

Add.1                      Adds United Republic of Tanzania to the list of sponsors

ID/B/L.50                      Sudan: amendment to the draft report

Limited Series (continued)

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of UNIDO presented by Groups A and C
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- ID/B/L.54 Cameroon, India, Ivory Coast, Nigeria, Pakistan,  
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industrial development field advisers
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- Add.1 Adds Ghana and Uruguay to the list of sponsors
- ID/B/L.58 Argentina, Brazil, Cameroon, Chile, Colombia, Ghana,  
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United Republic of Tanzania, Upper Volta and Uruguay:  
draft resolution on UNIDO and the Second United Nations  
Development Decade

Limited Series (continued)

- ID/B/L.59 Brazil and Uruguay: draft resolution on the establishment of subsidiary organs of the Industrial Development Board
- Add.1 Adds Colombia and Peru to the list of sponsors
- ID/B/L.60/Rev.1 Chile, Ghana, Philippines, Spain and Trinidad and Tobago: draft resolution on a special meeting of the United Nations Industrial Development Organization
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- ID/B/L.62/Rev.1 Chile and Czechoslovakia: draft resolution on the utilization of computers and computer techniques for industrial development
- ID/B/L.63 Argentina, Brazil, Chile, Colombia, Ghana, Guinea, Peru and Uruguay: draft resolution on international co-operation
- ID/B/L.64/Rev.1 India and Poland: draft resolution on the recruitment of experts
- ID/B/L.65/Rev.1 Austria, Bulgaria, Ghana, Guinea, Iran, Nigeria, Pakistan, Philippines, Poland, Sudan, Switzerland and United States of America: draft resolution on co-operatives in industrial development
- ID/B/L.66 Sweden: draft resolution on a study of UNIDO's long-range programme, finance and organization
- ID/B/L.67 List of draft resolutions and recommendations
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- ID/B/L.69 Note by the Rapporteur
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- ID/B/L.71 Sweden: amendments to draft resolution ID/B/L.61
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Information Series

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- ID/B/INF.11 Preliminary list of documents distributed in connexion with the third session of the Industrial Development Board
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- ID/B/INF.14/Rev.1 Provisional list of participants
- ID/B/INF.15 Note on the organization of the work of the third session of the Industrial Development Board
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- ID/B/RES.13 (III) Regular programme of technical assistance
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- ID/B/RES.18 (III) Recruitment of experts
- ID/B/RES.19 (III) Utilization of computers and computer techniques for industrial development
- ID/B/RES.20 (III) United Nations Pledging Conference on the United Nations Industrial Development Organization
- ID/B/RES.21 (III) Co-operatives in industrial development
- ID/B/RES.22 (III) Special meeting of the United Nations Industrial Development Organization
- ID/B/RES.23 (III) Financial questions relating to the regular programme of technical assistance of the United Nations Industrial Development Organization
- ID/B/RES.24 (III) The United Nations Industrial Development Organization and the Second United Nations Development Decade
- ID/B/RES.25 (III) International co-operation in the field of industrial development

## Summary Records

- ID/B/SR.63-89 Provisional summary records covering plenary meetings, 24 April to 14 May 1969



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