

United Nations GENERAL ASSEMBLY

TWENTY-THIRD SESSION

Official Records



SECOND COMMITTEE, 1201st
MEETING

Friday, 25 October 1968,
at 10.55 a.m.

NEW YORK

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Chairman: Mr. Richard M. AKWEI (Ghana).

AGENDA ITEM 35

United Nations Industrial Development Organization:
report of the Industrial Development Board (A/7203,
chap. IX; A/7215, A/7271)

1. The CHAIRMAN referred to one aspect of the report of the Industrial Development Board on the work of its second session (A/7215) which concerned the regular programme of technical co-operation in industrial development. In paragraphs 79 to 97 of the report, some recommendations had been made in accordance with General Assembly resolution 2298 (XXII) on the planning level for the regular programme of technical assistance in industrial development. He also drew the Committee's attention to a note by the Secretary-General (A/7252), which was relevant to agenda item 44 (b) entitled "Operational activities for development: activities undertaken by the Secretary-General". In view of the decisions of the Industrial Development Board (see A/7215, annex VI, resolution 11 (II) and the Governing Council of the United Nations Development Programme (UNDP) on the level of the regular programme of technical co-operation for 1969, ^{1/} whatever views were expressed by the Committee on the total level of technical co-operation for 1969 would have to be brought to the attention of the Fifth Committee through the normal channels of the Advisory Committee on Administrative and Budgetary Questions for necessary action in regard to the appropriation of the required funds.

2. Mr. ABDEL-RAHMAN (Executive Director, United Nations Industrial Development Organization) expressed his appreciation for the opportunity of reporting to the General Assembly on a number of important developments for the first time since the establishment of the United Nations Industrial Development Organization (UNIDO) at Vienna. One very im-

portant event had been the holding of the International Symposium on Industrial Development, at Athens from 29 November to 19 December 1967. In spite of difficult organizational problems, the Symposium had provided a favourable opportunity for a dialogue between a large number of developed and developing countries. Many of those problems had not been amenable to easy or fast solutions and strong differences remained on many issues, but the proceedings of the Symposium had provided a source of guidance for the development of UNIDO's programmes in the context of the international co-operative efforts required to speed up industrialization.

3. A very promising beginning had been made with the organization of an Industrial Promotion Service which had operated in connexion with the Symposium. With that initial step the groundwork had been laid for further promotional efforts by UNIDO to encourage direct contacts between interested parties in developed and developing countries for purposes connected with the establishment and expansion of industries in developing countries. A follow-up meeting for investment promotion had recently been held at Vienna.

4. In 1967, UNIDO had moved forward in establishing its headquarters at Vienna. Gradually, the different administrative services of the secretariat were becoming operational, although the transfer was not yet complete. The work of building up the professional cadres was also proceeding, although it was by nature a slower process. The increasing demands of a vastly expanded programme of activities had been met through flexible utilization of the resources available and through additional efforts by all concerned. In initiating and carrying out the programme, UNIDO had closely followed the principles and directives laid down by the Industrial Development Board at its first two sessions. The second session of the Board had been held in April and May 1968, for the first time at Vienna. The preparation of documents and the servicing of the session, following closely on the International Symposium, had put the secretariat of UNIDO to a severe test and it should be congratulated on having met it successfully.

5. The Committee had before it the report of the Industrial Development Board on the work of its second session (A/7215). The Board had taken a number of steps to enable it thoroughly to examine the work programme of UNIDO. The different chapters of the report showed that the Board had covered section by section all the projects included in the programme submitted for 1968 and 1969. The Board's careful examination had thrown additional light on the nature of the projects which made up UNIDO's work programme. Because of its strong operational orientation, the specific work to be accomplished during any

^{1/} See Official Records of the Economic and Social Council, Forty-fifth Session, Supplement No. 6A (E/4545), para. 322.

period of time was directly dependent on requests received from Governments. The headquarters activities of a supporting and research nature were closely connected with the operational activities and determined by them. The resulting balance between the need to respond to requests as they arose and to maintain some continuity in the supporting headquarters activities gave UNIDO's programme of work its special character. It was not a set of separately defined activities within their own context; rather it was a number of areas or groups of activity intended to accommodate as closely as possible the expected range of operational activities determined by government requests. It was thus questionable whether the different components of UNIDO's programme of work could be considered as individual projects in the usual sense. Some attention might be given by the governing bodies concerned to the precise meaning of projects within the context of a programme which was highly dependent on requirements not fully defined at the stage when the programme had been planned and approved by the governing bodies. That called for special consideration in the process of approval of the necessary financial resources, which would not arise to the same degree if UNIDO were less operation-oriented.

6. The Board had also devoted considerable attention to the co-ordination of activities in industrial development and had requested that efforts should be intensified in areas in which there were gaps for action. It had also encouraged the continuation of consultations with a view to establishing a working agreement for the smooth co-ordination of activities, *inter alia*, with the regional economic commissions and the United Nations Economic and Social Office in Beirut. Consultations were being held with the Executive Secretaries. Agreements had also been reached with the ILO and UNESCO, and discussions were under way with FAO which were expected to lead to satisfactory arrangements. The Board had endorsed the utilization of industrial field advisers for purposes of co-ordination at the country level.

7. In resolution 9 (II), the Board had laid down further guide-lines for the development and presentation of UNIDO's programme of work. It had also stressed the importance of that part of the regular programme of technical assistance which was utilized as a means of promotion whereby greater direct assistance in industrial development could be given to the developing countries. In resolution 10 (II), the Board had referred to its resolution 2 (I) of 4 May 1967 whereby it had requested the Secretary-General to convene an annual pledging conference for the announcement of contributions to UNIDO. That pledging conference had been scheduled to be held on 4 December 1968 at United Nations Headquarters.

8. At its last session, the Industrial Development Board had given the highest priority to operational activities financed from voluntary contributions from UNDP and funds-in-trust arrangements. Following the International Symposium at Athens, the flow of requests had rapidly increased. Because of the complexity of industrial operations, a larger degree of flexibility was required for the successful implementation of operational activities in industry as compared with the more traditional areas of technical assistance. There was a diversity of practical needs

in industry which must be handled on the basis of a composite range of advisory services adaptable to the particular needs of each case. As an example of the flexible type of approach required, he enumerated in the following broad categories the types of projects approved over the previous twelve months under the UNIDO programme: "Assistance in the different stages of new manufacturing projects during the post-feasibility stage of the project until appropriate financing is assured"—30 projects; "Ad hoc assignment of high-level experts to advise on special questions related to the preparation and implementation of industrial projects"—85 projects; "Confidential consultations at a high policy level on matters relating either to specific projects or industrial development policies and advice on industrial project promotion problems"—93 projects; "Trouble-shooting assignments to solve such technical problems as arise in connexion with the operation of plants and machinery, flow of materials and quality control"—55 projects.

9. The existence of a flexible source of financing for UNIDO's operational activities was an essential requirement dictated by the nature of the operations in industry. The funds available for special industrial services under funds-in-trust arrangements were being rapidly depleted to the point where in a few more months it would be impossible for UNIDO to consider new requests. The detailed documentation put before the Industrial Development Board at its second session had shown the momentum gained by the operational activities which had continued to develop at a very rapid pace. Without a flexible source of financing there was a danger that the machinery might come to a standstill. In addition, UNIDO had been following the policy of establishing direct and close contacts with business and industrial sectors in developed and developing countries for which a flexible and continuing source of financing was also required. The fact that UNIDO's main concern was with industry did not mean that it must exclude agriculture from its consideration. In view of the complementary nature of industry and agriculture, it might prove necessary to encourage a form of industrialization which would provide agriculture with the fertilizers, insecticides, tractors and agricultural tools it needed in order to produce the raw materials which industry, in turn, needed.

10. In connexion with the second Development Decade, the Industrial Development Board had drawn up special directives concerning UNIDO's role during the preparatory phase. Exploratory and statistical investigations would be required. The resources available, however, might be inadequate to carry out both the operational activities and those new tasks. Efforts would be made to seek a remedy to the situation as soon as possible. It should also be borne in mind that the priorities to be established between the various sectors would ultimately be determined by the conditions prevailing in the developing countries themselves. The activities geared to the second Development Decade should be aimed at streamlining the programmes and resources of the United Nations, taking into account the objectives accepted by the Governments.

11. In conclusion, he expressed the hope that UNIDO would be able to meet the challenges by continuing its

efforts to hasten the industrialization of the developing countries, under the guidance of the General Assembly.

12. Mr. SAHLOUL (Sudan) congratulated the Executive Director of UNIDO on his brilliant statement. Unfortunately UNIDO still suffered from a lack of real support; continuous efforts were made to obstruct its activities and to subject them to policies designed to hinder its development. Its financial situation was still precarious. In fact, UNDP was still UNIDO's main source of financing and, since UNIDO was a relatively new organization, it had not yet been able to assert its position among the other organizations financed by UNDP. While FAO, the ILO and UNESCO received 80 per cent of the funds distributed by UNDP, UNIDO, which had to compete with a multitude of other organizations for the remaining 20 per cent, at present received only 4 per cent, which was clearly an inadequate proportion, especially since 40 per cent of UNDP's resources continued to be allocated to agricultural projects. The Sudanese delegation associated itself with the wishes expressed by some delegations of developed countries during the Pledging Conference on UNDP and hoped that the Governing Council of UNDP would ensure that some of the funds allocated to UNDP should in future be reserved for the technical assistance of UNIDO. It thought, however, that, until such time as the developed countries were able to pay their contributions directly to UNIDO instead of channelling them through UNDP, provision should be made for the resources available to the Executive Director of UNIDO to be replenished. He noted with satisfaction that some countries, such as the Soviet Union, Czechoslovakia, Austria, Switzerland and Italy, had already taken the initiative of contributing directly to UNIDO and he hoped that in future direct contributions would be subject to only a minimum of conditions so that sufficient freedom of action would be left to the Executive Director.

13. It was the understanding of the Sudanese delegation that a number of developing countries would pledge contributions to UNIDO at the forthcoming Pledging Conference and it hoped that some developed countries would follow that example so that UNIDO could overcome the impending financial crisis.

14. Referring to General Assembly resolution 2298 (XXII), which called for the establishment of a separate section in part V of the budget of the United Nations to provide for the programme of technical assistance in industrial development at an appropriate level commensurate with the expanding requirements of the developing countries, he noted that the funds allocated to UNIDO under that programme at present amounted to approximately \$1 million. If the regional, inter-regional and other programmes were taken into account, that would leave the Executive Director with barely one fifth of that amount to meet the increasing requests from Governments. The Sudanese delegation therefore hoped that the Assembly would endorse resolution 11 (II) of the Industrial Development Board, in which that body, on the proposal of the Executive Director, 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. That increased appropriation should not, however, be made at the expense of the technical assistance programmes which came under sections

13, 15 and 16 of part V of the budget. It should, rather, result from an increase in the budget of the regular programme of technical assistance of the United Nations; the level of that programme—\$6.4 million—had remained stationary since 1964, whereas all other levels of expenditure had risen constantly. As an example, he pointed out that there was a proposal before the Fifth Committee during the current session for an increase of 5 per cent in the level of staff (professional and higher categories) salaries.

15. The Sudanese delegation viewed with grave concern resolutions 3 (II) and 12 (II) of the Industrial Development Board concerning the establishment of a working group on programme and co-ordination, and it considered that the General Assembly should take the necessary action to abolish that group and thus restore to the Board its authority and prestige. In fact, the industrialized countries, after two unsuccessful attempts, first to limit the membership of the Board at the time of UNIDO's establishment in 1966, and, secondly, to establish during the first session of the Board a small committee to examine the activities and programmes of the organization and their financial implications, had finally succeeded in persuading the Board to agree to the establishment of a working group, from which the developing countries would be the first to suffer. The Sudanese delegation thought that the decision was unfortunate for various reasons. First, the work of the group would duplicate that of the Board and would therefore result in a loss of time and resources. Furthermore, Member States might be led to question the competence of the Board. Lastly, by not specifying in resolution 3 (II) that all members of the Board should participate in the meetings of the working group, the sponsors had clearly anticipated that some countries, in particular certain developing countries, would not participate in the work of the group, owing to the lack of personnel and resources, and that the developed countries would almost certainly be preponderant since the developing countries had only twenty-five out of forty-five seats on the Board.

16. Resolution 12 (II) of the Board had confirmed the permanent character of the working group by making it a subsidiary organ of the Board and its sponsors had exposed their real motives by deciding, in operative paragraph 2 of the resolution, that a quorum of the working group would be a majority of those members of the Board registered with the secretariat as participants in the session of the working group, which clearly implied that some members of the Board, in the circumstances, certain developing countries, would not be able to participate in the work of the group. The Sudanese delegation therefore hoped that the working group, which was an anomaly, would be abolished in the interests of the developing countries.

17. In conclusion, he emphasized that UNIDO should play a leading role in the elaboration of the preliminary framework for the second Development Decade.

18. Mr. SHAHI (Pakistan) thanked the Executive Director for his able presentation of the work of UNIDO and said that he hoped UNIDO would co-operate closely with his country in industrial development activities. He also thanked the Austrian Government for having

made available to the Industrial Development Board the necessary facilities to enable it to hold its second session at the headquarters of the organization.

19. The Board had devoted its attention, with remarkable efficiency, to the study of UNIDO's work programme and to the co-ordination and review of the activities undertaken by the United Nations system of organizations in the field of industrial development. The Pakistan delegation welcomed resolution 9 (II) of the Board, which laid the basis for long-term planning in industrial development in accordance with the recommendations of the *Ad Hoc* Committee of Experts to Examine the Finances of the United Nations and the Specialized Agencies and with the provisions of General Assembly resolution 2370 (XXII), and which sought to relate the budget estimates to the work programmes.

20. The Pakistan delegation also welcomed the decision to attach industrial advisers to the offices of the Resident Representatives of UNDP, a decision which would considerably strengthen UNIDO's operational activities, and it hoped that their number would gradually increase.^{2/} The Board would have to ensure, however, that the methods of work of those advisers were consonant with the functions they were to perform. The report on their activities which was to be submitted to the Board annually by the Executive Director of UNIDO should help towards achieving that end.

21. Future reviews of UNIDO's programme of work by the Board and the working group on programme and co-ordination would be facilitated by the additional documentation to be supplied by the Executive Director. If the working group was to be really effective, all the members of the Board should take part in its work.

22. His delegation welcomed the Board's resolution 4 (II), which underlined the central co-ordinating role of UNIDO in relation to all the activities of United Nations bodies in the field of industrial development. The real purpose of co-ordination was to avoid duplication and overlapping, and it was to be hoped that the analytical report and the review of future activities to be submitted by the Executive Director to the third session of the Board would lay the groundwork for better co-ordination.

23. His delegation was happy to note that UNIDO had made co-operative arrangements with a number of specialized agencies; it looked forward with interest to the report on that question to be submitted by the Executive Director at the next session of the Board. It also welcomed UNIDO's decision to strengthen its links with the regional economic commissions and with the United Nations Economic and Social Office at Beirut.

24. One of UNIDO's major problems was that of finance. He hoped, therefore, that the Pledging Conference would help to allay concern on that subject and he appealed to all Governments, especially those of the industrialized nations, to announce contributions commensurate with the growing requirements in the field of industrial development. He recalled that, at the recent UNDP Pledging Conference, a

number of major donor countries had expressed the wish that a greater share of the UNDP resources should be devoted to UNIDO projects, and that the Board, in its resolution 9 (II) on the work programme, had considered that UNIDO should be entrusted with the responsibility of executing a larger number of projects related to industrial development under the two UNDP components. In his view, it now behoved UNDP, and in particular its Governing Council, to give shape to those wishes.

25. When the General Assembly had adopted resolution 2298 (XXII), establishing a separate section (section 14) entitled "Industrial development" in part V of the United Nations budget to provide for the programme of technical assistance in industrial development, certain delegations had expressed concern that the resources thus provided would not be utilized. Their fears had proved to be unfounded. In his report,^{3/} the Executive Director had informed the Board that he had received requests from Governments for assistance under the regular programme totalling \$2,250,000. The amount which he had recommended to the Board, however, and which it had accepted for section 14 of the United Nations Budget for 1969 and 1970, was only \$1.5 million; the General Assembly would have to bear in mind the inadequacy of the appropriation in relation to the requests from Governments.

26. His delegation thought that it might be desirable for the Industrial Development Board to define the most effective use of the resources available to it under the regular programme. It hoped that in his recommendations to the Board, the Executive Director would not only aim at strengthening the links with the regional economic commissions but suggest, for the utilization of UNIDO resources, less cumbersome procedures than those used by UNDP for its technical assistance component.

27. In order to ensure its autonomous character and to respond effectively to requests received from developing countries, UNIDO required financial support which was both independent and flexible.

28. In conclusion, he commended the Executive Director's pragmatic approach to the functions of UNIDO, both in respect of operational field activities and in respect of the headquarters activities of operational support, research and promotion.

29. Mr. BOS (Netherlands) said that his delegation had on many occasions expressed its positive interest in UNIDO. His Government continued to be actively interested in all aspects of UNIDO activities and to contribute to that organization's success.

30. One of the first conditions for successful UNIDO operations was the availability of sufficient financial resources. The Netherlands had contributed substantially to the United Nations Fund for Special Industrial Services. It also contributed to the regular UNIDO resources through its contribution to the regular United Nations budget. With regard to operational activities, UNIDO should be increasingly associated with the execution of UNDP projects. For that purpose, his Government had substantially increased its annual

^{2/} *Ibid.*, para. 148.

^{3/} See document ID/B/26/Add.2/Rev.1.

contributions to UNDP, stating specifically that it expected a considerable part of its contribution to be channelled to industrialization projects. The appointment of industrial advisers to UNDP Resident Representatives was a welcome development.

31. The work programme of UNIDO had been discussed thoroughly at the second session of the Industrial Development Board (see A/7215, chap. III). It was to be hoped that the working group on programme and co-ordination decided upon by the Board in its resolution 3 (II) would help the latter to function efficiently. A further requirement, however, was the careful co-ordination of all the activities of United Nations bodies in the field of industrial development. In that respect, he wished to stress the importance of resolutions 4 (II), 5 (II) and 6 (II) adopted by the Board at its second session (see A/7215, annex VI).

32. The International Symposium on Industrial Development, held at Athens in 1967, had produced encouraging results.^{4/} His Government had already followed up the recommendation of the Symposium for the establishment of a UNIDO national committee. It would be useful if, instead of expanding its own staff establishment, UNIDO drew on the experience of existing public and private organizations.

33. There was no doubt that UNIDO would have an important role to play in the activities in preparation for the second Development Decade. In that respect, resolution 9 (II) of the Board, relating to UNIDO's long-term work programme, was especially relevant.

34. Mr. BADAWI (United Arab Republic) expressed his appreciation of the work accomplished by the Industrial Development Board at its second session. That work gave reason for hope that, sooner or later, the present passive attitude towards UNIDO would give place to an attitude of active support and constructive policies. The remarkable statement made by the Executive Director aroused both hopes and fears. The financial resources which UNIDO received from UNDP were in most cases insufficient to satisfy the needs which it was called upon to meet in view of its complex activities. Furthermore, the establishment of a separate section in part V of the United Nations regular budget could not at present suffice to bridge the gap in resources. His delegation therefore wholeheartedly supported the Board's recommendation, in its resolution 11 (II), of a planning level of \$1.5 million for the regular programme of technical assistance for industrial development. It hoped, moreover, that at the Pledging Conference on UNIDO, the donor countries would reconsider their position and adopt a more constructive and flexible attitude towards UNIDO's financial problems. His delegation, for its part, was prepared to examine any constructive proposal which would ensure the regular financing of UNIDO.

35. He was concerned about the ambiguity of the Board's resolutions 3 (II) and 12 (II) establishing a working group on programme and co-ordination. His delegation, which at the Board's first session had been strongly opposed to the establishment of such a body, had not changed its views on the matter.

It felt, in fact, that at the present stage of UNIDO's work it was important to avoid the proliferation of subsidiary bodies and unnecessary expenditure. The General Assembly should therefore specify the exact purpose of establishing the working group and define its terms of reference, in order that the future work of UNIDO might not be hampered.

36. He referred to the co-ordination efforts made at all levels by the various United Nations bodies and said that UNDP should be inspired by the same concern for co-ordination with regard to the sharing of projects among the various executing agencies, including UNIDO.

37. In conclusion, he expressed the view that UNIDO would have a prominent role to play in the preparation for the second Development Decade.

38. Mr. CVOROVIC (Yugoslavia) said that the two sessions of the Industrial Development Board, the holding of the International Symposium on Industrial Development and the installation of the UNIDO headquarters at Vienna had provided sufficient background material for the General Assembly to be able to examine, at the present session, the major problems facing UNIDO and to evolve guide-lines for its future activity.

39. The reports of the Industrial Development Board on its first session.^{5/} and on its second session (A/7215), and the results of the International Symposium, had shown that UNIDO was still confronted with a dilemma: whether it should concern itself mainly with scientific research which, to a certain extent, stimulated the industrialization of developing countries, or whether it should concentrate on the operational side of its activities, thereby stimulating investment and meeting the immediate needs of the developing countries.

40. His delegation thought that the dilemma was due mainly to the lack of political readiness on the part of the developed countries to contribute greater financial resources and to place them at the direct disposal of UNIDO. As a result, UNIDO had to draw upon four different financial sources: expenses for administrative and research activities were paid for out of the regular United Nations budget, while operational activities were financed by UNDP, a special section in part V of the United Nations budget, and a United Nations Fund for Special Industrial Services, jointly administered by UNIDO and UNDP. His delegation hoped that the special UNIDO Pledging Conference would provide a solution for that situation, which could not be justified economically.

41. Notwithstanding the effectiveness of the UNIDO secretariat, it was difficult for that organization to discharge its assignments as it should, with its present meagre financial resources. In establishing priorities, some organizations of the United Nations family did not lay the proper emphasis on industrial development. It was urgent that industrial projects should receive financial backing especially during the preparatory stage of the second Development Decade in which UNIDO had to play an adequate role.

^{4/} See documents ID/B/21 and Corr.1 and Add.1.

^{5/} Official Records of the General Assembly, Twenty-second Session, Supplement No. 15 (A/6715/Rev.1).

42. In conclusion, it was essential that UNIDO should bring its policies into line with those of other organizations, and, in the last analysis, its success would depend on the concerted action and determination of all to overcome the existing hardships.

43. Mr. ALLEN (United Kingdom) said that, as a member of the Industrial Development Board and of the Economic and Social Council, his delegation had had the opportunity to discuss UNIDO's activities in detail. He nevertheless wished to make certain comments. UNIDO was not yet two years old and had been obliged to spend its first year in moving from New York to Vienna. In view of the inevitable difficulties in that move, and in recruiting and training staff, it was too early to evaluate its work. Present efforts were directed at improving the functioning of the organization but it was already possible to assess its constructive work.

44. In connexion with the work programme for 1970 onwards, he welcomed the suggestions in operative paragraph 7 of resolution 9 (II) of the Board for clearer documentation which would ease the work of the third session. The new working group on programme and co-ordination (see resolutions 3 (II) and 12 (II) of the Board) should also contribute to this end. That group should facilitate the co-ordination of the United Nations industrial development activities.

45. He wished to stress again that the major test of UNIDO's effectiveness was its technical assistance work in the field. He warmly welcomed the prospective appointment of more industrial advisers to the offices of UNDP Resident Representatives. The effectiveness of UNIDO ultimately depended on the priority which developing countries gave to industrialization. UNIDO could only plan its programme and the extent of its technical assistance activities in response to well-formulated requests from the developing countries. In that regard, the field advisers were a vital link between Governments and UNIDO. At its sixth session, the Governing Council of UNDP had approved payment for five additional industrial field advisers. ^{b/} But compared with the staff at headquarters, the proportion was ridiculously small. It was therefore to be hoped that more experts could be moved from headquarters to the offices of UNDP Resident Representatives.

46. United Kingdom assistance to developing countries was mainly concerned with the industrial sector. He mentioned the number of technical experts from the United Kingdom and that country's contribution to the United Nations Fund for Special Industrial Services at the time UNIDO was conceived. The United Kingdom intended to go on giving strong support, within its means, to industrial development.

47. When the question of voluntary contributions to UNIDO came before the Industrial Development Board at its second session, the United Kingdom delegation had abstained on resolution 10 (II) of the Board. The United Kingdom Government considered that UNDP funds were ample for the financing of operational projects in the industrial sector. More industrial advisers in the field would mean that more worth-

while development projects could be worked out through UNDP machinery. However, it was for developing countries themselves to decide their own priorities in their developmental endeavour. The United Kingdom was making its contributions to UNDP for the financing of all projects including industrial ones. The United Kingdom pledge for 1969 had been increased by £ 500,000 over its 1968 level. Thus, he could in no way agree with the Sudanese delegation's accusation that the developed countries were hostile to UNIDO. Although his country was not making any separate pledge to UNIDO, the United Kingdom Government was doing its best to ensure that there was plenty of money for UNIDO to draw on in accordance with the priorities which developing countries established for themselves. He was glad to note the efforts made by UNIDO to co-ordinate its activities with those of the other United Nations specialized agencies, and his Government would play its part in the efforts to recruit staff and experts.

48. Mr. ASANTE (Ghana) said that his delegation was not at all satisfied with the presentation of the Board's reports. His delegation felt that the Board should act as an organic unit and that its reports should contain the agreed views and suggestions of members, and perhaps an account of points on which no agreement was reached. It was hardly efficient for the Board to spend valuable time arguing whether it was one or two delegations which made a particular statement. The summary records should suffice to show how decisions had been taken. The Second Committee should inform the Board about that opinion.

49. His delegation wished to congratulate the Executive Director on the work accomplished under his leadership, in spite of the somewhat obscure directions given to him. His delegation also wished to express its gratitude to the Austrian Government for its co-operation which had enabled UNIDO to settle down so quickly at Vienna.

50. Developing countries were keenly aware of the difficulties which the proliferation of institutions brought. For example, it had not been easy to agree to establishing a working group on programme and co-ordination (see resolutions 3 (II) and 12 (II) of the Board). Many developing countries had agreed to it only on an experimental basis. He therefore requested the representatives of the Sudan and United Arab Republic for the time being not to oppose the adoption by the General Assembly of the Board's resolution 3 (II).

51. UNIDO was a necessary organization and should not be treated as an unwanted child whose normal growth was prevented. It must have its own funds and the refusal of most developed countries to participate in the forthcoming Pledging Conference on UNIDO was regrettable. Co-ordination should not become an obsession. Of course, duplication and overlapping should be avoided, but UNIDO should not spend time unnecessarily seeking co-ordination with another body simply because certain activities were supposed to lie within the sphere of action of that body. The main consideration was that the work should be done.

52. Finally, he drew attention to chapter VI and annex V of the Board's report (A/7215) and invited

^{b/} See Official Records of the Economic and Social Council, Forty-fifth Session, Supplement No. 6A (E/4545), para. 291.

the views of non-Board members of the Committee on them, especially since, as stated in paragraph 328, the question of future expenditure would be discussed again. The Board should be told exactly how much money was available so that discussion of the work programme might be meaningful.

53. Mr. GEORGE (France) said that the somewhat formal study of the report of the Industrial Development Board on the work of its second session (A/7215) in which the Committee was engaged might give the impression that it had become an organization with no problems. There might be valid reasons for such an impression. Today, no one disputed UNIDO's right to existence and autonomy; very substantial sums had been allocated to it by the United Nations budget; it had been given full access to the resources of UNDP, of which it should be, in the opinion of his delegation, a privileged Executing Agency; a certain amount of work had already been accomplished, particularly in the field of co-ordination. However, the report itself and the noteworthy preliminary statement by the Executive Director (see paras. 2-11 above) were, perhaps, less conducive to optimism. In fact, the really important features of UNIDO, namely its work programme, its resources and its structure, had not yet been definitely accepted by the international community as a whole. His delegation felt that some time for reflection was necessary before the adoption of decisions which might commit UNIDO for a long time to come. The General Assembly should, if possible, help it to choose the best course.

54. Obviously, priority must be given to the preparation of a good work programme; that was the very reason for UNIDO's existence. The relevance of the programme and its results would provide the justification for the decisions establishing the organization. Was it possible to judge the quality of its structures without reference to a previously prepared work programme? Could the adequacy of its total resources be assessed without any specific method of ascertaining the financial requirements? Was it possible to believe that substantial funds would be miraculously placed at UNIDO's disposal before it had stated clearly how it would use them and had defined its future policy? His country was convinced that the presentation of a sound and balanced work programme would attract the contributions which were so urgently needed to accomplish UNIDO's objectives.

55. To be sure, it might seem strange to deny the existence of an actual programme: the numerous documents submitted showed that the secretariat was attempting to draw up a programme. But it remained only a series of projects whose diffuse nature revealed mainly a concern to apportion them among countries and among industrial sectors. UNIDO should base its work programme on an over-all conception of industrial development which implied the working out of a real strategy, sufficiently flexible for constant adaptation to changing needs. There was no contradiction between the need to define a long-term programme and the principle that the recipient countries alone could submit what appeared to them to be the most suitable requests for aid. The problem was one of methods. The secretariat and the Governments of the recipient countries must strive for mutual under-

standing. If the recipient Governments had an absolute right to decide on the requests to be presented, it was the duty of UNIDO to help them work out the best strategy to attain the objectives that they had set themselves.

56. Problems of the organization's structures and resources were important, but, since their solution depended to a large extent on the elaboration and definition of a good work programme, it might appear difficult to discuss them in specific terms at the present time. The Board's decisions taken at its second session on the structures to be set up were fully acceptable. The Board had decided to postpone the decentralization of UNIDO. Despite France's interest in the regional approach, it considered premature any initiative aimed at creating regional and sub-regional centres at the present stage. It would weaken an organization whose central structures were not yet properly consolidated. On the other hand, the Board had rightly supported the agreement between the Executive Director of UNIDO and the Administrator of UNDP, which allowed UNIDO to use the services of industrial advisers who would bring it closer to the developing countries.

57. It seemed arbitrary to decide upon the volume of funds before the work programme had been clearly outlined. General Assembly resolution 2152 (XXI) of 17 November 1966, by which UNIDO had been set up, had established an essential distinction between activities of an administrative and research nature and those of an operational nature. His delegation attached great importance to that distinction. Now that UNIDO had been in existence for over two years, it could be seen that its budgetary resources were continually growing and that that growth had allowed requirements to be met satisfactorily. As far as operational activities were concerned, his delegation felt that UNDP should remain the first and principal source of UNIDO funds. It was to be hoped that the proportion of such funds would grow when UNIDO was in the position to submit an increased number of well-planned projects. His delegation was not opposed to the direct payment of voluntary contributions by Member States, but they should cover only a marginal proportion of the organization's total funds. On the other hand, it still had doubts about the financing of operational activities from the United Nations regular budget. It had opposed the Board's recommendation (resolution 11 (II)) to fix at \$1.5 million the total funds allocated under part V of the United Nations budget to UNIDO's operational activities. It hoped that the General Assembly would not adopt that recommendation, since, apart from the objections of principle raised by that kind of financing, it did not think that such an arbitrary figure corresponded to an already existing programme.

58. Mr. OGORODNIK (Ukrainian Soviet Socialist Republic) said that particular attention should be given to the elaboration of UNIDO's work programme, and to the content and nature of its policy during the second Development Decade. UNIDO should assist in the formulation of scientifically prepared plans and programmes for industrial development in developing countries and in the preparation of a strategy for their economic development. The activities of

UNIDO should aim at fostering a diversified economy in the developing countries, based on the most important branches of their industry

59. The resolutions adopted during the second session of the Industrial Development Board (see A/7215, annex VI) related to fundamental questions. The current activities of UNIDO were of an auxiliary and technical nature, while the plans for future activity had aspects characteristic of the Technical Assistance and the Special Fund components of UNDP. UNIDO's projects did not yet stand out from other aid programmes, although its activities should be centred on a policy and strategy of industrialization for the developing countries. A whole number of plans came more within the sphere of activities of other organizations and had nothing to do with the solution of basic problems of industrialization in developing countries. For example, the projects for the utilization of stocks of piping and activities in the field of food preservation had only a very remote connexion with economic regionalization based on the natural and material resources existing in the developing countries. He did not mean that such activities were of no interest, but the aims and tasks of UNIDO should be expanded to further long-term plans for the industrialization of developing countries, so as to allow those countries to gain economic independence. UNIDO should concentrate on implementing projects within the branches of industrial development where it could play a central role, for industrial development occupied a central position in the strategic planning and the economic diversification of the developing countries. His delegation had no objection to the implementation of projects which would make it possible to meet the current needs of the developing countries, but the solution of minor technical and economic problems was of secondary importance for their industrialization. There was a risk that they would result in the dissipation of funds and efforts.

60. UNIDO should not neglect the solution of a number of fundamental problems with regard to industrialization: the choice of types of industrialization on the basis of the level of development, population and resources of the country concerned; the establishment of optimal variants and priorities in the various industrial branches; the development prospects of domestic and foreign markets; the optimal co-ordination of industry and agriculture and of heavy and light industry; the principles and methods of regional economic development, etc. UNIDO should therefore concentrate on studying questions of industrialization policy on the basis of long-term planning. While engaged in that primary task, it should seek to eliminate the consequences of colonialism by helping the developing countries to establish an independent national economy based on modern industry and mechanized agriculture. It should use a large part of its aid for the purpose of strengthening the public sector in the economies of the developing countries and instituting State control of foreign investment, especially private investment. In carrying out those activities, it should take the economic development plans of the developing countries strictly into account and conclude agreements with the Governments of the countries concerned on the basis of their current and long-term plans for industrial development.

61. He recognized that UNIDO promoted public and private investment which furthered industrial development without impairing the sovereignty of the developing countries. In his view, however, UNIDO should not play the part of an intermediary in that connexion. Similarly, the development of small-scale industry should not play a basic role in UNIDO's activities; it should be merely an auxiliary factor in the over-all planning of industrial development strategy. His delegation felt that the Second Committee and the General Assembly should assist the Executive Director in drawing up prospective programmes and recommending specific measures for development strategy in the second Development Decade. UNIDO should, for example, make greater use of the resources of the regular programme of technical assistance. He also wished to stress the great importance of training national personnel with technical skills in the developing countries.

62. At its second session, the Industrial Development Board had studied that question with special reference to the plan for setting up permanent institutes under UNIDO auspices to train technical personnel in the developing countries (see A/7215, para. 164). His delegation thought that the Second Committee should give its approval to the measures proposed by UNIDO for transforming the existing symposia into permanent UNIDO institutes which would make it possible to utilize the experience already gained in the training of specialists. Lastly, he felt that UNIDO should strengthen its ties with the regional economic commissions and the specialized agencies so as to ensure the co-ordination of all United Nations activities relating to the industrial development of the developing countries. Resolution 4 (II) of the Industrial Development Board entitled "Review and co-ordination of activities in the field of industrial development" provided for action along those lines and assigned UNIDO a key role in the supervision and co-ordination of United Nations activities in the field of industrial development.

63. Mr. DIALLO (Upper Volta) complimented the Executive Director on his opening statement and assured him that he had the confidence and support of the Government of the Upper Volta. One could not help noting that the report of the Industrial Development Board (A/7215) described in detail the differences of opinion which had arisen during the second session of the Board. In his delegation's view, a report should reflect the consensus of the reporting body, and it would be well to put an end to the present practice. After two years, UNIDO continued to experience internal problems and to have difficulty in defining its relations with other United Nations agencies.

64. The crucial importance of technical training in the industrialization of the developing countries was generally recognized. Accordingly, and bearing in mind the fact that various bodies had urged in resolutions and recommendations that high priority should be given to the training of national personnel, UNIDO should intensify its efforts in that field. Acting in consultation with the ILO and the regional economic commissions, it could for that purpose promote the establishment of regional centres for research and education; it would then have more effective means

of helping the developing countries to prepare their industrial programmes and overcome obstacles to the promotion of investment. The regional centres would help UNIDO to decentralize and to provide information suited to local conditions to those developing countries which had need of it. In addition, they could give valuable support to the efforts that the developing countries were making in preparation for the second Development Decade. As to the ways and means of setting up the centres, it was to be hoped that the Executive Director and the executive heads of the other agencies concerned would be able to indicate to the General Assembly fairly soon what possibilities existed in that regard. In any event, the centres should provide education that was geared to specific needs and should afford an opportunity for relatively inexpensive training of national personnel.

65. The Upper Volta planned to participate in the Pledging Conference on UNIDO and hoped that at the Conference the developed countries would make the effort that was quite properly expected of them. In reading the Board's report, one noted that a lack of funds had made it impossible to meet a large part of the requests for assistance. General Assembly resolution 2152 (XXI) had indicated that UNIDO's total resources were to be at a level appropriate to the increasing needs of the developing countries. His delegation hoped that the General Assembly would raise the ceiling on appropriations for technical assistance activities under the regular United Nations budget.

Organization of the Committee's work

66. Mr. SODERBERG (Sweden) noted that the discussion of the report on the second session of UNCTAD

(agenda item 34 (a)), which was to take place at a plenary meeting, would occupy the entire day of 28 October. However, his delegation would like to return to agenda item 34 in the afternoon of that day.

67. Mr. ASANTE (Ghana) recalled that the Committee had requested the Chairman to consult the Chef de Cabinet with a view to determining whether it would not be possible to confine the discussion of the report on the second session of UNCTAD to a single meeting.

68. The CHAIRMAN said that he had indeed been authorized by the Committee to enter into consultations with the individuals concerned. The consultations had disclosed that some delegations wished to devote two meetings to consideration of the report, and their wishes had been given formal expression in a statement by the Chef de Cabinet before the Assembly. However, it appeared that the meeting scheduled for the afternoon of 28 October would not be very long and that the Committee could therefore meet after the plenary meeting.

69. After an exchange of views in which Mr. ASANTE (Ghana), Mr. PATRIOTA (Brazil), Mr. DUBEY (India), Mr. CHTOUROU (Tunisia) and Mr. WARSAMA (Somalia) took part, the CHAIRMAN observed that the general feeling of the Committee seemed to be that those delegations wishing to do so should be free to participate, at the plenary meeting, in the discussion of the report on the second session of UNCTAD. He was certain that the delegations which made statements at the plenary meeting would limit their comments so that the Second Committee could perhaps meet in the afternoon of 28 October.

The meeting rose at 1.30 p.m.