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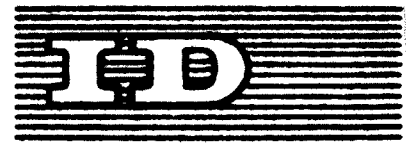
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**Industrial Development Board**

Fourth Session

Vienna, 20 - 30 April 1970

**SUMMARY RECORD OF THE NINETY-EIGHTH MEETING**

Hold at the Neue Hofburg, Vienna  
on Friday, 24 April 1970, at 10.30 a.m.

**President:** Mr. SEDIVÝ (Czechoslovakia)

**Reporteur:** Mr. ARCHIBALD (Trinidad and Tobago)

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We regret that some of the pages in the microfiche copy of this report may not be up to the proper legibility standards, even though the best possible copy was used for preparing the master fiche.

FINANCIAL QUESTIONS (ID/B/66, ID/B/67, ID/B/68 and Corr.1)

1. Mr. BARBOSA (Secretariat) said that since the preparation of the annex to document ID/B/66, dealing with voluntary contributions to the UNIDO General Trust Fund, developments had occurred which necessitated modification of some of the figures contained therein.
2. New contributions to the amount of \$316,000 should be added to the sum of \$1,517,938 pledged at the Second Pledging Conference (paragraph 5). The new total was therefore \$1,833,938, which represented an increase of approximately \$100,000 over contributions to the First Pledging Conference.
3. Further payments of \$723,993 had been made to the account of UNIDO, and should be added to the total of \$2,274,651 in convertible or non-convertible currencies referred to in paragraph 7.
4. Projects with a total value of \$2,670,596 had now been formulated, and the figure of \$2,154,000 in paragraph 8 should be amended accordingly.
5. The PRESIDENT observed that the Board might be guided in its deliberations by the Executive Director's remarks in paragraphs 22 and 23 of document ID/B/67.
6. Mr. CZARKOWSKI (Poland) said that UNIDO should enjoy financial independence, within the terms of paragraphs 20-26 of General Assembly resolution 2152 (XXI). Whilst recognizing that the resources for operational programmes should be increased by higher allocations from UNDP and further voluntary contributions to the General Trust Fund, he pointed to the dangers of uncontrolled expansion. Every effort should be made to achieve moderation in administrative expenditure, through concentration, stabilisation and streamlining, and improvement in the secretariat's work.
7. His delegation had certain doubts concerning the financing of UNIDO's regular programme of technical assistance out of the regular budget of the United Nations.
8. Although, as pointed out in paragraph 2 of document ID/B/66, it was not yet possible to spell out in budgetary terms the precise nature and extent of the additional resources which might be required for 1971, the percentage increase in the estimates as compared with the appropriations for 1970 was, he believed, already excessive. His Government was of the opinion that the annual increase in budget estimates for organs of the United Nations should not exceed the average rate of growth of national income.

9. His delegation reserved the right to comment further on the matter when the revised estimates were submitted to the General Assembly at its twenty-fifth session, following completion of the UNIDO survey.

10. Mr. BRIJANTES (Philippines) said that members of the Board might feel that the matter could be more usefully debated in the Fifth Committee of the General Assembly and that the present discussion need not be pursued further.

11. Mr. VASILIEV (Union of Soviet Socialist Republics) said that the views of his delegation were already known. It believed that the secretariat should make every effort to secure maximum utilization of available resources for operational activities.

12. Table 1 of the statistical appendix to document ID/B/64 showed that in 1969 there had been an expenditure of only \$9.6 million of the resources of \$15.9 million available for technical co-operation programmes. In his opinion, the degree of utilization of those resources was unjustifiably low and revealed weaknesses in the working of the Organization. Moreover, during the deliberations of the Working Group on Programme and Co-ordination, the representative of the secretariat had said that because of difficulties in finding experts only 70 per cent of the allocations for operational activities in 1970-1971 would be utilized. That was another unacceptable state of affairs.

13. Quoting further figures to substantiate his argument, he said that it was clear that administrative expenditure must be reduced and that greater efforts must be made to rationalize the utilization of funds. At the same time, there must be a better utilization of staff, with a reduction of administrative personnel and a concomitant increase in operational personnel. The effectiveness of the work of the Organization could also be increased by improving the qualifications of the staff and eliminating every type of unproductive expenditure.

14. In 1971 the secretariat must seek ways of carrying out the increasing volume of technical assistance work without increasing the staff or budget of UNIDO over those for 1970.

15. He was pleased to note that the voluntary contribution of the USSR in roubles was being used more effectively. Furthermore, he believed that joint activities between UNIDO and the USSR on the basis of the rouble contribution could be expanded further, with the introduction of new projects.

16. The PRESIDENT, referring again to paragraphs 22 and 23 of document ID/B/67, said that in the absence of comments on their contents he assumed that they were acceptable to the Board and that steps would be taken to prepare an appropriate draft recommendation.

17. Mr. BARBOSA (Secretariat) said that the secretariat firmly believed that there was a steady, if gradual, improvement in the relationship between operational and administrative expenditure. Although the budget estimates for 1971 set out in document ID/B/66 did not take account of any possible expansion as the result of an increased workload, the Executive Director was in full agreement with the Secretary-General that any such increase would depend on the results of the survey of staff utilization and deployment. The Executive Director was confident that there was an improvement in the utilization of staff, and looked forward to the results of that survey.

18. Mr. SVENNEVIC (Norway) said that the Nordic delegations had frequently stressed that UNIDO's primary task was to act as an executing agency for UNDP projects, and that the Organization should concentrate on efficient field operations. For that reason, on behalf of those delegations and of the observer for Finland, he wished to urge that every effort should be made to ensure that the Technical Co-operation Division and those sectors of the Organization which were extensively concerned with field operations should be provided with adequate staff. In that connexion, existing vacancies could be utilized for the recruitment of appropriate staff, and field-oriented sectors might be reinforced through a transfer of personnel released through reductions in the staffing of less operationally-oriented sectors. Furthermore, the operation of field projects might be improved if some measure of internal control were devised to ensure that time schedules were being kept. He favoured the field adviser programme and hoped that it would be possible to create more posts. It was important to ensure that experts reached the field without delay, and an improvement might be made in recruitment procedures both in the United Nations system itself and in the countries providing and receiving experts. He was confident that such measures would enable UNIDO to match the other executing agencies in what was a very important task.

19. Mr. KAMATH (India) approved the budget estimates submitted by the Executive Director and commended them for submission to the General Assembly. Whilst agreeing that operational activities should receive more attention, he observed that UNIDO was still a young organization, and that administrative expenditure in the early stages would be relatively high. He was confident, however, that the situation would improve.

20. He suggested that some of the difficulties encountered in the recruitment of candidates for expert posts might be explained by an excessive desire for perfection and the fact that the search for such candidates was concentrated on the developed countries. Developing countries themselves possessed experts who might usefully be seconded to share their experience with other developing countries. For that reason, he suggested that the secretariat should cast its net a little wider.

21. Mr. HALASZ (Hungary) observed that the question of UNIDO's budget was particularly important in so far as it was related to the regular budget of the United Nations. For that reason, any increase in the former should be examined with great care.

22. He agreed with the comments of previous speakers, also made during the third session of the Board, that the extension of UNIDO's activities should be accompanied by a better utilization of staff, and by the elimination of unproductive activities. Every effort should be made to increase the efficiency of the secretariat, and to reduce administrative expenditure. Such efforts should lead to savings, and open up the possibility of allowing even for unforeseen increases in costs within a maximum increase in the budget of 5 per cent.

23. UNIDO's activities depended to a great extent on voluntary contributions for operational and supporting activities, and it was greatly to be hoped that increased funds would be forthcoming from such contributions. His own Government, which was opposed only to an increase in the administrative budget, had given expression to its approval of an increase in the resources available for technical assistance activities by doubling its own voluntary contribution to the Organization between 1967 and 1969.

24. Mr. STIBRAVY (United States of America) congratulated the secretariat on the excellent way in which it had presented the budget estimates for 1971. He noted, however, that although, with one small exception, they included no provision for additional staff in 1971, they would nevertheless involve a substantial increase over the 1970 appropriation. As some other delegations had suggested, there should be a period of consolidation and better utilization of staff resources. He said that he would not go into further detail because the Fifth Committee would be considering the matter. In view of the comments contained in paragraph 2 of document ID/B/66, his Government regarded the outcome of the manpower survey as of great importance.

25. Mr. MIRZA (Pakistan) said that his delegation appreciated the documentation provided by the secretariat and fully endorsed the budget estimates contained in document ID/B/66. In view of the usefulness of the activities described in document ID/B/67, the Board should recommend that the planning level for the 1972 regular programme of technical assistance should be increased from \$1.5 million to \$2.5 million. Such an increase would more accurately reflect the requirements of developing countries. With regard to short-term exploratory missions, the programme needed to be strengthened and the Board should recommend an increase in the budgetary provision for them.

26. Mr. de SANCTIS (Italy) said that his delegation realized that rising costs were bound to be reflected in increases in budget estimates. It noted, however, that the largest increases concerned not supporting activities, but staff. The chapters on salaries and wages, travel of staff and headquarters planning and administrative management showed very considerable increases; it was therefore very important that full and rational use should be made of existing staff. Periodical increases in salaries should only be in proportion to increases in the cost of living in Vienna.

27. Mr. FUJIMOTO (Japan) complimented the secretariat on the excellent way in which it had presented the documents under consideration. His delegation was concerned, however, at the high rate of increase in the estimates for the 1971 budget and could not endorse the figures given. He would not go into further details at present because the Fifth Committee would be considering the matter. His delegation realized that UNIDO was still in the formative stage and considered that it should be regarded somewhat differently from long-established United Nations bodies. Although there had been a welcome increase in the efficiency of UNIDO in the past year, there was still room for further improvement. His delegation awaited with interest the findings of the manpower survey.

28. Mr. TURKUN (Turkey) said that it was understandable that UNIDO had difficulties in recruiting experts, who had to be of high calibre. The secretariat should make every effort to improve its methods of recruitment and should, as the representative of India had pointed out, recruit experts from developing countries whenever practical. One improvement would be for the secretariat to supply details of experts required to representatives of participating States, either in Vienna or elsewhere, who could then inform their Governments.



29. Mr. BARBOSA (Secretariat), replying to questions which had been raised during the discussion, explained that on the whole the increases in the estimates for 1971 stemmed from increases in the costs of carrying out operations at the same level as in 1970. He assured the representative of Norway that the matters raised by him would be considered in the manpower survey. He wished not to comment on the recruitment of experts and personnel since that subject would be dealt with in detail under the item on organizational matters.

30. Mr. VASILIEV (Union of Soviet Socialist Republics) said that his delegation still considered that the situation whereby only 70 per cent of the allocations for operational activities in 1970-1971 would be used was unacceptable. All such allocations should be used, thus increasing UNIDO's efficiency.

31. The PRESIDENT said that all the Board's comments concerning the budget estimates for 1971 would be reflected in the report on the session and could therefore be referred to when the question was further examined, particularly in the Fifth Committee of the General Assembly. As no delegation was opposed to approving the UNIDO regular programme of technical assistance or to the proposed recommendation concerning 1972, a draft resolution or decision would be submitted to the Board.

**MATTERS CONCERNING INTERGOVERNMENTAL AND NON-GOVERNMENTAL ORGANIZATIONS (ID/B/73 and Add.1, Add.1/Corr.1 and Add.2)**

32. The PRESIDENT invited the Board to approve the applications for consultative status with UNIDO of the following intergovernmental organizations: the League of Arab States and the Organization of African Unity (OAU).

33. The applications of the League of Arab States and OAU were approved.

34. The PRESIDENT said that the Ad Hoc Committee had recently met, in accordance with the procedure laid down for the granting of consultative status to international non-governmental organizations concerned with the promotion of industrial development. It had recommended that the applications of the International Organisation for Standardisation (ISO), the International Association for the Exchange of Students for Technical Experience (IAESTE), the Union of International Engineering Organisations (UIEO), the European Association of Management Training Centres (EAMTC), the International Institute for Industrial Planning (III) and the International Federation for Documentation (FID) should be approved and that the application of the International Union of Independent Laboratories (UIIL) should be deferred until the Board's fifth

session, by which time UILI should have provided additional information showing how it was actively concerned with UNIDO's industrialization activities. He invited the Board to approve the recommendations of the Ad Hoc Committee.

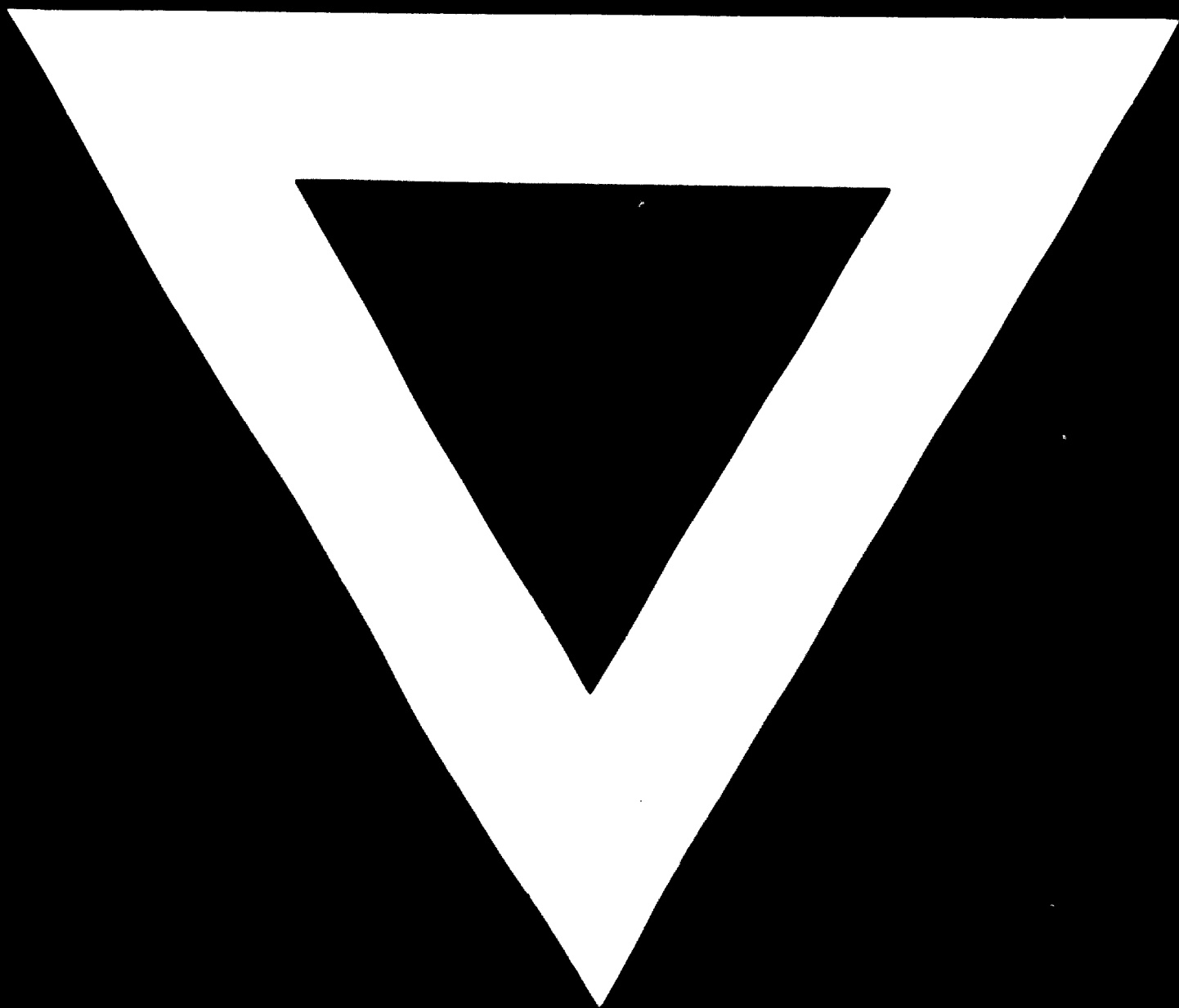
35. The recommendations of the Ad Hoc Committee were approved.

36. Mr. WEBER (International Union of Architects) said that his organization had long been concerned with the industrialization of industrial construction, and of building, and had working groups specially dealing with these matters. His organization considered that it could usefully be invited to meetings on the industrialization of industrial construction, and of building.

37. The PRESIDENT said that the request of IUA would be considered and that consideration of item 9 was concluded.

The meeting rose at 12 noon





**5 . 10 . 71**