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**Industrial Development Board**  
Second Session

**SUMMARY RECORD OF THE FIFTY-SEVENTH MEETING**

Hold at the Neue Hofburg, Vienna,  
on Monday, 13 May 1968, at 12 p.m.

<u>President:</u>	Mr. STANENAT	(Austria)
<u>Rapporteur:</u>	Mr. AGHASSI	(Iran)

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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.

CONSIDERATION OF DRAFT RESOLUTIONS (ID/B/L.30/Rev.2, L.33, L.34, and Amend.1/Rev.1, L.35, L.36, L.38 and L.39)

1. The PRESIDENT suggested that the Board should begin with the consideration of draft resolution ID/B/L.34, since the latest revision of draft resolution ID/B/L.30 was not yet ready for circulation, while draft resolution ID/B/L.33 and proposed amendments to it were still under discussion in the Groups.

2. It was so decided.

3. Mr. ASANTE (Ghana) said that before draft resolution ID/B/L.34 was formally introduced, he wished, on behalf of the members of the Group of Twenty-five, to put forward a revised version of the draft reading as follows:

"The Industrial Development Board,

Takes note of the widespread feeling in the Board that the payment of local costs in respect of Special Industrial Services should be completely waived;

Requests the Executive Director to use his good offices and take the necessary steps to have the question of the payment of local costs in respect of the Special Industrial Services examined in conjunction with UNDP as a matter of urgency and to inform the Board at its third session".

4. Mr. ARCHIBALD (Trinidad and Tobago), introducing draft resolution ID/B/L.34, recalled that the question of the payment of local costs in connexion with SIS projects had already been raised during the general debate. It seemed clear from paragraph 14 of the "Report of the Executive Director on the Programme of Special Industrial Services" (ID/B/22/Add.1) that no attempt had been made by UNDP to impose the assessment of local costs on countries receiving assistance under the SIS scheme. It was to be noted that the draft resolution before the Board had no preambular paragraph: the co-sponsors felt that such complete orientation of the resolution towards action was fully in keeping with the mood of the first two sessions of the Industrial Development Board.

5. Mr. BEECROFT (Nigeria) said that while he did not dispute the point made by the representative of Trinidad and Tobago, he believed that the developing countries must learn to help themselves if other countries were to continue to give them assistance. He therefore believed that the decision to apply a limited

assessment of local costs should stand. The assessment of such costs might prevent the proliferation of non-essential projects, and as the Executive Director had pointed out, special arrangements could be made for needy countries which encountered real difficulties in paying the local costs of essential projects. While he supported the ideas underlying the amended draft resolution, he wished to propose, instead of the first paragraph read out by the representative of Ghana, a paragraph reading as follows: "Takes note of the various views expressed during the present session of the Board on the question of the desirability of waiving the payment of local costs in respect of Special Industrial Services". He believed that such an amendment could secure unanimous support for the draft resolution.

6. Mr. TELL (Jordan) said that the question was not simply that of the payment of 12.5 per cent of the total costs of experts' assignments. He agreed with the representative of Nigeria that developing countries should pay the local costs - indeed, he would be in favour of their paying the full costs of SIS projects if that could put an end to the illegal and undesirable perpetuation of the SIS scheme - but that was only half of the issue, and the adoption of the draft resolution before the Board could only result in a half-truth which would contain the seeds of later difficulties. Moreover, he was not sure that the reference in paragraph 14 of document ID/B/22/Add.1 to the "Basic Standard Technical Assistance Agreement" was relevant in the present connexion. In any case, Jordan had never agreed to the perpetuation of the SIS scheme, for it had always considered that that scheme was a stop-gap measure which had only been intended to last until UNIDO was established, and that after that time SIS funds could not legally continue to be used. When UNIDO had been established, it had formally been decided that all funds should be paid directly to that organisation; to continue to contribute funds to the SIS scheme would therefore be tantamount to introducing into UNDP the principle of earmarking which had always been so vigorously opposed in that body. For the reasons he had stated, he was unable to support the draft resolution.

7. Mr. STURAVI (United States of America) said that although his delegation would support the revised draft resolution, that should not be taken to mean that the United States fully agreed with the proposition that local costs for Special Industrial Services should be completely waived. His delegation recognised that

there were instances when it was difficult or impossible for the needy countries to meet the local costs of technical assistance projects and it had, in fact, already supported a decision taken in the UNDP Governing Council giving the Administrator of UNDP the authority in the case of some countries, to waive or reduce, if he saw fit, the local costs and counterpart contributions in respect of UNDP projects. The United States was, of course, prepared to have that same administrative discretion exercised in respect of Special Industrial Services projects; it continued, however, to attach great importance to appropriate financial support by recipient countries in respect of technical assistance projects which they had requested the United Nations to undertake and to which they presumably gave relatively high priority in their development efforts. He therefore considered that the point made by the representative of Nigeria was well taken.

8. Mr. ARCHIBALD (Trinidad and Tobago) said he had been instructed to inform the Board that although Jordan was a co-sponsor of the original text of the draft resolution, it had not sponsored the amended text as read out by the representative of Ghana.
9. Mr. ASANTE (Ghana) suggested that the Board should take note of the changes suggested by the representative of Nigeria. However, he would appeal to that representative not to present his text as a formal amendment to draft resolution ID/B/L.34.
10. Mr. BEECROFT (Nigeria) said that he would be prepared to withdraw his amendment if he had evidence that it was not acceptable to the co-sponsors of the original draft resolution.
11. Mr. SIBI (Ivory Coast) said that, although his delegation would support the draft resolution, it sincerely hoped that no further contributions in respect of local costs would be asked of the developing countries. Moreover, in allocating UNDP funds, the highest priority should be given to the least advanced countries which could least afford to pay for projects to be implemented.
12. Miss BOESAD (Indonesia) pointed out that her delegation had supported the first version of draft resolution ID/B/L.34 specifically because the payment of local costs had caused her country many difficulties. Experience had shown that such costs could not be met from the regular government budget and Indonesia

had thus been forced to withdraw requests for many projects which were otherwise highly desirable.

13. With regard to the amendment proposed by the representative of Nigeria, she said that her delegation was unable to support it.

14. Mr. ARCHIBALD (Trinidad and Tobago) said that the other co-sponsors of the draft resolution had not indicated that they could accept the amendment proposed by the representative of Nigeria; his delegation, for one, could not support the amendment.

15. Mr. BUTTEN COURT (Brazil) said that his delegation supported the amended text as read out by the representative of Ghana.

16. Mr. SIERRA (Spain) said that his delegation had no difficulty in accepting the draft resolution in the revised form presented by the representative of Ghana. His country shared the views expressed by the representative of the United States and firmly believed that a distinction should be made between the various developing countries in respect of their ability to pay for the local costs. Those countries that were in a position to pay for such costs should be asked to do so.

17. Mr. RYANAKIRA (Rwanda) observed that the representative of Nigeria had expressed no reservations on the substance of the draft resolution itself but had merely wished to point out that there were substantial differences of opinion on the question of local costs which should be taken into account.

18. Mr. AWAN (Pakistan) said that his delegation supported the revised draft resolution introduced by the representative of Ghana, but thought that the matter should be considered not merely from the legal point of view but from the point of view of the programme itself; it was quite possible that the payment of local costs by UNIDO itself might limit the amount of funds available for the Special Industrial Services Programme. He believed that the whole question should be thoroughly examined and the implications of the draft resolution made perfectly clear.

19. Mr. DIKICI (Italy) commended the wisdom and fairmindedness of the representative of Nigeria in submitting his amendment to the text, and said that he would support that amendment if it were put to the vote; if the amendment was

not accepted, his delegation would, like the delegations of the United States and Pakistan, vote for the revised draft resolution submitted by the representative of Ghana.

20. Mr. FORTHOUME (Belgium) observed that although the Nigerian proposal was not quite adequate in its present form, the Committee should be grateful to the representative of Nigeria for presenting it; the useful debate which it had initiated should be faithfully recorded in the report and serve as a guide for future action by the Board.

21. With regard to the amended version read out by the representative of Ghana, he thought that if the Board requested the Executive Director to take the action specified in the second operative paragraph, it was because of opinions firmly expressed by many members of the Board in favour of the complete waiver of costs in respect of the Special Industrial Services.

22. Though his delegation was grateful to the representative of Nigeria for raising the point, it would vote for the revised draft presented by the representative of Ghana.

23. Mr. DJENOUOU-NDJOMBE (Cameroon) said that his delegation accepted the draft resolution in the revised version read out by the representative of Ghana.

24. Mr. SERRA (Spain) supported the views expressed by the representative of Belgium.

25. Mr. ABDELMAHAB (Sudan) said that the argument put forward against the draft resolution had been that the developing countries should contribute to the cost of projects initiated on their behalf, but the developing countries had always borne their fair share of such costs so that the point was not valid. Because of the emergency character of the Special Industrial Services, it was difficult for the developing countries to anticipate what special services would be needed and when they would be needed. That raised budgetary difficulties in providing for commitments. He therefore supported the text of the resolution as presented by the representative of Ghana. The representative of Nigeria might perhaps agree that his reservations were sufficiently covered by the statement made by the representative of the United States.

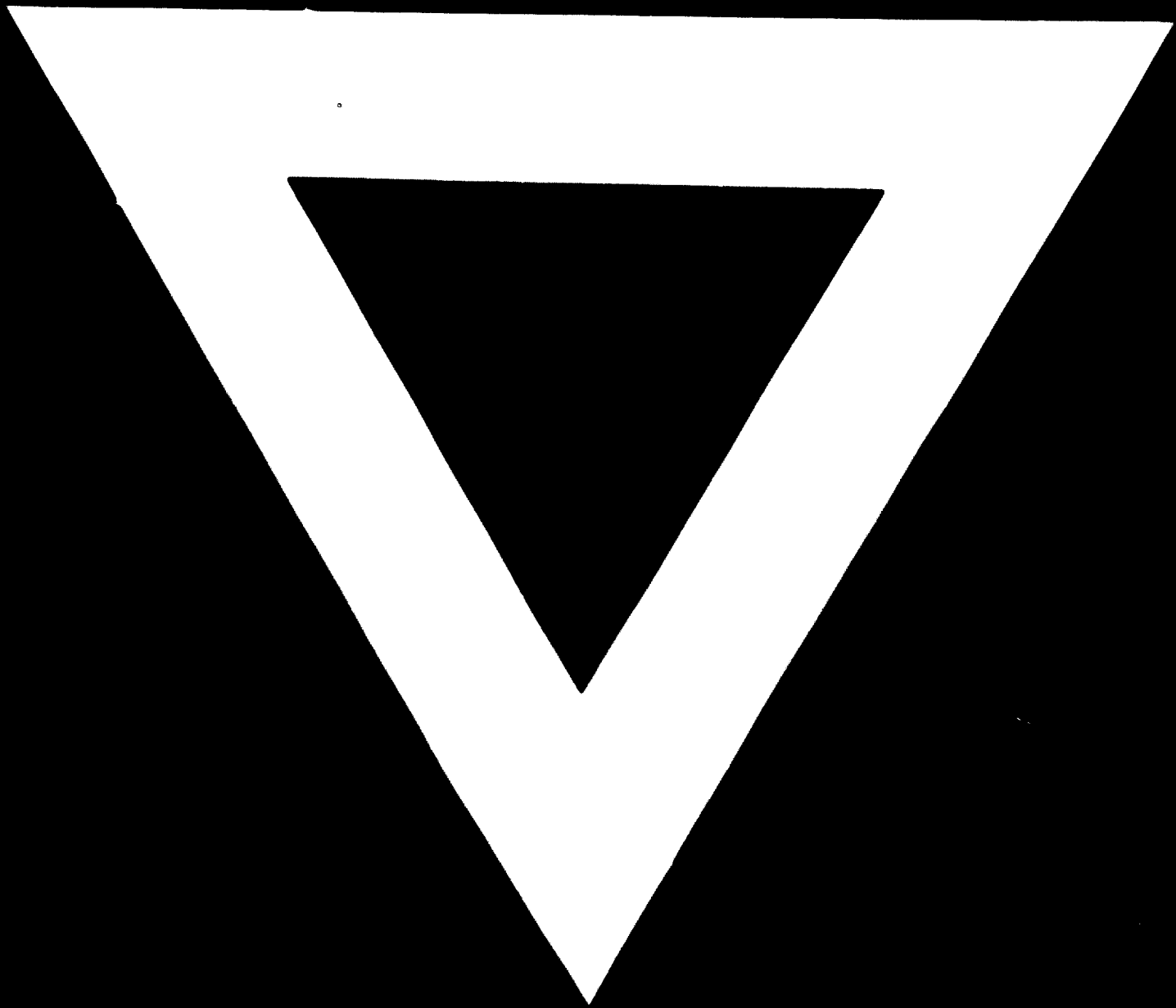


26. Mr. KAKITSUBO (Japan) could not accept the idea of waiving local costs altogether, since all technical assistance projects were co-operative projects. Recipient countries might be more cautious in making requests if they had to provide some funds, because the expenditure involved would have to be considered by their parliaments. Even the payment of a small proportion of the costs would ensure more effective use of limited United Nations resources. However, his delegation appreciated the position of needy countries for which an exception might have to be made; he therefore supported the text read out by the representative of Ghana while endorsing the Nigerian amendment which was a fair reflection of the Board's views.
27. Mr. ASANTE (Ghana) said that he appreciated the points raised by the representative of Jordan, but thought that his arguments should be considered elsewhere. He therefore appealed to him to withdraw his proposal.
28. Mr. ROBERTS (Canada) and Mr. ANGLER (Sweden) said that they shared the views expressed by the representative of Japan.
29. Mr. BEECROFT (Nigeria) referring to the points made by the representative of Indonesia, said that Indonesia need not have withdrawn requests since provision had been made for granting waivers to needy countries, as stated in Working Paper/3 issued by the Executive Director.
30. The representative of Rwanda had been correct in his view that Nigeria's amendment was not a substantive one. It would only be fair to take his delegation's views into account because they had received widespread support. Admittedly, a waiver of local costs might assist developing countries, but, by inflating the costs of projects, it would reduce the chance of satisfying urgent and valid requests. He therefore believed that the question should be left open.
31. Miss ROEBAD (Indonesia) said she was aware of the statement issued by the Executive Director and knew that waivers had been granted in certain cases. She had merely wished to draw attention to the difficulties that had to be overcome before such exceptions could be made. She therefore thought the principle of a complete waiver should be stated in the resolution. Her delegation would vote against the Nigerian amendment.
32. Mr. ASANTE (Ghana) moved the closure of the debate.

33. The PRESIDENT suggested that the Board should vote on the Nigerian amendment before voting on the text read out by the representative of Ghana.
34. The Nigerian amendment was rejected by 18 votes to 13, with 12 abstentions.
35. Mr. DUCCHI (Italy) asked for a separate vote on the first operative paragraph.
36. The first paragraph of the draft resolution, as amended, was adopted by 27 votes to 1, with 11 abstentions.
37. The PRESIDENT invited the Board to vote on the second operative paragraph of the draft resolution.
38. Mr. FORTHOME (Belgium) speaking on a point of order, said that the Board should vote on the resolution as a whole, since no member had asked for a separate vote on the second operative paragraph.
39. It was so agreed.
40. The draft resolution, as amended, was adopted by 35 votes to none, with 7 abstentions.
41. Mr. BEECROFT (Nigeria) explained that he had voted against the first operative paragraph because the word "widespread" was misleading. The vote had shown that 25 countries had not supported the revised text presented by the representative of Ghana. He wished it to be placed on record that other views had been expressed but had not been taken into account.

The meeting rose at 1 p.m.





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