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*for a sustainable future*

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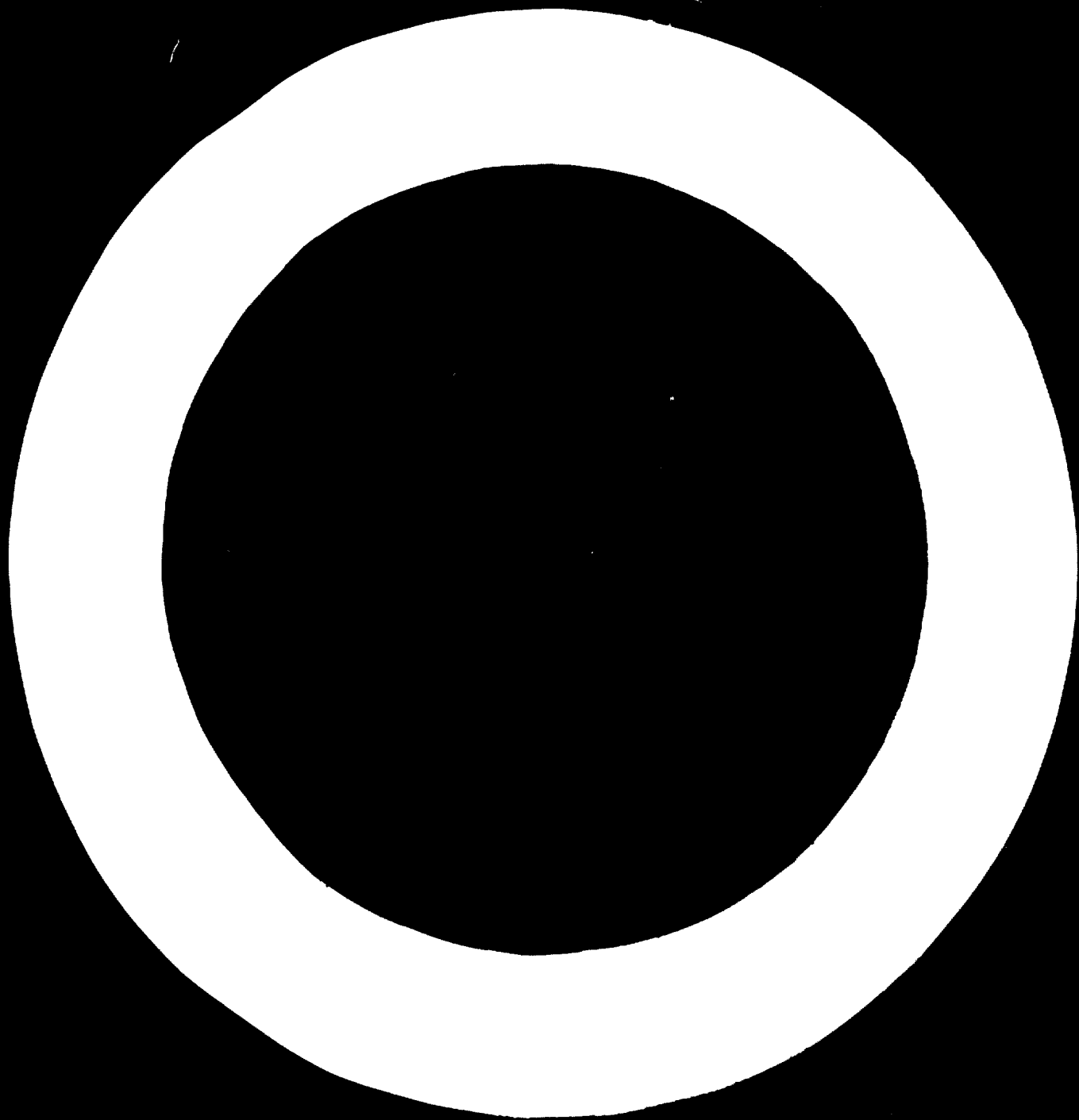
First Session

SUMMARY RECORD OF THE TWENTY-FIRST MEETING

Held at Headquarters, New York,  
on Thursday, 27 April 1967, at 8.45 p.m.

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PRESENT:

<u>President:</u>	Mr. TELL	(Jordan)
<u>Rapporteur:</u>	Mr. MBAYE	(Guinea)
<u>Members:</u>	Mr. Vidal ETCHEVERRY	Argentina
	Mrs. SAILER)	Austria
	Mr. REISCH )	
	Mr. DELVAUX	Belgium
	Mr. REGO MONTEIRO	Brazil
	Mr. VLADOV	Bulgaria
	Mr. CHAMFOR	Cameroon
	Mr. MacLAREN	Canada
	Mr. HERRAN-MEDINA	Colombia
	Mr. INCHAUSTEGUI	Cuba
	Mr. SCHEJBAL)	Czechoslovakia
	Mr. ADAMEK )	
	Mr. KURTH	Federal Republic of Germany
	Mr. UGELDAHL	Finland
	Mr. CESAIRE	France
	Mr. DIABATE	Guinea
	Mr. CHADHA	India
	Mr. TAIHITU	Indonesia
	Mr. ORDOOBADI	Iran
	Mr. PASSEGGIERI )	Italy
	Mr. PISANI MASSAMORMILE )	
	Mr. KOFFI	Ivory Coast
	Mr. IKEDA	Japan
	Mr. KHURMA	Jordan
	Mr. AL-RIFAE	Kuwait
	Mr. BODDENS HOSANG	Netherlands
	Mr. OLUMIDE	Nigeria
	Mr. FERNANDINI	Peru

PRESENT (continued):

Members (continued):

Mr. RODRIGUEZ	Philippines
Mr. DUMITRESCU ) Mr. BARAC )	Romania
Mr. WETTERGREN	Sweden
Mr. DAHINDEN	Switzerland
Mr. BARPUYAWART	Thailand
Mr. ARCHIBALD	Trinidad and Tobago
Mr. ALTINEL	Turkey
Mr. MIKHAILOV	Union of Soviet Socialist Republics
Miss DEAS	United Kingdom of Great Britain and Northern Ireland
Mr. BLAU	United States of America
Mr. MENDIOLA ) Mr. MONTEIRO )	Uruguay
Miss CAMPBELL	Zambia

Representatives of specialized agencies:

Mr. F.M. ABDEL-RAHMAN ) Mrs. de LOPEZ )	International Labour Organisation
Mr. ATEN	Food and Agriculture Organization of the United Nations

Representatives of other United Nations bodies:

Mr. NAGELSTEIN	United Nations Development Programme
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PRESENT (continued):

Secretariat:

Mr. ABDEL-RAHMAN	Executive Director, United Nations Industrial Development Organization
Mr. QUIJANO CABALLERO	Director, Technical Co-operation Division
Mr. GRIGORIEV	Director, Industrial Technology Division
Mr. BIRCKHEAD	Acting Director, Division for Administration and Finance
Mr. MULLER ) Mr. STORDEL )	United Nations Conference on Trade and Development
Mr. SYLLA	Secretary of the Board

ORGANIZATIONAL MATTERS, INCLUDING THE STRUCTURE AND FUNCTIONS OF THE  
SECRETARIAT (ID/B/L.1, L.3, L.8)

Mr. KOFFI (Ivory Coast) noted that, according to documents ID/B/L.1 and ID/B/L.3, the present UNIDO establishment included 107 Professional staff members, excluding the Executive Director, and eight technical and inter-regional advisers; the number of General Service staff was not indicated. The establishment which the UNIDO secretariat would need in order to cover the main sectors of industrial development was estimated at 270 Professional staff, excluding the Executive Director, 348 General Service staff and ten manual workers. Thus, as now presented, the organization showed a distinct possibility of being too large and unwieldy an apparatus. He also pointed out that there were some mathematical errors in the table on page 4 of document ID/B/L.3.

With regard to the structure and functions of the UNIDO secretariat, his delegation thought that there were two essential requirements which on the face of it were contradictory, namely, to ensure economy - i.e., to limit the administrative budget to the desirable minimum - and at the same time to avoid adversely affecting the functioning of UNIDO. Holding the administrative budget to the minimum would be thoroughly in keeping with the concept of deriving the best profit from resources, which must always be borne in mind in the organization of the secretariat. Two questions must be asked in that regard: what kind of structure would a group of countries including the Ivory Coast have considered desirable for an organization similar to UNIDO, supposing that the group, having established it, would be exclusively responsible for financing it? Would such a group of countries have agreed to administrative costs exceeding the optimum that was compatible with the resources placed at the disposal of the organization concerned each year for the achievement of its objective? If the answer was in the negative in both cases, the need to effect economies by establishing machinery that was adequate but would involve a reasonable administrative budget must be accepted. It had been said that, as UNIDO's administrative budget came under the regular budget of the United Nations, there would be no saving for UNIDO, since it would not profit from any retrenchment. That was a specious argument. If the administrative costs of the United Nations and its organs and agencies were reduced, the savings effected could undeniably increase the amount

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(Mr. Koffi, Ivory Coast)

of assistance going to the developing countries. The fact that certain habits had been acquired did not mean that they must be retained. By its example, UNIDO might start a general process of reducing administrative costs which would enable resources to be released for the purpose of assisting the growth of the developing countries. His delegation felt that the Board might express a wish that that would be so, which would be conveyed to the Fifth Committee.

It should also be noted that there was a disparity between the administrative service and the various technical services; the proportion of Professional staff was much higher for the former than for the latter. In addition, the present structure of the secretariat revealed some overlapping of activities, which was a source of inefficiency. In some cases, account did not seem to be taken of the fact that the constituent elements of certain activities were inseparable from one another. In the case of the central services, two questions must be asked: what were the functions of the advisers on co-ordination and special projects, and what position did they occupy in relation to the directors and assistant directors of the technical divisions? Was there not a danger of creating a screen between the Executive Director and the technical services? Secondly, what were the duties of the Documents Control Unit, the Documents Section and the Archives and Records Unit? He felt sure that some reorganization would be possible if the Executive Director would consider with due care the suggestions which had been made. With regard to the Technical Co-operation Division, a number of questions should be considered. Firstly, why was it given some of the programming work when there was a Programming Division? What was the role of the Reports and Evaluation Unit in the Division? If its role was to centralize the reports of the other four units, it should be abolished, since no one could evaluate projects better than the experts who had worked on them in the field. Secondly, what were the functions of the Reports and Evaluation Unit, the Country Reports Section, the Project Evaluation Section and the Industrial Policies Division? It was to be feared that in practice they would all be engaged in the same activities.

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(Mr. Koffi, Ivory Coast)

With regard to the Industrial Technology Division, it seemed that, in view of the structure of the Division, which covered all branches of industry, the Application of Science and Technology Section was not needed, unless its purpose was to play a co-ordinating role within the Division or to serve as an experimental laboratory. It should be stressed that co-ordination with certain agencies was necessary, in view of the present functions of those agencies and the role which had been given to UNIDO. For instance, FAO and the regional economic commissions were contributing to the development of a number of industries.

The following questions might be asked about the Industrial Policies and Programming Division: what criteria had been used in deciding how industrial programming should be divided between that Division and the Technical Co-operation Division? What were the functions of the Industrial Financing Section? Was that Section concerned with the sources or the terms of financing? Again, co-ordination would have to be established with a number of agencies and organizations, particularly FAO, the ILO, the regional economic commissions, and the United Nations Department of Economic and Social Affairs.

He had several questions to ask regarding the Industrial Services and Institutions Division: What would be the functions of the Consulting and Advisory Organizations Section in relation to the different Technical Co-operation Units? What relation did the Group Training Programme bear to the other two Training Sections of the Industrial Training Branch? What were the functions of the Industrial Research Institutions Section? Once more, co-ordination would have to be established with the regional economic commissions, the ILO and FAO.

In order to prevent unnecessary duplication and to help UNIDO to function effectively, his delegation wished to suggest to the Executive Director a possible reorganization of the secretariat. First, the Deputy Executive Director should be the director of a technical division, so as to stress that UNIDO was action-oriented. Secondly, the central services should be reorganized and there should be a more rational allocation of responsibilities. The reorganization might be along the following lines: the Office of the Executive Director would comprise the chef de cabinet, the Executive Director's private secretariat (which would be responsible for Protocol also and the Legal Counsel; the secretariat of the Board would be

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(Mr. Koffi, Ivory Coast)

composed of the Executive Officer's Office, the Office of Conference Services, the Languages Section, the Documents Section (including Records), the Library (including Archives) and the External Relations Branch; the Division for Administration and Finance would comprise the Accounts Branch (Budget Section and Cashier's Office), a Personnel and Equipment Branch (Personnel Section, Equipment Section (including Purchases), Transportation and Buildings Management, and the Health Service), the Finance and Technical Programmes Management Branch, and an autonomous Communications Section (radio and telecommunications). Thirdly, the Industrial Technology Division might remain much as it was, except for the elimination of the Application of Science and Technology Section, on the understanding that steps would be taken to prevent overlapping with FAO and the regional economic commissions. Fourthly, the functions of the Technical Co-operation Division must be defined in such a way that it could not impede the work of the experts in the field. In that connexion, consideration should be given to whether it might not be more efficient to attach to that Division the Planning and Programming Section, the Regional Development Section, and the Country Reports Section, which at present formed part of the Industrial Policies and Programming Division. It might also be more efficient to divide the functions of the Reports and Evaluation Unit among the four other Units for Africa, Asia, Latin America and the Middle East. Fifthly, the Industrial Policies and Programming Division would be concerned with defining the ways in which accelerated industrial development could be promoted; it would be organized as follows: the Programme Evaluation Branch, which would include the Project Evaluation and Execution Section and the Industrial Location Section; the Industrial Policies Branch, which would remain as now envisaged; and the Industrial Development Survey Branch, which would include the Current Developments Section and the Policy Analysis Section. Machinery for co-ordination with FAO, the ILO, the regional economic commissions and the Department of Economic and Social Affairs would have to be established. Lastly, the Industrial Services and Institutions Division would remain practically unchanged, except that the Consulting and Advisory Organizations Section would be attached to the Technical Co-operation Division. Arrangements would again have to be made for co-ordination with the regional economic commissions, FAO and the ILO.

His delegation was seriously concerned about the composition of the UNIDO secretariat. Of the present establishment of 116 staff members (excluding the

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Executive Director), there were 80 English-speaking staff members, 11 Spanish-speaking, 10 French-speaking and 15 Russian-speaking. Even more unsatisfactory was the language distribution by branch or division. There were far more English-speaking than French-speaking and Spanish-speaking staff members. Such a situation could not be tolerated; for as everyone knew, UNIDO's activities were intended to cover three continents, where the language distribution was as follows: in Asia and the Middle East, English predominated except in Laos, Cambodia and Viet-Nam; in Africa, there were twenty French-speaking and eighteen English-speaking States; in Latin America, Spanish predominated. The Executive Director must lose no time in setting the matter right. Special care must be taken to ensure that experts were not sent to areas whose language they did not speak, as had happened in the Ivory Coast.

The disparity in the distribution of the staff in the higher grades, and particularly the "over-representation" of a small number of countries, was obvious. Furthermore, it was wrong to grade posts with supervisory powers and responsibilities and subordinate posts at the same level, because that gave a misleading picture of the situation. His delegation trusted that the Executive Director would bear its suggestions in mind and would correct the existing disparities in recruitment.

The UNIDO secretariat's move to Vienna must be effected as soon as possible, so that the organization could get down to work with all speed. Secondly, only a small liaison office, with not more than five Professional staff members, should remain in New York. Thirdly, if some of the Professional staff wished to stay in New York for serious family reasons, the Executive Director should try to transfer them to other departments, it being understood that the New York liaison office should never have a Professional staff of more than five. Fourthly, it might be desirable to consider the possibility of compensating staff so as to make the move to Vienna more attractive, as the transfer would involve a reduction in post adjustment of between 10 and 15 per cent. In addition, whatever steps the Austrian Government was taking, it would not be possible to avoid higher rents in all cases. In view of the arbitrary nature of the cost-of-living classification of cities, the Industrial Development Board should adopt a recommendation requesting the United Nations Secretariat to study the cost of living at Vienna.

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(Mr. Koffi, Ivory Coast)

In conclusion, he emphasized that not everything in document ID/B/L.3 was open to criticism; he had particularly stressed those parts of it which were, because such an examination was necessary if the structure and functions of the UNIDO secretariat were to be reorganized in a way that would ensure the efficient functioning of the organization.

Mr. UGGELDAHL (Finland) observed that the success of UNIDO's work would depend very much on the competence of its secretariat and of its experts and advisers. For that reason, the selection of staff and experts was of great importance. That task must be left to the Executive Director who, as could be seen from the documents before the Board, would certainly be able to secure a high-standard secretariat for UNIDO, recruited in accordance with a pragmatic policy and with due regard to the principle of equitable geographical distribution.

As UNIDO was to be action-oriented, most of its activities would be operational, but it would nevertheless have to undertake study and research programmes to support its operations. The publication of a periodical information bulletin on industrial development, for instance, would be of help to the developing countries. UNIDO should therefore have a branch which would be responsible for the collection and dissemination of information, but it would not need a large research staff, as other institutions, universities, and so forth, were already doing research work.

The structure of the UNIDO secretariat must be firmly based on the organization's field operations. It must have a broad network of experts and officers in all regions, working in close co-operation with other United Nations bodies, including the regional economic commissions and the offices of the resident representatives; they must also co-operate closely with Governments and particularly with industrial development centres, wherever Governments established them, since the leading role in the promotion of industrialization had to be played by the Governments.

Finally, he would like to stress that UNIDO's move to Vienna must not cause delays or upset its work. In order, therefore, to avoid any problems, he suggested that an expert group should start as soon as possible to draw up, with the Secretary-General and the Executive Director, the specifications for the new International Centre at Vienna, so that it would meet the requirements of the United Nations, UNIDO and IAEA.

Mr. ALTINEL (Turkey) felt that the secretariat's structure should reflect the desire of the members of the Board for UNIDO to be action-oriented. There should be an adequate staff at headquarters providing essential services for a maximum number of technical personnel in the regions. The numerical ratio between the two categories of personnel would have to be closely watched by the Executive Director and the Board itself so that UNIDO would not stray from its basic objective of providing concrete assistance to developing countries. Detailed documentation on the size, make-up and distribution of the UNIDO personnel should be submitted to future Board meetings. As it was also essential to establish liaison between UNIDO headquarters and the regions, the organization should start assigning industrial advisers to developing countries who could be integrated with the offices of Resident Representatives under an arrangement similar to that concluded between UNDP and FAO. Such advisers should, however, be recruited gradually as UNIDO's activities were being built up.

The inevitable expansion of those activities would necessitate the recruitment of additional staff. In his delegation's view, recruitment should be based on three main requirements, namely: high technical competence, the broadest possible geographical representation to ensure a wide range of viewpoints and experience, and, all other things being equal, the preferential hiring of citizens of the developing countries. There was no doubt that UNIDO would have to draw on technical competence, which was more readily available in the developed countries, but the experience of citizens of countries which had already begun to industrialize could be extremely valuable for other countries which had not attained the same level of development.

Miss DEAS (United Kingdom) said that the structure of UNIDO could be considered under three headings: the structure of the secretariat, the question of the New York liaison office and the regional and country organization.

Her delegation considered that the secretariat should be composed of a small number of permanent staff with the addition, as the need arose, of experts recruited on a temporary basis for ad hoc assignments. The mission to India to which the Executive Director had referred was a good example of such an arrangement. In addition, UNIDO should make the maximum use of existing United Nations facilities in support of its operational activities.

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(Miss Deas, United Kingdom)

Secondly, it was essential that UNIDO should have an adequately staffed liaison office in New York to ensure close relations with UNDP, the Department of Economic and Social Affairs and other United Nations departments.

In the field, UNIDO should make the maximum use of the programmes and facilities of the regional economic commissions, particularly since the latter were now embarking on major industrial development programmes often as the result of the regional symposia (ECAFE, for example, had set up a permanent body, the Asian Industrial Development Council). There should also be co-operation at the local level. Her delegation was gratified to hear that the Executive Director was already arranging to attach industrial advisers to the offices of the UNDP Resident Representatives in Africa, and it hoped that the arrangement would be extended to other countries.

In the final analysis, the structure of the secretariat should be determined by the work programme which the Board was now preparing for UNIDO. It was already clear that the secretariat would have to concentrate in future on supporting field activities and that, consequently, the secretariat organization outlined in document ID/B/L.3 would have to be revised. Until the Board had drawn up a firm Work Programme, recruitment should be directed towards officers qualified in field operations. Staff should be recruited to meet the needs of the programme; the latter should not be adapted to the staff already recruited.

Mr. ARCHIBALD (Trinidad and Tobago) said that he believed he was speaking for all delegations in saying that the new organization should not simply be an expanded Centre for Industrial Development and that its secretariat should therefore be oriented not towards generalized research but towards operational activities. The structure and distribution of secretariat personnel outlined in the Executive Director's note (ID/B/L.1) was not that envisaged by his delegation in considering the future of UNIDO. The functions described in that note hardly seemed oriented towards action. In particular, those assigned to the Industrial Policies and Programmes Division, which would have a staff of forty, seemed to be mainly dedicated to generalized studies, which should give way as quickly as possible to projects in the field. On the other hand, the Technical Co-operation Division, which was responsible for field activities, had a staff of only thirteen.

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(Mr. Archibald, Trinidad and Tobago)

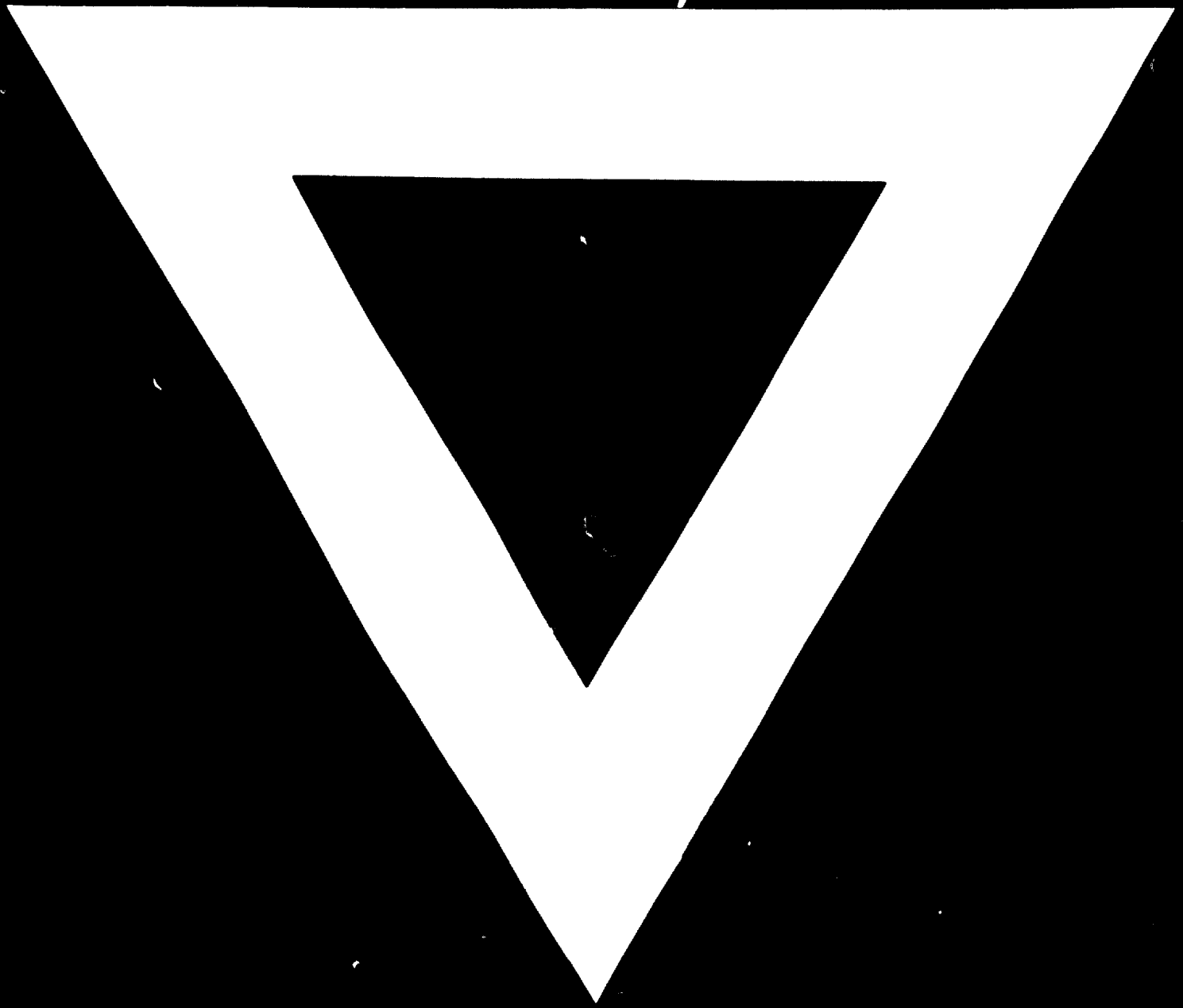
It was most fortunate that the estimates relating to the tentative establishment of the UNIDO secretariat (ID/B/L.3) were entirely provisional, since it was impossible to estimate staff requirements when no one yet had a clear idea of the volume and nature of work to be performed. He hoped that the structure of the various units and the allocation of responsibilities would depend on the UNIDO work programme - itself determined by requests from Governments - rather than on the priorities set by the Board and the availability of staff and resources to meet priority needs, as was suggested in paragraph 2 of the document.

The tentative establishment made no mention, moreover, of the consultants and experts used by UNIDO. His delegation would be grateful if a list giving their names, and the nature, duration and cost of their assignments, could be given to the Board before the session ended to enable it to evaluate the services which UNIDO was providing for developing countries.

Lastly, his delegation hoped that: (a) the structure of the secretariat would be pragmatic and would be synchronized with the work programme determined by Governments' requests, (b) decisions on recruitment would be deferred until a resumed session of the Board, since it would be premature to decide immediately on the final structure of the secretariat, and (c) the list of consultants and experts which he had already mentioned would be submitted to the Board.

The meeting rose at 9.50 p.m.





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