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Industrial Development Board

Second Session

SUMMARY RECORD OF THE FORTY-THIRD MEETING

Held at the Neue Hofburg, Vienna,
on Friday, 19 April 1968, at 10.30 a.m.

<u>President:</u>	Mr. STANDEMAT	(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.

GENERAL DEBATE (continued)

1. Mr. ASANTE (Ghana) said that for the countries represented on the Board industrial development was a matter of survival itself; consequently UNIDO, far from being an example of the needless proliferation of international organizations, was a necessary aid to advancement. Although his own country found it expensive and difficult to play its full part in the growing number of such organizations, it firmly believed that UNIDO, which filled such a need, should enjoy financial autonomy and dispose of adequate funds to discharge its duties.
2. Although he had not himself attended the Athens Symposium, he found that the report issued on that occasion (ID/B/21) afforded a vivid reminder of the complexity of industrial development problems but offered few new ideas that were relevant to Ghana's own tasks in that field. Similar problems in different countries might, however, require different solutions and the factors necessary for successful industrialization might vary in significance according to time and place.
3. He supported the view that one essential task for UNIDO was to assemble existing data on industrial development so that substantial portions of the limited funds available for development were not expended on costly exercises achieving little more than reproduction of information already to hand. He felt that UNIDO should also consider it essential to develop adequate means of objectively measuring the effectiveness of its operations. His delegation would like to see concrete achievements resulting from UNIDO operations, and not a general belief or consensus that those had been successful. It would like to know more, for example, about what had resulted from the experts' advice about the subsequent achievements of participants in working seminars and workshops and about the business or trade promoted by the graduates of industrial promotion centres and by seminars.
4. His Government considered the Athens Symposium recommendation on the establishment of National Committees for UNIDO to be a useful one, but, on taking steps to comply with the recommendation, it had discovered that similar committees for other international organizations with interests in the field of development

would also be necessary. To save administrative resources, consideration was being given to the possibility of establishing one National Committee to co-ordinate international activity in the general field of development, with sub-committees to attend to matters relating specifically to UNIDO.

5. His delegation felt that effective co-ordination between UNIDO and other United Nations and international organizations would not be left to the Executive Director alone. Before coming to UNIDO meetings, representatives of member States should be briefed on the activities of other relevant organizations so that they could avoid unnecessary duplication. The Ghanaian delegation also hoped that the Executive Director could examine the whole question of the traditional methods of co-operation and consultation with other United Nations and international organizations.

6. It was his delegation's belief that the difficulties of industrial development in the developing world were not insurmountable and could readily and speedily be overcome if attacked with enthusiasm and dedication.

7. Monographs, seminars and advice did not by themselves produce industrial development; that was achieved by hard work in the field, leading to the establishment and operation of successful industrial enterprises. His delegation therefore welcomed the emphasis placed by the Executive Director on field work and hoped that these efforts would be matched by effective and sincere assistance on the part of the developed countries. Ghana believed, however, that the effective thrust towards industrial development must come from the developing countries themselves.

8. Mr. BLAISSE (Netherlands) said that aid to developing countries occupied an important place in the policy of the Netherlands Government. As early as 1967 his Government had decided that as from 1971 Netherlands development assistance from public funds alone should amount to one per cent of the net national product. His country was already prepared to support the recommendation of the second Conference on Trade and Development that each economically advanced country should endeavour to provide the developing countries annually with financial resource transfers of a minimum net amount of one per cent of its gross national product in the next Development Decade; it hoped to reach that target by 1972.

9. In the development aid policy of the Netherlands particular emphasis had been laid on promoting industrialization in the developing countries. In both 1965 and 1966 his country had contributed to the Special Industrial Services over 800,000 dollars - about 25 per cent of the total of seven million dollars contributed by member States. In 1967 the Netherlands contribution to UNDP had been increased by 1.4 million dollars per year for additional industrialization projects, and a further increase of 300,000 dollars had been added for 1968. In all, therefore, his country had contributed a substantial portion of the funds spent on industrial activities carried out by UNIDO in co-operation with UNDP.

10. As a member of ECAFE and ECLA, the Netherlands had participated actively in the regional symposia on industrial development held at Manila and Santiago de Chile, and also in the International Symposium at Athens in 1967. A National Committee for UNIDO, consisting of representatives of public, semi-governmental and private entities connected with industry, had also recently been established in his country. In short, the Netherlands wished to contribute constructively to the effective functioning of the new organization.

11. He felt that, in view of the specific role played by industrialization in social and economic development, a greater part of the UNDP funds should go to the industrial sector and more requests should be made by governments to UNDP for aid in that field; UNIDO could play an important role in stimulating such requests and in formulating useful projects. In that connexion his delegation welcomed the appointment of industrial development field advisers to be stationed in the respective offices of UNDP Resident Representatives.

12. He hoped that the Board, being responsible for the proper functioning of UNIDO, would take the opportunity to consider measures for improving the efficiency of the organization's work. He recalled that at its first session the Board had approved a proposal from the Netherlands delegation concerning the establishment of a programme-budget and he expressed appreciation of the efforts made by the Executive Director to prepare a work programme for 1969 with the appropriate resolution in view. He felt, however, that the manner of establishing the work programme could be improved; moreover, the actual consideration of the work programme would require the adoption of a new procedure of work. His delegation therefore supported the idea that a small sessional programme and budget committee should be established to make preparations for the Board's discussions on the work

programme for 1969. He also thought that such a committee could usefully meet in advance of future Board sessions and, if necessary, between sessions and a report on its deliberations to the Board. However that suggestion did not necessarily mean that a standing group should be created.

13. One very important function of UNIDO, stated in paragraphs 27 to 30 of resolution 2152 (XXI), was to review and promote the co-ordination of all activities of the United Nations system in the field of industrial development. Concerted action in planning and implementation in that respect would call for a serious effort by the Administrative Committee on Co-ordination (ACC). He felt that the creation of a sub-committee of ACC would be in the interests of UNIDO.

14. In a memorandum submitted to the General Assembly at its last session, the Netherlands Government had drawn attention to the preparatory work for the formulation of an international development strategy for what might become the Second Development Decade. UNIDO, together with other members and organs of the United Nations system would have an important contribution to make in connexion with those activities.

15. Mr. ELDOAIG (Kuwait) said that his delegation was firmly opposed to the suggestion that an inter-sessional committee should be set up, supposedly to assist the Executive Director in discharging his duties. Such committees were usually a device for hindering the functioning of executives. In view of its recent creation and the hostility it had encountered, UNIDO had done well, under the competent guidance of its Executive Director, to achieve what it had achieved so far. He hoped that the Executive Director and the Secretariat would continue to concentrate on action-oriented programmes rather than waste time preparing for inter-sessional committees and similar bodies. The paper-work required for Board's annual session already consumed a considerable amount of the Secretariat's time.

16. Mr. HABLE-SELASSIE (Economic Commission for Africa) said that, during the decade since its creation, ECA had devoted particular attention to industrial development. The African countries regarded rapid industrialization as the key to sustained economic growth. The question had been not whether to industrialize but how to achieve industrialization on the scale required. The complexity of that problem seemed to call for the formulation of a series of intermediate solutions which could be seen as stepping-stones to the final solution. What was the approach

adopted by ECA, which had tested a number of ideas and thus reached a position from which the alternative paths to the ultimate goal could be seen in better focus.

17. In view of the small size of African national markets for the products of modern industry, and of the shortage of capital and know-how, it was particularly important for the resources of the various countries to be mobilized in a co-operative effort. ECA had stressed multi-national economic co-operation in a number of resolutions, and it had planned its activities within that framework. Its first initiatives had been in the nature of exploratory activities, but in recent years the emphasis had been placed on sub-regional industrial harmonization studies. By the end of 1968, ECA would have completed the preparation of an industrial development programme for Africa, based on sub-regional studies, for the period extending to 1980.

18. The harmonization studies had, primarily, a demonstrative function, in that they provided information on inter-industry relationships and pointed to the benefits that each country could expect from sub-regional economic co-operation. Secondly, they had made it possible to plan an over-all strategy for African industrial development, giving due consideration to the questions of industrial distribution. Moreover, the "pre-feasibility" studies used as a basis for the harmonization studies had brought to light Africa's considerable industrial potential. A number of possible projects had been identified in the light of projected demand; those projects fell into four categories: national, multi-national, sub-regional and inter-sub-regional.

19. Compendia of investment opportunities had been compiled for the East and West African sub-regions, and others would be prepared for the North and Central African sub-regions in due course. Such compendia were a means of attracting external capital and thus actively promoting the projects identified. A Conference on Industry and Finance attended by representatives of African Governments and Chambers of Commerce and Industry and by industrialists and financiers from industrialized countries, had been held in March 1968 at Addis Ababa. It had examined a scheme for sub-regional promotion centres prepared by ECA and had put forward suggestions regarding the operation of sub-regional promotion machinery. The establishment of industrial promotion centres was a priority project in the work programme for the biennium 1969-1970. Initially,

the centres would need assistance, especially from United Nations bodies. Offers of assistance had already been received from aid-giving countries, but UNIDO's participation in the project would expedite its implementation.

20. Meanwhile, progress had been made in the establishment of economic co-operation machinery in all four sub-regions. Multi-national groupings already in existence, such as the Permanent Consultative Committee of the Maghreb, could meanwhile serve as the basis for multi-national projects.

21. ECA would also welcome the co-operation of UNIDO, the specialized agencies and donor countries in the implementation of selected multi-national projects from among those identified in the pre-feasibility studies. The projects selected might relate to strategic industries which would enable African countries to widen their industrial base, or to industries based on local raw materials, especially suitable for the development of exports. Assistance from UNIDO could play an important part in speeding up feasibility and engineering studies and in promoting the projects among prospective investors.

22. In the field of small industry, efforts had been concentrated on the establishment or strengthening of small-scale development centres. In the long-term, co-operation with UNIDO in that field should aim at ensuring that development was brought to rural areas. Attention needed to be given to regional planning, and especially to the question of industrial location, in order to ensure that maximum advantage was derived from over-all development activities.

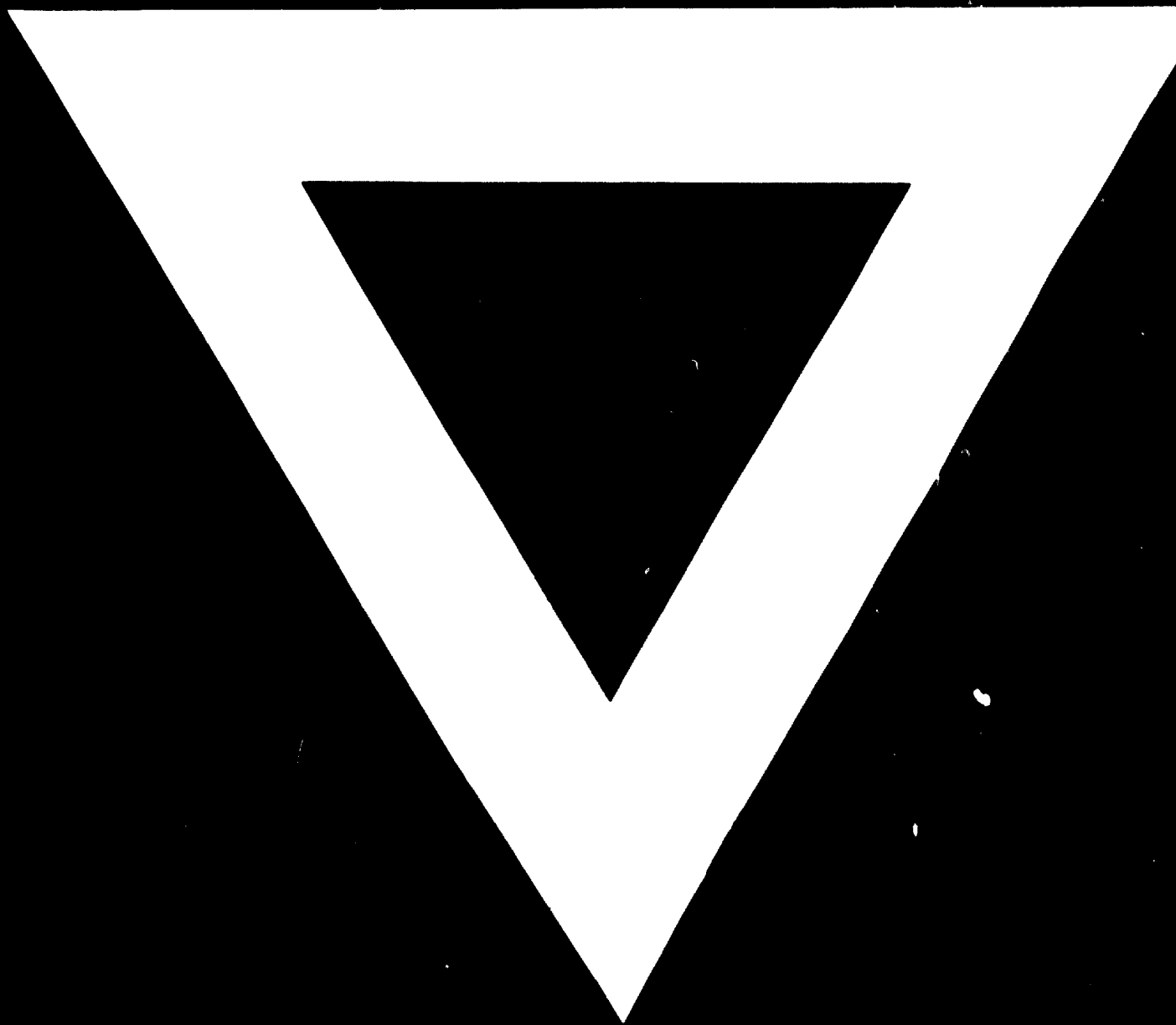
23. Finally, ECA's efforts would continue to be directed towards the general issues of industrial policy and its implementation. The problems of industrialization would be kept under constant review and work would proceed on building up an inventory of industrial establishments with a view to identifying excess capacity and ensuring full utilization. ECA would also co-operate with UNIDO in assisting African Governments in the establishment of the institutions required for industrial development.

24. Since available resources were limited, it was important to avoid duplication of effort and to channel resources into projects that would have maximum impact. The detailed mechanics of the relationship between ECA and UNIDO still needed to be worked out, but there was no reason why joint ECA/UNIDO projects could not be planned in the meantime.

25. Mr. DUCCI (Italy) said that Italy attached great importance to the problem of industrialization in the developing countries. His delegation hoped that the Board's session would provide an opportunity for a frank dialogue which would make it possible to bring into light the inevitable lacunae to be found in a new organization such as UNIDO. The organization deserved praise for the organization of the Athens Symposium on Industrial Development, at which the industrialized and the developing countries had been able to express their respective views on the problem of industrial development. The Symposium had taken place at a difficult time, with UNIDO still in the process of establishing its headquarters at Vienna. One of the resulting problems was a shortage of highly qualified staff. His Government would do its best to help to solve that problem by seeking out possible candidates.
26. If, in addition to praise, his delegation offered some frank criticisms, their aim would be to encourage the more rational and effective use of the resources at UNIDO's disposal.
27. He had no fixed position on the suggestion for an inter-sessional committee, but thought that it would be advisable for delegations to withhold comment until a detailed proposal had been formulated.
28. His delegation would be receptive to the suggestions of other delegations, in particular, it would be ready to consider proposals for voluntary contributions to UNIDO by member States.

The meeting rose at 11.20 a.m.





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