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United Nations Industrial Development Organization

INDUSTRIAL DEVELOPMENT BOARD

First Session

SUMMARY RECORD OF THE FIFTH MEETING

Held at Headquarters, New York,
on Wednesday, 12 April 1967, at 10.40 a.m.

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Future programme of work and activities of UNIDO (ID/B/4 and Corr.1-3;
ID/B/8 and Add.1 and Add.1/Corr.1; ID/B/9; ID/B/10 and ID/B/11)

* The provisional version was re-issued as Rev.1.

PRESENT:

<u>President:</u>	Mr. TELL	(Jordan)
later,	Mr. DUMITERESCU	(Romania)
<u>Rapporteur:</u>	Mr. MBAYE	(Guinea)
<u>Members:</u>	Mr. BRADLEY	Argentina
	Mr. SAILER	Austria
	Mr. FORTHOMME	Belgium
	Mr. PATRIOTA	Brazil
	Mr. VLADOV	Bulgaria
	Mr. NDIMBLE	Cameroon
	Mr. ABELL	Canada
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	Mr. FIGUEROA)	
	Mr. INCHAUSTEGUI	Cuba
	Mr. SCHEJBAL	Czechoslovakia
	Mr. SARTORIUS	Federal Republic of Germany
	Mr. TORNQUIST	Finland
	Mr. BERNARD	France
	Mr. COFIE	Ghana
	Mr. DIABATE	Guinea
	Mr. GUPTA	India
	Mr. MARTONAGORO	Indonesia
	Mr. YEGANEH	Iran
	Mr. PISANI MASSAMORILE)	Italy
	Mrs. FORCIGNANO)	
	Mr. KOFFI	Ivory Coast
	Mr. ABE	Japan
	Mr. SAAD	Jordan
	Mr. KHANACHET	Kuwait
	Mr. LUBBERS	Netherlands
	Mr. ASIODU	Nigeria
	Mr. SULAIMAN	Pakistan
	Mr. FERNANDINI	Peru
	Mr. RODRIGUEZ)	Philippines
	Mrs. KODIKARA)	
	Mr. DESMIREANU	Romania

PRESENT (continued):

Members (continued):

Mr. RYABONYENDE	Rwanda
Mr. WARSAMA	Somalia
Mr. GALAN	Spain
Mr. SAHLOUL	Sudan
Mr. BOLIN	Sweden
Mr. TURRETTINI	Switzerland
Mr. BARPUYAWART	Thailand
Mr. ARCHIBALD	Trinidad and Tobago
Mr. FIRAT	Turkey
Mr. ANANICHEV	Union of Soviet Socialist Republics
Mr. SALAMA	United Arab Republic
Sir Edward WARNER	United Kingdom of Great Britain and Northern Ireland
Mr. KOTSCHNIG	United States of America
Mr. MONTERO	Uruguay
Mr. SIKAJUMBI	Zambia

Observers for Member States:

Mr. RAHMANI	Algeria
Mr. SIDASH	Byelorussian Soviet Socialist Republic
Mr. OUANGA-MOTCHING	Chad
Mr. LOUYA	Congo (Democratic Republic of)
Mr. OLSEN	Denmark
Mr. SUBERO	Dominican Republic
Mr. JATIVA	Ecuador
Mr. MARTINO	El Salvador
Mr. MAKAYA-CASTANOUL	Gabon
Mr. ENDREFFY	Hungary
Mr. ALI	Iraq
Mr. NEDIVI	Israel
Mr. CRAIG	Jamaica
Mr. THOMAS	Liberia
Mr. CHULJUNBAATAR	Mongolia

PRESENT (continued):Observers for Member States (continued):

Mr. van NIEKERK	South Africa
Mr. KLU	Togo
Mr. GRGA LAVCEVIC	Yugoslavia

Representatives of specialized agencies:

Mr. AMMAR	International Labour Organisation
Mr. WOODWARD	Food and Agriculture Organization of the United Nations
Mrs. THOMAS	United Nations Educational, Scientific and Cultural Organization
Mr. PERINBAM	International Bank for Reconstruction and Development
Mrs. KALM	World Health Organization

Representative of the International Atomic Energy Agency:

Mr. NAJAR	
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Representative of the General Agreement on Tariffs and Trade:

Mr. HORTLING	
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Representatives of other United Nations bodies:

Mr. GEOGHEGAN	United Nations Development Programme
Mr. NERFIN	World Food Programme

Secretariat:

Mr. ABDEL-RAHMAN	Executive Director, United Nations Industrial Development Organization
Mr. GRIGORIEV	Director, Technology Division
Mr. MULIER	United Nations Conference on Trade and Development
Mr. NOMVETE	Economic Commission for Africa
Mr. SYLLA	Secretary of the Board

FUTURE PROGRAMME OF WORK AND ACTIVITIES OF UNIDO (ID/B/4 and Corr.1-3; ID/B/8 and Add.1 and Add.1/Corr.1; ID/B/9; ID/B/10 and ID/B/11)

The PRESIDENT invited the Board to take up item 6 of its agenda.

Mr. Dumiterescu (Romania), Vice-President, took the Chair.

Mr. TELL (Jordan) stated that the establishment of UNIDO had materialized the efforts of the developing countries to bring into being an organization the establishment of which they had requested for the past ten years. He was glad that the new organization had now been created, because it would be able to profit from the experiences, the successes and perhaps even the failures of other similar organizations, especially those that had come into existence during the last three or four years such as UNCTAD, UNITAR and UNDP.

However, it was a known fact to all members of the Board that although the resources of UNIDO were at present limited, and that justified some concern, that did not need to prevent it from functioning effectively.

Referring to the time allocated for the first session of the Board, he pointed out that it had originally been intended that the Board should meet on 28 March, and that the session should last for at least four to five weeks, and that had been agreed upon by all the members of the Board. His delegation had therefore been very surprised to see that contrary to all previous understanding the Board was not to meet until 10 April and then for only three weeks. He felt that it would be a mistake to set a strict time-limit if the present session which was the first and the most crucial, was to produce the fruitful results rightly expected of it.

As to the question of the documentation prepared by the Secretariat for the first session, he felt that UNIDO, like all other international organizations, was obsessed with statistics, lengthy tables and voluminous documentation which were all inconducive to effective and fruitful deliberations. He furthermore pointed out that the documentation was mainly based on the activities of the former CID and that the information contained in it was vague. That should not be taken as criticism of the Executive Director or his staff, but rather as a statement of fact.

He felt, therefore, that concise, clear documentation should be prepared for this meeting of the Board, summarizing the data needed for its deliberations. Moreover, it was the hope of his delegation that if the new organization was to function effectively, the Board should break away completely from the activities

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(Mr. Tell, Jordan)

and traditions of the Centre, because the Centre during its existence had been subjected to strong pressure from some very influential delegations, and had suffered the ill-effects of nepotism and favoritism that plagued all international bureaucracies.

Now that UNIDO had at last been established, if the new organization was to achieve its objectives, all such pressures and causes of ill-effects must be stopped no matter where they came from.

UNIDO should devote the greater part of its activities to technical assistance given in the field at the request of Governments of the developing countries, and it should also reduce its research activities to a strict minimum; in any case such research activities should be actions orientated rather than academic. The Secretariat should also prepare a very clear and very detailed programme of work in the field for 1967 and 1968, based on what existed at present in the field and Government requests. Such a programme should indicate the cost of the proposed activities and the sources of their financing. In addition, activities should be divided into categories and a proper relationship should be established between need and available resources.

He would also like the Secretariat to provide information on the staff situation in CID at the end of 1966, together with information on the new staff which had been recruited since then, indicating on what basis new staff had been recruited, their nationality, level, etc. This information would be extremely important for the Board when it discussed the staffing and structure of the new organization and the cost of its administration. It was the common stand of all delegations, especially those of the developing countries, that equitable geographical distribution of the staff should be adhered to in the new organization, and therefore it was important that the new staff joining the organization from CID or other related United Nations bodies be screened, since the resolution establishing UNIDO made it clear that only those officials of the Centre and other United Nations bodies who were needed, suited and qualified for the work of the new organization would be transferred to it.

As far as financing was concerned, he noted that in the documents the Special Industrial Services were treated separately. There was of course a difference in the source from which those services were financed, but they nevertheless were an integral part of UNIDO activities and programmes and he felt

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(Mr. Tell, Jordan)

they should in future be dealt with accordingly, although his donors of the Special Industrial Services fund might take a different view. He also hoped that the secretariat of UNIDO would consider applying the programme budget to UNIDO activities and would report on that subject to the next session.

Lastly, it was hoped that the Board would really be a managing body and that its functions would not be confined to approving automatically everything put before it by the secretariat, thus becoming a mere "rubber-stamping" Board as was the case at present of the UNDP Governing Council.

Mr. LUBBERS (Netherlands) endorsed the observations of the Jordanian representative concerning the UNIDO work programme in 1967 and 1968. The documentation before the Board testified to the excellent work of the Executive Director and his staff. The report on UNIDO's activities and programme of work (ID/B/4) was very encouraging. However, since the document did not indicate the financial implications of the proposed projects or establish priorities, it was difficult to form an exact idea of UNIDO's programme of work. Many projects were apparently being undertaken without any exact knowledge of the financial implications. That deficiency should be corrected by using programme budgeting, which would permit the total integration of programmes and budgets. That had already been recommended in General Assembly resolution 1797 (XVII), and by the Committee of Fourteen (A/AC.124/1).

Referring to the Secretary-General's report on the work programme of the United Nations in industrial development (E/4179/Add.5), he pointed out that the budgetary requirements for the financial year 1966, as shown in table V, had been \$4.2 million for substantive and documents service and \$4.8 million for field activities. Those proportions were obviously unacceptable for future UNIDO operations, substantive and documents services taking too large a share of the funds which might otherwise be devoted to field activities. It was true that the figures were for the financial year 1966, but they seemed to be still valid for 1967. That apportionment of expenditure should therefore be reconsidered. Moreover, it was essential that the Board should have before it a full summary indicating exactly, for 1967 and 1968, the work in progress and planned,

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(Mr. Lubbers, Netherlands)

the resources available for its execution, and in particular forecast expenditures. That would be a first outline of what might be called a programme budget, of which a more detailed version could subsequently be worked out by the Executive Director for the benefit of the next Board Session in 1968.

With regard to the Jordanian representative's observation that the time allowed for the Board's session was too limited, he felt that if the Board agreed to confine itself to a number of essential items, such as the establishment of a programme budget and the International Symposium on Industrial Development, it could complete its work by 28 April.

Mr. Tell (Jordan) resumed the Chair.

Sir Edward WARNER (United Kingdom) associated himself with the observations of the Netherlands representative. Since the Board was not in possession of sufficiently precise documentation, consideration of item 6 should perhaps be adjourned.

The PRESIDENT thought that the various agenda items should be taken up in the order agreed on. However, he was prepared to change the order if the Board so wished.

Mr. FERNANDINI (Peru) said that he might make a statement when he had read the Spanish text of the Executive Director's remarks. On the whole, he endorsed the observations of the Jordanian and Netherlands representatives. The documentation before the Board was too bulky and did not contain enough specific information. A more effective system of information should therefore be worked out.

Mr. BRADLEY (Argentina) shared the President's views as to the order in which the agenda items should be taken up, and agreed with the Netherlands representative that it would be useful to have a "programme budget" type of document.

Mr. ABDEL-RAHMAN (Executive Director) said he believed that it would be useful to prepare the summary requested by the representative of the Netherlands. The sources of funds for industrial development serviced by the Centre were shown in table 1 in document ID/B/3/Add.2. Details of the 1967 industrial projects

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(Mr. Abdel-Rahman, Executive Director)

programmed under the UNDP/Expanded Programme of Technical Assistance, broken down by region, country and category, were given in table 1 in document ID/B/4. Table 2 in the same document related to projects under the regular programme of technical assistance, and projects undertaken by the Special Fund component of UNDP were shown in table 6 in document ID/B/3/Add.2. Those documents gave all the necessary particulars of project costs. Where the Programme of Special Industrial Services was concerned, there was a separate document (ID/B/7) showing contributions made and projects approved as at 1 February 1967. All those data could be brought together in a single document.

With respect to the projects proposed for 1968, only those programmed under the Expanded Programme had thus far been approved, and information on them could be supplied to the Board. Projects under the regular programme would not be approved until June. Special Fund projects would be approved at the next session of the Governing Council of UNDP. No information was at present available concerning 1968 projects under the Programme of Special Industrial Services, which was of such a nature that the number of projects and their cost could not be foreseen with certainty.

Programme budgeting had already been the subject of research, which would be continued. The Committee for Programme and Co-ordination would be meeting shortly and could, if the Board so desired, be requested to consider the problems which programme budgeting for UNIDO would entail. Whatever was done, the time factor must be borne in mind, since the United Nations regular budget estimates were usually prepared in June and approved in December. Account must be taken of those deadlines in preparing the programme of work of UNIDO for 1968, and therefore in the calendar of meetings of the Board.

In reply to the representative of Jordan, he stated that the documents relating to the structure of the secretariat could be made available to the Board immediately. The staff targets might be based partly on the manning table of the Centre for Industrial Development, which had originally provided for the creation of 200 Professional posts. However, the complete answer to that question would have to be given by the Board itself, and not by the secretariat, which could, however, provide all the necessary information on the break-down of staff by nationality.

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Mr. Abdel-Rahman, Executive Director)

Although the Programme of Special Industrial Services was dealt with in a separate document, there was nothing unusual about the procedures that were followed. Requests under the Programme were considered by the secretariat and the Resident Representatives and, after being approved, were processed in the same way as other requests for assistance.

There was no watertight division between the activities of the substantive and documents services and those of the operational services. In fact, the permanent staff participated in operational activities in a variety of ways. Their duties included considering requests for assistance, selecting candidates for missions and planning the execution of projects. The staff of some sections spent as much as 70 per cent of their time on such activities. Moreover, the secretariat was not solely responsible for the expansion of operational activities, which depended also on the Governments involved and on the approval and programming procedures employed. Whenever it had been found possible to improve those procedures, as in the case of the Programme of Special Industrial Services, the results had been very encouraging.

The representative of Jordan had referred - without any ill will he was sure - to alleged nepotism in the secretariat and to pressures from above. He wished to say, on behalf of the Secretary-General, that he had taken note of the statement made by the representative of Jordan.

Mr. LUBBERS (Netherlands) said he still thought that it would be desirable to prepare a summary table or a summary report bringing together the information which was scattered throughout the existing documentation. If it was not possible to summarize the activities proposed for 1968 and their financial implications, it should still be possible to prepare such a document for 1967.

Mr. KOVACHIK (United States of America), supported by Mr. SIKALIMBI (Zambia), pointed out that the Board would not be meeting again until 1968 and that it should therefore issue directives concerning the 1968 programme of work at its current session. In addition, it must be in a position to have a general idea of what was proposed for 1968. It was quite understandable that a document giving into all the details of the programme could not be prepared at the present time, but the matter should be taken up without delay.

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(Mr. Kotschnig, United States)

The report on the activities and programme of work of UNIDO (ID/B/4) showed that too much attention was paid to theoretical studies and the production of ever new reports. That was an evident carry-over from the activities of the Centre for Industrial Development. Since UNIDO should be action-oriented, the Executive Director and his staff might review the programme and draw up an order of priority for the activities in question which would take account of the new approach. It might then be found that many studies and much research could be abandoned without any harm being done or could be farmed out to universities, thus enabling a larger proportion of the resources to be allocated to operational activities. The review and reapportionment of the programme of work would necessarily affect the composition of the staff of UNIDO, so that the Board would be able to consider staff matters more profitably, without having to refer to a manning table dating from 1965 and covering a staff which at that time had been mainly responsible for theoretical studies and research.

With respect to programme budgeting, there were experts in the United Nations Secretariat who could prepare such a budget on the basis of a programme of work showing the financial implications of the activities proposed.

Mr. ABDEL-RAHMAN (Executive Director) assured the representative of the Netherlands that he would supply the information on 1967 expenditures which he sought as soon as possible.

Mr. ABE (Japan) felt that it would be desirable to have similar information on expenditures and financial implications with respect to non-operational activities; that would definitely facilitate the consideration of staff matters and other administrative questions.

Mr. YEGANEH (Iran) said that, for the future work of the Board, a document giving the financial implications of the activities proposed should be prepared and submitted to the Board for its consideration and approval.

Mr. ABDEL-RAHMAN (Executive Director), replying to the representative of Japan, observed that the term "non-operational activities" was misleading; in fact, studies and research undertaken under that heading were not purely theoretical, but were designed essentially to support operational activities. In any event, that expression should be avoided when dealing with the budget of UNIDO, which give no indication of the particular activity to which staff were assigned.

(Mr. Abdel-Rahman, Executive Director)

Such information would be found in annex I to the report on the activities and programme of work of UNIDO (ID/B/4), but the table shown there was only a very rough appraisal.

It was very difficult to draw a clear and precise line between operational activities and study and research activities. A detailed examination of the programme of work would show the Board that all the projects falling in the latter category were linked to current or future operational activities and were not at all the kind of theoretical work that could be farmed out to universities. He was ready to join the Board in making such an examination, if it so desired, and he hoped to be able to provide it with a more detailed definition of the programme of work for 1968 before the end of the current session.

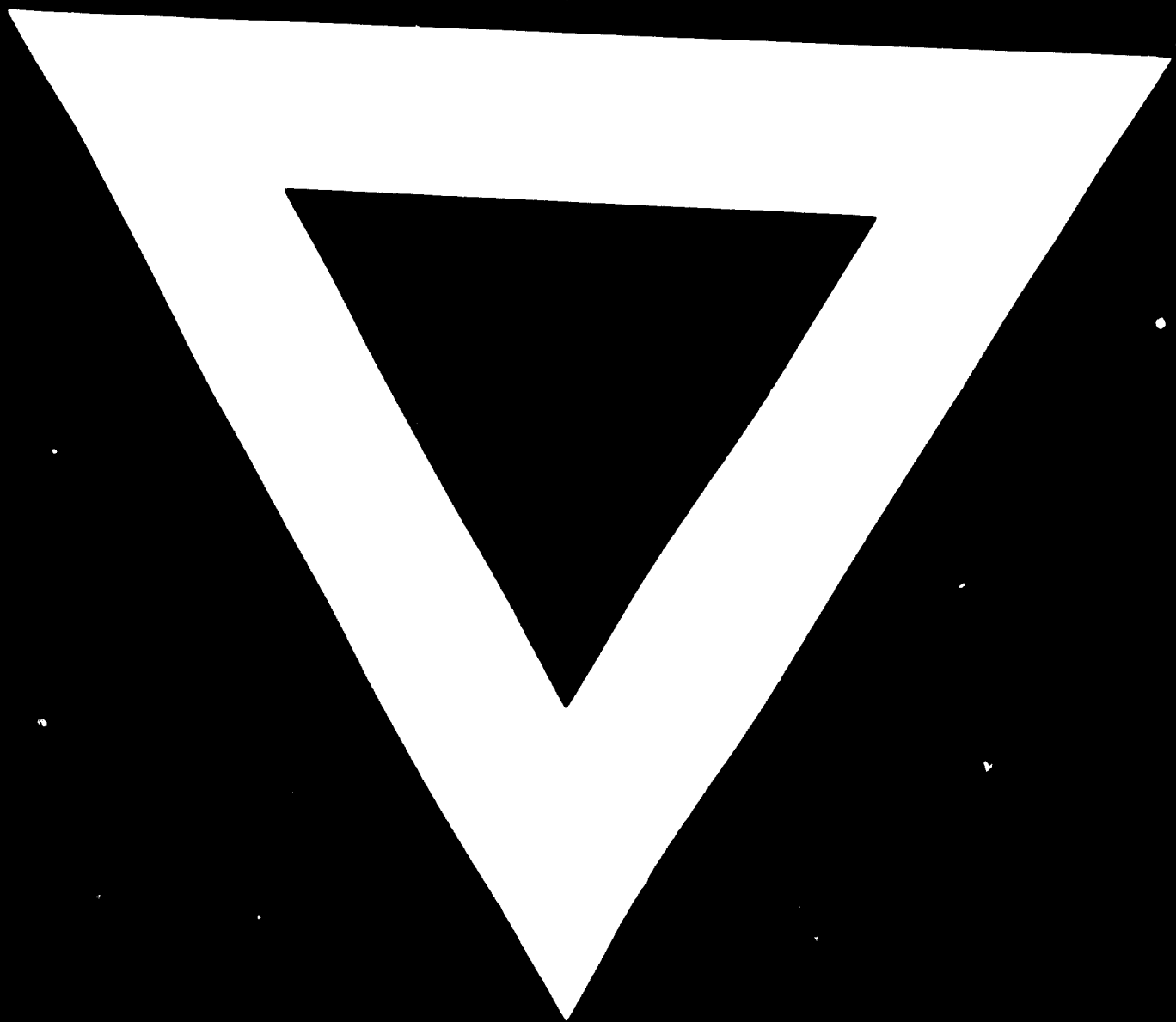
Sir Edward WARNER (United Kingdom) said that an examination of the programme of work, as requested by the United States was essential; for he agreed with the United States and Zambia, that it included too much research and studies. While he appreciated that it was difficult to distinguish between operational and non-operational staff, he asked the Executive Director to indicate the proportion of time spent on (a) operational activities and (b) on studies.

He would also like to know how the funds allocated to the remuneration of consultants in 1967 would be divided between studies bearing on operational activities and theoretical research.

Mr. FERNANDINI (Peru) said that he agreed with the views expressed by the representatives of the United States and the United Kingdom. UNIDO should not follow in the footsteps of the Centre for Industrial Development, which, because of its limited financial resources, had been compelled to restrict the greater part of its work and its activities to the realm of theory and research.

That need was reflected in the report on the activities and programme of work. The programme contained too high a proportion of studies and research, some of which were extremely costly and which were of very limited practical value. The financial resources of UNIDO should be used for operational activities; studies could be entrusted to organizations and agencies already active in that field, such as UNCTAD, the regional economic commissions and certain universities. The Board in collaboration with the Executive Director, should set about the task of drawing up a real programme of work forthwith. The question was of such importance that consideration should perhaps be given to holding a special meeting of the Board before its next session.

The meeting rose at 1.15 p.m.



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