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INDUSTRIAL DEVELOPMENT BOARD

First Session

SUMMARY RECORD OF THE FOURTEENTH MEETING

Held at Headquarters, New York,
on Friday, 21 April 1967, at 10.45 a.m.

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later,	Mr. BRADLEY	(Argentina)
<u>Rapporteur:</u>	Mr. MBAYE	(Guinea)
<u>Members:</u>	Mr. VIDAL) Mr. ETCHEVERRY)	Argentina
	Mrs. SAILER	Austria
	Mr. FORTHOMME) Mr. DELVAUX)	Belgium
	Mr. PATRIOTA	Brazil
	Mr. VLADOV	Bulgaria
	Mr. CHAMFOR	Cameroon
	Mr. ABELL	Canada
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Observers for Member States:

Mr. RAHMANI	Algeria
Mr. ABDOUL	Chad
Mr. FU	China
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Mr. WOODWARD	Food and Agriculture Organization of the United Nations
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Dr. COIGNEY) Mrs. KALM)	World Health Organization

Representative of the International Atomic Energy Agency:

Mr. NAJAR

Representative of the General Agreement on Tariffs and Trade:

Mr. HORTLING

Representatives of other United Nations bodies:

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

<u>Secretariat:</u> Mr. HILL	Under-Secretary for Inter-Agency Affairs
Mr. ABDEL-RAHMAN	Executive Director, United Nations Industrial Development Organization
Mr. GRIGORIEV	Director, Industrial Technology Division
Mr. MULLER) Mr. STORDEL)	United Nations Conference on Trade and Development
Mr. SYLLA	Secretary of the Board

CO-ORDINATION OF ACTIVITIES OF THE UNITED NATIONS SYSTEM OF ORGANIZATIONS IN THE
FIELD OF INDUSTRIAL DEVELOPMENT (ID/B/3 and Add.1-8) (continued)

Mr. SULAIMAN (Pakistan) recalled that at the seventh meeting of the Board he had already stressed the central role which UNIDO had to play in co-ordination. That did not mean that, in the name of co-ordination, UNIDO should control the industrial development activities of the other United Nations organizations, which had effective and well-conceived programmes in that field, but it would be equally wrong to reduce its role to that of a centre for the collection of data and the exchange of information. It was for the Board to produce a clear-cut definition of UNIDO's functions as a co-ordinating body.

He agreed with the representative of Iran that in General Assembly resolution 2152 (XXI), paragraph 27 clearly indicated the two main functions of UNIDO in that respect, namely, to review and to promote the co-ordination of all activities of the United Nations system in the field of industrial development. The General Assembly had obviously seen that such action was needed and had tried to satisfy the need. It had recognized that, between the various agencies operating in the field of industrialization and the Economic and Social Council, which had an over-all responsibility for economic and social development, it was necessary to create a co-ordinating body to identify areas where action was required. In view of its limited staff and financial resources, UNIDO should work strictly within its terms of reference, which required it to review activities in the field of industrial development, to detect and remedy shortcomings and to co-ordinate activities. A document pin-pointing areas where action was required and establishing an order of priority should be prepared on the lines suggested by the representative of the Federal Republic of Germany; only then would it be possible to see what contribution UNIDO could make to industrial development. As the representative of Iran had suggested, the best way of solving the problem of co-ordination would be to set up a standing co-ordination committee, which would be assisted by similar committees at the regional level until such time as national co-ordination committees could be established.

Mr. LUBBERS (Netherlands) said that the establishment of UNIDO represented the first systematic effort to give industrial development activities their proper dimensions; in the field of co-ordination, therefore, UNIDO should effectively play the central role assigned to it in General Assembly resolution 2152 (XXI).

The particular nature of UNIDO's activities was a further reason to stress good co-ordination. A typical example was provided by the "special industrial services" which according to the definition in document A/6070/Rev.1 were intended inter alia to bring projects to the stage where effective investment was possible. UNIDO's activities were thus directly related to follow-up investment problems. This made it particularly relevant to ensure good co-ordination between UNIDO and the other members of the United Nations family of organizations. Industrial development projects by their very nature were matters of common interest to a variety of agencies.

He was encouraged by the many statements which had been made on the question of co-ordination, and by the consensus which appeared to emerge on the subject. Co-ordination machinery already existed in the form of the Administrative Committee on Co-ordination, which should be strengthened as an instrument of inter-agency machinery. The Inter-Agency Consultative Board should also be utilized. In addition, meetings of the Executive Secretaries of the regional economic commissions like the one held toward the end of January 1967, provided excellent opportunities for improved co-ordination.

UNIDO's terms of reference in regard to co-ordination were clearly defined in General Assembly resolution 2152 (XXI). The main question was not the necessity of co-ordination as such, but rather the way in which good co-ordination should be achieved. The solution should be sought along pragmatic lines. In practice, co-ordination was primarily a question of good working relations between the agencies concerned. In certain specific cases, co-ordination between UNIDO and other agencies could be achieved forthwith; there were some projects, for instance, where practical working arrangements could be made immediately. Furthermore, he stressed the possibility of undertaking multi-agency projects. In document E/CN.5/412, paragraph 40, there was a reference to UNICEF projects in which several agencies were co-operating under the general guidance of one of them; that could

(Mr. Lubbers, Netherlands)

perhaps be taken as an example. Industrial development lent itself very well to that type of concerted action, in which UNIDO could play a guiding role, and to that particular form of co-ordination, which ensured that the resources of the various agencies were used to the best advantage.

Mr. DIABATE (Guinea) said that co-ordination was not an abstract concept. It should be based on the situation existing in individual countries and should take account of their particular needs. The role to be played by the different agencies involved in a single project should be strictly defined. Co-ordination should be designed to promote operational field activities. On the basis of a clear-cut plan of action, a team of specialists could be sent to a country to survey and assess its industrial potential; the team would notify the national authorities of various possible forms of action and would prepare a report on the subject, which would be used in defining the respective roles of the organizations concerned.

Mr. Pradley (Argentina), Vice-President, took the Chair.

Mr. ARCHIBALD (Trinidad and Tobago) said that any attempt to define UNIDO's co-ordinating role must be based on General Assembly resolution 2152 (XXI), which stated that UNIDO should play the central role in and be responsible for reviewing and promoting the co-ordination of the activities of the United Nations system in the field of industrial development. The resolution also indicated that the Board had the task of formulating principles and policies to achieve the purposes of the organization and reviewing and facilitating the co-ordination of activities within the United Nations system in the field of industrial development. The Board could not, therefore, evade its responsibility with regard to co-ordination.

The Administrator of UNDP had said that co-ordination should be achieved by negotiation; but with whom should negotiations take place, and who would decide what was to be done next? The Administrator had also mentioned that the results of development activities were sometimes disappointing. It was, of course, the recipient countries that were in the best position to know the value of the gift they received, and one reason why United Nations development efforts had not produced the hoped-for results was perhaps that the recipients of assistance had not been associated closely enough with policy discussions and executive decisions. I:

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(Mr. Archibald, Trinidad and Tobago)

was for the Board to remedy that situation, for none of its activities were more important than co-ordination.

The Board could also play a leading role in the general review of United Nations assistance programmes called for in General Assembly resolution 2188 (XXI), in order to ensure that industrial development activities were rationalized as might be necessary.

His delegation wished to repeat its suggestion that a standing committee to promote co-ordination should be set up. Member countries need not wait for negotiations or decisions on the subject; they could promote co-ordination forthwith by directing their inquiries regarding industrial development assistance to UNIDO.

He was pleased to note the general willingness to co-ordinate activities, and he hoped that the Board would respect established expertise in approaching that part of its work. Nevertheless, its duties and responsibilities were very heavy. The representatives of the developing countries represented not only their Governments, but also the problems of under-development and the developing countries' discontent with the present state of international society. If not alleviated, that discontent might explode the world.

Mr. TELL (Jordan) said that he attached great importance to co-ordination and did not share the Netherlands representative's optimistic views on the question. UNIDO was the main co-ordinating body for industrial development activities. Other bodies could, of course, perform such activities for the time being, but as soon as UNIDO had sufficient resources it would very probably have to enter into spheres of activity which had previously been their exclusive province.

Could one speak of excessive ambition - the dangers of which had been referred to by the representative of Belgium - in the case of an organization which, in order to function effectively, must defend itself against the outlooks and the vested interests of other, older agencies? The United Kingdom representative had said that UNIDO's central role should not lead to the specialized agencies' being subject to co-ordination by the Board, and that the Economic and Social Council bore the over-all responsibility in that connexion. He did not deny that responsibility, but he would stress that UNIDO should be responsible for co-ordinating all activities of the United Nations system in the field of industrial

(Mr. Tell, Jordan)

development. Nor did he agree with the United Kingdom representative that UNIDO should confine itself to industrial development matters not dealt with by other bodies; it should be concerned with all industrial development activities and, indeed, should take over such activities if it seemed more qualified than other bodies to deal with them.

Several representatives and some senior secretariat officials had referred to the Administrative Committee on Co-ordination. There was no need to dwell on that Committee's notorious ineffectiveness, which resulted from its very structure. Its activities were left almost entirely to the discretion of the executive heads of the specialized agencies, who seemed to have a tacit agreement to leave things as they were. The Committee's reports were mere expressions of satisfaction, which could only be told apart by their different dates and symbols.

The value of the specialized agencies' activities was not being called into question, but the situation must now be reviewed, even if that resulted in the transfer to UNIDO of some of their industrial development activities.

Who should be responsible for UNIDO's central co-ordinating role? Certainly not its secretariat - not because it lacked the necessary skills and qualifications, but because its financial resources were too meagre even to enable it to carry out its operational work. There were two other stumbling-blocks - the attitude of the donor countries, and the arrangements for UNDP participation. Co-ordination should be among equals, but for the moment UNIDO was not on an equal footing with the other United Nations bodies. Furthermore, despite all the fine words and expressions of hope that aid to developing countries would be effective and that UNIDO would function properly, obstacles continued to arise. The Board itself, should therefore perform UNIDO's co-ordinating function, at least during the first two years. Consequently, he fully supported the suggestion that a committee of the Board should be set up to deal with questions of co-ordination.

Mr. MARTONAGORO (Indonesia) observed that there seemed to be wide agreement in the Board on the need to establish close co-ordination and co-operation between UNIDO's activities and those of other United Nations bodies, based on the provisions of General Assembly resolution 2152 (XXI). The specialized agencies had promised full and complete co-operation, which was very encouraging, since

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(Mr. Martonagoro, Indonesia)

UNIDO alone could not take on all the industrial development activities that were needed. In the past, there had been co-operation agreements between some of the specialized agencies and the Centre for Industrial Development. Now that UNIDO had been established, new arrangements must be concluded, care being taken to define spheres of competence clearly, in order to avoid duplication and overlapping.

Mrs. SAILER (Austria) said that co-ordination was of vital concern to UNIDO, not only in the achievement of its objectives but also because of its very structure. The problem of co-ordination should be tackled pragmatically; it was not a matter of laying down strict directives, but rather of giving the Executive Director latitude to devise flexible methods of application. There should be co-ordination at both the international and the national levels, and it should take account of industrial programmes carried out by other international organizations.

UNIDO should participate at a very early stage in the planning of programmes at the national level and should help countries to formulate requests for assistance and to determine the objectives of the projects they had in mind within the over-all development programme of the country in respect of the region or sub-region. It would therefore seem appropriate to make industrial advisers available to countries for that purpose. The procedures for the transmission of requests for assistance might be retained as they at present existed but some thought should be given to the possibility of making changes in the light of experience. UNIDO should also play a co-ordinating role in the examination and selection of projects. As far as their execution was concerned, UNIDO should not take advantage of its central responsibility for co-ordination to take over all the projects in the industrial field from the specialized agencies, but rather put the emphasis on its co-ordinating role, and therefore should be kept fully informed not only of current activities in the field but also of future programmes of these agencies. It must ensure an integrated and co-ordinated approach to the complex process of industrialization.

In conclusion, she suggested that the Board should ask the Executive Director to present the future programme of work in such a way as to highlight UNIDO's co-ordination function and to give the Board a very clear idea of the methods used in carrying it out.

Mr. KOFFI (Ivory Coast) said that while it was UNIDO's main responsibility to review and encourage the co-ordination of all the industrial development activities carried on by United Nations organs, it must be recognized that co-ordination could not be considered a matter of regulation at the Board level because it was not the function of UNIDO to serve as a general secretariat ensuring liaison among the various offices concerned. Some specialized agencies were autonomous, had their own inter-governmental policy-making bodies and were consequently not under UNIDO's tutelage. Clearly there was a danger of overlapping and duplication and that was why the respective tasks of each organization must be defined. To make the industrial development activities of those organizations fully effective, a joint action programme pooling the available resources must be drawn up. In order to solve the general problem of co-ordination, he suggested that the Board should begin by defining UNIDO's programme of activities for the next few years in the light of those considerations. While the need for co-ordination was recognized by all, it might be wondered what the Board was to co-ordinate, since UNIDO had no programme. The Secretariat should have outlined a programme and submitted it for the Board's consideration. It would then have enlightened the Board and accelerated its work without infringing its functions.

UNIDO should not usurp the functions of other agencies. Articles 27 to 33 of resolution 2152 (XXI) should be interpreted as seeking to prevent any duplication by delimiting the Board's function of co-ordination. Industrialization required first the solution of a number of problems deriving essentially from the relationship between industry and other branches of economic and social activity - such as financing, employment, programming, trade, etc. - and then the creation of a number of institutions to guide industry and assure it of the necessary services without, however, taking a direct part in production. UNIDO could not solve all those problems alone. Co-ordination at the level of the secretariats could be carried out only through negotiations, taking account of each organization's own field of activity. In that respect, the Inter-Agency Consultative Board of UNDP could for the time being play a useful role because of its composition and powers.

Effective co-ordination in the preparation of joint action programmes depended on a concerted approach by the recipient countries. The inter-governmental policy-making bodies must draw up co-ordinated directives. Unfortunately, not all

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(Mr. Koffi, Ivory Coast)

governing councils were set up on the same basis. In the UNDP Governing Council, for example, there were nineteen developing countries and seventeen developed countries, with one seat allocated on a rotating schedule; if that seat was assigned to a developed country, it gave the recipient countries a majority of one vote only. On the Industrial Development Board, the developing countries had twenty-five seats, while the developed countries had twenty. If the same approach was not taken within the inter-governmental policy-making bodies, it might well be asked how the heads of the secretariats could ensure co-ordination.

Even on the assumption that those conditions were met, he wondered what UNIDO's co-ordinating function consisted of, seeing that UNIDO was not financially self-sufficient and depended on another organization for the execution of its projects.

In the present circumstances, the Board should take a very realistic view of the problem of co-ordination and of the factors involved. Its first task should be to lay down the UNIDO secretariat's programme of activities for the next two or three years, stressing the need for the establishment of good co-operative working relationships which would make action by UNIDO fully effective. Moreover, the developing countries should review co-ordination factors at the regional and sub-regional level.

Mr. Tell (Jordan) resumed the Chair.

Mr. PATRIOTA (Brazil) said that his country had supported the creation of UNIDO. It was necessary to have a single organization responsible for the activities previously conducted by a multitude of other organizations. As a result, UNIDO found itself entrusted with a co-ordinating role, which was fairly well defined by General Assembly resolution 2152 (XXI). It should show imagination in playing that role. The specialized agencies had all indicated their willingness to co-operate with UNIDO, although some of them had expressed anxiety about the form the co-ordination of their activities would take. However that might be, UNIDO must set about the task without delay, but in a progressive manner, whether through the standing committee proposed by some or through the Sub-Committee on Industrialization of ACC. It might be useful if the Secretariat prepared a document on relations with the regional economic commissions, which would give the Board a better idea at its next session of the possibilities for decentralizing the organization.

Mr. VIAUD (France) said that the co-ordination of United Nations activities in the field of industrial development was one of the problems on which Member States were most divided. The ten paragraphs of General Assembly resolution 2152 (XXI) which dealt with the question had not been drawn up without difficulty. The extreme positions of those who held that UNIDO should have an immediate monopoly of United Nations industrial activities and those who considered that all its activities should be subordinated to the preparation of a programme of work did not seem reasonable. The representative of the Ivory Coast had rightly said that the preparation of a programme of work would make relations with other interested bodies easier. The representative of Jordan had properly laid stress on the precise functions of UNIDO in the field of co-ordination, with due regard for the over-all responsibility of the Economic and Social Council. The Jordanian view was consistent in principle with resolution 2152 (XXI). It was far from certain, however, that the Board was in a position at the present stage to make definite proposals to the Economic and Social Council and the General Assembly. It seemed a matter of greater urgency to draw up a programme of work and obtain all the necessary information on the means of action and direct and indirect financial resources that would be available to the new organization.

UNIDO could of course undertake studies or research directly on any aspect of industrialization or seek the assistance of other United Nations bodies if it saw fit. The situation with regard to operational activities was more complicated, in the absence of more definite information on resources. The problem of co-ordination would be solved if it was agreed that UNIDO would engage in independent activities or at the very least co-ordinate the activities of United Nations bodies in all the sectors for which it had its own resources. In cases where it would have to call upon the resources of UNDP, UNIDO should be recognized to have a certain role in the preparation of requests made to the programme in connexion with industrial projects. It would also be desirable for UNIDO to be able to act as an executing agency of UNDP for such projects. It was thus essential that the Executive Director should take part in the proceedings of ACC.

UNIDO must establish co-operation with the regional economic commissions in order to gain a clear picture of regional needs. Establishment of the necessary contacts, however, should not lead to institutional complications.

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(Mr. Viaud, France)

It must be recognized that the specialized agencies could not ignore certain aspects of industrial development which were closely relevant to their own activities. To urge them to stop taking an interest in those aspects would mean unnecessarily to aggravate existing rivalries. Co-operation was essential in complementary sectors and practical experience, which would be of decisive importance, would no doubt make it possible to solve the problem within the framework of the present arrangements. It had been suggested, however, that a standing co-ordination committee should be established, which would meet during or between the sessions of the Board. That approach did not seem satisfactory, because it would then be necessary to co-ordinate the activities of the co-ordination committee with those of the corresponding organs of ACC and of the Economic and Social Council. In the circumstances, it would seem reasonable not to take any hasty decision on the question of co-ordination. The Executive Director might prepare a study for the second session of the Board in collaboration with other interested bodies, containing practical suggestions on what should be done about co-ordination. If the Board felt it absolutely necessary to make recommendations, it would do better first to complete its consideration of its programme of work and the resources available.

Mr. PISANI MASSAMORMILE (Italy) wondered whether the Jordanian representative's proposal to give the Board direct co-ordinating functions for two years at least would not entail a departure from operative paragraph 7 (e) of resolution 2152 (XXI). Under that paragraph, the Board was to review and facilitate the co-ordination of activities within the United Nations system in the field of industrial development, co-ordination proper being the task of the secretariat. If the Jordanian representative's intention was as he interpreted it, the Board might have to ask the General Assembly to expand its functions.

Mr. BARFUYAWART (Thailand) supported the proposal of the representative of Trinidad and Tobago regarding the creation of a standing co-ordination committee of the Board. The committee should review the industrial development activities of the United Nations family and recommend specific measures to eliminate duplication and overlapping.

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Mr. ARCHIBALD (Trinidad and Tobago) considered that operative paragraph 7 (e) of resolution 2152 (XXI) authorized the Board to take specific measures in the field of co-ordination. A standing co-ordination committee would facilitate co-operation between the secretariat and other interested bodies.

Mr. CHADHA (India) thought that the representative of Italy had placed too restrictive an interpretation on operative paragraph 7 (e) of resolution 2152 (XXI), which could not be taken in isolation from paragraph 34, according to which "the co-ordination between the Organization and the specialized agencies concerned and the International Atomic Energy Agency shall be carried out at the inter-governmental level by the Board". That showed clearly that the Board was authorized to co-ordinate United Nations activities in the field of industrial development.

The CHAIRMAN, speaking as representative of Jordan, associated himself with the Indian representative's remarks.

The meeting rose at 1.5 p.m.





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