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*for a sustainable future*

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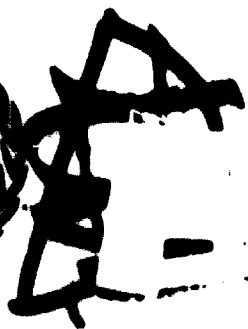
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**Industrial Development Board**

Third Session  
Vienna, 24 April - 15 May 1969

Agenda item 8(a)

CONSIDRATION OF APPLICATIONS OF  
INTERGOVERNMENTAL ORGANIZATIONS

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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.

Introduction

1. Since the second session of the Board, applications have been received from the following intergovernmental organizations:

Asian Productivity Organization

Banque Européenne d'Investissement

to be granted consultative status with UNIDO.

2. The Board is requested to consider the applications in accordance with Rule 75 of the Rules of Procedure.

Asian Productivity Organization  
(APO)

History

3. APO is a non-political, non-profit-making and non-discriminatory organization, established in May 1961, with the purpose of giving impetus to the productivity movement in Asia, thereby accelerating the pace of economic development in the region.

4. Membership to APO is open to all Asian countries that are members of ECAFE. To become a member, a country must be approved by a two-thirds vote of the directors of the Governing Body of APO. Governments outside Asia may become associate members, upon approval by a two-thirds vote of the directors of the Governing Body. Associate members are entitled to participate in all meetings and activities of APO and of its organizations. The following Governments are members of APO: Ceylon, the Republic of China, Hong-Kong, India, Indonesia, Iran, Japan, the Republic of Korea, Nepal, Pakistan, the Philippines, Thailand and the Republic of Viet-Nam.

Administration and structure

5. The Governing Body is the supreme organ of APO. Each member state designates one representative to serve as director in the Organization and this director is a member of the Governing Body. A Chairman and two Vice-Chairmen are elected from among the directors of the Governing Body. The Governing Body decides on the programme and budget of APO, its finances, the admission and withdrawal of members, the activities of the Secretary-General, agreements to be concluded between APO and Governments, international organizations and private institutions, and any other matters within the limits of the APO Convention.

6. The Executive Board, set up by the Governing Body, consists of five directors. The Chairman and the two Vice-Chairmen of the Governing Body are also Chairman and Vice-Chairmen, respectively, of the Executive Board. The remaining two members are elected from among the members of the Governing Body. The Executive Board exercises such powers as are delegated to it by the Governing Body.

7. The Secretariat is composed of the Secretary-General, who is appointed by the Governing Body, and the Secretariat staff. The Secretary-General's main

Duties are to direct and supervise the work of the Secretariat staff; to convene and arrange the regular and special sessions of the Governing Body and the Executive Board; and to prepare the programme and budget for approval by the Governing Body. He also provides annual reports on the activities of APO, submits information and necessary documentation relating to the agenda of the regular and special sessions of the Governing Body and the Executive Board and, when necessary, makes observations on matters under deliberation at these sessions. In addition he is responsible for making the necessary arrangements for committee meetings.

**Activities**

8. In line with its purposes, APO holds conferences and symposia, organizes observational teams, arranges for services of technical experts, handles technical inquiries, conducts training courses, provides fellowships, gives faculty support to seminars, encourages research and maintains information activities.

9. During the period 1963 to 1967 the following ten symposia were convened:

- 1963 - Top management
- 1964 - Quality control  
Role of labour in productivity  
Small business development
- 1965 - Training
- 1966 - Small business development  
Agricultural productivity  
Labour management co-operation for higher productivity
- 1967 - Transportation management  
Agricultural mechanization

10. During the period 1963 to 1967 APO arranged a total of 23 training courses:

- 1963 - Machinery repair and maintenance  
Small business management  
Marketing and distribution  
Machinery for power generation and distribution  
Leather tanning and finishing
- 1963 - Small business management  
Preventive maintenance
- 1964 - First small business management trainers and consultants course  
Preventive maintenance  
Advanced management course

- 1965 - Second small business management trainers and consultants course  
First small industries development administrators course  
Preventive maintenance
- 1966 - Third small business management trainers and consultants course  
Second small industries development administrators course  
Preventive maintenance and factory management  
Travel industry management training  
Small industry export marketing
- 1967 - Travel industry management  
Production level engineers  
Fourth small business management trainers and consultants course  
Export marketing training  
Installing quality control system in an industry

11. APO is also engaged in multi-country study missions and organized sixteen such missions from 1962 to 1967:

- 1962 - Light engineering  
Productivity drive, programme planning and co-ordination  
Work study  
Standardization and quality control  
Industrial estates
- 1963 - Small and medium-scale industry management improvement  
Top management  
Food preservation and canning
- 1964 - Ceramics industry  
Materials management
- 1965 - Productivity and economic growth  
Machine tools
- 1966 - Farmers associations and co-operatives  
Plastics industry
- 1967 - Improved techniques in plastics processing and application  
Development of marketing facilities for agricultural commodities

12. The work programme for 1968 includes the ninth meeting of the Governing Body; the eighth workshop meeting of directors of national productivity centres; a study mission of the staff of productivity centres; the symposium on labour management collaboration for introduction of productivity techniques; training courses for small business management trainers and consultants and for production level engineers; a training programme on export marketing and training in preservation and distribution of food grains; courses on problems of modernization of small industries, productivity measurement, the problems of transportation, storage and distribution of food grains, and development of plantation management. The 1968 programme also covers fellowships, itinerant seminars, individual country study missions, technical expert

services, case studies and audio-visual aids. Included in the programmes are the issuance of the APO Bulletin, the Productivity Digest and of various publications, the dissemination of knowledge series, translation and library services and the promotion of the APO Society.

Relations with other international organizations

13. APO is represented, on a reciprocal basis, in the meetings of ILO, the Colombo Plan, ECAFE and the Asian Development Bank through exchange of formal letters of agreement.

Financial situation

14. The sources of APO revenues are at present membership fees, special grants from member Governments, grants from other Governments, grants from international organizations and foundations and assistance from industry.

15. According to the Constitution of APO, the membership fees are set on the following base:

A basic contribution of US\$2,000 for any member with a gross national income of US\$3,000 million or more; or of US\$1,000 for any member with a gross national income of less than US\$3,000 million; and

A supplementary contribution of US\$1,500 for each unit (one unit corresponds to US\$1,000 million or less) of the gross national income of that member.

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European Investment Bank  
(EIB)

History

16. EIB was established by article 129 of the Rome Treaty instituting the European Economic Community (EEC), which entered into force on 1 January 1958. It is an independent institution under public law within the EEC framework. Its founder members are the six States of the Community: Belgium, France, the Federal Republic of Germany, Italy, Luxembourg and the Netherlands.

17. The association of third countries with the EEC has gradually extended the field of activities of EIB to Greece, to eighteen African and Malagasy States (Burundi, Cameroon, the Central African Republic, Chad, Congo (Brazzaville), Congo (Democratic Republic), Dahomey, Gabon, Ivory Coast, Madagascar, Mali, Mauritania, Niger, Rwanda, Senegal, Somalia, Togo, Upper Volta), to the associated overseas countries and territories (French Somaliland, the Comoro Archipelago, St. Pierre and Miquelon, New Caledonia, French Polynesia, the Southern and Antarctic Territories, the Netherlands Antilles, Surinam, the Wallis Islands and Futuna), to the French Overseas Departments (Reunion, Martinique, Guadeloupe, French Guyana) and to Turkey.

Purpose

18. Article 130 of the Treaty establishing the EEC lays down that:

"The task of the European Investment Bank shall be to contribute, by calling on the capital markets and its own resources, to the balanced and smooth development of the Common Market in the interest of the Community. For this purpose, the Bank shall facilitate, by granting loans and guarantees on a non-profit-making basis, the financing of the following projects in all sectors of the economy:

- (a) Projects for developing less-developed regions;
- (b) Projects for modernizing or converting enterprises or for creating new activities which are called for by the progressive establishment of the Common Market where such projects by their size or nature cannot be entirely financed by the various means available in each of the member states; and
- (c) Projects of common interest to several member states which by their size or nature cannot be entirely financed by the various means available in each of the member states."

19. Article 18 of the Statute of EIB lays down that:

"The Bank shall grant loans, within the framework of the task defined in Article 130 of this Treaty, to its members or to public or private enterprises for investment projects to be carried out within the European territories of member states, to the extent that means from other sources are not available on reasonable terms.

"The Bank may, however, by way of an exception, authorized unanimously by the Board of Governors on a proposal of the Board of Directors, grant loans for investment projects to be carried out, in whole or in part, outside the European territories of member states.

"The granting of loans shall be made subject, as far as possible, to the employment of other means of financing.

"The Bank, when it has approved a loan to an enterprise or body other than a member state, shall make the granting of such loan subject either to a guarantee from the member state, within whose territory the project is to be carried out, or to other adequate guarantees.

"The Bank may guarantee loans raised by public or private enterprises or other bodies for the purpose of carrying out the operations provided for in Article 130 of this Treaty.

"The total of outstanding loans and guarantees granted by the Bank shall not exceed 250 per cent of the amount of the subscribed capital.

"The Bank shall protect itself against exchange risks by including in contracts for loans or guarantees such clauses as it considers appropriate."

#### Administration and structure

20. Article 18 of the Statute of EIB further states:

"The Bank shall be administered and managed by a Board of Governors, a Board of Directors and a Management Committee.

"The Board of Governors shall be composed of Ministers appointed by the member states.

"The Board of Governors shall lay down general directives concerning the credit policy of the Bank, particularly with regard to those objectives which will call for consideration during the progressive realization of the Common Market.

"The Board of Governors shall ensure the implementation of these directives.

"In addition, the Board of Governors shall:

- (a) Decide, in accordance with Article 4, paragraph 3, on any increase of the subscribed capital;
- (b) Exercise the powers provided for in Article 6 with regard to special loans;
- (c) Exercise the powers provided for in Articles 11 and 13 with regard to the appointment and removal from office of members of the Board of Directors and the Management Committee;
- (d) Authorize the derogation provided for in Article 18, paragraph 1;
- (e) Approve the annual report drawn up by the Board of Directors;
- (f) Approve the annual balance sheet and the profit and loss account;
- (g) Exercise the powers and competence provided for in Articles 7, 14, 17, 26 and 27; and
- (h) Approve the rules of procedure of the Bank.

"The Board of Governors, acting by means of a unanimous vote, is empowered to take any decisions, within the framework of this Treaty and this Statute, in regard to suspension of the Bank's activities and its possible liquidation.

"Except where otherwise provided for in this Statute, the decisions of the Board of Governors shall be taken by means of a majority vote of its members. Voting by the Board of Governors shall be governed by the provisions of Article 148 of this Treaty.

"The Board of Directors shall have exclusive powers of decision in respect of the granting of loans and guarantees and of the raising of loans; it shall fix the rates of interest for loans granted and the guarantee commissions; it shall supervise and ensure the sound administration of the Bank; it shall ensure that the Bank

is managed in conformity with the provisions of this Treaty and Statute and with the general directives laid down by the Board of Governors.

"The Board of Directors shall submit a report as at the end of the financial year to the Board of Governors and shall publish it after approval.

"The Board of Directors shall be composed of twelve directors and twelve alternates.

"The directors shall be appointed by the Board of Governors for a term of five years, on nomination by the member states and the Commission respectively, as follows:

Three directors nominated by the French Republic;

Three directors nominated by the Federal Republic of Germany;

Three directors nominated by the Italian Republic;

Two directors nominated by the Benelux countries acting in common agreement; and

One director nominated by the Commission.

"Their term of office shall be renewable.

"The members of the Board of Directors shall be chosen from among persons of indisputable independence and competence; they shall be responsible only to the Bank.

"The Management Committee shall be composed of a Chairman and two Vice-Chairmen appointed for a term of six years by the Board of Governors on a proposal of the Board of Directors. Their term of office shall be renewable.

"On a proposal of the Board of Directors, acting by means of a qualified majority vote, the Board of Governors, acting in its turn by means of a qualified majority vote, may remove members of the Management Committee from office.

"The Management Committee shall be responsible for the management of the current affairs of the Bank, under the authority of the Chairman and under the supervision of the Board of Directors.

"It shall prepare the decisions of the Board of Directors with regard, in particular, to the raising of loans and the granting of loans and guarantees; it shall be responsible for the implementation of such decisions.

"The Management Committee, acting by means of a majority vote, shall formulate its opinions concerning projects for the granting of loans and guarantees and for the raising of loans.

"A Committee composed of three members, appointed on grounds of their competence by the Board of Governors, shall verify annually that the operations of the Bank are properly conducted and the books properly kept.

"The Committee shall confirm that the balance sheet and profit and loss account are in conformity with the accounts and vouchers and faithfully reflect the situation of the Bank in regard to assets and liabilities."

#### Activities

21. Loan agreements signed. In 1967, EIB signed 42 loan agreements, for a total sum of 212.6 million units of account,<sup>1/</sup> made up of 29 loans under the heading of ordinary operations, amounting to 168.2 million units, and of thirteen loans under the Special Section, amounting to 44.4 million units.

22. Loans approved. In 1967, taking ordinary operations and special operations together, EIB approved a total of 41 loans, amounting to 232.8 million units as against 132.2 million units the previous year. These loans are for projects whose total cost in fixed assets is estimated at more than 1,000 million units. The average share assumed by EIB is thus 23 per cent of the cost of the project.

23. Ordinary operations. Under this heading, EIB approved 26 loans, totalling 177.3 million units: thirteen loans, totalling 65.1 million units, for projects carried out in Italy; six loans, totalling 53.7 million units, for projects in France; five loans, totalling 27.5 million units, for projects in the Federal Republic of Germany; one loan of 16.0 million units for a project in Belgium; and one loan of 15.0 million units for a project in Greece.

24. In addition, EIB has studied, at the request of the Commission of the European Communities, various projects in the associated African states and the associated countries and overseas territories which could be financed by means of loans on special conditions from the European Development Fund. Six

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<sup>1/</sup> The value of the unit of account as defined in Article 4, paragraph 1, of the EIB Statute is 0.88867088 grammes of fine gold.

projects, involving loans totalling 20 million units of account, on which EIB gave a favourable decision, have been approved by the Commission. EIB has been invited and has agreed to act as the agent of the EEC in managing these loans, which are in respect of the following projects:

	<u>Loans on special conditions</u> <u>(in million units of account)</u>
<u>Associated African states</u>	
Federal Republic of Cameroon	
Establishment of 4,380 hectares of selected palm tree plantations and construction of an oil extraction plant	6.5
Construction of a cement works at Fiquil and a clinker-grinding plant at Douala	1.6
Republic of the Ivory Coast	
Partial execution of a programme covering 32,000 hectares of selected palm tree plantations	3.7
Modernisation of the railway between Agboville and Dimbokro	6.0
Republic of Chad	
Establishment of a textile complex at Fort-Archambault	1.2
<u>Associated overseas territories</u>	
New Caledonia	
Construction of a deep-water berth in the port of Nouméa	<u>1.0</u>
Total	20.0

25. The Commission of the European Communities and EIB, which is responsible as the agent of the Communities for the management of the loan, concluded a contract with the Régie du Chemin de Fer Abidjan-Niger (RAN) (Abidjan-Niger Railway Board) at Brussels on 11 January 1968 for the grant of a loan on special terms out of the resources of the European Development Fund equivalent to 2,012 million units of account (approximately fr CFA 1,500 million). The project consists in improving the alignment and relaying the track on a 105 km section in the Fombort area (between Agboville and Dimbokro).

26. On 22 May 1968, EIB concluded a loan contract with the Société Minière de Mauritanie (SOMIMA) (Mauritanian Mining Company) to finance the working of a copper deposit in the Islamic Republic of Mauritania.

Relations with member states and intergovernmental organizations

27. Articles 15 and 16 of the Statute of EIB state:

"The Bank shall communicate with each member state through the channel of the authority designated by the state concerned. In the conduct of financial operations, the Bank shall have recourse to the bank of issue of the member state concerned or to other financial institutions approved by the latter.

"The Bank shall co-operate with all international organizations whose fields of activity are similar to its own.

"The Bank shall seek all suitable contacts with a view to co-operating with the banking and financial institutions of the countries to which it extends its operations."

28. The Bank maintains relations with many intergovernmental organizations, inter alia, the African Development Bank (ADB), the Common Afro-Malagasy Organization (OCAM), the Commission of the European Economic Community, the International Bank for Reconstruction and Development (IBRD), the International Finance Corporation (IFC), the International Monetary Fund (IMF), the Bank for International Settlements (BIS) and the United Nations Economic Commission for Africa (ECA).

Financial situation

29. EIB is provided with a capital of one thousand million units of account subscribed by the member states in the following amounts:

	<u>Million units of account</u>
France	300
Federal Republic of Germany	300
Italy	240
Belgium	86.5
Netherlands	71.5
Luxembourg	?

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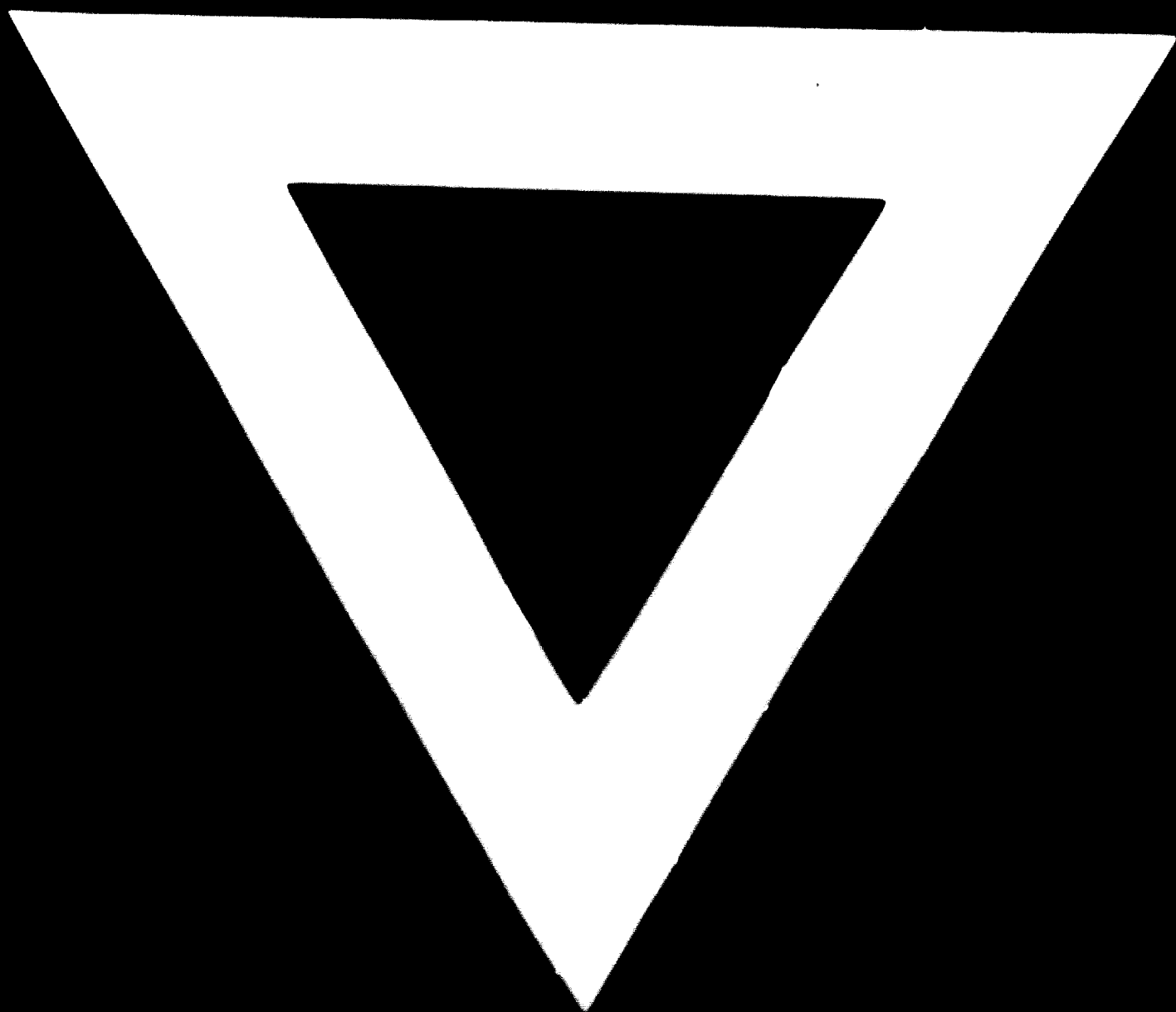
The member states are responsible only up to the amount of their share of the capital subscribed and not paid up.

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