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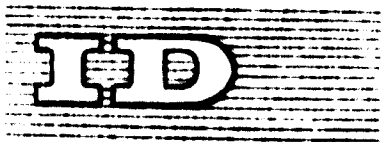
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## Industrial Development Board

Third Session

Vienna, 24 April - 15 May 1969

### SUMMARY RECORD OF THE SEVENTY-FIRST MEETING

Held at the Neue Hofburg, Vienna,  
on Wednesday, 30 April 1969, at 3.25 p.m.

President: Mr. ORTIZ de ROZAS (Argentina)

Rapporteurs: Mr. BILLNER (Sweden)

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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. PETROV (Bulgaria) said that his delegation was pleased with the positive results achieved by the secretariat in carrying out the programme for 1967, but that it considered that a number of programmes had not received the fullest attention. For example, the secretariat should give more active assistance to the Governments of developing countries in the preparation of a larger number of industrialization projects designed to accelerate their economic and social progress. It should, however, be noted that the programmes for 1969 and 1970 provided for considerable expansion of such activities.
2. One of UNIDO's main tasks was to promote in the developing countries the principle of planning and to reinforce the role of the public sector in the economy. Precisely by orienting its policies in two directions - mobilizing all its economic and manpower resources and co-operating with the socialist countries - Bulgaria had succeeded in 25 years in rapidly becoming industrialized and thereby in considerably improving its economic and social position. The Bulgarian delegation, like that of the Ivory Coast, considered that although foreign capital and experts often played a constructive part in the countries of the Third World, they could not constitute in themselves a solid foundation for national industry.
3. The Bulgarian delegation desired that the secretariat, in anticipation of the Second Development Decade, should at once set about preparing a long-term programme. That task would help it to organize its activities better and to co-ordinate them with those of the other United Nations bodies with due allowance for future developments, and, above all, would enable it to assist the Governments of developing countries more effectively in drawing up their industrialization policies and in preparing national, regional and sub-regional programmes. The long-term programme should both encompass the most important projects contained in the industrialization plans of the developing countries, and lay down the guidelines for UNIDO's activities which would determine the orientation of programmes in the years to come. It was an arduous undertaking, but the secretariat could not escape it.
4. The Bulgarian delegation thought that UNIDO, to give a better direction to its industrialization policies, would be well advised to hold top-level consultations

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with the Governments of developing and of developed countries. Of great importance was attached to its role in the promotion of foreign investment and in the financing of industrial projects. Such work was important for the developing countries but fell more within the competence of other organizations and institutions. Therefore, to avoid any duplication and premature engagement in an activity which might upset the secretariats' whole structure, UNIDO should direct its main efforts towards improving the conditions of external financing and safeguarding the developing countries' interest against capitalist monopolies.

5. The competent bodies of the United Nations should be urged to allocate more substantial resources to UNIDO and allow it greater autonomy in their use. In particular, it should be given full control over the funds allocated to the Special Industrial Services.

6. The Bulgarian delegation appreciated the progress in co-ordination which UNIDO had achieved since the second session of the Board and which had taken concrete shape in co-operation agreements with several United Nations organizations and institutions and in the execution of joint projects. It regretted that an agreement had not yet been concluded with FAO, and hoped that one was imminent. UNIDO should be the directing body which should centralize and co-ordinate all activities concerning industry, both by increasing the number of its own projects and by playing an ever larger and more active part in those of other organizations. In so doing, it should pay as much attention to the social as to the economic aspects.

7. The Bulgarian delegation did not think that UNIDO should contemplate considerably increasing its staff in anticipation of more extensive activities. On the contrary, its activities ought to increase in scope and intensity through better selection of staff, the help of more highly trained cadres, and more rational organization of the secretariat's work. Moreover, its staff, especially for the key posts, should be recruited in accordance with the principle of equitable geographical distribution. Some countries and regions were being favoured to the detriment of others, and that state of affairs could not always be justified by pleading shortage of highly qualified experts, or language barriers. It should therefore be rectified.

8. UNIDO must be a universal organization. It was therefore most regrettable that some countries were still being ostracized, particularly the German Democratic Republic,

a highly-industrialized country whose participation in the work of UNIDO would be of considerable practical value.

9. Lastly, the Bulgarian delegation drew the Board's attention to the grave situation prevailing in the Near East, where Israel's constant aggression seriously compromised the Arab countries' industrialization and economic development.

10. Mr. DELWAUX (Belgium) said that his delegation, in reply to the Executive Director's requests for directives to help him in establishing UNIDO's work programmes, wished to make a number of comments and suggestions which it hoped would be borne in mind.

11. First, it was struck not only by the unequal value of the projects included in UNIDO's programmes of activities, but even more by their disparity and the lack of any link between them. The empiricism apparent in the documents did not seem to his delegation to be a good working method. The reason was doubtless the Organization's lack of experience and the material difficulties with which it had been faced since its foundation.

12. The present limitation of UNIDO's resources in money, staff and experts prevented it from extending its activities in all directions at once. Such diffusion of its efforts would not benefit the developing countries at all. On the contrary, it should make the best use of its resources and of whatever assistance it was able to obtain, by concentrating its efforts on a limited number of carefully selected aims of primary importance so that its action would have the necessary vigour and quickly lead to tangible results. Hence it must rigorously lay down the guidelines which it intended to give its activities so that each project would be listed in order of importance and priority.

13. It should direct its activities along the three following guidelines, which had the advantage of being both precise and flexible: helping the developing countries to make full use of their present industrial potential; helping them to lay the foundations which would then enable them to hasten and expand their industrialization; and helping them to carry out projects which, by exerting a multiplier effect and setting economic processes in motion, would stimulate their industrialization and consequently their general development. In addition, both at Headquarters

and in the field UNIDO's action should form a coherent plan in which operational, promotional and supporting activities would complement and reinforce each other so as to bring about the harmonious development of countries and groups of countries.

14. In order to achieve greater efficiency, it might also be possible to consider yearly programmes under which the means of action would be concentrated in turn on a particular region or industrial sector.

15. As the needs of the developing countries varied greatly with their level of industrialization, UNIDO should adapt its activities to the conditions of each. The countries whose industrialization was progressing well would ask its help in solving the highly technical problems of management, standardization, quality control and so forth. With regard to other countries, UNIDO would have to determine the scope of their industrial future, and to indicate in what branches of industry it lay and how they should approach industrial development, not only for the purpose of exporting but also to meet national and regional requirements.

16. Dr. MULLAND (World Health Organization) conveyed to the Board the best wishes of the Director-General of WHO. He was happy to observe that UNIDO and WHO were working closely together in co-participation, exactly in the spirit, as the representative of a specialized agency had remarked, in which United Nations bodies should work together.

17. At the second session WHO had particularly emphasized the complementary nature of the functions of the two agencies. It could now report some concrete results of inter-secretariat contacts. For instance, it would take an active part in the UNIDO meeting on Pharmaceutical Industries to be held at Budapest in the near future. Both agencies had collaborated in drafting operational projects, in particular one for the establishment of a pharmaceutical plant in East Africa.

18. The many other areas where joint action could be of great benefit to States Members included water supply, waste disposal, nutrition, pesticides and industrial medicine, which had an important place in WHO programmes. UNIDO and WHO were the better able to reinforce their co-operation since they had exchanged information on their respective activities; thus WHO had communicated to UNIDO all the documents

likely to be of use in the preparation of its general report (ID/B/51). Similarly, they had agreed to consult together whenever specific questions arose. In practice their contact was continuous through the WHO Liaison Office at Vienna.

19. Lastly he expressed his conviction that the co-operation between WHO and UNIDO was bound to enhance the sum of United Nations efforts to remove the obstacles to industrialization and improvement of health in the developing countries.

20. Mr. ABDEL-RAHMAN (Executive Director) noted with satisfaction that the efforts made by the secretariat and the difficulties it encountered were better understood than formerly. Some representatives had, however, criticized certain projects and seemed to think that the secretariat acted of its own accord. They should remember that those projects had been approved by the Board at previous sessions. The secretariat was subject to the decisions and directives given by the Board; its work had to be regarded, not as movements of its own, but as activities undertaken in accordance with the decisions of the Board, the resolutions of the General Assembly and the purposes of the United Nations.

21. Many representatives had insisted on the need to fix an order of priority for the various programmes. It must not be forgotten that the establishment of an order of priorities or a strategy often aroused ideological disputes over problems such as the ownership - public or private - of undertakings, the respective importance of heavy and light industry, the importance of small and large undertakings, the proper attitude to adopt towards foreign capital and the like. These elements were certainly vital to the formation of an industrial development strategy, but should be considered in the particular context of each country or region; an international organization could hardly incorporate them in an industrial strategy applicable in every country. UNIDO had in fact to allow not only for each country's technological level but also for the policies it actually followed and, above all, the requests it submitted.

22. Several delegations had stated that UNIDO should direct its work along certain guidelines and that the programme of work should be drawn up in accordance with certain principles. The secretariat, using Members' suggestions and its experience, would endeavour to define these principles more clearly. Although the programme of work had been called incomplete and the guidelines inadequate, those principles



existed. Moreover, the programme was shaped to the principal sectors of industry where those principles were applied, and to various stages of industrial development. It was therefore inevitable that projects based on the same principles should nevertheless reveal distinct differences.

23. When the Working Group on Programme and Co-ordination had examined one-by-one more than three hundred projects, certain criticisms had been put forward but all the projects except very few had been considered acceptable. When the programme was said to lack unity, was the reason simply that widely-different programmes were presented, or was it desired that UNIDO should attempt the impossible -- to respond to all requests, with its very limited resources and highly complicated procedures, while remaining within the framework laid down for it?

24. Concerning support activities and field activities, he remarked that Headquarters activities were not all financed from the UNIDO budget (which was part of the United Nations budget) and that certain funds allocated under Technical Assistance or as voluntary contributions were used for them, especially for meetings, seminars, and the like. As an example, the secretariat had used the generous contribution of \$100,000 made by Sweden to assemble an important and unequalled collection of data on industrial projects which was much used by all who had to do with industrial programming.

25. Headquarters activities were mainly but not exclusively financed from the United Nations budget; field activities were financed mainly, but again not exclusively, from voluntary contributions; several meetings and seminars, though they were operational activities, had been financed from resources that were in principle reserved for Headquarters. Many officials at Headquarters were in fact engaged in substantive activities, consisting of research or of assistance in the form of short-term missions. It should also be noted that, contrary to what had been suggested, many more officials were assigned to operational field activities than were posted to Headquarters. In any event, the rule for the use of resources was to respond as far as possible to developing countries' requests while remaining within the framework laid down by the General Assembly. In other words, operational activities were to be financed from voluntary contributions, and administration and research from the ordinary budget.

26. Some delegations had said that support activities were very important, but, in spite of some criticism of certain projects, the Working Group had not asked for any particular project to be cancelled. It was in fact very difficult to check and count the cost of support activities. The External Auditor of the accounts of the United Nations had been studying the problem for more than a year. He had to examine not only UNIDO's accounts but the execution of all its activities. He would continue this work in 1970, but several of his recommendations had already been put into practice.

27. On a recommendation of the Committee of Seven, the Secretary-General was to undertake a detailed study of the secretariats of all the bodies connected with the United Nations. The Executive Director had asked that this study should begin for the UNIDO secretariat as soon as possible. UNIDO also received visits from members of the Joint Inspection Unit, and the Advisory Committee on Administrative and Budgetary Questions was soon to meet in Vienna to consider the operation of UNIDO and its draft budget for 1970. The secretariat would bear in mind all recommendations and suggestions designed to improve its effectiveness, but the fact should again be pointed out that support activities consisted of highly complex and varied tasks both at Headquarters and in the field. It was of course desirable to increase the share of field activities, with support from Headquarters personnel, but the scale of the services which Headquarters would have to provide in order to implement operational programmes should not be underestimated. In fact, the number of administrative personnel at Headquarters had increased by 50 per cent since 1966, while the volume of field activities had increased by more than 100 per cent.

28. Financing had also been discussed at length. In particular it had been suggested that UNIDO should plan over a longer term, but that was difficult if not impossible, for UNIDO received its funds from eight different sources, so that the available amounts could not be known in advance - not even in the same year - and no assurance could be given about the evolution of those resources over the next three or four years. In those circumstances, should technical assistance programmes be drawn up in accordance with forward planning, or to meet requests from developing countries? Even in the latter case UNIDO could only formulate a longer-term plan if the countries themselves were to give in advance a more exact idea of the resources

or the kind of assistance they would need, and they were in a difficult position at present. That was why the secretariat, in submitting the draft of its long-term programme to the Board, had pointed out that it could not draw up such a programme for a large number of clearly-identifiable projects but could only give a general idea, and that the details would depend on the requests from developing countries and the available resources.

29. With regard to the Second Development Decade, a distinction should be drawn between the problems posed by the industrialization of the developing countries and the extent to which UNIDO could assist them to derive the maximum benefit from their own efforts during the Decade. The secretariat had, of course, applied itself to the second aspect of the question, namely to the real aid which UNIDO could contribute, and not to an over-ambitious ideal of industrialization. Other organizations in the United Nations system had made surveys and established projections which would help UNIDO to select well-defined objectives in chosen sectors: it intended to use those surveys and projections as a platform for feasibility studies of specific projects. In conjunction with the countries concerned, it proposed to draw up a balance-sheet of progress in industrialization and to give advice on the policies and plans which they might adopt. The method had been chosen because it was realistic: UNIDO could not be more ambitious, because its main resources were limited. It could not undertake research, as it had not a single statistician and depended entirely on the United Nations Statistical Office in New York.

30. Another factor on which delegations had dwelt was the centralization of UNIDO's activities. The Organization had set up a team of field advisers which it hoped would soon expand over all the regions; the prospect already looked very favourable. It benefited from the services of the regional economic commissions, to which it had appointed its own regional field advisers; furthermore, the regional economic commissions had established sub-regional offices with which it had established fruitful co-operation.

31. The secretariat had not contemplated other decentralization measures; the Board might examine the relevant proposals made by the Brazilian delegation and give the secretariat any directives it considered pertinent. Many developing countries

had set up national committees for liaison with UNIDO; that movement was promoting a better understanding between these countries and UNIDO and might well become widespread. Decentralization therefore merited much more thorough consideration and its importance could not be overemphasized. The Executive Director said that, without wishing to enter into details, he believed that in future much more emphasis might be placed on the decentralization of UNIDO's activities. On that item also the Board would perhaps instruct the secretariat.

32. In the co-ordination of industrial development, UNIDO should play the central part. Negotiations with other organizations within the United Nations system had admittedly led to some satisfactory results, but a closer relationship must be established with the World Bank, the Regional Development Bank and other regional organizations concerned with industrial development. UNIDO's role in co-ordination was of course embryonic, and it must both avoid the dangers of duplication in implementing specific projects and arrange a judicious allocation of tasks at secretariat level. While the other organizations would have much to gain, UNIDO itself would also profit from their activities in developing countries.

33. In conclusion, the Executive Director said that he had not attempted to reply in detail to the comments of delegations but merely to give a general idea of the secretariat's position.

#### CONSIDERATION OF THE REPORT OF THE WORKING GROUP ON PROGRAMME AND CO-ORDINATION (ID/B/WGFC/2 and Add.1)

34. The PRESIDENT observed that the Working Group on Programme and Co-ordination had considered all the items on its agenda but had left detailed discussion of co-ordination to the Board. It had formulated no recommendations, so the Board could choose among three solutions: it could note the report of the Working Group and annex it to its own report; it could approve the report and likewise annex it to its own report; or it could adopt the report, which would then become a Board document.

35. Mr. SYLLA (Secretary of the Board) thought that each of the three solutions put forward by the President had its merits but might also have its drawbacks. He

considered, however, that the last solution was the most practical, it would greatly facilitate the reading of the final report, since the Board's comments could be added to those of the Working Group under the relevant points, together with recommendations on the subjects in question. In any event, whatever decision the Board took, the secretariat would comply with it and, if necessary, co-operate with the Rapporteur in ensuring that the report was well presented.

36. Mr. ARCHIBALD (Trinidad and Tobago) did not see how the Board could amend the Working Group's report; it would do better to annex the document unchanged to its own report.

37. Mr. LOPEZ LUINO (Cuba) agreed. He observed that the report of the Working Group consisted of a summary of its members' opinions. The Board could therefore only approve or reject it; the Cuban delegation was inclined to approve it.

38. The PRESIDENT recalled that two committees had been set up at the Board's second session and that their reports, slightly amended, had formed the Board's report.

39. Mr. AWAN (Pakistan) believed that the Board should first of all consider the Working Group's report and then decide whether to annex it, with amendments if any were made, to its own report.

40. Mr. SHATSKY (Union of Soviet Socialist Republics) stated that his delegation would have no objection to approval of the Working Group's report, provided that a note similar to that in document ID/B/WGFC/2/Add.1 were added, to the effect that the Board had approved but not discussed the activities outlined in the report of the Working Group and that its remarks on them would be found in a given chapter of its own report.

41. After an exchange of views in which Mr. ASANTE (Ghana), Mr. AWAN (Pakistan), Mr. ARCHIBALD (Trinidad and Tobago), Mr. SMALL (Brazil) and Mr. BILLNER (Rapporteur) participated, the PRESIDENT suggested that the discussion should be resumed at the next meeting.

42. It was so decided.

The meeting rose at 5.40 p.m.



**16. 7. 74**