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Third Session

Vienna, 24 April - 15 May 1969

SUMMARY RECORD OF THE SEVENTY-SIXTH MEETING

Held at the Neue Hofburg, Vienna,
on Tuesday, 6 May 1969, at 10.50 a.m.

President: Mr. ORTIZ de ROZAS (Argentina)

Rapporteur: 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.

ORGANIZATION OF WORK

1. Mr. BEECROFT (Nigeria) said that as a considerable amount of work remained to be done by the drafting committee of the Group of Twenty-five in the preparation of various draft resolutions relating chiefly to the Second Development Decade, it was most unlikely that they could be submitted before Friday 2 May. The Board would therefore probably not be able to complete its work on that date.
2. After an exchange of views between Mr. WANCHOO (India), Mr. SAHLOOL (Sudan), Mr. BRILLANTES (Philippines), Mr. QUAN (Cameroon), Mr. AWAN (Pakistan), Mr. ANGER (Sweden), Mr. BITTENCOURT (Brazil), Mr. LOPEZ MUIÑO (Cuba), Mr. ROBERTS (Canada) and Mr. CASILLI (Italy), the PRESIDENT proposed that the decision concerning the closing date of the Board session be deferred until the Chairman of the Group of Twenty-five had given, on Wednesday 7 May, a clear picture of how far the Group had progressed in its work.
3. It was so decided.

QUESTION OF THE PAYMENT OF LOCAL COSTS IN RESPECT OF THE SIS PROGRAMME
(ID/B/54) (continued)

4. Mr. BITTENCOURT (Brazil) said that his delegation had long been concerned about the payment of local costs in respect of the SIS programme. At the second session of the Board it had submitted a draft resolution proposing that the payment of local costs in respect of that programme be waived completely; it had also submitted a draft resolution on the same lines at the sixth session of the Governing Council of UNDP. The latter resolution had received considerable support from the developing countries, but as a number of developed countries had asked for time to consider the matter, it had not been adopted, and had been included in extenso in the report on the sixth session of the Governing Council. The question had been raised once more during the seventh session of the UNDP Governing Council.
5. The Executive Director of UNIDO, for his part, had expressed the view that the Governing Council of UNDP had no power to adopt decisions or recommendations on the use of SIS funds, since they constituted a special trust fund administered under the authority of the Secretary-General by the Executive Director of UNIDO and the Administrator of UNDP. In his opinion the best solution would be to exempt from

local costs the short-term missions, not exceeding four months, carried out under the SIS programme, and to maintain those costs for missions of longer duration. The Brazilian delegation, however, considered that they should be waived completely.

6. In document ID/B/54 the Executive Director reported on the results of his negotiations with the Administrator of UNDP in accordance with the Board's resolution 7 (II); but there was an apparent discrepancy between his attitude and the much stricter attitude of the Administrator of UNDP.

7. The Brazilian delegation wished to reiterate its position in the matter. To waive the payment of local costs in respect not only of the SIS programme, but also of all other programmes, was indispensable in the interests of the developing countries. His delegation had taken note of the decision of UNDP and considered that the statement made by its representative at the seventy-fifth meeting was a step forward in the right direction. Nevertheless, the Board should make its views on the matter known.

8. Mr. BAMBOSE (Nigeria) considered that the obligation to cover the local costs of SIS projects constituted, as the representative of UNDP had remarked, the best means of ensuring that countries would only submit requests for indispensable assistance. Nevertheless, the Nigerian delegation was prepared to agree with the Executive Director's proposal that the obligation should be waived for missions of less than four months.

9. Miss ROESAD (Indonesia) recalled that her delegation had already stated at the second session of the Board that execution of the SIS programme should not be made conditional on the payment of local costs. A number of countries, including Indonesia, could not accept projects subject to that restriction.

VOLUNTARY CONTRIBUTIONS (ID/B/43, Annex VII)

10. Mr. SHATSKY (Union of Soviet Socialist Republics) did not share the view expressed by some other representatives that UNIDO should have its own resources for its operational activities. UNIDO could not, of course, be wholly dependent on UNDP, which only allocated 4 per cent of its budget to UNIDO and tended to deal somewhat arbitrarily with requests from developing countries. UNIDO should admittedly try to obtain an increase in the resources it received under the two UNDP components; but that would hardly suffice.

11. The voluntary contributions of member States already provided an autonomous source of finance that it would be wrong to neglect. He felt obliged, however, to point out that UNIDO was by no means using those resources to the best advantage. Thus the voluntary contribution of 500,000 roubles a year made by the Soviet Union had virtually been lying idle. The USSR, however, had all the requisite facilities for training personnel from the developing countries in industrialization techniques. It was always willing to organize courses and seminars for cadres from those countries and to grant them fellowships.

12. It was true that the secretariat had proposed that all the voluntary contributions of the Soviet Union for 1968 and 1969 should be used to finance numerous projects during the coming months; the Soviet Government would willingly contribute any assistance that might be necessary for that purpose. In addition to the courses which had been held for many years in such varied branches as mechanical engineering, standardization and the fertilizer industry, the Soviet Government was willing to organize in its territory a number of new training courses, for instance on electro-alloying, the management of public industrial enterprises, the repair and maintenance of equipment, and so forth.

13. The Soviet Union was also prepared to organize meetings on the present problems of developing countries, including a meeting on the fertilizer industry, a conference on the petrochemical industry, a symposium on the chemical industry and a seminar on industrial administration and management for countries in Asia and the Far East. The Soviet Government also intended to organize in 1970 a seminar on the part played by heavy industry in the economic expansion of developing countries. To play a still more active part in the Organization's work, it had set up a committee on co-operation with the United Nations and UNIDO in industrial development.

14. It was to be hoped that the secretariat would put aside all prejudice and make the best possible use of voluntary contributions, thereby earning the gratitude of the developing countries.

15. Mr. CASILLI (Italy) drew the attention of the Board to one of the reasons why voluntary contributions were not fully utilized: some countries made their contributions in non-convertible currencies that were inevitably more difficult to use.

16. With regard to the proposals made by the Executive Director about the directives for the use of those resources, the Italian delegation considered that voluntary contributions should primarily be employed to strengthen field activities while Headquarters activities should be financed from the regular budget. The Executive Director had indicated that those contributions would be used in part to organize training courses at Headquarters. However, greater flexibility was required and the courses should also be held in developing countries and even in advanced countries. He doubted the wisdom of using voluntary contributions to set up a team of correspondents to report on the various activities in industrial development: its value was far from apparent.

17. Mr. CIELECKI (Poland) stated that his Government had always been in favour of strengthening UNIDO's financial position and had supported its request for a larger share of UNDP resources.

18. Poland had not only contributed to an increase in UNIDO's resources but had also made a voluntary contribution to finance various UNIDO activities in collaboration with Polish institutions, for example in-plant training programmes, seminars and industrial projects. The efforts of the secretariat and the Polish institutions had led to some progress in the use of that voluntary contribution, but they must be continued in order that the use of voluntary contributions might constantly become more efficient.

REGULAR PROGRAMMES FOR 1970 AND 1971 AND NOTE ON THE GUIDING PRINCIPLES FOR THE EXECUTION OF THE REGULAR PROGRAMME (ID/B/47, ID/B/48 and ID/B/49)

19. Mr. QUIJANO-CABALLERO (Director of the Technical Co-operation Division) said that UNIDO had drawn up its regular programme of technical assistance after consulting with governments and inviting them to consider, when formulating their requests, the slenderness of its financial resources. The total figure for requests received amounted to more than 1.8 million dollars, almost twice as much as allocations for country projects in the 1969 programme. In selecting country projects the Secretariat took into consideration the priorities suggested by the governments themselves, as well as the supplementary part the regular programme played in

relation to other UNIDO technical assistance programmes, especially for training, which had been particularly emphasized because it should precede the execution of projects so that the maximum benefit could be obtained from them. Another important item in the regular programme was the financing of a network of regional advisers attached to the regional economic commissions; the interregional advisers complemented and strengthened the permanent specialized staff at UNIDO headquarters.

20. The secretariat also submitted for the approval of the Board a planning level which would enable the Executive Director to prepare the programme for 1971 with the help of the governments benefitting from UNIDO assistance. The Executive Director also suggested certain guiding principles and procedures for the execution of the regular programme, and those were likewise submitted for the Board's approval.

21. Mr. QUAN (Cameroon) approved of the draft programme for 1970 and noted with satisfaction that the secretariat had taken account of the requests put forward by developing countries. Thus it proposed preliminary feasibility studies for a pilot plant manufacturing building materials to be set up in Cameroon; he hoped that they would be favourable to the use of local raw materials.

22. Mr. SHATSKY (Union of Soviet Socialist Republics) stressed the importance of the UNIDO regular programme among the various sources of finance. The Note of the Executive Director on guiding principles and procedures for the execution of the regular programme (ID/B/49) showed that that programme - which amounted to only about 15 per cent of the total resources available to UNIDO for its technical assistance activities - provided a certain flexibility in the apportionment of funds while encouraging assistance granted under other programmes.

23. His delegation observed that the intention was to utilize a substantial proportion of regular programme resources for regional activities, in particular to set up a network of advisers who would represent UNIDO in the regional economic commissions. Though his delegation approved those arrangements it thought that effective results could only be expected within an overall programme requiring close co-operation between the specialized agencies and the regional economic commissions and stressing UNIDO's decisive role.

24. Moreover, the Soviet delegation judged it inadvisable to increase the numbers of specialized staff working in the field. They should mainly be observers acting

as co-ordinating agents for UNIDO's regional activities. On that subject, it was regrettable that UNIDO virtually never made use of experts or consultants from the USSR or the other socialist countries.

25. Investment promotion essentially implied private capital. The Soviet delegation had yet again to point out that that form of activity was not part of the mandate assigned to UNIDO by the General Assembly in its resolution 2152 (XXI). UNIDO was not to act as a banking house, any more than as an intermediary between lenders and borrowers. If nevertheless it wished to encourage supply of capital to the developing countries, it must ensure above all that their political and economic independence was safeguarded. It must ensure that the capital came under the control of the public authorities and essentially served industrial development.

26. The total resources for the regular programme of industrial development and technical assistance for 1970-1971, US\$1,500,000 was extremely modest, particularly since industrialization was an urgent, perhaps the most urgent, need of the developing countries, whose requests for assistance for 1970 had doubled in volume. The Soviet delegation therefore considered that the Board would be quite justified in asking the United Nations to increase UNIDO's allocation of funds for its regular assistance programme. Nevertheless, it was noteworthy that contributions made by the Soviet Union, the Ukrainian SSR and the Byelorussian SSR for that programme were not fully utilized. The secretariat ought therefore to take care that the best use was made of those contributions.

27. The Soviet delegation was prepared to support all proposals aiming at the most effective possible use of resources to further the industrial activities of the developing countries. Moreover, the greater part of the budget ought to be allocated to operational activities, and not diverted to administration, which already absorbed too great a percentage of the resources, at the expense of aid to the developing countries.

28. Mr. STIBRAVY (United States of America) expressed approval of the draft programme for 1970, the planning level for 1971 and the guiding principles and procedures set out in the note by the Executive Director. He noted that the last session of the UNDP Governing Council had unanimously adopted more flexible planning

procedures for Part V of the United Nations budget; his Government fully intended to support the Governing Council's decision in the Economic and Social Council and the United Nations General Assembly.

29. Mr. SHATSKY (Union of Soviet Socialist Republics) explained that his delegation approved the draft programme for 1970, provided that the comments it had made during the session appeared in the Board's report.

30. The PRESIDENT assured members of the Board that the report would include all observations made by delegations throughout the session.

31. The draft programme for 1970 (ID/B/47) was adopted.

32. The guiding principles contained in Part One of the Executive Director's note (ID/B/49) was adopted.

33. Mr. FRYER (United Kingdom) proposed that a sentence be added to subparagraph 11 (a) of Part Two of the note by the Executive Director, stating that the Secretary-General would have to submit his recommendations on programming and budgetary procedures for Part V of the regular budget of the United Nations (DP/RP/6/Add.1) to the General Assembly for its approval.

34. The amendment proposed by the United Kingdom delegation was adopted.

35. Part Two of the note by the Executive Director (ID/B/49), as amended, was adopted.

36. The guiding principles and procedures for the execution of the regular programme (ID/B/49), as amended, were adopted.

37. The regular programme planning level for 1971 (ID/B/48) was adopted.

The meeting rose at 12.50 p.m.





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