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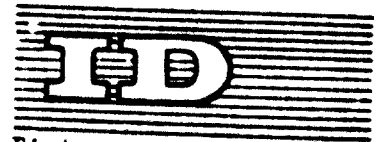
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Industrial Development Board

Fourth Session

Vienna, 20 - 30 April 1970

SUMMARY RECORD OF THE NINETY-FOURTH MEETING

Held at the Neue Hofburg, Vienna,
on Wednesday, 22 April 1970, at 10.30 a.m.

President: Mr. SEDIVY (Czechoslovakia)
Rapporteur: Mr. ARCHIBALD (Trinidad and Tobago)

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HOMAGE TO V. I. LENIN ON THE CENTENARY OF HIS BIRTH

1. The PRESIDENT said that it had become traditional practice within the United Nations family to pay tribute to the memory of great men on appropriate and noteworthy occasions. Today was the centenary of the birth of V. I. Lenin, the great thinker, statesman, and founder of the first socialist State in the world. The Secretary-General of the United Nations himself had paid tribute, on the occasion of a symposium on Lenin held by UNESCO in April 1970, to Lenin's profound effect on the whole course of contemporary history. Throughout his life, Lenin had devoted considerable attention to the problems of industrial development, working out a scientifically based programme for the rapid transformation of Russia to a mighty industrial power. His ideas on the basic principles of industrialization were of international significance; in particular he had shown how necessary it was to develop industry on the basis of the most recent scientific and technological developments. He had indicated the importance of industrializing the entire national economy and had laid particular stress on the need for co-operation and mechanization in agriculture. He had recognized the importance of the problem of domestic markets for industrial products, which he had linked with a broad programme of social and economic change. For him, the strengthening of the public sector, the development of co-operatives, economic and industrial development planning and maximum utilization of internal resources had been essential prerequisites for the industrialization of developing countries. The experience gained by the USSR and other socialist countries in the implementation of Lenin's ideas could be of considerable value to the developing countries, which were at present in a position to obtain economic and technical assistance from abroad either bilaterally or through the system of international organizations of which UNIDO was a part. As Lenin had realized so clearly, success in the complex and difficult process of industrialization of developing countries depended primarily on the latter's own efforts. There was no doubt that Lenin's ideas and practical achievements would continue to serve as an inspiration to the world in the task of building a new society, to which cause he had devoted his entire life.

GENERAL DEBATE (ID/B/74, ID/B/77; ID/B/L.61, ID/B/L.66) (continued)

2. The PRESIDENT said that he had pleasure in welcoming the Secretary-General of UNCTAD to the meeting.

3. Mr. CHRISTIANSEN (Denmark) said that since the Board's third session several important events had taken place in the international debate on development policies. There had been the Report of the Pearson Commission, the Jackson Capacity Study (DP.5), several important national reports, and discussion of the strategy for the Second Development Decade. All those reports had shown the need for a larger flow of capital to developing countries and for greater efficiency in the efforts of industrialized and developing countries. For the United Nations family the most important of the reports was the Jackson Capacity Study, which had been thoroughly examined by the various Danish Ministries and institutions concerned. Although his Government had not yet defined its position on all aspects of the proposals put forward, it supported most of the guidelines contained in the Capacity Study. The various bodies concerned with the Study should avoid taking decisions which might prejudice the outcome of the discussions currently centring upon it.
4. The size of the Danish contribution to UNDP, which in the current year exceeded \$15 million, illustrated his Government's conviction that the kind of assistance rendered through the United Nations system had on the whole been efficient. In view of its dedication to the concept of multilateral development assistance, his Government naturally desired that the United Nations development system should be structured in such a way as to enable it to make an optimum contribution to the economic growth of developing countries. All measures aiming at improving the efficiency of the programme would be welcomed by his Government, which intended to continue to channel an important part of its aid through multilateral agencies. A recent report submitted by a commission in his country had recommended that, provided all possible efforts were being made to increase the efficiency of multilateral assistance, 50 per cent of Denmark's official development aid should go to multilateral agencies, and roughly half of this to UNDP.
5. His Government considered that industrial development was of paramount importance for the developing countries and should attract much more attention during the Second Development Decade than it had in the past. The developing countries were now better equipped than ever to undertake the task of industrialization. The introduction of a generalized preference scheme should create new opportunities for exports of industrial products and be followed up by increased technical assistance to the developing countries to enable them to make use of the opportunities thus offered. He was sure that UNIDO would be fully capable of providing such assistance.

6. He was convinced that within the United Nations system UNIDO, which seemed to have made considerable progress in the past year, had an important role to play in the general effort to increase the efficiency of development assistance. His Government wished to emphasize the importance of UNIDO's field activities, which should receive higher priority. The orientation of UNIDO's action was also of importance. UNIDO might greatly assist a country like Denmark, which had few traditional links with the developing countries, by submitting well-prepared projects.
7. As some delegations had already stated, the flow of direct private investment was an important factor in the transfer of capital. His country was endeavouring to stimulate private investments in developing countries whenever their Governments so desired.
8. One of the measures adopted to encourage Danish undertakings in the developing countries was the recently created Industrialization Fund for Developing Countries. The purpose of the Fund was to act as a catalyst for the transfer of know-how to the developing countries and to assist Danish investors by providing equity capital, extending loans and financing studies. In the short period of its existence the Fund had engaged in projects representing investments to an amount of US\$30 million. As a result of participation in the UNIDO investment meeting held in 1969 at Rabat, the Fund was examining about twenty-five project proposals for Africa alone.
9. His Government had confidence in UNIDO's ability to play its full part in the Second Development Decade and thereby make a significant contribution towards fulfilling the central task of further accelerating the industrialization of the developing countries.
10. Mr. LOPEZ MUIÑO (Cuba) said that he would base his remarks on the documents before the Board, particularly Part Two of document ID/B/74 which concerned UNIDO's future prospects. While he appreciated the reasons which had caused the Executive Director to paint a somewhat rosy picture of the future, he considered that the Board should boldly face up to the problems of the organisation and of the developing countries, and not allow itself to be discouraged by the risks and difficulties which inevitably went hand in hand with all human progress.

11. A world programme for industrial development was urgently needed if UNIDO was to carry out its long-term programmes successfully. The fact that 95 per cent of world industrial production was in the hands of the developed countries should not be a cause for discouragement but should on the contrary serve as a stimulus for greater efforts to remedy that situation. He could not agree that the formulation by UNIDO of a world industrial plan would be "a highly unrealistic exercise of questionable usefulness" (ID/B/74, paragraph 68); history proved that those with the courage to tackle seemingly impossible tasks often reaped great rewards. The Jackson Capacity Study itself advocated the setting of global objectives and mentioned examples of large-scale programmes initiated by other United Nations agencies. He therefore proposed that the establishment of a world industrial programme should be included in the agenda of the proposed special international conference of UNIDO. In that connexion, he appealed to all delegations which for one reason or another had not supported General Assembly resolution 2578 (XXIV) to reconsider their attitude, because only a united and unanimous effort could ensure the success of the conference and prevent it from becoming yet another forum for empty academic and philosophical theorizing. The conference would have to be very carefully prepared and costs must be tailored to real requirements, without administrative frills. There was no doubt that the main concern of the conference should be threefold; strategy, financing and structure.

12. Paragraphs 48 and 73 of document ID/B/74 announced the development of contacts with the World Bank Group and welcomed with enthusiasm the reorientation of the industrial financing activities of that Group towards the developing countries. His delegation had always maintained its reservations regarding any participation whatsoever by that Group and by financial institutions such as the Inter-American Development Bank in the programmes and activities of UNIDO. It was no secret that these institutions were the jealous protectors of the interests of their largest shareholder, the United States of America, whose increased participation in development financing was designed to appease world opinion which had been roused to fury by events in Viet-Nam. There was no reason to suppose that the World Bank intended to change its traditional policy of encouraging new forms of exploitation.

13. With the exception of the references made to the world plan for industrialisation and to direct industrial financing, his delegation was satisfied with section VIII

of the document. The dispatch of missions to help the developing countries in drawing up long-term assistance programmes deserved special mention as the most efficient way of tackling the problem of dissipation of resources and the resulting decrease in UNIDO's effectiveness.

14. UNIDO obviously had a most important contribution to make to the success of the Second Development Decade. His delegation, which attached great importance to that matter, had associated itself with the delegations of the other socialist countries in drawing up a joint declaration which would be submitted to the Board shortly.

15. With regard to the structure of the organization (ID/B/74, section IX), he was under the impression that the Board took a rather passive attitude towards UNIDO's programmes. That was not an entirely satisfactory situation, although he did realize that it was practically impossible to review one year's work in less than a month. Another question to which he attached considerable importance was that of improving the geographical distribution of the secretariat staff. Preference should be given to nationals of the developing countries whenever it was possible to do so without lowering qualification requirements and sacrificing standards of work. It was particularly important that senior decision-making posts be occupied by persons with a first-hand knowledge of the problems and customs of the developing countries. As far as the internal functioning of the secretariat was concerned, he agreed with the statements made in section IX and attached particular importance to the question of setting up task forces composed of staff from the appropriate functional units when problems of a multi-disciplinary nature were being tackled. He supported the expansion of the network of field advisers and agreed on the need for systematic training of staff within the organization. A greater effort was required to improve the publications programme by speeding up the process of publishing and distribution.

16. Taking up the question of the Capacity Study, he pointed out that his Government had already stated its views in full before the Governing Council of UNDP. Underdevelopment could only be eliminated by substantial revolutionary changes in national, social and economic structures. Nevertheless, his country would participate in any activities designed to alleviate the present distressing situation and bring about reforms. The Cuban delegation had already rejected the concept of "aid" adopted by the imperialist Powers in their dealings with the developing countries. It was

frequently said that the fault of underdevelopment lay with the developing countries themselves, but the truth of the matter was that the gap between the two groups of countries had first been opened when the imperialist Powers had interfered with the normal growth of those countries by exploiting them and despoiling them of their riches. What other explanation was there for the fact that the most ancient and advanced cultures of the world were at present in the throes of underdevelopment? The Third World was merely claiming the restitution of what had been forcibly extorted from it. He commended the disinterested aid provided by the socialist and certain other countries, such as Canada and Sweden, which had played no part in the exploitation of the developing countries. Both the Jackson Capacity Study and the Pearson Report, however, recognized the interested and falsely philanthropic nature of a large part of the assistance granted to the developing countries. The Capacity Study also dealt with the important question of over-all national planning. While his delegation did not object to co-ordination between the Resident Representative and the Government of the country concerned in the drawing up of national programmes, the final decision must always be left to the Government. The task of preparing the socio-economic studies needed as a basis for such programmes should not be entrusted to the International Bank except at the express request of the Governments concerned.

17. Turning to the question of pre-investment and investment studies, he agreed both that Special Fund pre-investment projects should be evaluated in terms of the real investment they generated and also that subsequent investment, at least in theory, need not necessarily come from foreign sources. Experience showed, however, that there was almost inevitably a close relationship between the two. In view of the investment policies followed by international financing institutions and the role that private capital played in the activities of those institutions, the proposal in the Capacity Study for making such pre-investment projects more effective was both surprising and unfortunate. The enthusiasm with which the secretariat approached the promotion of foreign capital investment was a matter of concern to his delegation. It was difficult to believe that the secretariat was absolutely neutral in its role as intermediary, and rigid criteria for the acceptability of such offers should be established. For UNIDO to engage in that type of activity without at least warning the developing countries of the dangers they faced was quite unacceptable.

18. He did not wish to conclude without paying tribute to the memory of the great revolutionary leader V. I. Lenin. He also associated himself with those delegations which had pressed for the admission to UNIDO of the German Democratic Republic, a country with great industrial potential, the People's Republic of China, the Democratic People's Republic of Korea, and the Democratic Republic of Viet-Nam.

19. Mr. BUNNAG (Thailand) expressed his delegation's satisfaction with UNIDO's work during the past three years, and its optimism concerning the future of the Organization.

20. He observed that in view of the great discrepancy between available financial resources and the estimated requirements of the developing countries, UNIDO must strive both to concentrate its own efforts and to avoid any duplication of its own activities with those conducted by other agencies.

21. As far as concentration was concerned, the Organization should exercise selectivity in the allocation of funds, and endeavour to draw up lists of priority fields of action. He believed that the latter should include feasibility studies to determine the most effective means of utilizing available resources in the interests of industrial development planning.

22. UNIDO had provided his own country with effective assistance in 1969, and he was glad to note that, although the number of projects approved for Thailand in 1970 would be smaller, UNIDO's contribution in monetary terms would not decrease. He was confident that such assistance would make a great contribution to his country's planning for industrialization.

23. Stressing the dynamic and vital role of the SIS programme, he urged that it should be maintained and even strengthened. Whilst appreciative of the efforts made in the past to ensure the success of that programme, he believed that it could be rendered even more efficient, particularly through an improvement in the recruitment of qualified experts.

24. In conclusion, he underlined the importance of co-ordination and harmonization in the activities of the various organizations associated with industrial development. Speakers during the session of the Working Group on Programme and Co-ordination had stressed the importance of greater concentration of field activities. It might be

useful if, before the sessions of the Board, the Executive Director could arrange special regional meetings bringing together representatives of the countries in each region for the review and appraisal of UNIDO's work programme in relation to those of other agencies.

25. Mr. SCHEJBAL (Czechoslovakia) joined in the homage paid to V. I. Lenin, on the centenary of his birth. The promise of a world socialist order, which had dawned with his creation of the world's first socialist State, was an inspiration to the peoples of Asia, Africa and Latin America in their struggle against colonialism, imperialism and neo-colonialism. In their co-operation with the developing countries, Czechoslovakia and the other socialist States were guided by the principles of Leninism.

26. Czechoslovakia, which believed firmly in the importance of UNIDO's role in the promotion of international co-operation, had from the outset been an active participant in its work. It was greatly to be regretted that a number of other countries which could put a wealth of industrial experience and potential at the disposal of the organization - and he was thinking particularly of the German Democratic Republic - were not permitted to do so.

27. The growth in UNIDO's operational activities, reflected in the increased number of projects, was an indication of the success of the efforts made both by the secretariat and by participating countries. Still greater attention should perhaps be paid to UNIDO's co-ordinating role, and in that connexion, he supported the remarks contained in paragraph 76 of document ID/B/74. UNIDO had a key responsibility, not only for the co-ordination of efforts within the United Nations system, but also with regard to co-operation between different countries. Co-ordination was of great importance in view of the limited nature of the resources available and it would become even more essential during the Second Development Decade. In passing, he said that despite the conclusions of the Jackson Capacity Study concerning the relationship between the United Nations development system and the International Bank for Reconstruction and Development, he found it difficult to relate UNIDO's co-ordinating role with the activities of that body, which were governed by different principles.

28. UNIDO's budget for both operational and administrative activities had grown. He believed that any further increase should be most carefully examined, with due reference to the relationship between costs and results in projects already completed. It was essential to seek maximum effectiveness in the use of funds and to concentrate on the most pressing needs of the developing countries. An effort had to be made to establish main lines of operational activity, and to ensure the greatest possible mobilization and utilization of the domestic resources of the developing countries themselves. UNIDO should also endeavour to analyse the efficiency of its activities, with the aim of giving greater attention to those which were of particular importance to the developing countries, if necessary at the expense of projects of more limited impact. To that end, the work of the Organization should be subjected to a systematic efficiency study, and each annual programme should be prepared with due reference to the achievements and experience of the past. A closer relationship should be established between operational, supporting and research activities, and UNIDO should use **comprehensive** analysis in order to develop its work programme in desirable directions.

29. With those considerations in mind, Czechoslovakia would, as in the past, continue to give as much support as it could to the activities of UNIDO. Its voluntary contribution would be utilized alone, or together with funds from other sources, for projects which were fully integrated in the Organization's activities as a whole. Czechoslovakia was already associated with a number of projects, and it was hoped that current discussions with the secretariat would lead to further collaboration in a number of substantive fields. He was also authorized to state that, in 1971, the voluntary contribution of Czechoslovakia for UNIDO activities would be increased from 1 million to 1,250,000 Czechoslovak crowns.

30. Mr. TRIVEDI (India) associated his delegation with the homage paid to V. I. Lenin on the centenary of his birth. It was a privilege to join the other members of the Board in remembering a great builder of modern society, and indeed one of the greatest men of all times.

31. Although UNIDO was a young organization, it had already achieved considerable success. But it was the future of the Organization, particularly in the context of the Second Development Decade, which commanded the attention of the international

community. If its role in the Decade was to be effective, UNIDO must evolve a dynamic strategy, harmonizing as far as possible its plans and programmes with those of the developing countries themselves. The report of the Working Group on Programme and Co-ordination, together with the documentation presented by the secretariat, reflected a serious and realistic effort in that direction.

32. His delegation was happy to note that higher financial allocations were being made to UNIDO from UNDP funds. It also welcomed the increased allocations for SIS programmes, and hoped that ways and means would be found of ensuring their continuation.

33. Despite the substantial progress which UNIDO had achieved in the face of financial and functional limitations, the resources available to the Organization were still inadequate in comparison with its aims and objectives. Moreover, its strength depended to a great extent on its ability to evolve its own strategy and to take independent decisions. It was clear that UNIDO had evolved a framework of priorities, while recognizing that account must be taken of specific requests from countries at different levels of development, and that their industrial development constituted a multi-dimensional problem calling for a multi-disciplinary approach. He welcomed the increased efforts being made to relate the services and activities of the Organization to more responsive and strategic areas of industry.

34. As the Secretary-General had told the Board, UNIDO had already taken its place in the United Nations development system, and was effectively associating its activities with those of the specialized agencies, UNCTAD and the regional economic commissions. That was an encouraging state of affairs. Having examined document ID/B/65, the Delegation of India wished to congratulate the Executive Director on the agreements reached with other organizations with regard to the co-ordination of industrial development activities. It was to be hoped that such agreements would enable UNIDO to assume increasing responsibilities in the industrial field, and indeed to become the spearhead of international action for the industrial development of the developing countries.

35. In view of the role assigned to the Organization by the United Nations General Assembly, the specialized agencies should follow the lead of UNDP in according UNIDO key responsibility for industrial development, by entrusting it with greater

responsibility in implementing those of their projects which were connected with industrial development. Moreover, co-operation between UNIDO and the specialized agencies should be aimed not only at avoiding duplication, but also at achieving an integrated approach to all United Nations industrial development activities.

36. His delegation was satisfied with the evolution of UNIDO's promotional activities, believing that the Organization would constantly bear in mind their long-term socio-economic implications, particularly in those developing countries which had not yet formulated definitive industrial plans, policies and priorities, and which, for various historical and economic reasons, might be in a weak bargaining position. Equal care was required on the part of UNIDO in ensuring that the technology channelled to a particular developing country could be properly assimilated and integrated. In that connexion, the Organization might well examine the various technologies in use in different countries, and assess their suitability for use in the developing countries. Indian experience had shown that the sophistication and high capital intensiveness of certain technologies made them unsuitable for the developing countries, which could derive greater benefit from the intermediate technologies successfully applied in countries at a similar stage of development. The matter called for a further development of adaptive industrial research, industrial consultancy services and machine building capacity in the developing countries and it was thus gratifying to note that UNIDO had given priority to the support of such activities.

37. The flow of technology to the developing countries was inadequate, and India welcomed the possibilities which UNIDO's promotional activities, and particularly the promotion meetings offered for establishing contacts between promoters, financiers and entrepreneurs in the developed and the developing countries.

38. UNIDO would have an important part to play in the Second Development Decade, and should endeavour in particular to promote indigenous competence in the developing countries in the formulation and implementation of industrial policies and plans, taking full account of the experience acquired by some of the developing countries during their own industrialization.

39. The developing countries should be encouraged to co-operate with each other through the exchange of information and technology and the establishment of joint ventures. The regional and sub-regional co-operation which the Organization was already

encouraging could be also intra-regional. India itself was gratified to note the attention accorded to the assistance which it had provided in the establishment of a centre for small-scale industry in Africa.

40. UNIDO was at a formative stage, and had not yet fully assumed the responsibilities set out in the General Assembly resolution under which it had been created. The delegation of India considered that its future development would depend to a great extent on the degree of freedom which it was allowed. For that reason, it did not wish at present to see any constraint imposed on the secretariat. Thus, the evaluation of UNIDO's field activities should be left to the countries concerned, although the Executive Director would of course evaluate the performance of those responsible to him administratively.

41. The Indian delegation considered that UNIDO had reached a stage of development at which a greater policy involvement on the part of participating countries was essential to better success. For that reason, it fully supported the proposal for a special international conference of UNIDO.

42. Mrs. SAILER (Austria) commended the improvement in the documentation before the Board, which would doubtless help it to complete its deliberations within the limited time available.

43. After expressing satisfaction with the progress made by the Organization during 1969, particularly in its operational activities, she welcomed the substantial increase in the number of UNDP projects which it was receiving. Such an increase showed that the developing countries were becoming more aware of the services available to them through UNIDO, and were showing a greater degree of confidence in the quality of the assistance which would be forthcoming.

44. It should be remembered that the key role which industrialization was called upon to play in the solution of the problems of the developing countries had not only economic but also social implications, particularly in connexion with under-employment or over-employment. In that context, her delegation was convinced that true progress could be made only if industrialization took place at an accelerated rate, with a comprehensive and well-conceived division of labour on a global scale, and with due regard to financial and human resources.

45. The Executive Director was to be congratulated on his rational and realistic approach to UNIDO's contribution to the Second Development Decade. It was indeed desirable to refrain from using the Organization's limited resources for theoretical exercises and to concentrate on practical measures of assistance in response to the requests of individual countries for help in the identification of industrial projects. Obviously, much depended on the initiative of the developing countries themselves and on their decision to utilize the services which UNIDO was in a position to provide. Although the resources of the Organization had been increased, they were still relatively small; it was therefore important to utilize them as economically as possible, with due regard both to immediate results and to the long-term effects of activities such as those related to pre-investment.

46. In view of the fact that UNDP had recently accepted the principle of country programming, and the need for international assistance to be related to long-term national development programmes, it was very satisfactory to note that UNIDO already had the institutional framework for appropriate action. Its country programming missions were most suitable, and the proposal to increase the number of field advisers was to be welcomed. Country programming would not only permit the developing countries to relate UNIDO's assistance to their own long-term plans; it would also enable the Organization to plan its activities further in advance and to gain a better insight into the problems and needs of individual developing countries, and thus identify areas in which co-operation could be encouraged on a regional, interregional or intra-regional basis. The net result should be a great improvement in UNIDO's services.

47. The Executive Director had pointed out in document ID/B/74 that in order to avoid a dispersion of resources, activities must be guided by priorities. The experience of country programming would doubtless lead to a clearer concept of areas of primary concern and of priorities directly related to existing needs. Those needs were so great that UNIDO might become increasingly involved, as was pointed out in paragraph 47 of that document, in advice and consultation on matters concerning provision of finance and industrial know-how.

48. Her delegation believed that a greater degree of co-ordination between bilateral assistance programmes and those of UNIDO would add a new dimension to the Organization's role in the industrial development process. Austria was already engaged in that

direction, and was in many cases linking its bilateral aid to multilateral programmes, with very satisfactory results. Experience showed that such joint ventures led to a far better concept of international co-operation and partnership.

49. In conclusion, she stressed not only the official interest of her Government in the activities of UNIDO, but also the interest and growing involvement of semi-public and private circles in industrial development in general, and in UNIDO's activities in particular. UNIDO should not be judged merely on the success of its own projects, but also on the effectiveness with which it promoted better international co-operation and a clearer understanding of the problems faced by the modern world.

50. Mr. MOLINA-DUARTE (Venezuela) said that his statement would deal primarily with three subjects: the industrial development programmes being implemented by his Government with the assistance of UNIDO; the most prominent features of UNIDO's past work and future programmes; and collaboration between UNIDO and the other agencies of the United Nations system concerned with industrial activities.

51. Industrialization in Venezuela, which had hitherto been based on import substitution, had reached the stage where it was necessary to readjust industrial policies so as to promote the production of goods for export to international markets. Diversification of national exports had become the primary objective, bringing with it the problem of making them competitive in respect of cost, quality and productivity. The Five-Year Plan being drawn up by his Government for the manufacturing sector stressed three main groups of industry: basic industries such as steel and petrochemicals, which used locally available raw materials and were not protected by the State; a group of industries, oriented towards export and the substitution of imports of capital goods, which would enjoy a certain degree of governmental protection in the initial stages; and industries catering for the domestic market, especially the market for consumer goods, which would enjoy a higher degree of protection. Following the recent visit to Venezuela of a UNIDO technical mission, a preliminary outline for an overall technical assistance programme for the manufacturing sector had been drawn up, and his Government had requested technical assistance from UNIDO in respect of two projects, one concerning an evaluation of the export position of Venezuelan industries with a view to increasing exports of manufactured goods, the other concerning an over-all plan of long-term guidance for the country's most important industrial sectors. Various other technical assistance projects were also being studied with the help of UNIDO experts.

52. With regard to UNIDO's past work and future programmes, he considered that the Organization had already made a positive contribution to industrial development despite the difficulties with which it had been faced from the start and the fact that it was the youngest of the organizations in the United Nations family. His delegation supported the general principle that UNIDO's co-operation and technical assistance activities should above all be field activities. With regard to technical assistance, the stress should be laid on expert missions and on the training of local staff. He noted from document ID/B/64 and its annexes that a large number of projects were planned for 1971 and 1972 despite the limited financial and technical resources at the Organization's disposal. The criteria governing the distribution of projects among the various regions of the world should be kept under constant review. Ways and means must be found of increasing the Organization's financial resources; in that respect, the developing countries represented on the Board had submitted a draft resolution (document ID/B/L.51) which his delegation fully supported. He reiterated his support for General Assembly resolution 2578 (XXIV) and expressed the conviction that a high-level meeting of the type envisaged would make it easier for UNIDO to obtain the political support necessary for the successful implementation of its programmes.

53. Turning to the important question of co-ordination with other organizations of the United Nations system, he congratulated the Executive Director on the efficient way in which the joint programmes with agencies such as UNDP and UNCTAD had been drawn up and implemented. The entire United Nations development system would inevitably be effected by the adoption of the recommendations made in the Jackson Capacity Study. In view of UNIDO's dependence on UNDP, however, it was of the utmost importance that due account should be taken of UNIDO's programmes when the proposals made in the Capacity Study were considered. Collaboration with the UNCTAD/GATT International Trade Centre and with the regional economic commissions was particularly important in the field of export promotion and the establishment of export-oriented industries. Account should also be taken of the efforts made by various regional and sub-regional institutions in that respect, and in the near future UNIDO might concern itself with integrated regional projects. UNCTAD was engaged in drawing up a general scheme of preferences for manufactures from the developing countries; UNIDO could collaborate with UNCTAD in that respect, and should also continue to work in close co-operation with FAO for the promotion of agro-industrial projects in the less advanced of the developing countries.

54. UNIDO should include among its priorities a study of projects for the utilization of non-renewable natural resources, which were vital for the economy of many developing countries.

55. If the Second Development Decade was to be a success, it was essential for all the developed countries, whatever their political and social structures, to unite their efforts and political will for the promotion of economic and social development and the improvement of the world economy.

56. Mr. MURAD (Pakistan) expressed his appreciation of the work achieved by the Working Group on Programme and Co-ordination and the secretariat and of the documentation, which was a considerable improvement on that of the previous year.

57. It was in the context of the perilous and growing imbalance between rich and poor that the Board had to assess UNIDO's role in promoting economic development in the developing countries and in narrowing the wide gap between them and the developed countries. If it was to justify its existence, UNIDO needed to be made more effective; this could be done by increasing its resources and ensuring their optimum use.

58. The position regarding UNIDO's resources was far from satisfactory. Resources were not sufficient to meet even a conservative estimate of requirements. It would be a useful exercise to work out what percentage of the total requirements of the developing countries were actually met by UNIDO. He wished, therefore, to make a strong plea for augmenting UNIDO's resources to enable it to expand and diversify its activities and provide a greater concentration of efforts in each developing country. Without adequate financial support it could not fulfil the functions and responsibilities entrusted to it.

59. It was gratifying to note that, with the limited resources available and with the assistance of UNDP, UNIDO had been able to undertake, by the end of 1960, thirty-five long-term projects under the UNDP Special Fund component and a number of projects under UNDP/TA, SIS and the regular programme. Assistance provided by UNIDO to the developing countries had been showing a welcome steady growth which augured well for the future. The Executive Director was to be congratulated on the steady improvement made in the quantity and quality of technical assistance provided although the quantum of assistance was far below the minimum requirements of the developing countries, a question to which the Board should pay special attention.

60. In view of those considerations, his delegation wished to make two specific suggestions. First the Board should recommend strongly to UNDP that, in view of the key importance of the industrial sector and the leading role entrusted to UNIDO, larger resources should be allocated to UNIDO so that it could respond effectively to the growing needs of the developing countries. Secondly, the limit of \$2 million set by the Governing Council of UNDP for SIS-type assistance under the Revolving Fund needed to be increased and the Board should make a positive suggestion to that effect. Similarly, the provision for the regular programme continued to remain constant at \$1.5 million for the years 1969, 1970 and 1971. In view of the increasing demand under that programme, there should be a substantial increase in the provision. He would also stress the need for an increase in voluntary contributions.
61. With regard to the Capacity Study, his delegation felt that its conclusions and recommendations would be of particular significance for UNIDO's future activities. The Board might like to recommend to the Governing Council of UNDP that, in any action taken on the recommendations in the Study, the needs of the developing countries in the industrial field should not be overlooked. Any changes in the policies, procedures and structure of UNDP should make due allowance for UNIDO's operational programmes, which should have the greatest possible flexibility so as to allow UNIDO to meet the diverse and changing requirements of developing countries.
62. His delegation did not share the view that UNIDO's programme was fragmented although it might appear so. Project requests generally reflected priorities and were made by the Governments of the developing countries after taking all relevant factors into account. In his country, for example, assistance was largely concentrated in the key industrial fields and every single UNIDO activity was of the highest priority. Priorities should, therefore, continue to be laid down by the requesting countries themselves. He commended the Executive Director for introducing a system of long-range programming of technical assistance, in collaboration with the countries concerned, which would help identify the priority areas and hence direct the flow of assistance to the most desirable channels of activity.
63. With regard to the specific programmes, he commended the secretariat for selecting certain useful areas both for headquarters and field activities. He supported the priority given to the repair and maintenance programme and to the agricultural

machinery industry, but wished to draw attention to the under-utilization of capacity in the engineering sector as a whole in the developing countries. UNIDO should pay attention to that matter in its future programmes.

64. In the field of metallurgical industries, UNIDO's activities in the transfer of know-how could be of special significance, and UNIDO should help in the development of such industries. UNIDO could also assist countries which were short of coking coal and had abundant supplies of natural gas or non-coking coal and which needed assistance in the utilization of the direct reduction processes in the making of iron and steel.

65. With regard to the pharmaceutical industries, he urged UNIDO to assist the interested countries in the basic manufacturing. UNIDO could also assist the developing countries by helping in the utilization of by-products such as chlorine, bagasse and molasses.

66. An expanded programme of fellowships and training was required in the fertilizer, pesticide and petrochemical industries which were being set up in some developing countries. UNIDO's efforts to evolve economic processes for the production of sulphuric acid from gypsum would be of special interest to some developing countries and should be intensified.

67. In the field of light industries, he would like special attention to be paid to the development of the cotton textile industry, particularly development centres which would substantially improve efficiency and productivity.

68. He appreciated UNIDO's activities in the field of standardization, quality control and metrology, which should be further intensified, particularly with regard to assistance to those countries which were now embarking on programmes for the introduction of the metric system of weights and measures.

69. He fully supported UNIDO's activities in industrial programming and project planning, industrial policies and financing, and industrial information. The appointment of industrial field advisers in various regions was a step in the right direction. The meeting held in Paris to discuss the problem of co-operation between the industrial development financing institutions in developing and developed countries had been a great success and produced tangible results. A second such meeting should be convened as early as possible.

70. In the field of industrial training, he attached special importance to in-plant group training programmes for engineers. Such activities should be further intensified. His Government attached special importance to technical and vocational education.
71. Export-oriented industries were important but mere identification was not enough as the real problems started after such industries came into being. He felt that UNIDO in its programme had not been able to pay sufficient attention to the activities directed at improving the competitiveness of such industries in the international markets and that special attention should be paid to the question in its future programmes.
72. The very important activities of UNIDO relating to industrial promotion were particularly appreciated and the results of the two meetings held in that connexion were promising.
73. There was need for greater co-ordination between UNIDO and other international agencies and the developing countries so as to avoid duplication of efforts and harmonize UNIDO's programmes with national development plans. UNIDO should develop closer liaison with the National Committees.
74. UNIDO must play its part in the flow of the latest advances in technology to the developing countries, which should form one of its important sectors of activities. Through its programmes, it should ensure that developing countries benefited fully from the results of technological research in the developed countries. In view of the limited markets in most of the developing countries, special attention should be paid to the development of medium-sized and small-scale industrial units.
75. The appointment of project managers and experts to the centres established by UNIDO in developing countries should proceed more rapidly than had often been the case hitherto.
76. UNIDO should assist in promoting the regional approach to economic development. Regional co-operation, in organizations such as "Regional Co-operation for Development", involving Iran, Turkey and Pakistan, could open up vast markets and lead to the development of heavy industries on a scale conducive to economic production.

77. It was important that the work of UNIDO should be carefully evaluated so as to ensure its effectiveness and constant improvement. The reports received from UNDP Resident Representatives, field staff and governments should be used in evaluating the work programmes. UNIDO could also carry out evaluation through its own system of field advisers as well as through exploratory and survey missions. Governments continued to evaluate UNIDO activities, particularly when making new project requests. While it was difficult for the secretariat to submit detailed information on every project activity, it could perhaps submit to the Board a summary report describing the general situation regarding the growth of the technical assistance programme and giving a meaningful evaluation of its results. The Board could perhaps request suggestions and recommendations for effective evaluation from the secretariat as well as from UNDP and recipient governments. The object, however, was not to commit the secretariat's limited resources to vast evaluation operations all over the world but to give evaluation a practical shape.
78. He wished to reiterate his delegation's faith in the future of UNIDO, which, under its distinguished Executive Director, would make an increasingly significant contribution to the economic and social development of the developing countries.
79. Mr. LEDUC (France) said that the Working Group on Programme and Co-ordination had done its work well but had in some respects been hampered by the technical complexity of the questions under discussion, for which it was sometimes difficult to have qualified experts. The Working Group should perhaps be split into two groups, one dealing with general problems and the other with technological and sectoral problems. The Group's report should be shorter and the part concerning the fifteen groups of activities should perhaps be deleted. It should contain more conclusions, recommendations and draft decisions.
80. UNIDO's future activities should be suitably related to the Second Development Decade. Although UNIDO's contribution might seem modest, that was a good example of the secretariat's realism. Country level studies and industrial sector studies were a valuable guide to countries in the preparation of their industrial policies.
81. During the forthcoming Decade it would be necessary to make a reassessment of technical co-operation. Programming on a project-by-project basis no longer fulfilled the need for concerted action by the entire United Nations system. A country's

development should be considered on a global basis and for a long enough period to have an effect on its structures. His delegation agreed with the Jackson proposals concerning national programming and with all the proposals aimed at achieving better concentration of the efforts of the United Nations system, including the World Bank, by bringing them more under the responsibility of the General Assembly and especially of the Economic and Social Council. Hence his delegation welcomed the Executive Director's ideas for reassessing the traditional methods of technical assistance, maintaining close contacts with the governments of developed and developing countries, participating directly in joint programming initiatives and working in co-operation with international financing organizations and public and private investors, which formed part of UNIDO's valuable promotional activities.

82. For the purpose of improving programming methods and evaluating results, modern programming techniques such as those advocated in the Jackson and Bertrand Reports should be used, the cost and end-product of each major type of activity, especially supporting activities, should be calculated by means of, for example, modern management procedures, and operational activities should be constantly adapted to make better use of human resources.

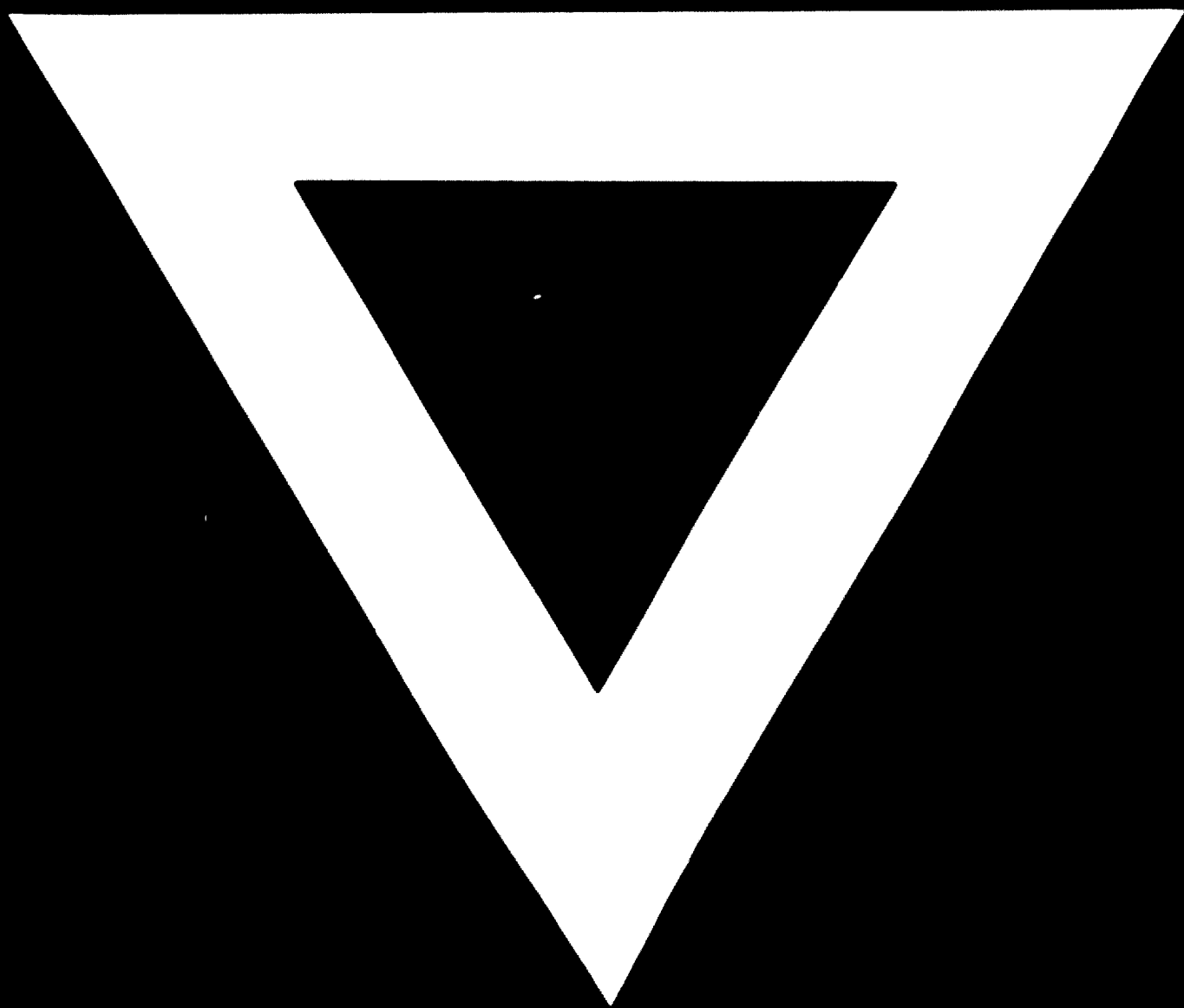
83. National cadres in developing countries should, if possible, be trained locally. The training of high-level cadres in developed countries was valuable in certain cases. All was clearly not well with regard to fellowships. There were obvious difficulties in finding suitable candidates, and existing facilities, such as the Turin centre, were often not being fully utilized. Possibly the resources in question should be allocated to fields in which the requests of countries seemed to be more urgent. Perhaps the Board would have useful suggestions to make to the secretariat on that subject.

84. The responsibilities of the various categories of experts and of UNIDO representatives in the field should be defined more precisely, in the interests of the developing countries themselves. There was also a need for greater cohesion and speed in the recruitment of experts, another matter on which the Board might help the secretariat. The French Government, for its part, was giving special attention to that question.

85. The question of priorities gave rise to obvious difficulties and was bound up with the question of resources and financing. Because of the extreme diversity of the developing countries, it would clearly be difficult to apply general rules. However, in view of the limited resources of UNIDO and UNDP, UNIDO should take particular care not to over-extend itself and dissipate its activities.
86. Finally, UNIDO should pay special attention in the future to three vital spheres of activity. The promotion of industrial investment was of the first importance, and governments might take measures to encourage it. With regard to scientific and industrial research, which was clearly often beyond the resources of developing countries, UNIDO should do more in this direction and act as a clearing-house and centre for co-ordination among the various bodies and enterprises in the developing and the advanced countries.
87. Regarding industrial co-operation between developed and developing countries, UNIDO should play the part of an active intermediary to encourage links in the form of subcontracting, co-production or the setting-up of joint establishments. France was ready to place at the disposal of UNIDO the experience it had gained in the matter of industrial development assistance.

The meeting rose at 1.30 p.m.





28.3.74