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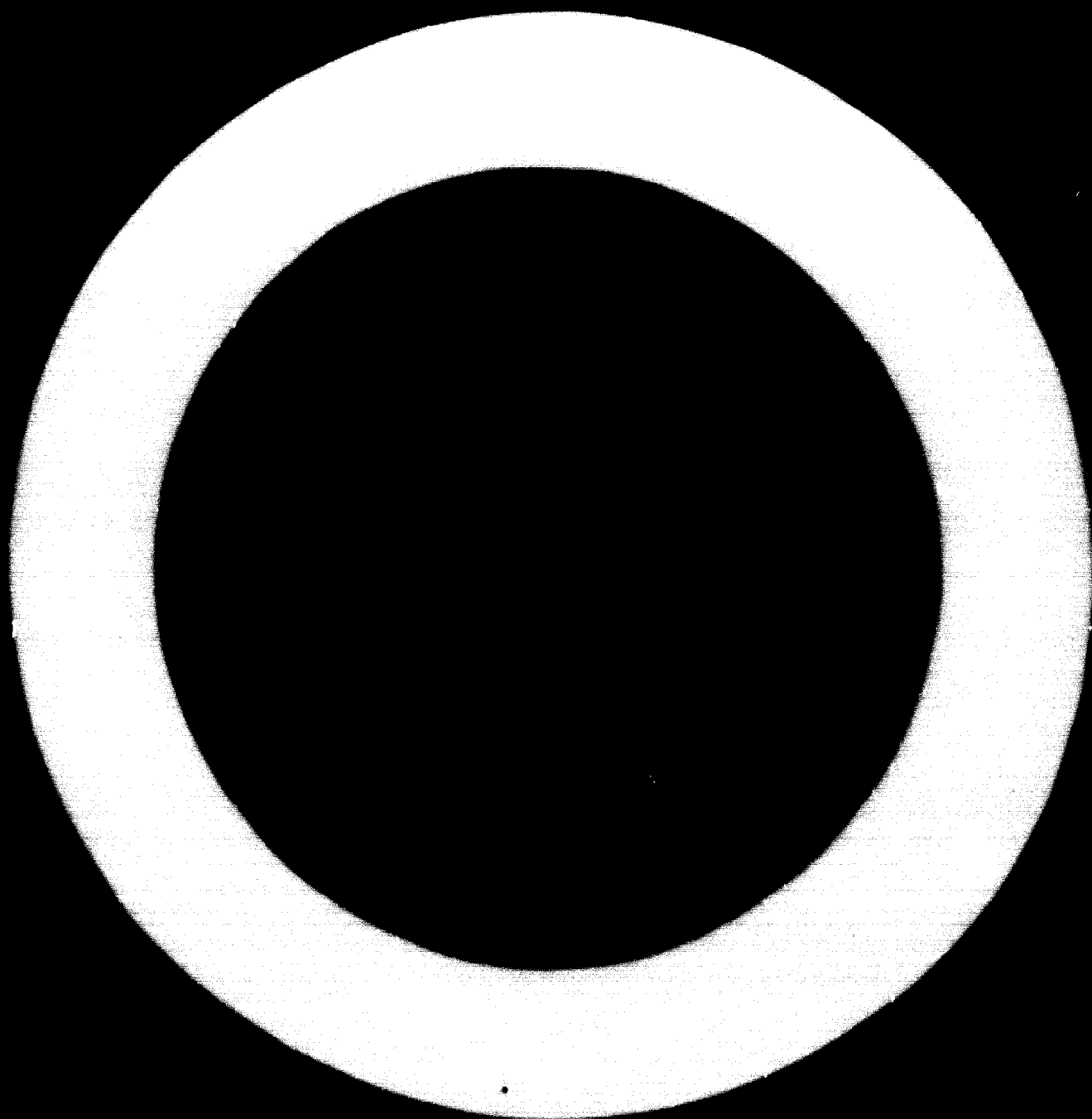
## Industrial Development Board

Sixth Session

Vienna, 23 May - 2 June 1972

Agenda item 5a and 5c \*

# REPORT ON THE PROGRAMME OF SPECIAL INDUSTRIAL SERVICES



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Introduction

The present document was prepared before the end of 1971, prior to certain important procedural developments affecting the SIS programme (including UNDP instructions<sup>1/</sup> to the UNDP Resident Representative and the convening of the UNDP/UNIDO Intergovernmental Committee established by the General Assembly in resolution 2823(XXVI)). The implications of these developments for the SIS programme and for the functions and activities of UNIDO are therefore not described in this document.

<sup>1/</sup> DP/CM/Field 219/Add.3, dated 30 December 1971.

### Introduction

1. The present document contains a brief report on the status of the Special Industrial Services (SIS) programme in 1971, including its finances; an assessment of the activities under this programme since its inception; and a report on the progress achieved in the implementation of resolution 30(V) of the Industrial Development Board.

### Status of the programme

2. In 1971 the SIS programme maintained the rate of growth that it has registered continuously since 1966. The annual number of requests has almost doubled; from 248 in 1967 to 461 in 1971. Table 1 below shows the annual number of requests received and projects approved for the period 1966 to 1971.

Table 1

Number of requests received and projects approved

<u>Year</u>	<u>Requests received<sup>a/</sup></u>	<u>Projects approved</u>
1966	77	38
1967	248	153
1968	237	132
1969	345	197
1970	444	297
1971	461	339
* Total	<u>1,212</u>	<u>1,156</u>

<sup>a/</sup> Approximately one third of the requests received did not result in approved SIS projects, for a number of requests appraised by UNIDO and/or UNDP were found not to qualify for SIS financing; following consultations with Governments, these requests were directed towards other technical assistance programmes or cancelled.

3. In terms of approved projects, the SIS programme registered a similar rate of growth, with \$1.6 million worth of projects approved in 1971 as compared to \$2.6 million in 1967. Tables 2 and 3 below give the annual and cumulative value of approved projects under the SIS programme for the period 1966 to 1971. As a result of experience gained during the past years and of special measures taken to improve the implementation of SIS projects, including an increased resort to subcontracting, the annual rate of expenditures has grown from \$0.5 million in 1967 to \$1.1 million in 1971. (In comparing the value of expenditures with that of approvals, allowance should be made for projects approved in the latter part of 1971 but unlikely to be implemented that year as well as for projects under various stages of implementation for which no expenditures or only partial expenditures have been reported.)

**Table 2**  
**Value of approved SIS projects, 1966 to 1971a**  
**(in US dollars)**

	1966		1967		1968		1969		1970		1971	
	Value of approved projects	Cumulative value of the projects	Value of approved projects	Cumulative value of the projects	Value of approved projects	Cumulative value of the projects	Value of approved projects	Cumulative value of the projects	Value of approved projects	Cumulative value of the projects	Value of approved projects	Cumulative value of the projects
January	-	25,000	477,180	91,470	3,024,235	287,636	4,931,121	192,634	1,731,335	447,400	1,731,335	
February	-	311,275	789,415	34,800	3,091,115	127,900	4,997,671	305,900	3,003,290	592,080	3,435,370	
March	-	201,750	990,165	162,600	3,482,235	227,870	5,012,621	437,400	3,476,085	473,980	3,770,065	
April	-	51,650	1,071,815	158,000	3,574,535	300,750	5,305,781	303,450	3,784,535	289,760	3,997,041	
May	1,000	56,650	1,129,465	142,500	3,651,835	345,700	5,221,281	302,800	3,901,259	274,175	4,175,434	
June	18,125	306,350	1,253,835	229,100	3,804,135	301,800	5,380,181	332,824	4,234,083	511,615	4,745,698	
July	25,000	324,350	1,282,175	244,150	3,266,135	285,300	5,117,241	332,100	4,566,183	421,385	4,967,628	
August	1,000	111,800	1,407,775	63,800	3,331,135	158,250	5,286,291	241,300	4,807,483	352,800	5,160,283	
September	100	250,000	1,407,875	107,200	4,331,135	332,500	5,325,791	246,800	5,054,283	422,640	5,477,923	
October	100	140,400	1,407,975	222,200	4,551,235	666,000	5,001,241	472,000	5,526,283	625,430	5,631,713	
November	100	225,000	1,408,075	301,800	5,301,235	382,800	5,384,041	431,350	5,957,633	453,300	6,410,933	
December	100	271,200	1,408,275	358,000	5,659,235	354,800	5,738,841	245,100	6,202,733	1,000,000	7,202,733	
<b>Total</b>	<b>3,200</b>	<b>1,408,275</b>	<b>1,408,275</b>	<b>3,200</b>	<b>1,408,275</b>	<b>3,200</b>	<b>1,408,275</b>	<b>3,200</b>	<b>1,408,275</b>	<b>3,200</b>	<b>1,408,275</b>	

a. Includes approved projects and cancelled projects.

b. Includes approved projects and cancelled projects.

Table 3

Cumulative value of approved SIS projects and  
annual and cumulative expenditures  
(in US dollars)

<u>Year</u>	<u>Expenditures<sup>a/</sup></u>		<u>Approved projects cumulative value</u>
	<u>annual</u>	<u>cumulative</u>	
1966	53,313	-	449,140
1967	433,026	541,846	2,951,785
1968	944,433	1,486,329	4,768,485
1969	1,994,572	3,480,901	7,533,701
1970	2,937,062	6,417,963	12,417,689
1971	4,434,900	10,852,863	17,399,898

<sup>a/</sup> As recording of expenditures takes place after payment of the assistance delivered, it should be noted that the amount of expenditures reflects completed projects. The difference between the value of approved projects and expenditures represents projects at various stages of implementation.

4. The type and nature of the projects financed under the SIS programme are discussed in detail in the general assessment of the programme (paras. 8-19 below). In 1971, about two thirds of the projects were, as previously, in the form of direct advisory assistance related to specific industrial enterprises or to development policies and problems; the remainder covered exploratory and pre-feasibility missions, which often led to projects financed from other sources. In all, the 1971 SIS programme comprised the services of 328 experts, recruited individually or through subcontracting with consulting firms, and 94 UNIDO staff engaged mostly in exploratory missions.

5. The share of the regions in SIS projects financed in 1971 was as follows: Africa, 37.2 per cent; Asia and the Far East, 26.3 per cent; the Americas, 17.9 per cent; and Europe and the Middle East, 18.6 per cent. This distribution is comparable to that of the technical assistance activities executed by UNIDO and financed from UNDP sources. Table 4 below gives a breakdown, by regions, of the value of approved SIS projects in 1971.

Table 4

Distribution of SIS projects by regions (1971)

<u>Region</u>	<u>Value of approved projects (US\$)</u>	<u>Percentage of total</u>
Africa	2,083,011	37.2
The Americas	1,004,400	17.9
Asia and the Far East	1,411,853	26.3
Europe and the Middle East	1,035,179	18.6
Total	<u>5,534,243</u>	<u>100.0</u>



Financial status of the programme

6. The SIS programme was initially financed from a trust fund established by voluntary contributions from member States and placed under the custody of the Secretary-General. This trust fund received a total of \$9.1 million in the period 1967 to 1969. No new contributions were pledged in the succeeding years, and as of 31 December 1971, an uncommitted balance of only \$467,957 remained in the trust fund. Table 5 below gives the status of the SIS trust Fund as of 31 December 1971.

Table 5

Financial status of SIS trust fund as of 31 December 1971

<u>Resources available</u>	<u>US\$</u>
Funds pledged	9,157,251
Investment increase	<u>719,569</u>
	9,876,820
<u>Programme value</u>	
Cumulative value of approved projects	8,195,920
Overhead costs	<u>1,212,943</u>
	9,408,863
<u>Balance</u>	<u>467,957</u>

7. With the trust fund unreplenished by new contributions, measures became necessary in 1969 to ensure the continuity of the programme. An arrangement was worked out therefore between UNIDO and UNDP for the provision within the 1970 UNDP revolving fund<sup>2/</sup> of an expenditure target of approximately \$2.0 million, with a programming level of \$4.0 million, for SIS projects. In view of the time lag between the approval of a project and actual expenditure, this arrangement satisfied the needs of the programme in 1970. Experience gained in 1971, however, indicates that a careful examination of both the planning level and the expenditure target is necessary since the value of projects approved in 1971 amounted to \$5.6 million, of which \$5.2 million were covered by the UNDP revolving fund and \$0.4 million by the trust fund. Actual expenditures in 1971 amounted to \$4.4 million, of which \$2.5 million were drawn from the revolving fund and \$1.9 million from the trust fund. Sufficient funds must be made available in 1972 to pay for the implementation of approved projects, the value of which will definitely exceed the \$2.0 million level. This problem was one of the subjects of the Industrial Development Board resolution 30(V) and is further considered in the present document in connexion with the report of the progress achieved in the implementation of that resolution (paras. 30 - 35).

<sup>2/</sup> Succeeded by the "Programme Fund" as of 1 January 1972.

Assessment of the programme

8. One of the main reasons for establishing the SIS programme was to enable UNIDO to meet the urgent and specific needs for assistance in the industrial sector of the developing countries. Such assistance in the financing and implementation of industrial projects called for a more flexible approach than the one provided for in the conventional procedures for long-term assistance. These procedures continue to be the basis for programming multilateral technical assistance. In view of the dynamic evolution in industry, it is essential that a wide range of services be readily available to Governments for the implementation of projects in the manufacturing field after initial feasibility studies have been completed but before the necessary capital investment has been secured. This intermediate stage in the development of industrial projects requires specific skills and technical knowledge, for the work done at this stage makes a critical impact on the subsequent implementation of the project and on the maximum utilization of the financial investment. It is evident, therefore, that such assistance must be flexible, rapid and readily adaptable to the specific needs of the project. These attributes are all too often inconsistent with the procedures that apply to most of the conventional technical assistance projects.

9. Assistance rendered through SIS projects can be classified in four broad categories:

- Assistance in the post-feasibility stages of projects up to the financing stage;
- Assistance in the improvement and rehabilitation of industrial plants and enterprises;
- Exploratory missions; and
- Assistance in industrial project preparation and implementation.

Assistance in the post-feasibility stages of projects up to the financing stage

10. An examination of the 1,156 SIS projects approved since the inception of the programme indicates that 425 projects, with a total value of nearly \$8.0 million, were related to assistance in the post-feasibility stages of industrial development projects, before appropriate financing had been secured for the industrial projects. The scope, objectives and magnitude of the SIS projects in this category vary from region to region and from country to country, reflecting the complexity and variety of conditions existing in the different countries and underlining the flexibility required for this kind of technical assistance.

11. There are a number of examples illustrating the various aspects involved in this particular type of SIS project. At short notice a team of consultants was requested to evaluate the technical aspects of several bids submitted for the establishment and construction of a large fertilizer complex. Another SIS project called for assistance in the formulation of specific recommendations with regard to the establishment of a vegetable processing plant for domestic and export markets; the plant was to provide savings and earnings of foreign exchange and, at the same time, to help to improve the diet of the indigenous population. Yet another SIS project was for an examination of the various aspects of a major steel industry, prior to the Government's undertaking a large-scale expansion of this sector with varying ramifications for other sectors of industry. As part of a large subregional development scheme, SIS assistance was requested in assessing the feasibility of establishing a ferro-alloy industry, utilizing electric power from

a hydro-electric power development project that was to start operations in the near future. In the development of an industrial project for the production of ferro-vanadium, a number of trial tests were required that could not be carried out by the national laboratories of the country concerned; thus SIS assistance was requested in this project.

12. The larger projects within this category of SIS projects have been, and are being, implemented primarily by consulting firms, for in most instances a combination of skills is required to make the corresponding studies and assessments. For the smaller projects, individual experts and consultants generally suffice.

Assistance in the improvement and rehabilitation of industrial plants and enterprises

13. The second largest category of SIS projects, with a total of 319 at a value of \$6.7 million, are the projects related to direct assistance in the improvement and rehabilitation of industrial plants and enterprises. A variety of expert services are rendered under this general heading; specialists are provided for brief periods during the formative stages of an industrial development project and to correct deficiencies in specific plants or sectors of the industry.

14. Projects of this type take the form of advice on technological problems and on problems of management, marketing and promotion. For example, a team of experts was requested by one country for a six-month period to organize maintenance and repair services in a number of industries and to adapt workshops to the production of spare parts for pumps and for agricultural, power-generating and food-processing equipment. In another instance, assistance was requested to improve the services of an industrial development institute; the goal was achieved by having UNIDO experts undertake jointly with national trainee consultants direct consultancy assignments. The trainee consultants received on-the-job advice and guidance on consultancy procedures and on managerial techniques for industrial enterprises. Another example of this type of SIS project is the assistance provided for six months by a team of consultants who recommended measures to improve certain industries; among the measures recommended by the team were the introduction of improved cost analysis and production control, the identification of engineering problems faced by various industrial enterprises, and a review of the potential market for the products of the industries in question.

15. At the plant level, assistance was provided through an SIS project in improving production methods in a footwear industry through the introduction of modern technology and equipment; a paper mill was also made more efficient as the result of SIS assistance in solving certain technical problems, making recommendations on needed additional equipment and further training of the operating personnel. At the policy level, SIS assistance was rendered to a national industrial development finance company to improve the company's operations for promoting the participation of the private sector in the implementation of the national five-year plan. A national industrial management institute requested practical problem-solving consultations at the plant level coupled with a training programme for the national consultants team in order to upgrade its consultancy services and to introduce more sophisticated and up-to-date techniques. Another mission was requested to provide a ministry of industry with high-level advice on industrial policy matters. These types of projects are generally carried out by short-term experts, consulting firms or, in some instances, by staff members detached for short periods from UNIDO headquarters.

#### Exploratory missions

14. The first category of SIS projects, exploratory missions, with a value of \$4.2 million, comprises 10 per cent of the total. These projects are generally very small in size, usually involving a period of one to three months, and are often initiated by the Government. They are usually initiated by the Government after consultation with the relevant agencies, and are often initiated by the Government.

15. The duration of the SIS projects in this category of exploratory missions is considerably lower, in relation to the number of projects, than that of the other two categories. There are two reasons for this phenomenon: the brief duration of missions of this type, normally one to twelve weeks; and the utilization of UNIDO staff for the shorter term missions (only in exceptional cases are consulting firms employed for missions of this type).

16. Among the examples of this type of SIS project is the assistance provided in assessing new export opportunities resulting from the introduction of the generalized system of preferences; this assistance took the form of a joint UNIDO/UNCTAD/GATT mission that advised on several aspects of industrial production, product adaptation and appropriate marketing and trade measures. Assistance was provided by an SIS mission in improving food packaging to make the food products more attractive for export and for tourist consumption. Another exploratory mission, with a duration of one month, advised on the possibility of establishing an industrial promotion centre and on the preparation of an industrial investment promotion handbook as an extension of the services rendered by a national investment board. A further example of this type of project is an exploratory mission that was requested to examine the possibility of, and need for, establishing a development centre for metalworking industries to assist in the development of the local toolmaking industry.

#### Assistance in industrial project preparation and implementation

19. The fourth category of SIS projects relates to assistance in industrial project preparation and implementation; of the 1,190 projects processed under SIS, 140, with a total cumulative value of nearly \$1.4 million, fall under this category. For projects already assessed by Governments, assistance is often required in making a detailed project formulation and in implementing various phases of the projects. For example, after a positive feasibility study on the establishment of a petrochemical complex, the Government requested assistance in the formulation of tender specifications and advice on the various steps of financing. Assistance was also rendered under SIS in establishing a foundry and a mechanical workshop. Another project within this category consisted of assistance in the establishment of a pilot test station for export quality control. In connexion with the preparation of an industrial development plan, the Government of another country requested immediate advice on specific aspects of industry. Another Government requested urgent assistance in the implementation of a major development programme for the manufacturing industries; the Government asked for special advice in industrial sectors where skilled national personnel were not available but where conditions were favourable for the promotion of industries that would considerably strengthen the country's economy. Through this type of SIS project, assistance was provided in the preparation, within the Government's promotion efforts, of a subcontracting programme for small-scale industries. Under the SIS programme, a mission prepared a major development project for the industrialization of an underdeveloped region; this project led to a UNDP SF project that is already showing fruitful results.

Summary

20. Within the context of the present report, the following information on the progress of the programme can be given, together with a brief description of the main activities. The programme is detailed in and below provide further details. The programme has been operating since its inception in 1966 to the end of 1971. An evaluation of the programme is being conducted to close scrutiny. The SIS programme has been an important part of the framework of its objectives, which, as is apparent from the foregoing analysis, have remained unchanged.

Table 6  
Distribution of SIS projects by groups of activities:  
(annual total number of approved projects)

<u>Groups of activities</u>	<u>1966</u>	<u>1967</u>	<u>1968</u>	<u>1969</u>	<u>1970</u>	<u>1971</u>	<u>Total</u>
1. Engineering industries	3	10	8	27	51	51	150
2. Metallurgical industries	7	14	11	17	38	38	115
3. Construction and building materials industries	-	10	5	7	14	16	52
4. Chemical, pharmaceutical and pulp and paper industries	6	16	1	21	34	17	95
5. Fertilizer, pesticide and petrochemical industries	3	14	10	19	16	25	87
6. Light industries	2	36	44	35	53	68	238
7. Industrial administration	-	1	1	-	-	3	5
8. Industrial institutions	-	5	5	5	5	13	33
9. Industrial information	-	-	1	1	5	4	11
10. Industrial management and consulting services	5	11	10	20	7	15	68
11. Small-scale industry and related activities	3	10	12	12	9	9	55
12. Industrial programming, project planning and policies	7	15	13	12	11	24	82
13. Industrial financing and investment promotion	1	5	7	5	15	22	55
14. Promotion of export-oriented industries	1	3	-	6	13	26	49
15. Industrial surveys and studies	-	1	2	8	8	2	21
16. Industrial training	-	2	1	-	3	3	9
17. Industrial branch reports and across-the-board techniques	-	-	1	2	15	11	29
<b>TOTAL</b>	<u>38</u>	<u>153</u>	<u>132</u>	<u>197</u>	<u>297</u>	<u>331</u>	<u>1,146</u>

Table 7  
Type and value of approved projects, by regions  
(in US dollars)

<u>Type of projects</u>	<u>No. of projects</u>	<u>Africa</u>	<u>Americas</u>	<u>Asia and the Far East</u>	<u>Europe and the Middle East</u>	<u>Interregional</u>	<u>Total</u>
Assistance in the post- feasibility stage of projects up to the financing stage	425	2,519,100	2,243,700	1,968,442	938,700	272,000	7,941,942
Assistance in the improvement and rehabilitation of indus- trial plants and enterprises	319	2,278,585	1,089,350	1,242,750	2,025,000	1,000,000	7,635,685
Exploratory missions	235	304,475	116,150	189,971	84,955	1,000,000	2,705,551
Assistance in industrial project preparation and implementation	140	560,315	103,000	315,535	574,740	-	1,453,590
Others	<u>37</u>	<u>311,650</u>	<u>52,200</u>	<u>139,300</u>	<u>59,000</u>	<u>130,850</u>	<u>692,000</u>
<b>TOTAL</b>	<u>1,156</u>	<u>5,974,325</u>	<u>3,604,400</u>	<u>3,855,993</u>	<u>3,476,945</u>	<u>488,240</u>	<u>17,376,903</u>

21. The institution of long-term technical programmes, the development of which is the main objective of the SIS programme, has indeed undermined it. The countries are unable to plan their countries' future needs for several years; they are unable to make a realistic assessment of their needs necessary in order to meet the needs outside the countries' approved development plans, and their committed indicative planning figures. Although the countries programme provides for annual reviews, the speed and frequency with which new developments occur in the field of industry underline the difficulty of forecasting and planning the type of relevant technical assistance projects that have been included in the SIS programme; this fact is borne out by the country programmes that have been completed. Short-term assistance and the kind of trouble-shooting projects included in the SIS programme are not reflected in the country programmes.

22. A breakdown of SIS projects from 1966 to 1971 by the various UNIDO groups of activities is contained in table 6 above. This breakdown shows a preponderance (about two thirds of the total number) of projects within the groups of the Industrial Technology Division. The remaining one third of the SIS projects were carried out in such areas as project preparation, management problems, expert promotion, financing and matters relating to small-scale industries. This distribution of the SIS projects indicates that in industry, particularly in the developing countries that have reached a higher stage of industrialization, specific short-term technical aid, as and when the need arises, is essential. Although this is quite distinct from the importance of long-term developmental assistance, experience has shown the need for short-term advice at different stages of the long-term development inputs.

23. The importance of the type of assistance that is provided to developing countries under the SIS programme was stressed by the Industrial Development Field Advisers who were requested to provide the UNIDO secretariat with their own assessment of the programme, on the basis of their field experience. They generally agreed that SIS projects of short duration (less than six months and preferably not longer than three) have proved highly successful and have met urgent development needs not otherwise provided for within the present UNDP programmes.

24. With regard to certain procedural aspects of the SIS programme, there is still room for improvement, particularly in respect of the time lag between request and delivery, despite the recent improvements in the situation. The problem has two components: one is the procedure for approval of requests; the other is the procedure for recruitment.

25. The joint UNIDO/UNDP administration of the SIS programme has, on the whole, been a satisfactory and successful arrangement. The decentralization resulting from the reorganization of UNDP and the setting up of the regional Bureaux have contributed further to the success of the present arrangements for administering the SIS programme. Nevertheless, an analysis of the time required for approval of requests by UNDP indicates that improvements are needed here also. One of the reasons for delays is that SIS requests are often subjected by UNDP to appraisal procedures similar to those employed for long-term projects.

26. A problem affecting the implementation of all technical assistance projects, including those carried out under the SIS programme, is the delay encountered in the recruitment of experts. In order to improve this situation, UNIDO began resorting more than a year ago to sub-contracting

25. The...  
with...  
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27. In... of a major and complex nature, as against... tive arrangements for increasing the number of projects implemented... being made by the UNIDO secretariat.

28. Recruitment of individual experts has also improved, for... recruitment responsibility from United Nations headquarters in New York... In 1971, 422 specialists served in the field on IIB projects as compared to... While the secretariat is endeavouring to accelerate the process of recruitment, there are still difficulties resulting from the time needed by recipient Governments to approve the candidates.

29. The efforts to accelerate implementation are already bearing fruit as is evidenced not only in the increase in the number of projects implemented but also in the higher rate of projects implemented as against those approved (cf. table 3).

#### Implementation of IDB resolution 30(V)

30. At its fifth session, the Industrial Development Board adopted resolution 30(V), pertaining to the programme of Special Industrial Services. In operative paragraphs 2 and 3, the Board:

"Requests the Governing Council of the United Nations Development Programme to increase, under expenditures for 1971, the amount of the resources already granted to the Special Industrial Services programme at its eighth session, in order to make it possible to meet the increased needs of the developing countries, which are demonstrated by the constantly growing number of requests;

"Requests the United Nations Industrial Development Organization and the United Nations Development Programme, respectively, to make a constant effort to accelerate both the examination of these requests and the relevant approval procedures."

31. In operative paragraph 4 of the same resolution, the Executive Director was requested "to transmit the present resolution to the Governing Council of the United Nations Development Programme at its twelfth session and to report to the Industrial Development Board at its sixth session on the progress achieved in the implementation of this resolution".

32. As requested by the Board, the Executive Director transmitted to the Administrator of UNDP on 15 June 1971 the text of IDB resolution 30(V) as well as a copy of the Summary Records of the 113th meeting of the Board, at which the discussion of the resolution took place. The subject came up for discussion at the twelfth session (7-23 June 1971) of the UNDP Governing Council under item 4 of the agenda, pertaining to the Administrator's report on the activities of the United Nations Development Programme in 1970.



"... The Assistant Administrator in charge of the Bureau for Programme Co-ordination informed the Council that the Administration would have no difficulty in responding to additional requests for assistance under the SIS programme when they were received. Requests under SIS were being financed out of the programme reserve, and the Administration saw no reason for concern especially in the light of the level of expenditures in this programme. Some of the requests initially financed under SIS could be expected, in due course, to lead to projects which would be appropriate for financing within the indicative planning figures."

"34. The Assistant Administrator in charge of the Bureau for Programme Co-ordination informed the Council that the Administration would have no difficulty in responding to additional requests for assistance under the SIS programme when they were received. Requests under SIS were being financed out of the programme reserve, and the Administration saw no reason for concern especially in the light of the level of expenditures in this programme. Some of the requests initially financed under SIS could be expected, in due course, to lead to projects which would be appropriate for financing within the indicative planning figures."

34. At the conclusion of these discussions, the Governing Council:

"took note, with appreciation ... of the resolution adopted by the Industrial Development Board at its fifth session ... and the statement of the Assistant Administrator in charge of the Bureau for Programme Co-ordination referring to the support UNDP had provided, and would continue to provide, to the programme of Special Industrial Services".<sup>4/</sup>

35. This action of the Governing Council of UNDP notwithstanding, the Executive Director submits for the Board's consideration the need for an upward revision of the present \$2.0 million expenditure level to adjust it to the planning level of \$4.0 million from the UNDP programme reserve for the SIS programme. The need for additional resources is supported by the performance record in approval and implementation of the SIS programme in 1971 and especially as the original SIS trust fund is exhausted, making UNIDO completely dependent on the UNDP programme reserve for the funding of the SIS programme.

<sup>3/</sup> Document E/5043/Rev.1.

<sup>4/</sup> Document E/5043/Rev.1, para.158.



**17.7.74**