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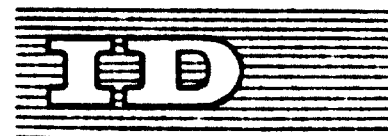
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## Industrial Development Board

Sixth Session

Vienna, 23 May - 2 June 1972

### SUMMARY RECORD OF THE ONE HUNDRED AND NINETEENTH MEETING

Held at the Neue Hofburg, Vienna,  
on Wednesday, 24 May 1972, at 10 a.m.

President: Mr. BRILLANTES (Philippines)  
Rapporteur: Mr. HAWISA (Libyan Arab Republic)

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We regret that some of the pages in the microfiche copy of this report may not be up to the proper legibility standards, even though the best possible copy was used for preparing the master fiche.

## GENERAL DEBATE (continued)

1. Mr. HESSEL (United Nations Development Programme), speaking upon the invitation of the President, conveyed the greetings of the Administrator of UNDP and expressed his conviction that UNIDO, working in close co-operation with other members of the United Nations family and with the firm support of UNDP, would meet even more effectively the needs of partner countries. The problem was not simply to increase multilateral inputs but to improve methods, upgrade the quality of staff and discover new ways of helping the developing countries to achieve harmonious and well co-ordinated forms of industrialization. The difficulty of that task explained the divergences of views that had recently become apparent between supporters of an effective technical assistance programme in the field of industrialization. Fortunately the Ad Hoc Committee on Co-operation between UNDP and UNIDO had been able to reconcile those views and consultations had subsequently been held with a view to clarifying methods, seeking well-defined objectives and speeding up procedures.
2. The need for new and joint thinking was clearly felt in the shaping and implementing of country programmes, of which 19 had been approved by January 1972 and 16 more prepared. Altogether it would take nearly three years to accomplish the necessary work in all the countries concerned. Subsequently, it would prove possible to judge the specific contribution made by the industrial field advisers, of whom 23 had been appointed and seven more were budgeted for. He hoped that they would be carefully selected and well prepared.
3. UNDP had interpreted its basic texts as putting very strong emphasis on country programming, not as a means of enforcing any sort of authoritarian control on the part of its resident representatives, but as the best available way of integrating, within a sound and thoughtful strategy laid down by each Government, all inputs of technical assistance and preinvestment and of relating them to investment potentialities, social and political objectives and the effective mobilization of national resources. Perhaps that explained why some UNIDO officials had felt that the SIS programme, funded by UNDP, had not been treated with as much optimism and flexibility as they considered necessary. He wished to assure them that such an erroneous interpretation must be dispelled once and for all. The SIS programme, for which UNDP shared the technical responsibility and which was financed from the Programme Reserve (i.e. outside the indicative planning

figures), appeared to UNDP a most welcome complement to the forms of assistance that could be incorporated within country programmes. Its purposes and characteristics had been described in guidelines which went into greater detail than the more general principles noted by the Executive Director, but which conformed with the same basic philosophy. Without such clear definition, several serious dangers would arise.

4. First, countries might be encouraged to draw on the SIS programme for projects which should and could be more meaningfully correlated within their country programme. Second, an increasing number of loosely formulated requests might be made, which would be difficult to appraise and implement, thus creating a sense of unfulfilled expectations which would jeopardize the programme's reputation and place an undue strain on expertise available through UNIDO. Third, a level of expenditure might be reached in excess of UNDP's available resources. Out of the \$9 million Programme Reserve, the Administrator was instructed to finance not only the SIS programme but country programming missions, assistance in case of natural disasters, special measures for the least developed countries, investment feasibility studies and other unforeseen needs. It would therefore be unrealistic to count on a share of much more than one third of the total. Even with such unavoidable financial constraints, he was convinced that all the kinds of service for which SIS had been set up could be rendered with the minimum loss of time.

5. The UNDP officials attending the sixth session had received instructions to examine most thoroughly both approved and pipeline requests, to single out the more promising ones, and to study the problem of priority projects which had lost their validity because of the difficulty of finding experts quickly enough, with a view to releasing resources for newer, more urgent projects. They would also jointly set up procedures for the future appraisal of such requests, cutting out superfluous paper work and focusing on efficiency.

6. He wished to stress once again the concept of quality. The amounts of money spent and the number of meetings held or of experts supplied were no substitute for the provision of the right kind of assistance, proper follow-up measures and the selection of more highly qualified experts. The Administrator was determined to strengthen UNDP's potential and to control delivery through the joint efforts of all concerned.

7. Those considerations applied particularly to the 25 countries singled out by the General Assembly as being the least developed. With proper support from its Governing Council, UNDP intended to offer them a new approach to programming, aimed directly at overcoming the most serious bottlenecks which handicapped their development strategies, and to enlist more systematically than before the support of the international community. UNIDO was bound to play a major role in that effort. The most severe limitations were the lack of first-class experts and project formulators and managers, as well as limited resources. The same was particularly true of interregional and regional projects, and he shared the concern expressed by the Executive Director over the fate of several of the inter-country projects formulated by UNIDO. The final choice, of course, was made by Governments and he was pleased to note an increasing ability on their part to select judiciously.

8. Much could be gained from intergovernmental discussions and all looked to the Board and the Group of High-Level Experts for guidance. Nevertheless, their role was to suggest only, never to impose, which was why the exercise in dialogue known as country programming was of such paramount importance in the Second Development Decade.

9. In conclusion he wished to deal with eight points that had arisen in the course of the general debate:

- (a) UNDP would attempt to reinstate rapidly the regional and interregional projects of major importance to UNIDO that had been suspended in 1973-1974 owing to lack of funds.
- (b) The Working Group and several delegations had expressed the view that the level of SIS financing was inadequate; the Administrator agreed that the \$2 million level was too low and in their consultations during the sixth session the UNDP representatives would attempt to arrive at a substantially higher figure to recommend to the Governing Council.
- (c) The Executive Director's suggestion that policy guidelines be drawn up for submission to the General Assembly and that more detailed procedural instructions be sent jointly to the field was a good one. Both were needed and were at present being drafted. He hoped they would be ready before the end of the sixth session.

- (d) The texts should clearly indicate what was meant by joint approval. On all SIS projects UNIDO's views would be taken into consideration, even in the rare cases where another executing agency was selected. For all SIS projects executed by UNIDO no approval would be given by one partner if it was not also given by the other. Each had the right to reject.
- (e) Consultations between the two organizations would continue, thereby dispelling mutual distrust. New modes of industrial assistance would be jointly sought. However, the terms of reference of the intergovernmental Ad Hoc Committee had been fulfilled and there seemed to be no need for other sessions of such an unusual group.
- (f) Certain delegates, and to some extent the Executive Director and the Working Group, had referred to agreed measures which had not been implemented; he wished to say in reply that, while a certain regrettable delay in carrying out the necessary actions had occurred, that had been due purely to the heavy workload involved in preparing Governing Council sessions.
- (g) The Administrator was particularly interested in the imaginative suggestions made in connexion with pilot plants, adaptive technologies, the management of human resources and the fight against underemployment.
- (h) One delegation had stated that for 25 years UNDP had been sending experts to developing countries in order to write reports. On the basis of his own long experience, he wished to testify that the Special Fund, and later UNDP, had been and was one of the major centres in the world for innovative technical assistance. As such, UNDP was a necessary partner for UNIDO.

10. Mr. MAYATEPEK (Turkey) observed that, despite general agreement that world peace depended in great measure on the improvement of the standard of living of the peoples of the developing countries, who accounted for almost two-thirds of the population of the globe, and that industrialization was one of the surest means of securing such improvement, the resources at UNIDO's disposal were still pitifully small in comparison with the role assigned to it. As the representative of a country which was grateful for UNIDO's aid, he earnestly hoped that the Organization would, as rapidly as possible, be provided with the means of accomplishing its noble task.

11. Mr. POMBHEJARA (Thailand) expressed his delegation's satisfaction with the work of UNIDO during the past years, particularly in connexion with its extensive activities in Thailand, which provided the main institutional support for his country's basic objective of increasing its national industrial capability. UNIDO was also involved in industrial policies and programming and had contributed substantially to the industrial portion of Thailand's Third National Economic and Social Development Plan.
12. In his country's industrial economic planning, the State confined itself to policy formulations, investment promotion, industrial services and the management of certain public industrial enterprises, and the actual execution of investment projects was left to the private sector. His Government hoped, therefore, that UNIDO's future assistance to Thailand would not be limited to government agencies, but would also meet the needs of the private sector in projects endorsed by government policies or incorporated in the National Economic and Social Development Plan.
13. Because UNIDO was such an important source of assistance for industrial development in developing countries and such an active point of contact between developing and developed countries, his Government pledged its full support to any steps which could strengthen the Organization. Thailand wished to see UNIDO have more resources at its disposal so that its role as the world's promoter of industrial development could be enlarged, its activities expanded and its effectiveness increased.
14. Industrialization was a long-term process and an ultimate goal for many developing countries. Hence there was every need for an institution like UNIDO to help accelerate the attainment of that goal. It was also essential to ensure that the Organization was enabled to discharge its functions and responsibilities effectively.
15. Mr. BILLNER (Sweden) said that the period of UNIDO's growth as the principal industrial organization of the United Nations had seen events within the United Nations system which were bound to influence UNIDO's activities and structure. He was referring to the adoption of the International Development Strategy and the introduction of the UNDP country programming system. Without wishing to prejudge the findings of the Group of High-Level Experts set up on the recommendation of the Special Conference of UNIDO, he would submit his Government's views concerning the interrelationship between the new country programming procedures and the reorientation of UNIDO's work programme.



16. In essence, country programming implied that the developing countries would be able to direct United Nations assistance towards sectors to which they themselves attached priority, and it was clear that industrialization was high on the list of such priorities. As the Executive Director had pointed out, the implications for UNIDO operations were enormous, and the Organization's response to the challenge would depend on the reorganization of the secretariat and the structure of the supporting activities, as well as on a level of budgetary resources and field staff adequate for the discharge of an operational programme twice the present size. The present budgetary situation of the United Nations was such, however, that whilst UNIDO's operational activities were likely to increase sharply, its administrative capacity would remain virtually unchanged. Indeed, the Working Group on Programme and Co-ordination had expressed concern at the need to use part of the resources of UNIDO's regular budget to backstop operational activities financed by UNDP. The Swedish delegation believed, however, that if some reallocation of resources available for administrative and supporting activities proved necessary in order to secure the immediate objective of a properly and expeditiously executed and greatly increased field programme based on the priorities of the developing countries, that reallocation should take place.

17. His Government therefore believed that consideration should be given to the following possibilities: Firstly, the gradual phasing out of certain supporting activities (in the sphere of publications, seminars, expert meetings, promotional activities, studies, etc.) which, though useful in the long run, were not directly related to the immediate priorities of the developing countries. Secondly, a simultaneous modification of UNIDO's internal structure through the reinforcement of units directly responsible for UNIDO's participation in the country programming exercise and the subsequent implementation of field projects. Thirdly, greater recourse to the procedure of sub-contracting projects outside the Organization, as a means of easing the burden of keeping up to date with the rapid emergence of new concepts and technologies in all sectors of industry.

18. Those were matters which, he felt sure, the Group of High-Level Experts would examine, for - as the Executive Director had stated in paragraph 18 of ID/B/97 (Part I) - it would consider not only the work programme, but also the organization and structure of UNIDO. In that connexion, his delegation awaited with interest the report on

organizational matters which the General Assembly had requested in resolution 2385 (XXVI). Moreover, and although the priorities expressed by the developing countries themselves in country programmes approved by UNDP could - as the Executive Director had pointed out in his statement to the Board - help the expert group to estimate the type and magnitude of future operational activities, there might also be a certain degree of interplay between the ministries concerned and the UNIDO/UNDP representatives when it came to defining appropriate goals and priorities, and hence to defining concrete projects. Industrialization was a complex process which defied any standard pattern, and each country's programme would depend on its particular characteristics and conditions. It was extremely difficult for UNIDO to formulate a stringent, concentrated and action-oriented work programme, and to structure itself to suit that programme. For those very reasons, the programme itself should be basically country-oriented, and flexible enough to meet the various needs of the beneficiary countries.

19. Mr. BOLIN (International Labour Organisation) expressed gratification at the achievements of the United Nations as a whole, and of UNIDO in particular, in the field of industrialization. The Board had indisputably given a new impetus and sense of purpose to the United Nations development effort for industrialization, an area in which the international community, and in particular the developing countries, were entitled to demand ever more vigorous action. The fact that resources were meagre and were becoming in relative terms increasingly so through factors such as cost-inflation and the reluctance of major donors to increase resources while needs grew, strengthened the case for more vigorous and efficient action.

20. There could be only two approaches to the industrialization effort of the United Nations system: one rigid and the other flexible. The rigid approach tended to group together all industrial activities and was tainted with centralism, while the flexible one called for concerted, inter-disciplinary and co-ordinated action. The complexities of industrialization brought into play a host of social, economic and other factors, and there were naturally no ready-made solutions applicable to all situations. When the General Assembly assigned UNIDO the central role of co-ordinating the industrial development activities of the whole United Nations system, it consciously opted for the co-ordinated and concerted approach. Co-ordination and collaboration had been the hall-mark of the United Nations system in all its activities since its inception, and

each organization had a contribution to make. Only by streamlining inputs could outputs be maximized. The centralist approach was counter-productive and self-defeating, being based on one discipline and ignoring experience and expertise acquired elsewhere.

21. The ILO was fully aware that industrialization was and had to be a dynamic process. All development efforts by the United Nations family should be dynamic, and it was only through concerted and co-ordinated action that the United Nations would be able to fulfil its high aims. The ILO was convinced that, in the industrialization process, training in all its aspects should be an important mechanism for the transfer of technological know-how - an area where progress was so fast that unless exceptional measures were taken developing countries would risk falling ever further behind. In that area, the ILO, in partnership with UNIDO, could make a special contribution.

22. The ILO was therefore awaiting with interest the outcome of the deliberations of the Group of High-Level Experts on Long-Range Strategy of UNIDO. Although the Group's work related essentially to UNIDO, he wondered whether it might not have certain repercussions, on account of UNIDO's central co-ordinating role, on the direction taken by the activities of other organizations, including the ILO.

23. At the recent session of the ILO Governing Body, widespread concern had been expressed, especially on the government side, that after so many years no formal agreement on co-operation had been achieved between the ILO and UNIDO. There were generally known to be practical problems with regard to certain industrial operational activities. It had also been asked whether or not there was a tendency to initiate and institutionalize a preferential procedure in the financing of operational activities.

24. He was convinced that there were obvious advantages in concluding a formal agreement. Although the ILO was very open-minded as to the content of such an agreement, it inclined to the view that the accent should be put on joint action, rather than on a rigid and perhaps often false demarcation of areas of competence. With regard to UNDP financing, the ILO would abide by the rules governing participation in the Programme, which were, in the last resort, matters for Governments.

25. The ILO's contributions to the rapid industrial development of the developing countries had been fully outlined in a paper submitted to the 1971 Special Conference. The ILO intended to submit a short paper entitled "The role of the ILO in training national personnel for industrialization" to the next session of the Economic and

Social Council. The ILO was basically concerned with management development and vocational training, but also had special constitutional responsibilities in respect of matters relating to the whole gamut of industrial relations and employment, matters which were becoming of increasing concern to many Governments. The overriding theme of that paper would be to show that the ILO's activities were, in essence, complementary to the long-range objectives of UNIDO's activities. The tendency to isolate the economic aspects of industrialization from its social aspects, and sometimes even set them in opposition to one another, was a false premise. It was not only bad economics; it was also bad politics.

26. The ILO and UNIDO had already been engaged in some joint field activities, despite a few problems of management development and vocational training, particularly regarding repair and maintenance. The ILO/UNIDO Working Party was functioning reasonably satisfactorily, but co-operation still left something to be desired. The ILO considered that it was time to come to grips with such problems.

27. Miss STEEG (Federal Republic of Germany) said that in 1971 the Special International Conference of UNIDO had adopted a consensus resolution containing many recommendations to the General Assembly which were of great significance to UNIDO. The General Assembly had supported those recommendations, many of which required action or study on the part of the Board, and she wished to give the views of her delegation on some of them.

28. One of the most important topics was the need to draw up a long-range strategy for UNIDO's activities during the Second Development Decade. Her delegation had every confidence in the Group of Experts entrusted by the United Nations Secretary-General with that difficult task. The Group's proposals and recommendations should comprise a set of guidelines for the formulation of a long-term work programme of UNIDO in accordance with General Assembly resolution 2152 (XXI).

29. Pending the report of the Group of Experts, her delegation considered that the Board should not go deeper into the subject of the long-range strategy. She hoped that the views concerning UNIDO's long-range priorities expressed by her country's representatives at the 1971 Special International Conference would be taken into consideration by the Group of Experts.

30. UNIDO should place emphasis on assistance for building up export-oriented industries in developing countries, and in particular should help to identify the advantages offered by the Generalized System of Preferences with a view to diversifying the structure of industrial production based on domestic raw materials.

31. She emphasized UNIDO's role in assisting developing countries to make the right choice between the different technologies when setting up a new industry, to adapt existing technologies to the various conditions prevailing in developing countries and to develop appropriate new technologies. As the Executive Director had rightly pointed out in document ID/B/97 (Part I), that complex task was taken care of by almost all sections of the Organization because it was a built-in element of many types of activities, including training, information or institution-building. Her delegation also considered that the promotion of private investment was an appropriate vehicle for the transfer of technology and managerial know-how. It was up to the developing countries to decide whether and under which conditions they were prepared to accept private investment. UNIDO should act only as a neutral intermediary agent for the establishment of contacts and provision of information.

32. On the question of assistance to the least developed countries and the special difficulties they were encountering with regard to industrialization, her delegation considered that UNIDO had an important role to play in helping those countries get off to a more effective start in the industrialization process. UNIDO was already trying to assist those countries, but the programme needed strengthening. Referring to her country's measures to help the hard core of least developed countries by granting bilateral assistance under particularly favourable conditions, she wondered whether UNIDO could not elaborate a set of measures designed especially to meet the needs of those countries. Her delegation considered that the group of experts should pay particular attention to the problem, especially in view of the decision to be taken in the UNDP Governing Council.

33. The most important organizational task confronting the Board was the transformation of its Working Group on Programme and Co-ordination into a permanent committee. In view of the fairly clear guidance of the Special Conference, it should not be too difficult to reach agreement on the matter, but it was important to formulate a clear

mandate in order to provide a definite legal basis for the committee's future work. Her delegation considered it advisable to divide up the work between the two annual sessions of the committee, and hoped that the Board would be able to give clear guidance to the Secretariat concerning the kind of documentation needed.

34. As compared with the former Working Group, the new committee would have two new main functions: periodically evaluating UNIDO's activities, and dealing with UNIDO's activities relating to the application, adaptation and development of technology and the building up of an industrial structure in developing countries. The evaluation exercise should be carefully conceived because it could help UNIDO further improve its effectiveness. Her delegation therefore favoured an evaluation in depth of limited parts of the work programme on a functional or sectoral basis, rather than a superficial evaluation of UNIDO's activities as a whole. With regard to the committee's second new function, her delegation took the view that questions concerning the application and adaptation of technology should be considered at the same time as UNIDO's work programme itself, since very many of UNIDO's activities related to such questions. She emphasized that the establishment of the committee should not lead to an increase in documentation.

35. With regard to the important organizational matter of the next special conference of UNIDO, her delegation sympathized with the view that the conference should be in 1975 rather than 1974 so that it could be thoroughly co-ordinated with the mid-point review of the Second Developing Decade.

36. With regard to the question of giving UNIDO greater administrative flexibility, her delegation was among those which strongly advocated more independence from United Nations Headquarters in administrative matters. She wondered whether any consultations had been held with the Secretary-General and, if so, what was their outcome.

37. In the context of organizational matters, and with regard to the remarks made by the Hungarian delegation concerning the absence of the German Democratic Republic from the Board, she referred to statements made previously concerning the legal situation and added that a substantial step towards détente in Europe had been taken when the parliament of the Federal Republic had voted in favour of the Moscow and Warsaw treaties. Furthermore, her Government was making considerable efforts to find a

modus vivendi with the German Democratic Republic which would allow eventual representation of the two German States in the United Nations. Any attempt to press, at the present moment, the question of participation by the German Democratic Republic in international organizations would contribute neither to those efforts nor to the work of the international organizations concerned.

38. The question of SIS was one of the crucial issues of the current session. Her delegation was extremely concerned at the way in which the problem had been handled in recent months. Unfortunately, the recommendations of the Ad Hoc Committee had not led to a clear-cut set of guidelines agreed between the Administrator of UNDP and the Executive Director of UNIDO. There was little point, however, in the Board formulating guidelines which might well differ from guidelines adopted by the Governing Council of UNDP.

39. The three main problems concerned the scope of the SIS programme, the necessity for simplified procedures, and the volume of financing. With regard to the types of projects eligible for SIS financing, the illustrative examples given in document A/6070/Rev.1 should be supplemented by at least some additional guidelines in order to give the programme a clearer profile, thereby helping the developing countries in the formulation of their requests. In view of the agreement about the principles of country programming, her delegation opposed the financing of such projects, which could easily be included in the respective country programmes, under SIS.

40. If SIS was to become a flexible and effective instrument responsive to urgent needs, the procedures, appraisal, approval and implementation had to be as simple as possible. A serious attempt should be made to identify those phases of project handling in the whole process where, without detriment to efficiency and proper control, time could be saved. If the procedures were more or less the same as normal UNDP procedures for country programming projects, her delegation failed to see the advantages of the SIS programme.

41. The statement just made by the UNDP representative had been very enlightening. Her delegation regarded UNDP's attitude as fairly liberal. Her Government was quite willing to consider carefully any proposals made by developing countries in the Governing Council of UNDP, but the leeway for manoeuvre in relation to the Programme Reserve of US\$9 million, from which SIS funds had to be taken, was obviously limited.

42. UNIDO had made considerable progress since its foundation in the United Nations system, and had built up a sound reputation. UNIDO could fulfil its vast and responsible task only if it was supported by the Governments and industrial communities of all the participating States, regardless of their economic systems. The industrial community in her country was taking a growing interest in the work of UNIDO and becoming increasingly aware of the possibilities for co-operation, a trend which her Government was supporting wherever feasible.

43. Her Government had always adopted a positive attitude towards the Organization and its objectives, and had frequently co-operated successfully with it. Her Government was prepared, subject to parliamentary approval, to offer UNIDO a contribution of around US\$50,000 as starting capital for the establishment of an information system for development banks. The pledge was to be considered in the light of her Government's statement during the last Pledging Conference on UNIDO, when it had indicated its readiness to give financial support to UNIDO for specific projects. Finally, her Government was fully aware of UNIDO's important role in assisting the developing countries in their own efforts to build up a viable industrial sector and would continue to support those efforts.

44. Mr. WECKMANN (Mexico) said that his delegation had studied not only the beneficial effects of the assistance provided by UNIDO for the industrialization of the developing countries, but also the slight discrepancy between its aims and its activities. The Special International Conference convened in June 1971 had made an attempt to evaluate the Organization's work during the first four years of its existence in relation to its fundamental tasks. His own Government was deeply concerned by the fact that UNIDO's purposes were vitiated whenever its activities ceased to be inspired by the need for all countries to enjoy equal access to the benefits of industrialization. It therefore wished to reiterate the belief that in UNIDO's projects, activities designed to promote development must always be in conformity with its underlying political philosophy. It was in that spirit that his own country had always supported United Nations efforts in connexion with the problems of trade and development.

45. It was encouraging to note from the reports that the work programmes for 1971, 1972 and 1973 were based on the policy followed by his own country, in which the process of industrialization was guided by scientific and technological progress, leading to



economic independence. As the Mexican Government had already pointed out, international co-operation in that field did not mean a confrontation between rich and poor countries; the interests of both groups could and should converge. The short-comings in UNIDO's work were entirely due to the great disparity between the developing and the developed countries.

46. It would be desirable for UNIDO to carry out activities designed not only to promote industrialization in the third world, but also to encourage a more healthy growth process among the advanced countries, leading to increased trade with the developing countries. It was also clear that there would be no real transformation of the structures of the latter unless they acquired more capital goods and gave proper attention to their technological potential. Furthermore, his Government took the view that the economic destiny of the third world depended on its ability to adapt modern technology to its natural resources and to the work of its peoples. In addition, the effects of colonialism had to be combated simultaneously in international life and in the domestic sphere. It was high time that an era of genuine international economic co-operation was born. In order to increase the capacity of the developing countries to create, assimilate and adapt technology, the industrialized nations must make a greater effort to finance research programmes and to set up highly specialized centres to solve specific problems of productivity and employment. As the President of Mexico had stated at the recent session of UNCTAD, the most important task facing the international community was to build economies for peace.

47. His Government had been highly satisfied with the Executive Director's visit to Mexico, which had illustrated UNIDO's determination to offer its services to all participating States on an impartial and fair basis. He drew attention to the various projects at present being carried out in his country with UNIDO's assistance, in order to demonstrate the wide diversity and scope of the services that the Organization was called upon to provide. In all cases UNIDO had acted with competence and speed and he trusted that it would continue to assist in the industrialization of participating States on the basis of the latest scientific and technological advances. Countries that lacked the infrastructure needed to develop conventional industries could often apply the most modern technologies, for instance in the case of electronics. It was vital that UNIDO should retain the greatest possible degree of flexibility and autonomy, and should not become a mere appendage of other bodies.

48. Mexico would always support any measures designed to benefit the least developed among developing countries, and already gave preferential treatment, without reciprocity, to certain Latin American countries in that category, as defined by regional international bodies.

49. Finally, his delegation recognized the efforts and progress made by UNIDO over the last few years towards the achievement of balanced industrial growth among the participating States.

50. Mr. SIAZON (Philippines) said that the Board was meeting at the threshold of a new era of international relations, in an atmosphere of hope, where encouraging steps were being taken towards the limitation of points of conflict and the transformation of areas of agreement into fields of active co-operative endeavour.

51. Optimism was, however, not unqualified. If positive steps had been possible in the field of international co-operation because of the abundant goodwill of all concerned, that goodwill was sadly lacking in fervour with regard to one of the most important of man's problems - the problem of economic development.

52. Serious developments, likely to aggravate the financial constraints on economic and industrial development, had recently occurred in a major member of the United Nations family. The attention of the Board was rightly called to the serious inadequacy of financial resources for UNIDO, which had resulted in the cancellation of approved projects for 1972, and which were causing a great deal of uncertainty concerning the programme for 1973 and 1974.

53. Such a situation was ironic in view of the conspicuous affluence which existed in the modern world. It appeared to be mainly due to lack of dedication to the development effort, and to the fact that many countries, despite their adhesion to the United Nations Charter and the decisions of that body and its subsidiary organs, still seemed to consider that the problems of development were marginal and that the alleviation of the misery of the impoverished two-thirds of the human race came second to the maintenance and enhancement of the prosperity of the remaining third.

54. After reiterating his delegation's approval for UNIDO's current work programme, and its view that the greater part of the Organization's resources should be devoted to operational activities, he voiced considerable concern at the present state of the

SIS programme and - in particular - the adverse effects of the UNDP Memorandum of 30 December 1971. As a recipient of SIS assistance, the Philippines highly valued the programme as a dynamic and flexible instrument, particularly suited for specific and unforeseen needs in the field of industry. His Government believed that the UNDP Memorandum should be revoked at the earliest possible date, and that the procedures in effect prior to its issuance should be reinstated until the General Assembly reached a decision based on the recommendations of the Industrial Development Board and the Governing Council of UNDP. Moreover, the Board should request the Governing Council, on the basis of the resolution of the Special Conference of UNIDO, to adjust the present \$2 million expenditure level to the planning level of \$4 million, for the UNDP programme reserve for the SIS programme.

55. The Economic and Social Council in resolution 1621 (LI) and the General Assembly in resolution 2801 (XXVI) had requested UNIDO to conduct a certain number of review activities in connexion with the International Development Strategy and the Second Development Decade. In that connexion, he believed that the Board should undertake a biennial review and a detailed review in 1975 in order to be of meaningful assistance to the Committee for Development Planning in its overall review and appraisal activities. The UNIDO review for the mid-point in the Second Development Decade could best be undertaken by the second general conference of UNIDO, meeting preferably in late 1974 or in the spring of 1975. It was important to leave ample time between the end of the second general conference and the start of the mid-term review of the Committee for Development Planning.

56. Turning to General Assembly resolution 2823 (XXVI) on the report of the Special International Conference of UNIDO, and in particular to the recommendation that the Board at its sixth session set up a permanent committee, he expressed the firm belief that the terms of reference of that committee should be based on paragraph 9 of the consensus resolution of the Special International Conference. It was, however, important to formulate the terms of reference in a manner that would enable the committee to enhance UNIDO's capacity to fulfil its central role in, and be responsible for, reviewing and promoting the co-ordination of all activities of the United Nations system in the field of industrial development, as provided in paragraph 27 of General Assembly resolution 2152 (XXI).

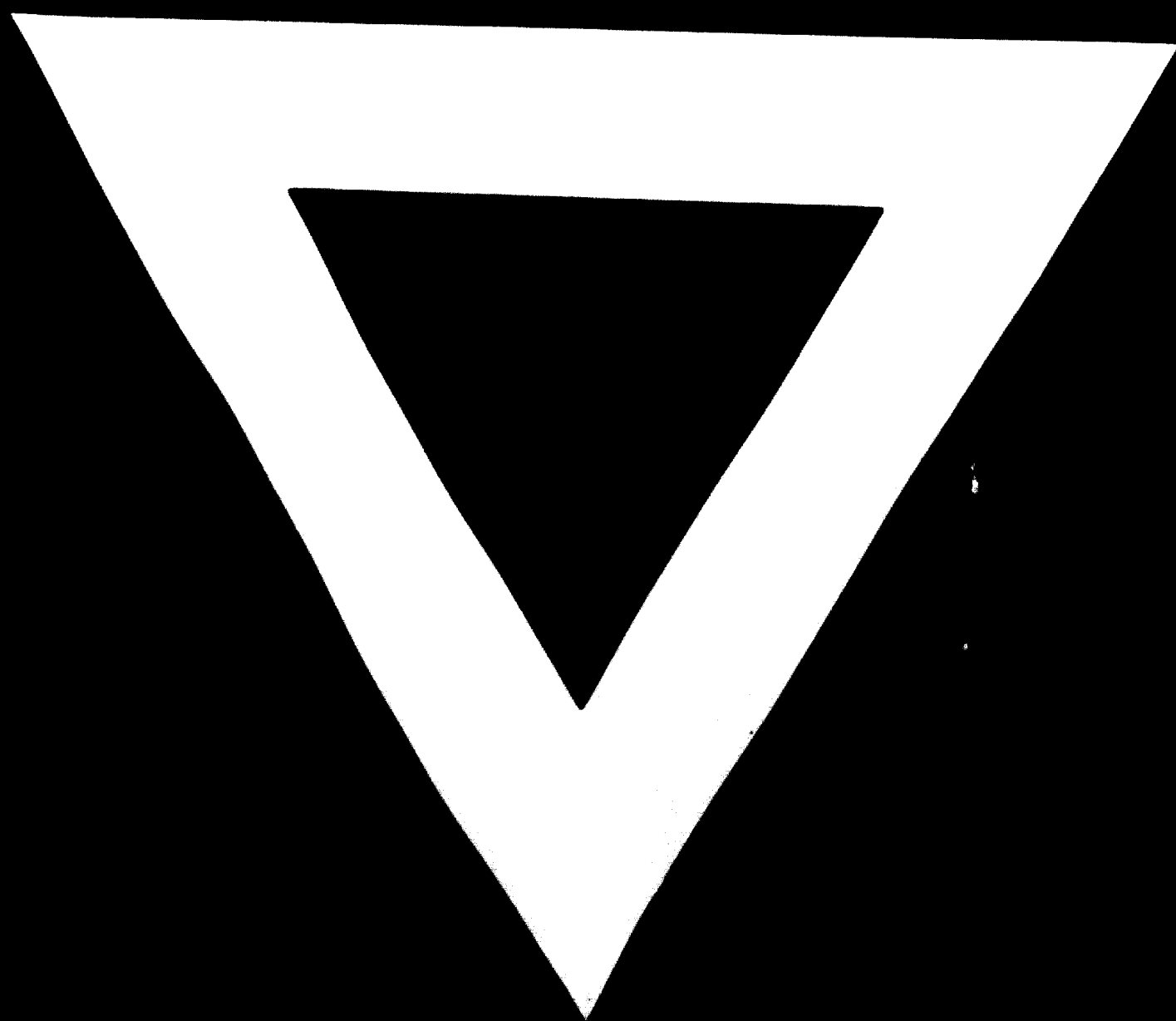
57. The General Assembly, in resolution 2823 (XXVI) had also considered it desirable that UNIDO should have greater autonomy in administrative matters, including the recruitment of personnel and the management of its publications programme. It might be appropriate for the Secretariat to prepare relevant suggestions for the consideration of the Board.

58. The same resolution invited the Executive Director to review the organization and the structure of the Secretariat and to submit appropriate reports and proposals to the Board. The delegation of the Philippines believed that it might be useful as a means of further improving co-operation between the Board and the Secretariat if the Executive Director invited a representative number of members of the Board, chosen by their respective geographical groupings, to participate in that review.

59. In conclusion, he wished to associate his delegation with the views expressed by the representative of Indonesia concerning the extraordinary procedure applied to effect the deletion of paragraph 8 of the consensus resolution of the Special International Conference of UNIDO.

The meeting rose at 12 noon





**19.7.74**