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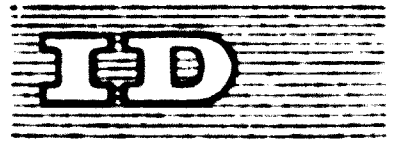
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## Industrial Development Board

Sixth Session

Vienna, 23 May - 2 June 1972

### SUMMARY RECORD OF THE ONE HUNDRED AND TWENTY-FIFTH MEETING

Held at the Neue Hofburg, Vienna  
on Tuesday, 30 May 1972, at 3.55 p.m.

President: Mr. DENIS BARREIRO (Uruguay)

Reporteurs: Mr. ILWISA (Libyan Arab Republic)

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CO-ORDINATION OF ACTIVITIES OF THE UNITED NATIONS SYSTEM IN THE FIELD OF INDUSTRIAL DEVELOPMENT (ID/B/102, ID/B/110, ID/B/112)

1. Mr. SYLVEN (Sweden) observed that the close relationship between UNIDO's work and the other development co-operation activities of the United Nations family rendered co-ordination essential as a means of delineating responsibilities in a steadily widening field of international action. Whilst it welcomed the agreements on co-operation between UNIDO and other organizations, and hoped that such an agreement would be concluded with the ILO, the Swedish delegation wished to point out that the existence of such agreements did not in itself guarantee the necessary co-operation. What was essential was a definition of UNIDO's own long-term strategy. Co-ordination at the field level would doubtless be facilitated by the new country programming procedures, namely, through the resident representatives. Problems of co-ordination could be referred to organs like the Inter-Agency Consultative Board, the Administrative Committee on Co-ordination and the United Nations export promotion programme at the inter-agency level, or to the Committee for Programme and Co-ordination, the Economic and Social Council or the General Assembly at the intergovernmental level. In general, his delegation believed that the co-ordinating role of UNIDO as laid down in General Assembly resolution 2152 (XXI) could best be promoted by a pragmatic approach, specific problems being tackled as and when they arose.

2. Mr. HARS (Hungary) noted with satisfaction the progress made in the execution of UNIDO's co-ordinating role as laid down in General Assembly resolution 2152 (XXI). The co-ordination of field activities was proceeding in a businesslike and constructive manner with the help of field advisers. Consideration should be given to further increasing the number of field advisers and ensuring that they possessed the highest qualifications. The Hungarian National Committee for UNIDO had direct experience of the improvement in co-ordination between UNIDO and the National Committees, and hoped that even closer contacts might be established between those Committees and the UNIDO Secretariat. His delegation favoured an informal exchange of experience between the National Committees, but did not believe that the creation of a permanent secretariat was essential for that purpose.

3. Document ID/B/102 was an excellent report on the co-ordination of United Nations assistance to industrial development, although it revealed a number of weaknesses in the present situation as far as UNIDO itself was concerned. As long as UNIDO had to

content itself with the mere registration of the activities of the different agencies, and with a share of only 15.5 per cent of the total industrial development activities of the United Nations, it could not properly fulfil its co-ordinating role. Whilst it would be excessively ambitious, unrealistic and even harmful to the cause of industrial development in the third world to envisage the assumption by UNIDO of all United Nations activities in the field of industrialization, decisive steps should be taken to enable UNIDO to carry out the role entrusted to it by the General Assembly. Its operational activities should be maintained and enlarged, and set in the context of a streamlined strategy for the industrialization of the developing countries - a strategy which would guide not only the countries concerned but all the interested United Nations agencies, and which would enable UNIDO itself to assume a larger role (covering, for example, not only the processing industries but also the vast field of natural resources) and to make considerable progress in the execution of its original mandate.

4. Mr. HUSSAIN (India) pointed out that in view of the expansion of overall United Nations activities in the field of industrial development, the need for co-ordination, and UNIDO's central responsibility for it, were becoming more and more important. That, however, did not mean the centralization of activities by UNIDO, or the subordination of other organizations to UNIDO. What was required was that the activities of all the bodies concerned should be integrated, always keeping in mind the desired objectives. In order to carry out its role effectively, UNIDO should draw up a set of standards, that would be made available to other organizations working in the industrial field so that they had guidelines to follow in their work. The basic standards or values were already widely accepted: for example, the need for import substitution, the exploitation of local resources, the creation of employment, the use of appropriate technologies, the goal of social justice, and so on.

5. It was also important and necessary to determine the purpose of co-ordinating activities in the field of industrial development, a task which could be entrusted to the Group of High-Level Experts. On the basis of the over-all industrial strategy of the developing countries, the experts could suggest the basic objectives around which the work of co-ordination should be built up.

6. It was likewise essential for UNIDO and the Board to know what were the reactions of the developing countries to the activities of other organizations. The proposed permanent committee could therefore be invited to review the reports of all agencies working in the industrial field and report on them to the Board.

7. The task of the co-ordinator was always difficult, since it was a basic requirement that it should be more efficient than the allied institutions. Consequently UNIDO had to re-structure its administration in order to allow it to carry out its watchdog function, making sure that it was always fully informed of everything that went on in the industrial development field. He hoped that the Executive Director would bear that point in mind when taking up the question of re-organization.

8. Finally, a co-ordinating body must have a central core programme, round which all other programmes revolved. UNIDO should carefully examine the activities of FAO and other bodies to see what specific action it could take to help knit together all their efforts. In other words, UNIDO should attempt to make its own programme the heartbeat of all United Nations industrial activities. Only thus could UNIDO expand the scope of its own activities and fulfil its co-ordinating role.

9. Mr. UNGERER (Federal Republic of Germany) pointed out that UNIDO's central co-ordinating role lay within the framework of the over-all co-ordinating function of the Economic and Social Council. UNIDO had no authority to impose its concepts on other organizations, although many opportunities were available to it for promoting the harmonization of programmes and projects in the industrial field with a view to bringing about a reasonable division of labour. In spite of unavoidable constraints, considerable progress had been made, with regard both to avoiding duplication of work and to bringing about closer co-operation and a more co-ordinated approach within the United Nations system.

10. The documentation presented to the Board, useful as it was, could be further improved. In the view of his delegation, the consolidated report should be maintained in its present form, while the analytical report should concentrate more on indicating the main problems encountered by UNIDO in exercising its central co-ordinating role, particularly as regarded the functioning of the consultation machinery set up under co-operation agreements. It should draw attention to areas where overlapping of work still existed, show where there were gaps in activities and propose measures to fill them. Only a report of that kind would give the Board a clear impression of the effectiveness of UNIDO's role as central co-ordinator, and indicate how even better results could be achieved.

11. Co-ordination machinery was functioning at two levels, at headquarters and in the field. At headquarters, UNIDO had developed a framework of agreements with other United Nations bodies, enabling it to harmonize programmes and projects while they were still in the planning stage. Those agreements could be further extended, and he was pleased to learn that steps had been taken towards closer co-operation with IBRD. His delegation had always advocated such action since it considered that there was ample room for complementary measures of assistance in the industrial field. In many cases where UNIDO was rendering technical assistance and thus preparing the ground for investment, there was a need for follow-up action by institutions that were in a position to provide the financial resources necessary for setting up industrial plants. That was where IBRD and the regional development banks had a role to play. He had also noted with appreciation the understanding reached between UNIDO and the Inter-American Development Bank and hoped that the same measures would be extended to other regional banks, in particular the Asian Development Bank.

12. Co-ordination at the second level took place in the field, and should be facilitated by the new UNDP country programming procedures. Under the new system, the UNDP resident representatives played a central part as far as co-ordination was concerned, although UNIDO's industrial field advisers were expected to ensure that the industrial sector was given its proper place in the country programme, taking into account the priorities established by the recipient country. For that purpose, more field advisers were needed, and he was pleased that the network was to be further extended. In the view of his delegation, 30 field advisers would be able to cover the whole spectrum of activities involved. Having responsibilities in several countries, they could assist co-operation and co-ordination at the regional level, which called for close contacts with the regional economic commissions and the regional advisers.

13. His Government was willing to co-ordinate its bilateral assistance with the projects and programmes of multilateral organizations wherever possible. That intention had been clearly expressed in the development policy for the Second Development Decade which it had approved in February 1971. Several promising examples of that kind of co-operation already existed and it could be extended to UNIDO. Such co-ordination ranged from exchanges of information about plans with a view to avoiding duplication, to close co-operation with particular projects where complementary measures were reasonable and

possible. He invited UNIDO to inaugurate consultations at the working level with the competent authorities and organizations of his country in order to identify areas of mutual interest and to find out what kind of machinery could be established to ensure a gradual intensification of co-ordination. Given the volume of bilateral assistance provided by the Federal Republic of Germany, there was ample room for such co-operation.

14. Beyond the field of technical assistance, there might even be a possibility of co-ordinating his country's bilateral capital aid projects with UNIDO projects. Cases could be imagined where complementary efforts were needed. The Development Financing Institution in Frankfurt was prepared to carry out consultations with UNIDO with a view to investigating the possibilities for such co-operation, which his Government was ready to put into practice.

15. Mr. LÓPEZ MUIÑO (Cuba) said that UNIDO's fundamental task, in accordance with General Assembly resolution 2152 (XXI), was its co-ordinating role. His delegation was in favour of an increase in UNIDO's responsibilities, but feared that the Organization was not strong enough structurally to cope with the burden which would result from diversifying its activities. If UNIDO were to attempt to extend its activities over too wide an area, they would be weakened to the detriment of the developing countries. The whole question was clearly a complex one in respect of which UNIDO should proceed slowly and with due care. His delegation failed to see why, for example, industrial projects in spheres such as fisheries and timber, in which FAO had very considerable experience, should be transferred to UNIDO.

16. Under UNIDO's terms of reference, it had a central responsibility for, but no monopoly of, industrial tasks in the United Nations family. But UNIDO's co-ordinating role should be carried out to the full and should form the basis of its activities, at least for the time being. Hitherto UNIDO had, in general, performed its tasks satisfactorily, but it was most important that it should not try to advance too quickly or else it might falter and lose prestige. With regard to the co-ordination of field activities, that was a task for the field advisers in the various countries and should be handled very carefully. His delegation was confident that it would be so handled.



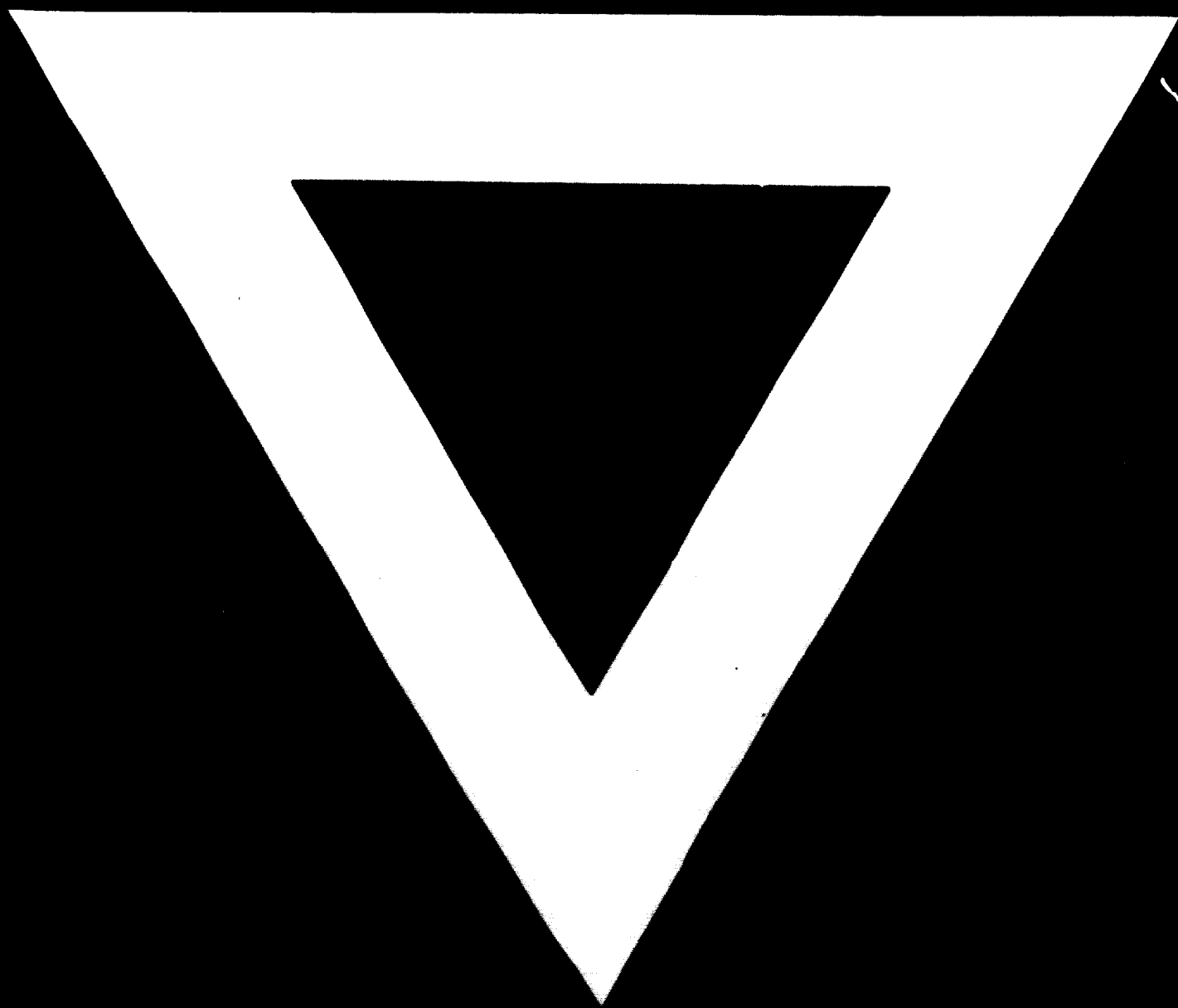
17. Mr. BROWNING (United Kingdom) supported the views expressed by the Cuban delegation. As a final agreement concerning guidelines would appear to have been reached between UNDP and UNIDO, it would be useful if members of the Board could receive the text of the agreement as soon as possible, especially in view of the forthcoming session of the UNDP Governing Council in Geneva, which some members of the Board would be attending.
18. Mr. KANKA (Czechoslovakia) said that it would not be inappropriate, under the agenda item on co-ordination, to refer to the much-discussed question of the transfer and adaptation of modern technology to developing countries, which should be one of UNIDO's principal tasks and should be intensified. Co-operation with UNCTAD should be closer so that the methods and forms of international co-operation could be worked out, with due regard to the rational international division of labour, so as to remove obstacles to the development of less developed countries. In that connexion, restrictive commercial practices should be eliminated because they widened the technological and economic gap between the developing and the advanced countries. He recalled that the delegations of Group D and the Group of 77 had favoured the inclusion of that problem in the consensus resolution but had been opposed by the delegations of Group B.
19. Mr. VASILIEV (Union of Soviet Socialist Republics) said that it was apparent from the second analytical report (ID/B/102) that UNIDO's industrial development activities were more modest than those of FAO, the ILO and UNESCO. The three latter organizations were considerably older than UNIDO and had closer ties both with the Governments of developing countries and with the administration of UNDP. His Government supported, as it had done at previous sessions and in the UNDP Governing Council, the demand of the developing countries for an increase in the proportion of UNDP resources allocated for industrial development through UNIDO. His delegation considered that the UNDP administration had not paid sufficient heed to that demand.
20. His delegation had already referred, in the general debate, to the need for an immediate agreement between UNIDO and UNDP. The approval of SIS projects financed by UNDP should be the joint responsibility of the Executive Director of UNIDO and the Administrator of UNDP, thus ensuring that important operational decisions were taken more objectively and democratically and that the priorities for specific projects were carefully laid down.

21. As a result of the new country programming procedure, the role of Governments in determining what priorities to give to industrial projects financed by UNDP in their countries was becoming decisive. In that connexion, UNIDO's consultative role in country programming should increase. Consequently, it was for UNIDO to help the developing countries determine those spheres of industrial development which should receive priority treatment. That could not be done without supporting activities. His delegation considered, therefore, that the ratio of supporting to operational activities should be maintained at its present level. UNIDO's country programming activities could not fail to encourage the Governments of developing countries to seek to have projects which were prepared with UNIDO's help transferred to it for execution.
22. His delegation supported the trend, which was apparent from the second analytical report, to attach high priority to the training of skilled workers because one of the obstacles to rapid industrial development was the shortage of qualified industrial personnel.
23. On the other hand, his delegation expressed concern that insufficient resources were allocated to such matters as industrialization policies, building and building materials, and the transfer of technology. These were the very fields in which UNIDO should be extending its activities most.
24. If UNIDO was to occupy a central position in the United Nations system with regard to industrial development questions, it was essential that every effort be made to demarcate clearly the spheres of activity of the various United Nations organs.
25. In the view of his delegation, UNIDO and the ILO had still not achieved complete understanding in certain fields, for example technical assistance for small-scale industries. His delegation also observed that questions concerning the transfer of technology were still being negotiated between UNCTAD and UNIDO. The problem of co-ordinating United Nations activities was certainly extremely complicated and required careful handling to ensure that the developing countries receiving assistance through United Nations bodies were not harmed by hasty organizational measures. In matters concerning the improvement of co-ordination, UNIDO's field advisers should have an important part to play as they were most familiar with the requirements and plans of the developing countries.

26. His delegation supported the idea of a permanent committee which would have two sessions a year and whose terms of reference would be as had been laid down by the Special Conference of UNIDO. Careful consideration should be given to the question of which session would be devoted to evaluation of UNIDO's activities and which to examination of its research and surveys, and it was to be hoped that, by the end of the current sixth session of the Board, a generally acceptable decision could be reached.

The meeting rose at 4.50 p.m.





**19.7.74**