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## Industrial Development Board

Third Session

Vienna, 24 April - 15 May 1969

### SUMMARY RECORD OF THE SEVENTY-FIFTH MEETING

Held at the Neue Hofburg, Vienna  
on Monday, 5 May 1969, at 3.15 p.m.

**President:** Mr. ORTIZ de ROSAS (Argentina)  
**Reporters:** Mr. BILLNER (Sweden)

### CONTENTS

<u>Agenda Item</u>		<u>Paragraphs</u>
6	Co-ordination of activities of the United Nations system in the field of industrial development (continued)	1 - 56
9	Question of the payment of local costs in respect of the SIS programme	57 - 59

**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.**

CO-ORDINATION OF ACTIVITIES OF THE UNITED NATIONS SYSTEM IN THE FIELD OF INDUSTRIAL DEVELOPMENT (ID/P/WPC/2, paragraphs 231 to 237, ID/B/56 and Corr.1, ID/B/57, ID/B/58) (continued) ~~SECRET~~

1. Mr. ILIUSCHENKO (Economic Commission for Europe) said that there was already a tradition of co-operation between the secretariats of UNIDO and ECE. Members would no doubt recall the two Interregional Symposia on the Iron and Steel Industry, held respectively in Prague and Moscow, for which the ECE secretariat had prepared a number of important studies. In that connexion, he wished to state that ECE would be pleased to participate actively in any future meetings of that kind. ECE had also produced six major studies for the International Symposium on Industrial Development, and there had been a heavy demand from both the advanced and the developing countries for the published versions. The studies included not only an analysis of particular industries, but a long-term forecast of their prospects, up to the period 1980-1985. Those examples, he thought, sufficed to show the importance of continued co-operation between the two United Nations bodies.
2. In recent years ECE had devoted particular attention to the problem of co-operation in science and technology, especially in leading industrial branches. Work had been performed on long-term forecasting and the impact of science and technology on the economic and social development of the developing countries. Unfortunately, the documentation submitted to the Board contained only a list of ECE studies, without mentioning their relevance to UNIDO's work. In the brief time available, he could not go further into the matter, but would be happy to answer questions.
3. He also wished to draw attention to the list of studies contained in ECE's work plan for 1969-1970. Surveys would be carried out on the iron and steel industry, the chemical industry, coal, power, mechanical engineering, gas and the timber industry. All these subjects were of importance to the UNIDO programme.
4. At its twenty-fourth session, ECE had decided on a series of measures designed to expand collaboration with other United Nations bodies, including UNIDO. In his view, there was still room for improvement in the matter of co-ordination, and he felt sure that more active participation by UNIDO in ECE seminars and symposia would be of value to the developing countries. More joint efforts should be made, in order to avoid duplication of work and to make better use of the resources available for industrial development. By working as closely together as possible, ECE and UNIDO could achieve even more for the benefit of the developing countries.

5. Mr. THOMSON (Trinidad and Tobago) pointed out that the whole question of co-ordination within the United Nations system was at present under review; in addition to the Jackson study, the Inter-agency Committee for Programming and Co-ordination would be reporting to the General Assembly later in the year. Furthermore, the General Assembly was preparing an over-all strategy for the Second Development Decade and the assistance of all organizations had been requested with a view to defining their individual roles. His delegation had therefore read with interest document ID/B/55 and was satisfied that the methods adopted by the Executive Director to fulfil UNIDO's mandate were suitable. In the absence of precedents, a period of trial and error was inevitable and should give no cause for disquiet.
6. Recalling his delegation's statement before the Working Group concerning the unfortunate experience of the Caribbean countries, he expressed the hope that the problem of co-ordination would be resolved by the time of the next Board session.
7. With regard to the Second Development Decade, he would suggest that a short memorandum, outlining UNIDO's operational programme and indicating the part that it could play in the Decade, should be prepared for transmittal to the General Assembly. The necessary material could be found in the resolution establishing UNIDO, in the deliberations of the Working Group, in the proposed programme for 1970 and 1971, and in UNIDO's efforts in the field of co-ordination. At the same time, the report on co-ordination and the report of the third session should also be referred to the General Assembly. If possible, he would like to see a draft document before the end of the present session.
8. Mr. BOYCE (United Kingdom) welcomed the information in document ID/B/55 which showed that the Executive Director was actively continuing discussions with other United Nations bodies with a view to establishing good working relationships. He looked forward to hearing of even greater progress at the fourth session of the Board.
9. The United Kingdom delegation had already commented on the meetings of the Working Group on the problem of co-operation with FAO. It was also concerned about relations with the ILO, and considered the measures outlined in the memorandum in document ID/B/55 too vague to form the basis for an effective working relationship.

The representative of the Philippines said that the Philippines had indicated such concerns clearly. He would therefore like to know whether the Executive Director intended to continue negotiations with the ILO.

10. Finally, he believes that the question of pollution in the environment was of increasing concern to the international community. He wished to urge that whenever UNIDO undertook to promote an industrial project, the problems of pollution should be borne in mind by the Executive Director and advantages taken of any assistance which WHO or UNESCO could provide.

11. Mr. SRICHANARA (Thailand) said his delegation attached great importance to the question of co-operation with other United Nations bodies, and particularly with the regional economic commissions. He therefore wished once again to express his anxiety at the failure to conclude an agreement with ECAFE. He hoped that the Executive Director would take note of the statements that had been made on the subject and that, once an agreement had been concluded, there would be co-operation at all levels between the two secretariats. In the general debate he had already indicated the areas in which co-operation would be useful, placing special emphasis on the long-term prospective study for the industrialization and regional co-operation in the ECAFE area. He was pleased to note that some steps had already been taken and looked forward to the time when concrete results would emerge.

12. Mr. LOPEZ NUÑO (Cuba) recalled the statement he had made in the Working Group on relations between FAO and UNIDO, in which he had drawn a distinction between the directives given in General Assembly resolution 2152 (XXI) and the situation imposed on UNIDO by UNDP. A clear picture of that situation emerged from Table 1 of the analytical report (ID/B/57), which clearly showed the limited resources made available to UNIDO for industrial projects. Despite resolution 2152 (XXI), UNIDO received only 25 per cent of available financing, whereas FAO received approximately 35 per cent. He therefore urged that the Executive Director should exercise his right to undertake the main co-ordination measures in the field of industrialization. As things stood, UNDP was the real co-ordinator and continued to show a discriminatory attitude towards UNIDO, as had been revealed by the statement of the UNDP representative. Cuba was not exactly surprised by UNDP's attitude, since it had long suffered from discrimination on the part of UNDP. For example, since 1965, the

Special Fund had approved the programme for 1964, the third having been approved only after the first had been approved. In his view, it was high time that the UNDP administration should pay attention to the procedures by which it was subjected.

13. With regard to relations between UNAO and UNIDO, he felt sure that an agreement could soon be reached. In that respect he fully supported the views expressed by the representatives of Pakistan and Trinidad and Tobago. The important point was that projects should be carried out without prejudice to the requesting countries.

14. The word "co-ordination" was often used, but the concept was seldom applied in practice. UNIDO should adopt a strategy of flexibility in the situation brought about by UNDP. As the Organisation required increasing prestige in the operational field, member countries would request more activities, and gradually it would be in a position to carry out its mandate.

15. Cuba believed that the national committees could play a useful role. Since some of them did not know what line of action would be most useful, it might be helpful if UNIDO could send out action guides. He did not wish to make specific suggestions as conditions varied so widely from one country to another.

16. With regard to the social consequences of industrialization, he wished to point out that the developing countries still had a long way to go before they would begin to suffer seriously from the ill effects of smoking factory chimneys, for example. Nevertheless, he agreed that international co-ordination was necessary in order to avoid pollution and other harmful consequences of industrialization.

17. Mr. DIALLO (Guinea), referring to the new role and financing of the Special Industrial Services programme, said that without it UNIDO would be unable to offer dynamic and effective assistance to the developing countries. As stated in document ID/B/55, the field advisers contributed substantially to the promotion and co-ordination of technical projects through their contacts with national authorities and institutions. In his view, the field advisers could also help to improve co-ordination of various United Nations activities at the national level. He therefore suggested that the Board should submit a proposal to UNDP in June, drawing attention to the vital importance of the field advisers programme and calling for additional resources to permit its expansion. He would like to know if the Executive Director had made any progress in his discussions with UNDP on that subject.

18. Mr. DASKALOV (Bulgaria) said that considerable progress had been achieved since the second Board session in the field of co-ordination, as witnessed by the agreements with ILO and UNESCO, and the negotiations with the regional economic commissions. Yet despite that progress the proportion of industrial development projects carried out by UNIDO was still inadequate as compared with similar projects undertaken by other United Nations specialized agencies. In his view, UNIDO had not played a sufficiently active part in implementing joint projects. Greater emphasis should be placed on programmes in electrical engineering, transport and the iron and steel industry.

19. Co-operation with United Nations organizations should be based on the principles set forth in General Assembly resolution 2152 (XVI), which clearly stated that UNIDO had a central role in co-ordination. In the preparation of a strategy for the industrialization of the developing countries, UNIDO should have pride of place. In its own projects, attention should be given to social as well as to economic factors. In joint projects, it would be useful if member countries played a more active role in co-ordinating activities with other organizations.

20. Mr. ROBERTS (Canada) pointed out that UNIDO was still a young organization and was facing up well to the problem of co-ordination. His delegation approved of the position taken by the Executive Director in his contacts with other organizations and hoped that agreements would soon be reached. Canada was particularly interested in co-ordination at the national level and had noted with interest the comments made by the delegation of Ghana. He felt sure that all were aware of the danger for the developing countries of receiving advice from more than one United Nations source.

21. A further problem consisted in the co-ordination of multilateral and bilateral assistance programmes. Canada had numerous bilateral programmes and hoped that UNIDO would take account of the need for co-ordination.

22. It was important to fill in the gaps in the industrial development programmes organized by the United Nations and he hoped that the secretariat would look out for suitable projects. The complementary interests of the ILO and FAO should not be overlooked, since the tremendous experience they had acquired would be of value to UNIDO.



23. Co-operation agreements should be kept under constant review, in order to ensure that they were always relevant to work programmes. For instance, in the light of the proposed programme of management training, it might be necessary to review the terms of paragraph 3(c) of the memorandum of guidelines for co-operation with the ILO. He would welcome an assurance that the programme in question was being undertaken in close co-operation with the ILO.
24. Much of the final responsibility for satisfactory co-ordination rested with the Board as well as with the secretariat, since until the Executive Director was given precise guidance, he was to some extent negotiating in a vacuum. He therefore hoped that the present situation would soon be resolved.
25. Mr. GUENTHER (United States of America) expressed appreciation for the introductory statement made by the Executive Director and particularly the observation that no organization within the United Nations system should take an extreme position on the question of co-ordination.
26. He welcomed the successful conclusion of formal agreements by UNIDO with a number of specialised agencies and regional economic commissions, and fervently hoped that similar agreements would soon be reached with PAC and ECAFE.
27. He commented on the valuable work done by BIRPI in drafting the model patent and trademark laws for developing countries and in instituting training programmes for officials from those countries. He also called attention to the role being played by the World Intellectual Property Organization in the field of industrial property and copyrights. While his delegation welcomed the agreements reached, it did not necessarily endorse all the statements contained in them. For example, the statement in paragraph 22 of Annex II to document ID/B/55 which reads: "UNIDO is responsible for systems of patents, know-how and industrial technology transfer", would appear to be correct only in terms of UNIDO's relationship with UNESCO, as a more general view of UNIDO's responsibilities in that sphere could not fail to take account of the existence of the United International Bureau for the Protection of Intellectual Property.

28. Mr. G. G. G. G. (Italy) stressed the importance of co-ordination as proposed by Sir Robert and the need to coordinate with the various agencies of UNIDO. Sir Robert emphasized that the various agencies should adopt a similar attitude in the various organizations, and that the industrial field advisers should be prepared to give up some part of their autonomy in the interests of co-ordination.

29. The Italian delegation also stressed the importance of co-ordination at the country level and in bilateral and multilateral agreements.

30. Mr. KONE FENY MELEFA (Ivory Coast) said that he merely wished to endorse the proposal that the number of industrial field advisers should be increased; his delegation suggested that twenty-five would be a more appropriate number than ten.

31. Mr. ILBOUDO (Upper Volta) believed that UNIDO's co-ordination activities should be conducted at two levels. First, the Organization should identify possibilities and needs and carry out pre-investment studies. The second level would entail practical action in the field of industrial promotion and in the quest for sources of finance.

32. In addition, UNIDO should pursue co-ordination efforts in three directions. The first of these should be with United Nations specialized agencies. His delegation attached great importance to the agreement between UNIDO and FAO, and drew attention to a pilot plant programme drawn up by FAO which merited UNIDO's consideration; it was to be hoped that the plants would not be too complex in design and thus serve to create a climate favourable to industrialization, to promote contacts between industrialists and primary producers, and to provide opportunities for training of basic personnel. In the second place, UNIDO should co-ordinate its activities with those of national authorities. Once the Governments concerned had established their order of priorities, UNIDO's task would be to establish liaison through its field advisers with the national committees for UNIDO or other governmental bodies. Thirdly, there should be co-ordination between UNIDO and public, semi-public and private bodies. The very successful tomato purée project under the auspices of FAO might well serve as a model for countries wishing to promote small-scale processing industries using local products. While UNIDO should not allow its

Efforts to co-ordinate the work of field advisers, it should have contacts with all private organizations that could have a favourable impact on industrial promotion. To that end, it would do well to consider, in conjunction with UNDP, whether the network of field advisers could be broadened and whether information offices attached to local governments could be set up.

33. In conclusion, his delegation hoped that UNIDO would also concern itself with the general social problems connected with industrial development. He noted with satisfaction that the representative of WHO had emphasized the need for co-operation between his own Organization and UNIDO in the field of industrial medicine.

34. Mr. BRILLANTES (Philippines), speaking of the need for specific guidelines to enable UNIDO to fulfil the role assigned to it under General Assembly resolution 2152 (XXI), suggested certain areas or points on which the Organization should concentrate its attention. These were: the ten main groups of work as delineated in the report of the Working Group; the identification of neglected areas or "gaps"; the need for co-ordination between industrial and trade policies on the one hand, and industrial and agricultural policies on the other; the need for co-ordination between activities of industrial expansion and those of social development within the United Nations family; the desirability of a UNIDO "presence" in every country; and the strengthening of the field adviser and field service network.

35. His delegation deplored the failure of UNIDO and ECANE to conclude an agreement on industrial development, and hoped that the Executive Director might be able to have an informal meeting with the Asian delegations in order to discuss UNIDO's position in that respect. It would then be possible for their Governments to make informed representations to ECANE and, it was to be hoped, to pave the way for the much-needed agreement.

36. His delegation attached great importance to stimulating the goodwill of all Governments towards UNIDO, without which co-ordination activities would be far less effective.

37. He wondered if it would not be better to postpone further discussion of the present item until after the Board had discussed UNIDO's role in the Second Development Decade, and thus had a better idea of its forthcoming activities over the ten-year period. It might then be easier to see what co-ordination activities should be undertaken over the same period.

38. Mr. SA ZI ZIA (Ghana) pointed out that under the industrial resolution 217 (XVI), the responsibility for co-ordinating industrial development activities of United Nations specialized agencies and other bodies fell to UNIDO. It remained for the principles and procedures for their co-operation to be determined on the basis of the directives provided by the Board.

39. In order to promote co-ordination at the country level, his delegation advocated intensified and more rational co-operation between field advisers and national committees. A serious problem, however, was the shortage of personnel, and ten posts were at present responsible for co-ordinating the activities of eighty countries with all the organizations of the United Nations system. His delegation therefore hoped that the Board would support the Secretariat's request for an increase in the number of posts to twenty-five.

40. Mr. ABDEL-RAHMAN (Executive Director), replying to the question asked by the representative of the Netherlands concerning the proposal to establish a sub-committee on industry within the framework of the Administrative Committee on Co-ordination, said that the secretariat considered the ACC machinery to be most useful for dealing with specific problems involving co-ordination between the various administrative establishments of the United Nations. However, all questions dealt with by the Committee were specific ones. Before the establishment of UNIDO, the ACC had considered the possibility of setting up a body to deal with industrial questions. Subsequently, however, it had been decided that the question of relations between UNIDO and other United Nations agencies should be breached through a series of bilateral discussions, the results of which were at present before the Board in the form of a certain number of bilateral arrangements. In that context, an ACC sub-committee on industry would not serve any useful purpose, and that view was shared by a number of the Committee's members.

41. The representative of the Netherlands had referred to a request made by the Board in 1968 for discussions with UNDP on the latter's role in industrial co-ordination. The Administrator of UNDP, with whom correspondence had been exchanged, had mentioned various possible means of promoting co-ordination, including bilateral arrangements, the Inter-Agency Consultative Board, field advisers and resident representatives, and had also recommended the use of regional meetings of resident representatives as a forum for co-ordination. The secretariat considered that further

... independent... co-ordinating... bilateral...  
... co-ordinating... First...  
... was to gain acceptance...  
... eventual co-ordination...  
... involved. The next step...  
... namely, concrete joint action...  
... activities, using UNIDO's experience...  
... of the other agencies in their respective fields of action. The conclusion of bi-  
... lateral agreements should therefore be followed by the establishment of machinery  
... whereby problems could be dealt with effectively at the operational level. In that  
... respect, co-ordination at the country level was of the utmost importance. At present,  
... no machinery existed for promoting such co-operation; all the Organization could do  
... was to enlarge the scope of action of the field advisers and lend support to the  
... national committees in the hope that they could become effective instruments for  
... the promotion of understanding at the country level. Another possible instrument  
... for co-ordination, as mentioned by the representative of the Philippines, was the  
... preparatory committee for the Second Development Decade. The developing countries,  
... together with the United Nations family, should turn their attention to setting up  
... suitable machinery for the regular review of programme implementation, at a high  
... level and on a confidential basis, and at the request of the countries concerned.

42. A number of speakers had stressed the importance of co-ordinating bilateral  
... programmes and multilateral United Nations programmes. Such co-ordination was indeed  
... vital and the necessary machinery and facilities would have to be developed. Certain  
... speakers, including the representative of the Sudan, had suggested possible ways of  
... ensuring such co-ordination.

43. The remark by the representative of Ghana that bilateral agreements with other  
... agencies might hinder co-operation if they were looked upon as purely legal instru-  
... ments was a valid one; however, he assured the Board that there was no cause for  
... apprehension in that respect. For example, even the limited understanding reached  
... with the ILO had enabled co-operation and mutual understanding to be increased.

43. The representative of the United States expressed the view that UNIDO should be given the opportunity to participate in the work of the Commission on World Development, particularly in the area of investment, and that, in the future, the Commission should be given a more uniformity of approach. He also mentioned the need for a more uniformity of approach in the work of the Commission on World Development, particularly in the area of investment, and that, in the future, the Commission should be given a more uniformity of approach.

45. The representative of the United States expressed the view that the UNIDO/ILO memorandum was somewhat vague on certain points. The object of the memorandum had been to enable practical co-operation to start as soon as possible and it had, despite its limitations, proved satisfactory. The question of a more complete formal agreement would be taken up shortly.

46. He welcomed the suggestion made by the representative of the Philippines for an informal meeting between the Asian delegations and himself, during which he would be able to provide information on the more delicate aspects of the agreement that was being negotiated with ECAFE.

47. With regard to the Canadian representative's reference to the ILO and questions of management, he explained that all Special Fund and major projects concerning management were discussed within the framework of joint ILO/UNIDO machinery. Each specific project was approached pragmatically with a view to reaching practical solutions, and that method had proved satisfactory up to present.

48. The inter-paragraph link by the United States representative to the article in the agreement with UNESCO concerning patents and the transfer of know-how was quite correct and wording to that effect had in fact been inserted in the memorandum.

49. The suggestion by the Indian representative concerning the utilization of national institutions for undertaking international action was most welcome. The representative of UNIDF had already spoken of the role played by such institutions in the implementation of certain Special Fund projects, and it was to be hoped that that trend could be expanded to encompass national projects in general.

UNIDO's role in the development of the world's rivers and lakes is of great importance and it is necessary to continue to study the possibilities of carrying out secondary and river development projects. Therefore, the Board should continue to follow such projects with interest.

51. A first attempt to define the term "river" and "lake" in the reports at present before the Board. UNIDO, whose share in United Nations activities has so far been very limited and whose co-ordination machinery has not yet been consolidated, could hardly use its limited resources for filling gaps at the present stage; it was, however, to be hoped that such action could be included in the work programme at some future stage.

52. Mr. LOPEZ MUÑOZ (Cuba), referring to paragraph 232 of the report of the Working Group (ID/B/WGPC/2), said that in the interests of accuracy the word "the" in the first line should be replaced by the word "a". Furthermore, some mention should be made in paragraph 234 of the fact that a number of delegations had expressed their full confidence in the Director-General of FAO.

53. Mr. SIERRA (Spain) supported the previous speaker's suggestion concerning paragraph 232 of the report.

54. The PRESIDENT recalled that, during the Working Group's discussions, several representatives had indeed expressed confidence in the Director-General of FAO as well as in the Executive Director. He requested the Rapporteur to take account of the Cuban representative's remarks when drafting the final report.

55. The representative of the Philippines had suggested that the discussion of the present item should not be closed until the consideration of questions concerning the Second Development Decade had been concluded. He pointed out that discussion of the Decade had already taken place during the consideration of the report of the Working Group.

56. Discussion of agenda item 6 could be considered to have been concluded. However, the Board might wish to adopt a certain number of formal decisions in the form of resolutions or recommendations. For instance, it would be appropriate for the Board to take a decision on the conclusions reached in document ID/B/55. Furthermore, a suggestion had been made during the meetings of the Working Group concerning the

publication of the Council's reports, and accordingly the Board should be kept in order to provide the Secretariat with the necessary directives. With regard to the two statements made by the Executive Director concerning co-ordination, the Board might wish to provide the Secretariat with guidelines in the form of a recommendation or resolution.

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

57. Mr. HARLAND (United Nations Development Programme) said that since the publication of document ID/B/54, fruitful negotiations had continued between the Executive Director and the Administrator of UNDP on the matter of local operating costs as applied to the Special Industrial Services programme. Despite the apparent intent of the donor countries that the trust fund should be administered in accordance with the financial rules of normal Technical Assistance activities carried out under UNDP or the Regular Programme, both the Administrator of UNDP and the Executive Director considered that the special characteristics of SIS made it imperative to find a solution to the problem of local operating costs. However, UNDP was anxious to ensure compatibility of treatment among the various United Nations organizations and considered that SIS advisory assistance was basically similar to the regular technical assistance activities of UNDP or United Nations organizations. The Administrator, who fully recognized the importance and value of introducing an element of flexibility into the SIS programme, considered that attempts to settle the problem of local operating costs should not lose sight of the question of the long-term financing of SIS-type activities. Approximately 84 per cent of SIS projects undertaken so far came within the category of short-term missions. It had therefore been agreed between the Administrator of UNDP and the Executive Director that all short-term missions of up to four months' duration or involving an amount of \$10,000 should be exempt from local operating costs. In the case of longer term advisory services, local operating costs would be assessed; similarly, if a short-term mission resulted in a project of the Special Fund type, the normal rules of the UNDP revolving fund would apply. The cost of a UNDP preparatory assistance mission was included in the project as part of the total allocation to be approved by the Governing Council. Any country waivers of local operating costs, as approved by the Administrator for the Technical Assistance component of UNDP, would be applied and UNDP would inform UNIDO when such waivers were in force.



58. Discussions were continuing at the executive level with a view to finding ways and means of replenishing SIS funds from UNDP resources. It was hoped that proposals for the continued financing of the SIS programme would be presented at the forthcoming meeting of the Governing Council. In the meantime, he wished to assure the Board that there would be no interruption of that type of service.

59. Mr. ADEL RAHMAN (Executive Director) said that he considered the arrangements described by the representative of UNDP to be fully satisfactory.

• The meeting rose at 5.55 p.m.





**16. 7. 74**