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## Industrial Development Board

Fifth Session

Vienna, 24 - 28 May 1971

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

Held at the Neue Hofburg, Vienna,  
on Friday, 28 May 1971, at 10.40 a.m.

President: Mr. ASANTE (Ghana)  
Rapporteur: Mr. HARS (Hungary)

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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.

REPORT OF THE BUREAU ON THE EXAMINATION OF CREDENTIALS

1. The PRESIDENT reported that in compliance with rule 17 of the Rules of Procedure, the Officers had examined the credentials of delegations to the fifth session of the Industrial Development Board, and had found them to be in order.

2. The Board took note of that report.

DATE AND PLACE OF THE SIXTH SESSION

3. After a discussion between Mr. BRILLANTES (Philippines), Mr. ENSOR (United Kingdom), Mr. UNGERER (Federal Republic of Germany) and Mr. ABDEL-RAHMAN (Executive Director), on the subject of reconciling the requirements of the Working Group on Programme and Co-ordination and the Industrial Development Board with engagements in respect of other meetings, in particular the Third United Nations Conference on Trade and Development, the meeting of the Board of Governors of the United Nations International Atomic Energy Agency, and the summer session of the United Nations Economic and Social Council the PRESIDENT invited the Board to decide that the Working Group on Programme and Co-ordination and the Industrial Development Board should meet for a maximum of four weeks, beginning in the second half of May 1972, between dates to be announced by the Executive Director at a later stage.

4. It was so decided.

CONSIDERATION OF DRAFT RESOLUTION ON THE PROGRAMME OF SPECIAL INDUSTRIAL SERVICES (ID/B/L.96/Rev.1)

5. Mr. SANTOS (Brazil) presented the draft resolution on behalf of its co-sponsors. The original draft had been modified in order to accommodate the views of a number of delegations, and he hoped that in its present form it would meet with unanimous approval. The closing passage in the first operative paragraph of the text before the Board (ID/B/L.96/Rev.1) beginning with the words "designed to enable" should be amended to read "designed to meet rapidly certain requirements of those countries".

6. Mr. AL-QAISI (Iraq) and Mr. LALL (India) wished to be associated closely with the text submitted for discussion.

7. Mr. ENSOR (United Kingdom) said that he could accept the text as submitted, but would have preferred the initial phrase of the second operative paragraph to read "2. Urges the Governing Council of UNDP to examine the possibility of increasing..."

Noting that the preamble to the draft resolution included recognition of "the growing importance of the programme of Special Industrial Services", he voiced his Government's concern about the manner in which that programme was spreading into fields for which it had not originally been intended, including fellowships, in-plant group training, the provision of equipment, and disaster relief. He believed that pressure on the SIS programme would be relieved when UNDP delegated powers of approval to Resident Representatives. It could then be devoted to unforeseen activities or those too urgent to be financed from other sources, such as UNDP/TA; and its existence would not distract Governments from making adequate provision for industrialization in their country programmes.

8. Mr. ILBOUDO (Upper Volta) confirmed his sponsorship of the text as set before the Board.
9. Mr. MIRZA (Pakistan) said that the discussions in the Working Group on Programme and Co-ordination had revealed the unanimous view of the developing countries that the SIS programme was of particular value, and that it would be still better if it were more action-oriented. He fully supported the text of the draft resolution as submitted to the Board, which contained a positive recommendation in that sense.
10. Mr. REMOVILLE (France) appreciated the reasons for the note of urgency which the authors of the draft resolution had embodied in the text. If, however, it proved difficult to reach a consensus on the present draft, consideration might be given to the wording suggested by the representative of the United Kingdom.
11. Mr. STIBRAVY (United States of America) preferred the wording suggested by the representative of the United Kingdom. Irrespective of the outcome of the discussion, however, he wished to place on record that his Government's delegation to the Governing Council of UNDP would be obliged to re-examine the matter in the light of actual possibilities for increasing the resources available for the SIS programme in 1971 without reducing allocations already made for other UNDP activities. His support for the draft resolution in no way prejudged the result of that re-examination.
12. Mr. KAMEL (United Arab Republic), Mr. SZITA (Hungary) Mr. TAIHITU (Indonesia), Mr. ZEILINGER (Costa Rica), Mr. SARABIA (Mexico), Mr. CZARKOWSKI (Poland) and Mr. WOOD (Kenya) supported the text of the draft resolution as submitted by its co-sponsors.

13. Mr. BECERRIL (Spain) considered that the word "urges" in the second operative paragraph should be replaced by a somewhat less insistent term.
14. Mr. CARLEVARI (Argentina) favoured the original text as being positive but not unduly insistent.
15. Mr. BELFRAGE (Sweden), speaking on behalf of the Nordic countries, said that if account were taken of the spending and programming levels set by the Governing Council of UNDP for the SIS programme in 1971, and of actual expenditure on that programme in the first months of the year, the wording suggested by the representative of the United Kingdom might be considered more appropriate.
16. Mr. HESSEL (United Nations Development Programme) said that as of 30 April 1971, actual expenditures for 1971 under the Revolving Fund amounted to \$521,000, while commitments outstanding amounted to \$785,000. Commitments and actual expenditures for 1971 thus amounted to \$1,306,000, as against total expenditures of \$737,000 in 1970. It should be possible to meet new requests for 1971 within the framework of the present financial limits. However, if the total amount requested were to exceed the total appropriations, he was sure that the Administrator of UNDP and the Executive Director would be able to find the necessary resources. In his view, the financial ceiling was not a serious problem at present, and he could assure the Board that UNDP would adopt a sympathetic approach to any new requests made. He pointed out that the total reserves for the programme had been set at a modest level at the specific request of the developing countries themselves, which had expressed the hope that the maximum possible amount of resources would be allocated to country programming, and that the programme reserves would be used more particularly to meet the needs of the less developed of the developing countries. It might therefore be wise to allocate to the SIS programme only such sums as were indispensable and to abstain as far as possible from making prior commitments that would imply a high budgetary ceiling.
17. Mr. d'ARBOUSSIER (Senegal) proposed that the word "Urges" at the beginning of operative paragraph 2 of the draft resolution should be replaced by "Requests".
18. Mr. SANTOS (Brazil) agreed with the remarks by the representative of Pakistan, and said that the proposal of the representative of Senegal was acceptable to the co-sponsors of the draft resolution.

19. Mr. ENSOR (United Kingdom) said that the proposal of the representative of Senegal was acceptable to his delegation, which was willing to withdraw its previous proposal. However, he considered that it would be appropriate to insert the words "if necessary" after the word "increase" in the first line of the second operative paragraph.
20. Mr. SVENNEVIG (Norway) supported the suggestion made by the representative of the United Kingdom that the phrase "if necessary" be inserted in the first line of the second operative paragraph.
21. Mr. d'ARBOUSTIER (Senegal), supported by Mr. SANTOS (Brazil), said that, in adopting the draft resolution under discussion, the Board would only be stating its own position and requesting UNDP to increase the resources granted to the SIS programme. There could be no question of the Board's issuing any instructions to UNDP, which alone had the responsibility of deciding whether such an increase was necessary or not. The amendment proposed by the representative of the United Kingdom was therefore superfluous.
22. Mr. DAVAUX (Belgium) said that the phrase proposed by the representative of the United Kingdom might usefully be replaced by the phrase "as appropriate", in order to make it quite clear that the Board's intention was not to question the goodwill of the Governing Council of UNDP.
23. Mr. ABDEL-RAHMAN (Executive Director) said that after consultation with the representative of UNDP and with his agreement, he wished to draw the Board's attention to table 2 on page 33 of document ID/B/80, in which actual disbursements on SIS projects in 1970 were given as \$3,650,100 under the Trust Fund and the Revolving Fund components. Actual disbursements and obligations recorded until the end of April 1971 for both components were in the amount of approximately \$2.7 million, and the secretariat of UNIDO estimated that total expenditure until the end of 1971, under both components, would reach \$4.5 million. While in no way wishing to question the figures quoted by the representative of UNDP, he remarked that they represented only the financing of SIS projects under the Revolving Fund. No mention had been made by the UNDP representative of the projects financed by the original Trust Fund.

24. The Board might therefore wish to note that, as far as actual expenditures and commitments were concerned, the figure for the first four months of 1971 was \$2.7 million, or approximately \$700,000 per month, while total expenditures for 1971 were expected to amount to \$4.5 million, or nearly \$900,000 more than actual expenditures in 1970. The question of whether projects were financed under the Trust Fund or under the Revolving Fund was only a financial technicality.
25. Mr. KURTH (Federal Republic of Germany) expressed his delegation's satisfaction at the explanations given by the Executive Director and the representative of UNDP, and supported the draft resolution under discussion.
26. Mr. BRILLANTES (Philippines), supported by Mr. SANTOS (Brazil), thanked the Executive Director for his helpful statement, which should be circulated to all delegations and incorporated in the Board's report in order to make it clear to the Governing Council of UNDP that the situation had been brought to the Board's attention.
27. It was so agreed.
28. Mr. SANTOS (Brazil), replying to a question by the PRESIDENT, said that the only amendment the co-sponsors of the draft resolution were prepared to accept was that proposed by the representative of Senegal.
29. The PRESIDENT suggested that the Board might wish to adopt the draft resolution on the programme of Special Industrial Services (ID/B/L.96/Rev.1), as amended by the representative of Senegal, subject to the comments made during the discussion.
30. It was so decided.
31. Mr. ABDEL-RAHMAN (Executive Director) said that during the discussion of the draft resolution which had just been adopted, reference had been made to the utilization of the Special Industrial Services for certain purposes and in certain situations. After referring to the original General Assembly document dated 23 October 1965, which established the different uses of SIS, he said that UNIDO for its part was bound by that resolution as regards the utilization of SIS as a programme. In certain situations, various countries in both Latin America and Europe which had been affected by natural disasters had requested assistance from the Fund for industrial rehabilitation of an urgent nature. Such assistance had been granted



in limited quantities. Although special funds for disaster relief had now been established within the United Nations system, he did not think that the Board would wish to eliminate altogether from SIS the possibility of authorizing that type of expenditure.

**SPECIAL INTERNATIONAL CONFERENCE OF UNIDO**

(a) Information on the state of preparations for the Conference

32. Mr. SZITA (Hungary), speaking on behalf of group D, drew attention to the summary of the positions taken by Governments vis-à-vis the issues on the agenda of the Special International Conference of UNIDO (ID/SCU/3). He fully understood that certain issues had been omitted from that document in the interests of brevity. However, the document did not accurately reflect the views held by group D on certain points, and the secretariat had been informed of that fact. A true reflection of the views of the countries concerned was to be found in the replies received from individual Governments, and in the statements made by the delegations of those countries.

(b) Consideration of other matters relating to the Conference (ID/B/L.103 and Add.1)

33. Mr. ENSOR (United Kingdom) suggested that the words "as part of the report" be added to the second sentence of paragraph 7(a) of the draft report (ID/B/L.103 and Add.1).

34. Mr. FORTHOMME (Belgium) thought that whether a consensus or a majority decision was reached, all delegations should have the right to include as an integral part of the report any observations, reservations or dissent they wished to express.

35. Mr. STIBRAVY (United States of America) agreed with the previous speaker that individual delegations should be given the opportunity of including observations, reservations or dissent in the report, regardless of whether or not there was a consensus.

36. Mr. SZITA (Hungary) suggested that a consensus and a majority decision should be dealt with in separate sentences, the first covering general conclusions, the second reflecting divergent views.

37. Mr. FORTHOMIE (Belgium) thought it was important to give Governments the opportunity, either individually or by groups, to record their position with regard to all decisions, whether by consensus or majority. He therefore proposed that paragraph 7(a) read as follows: "The report of the Conference will be composed of an introduction and a certain number of findings or conclusions on the main issues. Observations, reservations or dissent of Governments or groups will be recorded and be an integral part of the report. This report will be transmitted to the General Assembly through the Economic and Social Council."

38. Mr. CZARKOWSKY (Poland) proposed that the final sentence of the Belgian text be deleted, since it was already covered by General Assembly resolution 2638 (XXV).

39. It was so agreed.

40. The CHAIRMAN suggested that the Board approve the Belgian text, as amended.

41. It was so agreed.

42. The draft report, as amended, was adopted.

43. Mr. BOLIN (International Labour Organisation) said that the fifth session of the Board was extremely important in that it immediately preceded the Special Conference, which he hoped would be a landmark in United Nations efforts on behalf of the industrial development of the developing countries. He reiterated ILO's commitment to co-operate fully with UNIDO and to co-ordinate their respective activities. In that connexion, progress had been made by the joint ILO/UNIDO Working Party which had produced a statement of mutual understanding on maintenance and repair that should be the starting point for a vigorous effort by the two organizations. Work in that field could help to bring about a more economical use of foreign exchange credits by the developing countries.

44. Many United Nations organizations contributed to the work of industrial development. UNDP statistics showed that 24 per cent of Special Fund allocations were used in the industrial sector, including ILO programmes on vocational training, management development and productivity. There was a clear need to make full use of the resources and experience of all bodies, taking into account UNIDO's principal role in the field of industrial development.

45. The ILO's major contribution to the Second Development Decade was the World Employment Programme, designed to cope with the dual problem of unemployment and underemployment in many of the developing countries. The central purpose was to create productive employment, i.e. jobs that would lead to economic growth and the better distribution of its fruits. Industry had a special role to play in the field of job creation, and if the World Employment Programme was to be a success, the support of all United Nations bodies, and notably UNIDO, would be essential. He was therefore glad to note the assistance already received from UNIDO, which had contributed to the comprehensive employment strategy missions sent to Colombia and Ceylon.

46. A further ILO activity relating to industrialization in the developing countries was the Industrial Activities Programme, which attempted to deal with the social and labour problems of particular industries and categories of workers. The Programme covered such fields as transport, the iron and steel industry, metal trades, petroleum and chemical industries, textiles and construction. Its means of action were through technical co-operation activities for individual industries, contacts with international organizations in specific industrial sectors, and the holding of expert meetings, regional meetings and meetings of representatives of Government, employers and workers. The Programme was expected to develop into a major activity and offered good prospects for collaboration with UNIDO.

47. Mr. DICLELI (Turkey) recalled the statement made by the Turkish delegation at the time of the adoption of General Assembly resolution 2152 (XXI) to the effect that it might be wiser to give UNIDO the task of avoiding duplication and ensuring proper co-ordination between the regional economic commissions and the specialized agencies. He had therefore been pleased to note the Executive Director's assurance that the stage of avoiding duplication was now over and the Organization was beginning to co-ordinate activities with other bodies in order to harmonize their work. That statement offered a sound guarantee that one of UNIDO's most difficult tasks was being accomplished.

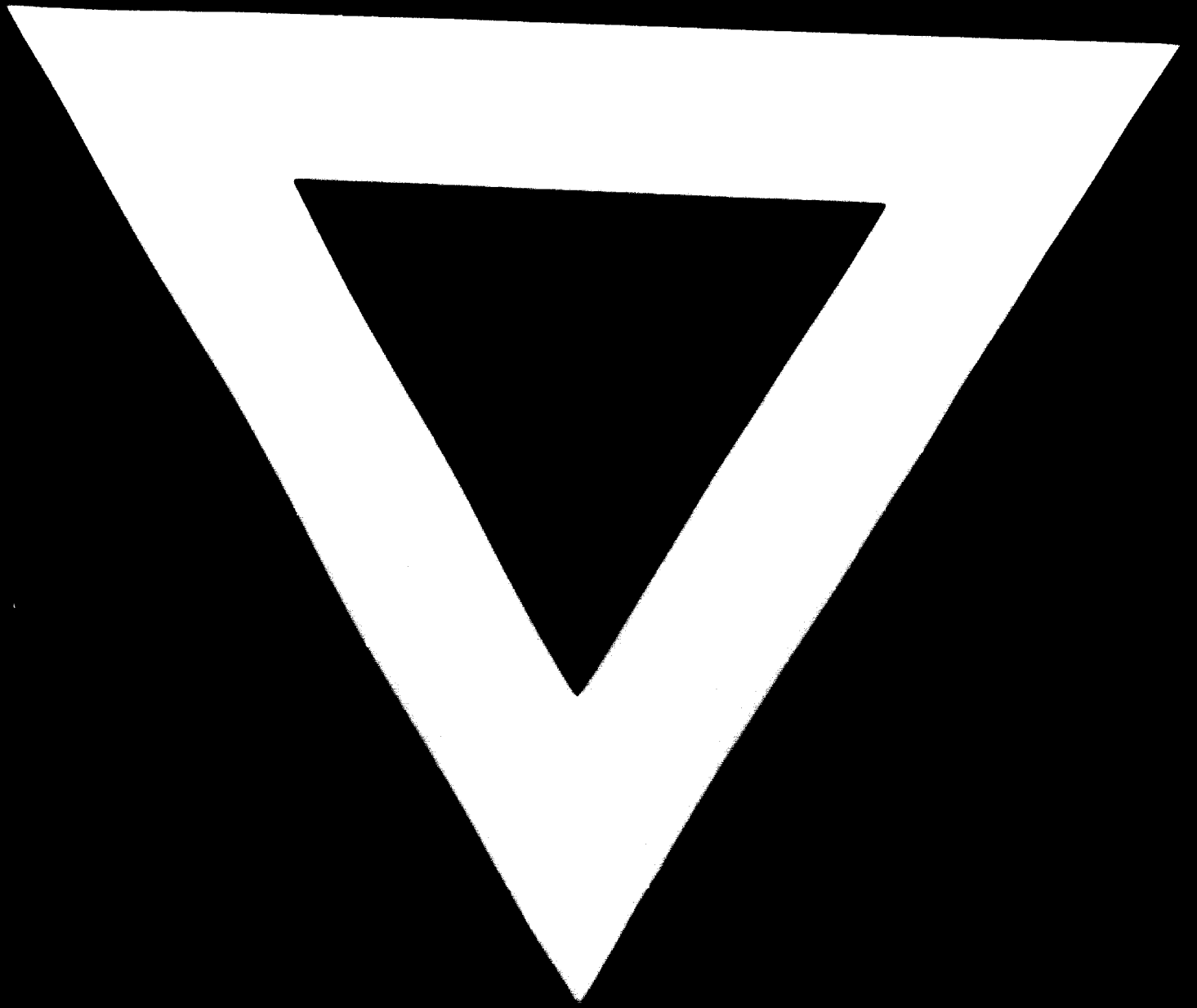
48. After studying UNIDO's efforts in the co-ordination of industrial development activities, he wished to stress his country's wish for greater co-operation with the Organization. Examination of the work programme showed that, in view of its relatively limited resources, UNIDO should give priority to operational activities.

Nevertheless, the supporting activities were fairly satisfactory and his country was firmly convinced that in the near future UNIDO would be in a better position to concentrate attention on those activities which had received particular attention during the five sessions of the Board.

49. Finally, he expressed the hope that the Special Conference would produce satisfactory results.

The meeting rose at 12.35 p.m.





**22.7.74**