



**UNITED NATIONS INDUSTRIAL
DEVELOPMENT ORGANIZATION**

**REPORT OF THE
INDUSTRIAL DEVELOPMENT BOARD
ON THE WORK
OF ITS SECOND SESSION**

17 April—14 May 1968

GENERAL ASSEMBLY

OFFICIAL RECORDS : TWENTY-THIRD SESSION

SUPPLEMENT No. 15 (A/7215)

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NOTE

Symbols of United Nations documents are composed of capital letters combined with figures. Mention of such a symbol indicates a reference to a United Nations document.

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ABBREVIATIONS

United Nations and specialized agencies

ACC	Administrative Committee on Co-ordination
CFC	Committee for Programme and Co-ordination
ECA	Economic Commission for Africa
ECAFE	Economic Commission for Asia and the Far East
ECE	Economic Commission for Europe
ECLA	Economic Commission for Latin America
FAO	Food and Agriculture Organization of the United Nations
GATT	General Agreement on Tariffs and Trade
IAEA	International Atomic Energy Agency
IBRD	International Bank for Reconstruction and Development
ILO	International Labour Organisation
UNCTAD	United Nations Conference on Trade and Development
UNDP	United Nations Development Programme
UNESCO	United Nations Educational, Scientific and Cultural Organization
UNIDO	United Nations Industrial Development Organization
WFP	World Food Programme
WHO	World Health Organization

INTRODUCTION

The report of the second session of the Industrial Development Board of the United Nations Industrial Development Organization (UNIDO) is herewith submitted to the General Assembly in accordance with General Assembly resolution 2152 (XXI) of 17 November 1966.

The second session of the Industrial Development Board was held at the Hofburg, Vienna, Austria, from 17 April to 14 May 1968. The present report was adopted by the Board at its 62nd meeting on 14 May 1968.

CHAPTER I. ORGANIZATION OF THE SESSION

1. The Industrial Development Board opened its second session at the headquarters of the United Nations Industrial Development Organization in Vienna, Austria, on 17 April 1968.
2. Mr. Moraiwid Tell (Jordan), President of the first session, who acted as President of the second session pending the election of the new President, opened the session.
3. The Minister of Foreign Affairs of Austria, Dr. Kurt Waldheim, welcomed the participants on behalf of the Federal Government of the Republic of Austria. He said that the Board had a vast and difficult assignment, but that its efforts would help to reduce international tension. The selection of Vienna fulfilled the sincere desire of the Austrian people and its Government, faithful to their policy of permanent neutrality, to contribute towards the development of the less-favoured countries and so help to consolidate peace and international co-operation. 1/
4. Mr. I.H. Abdel-Rahman, the Executive Director of UNIDO, thanked the Austrian Government for offering the facilities which had enabled the Secretariat to establish itself in Vienna under such favourable conditions, and said that he was sure that the co-operation between UNIDO and the authorities of the host country would continue in mutual confidence and would be increasingly effective.

Membership and attendance

5. The following members of the Board were represented at the session: Argentina, Austria, Belgium, Brazil, Bulgaria, Cameroon, Canada, Chile, Colombia, Cuba, Czechoslovakia, Federal Republic of Germany, Finland, France, Ghana, India, Indonesia, Iran, Italy, Ivory Coast, Japan, Jordan, Kuwait, Netherlands, Nigeria, Pakistan, Peru, Philippines, Romania, Rwanda, Somalia, Spain, Sudan, Sweden, Switzerland, Thailand, Trinidad and Tobago, Turkey, Union of Soviet Socialist Republics, United Arab Republic, United Kingdom of Great Britain and Northern Ireland, United States of America, Uruguay and Zambia.
6. The following States Members of the United Nations or members of the specialized agencies sent observers to the second session of the Board: Australia, Bolivia, China, Costa Rica, Dominican Republic, Guatemala, the Holy See, Honduras, Hungary, Iraq, Lebanon, Libya, Niger, Norway, Poland, Portugal, Republic of Korea, Republic of Viet-Nam, South Africa, Upper Volta, Venezuela and Yugoslavia.
7. The Department of Economic and Social Affairs of the United Nations Secretariat, the Economic Commission for Africa (ECA), the Economic Commission for Europe (ECE), the United Nations Conference on Trade and Development (UNCTAD), the United Nations Development Programme (UNDP) and the World Food Programme (WFP) were represented at the session.

1/ For the full text of Dr. Waldheim's statement, see annex II.

8. The following specialized agencies were represented at the session: the International Labour Organisation (ILO), the Food and Agriculture Organization of the United Nations (FAO), the United Nations Educational, Scientific and Cultural Organization (UNESCO), the World Health Organization (WHO), and the International Bank for Reconstruction and Development (IBRD). The Contracting Parties to the General Agreement on Tariffs and Trade (GATT) and the International Atomic Energy Agency (IAEA) also sent representatives.

9. The following inter-governmental organizations sent representatives to the session: the Common Afro-Malagasy Organization (OCAM); the European Economic Community; the Organization of American States (OAS); and the United International Bureaux for the Protection of Intellectual Property (BIRPI).

10. The following non-governmental organizations sent observers to the session: the Afro-Asian Organization for Economic Co-operation (AFRASEC); the European Centre for Industrial and Overseas Development (CEDIMOM); the International Association for the Promotion and Protection of Private Foreign Investments (APPI); the International Chamber of Commerce (ICC); the International Committee for Scientific Management (ICSM), the International Confederation of Free Trade Unions (ICFTU); the International Federation of Christian Trade Unions (IFCTU); the International Organization of Employers (IOE); and the World Federation of Trade Unions (WFTU).

11. The Executive Director read a message from the Executive Secretary of the Economic Commission for Asia and the Far East (ECAFE) expressing regret at his absence from the session and wishing the Board every success in its work. He was unable to attend because an ECAFE meeting was scheduled for the same time.

Statement by the President of the first session

12. The President of the first session made a statement in which he observed, in particular, that the assumption by UNIDO of the activities of the former Centre for Industrial Development would ensure continuity of work in the industrial field. He drew attention to five issues which, he said, had been considered important by many delegations at the first session of the Board. First, the programme of work of UNIDO should be based on "programme budgeting" to indicate an order of priorities. Second, UNIDO should be primarily concerned with operational activities, leaving general studies to other international bodies, as signified in the resolution adopted by the first session of the Board on guidelines for the future work programme. Third, he recalled that one delegation had considered that, since the first duty of the Board was to establish an administrative machinery capable of a swift and flexible response to requests for assistance, it had proposed the establishment of a standing programme committee for the purpose. Fourth, with respect to the structure and functions of the UNIDO secretariat, which had been the subject of lengthy debate, reflecting the concern of many delegations, one delegation had expressed the opinion that UNIDO's success would depend to a large extent on the efficiency of its staff, a matter on which the Board ought to give directives. Finally, he stated that the second session of the Board might wish to explore further the ways and means of financing UNIDO's field of activities, he recalled the decision of the Board regarding the holding of a pledging conference, and expressed the opinion that the matter of contributions to the special industrial services was related to the modus vivendi of its administration.^{2/}

^{2/} For the full text of the statement of the President of the first session, see ID/B/37.

Election of officers

13. At its 40th meeting, on 17 April 1968, the Board, in pursuance of rule 18 of the rules of procedure, elected by acclamation the following officers for its second session:

President: Mr. Heinrich Standenat (Austria);
Vice-Presidents: Mr. Mohamed Warsama (Somalia);
Mr. G.M. Richards (Trinidad and Tobago);
Mr. Tenu Petrov (Bulgaria);
Rapporteur: Mr. Mohammad Ali Aghassi (Iran).

14. The President of the second session, on assuming office, expressed the wish that the Board would keep in mind the experience of the past with respect to industrialization so that it could better contribute to the acceleration of the future industrialization of the less-developed countries. That contribution, he felt, should begin by the best use of the time at the disposal of the Board so that it might concentrate on the substantive issues with which it was faced. 3/

Credentials

15. In accordance with rule 17, paragraph 2, of the rules of procedure, the President informed the Board that the officers would examine the credentials of delegations of Member States attending the second session and would submit a report to the Board for its approval. Accordingly, having examined the credentials and found them in good form, the officers so reported to the Board, which approved the report at its 47th meeting.

Agenda

16. At the 41st meeting, the President submitted the provisional agenda of the session to the Board for its approval (ID/B/19 and Add.1). After the President had replied to questions from the representatives of Brazil and the Netherlands concerning the subjects to be dealt with under the respective items of the provisional agenda, the Board unanimously adopted the following agenda for the second session:

1. Opening of the session
2. Election of officers
3. Adoption of the agenda
4. Report on activities of the secretariat of UNIDO in 1967
5. Report of the International Symposium on Industrial Development
6. Review of activities of the United Nations system of organizations in the field of industrial development

3/ For the full text of the statement of the President of the second session, see ID/B/38.

7. Programme of work of UNIDO for 1968 and 1969
8. Co-ordination of activities of the United Nations system of organizations in the field of industrial development
9. Draft estimates of expenditures for 1969 and other financial questions
10. Organizational matters
11. Questions of non-governmental organizations:
 - (a) Procedures for UNIDO relationship with international non-governmental organizations
 - (b) Consideration of applications
12. Provisional agenda for the third session (rule 9 of the rules of procedure)
13. Date and place of the third session of the Industrial Development Board (rule 7 of the rules of procedure)
14. Other business
 - Relations with inter-governmental organizations
15. Adoption of the report of the second session.

Organization of work

17. At its 41st meeting, the Board decided to begin its proceedings with general debate. The officers proposed a scheme for the organization of work and the procedure to be followed in considering the respective agenda items. After examining the proposed scheme, the Board decided, at its 44th meeting, to establish two sessional committees and to allocate the respective agenda items as follows:

Committee I: agenda items 4, 5, 7, 9 and 10.

Committee II: agenda items 6, 8, 11 and 14.

18. At its 44th meeting, the Board decided that Mr. Mohamed Warsama (Somalia) and Mr. Tenu Petrov (Bulgaria), the two Vice-Presidents, would serve as Chairmen of Committee I and Committee II respectively. It was also decided that four "Friends of the Rapporteur", representing geographical groups other than those of the respective Chairmen, would be designated for each of the Committees. The officers of the Committees were as follows:

Committee I

Chairman	Mr. Mohamed Warsama (Somalia)
Friends of the Rapporteur:	
Asia	Mr. Francisco Duban (Philippines)
Latin America	Mr. Aluysio Regis Bittencourt (Brazil)
Socialist countries	Mr. Josef Adamek (Czechoslovakia)
Western countries	Mr. Börje Billner (Sweden)

Committee II

Chairman	Mr. Tenu Petrov (Bulgaria)
Friends of the Rapporteur:	
Africa	Mr. J.A. Brobbey (Ghana)
Asia	Mr. J.N. Dixit (India)
Latin America	Mr. Pario Mejía Medina (Colombia)
Western countries	Mr. Lionello Cozzi (Italy)

Work of the Committees

Committee I

19. Committee I held twenty-seven meetings from 22 April to 14 May 1968. The Committee had before it agenda items 4, 5, 7, 9 and 10, which it decided to consider in the following order:

- (a) Programme of work for 1969 (item 7);
- (b) Programme of work for 1968 (item 7);
- (c) Report on activities of the secretariat of UNIDO in 1967 (item 4);
- (d) Report of the International Symposium on Industrial Development (item 5);
- (e) Regular programmes (item 7);
- (f) Draft estimates of expenditures for 1969 and other financial questions (item 9); and
- (g) Organizational matters (item 10).

20. The Committee decided to undertake a first reading of the relevant documents, in order to clarify the main issues, and then a second reading, during which concrete proposals and recommendations would be made by the various delegations. For the purpose of facilitating the examination of the main documents related to the work programme in general, the Committee decided to consider first the programme of work for 1969, set forth under fifteen groups of activities, and to refer simultaneously to the corresponding sections of the report on activities in 1967 and the programme of work for 1968, as well as to the report of the International Symposium on Industrial Development.

21. In accordance with the decision taken by the Board, the text of the report of Committee I has been incorporated in the report of the Board.

Committee II

22. Committee II held ten meetings from 22 April to 7 May 1968. The Committee had before it agenda items 6, 8a, 8b, 11a, 11b and 14, which it decided to consider in the following order:

- (a) Procedures for UNIDO relationship with international non-governmental organizations (item 11a);
- (b) Consideration of applications of international non-governmental organizations (item 11b);
- (c) Relations with inter-governmental organizations (item 14);
- (d) Review of activities of the United Nations system of organizations in the field of industrial development (item 6);
- (e) Central role of UNIDO in co-ordinating the activities of the United Nations system in the field of industrial development (item 8a);
- (f) Promotion of field operations at regional, sub-regional and country levels (item 8b).

23. In accordance with the decision taken by the Board, the text of the report of Committee II has been incorporated in the report of the Board.

CHAPTER II. GENERAL DEBATE

24. The general debate opened with a statement by the Executive Director, who reviewed the main activities of UNIDO since the first session of the Board. ^{4/} In addition to the transfer of UNIDO headquarters to Vienna and the preparations for the International Symposium on Industrial Development in Athens in November and December 1967, the secretariat of UNIDO had devoted its efforts to pursuing the implementation of the programme of work and the orientation of the activities of the organization in accordance with the guidelines provided by the Board. Major attention had been given, in particular, to the promotion and servicing of field activities and to the organization of support activities in the form of expert groups, seminars and studies directed towards achieving practical and concrete results.

25. The Executive Director stated that the new procedures for continuous programming of the Technical Assistance component of the UNDP presented certain difficulties for UNIDO, not only because the organization was new, but also because of the special nature of the programme of assistance in the industrial field, which is a highly complex area. The secretariat of UNIDO, therefore, needed greater flexibility in procedures to face varying situations.

26. The establishment of the system of field advisers of UNIDO, in collaboration with UNDP, provided an important instrument for promoting operational activities and for rendering them more effective in the developing countries. It was hoped that UNDP would gradually take over the financing of the programme of field advisers, under which a network of twenty field advisers would eventually serve about eighty recipient countries in the various regions. Another step in the same direction, in accordance with the unanimous recommendation of the Symposium, was the establishment of UNIDO national committees.

27. In addition to the operational programmes of UNIDO, promotional activities offering "high-leverage effects" were becoming increasingly important features of the work programme of UNIDO.

28. In order to satisfy the vital need of the developing countries for information to assist them in the process of industrialization, UNIDO had established the Industrial Information Centre in Vienna.

29. A number of in-plant training courses had been in operation for some time with the collaboration of some of the more advanced industrialized countries. These courses were planned for senior engineers and industry managers in the developing countries, in order to familiarize them with up-to-date industrial practices and procedures. Proposals were being submitted to this session of the Board to institutionalize these courses by establishing, with the help of UNDP and in co-operation with the Governments concerned, industry-branch institutes in a number of advanced countries.

^{4/} For the full text of the Executive Director's statement, see annex III.

30. With reference to the question of co-ordination of the activities of the United Nations family in the field of industrial development, considerable progress had been made in discussions with the agencies concerned. These discussions were related to the establishment of co-operative programmes in the form of joint projects in areas where the activities of UNIDO and of the relevant agencies were complementary, and to the setting-up of inter-secretariat machinery to deal with problems of co-ordination in areas where overlapping activity and consequent conflicts of competence exist. The Executive Director expressed the hope that, as a result of these contacts and the further progress of discussions in the course of the next year, he would be in a position to submit, for the approval of the next session of the Board, formal texts of agreements with the agencies concerned. These agreements would formalize the relationships between UNIDO and the other agencies regarding co-ordination of activities and co-operation in areas of joint interest.

31. The Executive Director observed that co-operation with the regional commissions had been further strengthened in the course of 1967 and that even closer co-operation would be achieved by the use of UNIDO's industrial field advisers. Co-operation was also being developed between regional groupings and sub-groupings. He welcomed the contributions of the inter-governmental and non-governmental organizations in their respective fields of activities which were of interest in the industrialization of the developing countries.

32. In the ensuing general debate, special consideration was given to the policies and strategy of industrial development, the activities of the secretariat, the co-ordination of activities of the United Nations agencies with responsibilities in the field of industrialization, and to the importance of a careful review of UNIDO's proposed work programme.

33. Some delegations emphasized that it was necessary to give UNIDO a universal character so that all countries in the world, independent of their social and economic systems, would be ensured the right to participate in the activities of UNIDO and to co-operate in the exchange of accumulated experience and knowledge.

34. Referring to the widening gap between the industrialized countries and the developing countries, some delegations expressed the view that special attention should be given to increasing agricultural output. Food production should be promoted by means of increasing the input of industrial goods in agriculture, such as agricultural equipment, fertilizers and insecticides. Exports of commodities should be promoted at the semi-processed and finished stages, and industrial projects of this type should be given priority in the work programme of UNIDO.

35. Other delegations were of the opinion that developing countries should not engage in industrial production of high capital intensity, but should concentrate on production based on labour-intensive technologies. They also considered it advisable for the developing countries to plan their industrial development in such a way as to meet their immediate needs in light of the conditions prevailing in their respective economies. On the other hand, several delegations observed that the developing countries should not limit themselves to small-scale industries, but should also give attention to the establishment of heavy industries; in so doing, these countries would maintain the necessary balance between the various branches of industry. One delegation stressed that an essential condition for industrial development was the integration of developing countries in the system of international division of labour. Other delegations were of the opinion that

developing countries could not accept a vertical international labour division according to which more advanced countries would produce industrial goods, and the remaining countries would be only producers and providers of primary goods.

36. Some delegations felt that, in addition to co-operation between industrialized and developing countries, there should also be co-operation among the developing countries themselves at the regional level. Many delegations stressed the need and the advisability of utilizing fully the experience gained by the developing countries themselves in the programmes of UNIDO. Developing countries should be invited to report in detail on their industrial co-operation with other developing countries and to indicate the experience and facilities which they could provide for multilateral and regional co-operation. It was proposed that the secretariat submit a report to the next session of the Board on this matter. The opinion was also expressed that UNIDO channels should be used for exchange of experience of industrial development not only between developing countries, but also between the most highly industrialized countries, as an exchange of experience between them would be immensely helpful to developing countries.

37. Several delegations suggested that UNIDO initiate and participate in studies and actions related to industrial development strategies. One of UNIDO's main functions in this area would be to assess the industrial potentials of developing countries and to formulate appropriate strategies, particularly with respect to plans and targets for the next Development Decade. Some others expressed the view that UNIDO should not be restricted merely to granting technical assistance, nor was it enough that it should be an action-oriented organization. It should have the main function of formulating and putting industrial strategies at the disposal of developing countries according to their various stages of development.

38. With respect to the International Symposium held in Athens, many delegations felt that the recommendations adopted were of considerable value. They also appreciated the fact that the Symposium introduced a useful dialogue between the developed and developing countries on the various aspects of the process of industrialization. Some delegations mentioned that the Industrial Promotion Service (IPS), organized in conjunction with the Symposium, had been a valuable initiative, since it had helped to establish contacts between interested parties in the developed and developing countries for the financing of industrial projects. Some delegations, while regretting that they had not been able to participate in the Symposium, felt that it had not succeeded in elaborating an industrial development strategy and had laid too much stress on private enterprise instead of insisting on the primary role of the public sector. In the opinion of these delegations, the Symposium had, through the industrial promotion service, made it possible to bring together the representatives of capitalist monopolies, and the question arose whether there was not a danger of UNIDO becoming a tool of private Western interests.

39. While acknowledging the work accomplished by the secretariat in the last year, particularly the holding of the International Symposium in Athens, many delegations felt that UNIDO was still in a period of transition.

40. Various opinions were expressed concerning the function of the Board in respect to the programme of activities of UNIDO. Several delegations felt that the review of UNIDO's work programme would have been facilitated if the documents presenting the 1968 and 1969 work programme had been more comprehensive. Some delegations felt that, taking into account the difficulties encountered by the secretariat in its

initial phase of operations, the secretariat should be encouraged to continue its activities under the existing procedures of guidance by the Board. Some other delegations were of the opinion that the Board should play a more active role in guiding the secretariat in its functions, and were in favour of the establishment of inter-sessional or standing committees to examine and follow the implementation of the work programme by the secretariat, thus facilitating the work of the Board. One delegate expressed the view that there was a need to make UNIDO's present structure more adequate and that the Board should provide the organization with an institutional system more appropriate than the present one. One delegation recalled that, under General Assembly resolution 2152 (XXI) of 17 November 1966, the Board had the double function of control and promotion and felt that a proper balance should be found between them. A number of delegations were of the opinion that the establishment of special bodies of the type mentioned was not required, since it would burden the secretariat with the additional duties of servicing these bodies.

41. Many delegations stressed the central role of UNIDO in co-ordinating industrial development activities within the United Nations family of organizations. While acknowledging the work performed by some specialized agencies now engaged in activities that have a bearing on industrial development, these delegations felt that a more effective co-ordination of the various United Nations organizations was necessary in order to avoid duplication and to fill the gaps. Some delegations emphasized the competence and experience of some of the specialized agencies in the field of industrial development. Many delegations welcomed the discussions the Executive Director had begun with the specialized agencies on co-ordination of activities in the field of industrialization, particularly the undertaking of joint programmes of work by UNIDO and the interested specialized agencies in areas of common interest. Some delegations suggested that the Executive Director submit to the next session of the Board the texts of any draft agreements which might be reached with the specialized agencies. Some delegations welcomed the steps being taken by the Executive Director with a view to reaching closer harmonization in the work of UNIDO and the regional economic commissions in the field of industrial development. Two delegations raised the issue of local costs of the special industrial services.

42. The debate then continued on issues related to specific aspects of the programme of work of the secretariat.

43. Several delegations stressed the need for an evaluation of the results achieved by the follow-up and implementation of technical co-operation projects, and a number of suggestions were put forward. One delegation proposed that UNIDO establish a consultative and advisory service in order to assist the developing countries through all stages of the execution of a project. Another suggested that the secretariat provide the Board with detailed information on the purpose and value of each project to assist in evaluating the work of the secretariat.

44. Several delegations noted that the secretariat continued to face difficulties in the implementation of projects because of delays in the recruitment of experts. One delegation remarked that the delay might be due to the fact that the Technical Assistance Recruitment Services were located in New York, while the headquarters of UNIDO were in Vienna. Another delegation requested the Executive Director to submit to the third session of the Board proposals for streamlining and expediting recruitment.

45. Most delegations welcomed the establishment of the system of industrial field advisers. They considered that the system was an effective tool for the promotion of industrial projects, for assisting Governments in the formulation of requests, and for increasing the operational efficiency of the secretariat. Some delegations felt that the field advisers could work more effectively through the offices of UNDP Resident Representatives. One delegation requested the Executive Director to give the Board the schedule of the posting out of field advisers and called on Governments to assist the secretariat in the recruitment of competent staff for these posts.

46. Several delegations, stressing the view that industrialization was vital for the economic development of developing countries, urged that a greater share of UNDP funds be devoted to projects administered by UNIDO, in order to enable the organization to play a more effective role. Some others hoped that in making requests from UNDP Governments of developing countries would consider increasing the share of projects administered by UNIDO. Other delegations thought that UNIDO could make more effective use of funds already available by emphasizing quality rather than quantity.

47. Some delegations expressed the opinion that the Board should be empowered to approve projects for industrial development financed both from the regular programme of technical assistance and from UNDP.

48. A number of delegations underlined the importance of regional economic co-operation and felt that there was a need for greater co-ordination between the activities of UNIDO and those of the regional economic commissions, the United Nations Economic and Social Office in Beirut and other regional institutions; they felt that economic co-operation among the developing countries, on a regional and sub-regional basis, was very beneficial. One delegation suggested that the Board invite the developing countries to report in detail to the next session of the Board on their co-operation with other developing countries in the industrial field. Some delegations expressed the view that one of the means of improving the structure of UNIDO would be the decentralization of its activities through the creation of regional offices.

49. Several delegations were of the opinion that UNIDO should co-ordinate its efforts and activities with those of the specialized agencies and the regional economic commissions, the United Nations Economic and Social Office in Beirut and other regional institutions in the areas of management development, training and agriculture-based industries. Such co-ordination would prevent duplication and result in better utilization of resources. One delegation felt that all projects related to industrialization should be under UNIDO's jurisdiction, while another delegation stated that other agencies had accumulated considerable experience and competence in the fields in which they had been active prior to the establishment of UNIDO. This same delegation said that this experience and competence should continue to be utilized, while UNIDO could make its contribution to projects for which other United Nations agencies are responsible.

50. Many delegations stressed the importance of training programmes designed to meet the specific needs of their countries and in that connexion mentioned the efforts and experiences of their Governments. Some delegations indicated their readiness to assist UNIDO and the developing countries by continuing the in-plant training programmes which were already in operation in their countries. One delegation welcomed the institutionalization of these in-plant training programmes as proposed

by the secretariat, while another delegation suggested that UNIDO would be well advised to proceed gradually in this direction. The view was also expressed that the ILO should continue with the industrial training activities in which it was engaged and keep UNIDO informed of those activities. Another delegation expressed its satisfaction with the training programmes for management and engineers which UNIDO had undertaken in its country. UNIDO's programme was cited as an example of effective co-operation by an international agency with local authorities and of making the best use of local resources. Still another delegation expressed its willingness to assist UNIDO by making personnel available for management training. Regarding fellowships, one delegation observed that there was a certain imbalance in the fellowships granted to some geographical areas.

51. Many delegations stressed the importance of promotional activities in attracting foreign capital from both public and private sources; they believed that UNIDO could be an effective instrument in this area. Some delegations expressed the wish that the industrial promotion activity of UNIDO be extended through the establishment of an industrial opportunities matrix to supply information on up-to-date investment and promotion opportunities. A representative from one developing country stated that legislation had been enacted in his country to attract foreign investment. Another delegation expressed the view that the establishment of promotion centres on a regional basis should be one of the objectives of UNIDO, which would complement the establishment of national centres and locate potential investors for promising projects.

52. Some delegations proposed that the operational services of UNIDO under the different programmes should include the preparation of detailed specifications, an analysis and adjudication of offers from potential contractors and suppliers and from executing agencies or firms, inspection of machinery during manufacture and before delivery and supervision of construction and assistance in the hand-over of plants. Such services would be of great practical use to the developing countries. As UNIDO was engaged in matters of great urgency, it should be given greater flexibility.

53. Several delegations emphasized the role of small-scale industries in the process of industrialization, as their structure, capital and skilled labour requirements were particularly suited to conditions generally prevailing in the developing countries. One representative stated that because the populations of the developing countries were predominantly rural, the establishment of small-scale industries in rural areas would accelerate the pace of development. He suggested that promotion centres for small-scale industries should be established. Another representative from a developing country stated that its experience in the establishment and operation of small-scale industry was such that it was in a position to assist effectively other developing countries in the formulation and implementation of plans in this field. Another delegation spoke of the experience of his country in establishing industrial estates and industrial co-operatives which, in his opinion, represented a direct method of stimulating the growth of small-scale industry. Another delegation stated that in the formulation of national development plans, a proper balance should be maintained between heavy and light industries.

54. Many delegations stressed the necessity for UNIDO to serve as a clearing-house for making available to the developing countries the industrial information which exists in the developed countries. Several delegations welcomed the fact that

a UNIDO Centre for Industrial Information would be established with the financial support of the Austrian Government, which would serve as a link between the developing and developed countries. One representative expressed the hope that the Centre might become a valuable source of information for the developing countries on suppliers, specifications and prices of capital goods. Some delegations felt that the Centre should also disseminate information concerning assistance available from international institutions.

55. One delegation suggested that UNIDO should consider giving support for fundamental research at certain universities, in order to identify areas of industrialization relevant to the developing countries and to determine the level of technology most appropriate to local conditions. One delegation suggested that UNIDO should engage in research activities to the extent that such research would be of practical significance to the developing countries and that its results would not be available elsewhere. One representative stated that, in his country, the establishment of research facilities was dependent solely on the initiative of the Government without the active participation of industry; another referred to the efforts of his country to diversify its economy through new research programmes. The representative of one of the regional economic commissions stated that local centres for research and standardization were needed to assist in the process of industrialization of developing countries.

56. The representative of UNDP emphasized the necessity for assistance in establishing industrial institutions in developing countries, such as the establishment of the Maghreb Regional Centre for Industrial Development. Such an approach was favoured by his organization. One representative spoke of the importance of establishing institutes for industrial design in developing countries and expressed his appreciation of UNIDO's efforts in establishing such a centre in his country. The representative of one of the regional economic commissions stressed the importance of institutionalizing such services as industrial administration, research, industrial promotion, standardization and small-scale industries.

57. Several delegations spoke of the importance of the transfer of know-how, through agreements on proprietary rights, participation in joint ventures by private firms, and the utilization of consultants, private or public, from both developed and developing countries. One delegation stated that the technology best suited for developing countries was not necessarily labour-intensive and that highly advanced technology could be advantageously employed in the developing countries. Another representative suggested that UNIDO set up advisory services to assist the developing countries through the implementation of industrial projects, from feasibility studies to the final construction. BIRPI drew attention to its programme of assistance to developing countries in the industrial property field, including its Model Laws on Patents and Trademarks, and emphasized the necessity for developing countries, in their own interests, to establish patent legislation or modernize existing legislation in order to encourage the transfer of technology and know-how. For this purpose, the services of BIRPI are available to any country.

58. Planning and programming were emphasized by many delegations as a basic prerequisite for obtaining the most efficient utilization of available resources and a balanced industrial structure. Attention should also be given to requirements in this area of work, particularly in project preparation, project evaluation and implementation.

59. Several delegations commented on the importance of a regional and multi-regional approach to industrial development as an effective means of furthering national and regional industrialization. One delegation indicated that the development of large-scale industry in the developing countries should be stimulated for both national and regional markets. Several delegations were of the opinion that greater attention should be given to social aspects in the programming of industrial development, so that an adequate social structure might be developed through necessary reforms.

60. Several delegations pointed out that, while external loans were welcome, there was a need for softer loan arrangements in order to ease the repayment burden. One representative suggested that UNIDO might be able to work out terms and conditions for the flow of capital into the developing countries which would be satisfactory to both parties. Another representative indicated that UNIDO should render assistance to developing countries regarding the financial requirements of industrial programmes so that the programmes would be conceived on a sound basis from the start. Another delegation noted that, while financing was a major problem in industrial development, the complementary requirements of good administration, management and skills were also important.

61. A number of delegations stressed the importance of establishing export-oriented industries in the developing countries to ensure balanced industrial development and to ease the payment problems. Developing countries should strive to produce manufactured goods for export markets and to undertake the processing of their agricultural products rather than the exportation of these products in crude state. It was suggested that UNIDO's assistance in promoting export industries be expanded.

62. One delegation stated that a major problem for the developing countries was their inability to procure capital goods on fair terms with respect to quality and price and urged that UNIDO provide assistance in this area. One representative recommended the establishment of regional industrial investment promotion centres as a means of encouraging investment in the region as a whole.

63. Taking into consideration the rapid progress in industrial technology, some delegations recommended that UNIDO rely extensively on outside expertise. The elaboration and implementation of pilot-plant projects was considered a major area in which UNIDO could work effectively. One delegation suggested that UNIDO should sponsor research projects in the selection and adaptation of technology to the specific conditions of developing countries.

64. Many delegations felt that the share of UNIDO in the technical assistance programmes financed by the UNDP was inadequate and that an effort should be made to ensure that projects in industrial development received their proper share.

65. Many delegations stressed that it was essential for UNIDO to achieve financial autonomy. Many expressed the hope that the developed countries would take part in the pledging conference for financial contributions. On the other hand, several delegations thought that there would be no point in convening a pledging conference without the support of the countries that were able to contribute. One delegation stated that the funds presently available to finance UNIDO's activities came from various sources and that the establishment of still another fund to be supported by voluntary contributions would further complicate the prevailing system and would not represent a step forward.

66. One delegation declared that his Government was prepared to support the recommendations of the second session of UNCTAD to the effect that each economically advanced country should endeavour, during the coming Development Decade, to provide the developing countries with financial assistance of a minimum net amount of 1 per cent of its gross national product; his country hoped to reach that target by 1972.

67. Some delegations stated that the absence of collective management, which was widely practised in international organizations, lowered the efficiency of the work of the UNIDO secretariat and hindered the operative consideration of questions of principle. In view of this, the same delegations declared, posts for deputies to the Executive Director should be established and filled in accordance with the principle of equitable geographical distribution. This delegation also felt that the competence of the respective divisions in the UNIDO secretariat should be clearly defined and the principle of equitable geographical distribution of staff be more strictly observed. Another representative suggested that the Executive Director should engage experts on organizational matters to prepare a study on the organization of UNIDO. Several delegations referred to the difficulties of recruiting highly qualified staff for the UNIDO secretariat and offered to assist in locating suitable candidates.

CHAPTER III. ACTIVITIES OF UNIDO^{5/}

68. The report on the activities of UNIDO contained in this chapter follows the order of the fifteen groups of activities of UNIDO in the order of the Board's discussion.

69. The secretariat introduced part one of ID/B/26, ID/B/22 and ID/B/20, and explained the concepts which had been utilized for the preparation of the 1969 work programme. Several points were of special interest, as certain aspects were prevalent for the first time in the 1969 programme. New programming procedures were being applied for the 1969 technical assistance programme of UNDP and projects could now be presented at any time of the year. The UNIDO work programme for 1969, therefore, contained both those projects which were anticipated to be continued from 1968 into 1969 and a forecast of projects in the various industrial sectors which were expected to be requested by the different countries at any time during 1969. Such projects were included on the basis of actual information which had been communicated to UNIDO by the countries in the preparatory stage and were intended to cover mainly long-term advisory services for which advance programming was possible.

70. The regular programme was prepared on a yearly basis utilizing funds from the regular budget of the United Nations. The draft programme presented to the Board for approval contained specific project requests for 1969 as submitted to UNIDO by the respective countries. The Board would have to approve at this session a planning level and projects for 1969, as well as a planning level for 1970. This was also a new situation resulting from a decision of the General Assembly (resolution 2289 (XXII)).

71. Within the programme of the UNDP Special Fund component, a total of twenty-five projects should be under implementation in 1969, including seven new projects approved by the Governing Council at its January session in 1968. One new project had been recommended for approval at the June 1968 meeting of the Governing Council.

72. As regards implementation of projects, the representative of the secretariat pointed out that figures given in the documents as obligations were not necessarily identical with the value of implementation, because of the frequent lag between the obligation and the date that experts were put into the field.

73. In the course of the subsequent discussions, several delegates referred to this point and expressed the view that UNIDO should speed the rate of implementation of the approved projects in the operational field. One delegate expressed the opinion that many technical assistance projects had been cancelled as a result of delays in the recruitment of experts, and that a four-month delay for processing an SIS request was too long in view of the urgent character of the programme.

^{5/} This chapter consists of the report of Committee I on programmes (ID/B/C.1/3, Corr.1 and Add.1) as revised and adopted by the Board at its 61st meeting on 14 May 1968.

74. Some delegates stated that UNIDO should have greater independence from UNDP concerning the substantive appraisal of projects in the industrial development field. Some suggested that greater independence was justified because of the central role given to UNIDO in the industrial field within the United Nations system.

75. Some delegations stressed the particularly important role of the public sector in the solution of the industrialization problems in developing countries. In this connexion, they underlined that activities of UNIDO should be directed to assistance in the development of the public sector, while, at present, UNIDO was stressing mainly the private one.

76. A few delegates stressed the necessity for long-term industrial development programmes, in order to strengthen UNIDO's aid to the developing countries and the necessity to assist them in the elaboration of their long-term programmes. Naturally, the priorities should be fixed by the respective Governments. It was also noted that the practical activity of UNIDO should be closely connected with the policy and industrialization programmes of the developing countries. Further, it was underlined that UNIDO should assist in a development which would most rapidly solve the acute economic problems of developing countries. In this connexion, it was also said that the UNIDO programme should contain more projects directly connected with the establishment of plants and other basic industrial enterprises. Since industrialization was always connected with the production of electric power, it is necessary for UNIDO to show a great interest in the rational correlation between the rate of electrification and the rate of general industrial growth of the developing countries.

77. Concerning Special Fund projects, one delegate underlined the fact that although the UNDP Governing Council had so far approved more than 230 projects in the industrial sector, only twenty-five had been entrusted to UNIDO as participating and executing agency. He suggested that measures should be envisaged for transferring some projects in the industrial field from other agencies to UNIDO. Another delegation stated that the share of UNIDO in the activity of UNDP should be enlarged through the preparation of sound and interesting projects by UNIDO. Such projects should be of interest to developing countries and should have leverage effect.

78. Many delegates stressed the necessity for evaluating the various projects carried out by UNIDO, in order to obtain a clear assessment of the usefulness of such projects to the developing countries.

A. United Nations regular programme of technical co-operation
in the field of industry

79. As regards the United Nations regular programme of technical co-operation in the field of industry, the representative of the secretariat recalled that the resolution adopted by the first session of the Board and endorsed by the General Assembly had called for the establishment of a separate section in part V of the United Nations budget to provide for a programme of technical assistance in industrial development.

80. In response to the preliminary proposals for the programme, circulated by the secretariat to the recipient countries for approval (ID/B/26/Add.2), government requests for assistance were received amounting to \$1.7 million in country projects.

This amount was in addition to the provision in the programme for regional and inter-regional advisers.

81. Following these requests the Executive Director had submitted to the Board (ID/B/26/Add.2/Rev.1) proposals for the regular programme for 1969, with a planning level of \$1.5 million. This would still leave unsatisfied requests for country projects in the amount of \$750,000. A proposal was also submitted to the Board for a planning level of \$1.5 million for the regular programme for 1970 (ID/B/26/Add.4).

82. Many delegations supported the recommendation of the secretariat. One delegation called attention to General Assembly resolution 2298 (XXII) of 12 December 1967 and, in particular, to that part of it which called for a programme of assistance in industrial development "at an appropriate level commensurate with the expanding requirements of the developing countries". Another delegation urged the Board not to prejudge a possible decision by the General Assembly and the UNDP Governing Council on an increase in the present ceiling of \$6.4 million for the budget of the regular programme.

83. One delegation, expressing agreement with the planning level of \$1.5 million proposed by the Executive Director for the regular programme in 1969, declared that this was a bare minimum considering the priority given to their accelerated industrial development by the developing countries. It noted with regret that a significant part of the requests received from the Governments (about \$750,000) would not be accommodated even at this level. Some delegations stated that, in order to increase the funds available to UNIDO for industrialization programmes, it was necessary to redistribute the funds available in the framework of the regular programme.

84. Some delegations objected to increasing the UNIDO regular programme beyond its present level of approximately \$1 million on the ground that this would require reapportionment of the \$6.4 million of the United Nations regular programme, which would correspondingly reduce the funds available to other fields financed by the regular programme. One delegation referred to the possibilities for financing of those projects that the new programming procedures of UNDP might offer and hoped that developed countries would increase their contributions to UNDP.

85. In supporting an increase of estimates for industrial development in the framework of the existing volume of the regular programme because of the redistribution of resources, one delegation proposed a better utilization of the contributions in non-convertible currencies made available to the United Nations by some Governments. Another delegation urged the utilization of unused funds under the SIS programme to finance requests under the regular programme in excess of the present level of the programme, a suggestion that was opposed by some other delegations. In this connexion, the Board was informed that the secretariat does not programme SIS projects one year in advance, as is the case with the regular programme, and that the terms of reference for the SIS programme do not permit financing of projects under it if they qualify under other programmes. The attention of the Board was also called to the fact that the General Assembly had given the Board the responsibility for approving the regular programme and deciding on its planning levels.

86. With respect to the contents of the programme, a number of delegates made the suggestion that it should contain a larger number of training and fellowship posts.

87. One delegation commented on the relation between multilateral and bilateral aid so far as the implementation of projects is concerned. It stated that, while the industrial part of the regular programme was relatively small, far larger funds were fortunately available within the bilateral programmes in this field.

88. At the 60th plenary meeting of the Board, in connexion with the approval of the report of Committee I (ID/B/C.1/3), the representative of Ghana, speaking on behalf of the Group of Twenty-five, proposed the addition of the following sentence to the report: "At the time of the adoption of the report of the First Committee on items 4, 5 and 7, a majority of the members of the Board associated themselves with the views expressed in paragraphs 11 and 12." ^{6/} On the proposal of the representative of the United States of America, a vote was taken to determine whether "a majority" of the members of the Board associated themselves with the views expressed in paragraphs 11 and 12. The result of the vote was 28 to 8, with 7 abstentions. After further discussions, the report of Committee I was adopted unanimously by the Board.

89. At the 62nd plenary meeting, the Executive Director requested a clarification on the intention of this amendment. As to paragraph 11, the representative of Ghana, supported by the representatives of Pakistan and Jordan, explained that the proposal was not meant to refer to current projects, but only to future contributions. They further declared that it was not the intention of the sponsors to state that the present joint UNIDO-UNDP administration of SIS was illegal, but rather to appeal to donor countries to make future contributions directly to UNIDO. They further stated that paragraph 12 expressed agreement with the proposal of the Executive Director that the funds allocated to UNIDO in the budget of the regular programme of technical assistance in 1969 be raised to \$1.5 million as "a bare minimum, considering the priority given to their accelerated industrial development by the developing countries".

Consideration of draft resolution on the regular programme

90. At the 61st meeting, the representative of Rwanda introduced a draft resolution (ID/B/L.38) submitted by Brazil, Ghana, India, Indonesia, Iran, Jordan, Kuwait, Pakistan, the Philippines, Rwanda, the Sudan and the United Arab Republic. It read as follows:

The Industrial Development Board,

Recalling General Assembly resolution 2298 (XXII) of 12 December 1967 and Industrial Development Board resolution 2 (I) of 4 May 1967 recommending the establishment of a separate section in part V of the United Nations budget to provide for the programme of technical assistance in industrial development at an appropriate level commensurate with the expanding requirements of the developing countries,

Noting with satisfaction that the regular programme of technical assistance in industrial development has aroused much interest in the developing countries, as the large number of requests received by the Executive Director for the 1969 programme has proved,

^{6/} Paragraphs 11 and 12 of the Committee report are paragraphs 100 and 83 respectively of the present report.

Having regard to the need to satisfy as far as possible the requests for assistance made to UNIDO by certain Governments under the regular programme of technical assistance, in view of the great urgency with which the developing countries regard the hastening of their industrial development,

1. Recommends the sum of \$US1.5 million as the planning level of the regular programme of technical assistance for industrial development in 1969 and 1970;
2. Approves the revised programme for 1969 presented by the Executive Director under the regular programme of technical assistance (ID/B/26/Add.2/Rev.1);
3. Stresses the importance of the part played by the regular programme of technical assistance as a means of promotion whereby greater direct assistance in industrial development can be given to the developing countries, and requests the Executive Director to draw up guiding principles for the execution of the regular programme in this spirit.

91. Reference was made by the representative of Belgium to amendments to draft resolution ID/B/L.38 submitted in ID/B/L.38/Amend.1 by the representatives of Austria, Belgium, France, Japan, the United Kingdom and the United States of America. The amendments read as follows:

Additional preambular paragraphs (to be added after third preambular paragraph)

Noting the Executive Director's report (ID/B/26/Add.2/Rev.1) in which he recommends a planning level of \$1.5 million for section 14 of the United Nations regular programme of technical assistance in 1969 and also states that this planning level figure of \$1.5 million falls short by \$750,000 of the total cost of requests received from Governments,

Bearing in mind at the same time the many important demands on the limited funds available to the United Nations regular programme of technical assistance,

Substitute the following in place of operative paragraphs 1-3:

1. Requests the Executive Director to consult the Secretary-General of the United Nations with a view to the Secretary-General convening a meeting of Secretariat officials directly concerned with the various activities financed under the United Nations regular programme of technical assistance, in order to recommend to the General Assembly how the available funds might best be distributed among the 1969 activities covered by the United Nations regular programme of technical assistance;
2. Further requests that this procedure be followed in respect of 1970 and subsequent years;
3. Stresses the importance of the part played by the regular programme of technical assistance as a means of promotion whereby greater direct assistance in the field of industrial development can be given to the developing countries.

92. At the suggestion of the representative of Rwanda, it was decided that the first preambular paragraph of ID/B/L.38/Amend.1 should be inserted after the second preambular paragraph of ID/B/L.38.

93. In the discussion which ensued, the representative of the Union of Soviet Socialist Republics proposed the deletion of the second preambular paragraph of ID/B/L.38. This was accepted by the representative of Rwanda on behalf of the sponsors.

94. Another amendment by the representative of the Union of Soviet Socialist Republics, to add at the end of the second operative paragraph the words "without increasing the United Nations budget", was rejected by a vote of 22 to 5, with 16 abstentions.

95. At the suggestion of the representative of the Union of Soviet Socialist Republics, the third operative paragraph of ID/B/L.38 was amended to read:

"Stresses the importance of that part of the regular programme of technical assistance which is used to expand the assistance in industrial development given to the developing countries, and requests the Executive Director to draw up guiding principles for the execution of the regular programme in this spirit."

96. The remaining portion of ID/B/L.38/Amend.1 was then voted upon and rejected by 24 votes to 11, with 7 abstentions.

97. The text of ID/B/L.38, as amended, was adopted by 28 votes to 11, with 3 abstentions (see annex VI, resolution 11 (II)).

B. Special industrial services programme

98. The representative of the secretariat stated that under the SIS programme, only a numerical forecast has been made, expressed in terms of experts, man-months and expected programme value. This forecast could only be based on requests received in the previous years for the different industrial sectors, since SIS projects were intended to meet, at short notice, urgent needs which were usually not known well in advance.

99. In the course of the discussions, one delegation stressed that, in order to make the assistance on the SIS projects more effective, funds for equipment should be added to the expert component. He suggested that UNIDO should have its own supply office and that greater flexibility should be allowed in the procedures for processing the SIS projects.

100. One delegation expressed the view that, after the adoption of General Assembly resolution 2152 (XXI), the joint administration of the SIS programme and the provisions of contributions tied to a specific programme were not legal and that the donor countries should decide to make their pledges direct to UNIDO or direct to the UNDP without specifying the particular programmes for which the funds should be utilized. 7/

101. Some delegations recommended that more flexibility designed to enable quicker action and simpler procedures should be introduced in the SIS programmes and, it was further recommended, that SIS funds be used more readily at the request of the

7/ See paragraphs 88 and 89.

developing countries for the techno-economic evaluation of industrial projects at the advanced stages of negotiations with foreign private or public suppliers. In their negotiations with foreign suppliers, the developing countries should be able to obtain UNIDO's advice on the design, layout and selection of machinery and equipment, installation and production programmes, cost estimates and financial matters.

Consideration of draft resolution on local costs of special industrial services

102. At the 57th meeting, the representative of Ghana stated that the original draft resolution ID/B/L.34 submitted by Brazil, Ghana, Indonesia, Jordan, Pakistan, Rwanda, the Sudan, Trinidad and Tobago and the United Arab Republic had been revised. He put forward, on behalf of the co-sponsors, the revised version, which read as follows:

The Industrial Development Board,

Takes note of the widespread feeling in the Board that the payment of local costs in respect of the special industrial services should be completely waived,

Requests the Executive Director to use his good offices to take the necessary steps to have the question of the payment of local costs in respect of the special industrial services examined in conjunction with the United Nations Development Programme as a matter of urgency and to inform the Board at its third session.

103. The revised version of the draft resolution was then introduced by the representative of Trinidad and Tobago.

104. In the ensuing discussion, most delegations supported the revised draft resolution, as introduced by the representative of Trinidad and Tobago, though some delegations accepted it with reservations. Several delegations were of the opinion that local costs should not be completely waived. The representative of Jordan indicated that, since his delegation did not support the revised draft resolution, Jordan should be deleted from the list of sponsors of the original draft resolution.

105. The representative of Nigeria stated that special arrangements could be made in the case of those countries which encountered real difficulties in paying the local costs and that the decision to apply a limited assessment of local costs in respect of special industrial services should be retained so that UNIDO could concentrate on essential projects. He indicated that the draft resolution would secure unanimous support if its first operative paragraph were amended to read as follows:

"Takes note of the various views expressed during the present session of the Board on the question of the desirability of waiving the payment of local costs in respect of special industrial services". Some delegations endorsed the amendment.

106. The proposed amendment was rejected by 18 votes to 13, with 12 abstentions.

107. The first paragraph of the revised draft resolution was adopted by 27 votes to 1, with 11 abstentions.

108. The revised draft resolution as a whole was adopted by 35 votes to none, with 7 abstentions (see annex VI, resolution 7 (II)).

C. Discussion of programmes by groups of activities

109. The examination of the groups of industrial activities of the programme of work of UNIDO resulted in an extensive exchange of views in which the secretariat, at the request of certain delegations, supplied additional information on the documents presented.

Industrial technology (groups 1-6)

110. In introducing groups 1 to 6, the representative of the secretariat made a brief general statement concerning the work of UNIDO in the areas covered by the following groups of activities: engineering industries; metallurgical industries; construction and building materials; basic chemicals and pharmaceuticals; fertilizers, pesticides and petrochemicals industries; and light industries.

Group 1: Engineering industries

111. The priority and allocation of funds among various projects in the engineering field were discussed. Certain delegations considered that the proposed seminar on the automotive industry was less important than the other projects proposed for 1969, while some delegations from developing countries expressed great interest in this project.

112. One delegation inquired about the state of implementation of the recommendations of the International Symposium on Industrial Development with respect to studies on the pattern of production and the demand for machine tools in less-advanced countries and on the common problems of the developing countries in engineering industries.

113. One delegation stressed the importance of establishing capacity for the manufacture of a minimum range of machinery and equipment on a regional basis, in order to create a complex of complementary engineering branches among a group of developing countries in a given region. The UNIDO programme should include more projects in this field, and UNIDO, in co-operation with the regional commissions, should study production requirements, marketing, future production possibilities, raw materials, specialization and co-operation in the engineering industries on a regional basis. UNIDO should also assist in the establishment of large manufacturing plants, which could also serve for demonstration purposes, in setting up pilot engineering workshops, repair and maintenance facilities, and should conduct seminars on marketing, standardization, technological development and relevant statistical problems.

114. There was general agreement on the importance of the design and manufacture of agricultural equipment in the developing countries and it was considered that this area should be given high priority. It was noted that co-operation was being established with FAO in this field. Projects relating to the establishment of engineering and design centres in developing countries were also supported. Some delegations stressed the importance of quality improvement.

115. Many delegations expressed the view that great attention should be given to the repair and maintenance of industrial and agricultural equipment and that UNIDO should assist developing countries in establishing specialized repair shops and maintenance centres for this purpose.

Group 2: Metallurgical industries

116. Many members noted with satisfaction the inclusion in the 1968 work programme of the Second Interregional Symposium on the Iron and Steel Industry and, in the 1969 programme, of projects concerning non-ferrous metals and foundries. In this connexion, one delegation expressed interest in the extent of co-operation between UNIDO and the regional economic commissions in the field of iron and steel industries, particularly with respect to the preparatory work to be carried out for the Interregional Iron and Steel Symposium. It was noted that a number of studies would be presented to the Symposium by the regional economic commissions. Another delegation expressed interest in receiving information on the outcome of the expert group meetings on the lead, zinc, tin and foundry industries.

117. One delegation questioned the value of pilot plant experiments on direct reduction and agglomeration of iron ores. During the discussion, it was pointed out that many countries, which had good quality ore, but no coking coal, were interested in direct reduction as an alternative to the blast furnace method and that, owing to a large number of possible direct reduction techniques and variations in ore quality, pilot trials on a local basis were necessary. The objective of agglomeration trials on individual ores was to ensure maximum metallic yield and minimum operational cost.

Group 3: Construction and building materials

118. A discussion took place regarding the role that UNIDO should play in the field of construction and building materials and the industrialization of building processes. One delegation considered that it would be preferable to leave this activity to other United Nations bodies, such as the Centre for Housing, Building and Planning. However, other delegations felt that UNIDO should be involved in this area of work, since construction industries and the related industries, such as building materials, represented a large proportion of industrial activity in the developing countries. The work should be directed particularly to the use and adaptation of locally produced materials for construction, in order to save foreign currency now being spent on imported materials. One delegation proposed that the secretariat report to the next session of the Board on the progress of its activities in this respect.

119. Small-scale production of cement was considered to be an important area of work and of particular value to a number of developing countries in which full-scale cement plants would not be economically justified. The Board noted that the forthcoming publication by the secretariat of a study of small-scale cement industries was timely in this respect.

120. One delegation also expressed its interest with the work in the field of asbestos cement products.

Group 4: Basic chemicals and pharmaceuticals

121. There was general approval of the programme of work for this group of activities. One delegation felt, however, that the proposed programme was modest compared to the importance of this group of industries and suggested that UNIDO re-examine its activities in this field in the coming years.

122. Doubts were expressed by one delegation concerning the desirability of the project for the production of furfural, since the supplies of this chemical were increasing, substitutes were being developed and the price was falling. Another delegation, however, supported this project and expressed strong interest in the production of furfural based on bagasse.

123. Some delegations urged the development of the pulp, paper and newsprint industry in developing countries on the basis of local raw materials, such as bagasse, bamboo and hardwood fibres. In this connexion, it was suggested that pulp from old non-yielding rubber trees be used for the manufacture of rayon.

124. One delegation considered that lower priority should be given to the proposed studies on the manufacture of liquid fuels and chemicals from coal. It was explained by the secretariat that, although liquid fuels from coal were not normally competitive with oil, there were recent advances in modern technology which might alter the situation. It was the view of the secretariat that this process would be of special importance to developing countries that had reserves of coal, but were remote from sources of oil.

125. The view was expressed by some delegations that pharmaceutical industries in the developing countries required special attention. In their opinion, it was desirable to develop the industry beyond the stage of processing and packaging to the manufacture of the basic ingredients, especially from local raw materials. Related and supporting chemical industries should also be developed. The need for adequate legislation for quality control was also emphasized.

Group 5: Fertilizers, pesticides and petrochemicals industries

126. It was recognized that there should be co-operation between FAO and UNIDO in this field. Several delegations noted that the two organizations were already co-operating in several projects.

127. Some delegations questioned the value of the proposed "World Directory of Fertilizer Production Facilities" and of the "World Fertilizer Balance Sheets" and commented that the information might become out of date by the time it was published. It was suggested that the secretariat re-examine the feasibility of these two projects.

128. There was general agreement on the importance of the proposed meeting for the promotion of fertilizer industries in Asia. One delegation expressed the view that financial experts from countries of different economic systems should be invited to participate in this meeting. Another delegation remarked that the co-operation of ECAFE should be enlisted.

129. Some delegations referred to the proposed World Fertilizer Congress in 1969 for which a preparatory meeting was scheduled for 1968. One delegation offered to act as host for the Congress, to be financed from the national contribution.

130. Regarding the proposal for a study of world supply, demand and price trends of sulphur, one delegation considered that sufficient information was already available from other sources. However, another delegation considered that a study was necessary, particularly with respect to the use of alternative raw materials, that would reduce the consumption of sulphur in fertilizer manufacture. One delegation

pointed out that the study of the secretariat should be reoriented so as to deal particularly with the high sulphur content of crude oil in some developing countries and observed that there would be special interest in his country in such a study.

131. One delegation stated that industry in his country would be interested to see the scheme for pilot plants for the manufacture of sulphuric acid from gypsum actively pursued.

132. Regarding petrochemicals, one delegation expressed interest in the planned publications on production, consumption, trade and new technologies in petrochemicals. Another delegation stressed the importance of fellowships in this field.

Group 6: Light industries

133. In discussing this group of industries, some delegations inquired as to the measures taken to avoid possible duplication of work with FAO in certain areas. Note was taken of the statement made by the Executive Director that discussions with FAO were proceeding with a view to reaching agreements in the fields of food processing, leather and wood-based products. It was felt that the Board could approve activities related to those industries subject to the agreements reached with FAO. In this connexion, some delegations expressed the view that co-ordination with FAO was needed with respect to the proposed study group to evaluate the role of wood-based products as building materials under conditions prevailing in developing countries. Attention was drawn to a FAO conference to be held on a similar subject in 1970 in Canada.

134. In discussing UNIDO's work in textiles, one delegation expressed the opinion that the recommendations of the Expert Group Meeting on the Selection of Textile Machinery in the Cotton Industry were not fully compatible with those adopted by Committee II at the International Symposium. It was explained by the secretariat that the two sets of recommendations were not necessarily in contradiction. One delegation felt that high priority should be given to the project for an expert group meeting on testing and manufacturing controls in the textile industry.

135. One delegation drew attention to the inclusion in the proposed programme of activity relating to production of proteins from coconut; another remarked on the absence of studies and research in the leather industry and pointed out that, in view of the general lack of Special Fund projects in light industries, greater emphasis on SIS projects in this sector might facilitate the development of Special Fund projects.

Industrial services and institutions (groups 7-11)

136. In introducing groups 7 to 11, the representative of the secretariat emphasized that the resources available to UNIDO were very limited. The programme had been constructed in a way that would give priority to the support of field activities. The criteria included the guidance provided by the resolution of the first session of the Board, the results of specialized symposia and expert group meetings and the feed-back from field experts. Wherever possible, UNIDO sought to use its resources in a way that would promote mobilization of larger resources through the results of its activities.

Group 7: Industrial legislation, patents, licensing and standardization

137. A number of delegations from both developing and developed countries stressed the value that they attached to publication of the proposed industrial legislative series (ID/B/26, para. 103). It was suggested that UNIDO should actively seek funds for this project, including financial participation by other interested organizations. BIRPI offered its fullest co-operation in the project by supplying legislative texts and undertook to explore the possibility of a financial contribution in a joint operation with UNIDO. One delegation raised the possibility of co-operation with commercial publishers and another delegation suggested that each country purchase several copies of the publication to help finance the project. One delegation emphasized that to be useful, the project would have to be kept up to date, and some delegations questioned the priority of this project in relation to other claims on UNIDO resources. Another delegation expressed the view that, as a rule, UNIDO should not enter fields in which other international organizations were already active. Another delegation also drew the attention of the secretariat to the work already done on this point by other organizations and institutes and expressed the view that, in the first stage, UNIDO's task should be to set up a survey collection of the various existing regulations. The same delegation mentioned also that investment legislation should be one of the main topics to be dealt with in programme I.

138. With regard to patents (ID/B/26, para. 104), several delegations commented on the importance of UNIDO assistance to developing countries in this area. It was emphasized in this connexion that several inter-governmental organizations of long standing were already active in this field. One delegation suggested that these established organizations could gather the factual information and that UNIDO should work closely with them.

139. Regarding work on industrial licensing (ID/B/26, paras. 105 through 108), one delegation expressed its country's concern over the high cost of proprietary technology. Questions were raised by several delegations as to the exact coverage of some of the projects proposed in the 1969 programme in this field; the representative of the secretariat commented that these projects were in early stages of development and that their ultimate direction would depend on the outcome of further studies and expert group discussions. One delegation observed that UNCTAD was becoming active in this field and that UNIDO's work should be co-ordinated with that of UNCTAD, as well as with other interested bodies. Another delegation wished to record its view that, while the licensing stimulation project was considered important, it should have only a medium priority. Another delegation urged that the secretariat present a more detailed plan for implementing this project.

140. With regard to standardization (ID/B/26, paras. 109 and 110), several delegations emphasized the great importance they attached to this work and underlined that projects in this field of activity should have highest priority. UNIDO should make a much greater effort in this area than was planned in the work programme for 1969. Two delegations asked why less emphasis was given to this field in UNIDO's 1969 programme than in its programmes for the preceding years. Several delegations mentioned that it was important to try to develop regional rather than national standards. Close co-operation was recommended with agencies and organizations, including the International Organization for Standardization (ISO), the International Electrotechnical Commission (IEC), UNESCO and the United Nations regional economic commissions. One delegation offered to make resources available to UNIDO from its special contribution for training programmes in standardization and other

fields, and also for equipment for standardization institutes in developing countries. Co-ordination was also recommended with other United Nations and inter-governmental agencies, including the IAEA. One delegation recommended that a policy co-ordinating committee be established involving UNIDO and the several other organizations working in the field of standards, in order to develop a co-ordinated programme for action in the developing countries. Another delegation recommended that UNIDO, in co-operation with other interested agencies, should work with developing countries on standards for natural products, such as rubber, so as to improve their competition with synthetic substitutes. One delegation emphasized the importance of standardization of capital goods and industrial machinery, and requested UNIDO to include this area in its studies on standardization.

Group 8: Industrial research and other supporting institutions

141. One delegation expressed the view that the projects covered in this group had a low priority. Others felt that services to industry were of special importance and expressed general support for the projects under review; some industrial research constituted the "brains" of industry and should receive appropriate support.

Industrial research and development centres

142. Regarding the proposed expert group meeting to be held in Vienna early in 1969 to work out details for the planned "international association of industrial research institutes" (ID/B/26, para. 116) and the proposal to prepare a directory of industrial and technological research institutes (para. 118), some delegations inquired about the relationship between the two projects. In their opinion, the publication of the directory should precede the holding of the meeting.

143. In the view of some delegations, the time was not ripe for the proposed meeting. One delegation stressed the need for the formation of such an association. Another delegation expressed the view that efforts should be directed towards the improvement of co-operation among existing organizations rather than the creation of a new one.

144. Concerning the proposed publication of a "manual for the evaluation of industrial research institutes", one representative expressed reservations as to its practical usefulness; unless this project were already in an advanced stage of implementation, he felt that it should be postponed. One delegation believed that UNIDO should concentrate on research directly related to industry and that such research should have a programme rather than an institutional approach.

Governmental and non-governmental supporting organizations

145. On the question of administrative services provided by Governments to industry, one delegation asked to what extent UNIDO would rely on the Public Administration Division of the Department of Economic and Social Affairs. The representative of the secretariat replied that the fullest possible co-operation would be maintained with that body.

146. With reference to the proposed regional workshop on the organization and administration of industrial services in Latin America, which is planned for 1969 in collaboration with ECLA (ID/B/26, para. 120), one delegation voiced its concern over the fact that, whereas a similar workshop had been proposed for the ECAFE region in

1968 (ID/B/20/Rev.1, para. 141), no funds had been provided in the UNIDO budget for the ECAFE project, which was subject to the availability of funds. The representative of the secretariat responded that UNIDO was still negotiating with various potential local sponsors and would welcome co-operation from ECAFE or the Asian Productivity Organization.

Comparative study of administrative machinery for industrial development

147. In response to doubts expressed by two delegations as to the importance of this study (ID/B/26, para. 121), the representative of the secretariat informed the Board that this project would consist of a summary of studies and surveys already completed. Its objective would be to provide information to developing countries on the activities of other developing countries in this field.

Further development of new types of supporting institutions

148. Regarding the establishment of industrial equipment repair and maintenance centres (ID/B/26, para. 122), many delegations agreed in principle with the concept of the project as presented. A number of these emphasized, however, that implementation of the project should be properly co-ordinated among the appropriate divisions of UNIDO. After further information had been given as to the nature of the project, a number of delegations expressed their support.

149. With regard to the organization of an international industrial equity capital fund (ID/B/26, para. 123) and the establishment of international industrial pilot franchising organizations (ID/B/26, para. 124), one delegation voiced its support of the projects, which it considered to represent a bold and imaginative approach to the promotion of industrialization in developing countries. Other delegations expressed their doubts and concern regarding the establishment of international industrial pilot concessions (ID/B/26, para. 124) and over the proposed use of consultants for these projects and considered that they should be implemented by UNIDO staff. Following further explanations by the secretariat, a number of delegations voiced their support. In response to requests from delegations, the secretariat undertook to present additional information to the next session of the Industrial Development Board, following further planning and expert review during 1968. As regards the industrial equity capital fund (para. 123), he gave the assurance that the implementation of this project would not be undertaken before the third session of the Industrial Development Board.

Group 9: Industrial information and promotion

150. Referring to UNIDO's industrial information activities, many delegations stressed the priority and urgency of this programme and called for a concentration of resources to assure its rapid implementation. The secretariat reported that the allocation of the special Austrian contribution of \$200,000 to these services had made it possible to proceed more rapidly than would otherwise have been feasible. It was suggested by several delegations that UNIDO's Industrial Information Service make full use of the facilities offered by established industrial information institutes, as well as of any relevant experience available from well-established information centres, particularly on modern techniques for processing information.

A combination of boldness and caution was recommended in the development of such services. A delegation from one developed country informed the Board of the various types of assistance and support it was prepared to make available for the development of UNIDO's information services. One delegation emphasized the importance of UNIDO assistance for the establishment of adequate industrial information services within the developing countries themselves.

151. Several delegations, mainly from developing countries, expressed the immediate need of their countries for the information services outlined in the 1969 programme (ID/B/26, paras. 128-129), as well as their concern about the time required for making these services fully operational. Some delegations referred in particular to the importance of having access to data on industrial consultants and on the supply of industrial equipment. They urged that the information provided should give qualitative evaluations.

152. Two delegations urged that UNIDO's information materials should include a comprehensive collection of industrial feasibility studies. The idea was also expressed that handbooks and manuals produced by UNIDO should reflect international favourable experience and should be the outcome of co-operation among representatives of all types of countries, regardless of their economic and social systems.

153. Delegations also considered that long-term thinking was required in the field of information. Delegations also considered that a systematic policy should be developed for the distribution of UNIDO's publications. Some delegations also suggested wider distribution of the "UNIDO Newsletter" in English, French, Spanish and Russian.

154. Many delegations supported the continuation of the Industrial Promotion Service (IPS) and welcomed UNIDO's projected participation in the Asian International Trade Fair in Teheran in October 1969. It was pointed out, however, that the IPS operation in Athens may have gained in usefulness because of its link with the Symposium. Some delegations suggested that a symposium on petrochemicals be combined with the IPS operation at the Teheran Fair. In response to requests from several delegations for more detailed information on the proposed activities of the Industrial Promotion Service, the secretariat will present such information to the next session of the Board.

155. One delegation urged that promotional activities should not be directed towards the promotion of contacts with profit-making industrial investment resources of private origin, earmarked mainly for the development of the private sector. It should rather be carried out in close co-operation with the state institutions of developing countries and mainly for the development of the public sector in these countries. It was also emphasized that the part played by foreign capital in developing countries should be implemented under the strict supervision of government authorities in those countries. Another delegation was of the opinion that the risk of favouritism of the Industrial Promotion Service would be lessened if its agents informed each other regularly of the contacts they knew and gave all interested countries a complete information service covering all available help.

Group 10a: Industrial training

156. With regard to basic in-plant training programmes for graduate engineers (ID/B/26, para. 147), the delegation of the country in which the first such programme was being developed as a Special Fund project expressed satisfaction with

the proposed programme. Several other delegations from developing countries expressed interest in similar programmes.

157. With regard to the middle-level in-plant training programmes in industrialized countries, several sponsoring countries and several developing countries expressed interest in continuation and expansion of this type of activity. It was emphasized by several delegations, however, that the ultimate aim should be to equip each developing country to handle its own training needs. One developed country said that it was willing to discuss increased co-operation in its present form with UNIDO for in-plant training. Several industrialized countries expressed their willingness to put their current in-plant training programmes on a continuing basis, and two countries offered to explore the possibilities of adding such programmes in other fields. One delegation questioned whether there was not too much emphasis on middle-level training as distinguished from needs at the skilled-workman and foreman level. The same delegation said it might be able to organize its first in-plant training programme in the near future. The importance of training by private enterprise in this area was emphasized, and the delegate of one developing country urged that the training programmes of private enterprises not be limited to employees. One delegation stressed the importance of bilateral in-plant training programmes in the advanced countries. Evidently co-ordination between the UNIDO programme in this field and the bilateral activities had to be activated.

158. The representative of the International Labour Organisation offered the facilities of the Turin Centre for UNIDO training programmes. In general, he emphasized the need for close co-operation between UNIDO and the ILO in industrial training activities. Some delegations supported these views, calling attention to the successful results of the existing institutes acting in this field.

159. Several delegations endorsed the idea that in-plant training programmes should be on a continuing basis, as proposed in paragraph 149 of ID/B/26.

160. Two delegations emphasized the importance of providing entrepreneurial training and training in cost and quality control, especially for small-scale industries in developing countries.

161. Regarding UNIDO's responsibilities for individual fellowships under the various technical co-operation programmes, several delegations supported the proposed take over by UNIDO of full responsibility for such fellowships in January 1969 (ID/B/26, para. 153). One delegation warned that this would involve a great deal of time-consuming effort on the part of UNIDO. It suggested that interviews of prospective candidates might be conducted by embassies of the host countries located in the developing countries from which fellows would come. It also suggested careful revision of the form used for nominating fellows. One delegation suggested that arrangements be made for group fellowships, so that six to eight fellows from one industry in one country could be trained in the same place at the same time.

162. One delegation emphasized the importance of careful handling of fellows to ensure that the training was appropriate and beneficial. It was reported that some trainees had encountered difficulties, such as language problems. One delegation listed a wide range of fields in which its country was prepared to offer training for UNIDO fellows.

163. With regard to the proposed UNIDO work in developing correspondence courses (paras. 155 and 156 of ID/B/26), one delegation endorsed the value of such courses

as well as evening courses for employed technicians and managers. It offered to co-operate in the development of such programmes. The value of correspondence courses was questioned by one delegation.

Proposal for UNIDO-sponsored international industrial institutions

164. In opening the discussion, the Executive Director outlined the proposal set forth in ID/B/26/Add.3 for UNIDO to sponsor a series of international industrial institutes, each covering a specific industry and each based in a particular industrialized country. He stated that these institutes would be an outgrowth of UNIDO's successful experience with in-plant training programmes, but would have broader functions. In effect, each institute would become an international centre for the promotion of development in the industry sector with which it was concerned. In addition to in-plant training, functions might include:

- (a) Collection of information on the situation and trends in the industry;
- (b) Identification of investment needs, opportunities and industry problems in developing countries;
- (c) Exchange of information among industry leaders;
- (d) Transfer and adaptation of technology; and
- (e) Promotion of increased inputs of external capital and skills into developing countries.

He added that the international character of such institutes would be preserved through UNIDO sponsorship, through the provision of a UNIDO-appointed international director and additional international expert staff members and through provision for participants in the training programmes of the institutes to visit other centres of advanced development in the particular industry. The institutes would be jointly financed by the host countries, by the UNDP Special Fund, and by participating developing countries. There would also be a co-director from the host country.

165. One delegation requested the Executive Director urgently to provide the Board with a report on UNIDO's successful experience with in-plant training programmes.

166. Many delegations expressed support for continuation of the UNIDO in-plant training programmes and for putting the financing of these programmes on a longer-term basis. The potential value of the broader institutes proposed in ID/B/26/Add.3 was also stressed by several delegations and especially by those from the developing countries, who urged that UNIDO should proceed immediately to launch the programme. One delegation stated that the issue of multilateral staff of such institutions caused certain difficulties with respect to its adoption by his country and suggested a change in the formulation of recommendations referring to the recruitment of staff for these institutes. His country has at its disposal highly qualified specialists in all fields of knowledge. If these recommendations were not changed, the suggested recruitment rules would not be acceptable to his country. One delegation declared that the need for industrial training at an advanced level would become the more apparent as the industrialization of developing countries progressed. Continuing its analysis of ID/B/26/Add.3, it observed that the document dealt simultaneously with the in-plant training of management personnel, their up-dating in technological developments, and the organization of exchange of views among

cadres in the developing countries. It thought that those three branches of activity could not be covered by the single scheme of the proposed institutes, since one branch must be carried out in host countries and the others in the countries or the region where the cadres are employed.

167. Some delegations pointed out that programmes for the training of highly qualified technicians were already being executed under special agreements concluded between certain industrially advanced countries and UNIDO. They believed that those schemes of bilateral co-operation supported by UNIDO already filled the desired need and that priority should be given to their expansion before the establishment of the international institutes proposed by the Executive Director was contemplated. Others questioned whether the costs of the proposed institutes would be too great, whether they might require an inordinate proportion of total UNDP funds and whether they would be too costly in proportion to the number of people to be trained.

168. In replying to these queries, the Executive Director stated that the multilateral character of the proposed institutes was seen as an important aspect of their value. UNIDO would welcome bilateral efforts for similar purposes, but these would not serve the full range of purposes of the proposed multilateral institute. The costs to UNDP would be relatively modest, since the host countries and the developing countries would be bearing the larger share of total costs. In any case, industry projects were still taking a relatively small share of total Special Fund allocations. The number of people to be trained was significant, but the central question was that participants, who would be persons in key positions in the developing countries, would participate in all the activities of the programme and thus justify fully the costs involved.

169. Some delegations expressed the idea of the necessity for UNIDO of a detailed long-term programme in the field of training of qualified technical and economic personnel for industrialization. Such a programme will have to be worked out by the secretariat after consulting with other United Nations bodies.

170. The representative of UNDP stressed that several changes would be required in normal UNDP rules to permit financing of such projects located in industrialized countries. The Special Fund had financed a somewhat similar institute in the field of seismology in Japan. This had presented some problems. He suggested, and was supported by a few delegations, that, as an alternative, the proposed project institutes might be set up on a regional basis in the more advanced developing countries. In any case, he felt that the Administrator of UNDP would be prepared to consider a small experimental project. Some delegations believed that if the institutes were to be set up in developing countries which had reached an advanced degree of industrialization, they should have not only a regional but an international character similar to that of institutes that would be set up in developed countries.

171. Many delegations felt it would be preferable to finance in-plant training from available technical assistance funds. In the view of another delegation, longer-term planning might eliminate the problems encountered under present ad hoc arrangements, even though technical assistance funds might continue to be the source of financing.

172. One delegation stated that it favoured continuation of in-plant training programmes, but objected to the broader institutes on the following grounds:

(a) The whole concept of UNDP might be endangered by breaching the basic rule that Special Fund projects had to take place in developing countries;

(b) The total UNDP costs of up to \$3 million a year for ten institutes, visualized in ID/B/26/Add.3, would represent a significant proportion of the total UNDP funds which might better be used in other projects.

173. A further clarification was given by the Executive Director, who stated that the proposed institutes would indeed represent a major departure in Special Fund projects, but that such new approaches were needed to meet the special problems of industry. The institutes would be of direct benefit to the developing countries. Regional institutes in the developing countries would not have all the advantages of operation in an advanced country, but could certainly be considered where appropriate. A major share of the costs would simply represent a more efficient regrouping on a longer-term basis of UNDP funds, which would continue in any case to be utilized for fellowships and expert assistance in the relevant industries. Also, no commitment of funds was involved at the present time. The Industrial Development Board was being asked to approve continuation of development work in such institutes. Actual fund commitments and the specific features of projects would be worked out in consultation with host countries and participating developing countries, and would have to be approved by UNDP through the normal procedures.

174. Several delegations raised questions about the permanency of the proposed institutes. Some delegations questioned whether "institute" was an appropriate designation for such projects; whether multiple institutes in the same branch of industry might be foreseen; and how the performance of the institutes could be evaluated. Some delegations urged that consideration be given to setting up institutes in countries with intermediate development.

175. A number of delegations suggested that the Executive Director should further develop the concept of his proposal in greater detail in the light of the opinions that had been expressed and with due regard to the financial problems and should report to the Board at its next session. Some representatives also suggested enlisting the help of a special expert group or working party.

176. In elaborating on the programme, the Executive Director emphasized that he had presented the proposal to the Board in response to the interest shown by UNDP and by many Member States in developing new approaches to industrial development. He stated that, while the proposed institutes would have important additional features, they would be a natural evolution of the successful experience of UNIDO with in-plant training programmes.

177. He reported that initial discussions with industry representatives in several countries had indicated a favourable reaction to the proposal.

178. No commitment of funds was involved at this time. This question and the specific features of each project would remain to be worked out as individual projects were negotiated with host countries participating developing countries and UNDP. There could be considerable flexibility in the specific arrangements for each project. The only fixed point would be to preserve the international character of each project sponsored by UNIDO. This would be the best assurance against the host country gaining a special position internationally in a particular industry as a result of sponsorship of the institute.

179. The Executive Director said that the basic question was whether the Board wished to block his initiative or to leave the secretariat free to develop the idea and pursue it with host countries and UNDP.

180. Some delegations, however, described the misgivings with which the industrial workers of their countries might regard a scheme to set up the institutes sector by sector in some countries rather than others. Certain delegations judged that the international character of the institutes would, on the contrary, aggravate the disadvantages resulting from these privileged situations.

181. Several delegations considered that it was essential, in order that they might define their positions, to distinguish clearly the various options from which a choice was to be made, taking into account the very different meanings which could have been attributed, during the debates, to terms such as "training institutes", "training programmes", "development programmes":

(a) If the reference were to training courses, comparable to those which had already been organized by certain industrialized countries, in co-operation with UNIDO, these delegations raised no objection;

(b) If, in addition, it were a question of providing the participants in such courses with an opportunity for exchanges of views on technical or economic problems going somewhat beyond the precise subject of the courses, they saw only advantages in the proposal. They felt, however, that one should not go so far as to treat the course as a pretext or an accessory element, for fear of reducing it to nothing more than a "symposium" or "seminar", the usefulness of which would be much more uncertain;

(c) Lastly, if it were a matter of establishing, in a given industrialized country, and for a given sector of industry, an "international industrial institute" in the meaning of paragraph 166, assuming the functions enumerated in that paragraph, and which indeed covered all the possible activities of an international industrial institute, having the services of two or three persons only for the collection of information, and between fifteen and twenty fellowship-holders for transmission of the information to the developing countries, these delegations considered that such a scheme was completely out of proportion to the resources which might, under the most favourable circumstances, be allocated to it. This was in addition to several other difficulties referred to particularly in paragraphs 168 and 182.

Consideration of draft resolution on training of national personnel for industrial development

182. At the 58th meeting, the representative of Ghana, on behalf of the co-sponsors, presented some amendments, which had been suggested after the draft resolution had appeared as document ID/B/L.30/Rev.4.

183. The draft resolution, as amended, was introduced by the representative of Ghana on behalf of its sponsors: Chile, Czechoslovakia, Ghana, Iran, Italy, Kuwait, Nigeria, Romania, Somalia, Sudan, United Arab Republic and Zambia. It read as follows:

The Industrial Development Board,

Considering that the training of national personnel of developing countries at all levels has a decisive role in the industrial development of the developing countries,

Recalling General Assembly resolutions 1824 (XVII) of 18 December 1962, 2090 (XX) of 20 December 1965 and 2259 (XXII) of 3 November 1967 regarding the training of national technical personnel for the accelerated industrialization of the developing countries,

Further recalling Economic and Social Council resolution 1274 (XLIII) of 4 August 1967 on the development and utilization of human resources and the Secretary-General's report on this matter (E/4353),

Taking into account General Assembly resolution 2152 (XXI) of 17 November 1966 and paragraph 2 (f) (xi) of Industrial Development Board resolution 1 (I) of 4 May 1967 on the future programme of work and activities of the United Nations Industrial Development Organization, regarding the role of the Organization in assistance in the training of technical and other appropriate categories of personnel of developing countries,

1. Notes with appreciation that in the 1969 programme of the United Nations Industrial Development Organization, numerous in-plant training programmes are being planned by various countries in co-operation with the Organization, and expresses the hope that more programmes of a similar nature will be undertaken in industrial fields on the basis of the assessment of the actual needs of the developing countries, and that the difficulties encountered in establishing such programmes on an ad hoc basis be overcome through consultation with the United Nations Development Programme and the host countries;
2. Endorses the Organization's current programmes for in-plant training of various levels of engineers, technical personnel and specialized managers, and for an exchange of experience in promoting the development of different branches of industry in developing countries;
3. Requests the Executive Director to consult with interested developing and developed countries, the United Nations Development Programme and other United Nations organizations on the further development of such programmes, as well as new programmes, that might be established, including any experimental pilot projects that the Programme might be prepared to consider, and to submit a report to the third session of the Board;
4. Recommends to the Executive Director that proper steps be taken in order to ensure effective co-ordination with existing relevant international programmes and institutes;
5. Advises the Executive Director to give high priority to the demands of developing countries for the training of their national personnel in various fields of industry;

6. Requests the Executive Director to prepare, after consulting with the International Labour Organisation and other specialized agencies, the regional economic commissions and the United Nations Economic and Social Office in Beirut, an outline for a detailed long-term programme for the various kinds of technical training in industrial development and circulate it to the respective Governments for comments prior to its early submission to the Board for consideration.

184. In the discussion that followed, many delegations spoke in support of the draft resolution.

185. The representative of Jordan proposed the following three amendments:

(a) To omit the words "on an ad hoc basis" from the eighth line of operative paragraph 1;

(b) To delete the reference to the United Nations Development Programme in operative paragraph 3;

(c) To redraft operative paragraph 5 to read: "Advises the Executive Director to give due attention to developing countries' requests for training their national personnel in various fields of industry."

186. The Rapporteur suggested that the word "to" be inserted in operative paragraph 3, sixth line, between the words "and" and "submit".

187. After further discussion, the representative of Jordan withdrew his first amendment and asked for separate votes on the amendments relating to operative paragraphs 3 and 5. The amendment relating to operative paragraph 3 was rejected by 24 to 2, with 19 abstentions. The amendment relating to operative paragraph 5 was rejected by 20 votes to 7, with 15 abstentions.

188. The draft resolution as a whole was adopted unanimously (see annex VI, resolution 8 (II)).

Group 10b: Industrial management and consulting services

189. Several delegations emphasized the importance of field projects in this area, in particular, assistance to factories in solving their management problems. The general emphasis of UNIDO on the sectoral or industry-by-industry approach to management was endorsed by several delegations.

190. Regarding the programme of advisory and problem-solving missions (ID/B/26, para. 162), the delegation of the country in which the first such "management clinic" had just been completed, reported that it was highly gratified with the results. Several other delegations stressed the value of such clinics and one delegation asked that UNIDO increase the number of such missions if possible. Several delegations emphasized the desirability of using in these clinics and in other management and consulting activities of UNIDO the services of experts from developing countries, particularly from countries at an intermediate stage of development.

191. With regard to UNIDO's programme for mobilizing additional consulting resources for developing countries (ID/B/26, paras. 163-167), there was general

support for this type of activity. Some delegations requested that such assistance (para. 163) should not be confined to the manufacturing industry, but should involve other industrial sectors as well. Several delegations requested more details on the arrangements proposed, such as the "task-order contract system" and the "consulting consortium". The representative of the secretariat explained that these ideas were still under study and stated that further explanation would be presented at the next Board session. The secretariat explained that the consulting consortia would be designed to meet the needs for consulting services in developing countries as surplus expert manpower became available in the consulting firms. The consulting organizations involved in the consortium and in UNIDO's proposed roster of such organizations would be drawn from both industrialized and developing countries.

192. Regarding UNIDO assistance in the promotion of management consulting firms in the developing countries, several delegations emphasized the importance they attached to this activity. The consultant roster and the consultant consortium approaches would be particularly useful to such firms in making their services known outside their home countries. One delegation felt that before setting up industrial management consulting firms, the need for adequately trained local personnel should be considered; this delegation thought priority should be accorded to regional training centres or institutes in the more advanced developing countries as envisaged in the discussion under group 10a above.

193. With regard to the proposed roster of university professors, one delegation requested that professors from intermediate and less-developed countries should also be included.

194. With regard to the expert group meetings described in paragraphs 168-170 of document ID/B/26, one delegation questioned the value of these activities in view of the large number of meetings sponsored by other organizations on all aspects of management. Another delegation recognized the long-run importance of these projects. The secretariat explained that the proposed UNIDO meetings were designed to review the discussions in these fields and adapt the findings of such meetings especially to the needs of developing countries. The particular organization of the two ad hoc meetings was endorsed by one delegation of an industrialized country. One delegation offered the capital of its country as the venue of the meeting of the expert group on the needs of qualified senior staff.

195. Finally, some delegations expressed the importance of close collaboration between UNIDO and the ILO in work on management. The representative of the secretariat confirmed that such collaboration was being maintained.

Group 11: Small-scale industry, including industrial estates and industrial extension

196. Many delegations expressed the conviction that small-scale industry had an important role to play in industrial development, within the framework of over-all industrialization plans and programmes, and that UNIDO should be encouraged to carry out activities in this area. Small-scale industry covered a broad field of study as was reflected in the secretariat's work programme, which included a wide range of projects. Some delegations felt that, because of the shortage of staff and of financial resources, some concentration of effort on projects of particularly high priority might be necessary.

197. A few delegations expressed the view that small-scale industry could play only a limited and transitional role, mainly in countries at the earliest stages of industrialization. In such countries, small-scale industries might be encouraged to group together and to take joint or co-operative action under government supervision. The secretariat should focus its study on these aspects. In the view of these delegations, in general, rapid industrialization could be achieved only through the promotion of large-scale industries, of government industrial enterprises and of regional industrial development programmes. UNIDO's work programmes for 1969 and 1970 should be concentrated on these problems.

198. Some delegations felt that while the work programme was useful as a whole, priorities, if required, might be attached to activities relating to industrial extension services, including technical and managerial counselling to existing entrepreneurs and the stimulation of new entrepreneurship, financing of small-scale industry, establishment of industrial estates, and facilitation of subcontracting between large and small industrial enterprises.

199. Regarding industrial extension services, interest was expressed by many delegations in projects to set up demonstration plants and organize industrial exhibitions in selected developing countries, particularly in Africa (ID/B/26, paras. 187 and 188). One delegation considered that such plants should provide a demonstration in profitability, as well as in technique, and for that purpose should be operated on a commercial basis from the outset. Two other delegations suggested that the proposed exhibitions should travel from one country to another if the costs involved were not excessive. One delegation recommended that the selection of machinery in such exhibits be made in close co-operation with the Intermediate Technology Group of London. A number of delegations pointed out the usefulness of the proposed project to organize campaigns for the modernization of equipment and production (para. 189) and of the research study on the machine- and tool-lease shop as a common-service facility for small-scale industries (paragraph 192).

200. Interest was expressed in the proposal to convene in 1969 an interregional symposium on financing of small-scale industry (paragraph 194), the second priority area.

201. Some delegations stressed the value of the proposed project on free-zone industrial estates (paragraph 184) and of the group training programme on the planning, establishment and management of industrial estates (paragraph 182).

202. One delegation suggested that UNIDO might analyse data from various regions on the minimum output level, at which different types of industrial production were feasible. One delegation stressed that cases of duplication of work still exist, especially in the field of small-scale industries, where the Industrial Institutions and Services Division duplicates the activities of the Industrial Technology Division, and expressed the wish to avoid such parallel activities. To this end, all technological projects in the fields of large-scale and small-scale industries should be transferred to the Industrial Technology Division.

203. It was generally noted with approval that a number of projects in the field of small-scale industry were undertaken as joint efforts among the divisions of UNIDO and in co-operation with the International Labour Organisation and the regional economic commissions and offices. There was general commendation for the steps taken by UNIDO and the ILO towards an agreement of activities in this area.

Industrial policies and programming (groups 12-15)

204. In introducing the activities of groups 12 to 15, the representative of the secretariat pointed out that the activities in this field included programming of the manufacturing sector as a whole and of individual industries; aspects of project planning and project implementation; preparation and dissemination of industrial programming data; industrial policies, industrial investment promotion and industrial financing; identification and promotion of viable export industries; preparation of periodic surveys, and collaboration with developing countries in conducting national and sub-regional industrial surveys.

Group 12: Industrial programming and project planning

Industrial planning and programming

205. One delegation was of the opinion that the secretariat had not been paying due attention to a number of important problems. In this connexion, it was stated that UNIDO should put greater emphasis on the broader aspects of planning of industrial development and deal with the strategy involved. For this reason, some delegations proposed that UNIDO study the types of industrialization appropriate for each group of countries at different levels of economic and industrial development and, as they have different resources at their disposal, the influence exerted upon them by regional development and specialization should be considered. It would be expedient also to deal with the priority given to projects in which a study is made of the respective roles of internal markets and foreign trade, the optimal relationship between heavy and light industry, large-scale and small-scale industry and between industry and agriculture, while taking into account the increase in the labour productivity and the rate of the growth of employment.

206. The same delegation further stressed the need to provide guidelines for the development of industry, first of all in the public sector, and its co-ordination with the foreign and domestic private sectors, and also to deal with the criteria of efficiency of the work of enterprises in the public sector. Due attention should also be given to the drafting of recommendations in the field of social progress. The same delegation was of the opinion that plans of developing countries, as well as their requests for development aid, were generally based on certain theories and concepts of development with which UNIDO should be familiar. UNIDO's work should be conducted at the highest theoretical level and follow programmes which correspond to the actual needs of developing countries.

207. One delegation suggested systematic studies of plans for future industrialization within the framework of the over-all development plans. A point of view was also expressed that UNIDO should not act as a "fire brigade" in response to requests from individual countries, but should aid developing countries in making up their current and long-term development plans, in order to render assistance to those key projects which form the link between general industrialization plans. UNIDO should, in effect, be a leading and co-ordinating agency for the use of funds from the regular programme, as well as from UNDP components, for industrialization. The same delegation felt that it was necessary to widen the scope and to strengthen the Division of Industrial Policy and Programming. The representative of the same delegation had submitted to the Board

a list of seminars and meetings on these subjects which could be held in his country and financed from its voluntary contributions. In reply, the secretariat referred to work done in the field of formulation of industrial development strategy in the form of papers presented to the International Symposium of Industrial Development (ID/CONF.1/B.15 and ID/CONF.1/47). The work had to be discontinued for lack of staff and financial resources.

208. One delegation was of the opinion that UNIDO should help each country in the development of its own industrialization strategy in accordance with its particular conditions and necessities. Attention should be given to projects associated with advanced technology and large-scale enterprises. Since domestic markets might not be sufficiently large in many developing countries, international assistance in promotion of exports should be provided, for instance, by facilitating repayment of industrial credits by using manufactured products from the country having obtained such credits. One delegation offered the collaboration of a new computing centre to be established in its country for purposes of programming and planning industrialization.

209. One delegation drew attention to the importance of sectoral planning and, specifically, to the relation between industry and agriculture, a point that had also been stressed at the International Symposium in Athens. In this connexion, collaboration with FAO was suggested.

Project planning

210. Several delegations expressed the feeling that work on project planning and evaluation represented an extremely important and much needed contribution from UNIDO to long-term industrialization of developing countries. One delegation expressed its satisfaction over the fact that UNIDO was planning to hold a meeting of an expert working group to evaluate work done in that field. The same delegations expressed the wish that UNIDO's work could be of a practical nature so that it could be used by national technicians and experts in the field.

211. One delegation considered that projects described in document ID/B/26, paragraph 211, "Training workshops on industrial project formulation and evaluation", paragraph 212, "Expert working group on industrial project preparation", and paragraph 213, "Guidelines for industrial project preparation and portfolio of related case studies", should be among those receiving highest priority.

212. Another delegation stressed the importance of speeding up the process of printing the practical guidelines and manuals so as to make them available to technical personnel in developing countries and technical assistance experts as soon as possible.

Industrial project implementation

213. Regarding the project on "Evaluation and dissemination of experience gained in the implementation of industrial projects" (paragraph 216), one delegation inquired about the nature of the data and information and how they would be defined and collected. The same delegation indicated that, though recognizing the importance of project implementation, it would have preferred that the project under paragraph 216 be given lower priority than the project on "Training workshops on industrial project implementation" (paragraph 215).

Another delegation, however, strongly supported this project and indicated that a growing body of experience was available to developing countries in project implementation.

Industrial programming data

214. Some delegations noted with appreciation the scope and quality of the reference data compiled in the form of "Profiles of manufacturing establishments". Many delegations recommended the preparation of a preliminary analysis of the compiled data with a view to providing appropriate information for non-expert users.

215. One delegation stated that the desirable mechanism of the working party on industrial programming data bank should be such that this party would provide a working forum on the national and sub-regional levels, as well as co-ordination of local efforts on the regional and inter-regional levels.

216. An inquiry was made by one delegation as to the type of information to be handled by the data bank for industrial programming other than the series that had so far been established. In reply, the representative of the secretariat stated that this point would be among the agenda items envisaged for the 1968 session of the working party. Attention was drawn to the electronic research centre recently established at Bratislava with the assistance of the United Nations Development Programme, and suggestions were made regarding the possibilities of co-operation between this centre, UNIDO or **States Members of the United Nations** in carrying out certain tasks of common interest.

Industrial location and regional development

217. Several delegations referred to UNIDO's work in the field of industrial location and regional development and, in particular, to the Interregional Seminar on Industrial Location and Regional Development, to be held in Minsk (USSR) in 1968. It was suggested by one delegation that additional attention be paid to the problems of economic diversification and the establishment of criteria for the location of new branches of industry. Another delegation suggested additional sources of information in this field.

218. Some delegates urged that the experience of the OECD and other organizations be taken into account during the preparation of the operational guide on regional industrial planning.

Group 13: Industrial policies and industrial financing

219. Commenting on the programmes in this area, a number of delegations emphasized the need for interaction between the various industrial sectors, as well as the industrial sector as a whole and other sectors, such as agriculture. Other delegations considered that there was need for co-ordination of UNIDO's activities under group 13 with the United Nations and other international organizations. The secretariat indicated that work undertaken outside UNIDO was always considered and that some of the activities under consideration were joint projects with other international organizations and with universities.

220. The importance of public-sector enterprises and the need to increase UNIDO's activities in this field were emphasized by a few delegations. One delegation felt

that it was necessary to use to the utmost the domestic resources through the adoption of economic as well as of socially progressive steps and to mobilize external resources through the encouragement of exports and the rational use of foreign aid to achieve successful projects. The same delegation stressed that foreign capital should be used to the benefit of the developing countries themselves.

221. One delegation proposed a method of industrialization financing in developing countries, whereby the building of industrial plants would be on credit, the cost of their construction to be repaid in kind from the goods produced. Such a system had proved its worth in a number of countries, and the delegation felt that it should be featured prominently in future UNIDO programmes.

222. One delegation supported the preparation of manuals included in the work programme and emphasized the need for such manuals by officials of developing countries, as well as field experts. He also stressed the importance of making these manuals practical and having them written in a style that was easily understood.

223. With respect to UNIDO's work on fiscal incentives (paragraph 227), one delegate inquired whether the programme of work in this field would include the formulation of the pattern of fiscal incentives and wondered whether general application of general incentive patterns could be set up for use by developing countries. The secretariat shared the views of the delegate that it was very difficult to conceive incentives for general application. The intention, however, was to formulate general guidelines in this respect, including countries' experiences which were found to be useful to those engaged in industrial policies in the field.

224. On joint ventures (paragraph 229), a number of delegates inquired if the study being carried out by Columbia University would include prototype agreements or concrete case studies of agreements, as recommended by the Athens Symposium. One delegate inquired whether the secretariat had co-ordinated its activities in this field with those of the Organization for Economic Co-operation and Development (OECD). The secretariat indicated that the purpose of the project was to establish prototype agreements in specific industrial cases.

225. A number of delegates emphasized the need of developing countries for UNIDO's assistance in mobilizing their domestic savings and channelling them into financing the industrial sector. The lack and/or inadequacy of existing specialized institutions was pointed out. The representative of the secretariat shared the views expressed and explained that part of the work programme included work in this field such as the preparation of model statutes for the establishment of specialized financial institutions and of techniques for mobilizing domestic savings.

226. A number of delegates wanted UNIDO to expand its activities in securing industrial external financing under favourable terms. One delegate pointed out that, because of low return, a number of sectors, as in the fields of metalworking industry and fertilizers, were not attractive to external financing. He emphasized the need for UNIDO to help in channelling external financing into such fields under acceptable terms. Regarding the form of external financing promotion, it was pointed out by the secretariat that UNIDO's policy derived from the policy of the requesting country.

227. Certain delegates emphasized the need for financial planning of industrial projects, noting that financial activities provided in the work programmes were not sufficient to meet the specific needs of developing countries.

228. Regarding the meeting of investment banks and investment promotion centres (paragraph 230), it was further observed that considerable assistance was available on markets for projects. He hoped that the proposed meeting would not be confined to making contacts between industries and developing countries, but felt that UNIDO should also assist in rationalizing and moderating the terms of agreement.

Group 14: Promotion of export-oriented industries

229. Several delegations emphasized the urgency of the promotion of export-oriented industries as a means of accelerating over-all industrial growth in the developing countries. One delegation expressed the view that the system of building industrial plants on credit and then repaying the cost of their construction in kind from the goods produced, might contribute to the promotion of export-oriented industries.

230. Many delegations centred their discussion on the division of responsibilities in the export promotion sphere between UNIDO and other United Nations organizations, particularly UNCTAD, as set out in General Assembly resolution 2152 (XXI) of 17 November 1966. It was understood, in this respect, that UNIDO's concern, as expressed in the work programme for 1969 (ID/B/26, group 14), would be with the ability of developing countries to establish and/or develop industries which would satisfy demand which had already been demonstrated.

231. A number of delegations stressed the importance of the effective execution of UNIDO's programme in this field within the framework of the Combined United Nations Export Promotion Programme. Some delegations discussed the work of UNIDO in investigating the supply of manufactured and semi-manufactured products with export potential, thereby complementing market studies being undertaken in other agencies. In this respect, particularly, the projects referred to in document ID/B/26 entitled "Supply-demand position of export-promising manufactures and semi-manufactures" (para. 244) and "Work undertaken in co-operation with agencies of the United Nations family and other international agencies" (para. 248), would seem to be appropriate for very close co-operation with the joint UNCTAD/GATT International Trade Centre.

232. The representative of GATT informed the delegates about the activities of the UNCTAD/GATT International Trade Centre in Geneva, which formed part of the Combined United Nations Export Promotion Programme. The GATT secretariat was ready to give fullest assistance to UNIDO in the analysis of the tariff implications of the Kennedy Round for export-oriented industries in developing countries. It was recalled by one delegation that UNCTAD had published a report on this same subject.

233. The representative of UNCTAD reviewed the work being done in the area under discussion. He expressed satisfaction with the degree of co-operation already achieved between UNCTAD and UNIDO and pointed out that the work programmes of both organizations were broad enough to permit expansion of co-operation both in scope and depth with a view to increasing the efficiency of the assistance which UNIDO and UNCTAD were expected to render to the developing countries.

234. One delegation stated its view that certain developed countries were unwilling to admit the goods from developing countries to their markets under equitable conditions and without discrimination. It also felt that the projects concerning the export field branches should be expertly evaluated not only from a technological point of view, but also from the programming and industrial policy point of view. Another delegation stressed the advantages of studying and developing domestic markets for the development of certain kinds of export industries. Others, while recognizing the usefulness of an extensive domestic market, pointed out that it was not an essential prerequisite for export industrial development. One delegation drew attention to the potential for international trade, not only between the developed and the developing countries, but also among the developing countries themselves.

Group 15: General research projects established as continuous activities

235. A number of delegations appreciated the role of the Industrial Development Survey in providing information for assessment of the stage of industrialization of the developing countries.

236. One delegation made three proposals. First, the industrial development survey should consist of an analysis of the process of industrialization in the entire group of developing countries, as well as include the analysis of these processes in the individual groups of countries and specific branches of industry. Second, the text and tables of the survey should include an analysis of social sectors such as public, foreign and domestic private sectors. Third, UNIDO should help to organize statistical machinery in developing countries in order to produce internationally standardized statistical data.

237. The secretariat recognized the importance of standardization of statistical materials and indicated that the main responsibility for such work rested with the United Nations Statistical Office.

238. One delegation inquired about the country studies which UNIDO planned to undertake (para. 254) and pointed out that the OECD was completing studies on six developing countries. The representative of UNCTAD mentioned that it was also carrying out country studies in co-operation with regional economic commissions, although these studies were not comprehensive surveys.

239. Several delegations, which attached low priority to this programme, suggested that UNIDO should re-evaluate the merits of undertaking these studies. These delegations accorded the same low priority to a proposed UNIDO study on the relationship of export industries to industrialization (para. 253).

240. The secretariat indicated that this programme was still tentative and that technical assistance requested by developing countries to help carry out their own industrial surveys might be of more benefit.

241. One delegation pointed out that UNIDO's technical assistance to developing countries in the preparation of national surveys was considered very important, as an industrial survey was a prerequisite for industrial development planning. It was further indicated that some developing countries lacked the expertise and resources to carry out such surveys; UNIDO's assistance in this field, therefore, should be further developed.

242. A number of delegations expressed interest in and support for the activities of UNIDO in the preparation of the framework of an international development strategy for the second Development Decade. The secretariat indicated that, in addition to participating in the preparatory work, UNIDO was expected to be responsible for the sectoral plan for manufacturing the projections of other interrelated variables. It was suggested by one delegation that the respective projections ought to be carried out by UNIDO in collaboration with other United Nations agencies.

Consideration of draft resolutions on the work programme

243. At the close of the discussions of the fifteen groups of activities, the Board discussed draft resolutions concerning the work programme.

244. At the sixty-first meeting, the representative of Pakistan, on behalf of the sponsors, presented some amendments, which had been suggested after the draft resolution, submitted by Argentina, Brazil, Ghana, India, Indonesia, Iran, Jordan, Kuwait, Pakistan, Peru, the Philippines, Rwanda, the Sudan, Trinidad and Tobago, and the United Arab Republic, had appeared as document ID/B/L.33/Rev.1.

245. The draft resolution, as amended, read as follows:

The Industrial Development Board,

Recalling the provisions of General Assembly resolution 2152 (XXI) of 17 November 1966 and of Industrial Development Board resolution 1 (I) of 4 May 1967,

Having considered the report of the Executive Director on the 1967 activities of the United Nations Industrial Development Organization (ID/B/22 and Add.1) and the proposals for the Organization's programme of work for 1968 (ID/B/20/Rev.1) and for 1969 (ID/B/26),

1. Takes note of the report on the 1967 activities of the United Nations Industrial Development Organization submitted by the Executive Director;

2. Takes note of the report of the International Symposium on Industrial Development (ID/B/21 and Add.1);

3. Approves the proposed programme of work of the United Nations Industrial Development Organization for 1968 and 1969, subject to the observations contained in chapters paras. of the Board's report on its second session to the General Assembly;

4. Considers that the programme for 1969 reflects action required to assist the industrialization efforts of the developing countries, which should be further expanded as additional resources become available;

5. Requests the Executive Director to:

(a) Submit to the Industrial Development Board at its third session long-term proposals, in accordance with the recommendations of the Ad Hoc

Committee of Experts to Examine the Finances of the United Nations and the Specialized Agencies and the provisions of General Assembly resolution 2370 (XXII) of 19 December 1967 taking fully into account such action as may have been taken by the General Assembly at its twenty-third session with regard to an international development strategy to be implemented during the second United Nations Development Decade, in accordance with the provisions of General Assembly resolutions 2218 (XXI) of 19 December 1966 and 2305 (XXII) of 13 December 1967;

(b) Secure the agreement of the Secretary-General for the submission to the coming sessions of the Board of the preliminary budget estimates of the Executive Director for the year or years for which the Board is expected to consider and approve the organization's programme of work in order that such consideration and approval can be given in the knowledge of the likely financial implications;

6. Further requests the Executive Director to:

(a) Take the necessary steps to appoint at the earliest possible date an adequate number of industrial field advisers who would be attached to the offices of the Resident Representatives of the United Nations Development Programme, to advise, assist and co-operate with Governments of developing countries in the development and implementation of the United Nations Industrial Development Organization's operational field activities, develop methods of work and report annually on their activities to the Industrial Development Board;

(b) Submit proposals to its third session, in order to accelerate the recruitment process, on possible modifications of current arrangements for the recruitment of experts and advisers to serve in the field under the different technical co-operation programmes for which the Organization has operational responsibility, taking into account the desirability of recruiting experts who have high qualifications and represent a wide variety of experience in countries at various stages of development and with different forms of social and economic systems;

(c) Develop programmes of assistance at the request of Governments concerned, to regional and sub-regional groupings of developing countries;

(d) Encourage the exchange of experience and expertise among the developing countries in the field of industrial development;

(e) Lay greater emphasis within the developing countries, on the creation and strengthening of national and regional specialized financial institutions and organizations consistent with their national plans and policies with a view to stimulating a greater inflow of capital, both domestic and foreign, into existing and new industries in the developing countries on terms acceptable to them and to utilizing effectively the financial resources which may be available.

7. Commends the Executive Director for the improvement in the presentation of the programme of work of the United Nations Industrial Development Organization and puts forward the following suggestions for further improvement of the documentation relating to supporting activities:

(a) Continue to develop the practice of indicating the areas of special emphasis proposed for the year's programme and the reasons therefor;

(b) Bring up to date the classification of headquarters activities in order to take account of the new forms of action envisaged;

(c) Identify systematically each project, in order to follow-up easily those which extend over several years;

(d) Indicate clearly in each activity group continuing projects, new stages of projects previously established and entirely new projects, as well as the projects that have been discontinued, dropped or postponed and the reasons therefor;

(e) Specify in proposals to extend existing projects all relevant justification, including an account of sums already spent and results obtained;

(f) Make specific proposals for new projects or new stages of evolving projects indicating:

(i) The desired objective and the basis for selection;

(ii) The duration and estimated cost;

(iii) The portion of the whole project planned for the year in question and the corresponding expenditure;

(g) Include in the report on past activities, for each completed operation, a brief indication of its results;

8. Draws the attention of the Governments of the developing countries to the facilities offered by the United Nations Industrial Development Organization in the field of industrial development and to the desirability of making increased use of such facilities;

9. Considers that the United Nations Industrial Development Organization should be entrusted with the responsibility of executing a larger number of projects related to industrial development under the two components of the United Nations Industrial Development Organization.

246. The representative of the Union of Soviet Socialist Republics stated that, since the amendments proposed by his delegation had not been included in the draft resolution, they should at least be reflected in the proceedings. The first proposed amendment had referred to the important role which the public sector should play in industrial development, and the second had referred to the control which should be exercised by the developing countries over foreign capital being attracted to those countries.

247. One delegation expressed reservations with respect to paragraph 5 (b). The same delegation stated that the Board should consider the Secretary-General's budget estimates, which contain the resources likely to be made available for industrial development.

248. The revised draft resolution was adopted by 44 votes to none, with no abstention (see annex VI, resolution 9 (II)).

249. At the sixty-second meeting, the representative of Belgium introduced a draft resolution (ID/B/L.39/Rev.1) submitted by Austria, Belgium, Canada, the Federal Republic of Germany, the Netherlands, Switzerland, the United Kingdom and the United States of America. He stated that the purpose of resolution ID/B/L.39/Rev.1 was to cover points which had not been dealt with in resolution ID/B/L.33/Rev.1.

250. The new draft resolution read as follows:

The Industrial Development Board,

Recalling the provisions of its resolution 1 (I) of 4 May 1967,

Having examined the relevant documentation submitted by the Executive Director for the second session,

Noting with satisfaction the effort made by the secretariat, under the guidance of the Executive Director, to improve the documentation submitted to the Board and to suggest new forms of action,

Taking into consideration the debates which have taken place during the second session,

Considering the importance of the organization of work in order to ensure balance and continuity of the action of the United Nations Industrial Development Organization,

1. Recommends that the Executive Director, in order that the Organization may progressively adapt its working methods to long-term prospects, should have regard in preparing its future programmes of work, and as a supplement to those contained in resolution 1 (I) to the following directives in addition to those contained in resolution ID/B/L.33/Rev.1:

A. General guidelines

- (i) Both at headquarters and in the field, action should become a coherent whole likely to promote the harmonious industrial development of individual countries and groups of countries. The guiding principles of this action should, of course, remain very flexible;
- (ii) To promote the fullest use of the available resources, the Organization ought constantly to endeavour to procure the execution of specific projects in the field and of systematic action devised by headquarters, with due regard to the needs of developing countries for assistance and the resources of both know-how and capital in the rest of the world;

B. Field activities

- (i) While the Governments of the developing countries are solely responsible for the presentation of requests corresponding to

their needs, the United Nations Industrial Development Organization can play an active role in assisting them to initiate and formulate such projects which may influence and accelerate industrialization in a more direct and effective way. This implies that a greater number of larger-scale projects should be considered;

- (ii) The nature of projects to be promoted depends mainly upon the specific situation of each country and the level of its industrialization. The search for these projects should be done systematically, by way of extensive exchanges of views with the Governments of the developing countries, taking into account their industrialization plans and social objectives;
- (iii) In the course of these exchanges of views, special attention should be given to:
 - (a) Procedures which may help to concentrate effort on all problems relating to a specific industrial project, such as feasibility studies, finance, construction and initial operation of a factory, training of personnel and marketing;
 - (b) The development of criteria which would help to assess the usefulness of pilot-plant projects;
 - (c) The careful study of the justification for projects for supporting institutions with a view to relating the operating cost of these institutions to the importance of the industrial potential;
- (iv) The United Nations Industrial Development Organization should arrange its relations with Governments in such a way as to ensure that the exchange of views are adequate and continuous and call into play and co-ordinate appropriately all the professional expertise within the secretariat;
- (v) In this connexion, the methods of work of the industrial field advisers should be more precisely laid down. They should be able to express judgements on the broad needs and problems that exist and to make a preliminary evaluation of suggested projects for later confirmation and possible processing through headquarters;

C. Headquarters activities

- (vi) Headquarters activities should be programmed with a view to ensuring their continuous adaptation to effective needs in the field and to making the best use of available resources in the industrialized as well as in recipient developing countries;
- (vii) Criteria for priorities should be worked out in such a way as to facilitate such programming and to help the secretariat to assess the relative importance of proposed new projects;
- (viii) The secretariat should try, whenever possible, to secure the desired effects by stimulating action by third parties, in order

to conserve the resources of the organization for projects which it must carry out;

- (ix) The United Nations Industrial Development Organization should increase its services in the field of industrial information by developing its role as a broker between developing countries and existing national centres and other relevant organizations, and by directing requests for information to the most appropriate sources of information;
- (x) Ideas for building up the Organization's role as a catalyst in the transfer of know-how from the industrialized towards the developing countries should be carefully selected and tested on a small scale before they are embodied in larger projects;
- (xi) In conceiving and implementing studies and research projects, the secretariat should try to:
 - (a) Make the maximum use of studies made by other bodies and avoid undertaking new studies unless the examination of existing studies clearly shows that they are inadequate for the Organization's purposes;
 - (b) Develop joint studies with organizations and institutions which have similar interests;
- (xii) The implementation of this headquarters programming presupposes the adoption within the secretariat of appropriate procedures, making it possible to:
 - (a) Evaluate each proposed project in the context of its over-all programme and determine its relative importance;
 - (b) Ensure that the programme in each sector is concentrated on the highest priority needs;
 - (c) Appraise the collective adequacy of the proposed projects in relation to the sectors concerned.

251. At the suggestion of certain delegations, speaking on behalf of their respective geographical groups, the sponsors of the draft resolution agreed and the Board decided that discussion of the points contained in the draft resolution be deferred until the third session of the Board and that the text of the draft resolution be included in the report of the second session.

Consideration of draft resolutions on the establishment of a
working group on programme and co-ordination

252. At the 53rd meeting, the representative of the Netherlands introduced a draft resolution (ID/B/L.40 and Add. 1 and 2) submitted by Argentina, Austria, Bulgaria, Canada, Ghana, the Netherlands, Nigeria, Pakistan, the Philippines, and Thailand. It read as follows:

The Industrial Development Board,

Recalling General Assembly resolution 2152 (XXI) of 17 November 1966 under which the United Nations Industrial Development Organization was established,

Recalling the provisions of Industrial Development Board resolution 1 (I) of 4 May 1967 on the best possible implementation of its functions,

Bearing in mind that the principal functions and powers of the Board include:

- (a) Consideration and approval of the programme of activities;
- (b) Reviewing and facilitating the co-ordination of activities within the United Nations system in the field of industrial development;
- (c) Keeping the activities of the Organization under review,

Recognizing the fact that consideration by the Board of the work programme, its financial implications and co-ordination questions in the industrial field is a complex and time-consuming matter,

Expressing the wish to facilitate the task of the Board and to improve the quality of its work,

Considering that the Board, according to rule 62 of its rules of procedure, may establish such subsidiary organs as may be necessary for expediting the effective discharge of its functions,

1. Requests the Executive Director to convene a working group of Government representatives open to all members of the Board;
2. Decides that the functions of the working group, which shall elect its own officers, shall be to consider the documentation prepared for the Board session with a view to:
 - (a) Examining the current and proposed UNIDO work programme;
 - (b) Assessing the financial implications thereof;
 - (c) Identifying and commenting on problems of co-ordination in the industrial development field;
3. Decides that, beginning in 1969, the working group would meet at the seat of the Organization about two weeks prior to each annual session of the Board and should report its findings to the Board for its consideration.

253. While the majority of the delegations welcomed the proposed establishment of the working group on programme and co-ordination, the discussion on the draft resolution centred on the modalities involved in the convening of such a body, especially regarding its composition, the duration of its session and the time when it would meet.

254. Many delegations proposed that the draft resolution be adopted as presented, while others opposed it mainly because of financial considerations. Others recommended that the composition of the proposed working group be limited, taking into account the principle of equitable geographical representation among the various groups. It was also suggested that the working group should reduce the duration of its session and meet earlier than two weeks before the session of the Board.

255. During the debate, the Executive Director made a statement on the financial implications of the proposed draft resolution.

256. The representative of Jordan proposed an amendment on the "establishment of a committee on programme and co-ordination", after having indicated that the Board should first establish such a committee and then ask the Executive Director to convene it.

257. The above amendment was rejected by 21 votes to 11, with 12 abstentions.

258. The representative of Jordan proposed another amendment, whereby the first operative paragraph would read: "Decides to establish a working group on programme and co-ordination composed of government representatives and open to all members of the Board".

259. The above amendment was rejected by 16 votes to 11, with 11 abstentions.

260. The representative of the Netherlands proposed an amendment to operative paragraph 2 (a), whereby the words "examining the current and proposed UNIDO work programme" would be replaced with the words "examining the report on the past activities, the current programme and the proposed UNIDO work programme". He also proposed that a new, fourth, operative paragraph be added, as follows: "Decides to review the composition of the working group at its third session in the light of experience gained".

261. Draft resolution ID/B/L.40/Add.1 and 2, as amended by the Netherlands, was adopted by 34 votes to 1, with 9 abstentions (see annex VI, resolution 3 (II)).

262. At the 62nd meeting, the representative of Switzerland introduced a draft resolution submitted by Belgium, Ghana, Italy, Sweden, Switzerland, Trinidad and Tobago, the United Kingdom and the United States of America (ID/B/L.43).

263. It read as follows:

The Industrial Development Board,

Desiring to clarify the meaning of resolution 3 (II) on the establishment of a working group on programme and co-ordination,

1. Affirms that in adopting resolution 3 (II), the Board decided to establish a subsidiary organ of the Board pursuant to rule 62 of its rules of procedure;

2. Decides that a quorum of the working group shall be a majority of those members of the Board registered with the secretariat as participants in the session of the working group concerned.

264. The representative of Switzerland explained that the draft resolution was meant to clarify resolution 3 (II) on the establishment of a working group on programmes and co-ordination.

265. The representative of the Netherlands put forth three proposals for inclusion in the report of the second session of the Board as a substitute for draft resolution ID/B/L.43. Two of the proposals, relating to the establishment of the working group, as well as the size of its quorum, were identical to the provisions of the two operative paragraphs of the draft resolution. The third proposal, which was eventually accepted by the Board, was to the effect that the costs of members' attendance at the sessions of the working group would be borne by their respective Governments. After further discussion, the representative of Belgium requested that the draft resolution be put to a vote.

266. The draft resolution was adopted by 24 votes to 10, with 4 abstentions (see annex VI, resolution 12 (II)).

CHAPTER IV. CO-ORDINATION AND CO-OPERATION WITH SPECIALIZED
AGENCIES AND OTHER INTERNATIONAL ORGANIZATIONS 8/

A. Review of activities of the United Nations system of organizations
in the field of industrial development

267. The Board had before it the following documents for consideration in connexion with this item: report on the industrial development activities of the United Nations system of organizations for the year 1967 (ID/B/23); note on the annual review of the future programmes of activities in the field of industrial development of the United Nations system of organizations (ID/B/25); and a note on the preparation of analytical reports (ID/B/24).

268. The representative of the secretariat, in introducing the item under discussion, drew the attention of the Board to the difficulties experienced by the secretariat in the preparation of the consolidated report and to the suggestions contained in document ID/B/24, paragraph 7, for improving the content and presentation of the reports. The secretariat thought that when the consolidated report was brought up to the required standards of completeness and uniformity of presentation, it would become a highly useful tool of co-ordination for the Board.

269. In reviewing the reports submitted, various delegations took note of the gaps and overlapping in certain industrial activities as enumerated in document ID/B/24, paragraphs 10 and 11. 9/ It was noted that the secretariat had encountered a number of difficulties in the preparation of the third consolidated report, particularly a lack of essential information.

8/ This chapter consists of the reports of Committee II on its deliberations on agenda items 6 and 8a. The reports of the Committee on these items (ID/B/C.2/2, Add.2 and 4) were adopted by the Board at its 53rd meeting on 9 May 1968.

9/ Paragraph 10: "It appeared that, in certain areas of activities, a more intensified effort was called for by UNIDO, acting either singly or in co-operation with the interested agencies. The following areas might be mentioned in a preliminary way: (a) industrial information (UNIDO); (b) standardization and quality control (UNIDO); (c) promotion of financing of industrial projects (UNIDO in co-operation with the regional development banks and other international financial institutions); and a number of industrial sectors, such as (d) metallurgy and machine building (UNIDO); (e) building materials (UNIDO and ECE); and (f) agricultural inputs of industrial products, such as fertilizers, insecticides and agricultural machinery (UNIDO and FAO)."

Paragraph 11: "It was also possible to identify a number of areas of overlapping activities which called for clarification and agreements with the relevant specialized agencies as to allocation of responsibilities. Some of these areas might be noted here, such as: (a) food processing industries; (b) pulp and paper (UNIDO and FAO); (c) industrial management; (d) industrial training; and (e) small-scale industry (UNIDO and the ILO)."

270. The suggestions made by the secretariat to improve the presentation and format of the consolidated report were generally endorsed.

271. The need for better co-ordination among United Nations bodies was strongly emphasized, in particular, the need for close co-operation between UNIDO and the regional economic commissions. Such co-operation was considered essential for the effective planning and programming of industrial projects. Several delegations felt that an analysis of the results achieved in industrial development by the various bodies of the United Nations system would be particularly helpful, and that other United Nations bodies should take account of the Executive Director's suggestions put forward in document ID/B/24 concerning the preparation of analytical reports on the activities of the United Nations agencies in the field of industrial development.

272. Some delegations indicated that UNIDO should deal with the elaboration of scientifically-founded programmes and models of industrial development, on the basis of which the developing countries could create a diversified economy with full use of internal natural, labour, financial and other resources. In this connexion, the same delegations underlined the necessity of elaborating combined projects of industrial development in which the various organizations of the United Nations system would participate.

273. In the field of financing, a large number of delegations felt that UNIDO should intensify its efforts to promote the financing of industrial projects on terms favourable to developing countries. Greater efforts should be made in the financing of industrial projects in co-operation with international and regional financial institutions.

274. Several delegations suggested that future consolidated reports should include information on the results of the various industrial projects undertaken by United Nations bodies.

275. Several delegations commended the suggestion made by the Executive Director in document ID/B/25, paragraph 4, concerning the account of future programmes.

276. There was a general desire for a more detailed analytical report of the activities of the United Nations system in the field of industrial development for consideration by the Board, and the hope was expressed that such a report would be submitted to the next session.

277. In response to queries raised by certain delegations regarding UNIDO's competence in the field of fertilizers, the representative of FAO explained that his organization was concerned essentially with the use of fertilizers, rather than with their manufacture, which fell within the competence of UNIDO.

278. Commenting on the points raised during the discussion, the representative of the secretariat stated that some of these were already the subject of consultation among the members of the United Nations family, while others would be taken into consideration in the preparation of future work programmes. For example, he said, UNIDO was already studying the question of promoting the financing of industrial projects in co-operation with international and regional financing institutions, and was also actively pursuing the matter of establishing pilot plants in a number of countries for the investigation of industrial applications of indigenous raw

materials, as suggested by several delegations in the course of the debates. He also mentioned that the questions of co-ordination raised by several delegations would be considered more appropriately in the discussion of agenda item 8a, "The central role of UNIDO in co-ordinating the activities of the United Nations system in the field of industrial development".

Consideration of draft resolution on co-operation between UNIDO, the regional economic commissions and United Nations Economic and Social Office in Beirut

279. At the 53rd meeting, the representative of Romania introduced a draft resolution (ID/B/L.31 and Add.1) submitted by Belgium, Chile, Czechoslovakia, Finland, India, Iran, Ivory Coast Kuwait and Romania. It read as follows:

The Industrial Development Board,

Recalling General Assembly resolutions 2152 (XXI) of 17 November 1966 and 2299 (XXII) of 12 December 1967, and paragraph 2 (h) of Industrial Development Board resolution 1 (I) of 4 May 1967, regarding a close and continuous working relationship with the regional economic commissions and the United Nations Economic and Social Office in Beirut,

Taking into account the desire, expressed by the regional economic commissions of the United Nations and by the United Nations Economic and Social Office in Beirut, to develop co-operation with UNIDO in fields of common interest,

Noting with appreciation the efforts made by the Executive Director to strengthen the co-operation between the United Nations Industrial Development Organization, on the one hand, and the regional economic commissions and the United Nations Economic and Social Office in Beirut, on the other hand, and, in particular, his intention to harmonize the work of the organization with this office and the commissions,

1. Invites the Executive Director to continue his activities with a view to developing the co-operation of UNIDO with the regional economic commissions and the United Nations Economic and Social Office in Beirut in terms of the above-mentioned resolutions;

2. Requests the Executive Director to include in each annual report on co-ordination of United Nations activities in the field of industrial development full particulars of the measures of co-operation that have been effectively implemented or that are proposed in agreement with the Executive Secretaries of the regional economic commissions and the Director of the United Nations Economic and Social Office in Beirut;

3. Draws the attention of Governments to the importance of this co-operation between UNIDO and the regional economic commissions.

280. The representative of Chile proposed to amend operative paragraph 3 to read: "Emphasizes the importance of such co-operation between UNIDO and the regional economic commissions."

281. The representative of India felt that operative paragraph 3 should remain in the operative part of the resolution, as the sponsors wished to emphasize the type

of co-operation to which reference was made. However, the paragraph could be moved to the beginning of the operative part as paragraph 1, in order to render a more balanced presentation. Accordingly, former operative paragraphs 1 and 2 would become operative paragraphs 2 and 3, respectively.

282. The representative of Somalia proposed that the second line of the former operative paragraph 3 should be amended to read: "between UNIDO, the regional economic commissions and the United Nations Economic and Social Office in Beirut".

283. The representative of Jordan proposed that reference to the United Nations Economic and Social Office in Beirut should be included in the title of the resolution.

284. Draft resolution ID/B/L.31 and Add.1, as amended, was unanimously adopted (see annex VI, resolution 6 (II)).

B. Central role of UNIDO in co-ordinating the activities of the United Nations system of organizations in the field of industrial development

285. This item was considered on the basis of a report of the Executive Director on the central role of UNIDO in co-ordinating the activities of the United Nations system of organizations in the field of industrial development (ID/B/27).

286. The item was introduced by a representative of the secretariat. There was general agreement that central responsibility for achieving co-ordination in industrial development activities of the members of the United Nations system of organizations devolved upon UNIDO through its appropriate organs in conformity with the central co-ordinating role assigned to it under General Assembly resolution 2152 (XXI) of 4 November 1966.

287. In the discussion, most delegations welcomed the initiation by the Executive Director of consultation with the heads of the other United Nations bodies concerned with a view to establishing joint agency programmes in fields of common interest and harmonizing activities in fields where there were conflicts of competence, keeping in view the provisions of General Assembly resolution 2152 (XXI). Some delegations stressed the need for these efforts to be pragmatic and concrete. Others felt that UNIDO should further intensify its co-operation with other United Nations bodies in the industrial field, though certain readjustments might be necessary as a result of the establishment of UNIDO, whose major role was to elaborate a co-ordinated strategy in industrial development. Co-operation with UNCTAD and with the regional economic commissions was particularly stressed. Some delegations felt that mention should have been made in the document of the secretariat of the co-operation with regional and sub-regional institutions that were not members of the United Nations family (such as the African Development Bank, the Asian Development Bank, the Asian Productivity Organization, the Inter-American Development Bank and Regional Co-operation for Development (RCD)).

288. The Board noted that the Executive Director had expressed the hope that, in view of the satisfactory progress of discussions with the agencies, he would be in a position to submit formal notes of agreement with some of them to the Board at its next session.

289. General agreement was reached on the proposal of the secretariat to ask UNDP to prepare for the Board a detailed analysis of the experience acquired in problems of co-ordination of technical assistance activities in the field of industry. It was felt that UNDP could provide valuable suggestions to UNIDO in that area based on its experience in co-ordination.

290. The establishment of a network of UNIDO industrial field advisers attached to the offices of the Resident Representatives of UNDP in the various regions was considered to be a valuable contribution towards the tasks of co-ordination, particularly with regard to operational activities. In this connexion, some delegations felt that more consideration should be given to posting such advisers to regional and sub-regional centres of economic activities and, particularly, in the less-developed of the developing countries.

291. Replying to questions raised during the discussion, the representative of the secretariat specified that the tasks of co-ordination and co-operation with the agencies were proceeding along two lines. In the areas where some duplication and conflict of competence existed, inter-secretariat machinery was being set up to work out specific agreements for co-ordination. At the same time, arrangements had been made to proceed with the establishment of joint programmes of action in areas where the activities of UNIDO and the relevant agencies were complementary. Areas for joint-action programmes with each of the agencies concerned were enumerated in paragraphs 7 to 11 of document ID/B/27.

292. In this connexion, some delegations mentioned that, in addition to working on co-operative programmes on a bilateral basis, as described by the secretariat, UNIDO should initiate co-operative programmes in the field of industry on a multilateral basis where more than one other agency would be involved. As an example of an area where such programmes would be particularly effective, one delegation mentioned the promotion of exports of manufactures from developing countries. The representative of the secretariat stated that, in this particular area, a multilateral approach had already been taken in the form of the Combined United Nations Export Promotion Programme, established by the decision of the meeting of the Executive Secretaries of the regional economic commissions. As a further example of co-operation on a multilateral basis, he mentioned the proposed collaboration of UNIDO with other agencies of the United Nations family in the preparatory work for the Second Development Decade.

293. Regarding co-ordination of activities with the regional economic commissions, the representative of the secretariat observed that this should be considered on both the programme level and the project level. At the programme level, a co-ordinating body existed in the form of the meeting of the Executive Secretaries of the regional economic commissions mentioned above. With respect to co-ordination at the project level, the Board might refer to the many projects in the programmes of work of UNIDO which would soon involve close co-operation with the regional economic commissions, including joint implementation. UNIDO could not, of course, undertake formal co-ordination of programmes in industry with non-United Nations bodies, except where specific projects were involved.

294. Some delegations felt that the establishment of a sub-committee within the Administrative Committee on Co-ordination (ACC) for co-ordination in the field of industry would be a useful addition to the existing machinery for co-ordination in the United Nations system. In replying to this suggestion, the representative of

the secretariat reported that the ACC, at its last meeting in April 1968, had decided to postpone consideration of setting up the sub-committee on co-ordination in the field of industry in view of the progress made in the negotiations between UNIDO and the other United Nations agencies referred to above.

295. The suggestion by the secretariat regarding the possible establishment of an advisory committee to the Executive Director on co-ordination questions (para. 18 of ID/B/27) gave rise to considerable debate. Most delegations had reservations on this proposal and felt that such an advisory committee should not be established, at least for the time being. Some delegations considered that they needed further clarification of the proposed terms of reference of the committee. Others considered that, if such an expert body were established, it should consist of government representatives from States entitled to participate in the work of UNIDO. Some other delegates felt that such representation should be limited to those Governments serving on the Industrial Development Board. The representative of the Executive Director then indicated that the advisory committee would be envisaged as a committee of technical experts, and that it would not deal with policy matters, but would assist in the establishment of appropriate machinery for the preparation of the consolidated report and other co-ordination documents. The view was expressed by several delegations that a committee of experts could be established by the Executive Director under his own authority.

296. As a consensus of the debate on this question, it was felt that, in view of the reservations expressed by most delegations, no decision should be taken on the proposal contained in document ID/B/27, paragraph 18. Confidence was expressed in the Executive Director's ability to resolve these problems of co-ordination through his own executive powers.

Consideration of draft resolution on review and co-ordination of activities in the field of industrial development

297. At the 53rd meeting, the representative of Pakistan introduced a draft resolution (ID/B/L.37) submitted by Argentina, Austria, Brazil, Bulgaria, Cameroon, Czechoslovakia, Finland, Ghana, India, Indonesia, Iran, Italy, Ivory Coast, Jordan, Kuwait, Netherlands, Nigeria, Pakistan, Philippines, Romania, Rwanda, Somalia, Sudan, Sweden, Switzerland, Thailand, Trinidad and Tobago, Turkey, United Arab Republic and Zambia.

298. The draft resolution read as follows:

The Industrial Development Board,

Recalling General Assembly resolution 2152 (XXI) of 17 November 1966 on the United Nations Industrial Development Organization and, in particular, paragraph 27 of section II regarding the central role of the organization in reviewing and promoting the co-ordination of all activities of the United Nations system in the field of industrial development,

Further recalling Industrial Development Board resolution 1 (I) of 4 May 1967 and, in particular, sub-paragraph 2 (h) concerning co-operation between the United Nations Industrial Development Organization, the United Nations regional economic commissions and the United Nations Economic and Social Office in Beirut,

Taking note with appreciation of the third consolidated report of the industrial development activities of the United Nations system (ID/B/23 and Add.1-3), the notes submitted by the Executive Director on the preparation of analytical reports (ID/B/24) and on the annual review of the future programmes of activities in the field of industrial development of the United Nations system of organizations (ID/B/25),

Noting the report of the Executive Director concerning the central role of the United Nations Industrial Development Organization in co-ordinating the activities of the United Nations system in the field of industrial development (ID/B/27),

Conscious of the primary responsibility that devolves on it in exercise of the central co-ordination role of UNIDO with regard to all activities of the United Nations system in the field of industrial development,

1. Requests the Executive Director to:

(a) Intensify the efforts of the United Nations Industrial Development Organization, either singly or in co-operation with interested agencies, in areas of activities in which there are gaps of action;

(b) Continue his consultations with the relevant specialized agencies with a view to establishing joint programmes and harmonization of activities in fields of common interest, in order to increase the efficiency of the over-all effort being made to further industrial development, bearing in mind the relevant provisions of General Assembly resolution 2152 (XXI);

(c) Continue his consultations with the Executive Secretaries of the regional economic commissions and the Director of the United Nations Economic and Social Office in Beirut on ways and means to strengthen further co-operation between UNIDO and the regional economic commissions and the United Nations Economic and Social Office in Beirut for the promotion of accelerated industrial development of the developing countries, including the formulation of joint programmes on the basis of identified needs of the countries concerned;

(d) Pursue his efforts to bring about closer co-operation between the United Nations Industrial Development Organization and the international and regional financial institutions with a view to giving an impetus to the promotion of financing of industrial projects in the developing countries;

2. Further requests the Executive Director, in compliance with the central co-ordinating role of the United Nations Industrial Development Organization, to consult with the heads of the specialized agencies concerned, the International Atomic Energy Agency, the regional economic commissions and the United Nations Development Programme on suitable arrangements with a view to the establishment of appropriate procedures for the review and co-ordination of operational field activities in the area of industrial development, undertaken by the members of the United Nations system of organizations on a regional, sub-regional or country level;

3. Invites the Executive Director to consult with the Administrator of the United Nations Development Programme on the preparation of a detailed analysis of the experience by the Programme in dealing with the problems of co-ordination with

a view to making recommendations concerning measures and procedures for co-ordination of technical assistance in the field of industrial development which might be suggested by this analysis;

4. Notes with approval the intention of the Executive Director to utilize, as appropriate, industrial field advisers for purposes of co-ordination at the country level;

5. Invites the attention of Governments to the desirability of their representatives taking consistent positions in the governing bodies of United Nations agencies with regard to their activities related to the field of industrial development, bearing in mind the provisions of resolution 2152 (XXI);

6. Endorses the intention of the Executive Director to contribute, along with other organizations of the United Nations system, to the elaboration of the preliminary framework of an international development strategy for the decade of the 1970's being prepared by the Secretary-General pursuant to General Assembly resolutions 2218 B (XXI) of 19 December 1966 and 2305 (XXII) of 13 December 1967;

7. Invites the Executive Director of the United Nations Industrial Development Organization to take appropriate measures to improve the contents and format of the consolidated report;

8. Requests the Executive Director to examine the possibility of including in the consolidated report information on the results achieved from the operational activities in the field of industrial development of the United Nations system of organizations;

9. Renews its invitation to the members of the United Nations system of organizations concerned to extend their co-operation and assistance to the United Nations Industrial Development Organization for the timely preparation and distribution of the consolidated report, the analytical report and the review of future activities;

10. Looks forward to receiving at its third session the first analytical report and the review of future activities in the field of industrial development of the United Nations system of organizations;

11. Requests the Executive Director to submit a report to its third session on the implementation of the present resolution, including the texts of any agreements with the specialized agencies concerned that may have been concluded.

299. The representative of Pakistan stated that some amendments had been suggested after the draft had appeared as a document, and he proposed, on behalf of the co-sponsors of the draft resolution, that in operative paragraph 1, sub-paragraph (iv), second line, the words "and national" should be inserted between the word "regional" and the word "financial", that in paragraph 7, the words "to continue" should be inserted between the words "measures to" and the word "improve", and that in paragraph 11, the word "tentative" or "draft" should precede "agreements".

300. The representative of the Union of Soviet Socialist Republics suggested the addition, at the end of sub-paragraph (iv) of paragraph 1, of the phrase "on conditions which are acceptable to these countries".

301. The representative of Ghana proposed the deletion of the last five words in operative paragraph 11.

302. The representative of India favoured the retention of operative paragraph 5, but felt that it should be amended to read: "Invites the attention of Governments to the desirability of harmonizing their own positions in the field of industrial development in the various organs of the United Nations and related agencies, in accordance with the provisions of resolution 2152 (XXI)."

303. The draft resolution ID/B/L.37, as amended, was unanimously adopted (see annex VI, resolution 4 (II)).

Consideration of draft resolution on activities of UNIDO regional advisers

304. At the 53rd meeting, the representative of Chile introduced a draft resolution (ID/B/L.32/Rev.1) submitted by Belgium, Chile, India, Iran, Ivory Coast, Jordan, Kuwait and Romania. It read as follows:

The Industrial Development Board,

Recognizing that full co-ordination is required between the work of the United Nations Industrial Development Organization and that of the regional economic commissions and of the United Nations Economic and Social Office in Beirut in the field of industrial development,

Taking into account that there are already regional advisers in the field of industrial development attached to the various regional commissions of the United Nations Economic and Social Office in Beirut, who are financed through the regular programme of the United Nations in the field of industrial development (part V, section 14, of the United Nations budget and ID/B/26/Add.2/Rev.1),

Requests:

1. The Executive Director to continue his consultations with the Executive Secretaries of the regional economic commissions and the Director of the United Nations Economic and Social Office in Beirut with a view to establishing closer co-operation which would utilize the regional industrial development advisers in order to assure harmonization of the activities of the United Nations Industrial Development Organization, the regional economic commissions and the United Nations Economic and Social Office in Beirut in industrial development;

2. The Executive Director to report to the third session of the Board on these consultations, including any further development relating to a closer co-ordination and co-operation between the United Nations Industrial Development Organization, the regional economic commissions and the United Nations Economic and Social Office in Beirut.

305. The representative of the United Arab Republic proposed the amendment of the title of the draft resolution to read: "Activities of UNIDO regional advisers in the field of industrial development attached to the regional economic commissions of the United Nations and to the United Nations Economic and Social Office in Beirut."

306. The representative of Switzerland proposed the insertion of the word "UNIDO" before the words "regional advisers" in the first line of the second preambular paragraph.

307. The representative of the Federal Republic of Germany pointed out a typographical error in the third line of the second preambular paragraph where "of" should be changed to read "and to".

308. The representative of India proposed that in the fourth line of operative paragraph 1, the words "with a view to establishing" should be amended to read "with a view to maintaining".

309. The representative of Italy proposed that the word "closer" should be changed to "close" in the third line of operative paragraph 2.

310. The draft resolution ID/B/L.32/Rev.1, as amended, was adopted unanimously (see annex VI, resolution 5 (II)).

CHAPTER V. PROMOTION OF FIELD OPERATIONS AT REGIONAL,
SUB-REGIONAL AND COUNTRY LEVELS 10/

311. The representative of the secretariat introduced this item, referring particularly to the importance attached to the posting of industrial field advisers to the offices of the Resident Representatives of the United Nations Development Programme. He informed the Board that four industrial field advisers had already taken up their posts. For the time being, and pending the appointment of enough industrial field advisers, staff members from headquarters were fulfilling the functions of industrial field advisers in a number of countries. The UNDP was expected to finance the programme of field advisers, beginning possibly in 1969.

312. As a result of discussions with delegations during the Athens Symposium, concerning technical assistance, a large number of requests had been initiated and exploratory missions undertaken by secretariat officials. They had visited a number of countries to discuss technical assistance needs and to assist Governments in formulating requests. The representative of the secretariat reported that a pamphlet entitled "UNIDO - Technical Assistance for Industry" had met with considerable success in bringing to the attention of Governments the types of assistance which UNIDO could provide, the sources of funds for financing such assistance and the form in which requests should be sent to UNIDO.

313. Several delegations expressed the view that national committees, recommended by the Athens Symposium, could, inter alia, form a major channel of communication with UNIDO and play a major role in co-ordination at national levels. Some delegations announced that their Governments had either already formed such national committees or were actively considering such action. In some cases, the national committees for UNIDO could be sub-committees of national committees for development. A number of delegations felt that the secretariat should provide the Board with information regarding the relationship it envisaged between national committees and UNIDO. Some delegations also commented that, as UNIDO was a new organization, it would be useful to have information on its activities widely diffused among the national committees, especially to the private sector, chambers of commerce and related organizations.

314. Several delegations expressed concern over delays in filling the posts of industrial field advisers, and stressed the importance of expediting such appointments. One representative said that his Government would be prepared to urge the Administrator of UNDP at the forthcoming meeting of the Governing Council to accept the financing of industrial field adviser posts as of the date on which the posts were filled. One delegation made a specific plea to make UNIDO's operational activities more effective in co-operation with the other United Nations bodies.

10/ This chapter consists of the report of Committee II on its deliberations on agenda item 8b. The report of the Committee on this item (ID/B/C.2/2/Add.3) was adopted by the Board at its 53rd meeting on 9 May 1968.

315. A number of delegations inquired about the precise functions of the regional and interregional advisers. The representative of the secretariat explained that the regional advisers were virtually members of the staff of the regional economic commissions to which they were attached, and were available to Governments of the regions as and when their services were requested. The interregional advisers were on headquarters staff and undertook country missions to individual countries in their fields of competence.

316. One representative remarked that the conclusions set out in document ID/B/28 were of great interest and that his delegation fully endorsed the view that UNIDO should play an important role in providing assistance to developing countries in the field of industry. It also felt that there was need for examining ways and means that would result in an adequate and prompt delivery of such assistance. In this connexion, a majority of delegations felt that the Board report should include a recommendation that funds should be provided, especially for UNIDO, at a future Pledging Conference. It was suggested that the Executive Director submit to the next Board session suggestions for expediting and improving the work of the Technical Assistance Recruitment Service, as well as the methods and procedures of such recruitment.

317. In answer to a question put by one delegation as to whether there had been any follow-up action by the secretariat of the Industrial Promotion Service held in Athens, the Committee was informed that several possibilities were being explored and discussions were in progress with international financing institutions, regional banks and other organizations concerned, with a view to formulating ways and means for bringing together the developing countries interested in foreign investment and the sources of capital for industry.

318. The discussions brought out a general acceptance of the steps taken by the secretariat for promotion of field operations, and particular stress was laid on the useful role that national committees could play in this regard in developing countries. The secretariat was urged to disseminate information about established national committees, including their form, composition and terms of reference. The discussions also brought out the need for expediting the recruitment of field advisers.

CHAPTER VI. FINANCIAL AND ORGANIZATIONAL MATTERS 11/

A. Draft estimates of expenditures for 1969 and other financial questions

319. There was general agreement that the statement submitted by the Executive Director entitled "Provisional financial implications of the work programme proposed for 1969" (ID/B/29) was inadequate to permit a review of UNIDO's work programme in the context of the resources available to the organization. Further, many delegations referred to rule 31, paragraph 4 of the "Rules of procedure of the Industrial Development Board" (ID/B/18), which required the Executive Director to submit to the Board at each regular session the "estimates of expenditure" of UNIDO for the following year. Many delegations interpreted this rule as referring to the annual budget estimates of the Secretary-General of the United Nations, which contained UNIDO's budget estimates in one section.

320. One delegation recognized the difficulty of the Executive Director in providing the 1969 budget estimates for UNIDO when, in fact, they were the Secretary-General's estimates, which had not as yet been finalized. This delegation noted that it was not the function of the Board to approve the budget estimates for UNIDO. However, it was, indeed, its function to consider UNIDO's programme and the utilization of its resources. Some delegations suggested that if the United Nations budget cycle did not permit examination of the Secretary-General's budget estimates at the usual time scheduled for the Board's regular session, it might be useful for the Board to consider meeting later in the year.

321. Some delegations thought that if it were not possible for the Board to have an annual budget estimate for UNIDO presented at each Board session, it might be preferable to eliminate rule 31, paragraph 4 from its "rules of procedure".

322. Many delegations expressed the view that if the Board could not examine the budget estimates for UNIDO, the whole purpose of the Board could be questioned.

323. Some delegations cited the Report of the Secretary-General to the Committee for Programme and Co-ordination (CPC) entitled "Work programme of the United Nations in the economic, social and human rights fields and its budgetary requirements" (E/4463/Add.5) as a good example of how UNIDO might present its budget estimates to the Board in the future.

324. It was unanimously decided at the 52nd meeting that the Board request the Executive Director to use his good offices to obtain the Secretary-General's 1969 budget estimates for UNIDO for release to the Board at its current session (see annex V for the text of the decision).

11/ This chapter consists of the report of Committee J on its deliberations on agenda items 9 and 10. The report of the Committee on these items (ID/B/C.1/3/2/Add.2) was adopted by the Board at its 60th meeting on 14 May 1968.

325. The Executive Director requested and received confirmation from the Board that it was the budget estimates of the Secretary-General for 1969 which were being requested, and not the estimates which the Executive Director had submitted to the Secretary-General for his consideration. After confirmation of this point, the Executive Director informed the Board that, to the best of his knowledge, the budget estimates of the Secretary-General were not as yet available and, consequently, could not be submitted to the Board.

326. The Executive Director communicated the text of the decision of the Board to the Secretary-General of the United Nations and was requested by the Secretary-General to bring to the Board's attention that for both legal and practical reasons, the 1969 budget estimates could not be made available to the Board at its current session. The text of the Secretary-General's reply to the Executive Director appears in annex VI to this report.

327. The Executive Director informed the Board that he was authorized to consider the release to the Board of his budget submission for UNIDO to the Secretary-General if the Board wished him to do so. Several delegations stated that the Board should examine the draft budget estimates of the Executive Director.

328. The Board decided to close the discussion on the question of budget estimates with the understanding that the matter would again be discussed at the next session of the Board.

329. One delegation questioned the usefulness of providing in the 1968 budget \$278,000 for the publication of the additional proceedings of the International Symposium on Industrial Development held in December 1967. It stated that there was already a sufficient amount of material to provide insight into all the aspects of the work of that Symposium.

330. The secretariat noted that the provision of \$278,000 in the regular budget of the United Nations for the publication of the Symposium proceedings provided that all the work be completed during 1968. It was noted, however, that in the event that the translation and printing of all the language versions could not be completed by the end of 1968, authorization would be requested to carry over the required funds in the 1969 budget to cover this expense.

331. One delegation pointed out that there was an excessively high share of expenditures for the maintenance of the administrative apparatus of UNIDO and that it was necessary to spend the funds in the 1969 budget more economically. The same delegation also noted that it was necessary to make greater use of funds from the regular budget and from the voluntary contributions for United Nations technical assistance for the purpose of industrial development.

332. One delegation pointed out the discrepancy between tables 4, 5 and 6 in ID/B/26 and table 5 of ID/B/29 concerning the cost estimates for meetings, consultants and the publications programme.

333. The secretariat pointed out that the estimates in ID/B/26 were, in fact, programming estimates and were intentionally over-programmed for planning purposes, in view of the experience that, for one reason or another, some plans would not be fulfilled. However, the estimated costs in ID/B/29, if accepted by the Secretary-General and the Fifth Committee, would be the budget available, and the programmes implemented would, of course, have to meet these resources.

334. One delegation, in referring to the "Guidelines for the utilization of voluntary contributions to UNIDO" (ID/B/30), expressed the view that it did not define procedures and principles for the use of voluntary contributions for operational activities, as the Board at its first session had requested. This delegation said that the Board needed these directives and principles to enable it to evaluate the Executive Director's proposals regarding these contributions.

Consideration of draft resolution on voluntary contributions

335. At the 61st meeting, the representative of the Sudan introduced a draft resolution (ID/B/L.35) submitted by: Brazil, Chile, Ghana, Iran, Jordan, Kuwait, Nigeria, Pakistan, Philippines, Rwanda, Somalia, Sudan, Thailand, Trinidad and Tobago, and the United Arab Republic.

336. The draft resolution read as follows:

The Industrial Development Board,

Considering the need to achieve a substantial expansion of the resources of the United Nations Industrial Development Organization for the purpose of increasing its operational programmes of assistance to the developing countries,

Recalling the provisions of General Assembly resolution 2152 (XXI) of 17 November 1966,

Further recalling Industrial Development Board resolution 2 (I) of 4 May 1967 by which the Secretary-General was invited to convene an annual pledging conference for announcement of contributions to the organization,

Mindful of the fact that appropriate voluntary contributions to UNIDO from as many countries as possible would be fully consistent with the international character of its programmes which are designed to assist the industrialization of the developing countries,

1. Requests the Executive Director to take the necessary steps to promote through direct contacts with the Governments of the developed and the developing countries their effective support by means of appropriate voluntary contributions to UNIDO for its operational programmes, in accordance with section II, paragraph 23, of General Assembly resolution 2152 (XXI);

2. Decides that the resources available from voluntary contributions made to the United Nations Industrial Development Organization under the provisions of section II, paragraph 23, of General Assembly resolution 2152 (XXI) shall be utilized for the financing of projects under the programmes approved by the Board.

337. In the course of the discussion, many delegations supported the draft resolution. A number of delegations, however, while sympathizing with the spirit of the resolution, expressed the view that the UNDP should be the main source for financing the activities of UNIDO and that, consequently, they would abstain on the vote on the draft resolution.

338. After the secretariat had made a statement on the financial implications of the draft resolution, the representative of the Union of Soviet Socialist Republics

asked for a separate vote on preambular paragraph 3. The representative of Jordan, supported by the representative of Brazil, asked for a separate vote on operative paragraph 2, as amended.

339. Preambular paragraph 3 was adopted by 23 votes to 4, with 16 abstentions.

340. The representative of the Union of Soviet Socialist Republics proposed an amendment to replace the words "the programmes approved by the Board", in the fourth line of operative paragraph 2, by the words "UNIDO programme". This, in his view, would introduce greater flexibility to the purport of the paragraph. The amendment was adopted by 21 votes to 5, with 17 abstentions.

341. The revised draft resolution as a whole was adopted by 27 votes to none, with 15 abstentions (see annex VI, resolution 10 (II)).

B. Organizational matters

Geographical distribution

342. Many delegations, in examining a working paper provided by the secretariat on geographical distribution of the UNIDO professional staff, noted that there were inequities. A few countries and regions appeared to be over-represented, while others were either under-represented or without any representation.

343. Some delegations thought that the socialist countries were under-represented in the secretariat and the Western countries over-represented and expressed the hope that this abnormal situation would be rectified. At the same time, it was pointed out that the situation was particularly unfavourable in the distribution of the leading positions at the P-5 level and above, where the Western countries had almost six times more posts than socialist countries and nationals from the United States of America occupied three times more posts than all the socialist countries together.

344. It was noted by some delegations that Asia was the most under-represented group in the UNIDO secretariat, and the hope was expressed that this situation would be taken into consideration when recruiting new staff members.

345. Some delegations commented that the information provided by the secretariat to the Board on geographical distribution of staff was inadequate, since it was merely a list of the countries represented and did not contain information as to geographical distribution by grade. These same delegations regretted the lack of adequate information, especially as it was decided clearly during the first session of the Board that it was the duty of the secretariat to furnish detailed documentation on the size, make-up and distribution of UNIDO's staff, and that tables on geographical distribution should include the general service category as well as the professional staff.

346. One delegation noted that the largest number of UNIDO staff were in the Division of Administration and that more additional posts for 1969 were requested for that Division than for any other. Further, it was hoped that administrative costs would be kept to the essential minimum commensurate with the efficient functioning of the organization.

347. Many delegations wondered whether all countries were routinely informed of vacancies in the UNIDO secretariat.

348. One delegation noted that there was not a single professional officer from the Caribbean region.

349. Another delegation, while fully subscribing to the principle of equitable geographical distribution, underscored that this should not be accomplished at the expense of competence in the recruitment of staff. This delegation expressed confidence in the Executive Director to select staff who would contribute most effectively to UNIDO's work.

350. The secretariat, in responding to general questions raised concerning geographical distribution, informed the Board that UNIDO was an integral part of the United Nations Secretariat. The Secretary-General was endeavouring to achieve a representative range of geographical distribution within the entire United Nations Secretariat as well as in UNIDO. Technically, there was no such thing as an appointment to UNIDO. The staff members recruited were appointments in the United Nations Secretariat, with assignment to UNIDO, Vienna. Such appointments were made by the Secretary-General upon the recommendation of the regular Appointment and Promotion Board at United Nations Headquarters. Applications for posts with UNIDO could be submitted either in New York or Vienna and would receive careful consideration in either case.

351. The secretariat also informed the Board that the Secretary-General periodically distributed to all Member States of the United Nations a list of vacancies in the entire United Nations Secretariat, including UNIDO.

Consideration of draft resolution on decentralization of UNIDO activities

352. At the 61st meeting, the representative of Peru, on behalf of the co-sponsors, presented some amendments which had been suggested after the draft resolution had appeared as document ID/B/L.36.

353. The draft resolution, as amended, was introduced by the representative of Peru on behalf of its sponsors: Brazil, Cameroon, Peru, Philippines, and Uruguay. It read as follows:

The Industrial Development Board,

Recalling the draft resolution contained in document ID/B/L.3/Rev.1, presented at its first session in New York by the delegation of Peru and co-sponsored by the delegations of Cameroon and the Philippines,

Considering that some of the provisions of that draft have already been implemented in compliance with other orders and acts of the Executive Director,

Bearing in mind that the principles underlying that draft resolution, especially the principle that the activities of the United Nations Industrial Development Organization should be decentralized, remain valid,

1. Acknowledges that, in order to achieve the aim of decentralizing its activities and staff, the United Nations Industrial Development Organization should

consider the establishment of regional and sub-regional centres in Africa, Asia and Latin America;

2. Requests the Executive Director to consult with the Governments of States Members of the United Nations in Africa, Asia and Latin America on this matter, and to submit a report to the Board at its next session on the result of these consultations, including all the administrative consequences thereof.

354. In the ensuing discussion, many delegations expressed reservations on the draft resolution. A number of delegations felt that the question of decentralization of UNIDO's activities was premature and that UNIDO should first consolidate its present structure before giving attention to this question. Other delegations indicated that the establishment of regional and sub-regional centres would conflict with the existing regional economic commissions.

355. The sponsors of the draft resolution pointed out that study of the desirability of establishing such centres was a matter of current interest and that appropriate steps in that direction could not be considered as premature, as some delegations had stated.

356. It was eventually agreed to postpone consideration of the draft resolution to the next session of the Board, which would discuss the question under the agenda item "institutional arrangements". It was also agreed to include the text of the draft resolution in the report of the second session of the Board.

C. New York liaison office of UNIDO

357. Several delegations expressed doubt about the usefulness of having a liaison office for UNIDO at United Nations Headquarters. One delegation was certain that a convincing justification could be established for the New York liaison office and an equally convincing argument for liaison offices in other cities as well.

358. A few delegations thought that the fifteen posts in the liaison office (six professional and nine general service) were too many and requested that the matter be examined with a view to reducing the number.

359. Some delegations noted that many of the specialized agencies had liaison offices in New York. However, none of them, it appeared, was as large as the UNIDO office.

360. A few delegations suggested that the size of the New York liaison office of UNIDO be reduced. In particular, the usefulness of an administrative officer was questioned.

361. One delegation, while advocating the reduction of the staff in the New York liaison office, expressed an understanding of the usefulness of an administrative officer if there had to be an office in New York.

362. One delegation thought that while some study should be given to the experience of other international organizations with regard to liaison offices in New York, the existence of the office might, in fact, result in some savings for UNIDO, particularly with respect to travel expenses.

363. Some delegations thought that the New York liaison office was needed, particularly during these formative years, and expressed the thought that six professional posts was not excessive at this stage of the Organization's development.

364. One delegation thought that the size of the New York liaison office was an administrative question to be decided by the Executive Director, but, in view of the very important organizations and institutions involved in the field of industrial development in North America, it was particularly important that UNIDO have a strong liaison office in New York with sufficient professional capability to represent UNIDO's interests with respect to these organizations and institutions. This delegation also emphasized the benefits to UNIDO of using the liaison office for contact with appropriate private organizations and industries in North America.

365. The secretariat reported that the liaison was related to industries and research organizations throughout the United States and Canada, as well as to UNDP and the United Nations. The post of administrative officer was required, not merely to service the liaison office staff, but primarily to provide administrative liaison between the Division of Administration in Vienna and the many departments of the United Nations Secretariat in New York with which it was in contact.

D. Other organizational matters

366. Many delegations stressed the importance of strengthening UNIDO's staff in the field. Several delegations urged increasing the number of regional industrial field advisers at the earliest possible date.

367. One delegation, in commenting on the increase of professional posts proposed for the Division of Administration in 1969, expressed the hope that this would not adversely affect the need to strengthen UNIDO's field staff or technical divisions.

368. One delegation noted that under the heading "Permanent headquarters" in ID/B/34, it was mentioned that plans were being made to accommodate some 1,300 to 1,500 staff members and wondered why such a high figure was cited when a maximum figure of 600 was mentioned in the same document.

369. The secretariat informed the Board that the figures listed in the document were for space planning purposes only. The figure represented a long-range estimate based on experience gained from the study of the growth over a period of many years, of United Nations Headquarters staff in New York, as well as the staff of specialized agencies in other cities.

370. One delegation stated that the absence of a collective system of management, which was widely practised in international organizations, lowered the efficiency of the UNIDO secretariat's work and adversely affected the consideration of questions of principle. The same delegation declared that posts for deputies to the Executive Director should be established in the UNIDO secretariat with equitable representation from political and geographical regions.

371. One delegation noted that there were elements of duplication in the work dealing with technical assistance in the UNIDO secretariat and suggested the consideration of the question of a more distinct distribution of functions among the divisions. This delegation favoured an extension of the functions and activities of the Division of Industrial Policies and Programming and stressed the usefulness of creating in this division special units on questions of regional planning and problems of specialization and industrial co-operation.

372. One delegation thought that UNIDO should consider the employment of a highly-qualified consultant to make a thorough study of its organization.

CHAPTER VII. QUESTIONS RELATING TO NON-GOVERNMENTAL
AND INTERGOVERNMENTAL ORGANIZATIONS 12/

A. Relations with non-governmental organizations

Procedures for UNIDO relationships with international non-governmental organizations

373. The Board had before it document ID/B/31, including in annex II a draft procedure for UNIDO relationships with international non-governmental organizations.

374. Amendments were introduced in writing by representatives of Bulgaria, Pakistan, the United Kingdom and the United States of America, and amendments and sub-amendments were introduced orally by various representatives during the course of the debate.

375. After having considered the amendments, the Board adopted the procedure, which is presented in annex IV to the present report.

376. In connexion with paragraph 7 (d) of the procedure as adopted, which states that "UNIDO must be able to rely on the co-operation of an organization which is granted consultative status", some representatives approved this wording on the understanding that it would be broadly interpreted.

377. With respect to the applications for consultative status from international non-governmental organizations pending before this session, the Board decided that it would not insist upon the application of the provisions of paragraph 8 (a) and (b) of the procedure regarding deadlines for submission of applications.

Consideration of applications from non-governmental organizations

378. The Ad Hoc Committee, provided for under paragraph 2 of the agreed procedure, recommended that the Board should admit as observers, in accordance with rule 76 of the rules of procedure of the Industrial Development Board, the following international non-governmental organizations:

- (a) The European Centre for Overseas Industrial Development;
- (b) The International Christian Union of Business Executives;
- (c) The International Federation of Christian Trade Unions;
- (d) The International Association of Crafts and Small and Medium-Sized Enterprises;

12/ This chapter consists of the reports of Committee II on its deliberations on agenda items 11 and 14 (ID/B/C.2/2 and ID/B/C.2/2/Add.1 (a)). The reports of the Committee on these items were adopted by the Board at its 49th, 50th and 53rd meetings on 29 April and 9 May 1968.

(e) The International Association for the Protection of Industrial Property.

379. The Ad Hoc Committee further recommended that the Board invite the Executive Director to establish close co-operation with the international non-governmental organizations associated with UNIDO and report on it to the Board at each session.

380. The Board at its 50th and 53rd meetings unanimously approved the recommendations of the Ad Hoc Committee.

B. Consideration of applications of intergovernmental organizations

381. At its 49th meeting, the Board unanimously agreed that the Board associate the following intergovernmental organizations with UNIDO activities in accordance with rule 75 of the rules of procedure:

- (a) The Standing Consultative Committee of the Maghreb;
- (b) The International Agriculture and Food Industries Committee;
- (c) The Common Afro-Malagasy Organization.

CHAPTER VIII. INCLUSION OF THE REPUBLIC OF SOUTHERN YEMEN
AND MAURITIUS IN "LIST A" OF STATES ANNEXED
TO GENERAL ASSEMBLY RESOLUTION 2152 (XXI) 13/

382. The Board at its 49th meeting decided unanimously to include the Republic of Southern Yemen and Mauritius in "List A" of the list of States annexed to General Assembly resolution 2152 (XXI) establishing UNIDO, in accordance with the last sentence of section II, paragraph 4, of this resolution.

13/ The report of Committee II concerning this item was presented to the Board in ID/B/C.2/2/Add.1. The report was approved by the Board at its 49th meeting on 29 April 1968.

CHAPTER IX. PROVISIONAL AGENDA FOR THE THIRD SESSION

383. At the 60th plenary meeting, in connexion with the discussion of the draft provisional agenda (ID/B/L.41) for the third session of the Industrial Development Board, some delegations felt that there should be no general debate at the next session. Others expressed the view that it would be difficult to eliminate the general discussion altogether, but that it should be given a more pronounced sense of direction. In this connexion, it was suggested that the general debate and the review of UNIDO's activities be combined. Some delegations, however, strongly supported the retention of the general debate with its free flow of creative ideas.

384. Some delegations wished to have a report on the 1969 work programme included as a separate item in the agenda for the third session. Other delegations suggested that the Board should have before it the programme of work for two consecutive years. The Executive Director stated that there would be no difficulty in providing the Board at its third session with a progress report on the 1969 programme as well as with a programme of work and the relevant budget implications for 1971.

385. It was proposed that "a progress report on UNDP project implementation by UNIDO" should be added at the end of item 5 (b), since UNDP projects formed a large part of UNIDO's concrete activity in the field of industrial development. It was further proposed that item 6 (d) should have a second part, entitled "institutional arrangements", because the composition of the new working group was to be reviewed at the next session and the decentralization of UNIDO's activities was also to be studied.

386. At its 62nd plenary meeting, the Board had before it the draft provisional agenda as amended during the 60th plenary meeting. After an additional amendment to item 6 (a), "Provisional estimates of expenditures for 1970", the draft provisional agenda was approved as follows:

Provisional agenda for the third session^{14/}

1. Opening of the session.
2. Election of the officers.
3. Adoption of the agenda.
4. General debate.
5. Activities of UNIDO:
 - (a) Report on the activities of UNIDO in 1968;
 - (b) Progress report on the implementation of UNDP projects by UNIDO;

- (c) Report on the 1969 work programme;
 - (d) Programme of work for 1970 and 1971;
 - (e) Report of the working group on programme and co-ordination.
6. Financial and organizational matters:
 - (a) Budget estimates of the Executive Director for 1970 and forecast for 1971;
 - (b) Regular programmes for 1970 and 1971;
 - (c) Voluntary contributions;
 - (d) Organizational matters:
 - (i) Institutional arrangements.
 7. The co-ordination of activities of the United Nations system in the field of industrial development:
 - (a) The central role of UNIDO;
 - (b) Consolidated report, analytical report and related documents.
 8. Questions relating to intergovernmental and non-governmental organizations.
 9. Provisional agenda of the fourth session.
 10. Date and place of the fourth session.
 11. Other business.
 12. Adoption of the report of the third session.

387. The Board had before it a working paper by the secretariat requesting the Board to indicate its views concerning the organization of its third session, particularly with regard to the necessary language staff, facilities, equipment and the production of summary records. The Board decided to have summary records for plenary meetings, but none for sessional committees in the event that any were established. As for the summary records for the working group, the Board agreed that the group would decide for itself.

CHAPTER X. DATE AND PLACE OF THE THIRD SESSION
OF THE INDUSTRIAL DEVELOPMENT BOARD

388. The Board decided at its 62nd meeting that the exact date and place of its third session should be left open, but that the session should take place in Vienna and that it should be convened in the second half of April for a maximum duration of three weeks.

CHAPTER XI. CONSIDERATION OF THE REPORT OF THE SECOND SESSION

389. At the 62nd meeting, the Rapporteur explained to the Board the outline of the report and indicated that the final document would be produced, after the completion of the last meeting, with the assistance of the secretariat. Since there was no time left for the Board to follow the regular procedures for the adoption of the draft sections relating to the plenary discussions of the last day of the session, he suggested that the Board authorize him to prepare the draft under his responsibility, and clear it either with the Friends of the Rapporteur, who would have to remain with him in Vienna for the necessary period of time, or individually with all the members of the Board by correspondence. It was decided that the report should be finalized, that no part should remain provisional, and that the representative of Brazil, one of the Friends of the Rapporteur, who was stationed in Vienna, should help the Rapporteur to finalize the report. On these conditions, the Board adopted the report on its second session.

CHAPTER XII. CLOSURE OF THE SECOND SESSION OF THE
INDUSTRIAL DEVELOPMENT BOARD

390. After statements by the President of the session, the Executive Director and the representatives of the various geographical groups, the Board concluded its second session at 1 a.m. on 15 May 1968.

ANNEXES

ANNEX I

LIST OF PARTICIPANTS

MEMBERS OF THE BOARD

Argentina

Representative

Mr. Carlos Ortiz de Rozas, Ambassador Extraordinary and Plenipotentiary, Embassy of the Republic of Argentina, Vienna

Alternate Representative

Mr. Carlos Furlotti, Under-Secretary of Industry

Advisers

Mr. Eduardo Bradley, Minister Plenipotentiary

Mr. Carlos R. Lacroix, Secretary of Embassy

Mr. Ruben H. López, Official, National Council for Development

Mr. Isidoro Carlevari, Official, Subsecretariat of Industry

Austria

Representatives

Mr. Heinrich Standenat, Ambassador of Austria to Spain

Mrs. Erna Sailer, Director and Head of Department for Assistance to Developing Countries, Ministry of Foreign Affairs

Alternate Representatives

Mr. Egon Libsch, Counsellor, Ministry of Foreign Affairs

Mr. Albert Rohan, Attaché, Ministry of Foreign Affairs

Advisers

Mr. Georg Zuk, Director, Federal Chancellery

Mr. Rudolf Renner, Director, Federal Ministry of Commerce and Industry

Mr. Heinz Opelz, Federal Ministry of Commerce and Industry

Mr. Bodo Beelitz, Deputy Director, Federal Ministry of Traffic and Public Enterprise

Mr. Hermann Holfeld, Federal Chamber of Commerce

Belgium

Representative

Mr. P.A. Forthomme, Ambassador, Permanent Representative of Belgium to International Economic Conferences

Alternate Representative

Mr. Georges C. Puttevils, Ambassador Extraordinary and Plenipotentiary of Belgium in Austria

Advisers

Mr. R. Delvaux, Counsellor, Permanent Mission of Belgium to International Economic Conferences

Mr. J. Davaux, Counsellor, Embassy of Belgium, Vienna

Brazil

Representative

Mr. Aluysio Regis Bittencourt, Ambassador Extraordinary and Plenipotentiary to Austria, Permanent Representative to UNIDO

Alternate Representatives

Mr. João Guilherme de Aragão, Minister for Commercial Affairs, Embassy of Brazil in Vienna, Alternate Permanent Representative to UNIDO

Mr. Luiz Antonio Jardim Gagliardi, Second Secretary, Embassy of Brazil in Vienna, Alternate Permanent Representative to UNIDO

Adviser

Mr. João Gualberto Marques Porto, Jr., Third Secretary, Ministry of Foreign Affairs

Bulgaria

Representative

Mr. Tenu Petrov, Ambassador, Chief of Economic Department, Ministry of Foreign Affairs

Alternate Representatives

Mr. Lüben Stoyanov, Ambassador of the People's Republic of Bulgaria to Austria, Permanent Representative of Bulgaria to UNIDO

Mr. Hristo Popov, Counsellor, Commission for Economic, Scientific and Technical Co-operation, Council of Ministers

Mr. Christo Darenkov, Counsellor, Embassy of Bulgaria in Vienna, Deputy Representative of Bulgaria to UNIDO

Mr. Ivan Pandev, First Secretary, Embassy of Bulgaria in Vienna

Mr. Ivan Daskalov, Third Secretary, Ministry of Foreign Affairs

Cameroon

Representative

Mr. Henri Djeengue-Ndoumbe, Commercial Counsellor, Paris

Canada

Representative

Mr. J.A. McCordick, Ambassador Extraordinary and Plenipotentiary to Austria

Alternate Representative

Mr. John O. Parry, Counsellor, Embassy of Canada in Vienna

Advisers

Mr. R. Roberts, Department of External Affairs, Ottawa

Mr. Jean-Claude Tremblay, Third Secretary, Embassy of Canada in Vienna

Chile

Representative

Mr. Miguel Serrano, Ambassador of Chile in Austria, Permanent Representative of Chile to UNIDO

Alternate Representatives

Mr. Mario Lizana, Consul of Chile, Alternate Representative to UNIDO, Secretary of Embassy of Chile, Vienna

Mr. Luis Larrain, Secretary of the Permanent Mission of Chile to the International Organizations, Geneva

Colombia

Representative

Mr. Pario Mejía Medina, Industrialist

Alternate Representatives

Mr. Ernesto Martín Merlano, Deputy Director, Institute for Industrial Development

Mr. Guillermo Rodríguez Acosta, Vice-President, Colombian Finance Corporation

Cuba

Representative

Mr. Fernando Lopez Muiño, Permanent Representative to UNIDO

Alternate Representative

Mr. Luis Orlando Rodríguez, Ambassador of Cuba to Austria

Czechoslovakia

Representative

Mr. Drahoš Schejbal, Head of Department, State Planning Commission

Alternate Representatives

Mr. D. Matejko, Deputy Chairman, Slovak Planning Commission

Mr. Jindřich Gabriel, Acting Resident Representative of the Czechoslovak Socialist Republic to UNIDO

Mr. Josef Adánek, Head of the Section for International Economic Organizations, State Planning Commission

Advisers

Mr. Vítěslav Kubelka, Deputy Head of Department

Mr. Josef Kollár, Deputy Chairman, State Statistical Office, Prague

Prof. Dr. Anton Klas, Director, Computer Research Centre, Bratislava

Federal Republic of Germany

Representatives

Mr. Fritz Stedtfeld, Director of Department, Federal Ministry of Economics

Mr. Heinz F. Schulz, Counsellor, Federal Ministry of Economics

Alternate Representatives

Mr. Phil-Heiner Randermann, Counsellor, Embassy of the Federal Republic of Germany in Vienna

Mr. Gerhard Bauer, Federal Ministry of Economics

Mr. Rudolf Schmidt, Federal Ministry of Finance

Mr. Eberhard Kurth, Federal Ministry of Economics

Mr. Winfried Massberg, Federal Ministry of Food, Agriculture and Forestry

Mr. Ottfried Ulshoefer, Federal Ministry of Economic Co-operation

Mr. Hans Mueller-Osthaus, First Secretary, Embassy of the Federal Republic of Germany in Vienna

Finland

Representative

Mr. Pentti L. Uusivirta, Assistant Under-Secretary of State, Ministry of Foreign Affairs

Alternate Representatives

Mr. Kurt Uggeldahl, Secretary of Embassy, Permanent Mission of Finland to the United Nations in New York

Mr. Kaarlo V. Larna, Director, Federation of Finnish Industries

Mr. Mikko Osmo Eklin, Research Analyst, Ministry of Finance

Miss Ulla-Maria Tainio, Attaché, Ministry of Foreign Affairs

France

Representative

Mr. Louis Roché, Ambassador of France to Austria, Permanent Representative of France to UNIDO

Alternate Representative

Mr. Jean Vavasseur, Director-General of Naval Construction,
Ministry of Industry

Advisers

Mr. Maurice Ernst, Maritime Chief, Secretariat of State for
Foreign Affairs in charge of co-operation

Miss Marie-Françoise Guillaume, Second Secretary, Embassy of
France, Vienna

Mr. Guy Legras, Secretary for Foreign Affairs, Ministry of
Foreign Affairs

Mr. Jean Bidaut, Chargé de Mission, Secretariat of State, Ministry
of Foreign Affairs

Ghana

Representative

Mr. Kwaku Bapruï Asante, Ambassador of Ghana to Austria and
Switzerland

Alternate Representatives

Mr. Joseph Therson-Cofie, Chief Industrial Promotion Officer,
Ministry of Industries

Mr. J.A. Brobbey, Economic Department, Ministry of External
Affairs

India

Representative

Mr. Bhanu Prakash Singh, Deputy Minister, Ministry of Industrial
Development and Company Affairs

Alternate Representatives

Mr. N. Subramaniam, Special Secretary, Ministry of Industrial
Development and Company Affairs

Mr. Vishuprasad Chunilal Trivedi, Ambassador, Embassy of India
in Vienna

Advisers

Mr. S.S. Marathe, Economic Adviser to the Government, Ministry of Industrial Development and Company Affairs

Mr. J.N. Dixit, First Secretary, Embassy of India in Vienna

Mr. Pangal Chandrakanth Nayak, Director, Indian Investment Centre, Düsseldorf

Mr. Chandra Satish, Third Secretary, Embassy of India in Vienna

Indonesia

Representative

Mr. Ashari Danudirdjo, Minister of Basic, Light Industry and Power

Alternate Representatives

Miss Laili Roesad, Ambassador of Indonesia to Austria

Mr. Surjo Sediono, Senior Official, Ministry of Basic, Light Industry and Power

Mr. Hirawan Wargahadibrata, Director-General, Small-Scale Industries

Mr. Roesman, Representative of the Ministry of Basic, Light Industry and Power for West Europe

Mr. Eduard Hendrik Thomas, Industrial Attaché, Indonesian Embassy, Rome

Mr. Irawan Darsa, Second Secretary, Permanent Mission of Indonesia to the United Nations in Geneva

Iran

Representative

Mr. Mohammad Ali Aghassi, Principal Adviser on International Operations, Ministry of Economy

Alternate Representatives

Mr. Mohammed Ali Seyrafi, Chief of Industrial Planning Section, Ministry of Economy

Mr. Ali Farinpour, Deputy Chief of Industrial Planning Section, Ministry of Economy

Italy

Representative

Mr. Roberto Ducci, Ambassador of Italy to Austria, Permanent Representative to UNIDO

Alternate Representatives

Mr. Massimo Casilli d'Aragona, Counsellor of Embassy

Mr. Lionello Cozzi, Minister Plenipotentiary (Commercial), Vienna

Mr. Onofrio Solari Bozzi, Counsellor, Ministry of Foreign Affairs

Advisers

Mr. Franco de Courten, First Secretary, Italian Embassy in Vienna

Mr. Franco Strumia, Ministry of Foreign Affairs

Mr. Gabriele De Santis, Ministry of the Treasury

Mr. Paolo Strocchi, National Council for Research

Miss Giulia Calligaris, Member of the National Council for Technological Research and Industrial Development

Mr. Giuseppe Lo Monaco, Ente Nazionale Idrocarburi

Mr. M. Indiati, Compagnia Tecnica di Progettazione

Ivory Coast

Representative

Mr. Sibi Gbeho, Deputy Director of Private Investments, Ministry of Planning

Alternate Representative

Mr. Bernard Chartois, Technical Adviser, Ministry of Planning

Japan

Representative

Mr. Masayoshi Kakitsubo, Ambassador of Japan to Switzerland

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Mr. P. Taliani de Marchio, Chief of Division (General Secretariat of the Council)

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ANNEX II

STATEMENT MADE BY DR. KURT WALDHEIM, FEDERAL MINISTER OF FOREIGN AFFAIRS OF THE GOVERNMENT OF AUSTRIA AT THE OPENING OF THE SECOND SESSION OF THE INDUSTRIAL DEVELOPMENT BOARD ON 17 APRIL 1968 a/

It is my privilege to convey to you the greetings of the Austrian Government and to welcome to Austria the Industrial Development Board for its second session. For several reasons, this day is a very meaningful one. First and foremost, because it is for the first time that the Industrial Development Board of UNIDO takes up its functions at the headquarters of UNIDO in Vienna. It is clearly demonstrated that the administration of UNIDO, after its transfer from New York to Vienna, which took place last autumn, has established itself so firmly and efficiently that it is now able to fulfil the functions entrusted to it by the General Assembly of the United Nations. Among others, this includes the preparation and the carrying through of the meeting of the Board.

For Austria, this meeting is the proof that the Board is able to devote itself, at the new headquarters, to its essential tasks, namely, to the planning and programming of an accelerated industrialization throughout the world and to the co-ordination of this programme with related United Nations activities in the economic and social fields.

The first Board meeting, which took place in New York last year, was faced with the setting up of UNIDO in a more general sense and planning for the transfer to its headquarters in Vienna.

These questions had, of course, to receive top priority and had to be solved before the organization could devote itself to dealing with its substantive functions. For the fact that UNIDO was able to organize and carry through the move to Vienna in such a quick and efficient manner, thanks are due to the distinguished Executive Director, Mr. Abdel-Rahman, and to his staff, of whom I would like particularly to mention Mr. John Birckhead. All this was done at a time when the newly established organization had to cope with the additional task of planning and arranging for the International Symposium for Industrial Development in Athens.

Distinguished delegates, I sincerely hope that you will have the opportunity to see for yourselves the kind of arrangements that have been made by the Federal Government of Austria, in full co-operation with the city administration of Vienna, to set up UNIDO at its provisional headquarters. For this purpose, we have made available one of our most up-to-date office buildings in the centre of the city, which was put at the disposal of UNIDO by the city government. In addition, two prefabricated buildings have been erected, in accordance with the requirements of UNIDO, in the neighbourhood of the above-mentioned office building. For the Information Centre, which is being financed out of an Austrian contribution to UNIDO, additional space has been rented for this very purpose.

a/ Distributed to the Board as document ID/B/36.

I am happy, also, to be able to inform the Board that preparatory work for the construction of the permanent headquarters of UNIDO, is progressing well and according to schedule.

A tentative plan concerning future space and functional requirements has been provided by UNIDO. At present, Austrian architects are co-operating with United Nations experts, provided by United Nations Headquarters for this purpose, to draw up a definite plan to serve as a basis for an international architectural competition. This seems to us to be in full line with the concept of international co-operation underlying the programme of UNIDO.

The organizational and administrative structure of UNIDO thus having been established, it will be the responsibility of the Board to turn its attention to the basic task entrusted by the General Assembly of the United Nations to UNIDO, to develop principles, to establish priorities and to decide and select appropriate working methods to meet its targets in the most efficient way.

The decision of the General Assembly of December 1966 to create a special organization of the United Nations to further the cause of industrialization - thus responding to a long-existing wish of the developing countries - was made in recognition of the fact that industrialization represents a most effective means of lessening the gap existing between the technologically and industrially advanced countries and those less developed.

Industrialization, however, is a most complex process for which the industrially advanced countries had centuries of time with which to cope.

It will be one of the main tasks of the Board to select the most appropriate ways and mean to enhance the process of industrialization as a balanced growth process, taking into account the interdependence of industry and the related agricultural field.

If Austria seems to be particularly sensitive to the needs and requirements of the developing countries in the field of industrialization, this may well be owing to the fact that Austria herself has experienced a period of intensified industrialization over the past twenty years following immediately after a time when the Austrian economy was nearly wrecked because of the war and its aftermath. Because of our rather successful experience in this regard, which is sometimes referred to as the "Austrian Economic Miracle", we like to think that Austria, indeed, provides a suitable ground for housing an international organization committed to industrial development.

The means that UNIDO has at its disposal to reach its targets are limited. In addition, they emanate from different types of United Nations development programmes and are subject to different financial and administrative regulations. To mould these different components into an efficient and co-ordinated effort to promote industrialization in an optimal way will be one of the main problems the UNIDO Board will have to deal with at this session.

Struggling with these complicated and difficult tasks set before it, the Board will, however, be able to experience great satisfaction that its work will contribute in a meaningful way to lessen international tensions in this world.

It is in this perspective that I would like to express my deep feeling of satisfaction that Austria has been chosen to provide the ground and the services for actions directed towards solving **one of the most burning problems of our time.**

It not only corresponds to a long tradition of Austrian history, and especially of Vienna, to serve as a meeting place for the north and south, the east and west, but also corresponds most of all to the basic policy of the Austrian Federal Government and to a genuine desire of the Austrian people, which is in full tune with our basic policy of permanent neutrality, to co-operate for the benefit of the developing countries, thus contributing to the concept of international co-operation and the promotion of peace.

In this sense, ladies and gentlemen, I may assure you of the full and active support of the Austrian Government.

I should like to extend to you my sincere wishes for the **success of this Board meeting**, and may I add my hope that your busy schedule will still permit you to enjoy your stay in our capital.

ANNEX III

STATEMENT MADE BY THE EXECUTIVE DIRECTOR OF THE UNITED NATIONS
INDUSTRIAL DEVELOPMENT ORGANIZATION TO THE SECOND SESSION OF
THE INDUSTRIAL DEVELOPMENT BOARD ON 18 APRIL 1968 a/

1. I would like first to congratulate you, Mr. President, the Vice-Presidents and the Rapporteur on your unanimous election and to assure you of our full co-operation in serving the Board in its deliberations during this session.
2. It was just one year ago that I appeared before the Industrial Development Board at its first session in New York to report about the activities of UNIDO. One year ago, UNIDO officially was an organization three months old besieged by difficult problems of transfer and settlement. Now the organization is one year older and is a going concern in Vienna, though, naturally, the growing pains are still with it.
3. I may be permitted, Mr. President, to recall that the General Assembly of the United Nations passed its resolution deciding to establish UNIDO only in December 1965. Discussions by a Preparatory Committee in 1966 led to the General Assembly resolutions of November and December 1966 establishing UNIDO and selecting Austria as the host country for our headquarters. Negotiations started immediately with the Austrian Government, and the Headquarters Agreement was signed in New York in April 1967 during the first session of the Board. Three months later, a forward party of staff arrived in Vienna and the Government handed over to UNIDO the Felderhaus, which is the temporary headquarters of the organization. In the following months, more than five hundred staff members joined UNIDO in Vienna, some of them by transfer from the Centre for Industrial Development (CID) and other United Nations bodies, but the majority as new recruits. As a result of this rapid build-up of staff, more than 60 per cent of the professional staff have less than two years' experience in the United Nations; 90 per cent of its general service staff had no previous experience with the United Nations; and all of the manual staff joined the organization in Vienna. New staff members require a certain period of adjustment before they become fully effective. I may add that, during the same time, the organization itself has been experiencing re-orientation and adjustment. The transfer to Vienna would not have been possible without the generosity, the co-operation and the positive support of the Austrian Government and the authorities of the City of Vienna, who have helped UNIDO and its staff continuously during the critical period of initial settlement. I am sure that with this continued interest and co-operation, UNIDO will be fully established in the next few years in its permanent headquarters on the banks of the Danube.
4. In December 1967, UNIDO also undertook successfully one of its major projects, namely, the holding of the International Symposium on Industrialization in Athens. The report of the Symposium is submitted to you for consideration. I would like to recall that the holding of the Symposium was beset with innumerable

a/ Distributed to the Board as ID/B/39.

difficulties. The date had to be changed twice to avoid a conflict with the date of the Second United Nations Conference on Trade and Development, which also had been shifted twice. The venue of the Symposium created **difficulties** for many Member States, who raised objections within and outside the United Nations. The few weeks preceding the date of the Symposium witnessed a major political crisis, which threatened all of the arrangements. Lastly, in the very midst of the meetings, local political events created a state of emergency, which was, fortunately of short duration.

5. The Symposium covered a large number of varied activities, and, in addition to the official meetings, a new venture was organized, namely, the **Industrial Promotion Service**, which involved additional tasks for the Secretariat. If, as it is generally considered, the Symposium was a successful event, this was due to the interest of the Member States, who contributed to its documentation and discussions, to the international organizations which took part in all its deliberations, and to the business and industrial representatives who participated in the Promotion Service. The arrangements by the host Government were fully satisfactory. The Symposium provided a unique opportunity to establish a constructive dialogue between the developed and developing countries on a wide range of topics touching upon the various aspects of the process of industrialization of the developing countries. It provided a forum for an exchange of experiences, informal talks, and contacts between interested parties from all countries. The recommendations of the Symposium, as may be decided by the Board at the present session and also in the future, would provide **guidelines** for the activities of UNIDO in the following years.

6. In addition to the **transfer to Vienna** and the major event of the Symposium, the secretariat of UNIDO was fully guided during the past year by the letter and the spirit of the **decisions of the Board at its first session**. A considerable effort was made to orient the activities of the organization in accordance with the guidelines provided by the resolutions of the Board. Major attention was given to the promotion and servicing of field activities and the adjustment of support activities towards the achievement of practical and concrete results. The Report of the Activities for 1967 reflects some of these aspects, while others have been incorporated in the programmes of 1968 and 1969, which are before the Board at this session. In examining these documents, the Board will indicate its recommendations and guidelines for further action. The process of re-orientation and adjustment of programmes and activities of international organizations, particularly when such organizations are still in the early formative stages, cannot be completed within a short time. For the next few years, UNIDO must stand ready, as necessary, for further adjustments and re-orientation. This is a task which does not depend solely on the secretariat; it is very much related to the action of the Member States themselves, to the co-operation of other international bodies within the United Nations family of organizations and outside it, and of the industrial and financial community at large. The great potential of action indicated above should not be overlooked in the further development of the programme of UNIDO. The Board may wish to guide the secretariat in this respect, particularly since some preliminary approaches have been developed during the last year and others are included in the programmes for 1968 and 1969.

7. Highest priority is being given to operational activities financed from voluntary contributions through the United Nations Development Programme and

funds-in-trust arrangements. Operational activities can only be initiated at the request of recipient countries and UNIDO will always be ready, on receipt of such requests to examine them, to recommend their acceptance and financing, and to undertake their implementation. UNIDO has four main operational programmes, namely, the UNDP/Special Fund component, the UNDP/Technical Assistance component, the special industrial services programme, and the regular programme of technical assistance of the United Nations. All of these activities, except the last, have now been put on a continuous programming basis. Requests may be received at almost any time, and they have to be dealt with as they come. Thus, the secretariat has no way of knowing in advance which request will be received and which requests will be accepted for implementation. Nor, for that matter, would any body or committee constituted for that purpose be in any different position.

8. The programme for 1969 includes suggestions about new requests and projects in the course of implementation which in no way commit either the Governments concerned or the UNDP. UNIDO is becoming, in fact, a servicing organization which stands ready to receive, handle and implement requests that may come from any country at any time, although forward yearly programming is still the procedure for the regular programme. The change to continuous programming presents difficulties, particularly for UNIDO, not only because the organization is new, but also because of the complexity of industrial operations which were not dealt with before and which involve delicate considerations of a technological, financial and, frequently, political nature. The secretariat of UNIDO needs, therefore, greater flexibility in procedures to enable it to face varying situations. It was hoped that the UNDP, as the central fund of the United Nations for financing operational activities, would develop correspondingly flexible procedures for handling industrial problems rather than try to fit these problems into forms and procedures which may have proved adequate in other areas.

9. The above considerations, namely, continuous programming and flexibility in procedures, are inherent in the programme of special industrial services (SIS), which is now on its second year of effective operation. It was recognized then, and it is more apparent now, that industrial requests from countries cannot always be foreseen two or three years ahead of time, and that suitable procedures should be established to handle situations of this type. The former procedures of the Expanded Programme of Technical Assistance provided for contingency allocations and reprogramming, but only as exceptional measures. The experience with SIS confirms the needs for flexibility. The SIS programme brings UNIDO in closer contact with real and urgent problems of industry, thus widening the scope and effectiveness of the assistance. This programme should therefore be evaluated not only on the basis of dollars, but also with due regard to its effectiveness and the services rendered to industry.

10. The establishment of the programme of field advisers of UNIDO, in collaboration with the UNDP, provides an important instrument for promoting operational activities and greater effectiveness of the activities of UNIDO in the developing countries. In 1967, UNIDO initiated the programme with five posts financed under its regular budget. It is hoped that the UNDP will gradually assume the financing of the field advisers, starting possibly in 1968. It is planned that eventually twenty field advisers will serve about eighty

recipient countries in Africa, Asia, Europe, Latin America and the Middle East. A unit has been established at headquarters to service this programme.

11. In this connexion, I would like to mention that the Government of Switzerland has contributed to UNIDO 1 million Swiss francs, and negotiations have almost been completed for the assignment of this fund to finance fellowships from the developing countries, in order to acquaint them fully with the potential benefits that their countries may draw from the operational activities of UNIDO in the industrial field. The fellowship holders will, in effect, act as field advisers in reverse and will be the national counterpart of the international advisers. This will be a further step in the implementation of the directives of the Board, which called for the development of operational activities and the strengthening of UNIDO's contacts with the developing countries.

12. Another step in the same direction has been taken recently by several countries as a result of the unanimous recommendation of the Athens Symposium to establish national committees in the member States. The national committees will be central advisory bodies, comprising in their membership governmental and industry representatives; they will make it possible to develop a wide spectrum of co-operation with UNIDO, especially in the operational field. UNIDO has been notified officially of the establishment of national committees in India, Rwanda and the Sudan. Many other countries are in the process of establishing such bodies. Even in the industrial countries, the wide range of activities of UNIDO cannot be effectively handled by one single body. As a matter of fact, several developed countries have found it necessary, in connexion with their participation in the International Symposium and on other occasions, to establish a working group or some similar mechanism to handle UNIDO matters. It would be most helpful to UNIDO if such bodies were formally constituted as effective tools of co-operation and co-ordination with UNIDO. UNIDO, on its part, with the guidance of the Board, will keep all the national committees and similar bodies fully informed of its activities.

13. Taking into account all foreseeable expansion, the operational activities of UNIDO will not be in a position to meet more than a small fraction of the requirements of the developing countries for external assistance in industry. There will always be a need for mobilizing resources and experience much larger than those that could be made available through the operational programmes of UNIDO. This could be achieved through promotional projects offering high leverage effects, which will become an increasingly prominent feature of the programme of UNIDO in the future. Initial activities of this type were undertaken in 1967, particularly during the International Symposium in Athens. The promotion of financing of industrial projects is also the subject of a training course currently being conducted in New York in close collaboration with financial establishments, the investment promotion centres of the developing countries, and the United Nations Institute for Training and Research (UNITAR). The New York Liaison Office of UNIDO plays an important role in this development. Several countries are preparing requests to UNIDO which involve the establishment of promotional meetings between their authorities and possible interested investors. Under the promotion programme, it is also contemplated that a number of promotion meetings will be convened, each devoted to a specific branch of industry, to which a selected number of participants from capital-exporting and recipient countries would be invited. Such meetings would take place either independently or in conjunction with other events such as industrial fairs and exhibitions.

UNIDO is currently initiating discussions for such events in Czechoslovakia, Iran, Japan and other countries.

14. The developing countries vitally need information to assist them in their industrial activities. To satisfy these requirements, UNIDO has undertaken the establishment of the Industrial Information Centre in Vienna. The Austrian Government contributed the equivalent of \$200,000 to UNIDO in 1967, and it has been decided to use this contribution principally to finance the establishment of the Information Centre. This should be considered as another link in the chain of contacts which UNIDO is establishing to reach directly and co-operate with the industrial and financial communities in the developing and the developed countries.

15. The requirements of industrialization can also be served in terms of the main branches of industry, such as iron and steel, fertilizers, chemicals, textiles etc. A great deal of experience has already been accumulated within the developing countries, where new investments are continuously used for the establishment of new factories and the expansion of existing ones. The leaders of these industries are facing many problems. The world market for raw materials and the finished products of these industries are changing continuously. New technologies are evolving and new equipment and procedures are being introduced. In handling any one of these problems, adequate and recent information is required. These leaders should thus be given an opportunity of meeting their counterparts in other developing countries and assimilating new information and techniques available in the advanced countries. For these purposes, UNIDO has initiated during the last three years a number of in-plant training courses for senior engineers and managers with the collaboration of advanced industry in some developed countries. There is an urgent need to institutionalize these courses and to widen their scope so as to cover the full range of development requirements in the respective industries. The Board will find before it an Explanatory Note related to this subject (ID/B/26/Add.3). It is hoped that, with the help of the UNDP, a number of international institutes will be established in different countries during the next few years, each specializing in a particular branch of industry. I hope that the Board will examine this proposal and recommend it for implementation.

16. To support operational and promotional activities, it is necessary for UNIDO to continue its programme of research, meetings and expert groups in accordance with the guidelines established by the Board. While it is realized that UNIDO is not a research organization in the academic sense, its programme of activities should, nevertheless, have an important research component.

17. The United Nations family of organizations is beginning the preparatory work in connexion with what is generally called the Second Development Decade. This is a task which calls for specific data and projections of resources and development during the 1970's that would be both feasible and advisable. The part of this task which is related to industry has been assigned to UNIDO. In order to prepare the necessary studies for the Second Development Decade, a certain amount of exploratory and statistical investigations will be required. I may add here that we hope to have close co-operation with FAO in this area as regards harmonized growth of industry and agriculture in the coming years. Noting the importance of achieving a substantial development of agriculture and food resources, and the parallel increase in demand for industrial goods that such growth will

require and create, it becomes essential to look for a certain balance of agricultural and industrial activities. In the studies for the Development Decade, the question of planning and development of manpower and skills is also of great importance, and appropriate collaboration in these studies will be established with the ILO and UNESCO in particular.

18. I have dealt, Mr. President, with the operational activities of UNIDO, the new trends towards the promotional approach, the strengthening of contacts with financial and industrial communities, and, lastly, with some aspects of studies and research activities. Yet, this does not exhaust the potential activities of UNIDO. We should look into the future beyond the confines of the present programme. New areas of activities will be recognized in which UNIDO, as an international industrial organization, would have an important role. I may mention the area of international regulatory functions, which may be indicated in the field of industry, whether in the form of codes and conventions or mandatory agreements, codes of ethics and practices of industrial consultation and advisory services, and world-wide co-ordination of research for industrial application, particularly in relatively new areas, such as resources of the sea or space utilization. Within the next few years, a number of world trade centres will be established. Major trade and information centres are already being established in the advanced countries and are bound to have a very considerable effect in the long run in terms of the transfer of technology and the establishment of new industries in the developing countries on the basis of an accepted new international division of labour. A potential area of considerable interest to UNIDO is co-operation with these centres. I mention all such possibilities not to propose them in the specific programmes under consideration here, but rather to look into the future in a way that may help us to see clearly the perspectives and the dimensions of the different activities of the organization.

19. The Board has important and specific duties as regards the co-ordination of the activities of the United Nations family in the field of industrial development. A number of documents are submitted for your consideration at this session as a result of the decisions of the Board last year. Some of these documents relate to the consolidated report, which is in its third year, and which, on further improvement and development, should become an essential instrument for the co-ordination of industrial activities. In the meantime, the creation of UNIDO as an autonomous organization has posed a number of questions which have had to be regulated as regards its co-operation with other agencies of the United Nations with active programmes closely related to industry. During the past year, bilateral discussions were held with the executive heads of the ILO, FAO, UNESCO and WHO, in order to clarify such questions. I am glad to report to the Board that considerable progress has been achieved in these bilateral discussions. Early this month, notes of understanding were signed at the executive level between UNIDO and the ILO and between UNIDO and UNESCO. It has been decided to continue the bilateral discussions with the organizations concerned so as to reach eventually draft agreements that would be submitted for endorsement by the Industrial Development Board and the governing bodies of the other organizations. Some practical steps have already been agreed upon, particularly for the promotion of joint work in specific fields between UNIDO and the other organizations.

20. I have referred above to the collaboration with FAO in the field of planning of balanced agricultural and industrial development in connexion with the work on the Development Decade. It has been agreed to develop joint programmes with FAO in the

areas of chemical fertilizers, insecticides, pesticides, agricultural machinery and equipment. Collaboration with FAO is also envisaged in promoting industrial contacts through the FAO industry co-operation group and by other means. The note of understanding with the ILO provides for close collaboration in operational activities related to management and training, development institutes for specific industry branches, and small-scale industry and entrepreneurship. There will also be co-operation in manpower planning and utilization of skills. As regards UNESCO, there has been a complete understanding between the two organizations for co-operation in the field of standards and industrial specifications, as well as in other fields related to science, technology and education. The Report of the meeting of the Advisory Committee on Co-ordination, which was held early in April in Geneva, reflects the improved and hopeful climate of co-operation between UNIDO and other United Nations agencies. It is hoped that by the next session of the Board, enough progress will have been made so as to submit draft agreements to the Board for its endorsement. The executive heads of the various agencies are all approaching this question of co-ordination not merely by claiming competence, whether on the basis of formal texts or established practices, but rather in a spirit of genuine co-operation to achieve the best utilization of resources and improve services to the developing countries. For the attainment of these objectives, it will be most helpful to interpret texts and adjust practices in order to establish plans for fruitful future co-operation, rather than to maintain past situations that have given rise to overlapping and conflict.

21. Co-ordination with the regional economic commissions is another area which calls for further development. In the present report, the biannual meeting of the Executive Secretaries of the regional economic commissions and the Director of the United Nations Economic and Social Office in Beirut under the chairmanship of the Under-Secretary-General of the United Nations for Economic and Social Affairs, has been providing convenient opportunities for discussions with the regional economic commissions. The commissions have for many years developed active programmes in the field of industry and, in the last few years, have participated actively with UNIDO in the holding of the regional symposia for industrialization that preceded the International Symposium. The regional economic commissions also utilize the services of a large number of regional industrial advisers, who are financed from the regular programme of UNIDO. The Executive Secretaries of the regional economic commissions have expressed keen interest in collaborating further with UNIDO through the programme of industrial field advisers, some of whom would also act as liaison officers between UNIDO and the regional economic commissions. It is proposed to pursue these discussions so as to benefit fully from the services of the field advisers and the regional industrial advisers attached to the regional economic commissions for purposes of co-ordination. In the United Nations Economic and Social Office in Beirut, the industrial regional adviser has already assumed temporarily the additional duties of industrial field adviser in the area. Co-operation between UNIDO and the regional economic commissions should lead gradually to harmonization of programmes and closer collaboration in operational activities. With the great interest in industrial harmonization and co-operation among several regional groupings of the developing countries, UNIDO and the regional economic commissions, particularly through the services of the industrial advisers, should give effective support to regional industrial co-operation according to the policies of the respective countries. UNIDO will also endeavour to develop co-operation with the inter-governmental and non-governmental organizations, particularly those that are granted consultative status with the Board. These organizations, on their part, have shown great interest in the activities of UNIDO and their contributions will be highly useful.

22. The Board has before it a document on the draft estimates of expenditures of UNIDO for 1969 based upon the budgetary proposals that are now being submitted by the Secretary-General to the Advisory Committee on Administrative and Budgetary Questions. The official budget document will be transmitted to the Board for information as soon as it is released. The budget proposals for 1969 provide for very limited increases above the level of 1968.

23. Under the new procedures recently established by the General Assembly, the Board has before it for consideration and approval proposals for the planning levels of the regular programme for 1969 and 1970 and the proposed detailed regular programme for 1969, which has been established on the basis of requests from the field following consultations with Governments in the recent months. In this connexion, the Board may also wish to consider the question of establishing guidelines for the utilization of the funds under the regular programme, taking into account the particular needs in assistance of developing countries in industry that could be most appropriately met under the regular programme. The operational activities to be financed from the Technical Assistance and Special Fund components of the UNDP for 1968 are indicated in the programme for that year. For 1969, as has been mentioned above, only an indicative programme could be drafted for submission to the Board at the present time, since the actual financing will depend on requests from the countries that will be approved by the UNDP. As regards the SIS, information on resources available and their utilization in 1968 and 1969 are given in the documents submitted. According to our estimates, the available funds under the SIS programme are likely to be fully obligated in 1969. The replenishment of the SIS funds by further voluntary contributions by Governments is essential in order to provide an adequate reserve that would ensure the continuity of this highly effective programme.

24. In addition to the voluntary contributions under the SIS programme, contributions have been made by a certain number of Governments to finance UNIDO activities in industry for various purposes; negotiations to this effect are proceeding between the donor Governments and UNIDO. With these contributions it was possible to finance projects both in the field and at Headquarters in various areas. The role of voluntary contributions as a source of financing the expanding activities of UNIDO outside the conventional sources is dealt with in document ID/B/30, to which I wish to draw the attention of the Board.

25. As a general observation on the problem of financing the future operational and promotional activities of UNIDO, I may be permitted to state that the financing situation is beset by many uncertainties, not only because of the change in the procedures of financing under the UNDP/TA component, to which I referred above, but also because of the divergence of views in this area between members of the Board and the General Assembly. It is not my intention to express a judgement in this matter, but it is my duty to point out that an organization which is new and is intended to be essentially operational would require a much greater degree of certainty in its operational horizon as regards its financial resources.

26. Mr. President, on looking into the programme of activities of UNIDO, the first impression that one might gain is that of fragmentation into a large number of seemingly separate projects. This apparent fragmentation of the programme is a reflection and consequence of the operational approach, which calls for UNIDO to be a servicing agency responding to the specific needs of countries in the various branches of industry. This is also a reflection of the multiplicity and complexity

of industrial problems faced by the developing countries. Yet UNIDO has developed coherent and general approaches in its programmes in the form of the fifteen main areas in which the activities have been divided, and also in the form of the main procedures of action under field operations, promotion, co-ordination, research, studies and contacts. While the guidelines of the Board have consistently stressed the need for UNIDO to respond to requests from the field, other United Nations bodies, which are examining co-ordination and programming, are developing guidelines that require long-range planning and major projects or activities. These two sets of guidelines may appear contradictory, but, in reality, the programme of UNIDO is satisfying both of them in the sense that the programme is made up of specific items which conform both in their content and approach to a framework of general policies and actions. Separate industrial activities imply by necessity a set of national policies in the economic, trade and financial fields. The implementation of any specific industrial action takes place within a certain international context as regards trade, aid and transfer of technology. The activities of UNIDO, therefore, are, in a sense, the practical application of these general policies within the given world situation. UNIDO, on its part, would have to study and keep under continuous review the development in general policies at both national and international levels. UNIDO has approached its tasks on the basis of a fundamental though implicit concept that in every specific industrial activity there must be a possibility of mutual benefit to the parties concerned. UNIDO has therefore to foster greater co-operation between different parties that may eventually co-operate in one form or another to build new industries and to expand industrial activities in the developing countries.

27. The Board is meeting at a time when the world is going through a difficult period in the political and economic fields. With regard to the economic field, the difficulties in the balance of payments being experienced by certain large countries in the West and the recent disturbances in the international monetary field have certainly dimmed the immediate prospects of a substantial increase in aid and international assistance by the wealthy countries to the developing areas, an increase which is essential in order to make possible an increase in the rate of economic development of the less-developed countries and, in particular, to accelerate their process of industrialization. Nevertheless, it is to be hoped that, in spite of the difficulties of this moment, international co-operation in the economic field will continue to grow. The industrialized countries are fully aware of the economic, social and political problems posed by the situation of under-development and of the necessity for continued and vigorous action in the field of international economic assistance, in order to avoid the widening of the economic gap between the poor and rich countries and the consequent potential dangers not only in the economic sense, but also as regards security and peace. It is in this longer-range perspective of international solidarity and co-operation that it is appropriate to place the activities of UNIDO. In the short run, the activities of UNIDO are directed towards improving the utilization of existing industrial capacities and skills in the developing countries and achieving the best utilization of resources for this objective that may be available from the advanced countries. These specific activities will also, hopefully, contribute in the long run towards an improvement in the general field of industrial development that would be mutually beneficial to all countries.

ANNEX IV

PROCEDURE FOR GRANTING CONSULTATIVE STATUS TO INTERNATIONAL NON-GOVERNMENTAL ORGANIZATIONS CONCERNED WITH THE PROMOTION OF INDUSTRIAL DEVELOPMENT a/

1. The procedure for granting consultative status to international non-governmental organizations concerned with the promotion of industrial development covers:

(a) Functions and terms of reference of an Ad Hoc Board Committee on applications by international non-governmental organizations for consultative status (paras. 2 to 6 below);

(b) Criteria for granting consultative status to international non-governmental organizations (para. 7);

(c) Form of application and supporting information to be provided by the applicant organization (paras. 8 to 9);

(d) Exercise of consultative status by international non-governmental organizations (paras. 10 to 11);

(e) Suspension or withdrawal of consultative status (para. 12).

Ad Hoc Board Committee on applications by international non-governmental organizations for consultative status

2. At each session of the Board, an Ad Hoc Committee, composed of the members of the Bureau of the Board and the Executive Director, shall review applications for consultative status from non-governmental organizations under rule 76 of the rules of procedure and submit a report to the Board during the same session. The Committee shall ascertain whether the non-governmental organizations in question have an international character, are concerned with promoting industrial development and can give the Board and/or its subsidiary organs such information or advice as might guide them in the fields in which the respective organizations are competent. A representative of the non-governmental organization in question should be available to the Ad Hoc Committee to supply further information if necessary. When an organization has been admitted to consultative status, its participation in the activities of UNIDO shall be confined to questions within its competence.

3. On the basis of the information presented to the Committee in accordance with paragraph 8 below, and in accordance with the criteria for the establishment of relations with non-governmental organizations (paragraph 7 below), the Ad Hoc

a/ Distributed to the Board as an annex to the report of Committee II (ID/B/C.2/2).

Committee shall communicate to the Board, in sufficient time to enable delegations to obtain instructions, its opinion on applications submitted to the Board at its current session.

4. The Industrial Development Board, after review of the recommendations of the Ad Hoc Committee, may approve, reject **or** postpone the application of the non-governmental organization. If an application is approved, the name of the international non-governmental organization will be placed on the list of such organizations as provided in rule 76 of the rules of procedure.

5. The decision of the Board upon the recommendation of the Ad Hoc Committee to approve, reject or postpone the placing of the name of an international non-governmental organization on the approved list shall be officially communicated to the applying organization.

6. The Ad Hoc Committee shall be called into session by the President of the Board after consultation with the Executive Director.

Criteria for granting consultative status to international non-governmental organizations

7. A non-governmental organization, to be considered for granting of consultative status with the Industrial Development Board, must meet the following criteria:

(a) The aims and purposes of the organization must be in conformity with the spirit, purposes and principles of the Charter of the United Nations;

(b) The organization must be actively concerned with industrial problems falling within the field of competence of UNIDO as defined by General Assembly resolution 2152 (XXI);

(c) In line with General Assembly resolution 2152 (XXI) establishing UNIDO, the bona fide international character of the organization must be established;

(d) UNIDO must be able to rely on the co-operation of an organization which is granted consultative status;

(e) It must be clearly established that the organization concerned is of recognized standing and that a substantial proportion of its members (whether individuals or groups) are actively participating in the industrial field. (Accordingly, any group of organizations, which have formed a legally valid merger or association, may participate in the activities of UNIDO through a representative authorized to act in the name of all members of the group);

(f) International organizations which have not been established by an inter-governmental agreement shall be considered as non-governmental organizations within the meaning of rule 76 of the rules of procedure of the Board. An international organization not established by governmental agreement shall be considered a non-governmental organization, even though its membership includes individuals or official bodies designated by governmental authorities, provided such membership does not interfere with free expression of views by the organization;

(g) It must be clearly established that the organization is not a member of a committee or group of an international organization which has already been included in the list provided for in rule 76 of the rules of procedure.

Form of application and supporting information

8. (a) Applications will be addressed to the Executive Director and should be submitted at least four months prior to the next scheduled session of the Industrial Development Board;

(b) The Executive Director shall circulate information on organizations seeking consultative status among the members of the Board not less than three months before the opening of the session of the Board at which the question of granting such status is to be considered.

9. In submitting an application in accordance with rule 76 of the rules of procedure of the Board, an organization seeking consultative status must provide the following information:

(a) A summary history of the organization;

(b) A detailed statement of its purposes;

(c) The structure of its administration;

(d) A detailed statement of its activities, particularly those which would be in support of UNIDO and would contribute towards the accomplishment of its tasks;

(e) A description of its relations with inter-governmental organizations;

(f) A description of its relations with other non-governmental organizations;

(g) A statement of current financial income and expenditures, including the sources of financing of its activities;

(h) The full address of its official headquarters and addresses of its regional offices, if any;

(i) The name of its administrative director or his accredited representative, who will maintain liaison with the Executive Director of UNIDO;

(j) Information which would make clear the international character of its membership;

(k) An organization whose membership includes individuals or official bodies designated by governmental authorities must submit a list of all such members.

Exercise of consultative status by international non-governmental organizations

10. Once the Industrial Development Board has approved the application of an international non-governmental organization for consultative status, the

organization will exercise its consultative status in accordance with the rules of procedure as follows:

(a) For representatives to sit as observers at public meetings of the Board, its committees and subsidiary organs;

(b) On the invitation of the President, and subject to the approval of the Board or of the subsidiary organ concerned, to make statements on items on the agenda within the scope of their activities;

(c) To make written statements, where possible, of not more than 2,000 words related to items on the agenda of the Board and of its subsidiary organs, provided that:

(i) The non-governmental organizations should be responsible for any translation of their statements;

(ii) No non-governmental organizations should circulate a statement whose substance has been previously circulated to the Board or to its subsidiary organs.

(d) To propose to the Bureau of the Board that it request the Executive Director to place items of special interest to the Organization on the provisional agenda of the Board.

11. Accredited representatives of the international non-governmental organizations in consultative status must give evidence, in the form of a letter of credence from the Executive Head of the organization concerned to the Secretary of the Industrial Development Board, of their authority to speak in its name.

Suspension or withdrawal of consultative status

12. The Board may suspend the consultative status or possibly withdraw such status from non-governmental organizations which fail to live up to the criteria applied in the establishment of consultative relations.

ANNEX V

DRAFT ESTIMATES OF EXPENDITURES FOR 1969
AND OTHER FINANCIAL QUESTIONS a/

Note by the Executive Director

1. The Executive Director received on 4 May 1968 the following letter from the Acting President of the Board of UNIDO:

"Sir,

"I have the honour to inform you of the following decision taken by the Industrial Development Board at its 52nd Plenary meeting on Saturday, 4 May 1968:

'The Industrial Development Board decides that the annual budget estimates for UNIDO should be made available to the Board at each of its regular sessions;

'Further the Industrial Development Board requests the Executive Director of UNIDO to use his good offices to obtain the release of the Secretary-General's 1969 budget estimates to the Board at its present session.'

"In accordance with the decision of the Board, I should be most grateful for your expeditious pursuit of this matter.

"Accept, Sir, the assurances of my highest consideration.

(Signed) G.M. RICHARDS
Acting President

United Nations Industrial Development Board"

2. The Executive Director, in response to the above letter from the Acting President of the Board, sent the following cable to the Secretary-General of the United Nations:

"The Industrial Development Board took following decision at its 52nd plenary meeting on Saturday, 4 May. 'The Industrial Development Board decides that the annual budget estimates for UNIDO should be made available to the Board at each of its regular sessions; further, the Industrial Development Board requests the Executive Director of UNIDO to use his good offices to obtain the release of the Secretary-General's 1969 budget estimates to the Board at its present session.' Please advise."

a/ Distributed to the Board as ID/B/40.

3. The Executive Director received the following reply from the Secretary-General of the United Nations:

"Decision of the Board taken at its 52nd plenary meeting on Saturday, 4 May, gives rise to serious difficulties which I would request you to bring urgently to the attention of the Board.

"First, legal difficulties. Secretary-General must conform to the financial regulations as approved by the General Assembly:

"Regulation 3.4 states: 'The Secretary-General shall submit to the regular session of the General Assembly budget estimates for the following financial year. The estimates shall be transmitted to all Member States at least five weeks prior to the opening of the regular session of the General Assembly.'

"Regulation 3.5 states: 'The Secretary-General shall at least twelve weeks prior to the opening of the regular session of the General Assembly submit the estimates to the Advisory Committee on Administrative and Budgetary Questions for examination.'

"Regulation 3.6 states: 'The Advisory Committee shall prepare a report to the General Assembly on the estimates submitted by the Secretary-General. This report shall be transmitted to all Member States at the same time as the estimates.'

"Resolution 2152 (XXI) adopted by the General Assembly at its 1468th plenary meeting on 17 November 1966 at its twenty-first session decided that UNIDO be established as an organ of the General Assembly and that it should function as an autonomous organization within the United Nations in accordance with the provisions set forth in section 2 of that resolution. Those provisions in no way modify or change the mandate placed upon the Secretary-General by the relevant aforementioned financial regulations. Under paragraph 7 of the provisions contained in section 2 of resolution 2152 (XXI), which deals with the functions and powers of the Board, it is authorized under sub-paragraph (d) to consider and approve the programme of activities of the Organization, and, under sub-paragraph (f), to exercise control over the effective utilization of resources available to the Organization. As regards the disbursement of funds, paragraph 25 of section 2 of General Assembly resolution 2152 (XXI) clearly leaves the responsibility to the Secretary-General in consultation with the Executive Director of UNIDO.

"In order to enable the Board to fulfil its responsibilities in regard to the work programme, a report was submitted by the Executive Director of UNIDO in document ID/B/26 giving the proposed programme of work of UNIDO for 1969. In a further statement, document ID/B/29, he provided the provisional implications of that work programme in terms of the increase in manpower required for the fulfilment of the substantive work involved and an indication of the credits to be requested for consultants, travel of staff on official business, the publications programme and meetings of experts and other advisory bodies. The Secretary-General believes, therefore, that by the actions he has already taken, he has enabled the Board to fulfil its responsibilities in regard to the work programme, while, at the same time, he has conformed strictly to the financial regulations.

"Second, as regards the practical difficulties, the principal issues that arise are as follows: The Secretary-General cannot complete his analysis, review and preparation of the total estimates before the end of May in any given year. The months of January and February are devoted to the preparation of submissions of estimates by the various departments, offices and other organizations comprising the Secretariat of the United Nations, and March, April and May to the analytical review of these submissions and the final preparation of the total estimates. The Secretary-General can only take his decisions on the final estimates when the total budgetary requirements for the coming year are known. Under these circumstances, the Secretary-General's estimates for UNIDO are still under review and, accordingly, will not be finalized until later in the current month. It will be appreciated that the estimates for UNIDO for 1969 as submitted by the Executive Director to the Secretary-General were based on a work programme which was still subject to review by the Board during its current session. Decisions taken by the Board, therefore, at its current session may have some bearing on the level of those estimates as submitted. The Secretary-General would need to be informed by the Executive Director of such decisions so that they could be submitted to the ACABQ either in the form of amendments to the initial estimates, if time permits, or subsequently as revisions to those estimates. Furthermore, in accordance with the provisions set forth in paragraph 30 of section 2 of General Assembly resolution 2152 (XXI), the Secretary-General must, in consultation with the Executive Director, take into account the relationship between the estimates submitted for UNIDO and those submitted by the regional economic commissions and the United Nations Economic and Social Office in Beirut in the field of industry. It is difficult, therefore, to consider the requirements of UNIDO in isolation before total budget proposals are known.

"The above represents my considered views on the main issues involved. I would hope that these explanations would be acceptable to the Board."

ANNEX VI

RESOLUTIONS ADOPTED BY THE INDUSTRIAL DEVELOPMENT BOARD AT ITS SECOND SESSION

Contents

Resolution

- 3 (II) Establishment of a working group on programme and co-ordination
- 4 (II) Review and co-ordination of activities in the field of industrial development
- 5 (II) Activities of the regional advisers of the United Nations Industrial Development Organization in the field of industrial development attached to the regional economic commissions of the United Nations and the United Nations Economic and Social Office in Beirut
- 6 (II) Co-operation between the United Nations Industrial Development Organization, the regional economic commissions and the United Nations Economic and Social Office in Beirut
- 7 (II) Local costs of Special Industrial Services
- 8 (II) The training of national personnel for industrial development
- 9 (II) Work programme
- 10 (II) Voluntary contributions
- 11 (II) Regular programme of technical co-operation
- 12 (II) Establishment of a working group on programme and co-ordination as a subsidiary organ of the Board

3 (II). Establishment of a working group on programme and co-ordination

The Industrial Development Board,

Recalling General Assembly resolution 2152 (XXI) of 17 November 1966 under which the United Nations Industrial Development Organization was established,

Recalling the provisions of Industrial Development Board resolution 1 (I) of 4 May 1967 on the best possible implementation of its functions,

Bearing in mind that the principal functions and powers of the Board include:

- (a) Consideration and approval of the programme of activities;
- (b) Reviewing and facilitating the co-ordination of activities within the United Nations system in the field of industrial development;
- (c) Keeping the activities of the Organization under review;

Recognizing the fact that consideration by the Board of the work programme and its financial implications and co-ordination questions in the industrial field is a complex and time-consuming matter;

Expressing the wish to facilitate the task of the Board and to improve the quality of its work,

Considering that the Board, according to rule 62 of its rules of procedure, may establish such subsidiary organs as may be necessary for expediting the effective discharge of its functions,

1. Requests the Executive Director to convene a working group of government representatives open to all members of the Board;
2. Decides that the functions of the working group, which shall elect its own officers, shall be to consider the documentation prepared for the Board session, with a view to:
 - (a) Examining the report on the past activities, the current programme and the proposed work programme;
 - (b) Assessing the financial implications thereof;
 - (c) Identifying and commenting on problems of co-ordination in the industrial development field;
3. Decides that, beginning in 1969, the working group will meet at the seat of the Organization about two weeks prior to each annual session of the Board and will report its findings to the Board for its consideration;
4. Further decides to review the composition of the working group at its third session in the light of experience gained.

54th plenary meeting,
10 May 1968.

4 (II). Review and co-ordination of activities in the field of industrial development

The Industrial Development Board,

Recalling General Assembly resolution 2152 (XXI) of 17 November 1966 on the United Nations Industrial Development Organization and, in particular, paragraph 27 of section II regarding the central role of the Organization in reviewing and promoting the co-ordination of all activities of the United Nations system in the field of industrial development,

Further recalling Industrial Development Board resolution 1 (I) of 4 May 1967 and, in particular, sub-paragraph 2 (h) concerning co-operation between the United Nations Industrial Development Organization, the United Nations regional economic commissions and the United Nations Economic and Social Office in Beirut,

Taking note with appreciation of the third consolidated report of the industrial development activities of the United Nations system (ID/B/23 and Add.1-3), the notes submitted by the Executive Director on the preparation of analytical reports (ID/B/24) and on the annual review of the future programmes of activities in the field of industrial development of the United Nations system of organizations (ID/B/25),

Noting the report of the Executive Director concerning the central role of the United Nations Industrial Development Organization in co-ordinating the activities of the United Nations system in the field of industrial development (ID/B/27),

Conscious of the primary responsibility that devolves on it in exercise of the central co-ordination role of the United Nations Industrial Development Organization with regard to all activities of the United Nations system in the field of industrial development,

1. Requests the Executive Director to:

(a) Intensify the efforts of the United Nations Industrial Development Organization, either singly or in co-operation with interested agencies, in areas of activities in which there are gaps of action;

(b) Continue his consultations with the relevant specialized agencies with a view to establishing joint programmes and harmonization of activities in fields of common interest, in order to increase the efficiency of the over-all effort being made to further industrial development, bearing in mind the relevant provisions of General Assembly resolution 2152 (XXI);

(c) Continue his consultations with the Executive Secretaries of the regional economic commissions and the Director of the United Nations Economic and Social Office in Beirut on ways and means to further strengthen co-operation between UNIDO and the regional economic commissions and the United Nations Economic and Social Office in Beirut for the promotion of accelerated industrial development of the developing countries including the formulation of joint programmes on the basis of identified needs of the countries concerned;

(d) Pursue his efforts to bring about closer co-operation between the Organization and the international, regional and national financial institutions with a view to giving an impetus to the promotion of financing of industrial projects in the developing countries on conditions acceptable to these countries;

2. Further requests the Executive Director, in compliance with the central co-ordinating role of the United Nations Industrial Development Organization, to consult with the heads of the specialized agencies concerned, the International Atomic Energy Agency, the regional economic commissions and the United Nations Development Programme on suitable arrangements with a view to the establishment of appropriate procedures for the review and co-ordination of operational field activities in the area of industrial development undertaken by the members of the United Nations system of organizations on a regional, sub-regional or country level;

3. Invites the Executive Director to consult with the Administrator of the United Nations Development Programme on the preparation of a detailed analysis of the experience of the Programme in dealing with the problems of co-ordination with a view to making recommendations concerning measures and procedures for co-ordination of technical assistance in the field of industrial development which might be suggested by this analysis;

4. Notes with approval the intention of the Executive Director to utilize, as appropriate, industrial field advisers for purposes of co-ordination at the country level;

5. Invites the attention of Governments to the desirability of harmonizing their own positions in the field of industrial development in the various organs of United Nations and related agencies in accordance with the provisions of General Assembly resolution 2152 (XXI);

6. Endorses the intention of the Executive Director to contribute along with other organizations of the United Nations system, to the elaboration of the preliminary framework of an international development strategy for the decade of the 1970's being prepared by the Secretary-General pursuant to General Assembly resolutions 2218 B (XXI) of 19 December 1966 and 2305 (XXII) of 13 December 1967;

7. Invites the Executive Director of the United Nations Industrial Development Organization to continue to take appropriate measures to improve the contents and format of the consolidated report;

8. Requests the Executive Director to examine the possibility of including in the consolidated report information on the results achieved from the operational activities in the field of industrial development of the United Nations system of organizations;

9. Renews its invitation to the members of the United Nations system of organizations concerned to extend their co-operation and assistance to the United Nations Industrial Development Organization for the timely preparation and distribution of the consolidated report, the analytical report and the review of future activities;

10. Looks forward to receiving at its third session the first analytical report and the review of future activities in the field of industrial development of the United Nations system of organizations;

11. Requests the Executive Director to submit a report to its third session on the implementation of the present resolution, including the texts of any tentative agreements with the specialized agencies.

53rd plenary meeting,
9 May 1968.

5 (II). Activities of the regional advisers of the United Nations Industrial Development Organization in the field of industrial development attached to the regional economic commissions of the United Nations and the United Nations Economic and Social Office in Beirut

The Industrial Development Board,

Recognizing that full co-ordination in the field of industrial development is required between the work of the United Nations Industrial Development Organization and that of the regional economic commissions, and the United Nations Economic and Social Office in Beirut,

Taking into account that there are already regional advisers in the field of industrial development attached to the various regional commissions and to the United Nations Economic and Social Office in Beirut, who are financed through the regular programme of the United Nations (part V, section 14, of the United Nations budget and ID/B/26/Add.2/Rev.1),

1. Requests the Executive Director to continue his consultations with the Executive Secretaries of the regional economic commissions and the Director of the United Nations Economic and Social Office in Beirut with a view to maintaining closer co-operation which would utilize the regional industrial development advisers in order to assure harmonization of the activities of the United Nations Industrial Development Organization, the regional economic commissions and the United Nations Economic and Social Office in Beirut in industrial development;

2. Requests the Executive Director to report to the third session of the Board on these consultations, including any further developments relating to a closer co-ordination and co-operation between the United Nations Industrial Development Organization, the regional economic commissions and the United Nations Economic and Social Office in Beirut.

53rd plenary meeting,
9 May 1968.

6 (II). Co-operation between the United Nations Industrial Development Organization, the regional economic commissions and the United Nations Economic and Social Office in Beirut

The Industrial Development Board,

Recalling General Assembly resolutions 2152 (XXI) of 17 November 1966 and 2299 (XXII) of 12 December 1967 and paragraph 2 (h) of Industrial Development Board resolution 1 (I) of 4 May 1967, regarding a close and continuous working relationship with the regional economic commissions and the United Nations Economic and Social Office in Beirut,

Taking into account the desire, expressed by the regional economic commissions of the United Nations and by the United Nations Economic and Social Office in Beirut to develop co-operation with the United Nations Industrial Development Organization in fields of common interest,

Noting with appreciation the efforts made by the Executive Director to strengthen the co-operation between the United Nations Industrial Development Organization on the one hand, and the regional economic commissions and the United Nations Economic and Social Office in Beirut on the other hand, and, in particular, his intention to harmonize the work of the United Nations Industrial Development Organization with this Office and the commissions,

1. Emphasizes the importance of the co-operation between the United Nations Industrial Development Organization, the regional economic commissions and the United Nations Economic and Social Office in Beirut;

2. Invites the Executive Director to continue his activities for developing the co-operation of the United Nations Industrial Development Organization with the regional economic commissions and the United Nations Economic and Social Office in Beirut in terms of the above-mentioned resolutions;

3. Requests the Executive Director to include in each annual report on the co-ordination of United Nations activities in the field of industrial development full particulars of the measures of co-operation that have been effectively implemented or that are proposed in agreement with the Executive Secretaries of the regional economic commissions and the Director of the United Nations Economic and Social Office in Beirut.

53rd plenary meeting,
9 May 1968.

7 (II). Local costs of special industrial services

The Industrial Development Board

1. Takes note of the widespread feeling in the Board that the payment of local costs in respect of the special industrial services should be completely waived;

2. Requests the Executive Director to use his good offices to take the necessary steps to have the question of the payment of local costs in respect of the special industrial services examined jointly with the United Nations Development Programme as a matter of urgency and to inform the Board at its third session of the results.

57th plenary meeting,
13 May 1968.

8 (II). The training of national personnel
for industrial development

The Industrial Development Board,

Considering that the training of national personnel of developing countries at all levels has a decisive role in the industrial development of the developing countries,

Recalling General Assembly resolutions 1824 (XVII) of 18 December 1962, 2090 (XX) of 20 December 1965 and 2259 (XXII) of 3 November 1967 regarding the training of national technical personnel for the accelerated industrialization of the developing countries,

Further recalling Economic and Social Council resolution 1274 (XLIII) of 4 August 1967 on the development and utilization of human resources and the Secretary-General's report on this matter (E/4353),

Taking into account General Assembly resolution 2152 (XXI) of 17 November 1966 and paragraph 2 (f) (xi) of Industrial Development Board resolution 1 (I) of 4 May 1967 on the future programme of work and activities of the United Nations Industrial Development Organization, regarding the role of the Organization in the training of technical and other appropriate categories of personnel of developing countries,

1. Notes with appreciation that in the United Nations Industrial Development Organization's work programme of 1969 numerous in-plant training programmes are being planned by various countries in co-operation with the Organization, and expresses the hope that more programmes of a similar nature will be undertaken in industrial fields on the basis of the assessment of the actual needs of the developing countries, and that the difficulties encountered in establishing such programmes on an ad hoc basis will be overcome through consultation with the United Nations Development Programme and the host countries;

2. Endorses the United Nations Industrial Development Organization's current programmes for in-plant training of various levels of engineers, technical personnel and specialized managers, and for an exchange of experience in promoting the development of different branches of industry in developing countries;

3. Requests the Executive Director to consult with interested developing and developed countries, the United Nations Development Programme and other United Nations organizations on the further development of such programmes, as well as new programmes, that might be established, including any experimental pilot project that the Programme might be prepared to consider, and to submit a report to the third session of the Board;

4. Recommends to the Executive Director that proper steps be taken in order to ensure effective co-ordination with existing relevant international programmes and institutes;

5. Advises the Executive Director to give high priority to the demands of developing countries for the training of their national personnel in various fields of industry;

6. Requests the Executive Director to prepare, after consulting with the International Labour Organisation and other specialized agencies, the regional economic commissions and the United Nations Economic and Social Office in Beirut, an outline for a detailed long-term programme for the various kinds of technical training in industrial development and circulate it to the respective Governments for comments prior to its submission, as soon as possible, to the Board for consideration.

58th plenary meeting,
13 May 1968.

9 (II). Work programme

The Industrial Development Board,

Recalling the provisions of General Assembly resolution 2152 (XXI) of 17 November 1966 and of Industrial Development Board resolution 1 (I) of 4 May 1967,

Having considered the report of the Executive Director on the 1967 activities of the United Nations Industrial Development Organization (ID/B/22 and Add.1) and the proposals for the Organization's programme of work for 1968 (ID/B/20/Rev.1) and for 1969 (ID/B/26),

1. Takes note of the report on the 1967 activities of the United Nations Industrial Development Organization submitted by the Executive Director;

2. Takes note of the report of the International Symposium on Industrial Development (ID/B/21 and Add.1);

3. Approves the proposed programmes of work of the United Nations Industrial Development Organization for 1968 and 1969, subject to the observations contained in the relevant parts of the Board's report on its second session to the General Assembly;

4. Considers that the programme for 1969 reflects action required to assist the industrialization efforts of the developing countries, which should be further expanded as additional resources become available;

5. Requests the Executive Director to:

(a) Submit to the Industrial Development Board at its third session long-term programme proposals, in accordance with the recommendations of the Ad Hoc Committee of Experts to Examine the Finances of the United Nations and the Specialized Agencies and the provisions of General Assembly resolution 2370 (XXII) of 19 December 1967, taking fully into account such action as may have been taken by the General Assembly at its twenty-third session with regard to an international development strategy to be implemented during the second United Nations Development Decade, in accordance with the provisions of General Assembly resolutions 2218 (XXI) of 19 December 1966 and 2305 (XXII) of 13 December 1967;

(b) Secure the agreement of the Secretary-General for the submission to the next and subsequent sessions of the Board of the budget estimates of the Executive Director for the year or years for which the Board is expected to consider and approve the Organization's programme of work, in order that such consideration and approval can be given with the knowledge of the probable financial implications;

6. Further requests the Executive Director to:

(a) Take the necessary steps to appoint at the earliest possible date an adequate number of industrial field advisers, who would be attached to the offices of the Resident Representatives of the United Nations Development Programme, to

advise, assist and co-operate with Governments of developing countries in the development and implementation of the United Nations Industrial Development Organization's operational field activities, develop methods of work and report annually on their activities to the Industrial Development Board;

(b) Submit proposals to its third session, in order to accelerate the recruitment process, on possible modifications of current arrangements for the recruitment of experts and advisers to serve in the field under the different technical co-operation programmes for which the United Nations Industrial Development Organization has operational responsibility, taking into account the desirability of recruiting experts who have high qualifications and represent a wide variety of experience in countries at various stages of development and with different forms of social and economic systems;

(c) Develop programmes of assistance, at the request of Governments concerned, to regional and sub-regional groupings of developing countries;

(d) Encourage the exchange of experience and expertise among the developing countries in the field of industrial development;

(e) Lay greater emphasis within the developing countries on the creation and strengthening of national and regional specialized financial institutions and organizations, consistent with their national plans and policies, with a view to stimulating a greater inflow of capital, both domestic and foreign, into existing and new industries in the developing countries on terms acceptable to them, and to utilizing effectively the financial resources which may be available;

7. Commends the Executive Director for the improvement in the presentation of the programme of work of the United Nations Industrial Development Organization and puts forward the following suggestions for further improvement of the documentation relating to supporting activities:

(a) Continue to develop the practice of indicating the areas of special emphasis proposed for the year's programme and the reasons therefor;

(b) Bring up to date the classification of headquarters activities, in order to take account of the new forms of action envisaged;

(c) Identify systematically each project, in order to follow up easily those which extend over several years;

(d) Indicate clearly in each activity group continuing projects, new stages of projects previously established and entirely new projects, as well as the projects that have been discontinued, dropped or postponed and the reasons therefor;

(e) Specify in proposals to extend existing projects all relevant justification, including an account of sums already spent and results obtained;

(f) Make specific proposals for new projects or new stages of evolving projects indicating:

- (i) The desired objective and the basis for selection;
- (ii) The duration and estimated cost;
- (iii) The portion of the whole project planned for the year in question and the corresponding expenditure;

(g) Include in the report on past activities, for each completed operation, a brief indication of its results;

8. Draws the attention of the Governments of the developing countries to the facilities offered by the United Nations Industrial Development Organization in the field of industrial development and the desirability of making increased use of such facilities;

9. Considers that the United Nations Industrial Development Organization should be entrusted with the responsibility of executing a larger number of projects related to industrial development under the two components of the United Nations Development Programme.

61st plenary meeting,
14 May 1968.

10th(II). Voluntary contributions

The Industrial Development Board,

Considering the need to achieve a substantial expansion of the resources of the United Nations Industrial Development Organization for the purpose of increasing its operational programmes of assistance to the developing countries,

Recalling the provisions of General Assembly resolution 2152 (XXI) of 17 November 1966,

Further recalling Industrial Development Board resolution 2 (I) of 4 May 1967 by which the Secretary-General was invited to convene an annual pledging conference for announcement of contributions to the Organization,

Mindful of the fact that appropriate voluntary contributions to the United Nations Industrial Development Organization from as many countries as possible would be fully consistent with the international character of its programmes, which are designed to assist the industrialization of the developing countries,

1. Requests the Executive Director to take the necessary steps to promote through direct contacts with the Governments of the developed and the developing countries their effective support by means of appropriate voluntary contributions to the United Nations Industrial Development Organization for its operational programmes in accordance with section II, paragraph 23, of General Assembly resolution 2152 (XXI);

2. Decides that the resources available from voluntary contributions made to the United Nations Industrial Development Organization, under the provisions of section II, paragraph 23, of General Assembly resolution 2152 (XXI) shall be utilized for the financing of projects under UNIDO programmes.

61st plenary meeting,
14 May 1968.

11 (II). Regular programme of technical co-operation

The Industrial Development Board,

Recalling General Assembly resolution 2298 (XXII) of 12 December 1967, and Industrial Development Board resolution 2 (I) of 4 May 1967 recommending the establishment of a separate section in part V of the United Nations budget to provide for the programme of technical assistance in industrial development at an appropriate level commensurate with the expanding requirements of the developing countries,

Noting the Executive Director's report (ID/B/26/Add.2/Rev.1), in which he recommends a planning level of \$1.5 million for section 14 of the United Nations budget (regular programme of technical assistance) in 1969 and also states that this planning level figure of \$1.5 million falls short by \$750,000 of the total cost of requests received from Governments,

Having regard for the need to satisfy, as far as possible, the requests for assistance made to the United Nations Industrial Development Organization by certain Governments under the regular programme of technical assistance and in view of the great urgency with which the developing countries regard the hastening of their industrial development,

1. Recommends the sum of \$1.5 million as the planning level of the regular programme of technical assistance for industrial development in 1969 and 1970;
2. Approves the revised programme for 1969 presented by the Executive Director under the regular programme of technical assistance (ID/B/26/Add.2/Rev.1);
3. Stresses the importance of that part of the regular programme of technical assistance which is utilized as a means of promotion whereby greater direct assistance in industrial development can be given to the developing countries, and requests the Executive Director to draw up guiding principles for the execution of the regular programme in this spirit.

61st plenary meeting,
14 May 1968.

12 (II). Establishment of a working group on programme and co-ordination as a subsidiary organ of the Board

The Industrial Development Board,

Desiring to clarify the meaning of its resolution 3 (II) of 10 May 1968 on the establishment of a working group on programme and co-ordination,

1. Affirms that, in adopting resolution 3 (II), the Board decided to establish a subsidiary organ of the Board pursuant to rule 62 of its rules of procedure;

2. Decides that a quorum of the working group shall be a majority of those members of the Board registered with the secretariat as participants in the session of the working group concerned.

62nd plenary meeting,
14 May 1968.

ANNEX VII

LIST OF DOCUMENTS BEFORE THE INDUSTRIAL DEVELOPMENT BOARD AT ITS SECOND SESSION

General Series

ID/B/19/Rev.1	Agenda of the second session
ID/B/20/Rev.1/Add.I	Programme of work of UNIDO for 1968
ID/B/21 and Corr.1	Report of the International Symposium on Industrial Development Annex 1 Reports of committees on individual items of the agenda Annex 2 Opening statements Annex 3 Organizational matters
Add.I	Participants and staff of the Industrial Promotion Service
ID/B/22	Report on 1967 activities of UNIDO Annex 1 Administrative activities of UNIDO in 1967 Annex 2 Memorandum of agreement on field service
Add.I and Corr.1	Report on the programme of special industrial services
ID/B/23	The industrial development activities of the United Nations system of organizations for the year 1967 : third consolidated report
Add.I	Index to projects covered by the consolidated report
Add.2 ^{a/}	Work programme of the United Nations in the economic, social and human rights fields and its budgetary resources: natural resources
Add.3 ^{a/}	FAO's activities in the field of industrial development - 1967 annual report

^{a/} As the attachments to these documents were in short supply they were distributed only to members of the Board.

General Series (continued)

- ID/B/24 Note on the preparation of analytical reports
- ID/B/25 Note on the annual review of the future programme of activities in the field of industrial development of the United Nations system of organizations
- ID/B/26 Programme of work of UNIDO for 1969
- Annex 1 Expert group meetings, seminars, group training and workshops planned for 1969
 - Annex 2 Study and research projects
 - Annex 3 Publications
 - Annex 4 Groups of activity
- Add.1 Regular programme of technical assistance in industrial development (part V, section 14, United Nations budget)
- Add.2/Rev.1 UNIDO regular programme of technical assistance - revised provisional 1969 draft programme
- Add.3 Establishment of UNIDO international industrial institutes
- Add.4 UNIDO regular programme of technical assistance - recommendation for a programme planning level for 1970
- ID/B/27 Central role of UNIDO in co-ordinating the activities of the United Nations system in the field of industrial development
- ID/B/28 Report on the promotion of field operations of UNIDO
- ID/B/29 and Corr.1 Provisional financial implications of the work programme proposed for 1969
- ID/B/30 Guidelines for the utilization of voluntary contributions to UNIDO
- ID/B/31 Consideration of procedure for UNIDO relationship with international non-governmental organizations
- ID/B/32 Consideration of applications of international non-governmental organizations
- Add.1 and Corr.1 Two additional applications of international non-governmental organizations

General Series (continued)

- ID/B/33 Consideration of applications of inter-governmental organizations
- Add.I Additional information concerning the International Agriculture and Food Industries Commission
- ID/B/34 Organizational matters
- Annex 1 Chart of organizational structure of UNIDO
- ID/B/35 Review of the lists of States contained in the annex to General Assembly resolution 2152 (XXI), under which UNIDO was established
- ID/B/36 Statement by Dr. Kurt Waldheim, Federal Minister of Foreign Affairs of the Government of Austria at the opening of second session of the Industrial Development Board
- ID/B/37 Statement by Mr. Moraiwid Tell (Jordan), President of the first session of the Industrial Development Board
- ID/B/38 Statement by Mr. Heinrich Standenat (Austria), President of the second session of the Industrial Development Board
- ID/B/39 Statement by the Executive Director of the United Nations Industrial Development Organization to the second session of the Industrial Development Board
- ID/B/40 Draft estimates of expenditures for 1969 and other financial questions
- ID/B/41 Report of the second session of the Industrial Development Board

Conference Room Papers

- ID/B/CRP/68-1 Resolutions of the General Assembly and of the Economic and Social Council referred to in documents prepared for the second session of the Industrial Development Board

Conference Room Papers (continued)

- ID/B/CRP/68-2 New procedures for informing inter-governmental bodies of the substantive implications of draft resolutions (excerpt from Economic and Social Council resolution 1281 (XLIII))
- ID/B/CRP/68-3 Work programme of the Commission for Social Development: social aspects of industrialization
- ID/B/CRP/68-4 Consideration of procedure for UNIDO relationship with international non-governmental organizations

Draft sections of the Board report^{b/}

- DBR/1 and Corr.1 Organization of the session
- DBR/2/Rev.1 General debate
- DBR/3 Draft report of the second session of the Industrial Development Board (list of documents comprising the draft report)

Limited Series

- ID/B/L.30/Rev.4 Chile, Czechoslovakia, Ghana, Iran, Kuwait, Nigeria, Romania, Somalia, Sudan, United Arab Republic and Zambia: draft resolution on training of national personnel for industrial development
- ID/B/L.31 Belgium, Chile, Czechoslovakia, Finland, India, Ivory Coast, Kuwait and Romania: draft resolution on co-operation between UNIDO and the regional economic commissions of the United Nations
- Add.1 Adds Iran to the list of sponsors
- ID/B/L.32/Rev.1 Belgium, Chile, India, Iran, Ivory Coast, Jordan, Kuwait and Romania: draft resolution on the activities of the regional advisers in the field of industrial development attached to the regional economic commissions of the United Nations
- ID/B/L.33/Rev.1 Argentina, Brazil, Ghana, India, Indonesia, Iran, Jordan, Kuwait, Pakistan, Peru, Philippines, Rwanda, Sudan, Trinidad and Tobago and the United Arab Republic: draft resolution on the work programme

^{b/} These drafts were distributed during the session. They are incorporated as revised and approved in the report on the second session (ID/B/41).

Limited Series (continued)

- ID/B/L.34 Brazil, Ghana, Indonesia, Jordan, Pakistan, Rwanda, Sudan, Trinidad and Tobago, and the United Arab Republic: draft resolution on local costs of special industrial services
- Amend.1/Rev.1 Austria, Belgium, Federal Republic of Germany, France, Japan, Switzerland, United Kingdom and United States of America: revised draft resolution
- ID/B/L.35 Brazil, Chile, Ghana, Iran, Jordan, Kuwait, Pakistan, Philippines, Rwanda, Sudan, Trinidad and Tobago and the United Arab Republic: draft resolution on voluntary contributions
- ID/B/L.36 Brazil, Cameroon, Peru, Philippines and Uruguay: draft resolution on the decentralization of UNIDO activities
- Amend.1 Argentina: amended draft resolution
- ID/B/L.37 Argentina, Austria, Brazil, Finland, Ghana, India, Indonesia, Iran, Italy, Ivory Coast, Jordan, Kuwait, Netherlands, Nigeria, Pakistan, Philippines, Romania, Rwanda, Somalia, Sudan, Sweden, Switzerland, Thailand, Trinidad and Tobago, Turkey, and the United Arab Republic: draft resolution on the review and co-ordination of activities in the field of industrial development
- Add.1 Bulgaria, Cameroon, Czechoslovakia and Zambia added to the list of sponsors of draft resolution
- ID/B/L.38 Brazil, Ghana, India, Indonesia, Iran, Jordan, Kuwait, Pakistan, Philippines, Rwanda, Sudan and the United Arab Republic: draft resolution on the regular programme
- Amend.1 Austria, Belgium, France, Japan, the United Kingdom and the United States: amendment to draft resolution
- ID/B/L.39/Rev.1 Austria, Belgium, Canada, Federal Republic of Germany, Netherlands, Switzerland, the United Kingdom and the United States: draft resolution on the work programme and report of activities
- ID/B/L.40 Argentina, Bulgaria, Canada, Ghana, Netherlands, Nigeria, Pakistan and the Philippines: draft resolution on the establishment of a working group on programme and co-ordination
- Add.1 Thailand added to the list of sponsors
- Add.2 Austria added to the list of sponsors
- ID/B/L.41/Rev.1 Note by the secretariat concerning the provisional agenda for the third session of the Industrial Development Board
- ID/B/L.42 Establishment of a working group on programme and co-ordination: financial implications of draft resolution ID/B/L.40

Limited Series (continued)

ID/B/L.43 Belgium, Ghana, Italy, Sweden, Switzerland, Trinidad and Tobago, United Kingdom and the United States: draft resolution on the establishment of a working group on programme and co-ordination as a subsidiary organ of the Board

Information Papers

ID/B/INF.5 Advance information for delegations

ID/B/INF.6/Rev.2 List of documents distributed in connexion with the second session of the Industrial Development Board

ID/B/INF.7 Information for delegations

ID/B/INF.8 Note by the Secretary-General concerning publications and documentation of the United Nations

ID/B/INF.9 Agreement on utilization of voluntary contributions from the Government of Switzerland

Resolutions

ID/B/RES/3(II) Establishment of a working group on programme and co-ordination

ID/B/RES/4(II) Review and co-ordination of activities in the field of industrial development

ID/B/RES/5(II) Activities of the UNIDO regional advisers in the field of industrial development attached to the regional economic commissions of the United Nations and the United Nations Economic and Social Office in Beirut

ID/B/RES/6(II) Co-operation between UNIDO, the regional economic commissions of the United Nations and the United Nations Economic and Social Office in Beirut

ID/B/RES/7(II) Local costs of special industrial services

ID/B/RES/8(II) The training of national personnel for industrial development

ID/B/RES/9(II) Work programme

ID/B/RES/10(II) Voluntary contributions

ID/B/RES/11(II) Regular programme

ID/B/RES/12(II) Establishment of a working group in programme and co-ordination as a subsidiary organ of the Board

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