



Distr.
GENERAL

GC.7/SR.6
24 March 1998

United Nations Industrial Development Organization

ORIGINAL: ENGLISH

GENERAL CONFERENCE

Seventh session

SUMMARY RECORD OF THE 6th MEETING

Held at the Austria Center Vienna,
on Wednesday, 3 December 1997, at 3 p.m.

President: Mr. FÖRSTER (Netherlands)
later: Mr. MENASRA (Algeria)

CONTENTS

<i>Agenda item</i>		<i>Paragraphs</i>
7	Reports of the Industrial Development Board on the work of its fifteenth, sixteenth, seventeenth and eighteenth regular sessions and of its seventh special session (<i>continued</i>)))))
8	Annual reports of the Director-General on the activities of the Organization for 1995 and 1996 (<i>continued</i>))))
9	Policy framework of UNIDO (<i>continued</i>)))
10	Financial matters (<i>continued</i>)))
(a)	Financial situation of UNIDO (<i>continued</i>))
(b)	Scale of assessments of Member States (<i>continued</i>)))
(c)	Working Capital Fund (<i>continued</i>)))
(d)	Appointment of external auditor (<i>continued</i>)))
(e)	Withdrawal of the United States of America (<i>continued</i>))

1 -100

This record is subject to correction.

Corrections should be submitted in one of the working languages, set forth in a memorandum and/or incorporated in a copy of the record. They should be sent to the Chief, Translation and Editorial Service, room D0710, Vienna International Centre.

In accordance with the rules of procedure of the General Conference, corrections may be submitted within seven days of the receipt of the record or of the closure of the session, whichever is later. Any corrections to the records of the meetings of this session will be consolidated in a single corrigendum, to be issued shortly after the end of the session.

CONTENTS (*continued*)

<i>Agenda item</i>		<i>Paragraphs</i>
11	Industrial Development Fund (<i>continued</i>))
)
12	Financial Regulations of UNIDO (<i>continued</i>))
)
13	Medium-term programme framework, 1998-2001 (<i>continued</i>))
)
14	Programme and budgets, 1998-1999 (<i>continued</i>))
)
15	Development of human resources for industry (<i>continued</i>))
)
16	Integration of women in industrial development (<i>continued</i>))
)
17	Environmentally sustainable industrial development (<i>continued</i>))
)
18	Industrialization of the least developed countries (<i>continued</i>))
)
19	Private sector development (<i>continued</i>))
)
20	Industrial investment promotion (<i>continued</i>))
)
21	The regional dimension (<i>continued</i>))
)
	(a) Africa (in particular the Second Industrial Development Decade for Africa) (<i>continued</i>))
)
	(b) Arab countries programme, including technical assistance to the Palestinian people (<i>continued</i>))
)
	(c) Asia and the Pacific (<i>continued</i>))
)
	(d) Latin America and the Caribbean (<i>continued</i>))
)
22	Geographical distribution of Managing Directors (<i>continued</i>))
)
23	Personnel matters: United Nations Joint Staff Pension Fund (<i>continued</i>))
)
24	Matters related to intergovernmental, non-governmental, governmental and other organizations (<i>continued</i>))
)
25	Field representation (<i>continued</i>))
)
26	International Centre for Science and High Technology (<i>continued</i>))

The meeting was called to order at 3.05 p.m.

REPORTS OF THE INDUSTRIAL DEVELOPMENT BOARD ON THE WORK OF ITS FIFTEENTH, SIXTEENTH, SEVENTEENTH AND EIGHTEENTH REGULAR SESSIONS AND OF ITS SEVENTH SPECIAL SESSION *(continued)* (GC.7/2, GC.7/3, GC.7/4, GC.7/5, GC.7/6 and Add.1)

ANNUAL REPORTS OF THE DIRECTOR-GENERAL ON THE ACTIVITIES OF THE ORGANIZATION FOR 1995 AND 1996 *(continued)* (IDB.16/10, Add.1, Add.2 and Corrigendum, IDB.16/26, IDB.17/10 and Add.1 and Add.2; GC.7/7)

POLICY FRAMEWORK OF UNIDO *(continued)* (IDB.15/14, IDB.16/18, IDB.17/19, IDB.17/25, IDB.18/17; GC.7/CRP.3/Add.1)

FINANCIAL MATTERS *(continued)* (GC.7/CRP.7)

- (a) **FINANCIAL SITUATION OF UNIDO** *(continued)* (GC.7/6/Add.1, GC.7/20)
- (b) **SCALE OF ASSESSMENTS OF MEMBER STATES** *(continued)* (GC.7/6/Add.1)
- (c) **WORKING CAPITAL FUND** *(continued)* (GC.7/6/Add.1)
- (d) **APPOINTMENT OF EXTERNAL AUDITOR** *(continued)* (GC.7/6/Add.1)
- (e) **WITHDRAWAL OF THE UNITED STATES OF AMERICA** *(continued)* (IDB.18/18; GC.7/6/Add.1)

INDUSTRIAL DEVELOPMENT FUND *(continued)* (IDB.16/3, IDB.16/10/Add.1, IDB.17/10/Add.1, IDB.18/9)

FINANCIAL REGULATIONS OF UNIDO *(continued)* (GC.7/6/Add.1; GC.7/CRP.7)

MEDIUM-TERM PROGRAMME FRAMEWORK, 1998-2001 *(continued)* (IDB.16/23 and Add.1; GC.7/CRP.3/Add.2)

PROGRAMME AND BUDGETS, 1998-1999 *(continued)* (GC.7/21, GC.7/23; GC.7/CRP.7)

DEVELOPMENT OF HUMAN RESOURCES FOR INDUSTRY *(continued)* (IDB.16/10, IDB.17/10; GC.7/10; GC.7/CRP.3/Add.1)

INTEGRATION OF WOMEN IN INDUSTRIAL DEVELOPMENT *(continued)* (IDB.16/10, IDB.17/10; GC.7/8; GC.7/CRP.5)

ENVIRONMENTALLY SUSTAINABLE INDUSTRIAL DEVELOPMENT *(continued)* (GC.7/11)

INDUSTRIALIZATION OF THE LEAST DEVELOPED COUNTRIES *(continued)* (IDB.15/10, IDB.16/10, IDB.16/13, IDB.17/10; GC.7/9 and Add.1; GC.7/CRP.3/Add.1)

PRIVATE SECTOR DEVELOPMENT *(continued)* (GC.7/12; GC.7/CRP.6)

INDUSTRIAL INVESTMENT PROMOTION *(continued)* (IDB.16/10, IDB.16/11, IDB.17/10; GC.7/17; GC.7/CRP.2)

THE REGIONAL DIMENSION *(continued)*

- (a) **AFRICA (IN PARTICULAR THE SECOND INDUSTRIAL DEVELOPMENT DECADE FOR AFRICA)** *(continued)* (IDB.15/6, IDB.16/10, IDB.16/15, IDB.16/16 and Add.1, IDB.17/10, IDB.17/26; GC.7/16, GC.7/18; GC.7/CRP.3/Add.1)
- (b) **ARAB COUNTRIES PROGRAMME, INCLUDING TECHNICAL ASSISTANCE TO THE PALESTINIAN PEOPLE** *(continued)* (GC.7/13)
- (c) **ASIA AND THE PACIFIC** *(continued)* (GC.7/15; GC.7/CRP.3/Add.1)
- (d) **LATIN AMERICA AND THE CARIBBEAN** *(continued)* (GC.7/14; GC.7/CRP.3/Add.2)

GEOGRAPHICAL DISTRIBUTION OF MANAGING DIRECTORS *(continued)* (GC.7/3)

PERSONNEL MATTERS: UNITED NATIONS JOINT STAFF PENSION FUND *(continued)* (GC.7/5; GC.7/CRP.1, GC.7/CRP.7)

MATTERS RELATED TO INTER-GOVERNMENTAL, NON-GOVERNMENTAL, GOVERNMENTAL AND OTHER ORGANIZATIONS *(continued)* (GC.7/19; GC.7/CRP.4)

FIELD REPRESENTATION *(continued)* (GC.7/5, GC.7/21; GC.7/CRP.3/Add.1)

INTERNATIONAL CENTRE FOR SCIENCE AND HIGH TECHNOLOGY *(continued)* (IDB.18/16 and Add.1; GC.7/CRP.7)

1. **Mr. ZENARI** (Observer for the Holy See) said that his delegation, having closely followed UNIDO's reform process, hoped that its universal mandate would be safeguarded and that its role of assisting developing

countries and countries with transition economies in achieving sustainable industrial development would be revitalized. It was commonly accepted that human beings were the most precious resource both for the economy as a whole and for industrial development; the fulfilment of the human person was thus not only an ethical requirement but also an economic necessity. Technological means and the organization of labour had to be harmonized with the needs of human development.

2. The Holy See attached particular importance to training with a view to the use of simple technologies and improved utilization of local resources for the establishment of small industrial enterprises. Some of those technologies, particularly in the area of agro-processing, seemed especially suited to women and could thus enhance their status in terms of their income and position within the family. In order that women might be fully integrated into the industrial development process, a gender-specific perspective needed to be adopted; that called for the employment of training methods geared to the situation of women, the promotion of the formation of cooperation networks among women and programmes designed for women entrepreneurs.

3. Improvements in the material status of populations through the introduction of modern technology and small-scale industry should be to the benefit of children and make it possible to significantly reduce child labour. Sustainable development meant that young people should be able to pursue their education and not have to engage in work which was beyond their physical strength and jeopardized their potential for mental and human development. The education of girls required special attention since, in certain social and cultural contexts, they could easily be denied the same advantages as boys.

4. In the African continent, the ravages of armed conflict had caused atrocious suffering for the peoples of many countries; entire regions had been devastated, homes wrecked and communications destroyed. The Holy See believed that UNIDO should provide all possible help for the economic restructuring of those countries and its full support for their peoples' efforts to bring about their economic revival and produce necessary goods. Every act of assistance would contribute to peace.

5. **Mr. NGUYEN XUAN HONG** (Viet Nam) said that, since the last session of the General Conference, UNIDO's existence had been under threat, particularly following the withdrawal of major contributors and the expressions of uncertainty by other States concerning their continued membership. The survival of the Organization had been due to the efforts, commitment and constructive cooperation of its Members. That had led to the adoption of the Business Plan on the Future Role and Functions of UNIDO, which, in his delegation's view, contained clear guidelines and to some extent met Member States' demands

for an organization with a more specific mandate and concrete priorities and programmes.

6. As a developing country in transition to a market economy, Viet Nam believed that UNIDO should focus its assistance on the formulation and implementation of strategies for the development of industry and trade since an outward-oriented commercial policy was one of the cornerstones for the industrial development of countries undergoing such a transition process. In the area of technology transfer, UNIDO could serve as a catalyst by assisting in the dissemination of information and facilitating contacts between local and foreign enterprises through seminars and information networks. Regarding cleaner and sustainable industrial development, his delegation was of the view that considerable efforts should be made to support countries' endeavours through policy advice, information on the availability and choice of clean technologies in different industrial sectors, promotional programmes and environmental and energy audits.

7. Viet Nam considered the Organization's field representation programme to be essential for successful technical cooperation delivery and mobilization of financial resources for recipient countries, and fully shared the view that it should be strengthened. His delegation believed that reconsideration should be given to the programme's budget, particularly the funding for national programme officers, who constituted a cost-effective human resource, contributed knowledge about local conditions, facilitated the smooth implementation of projects and often represented the institutional memory of the field office, the related costs being a fraction of those of international staff.

8. His Government had recently organized a review meeting to assess the effectiveness of the cooperation between Viet Nam and the United Nations system over the past 20 years and to draw lessons in order to chart future cooperation strategies. The report on that meeting had concluded that UNIDO's technical assistance programme in Viet Nam was highly relevant to the Government's main economic objectives of industrialization and modernization and to its social objectives of poverty reduction, employment creation and improving the role of women. The programme had considerable impact owing to its upstream and policy-oriented nature, particularly in the areas of industrial policy advice and environmentally sustainable industrial development.

9. Finally, he wished to express his Government's gratitude to the Governments of Japan, Germany, Belgium, Sweden and the Republic of Korea for their contributions during the past years through the Industrial Development Fund (IDF) and trust funds.

10. **Mr. BONEV** (United Nations Development Programme (UNDP)) said that the Secretary-General of the United Nations, at his meeting with members of the United Nations Development Group in July, had stated that the

United Nations would have a single representative at the country level, in the form of the resident coordinator. UNDP would also continue to fund and manage the resident coordinator system and was committed to ensuring that the system was made more effective and that it supported the objectives of individual funds and programmes and of the United Nations as a whole.

11. As the General Assembly continued to discuss the reform measures proposed by the Secretary-General, some measures had already been taken by the United Nations Development Group. Guidelines had been issued for the United Nations Development Assistance Framework (UNDAF), which would be introduced on a pilot basis in several countries. The initial membership of UNDAF included United Nations funds and programmes; specialized agencies and the Bretton Woods institutions were encouraged to join in the preparations for UNDAF. Donor organizations, civil society, non-governmental organizations (NGOs) and professional groups could be invited to participate as appropriate. Government support and participation were of vital importance. In the guidelines, the resident coordinator was requested to ensure that the concerns of agencies not represented in a country, or operating there without a team member, were properly reflected in the UNDAF preparation process. The resident coordinator was thus required to inform all organizations of the intended process and to request their inputs. Moreover, the Administrator of UNDP had instructed all resident coordinators to give priority to the success of the United Nations system and represent all its partners fairly and well, including those not present in the country, and to keep their two main roles of UNDP resident representative and United Nations resident coordinator clearly separate. Many countries were moving towards institutionalizing the United Nations "house". Plans for common premises had been accelerated and efforts devoted to strengthening the resident coordinator system, including improved procedures for the selection and performance appraisal of resident coordinators and their technical support.

12. UNDP's internal process of change, approved by its Executive Board in May, was aimed at improving the quality of services and strengthening the overall impact of development on programme activities undertaken by UNDP. Major facets of the process were decentralization of decision-making and responsibilities to the country level and enhanced accountability. The process of change was being undertaken within the ongoing process of wider United Nations reform. The legislation emphasized the importance of core resources as the foundation of UNDP's resource base. With regard to decentralization, the Executive Board supported the phased introduction of a small number of subregional resource facilities to provide technical expertise on a regional basis. It was expected that the first new facilities would be in place in early 1998.

13. UNDP and UNIDO had a long history of co-operation for the benefit of developing countries. UNDP

looked forward to pursuing their future common tasks and would make every effort to further enhance that cooperation.

14. **Ms. LJUJIĆ-MIJATOVIĆ** (Bosnia and Herzegovina) said that her Government was appreciative of UNIDO's efforts in connection with the initiation and implementation of projects aimed at rebuilding and redeveloping its war-torn country. Although Bosnia and Herzegovina had joined the Organization only three years previously, it had benefited from numerous projects in the fields of economic and infrastructural reconstruction, industrial recovery and human resources development with UNIDO's support and cooperation. Ongoing projects were concerned with the establishment of regional business development centres, with emphasis on assistance for small and medium-sized enterprises (SMEs) and potential entrepreneurs in identifying investment opportunities, preparing business plans and seeking credit facilities. Considerable efforts had also been made regarding projects relating to technical assistance for the pharmaceuticals and chemicals industries and to the establishment of a hospital biomedical engineering centre for the repair and maintenance of medical equipment.

15. With regard to UNIDO's continuing financial crisis and the non-payment of assessed contributions by Member States, her Government had approved the payment of its arrears and it was hoped that the necessary funds would be provided shortly. While that was not an easy step, given the prevailing difficult domestic circumstances, Bosnia and Herzegovina regarded the work of the Organization as very important and was prepared to do all within its power to meet its financial obligations.

16. **Mr. PETROV** (Bulgaria) said that the current Conference session marked the final stage in a process of extensive deliberations and consultations among Member States, regional groups and the Secretariat to finalize their views and options regarding UNIDO's organizational structure, budget and core activities. That process had resulted in the elaboration of the Business Plan, a compromise solution which, in his delegation's view, provided a sound basis for enabling UNIDO to adapt its activities to the new realities of the changing global economic environment. The clustering of activities into areas where UNIDO had comparative advantage would enhance its coherence in discharging its main role within the United Nations system. His Government shared the view that UNIDO should strengthen its global forum function, and it fully supported the Organization's other main priorities, such as investment promotion and services in support of SMEs and agro-based industries, which were in line with Bulgaria's industrial and economic development strategies.

17. With regard to UNIDO's financial situation, his delegation was aware that the proposed budget reduction would to some extent diminish the Organization's potential and narrow the scope of its activities. However, in the

present economic circumstances, the only way to preserve UNIDO and make it more effective was to streamline it and focus its activities in areas where it could better respond to the needs of the developing countries and countries with economies in transition. Increased emphasis should be placed on ensuring the most rational use of the Organization's resources with further refining of its management, making it financially sound and dynamic and simplifying its procedures. UNIDO's successful performance was also closely related to the mobilization of resources through increased voluntary contributions to the IDF. UNIDO could play a more active role in expanding trilateral cooperation with recipient countries and the donor States and specialized funding agencies, in conjunction with efforts to secure additional extrabudgetary resources and pursue innovative modalities for funds mobilization.

18. In 1989, Bulgaria had initiated a process of political and socio-economic reforms aimed at establishing a democratic society and a market-oriented economy. In its endeavours to overcome the difficulties of that transitional period, his Government was taking steps to stabilize the financial sector, consolidate the State institutions, speed up the privatization process and strengthen cooperation with international trading and financial partners and international organizations. A currency board had recently been set up as part of the Government's commitment to controlling inflation and restoring confidence in the national banking system. Through the privatization process, which had begun in 1993, the Government sought to generate revenue and improve the efficiency of the economy. Newly drafted legislation on foreign investment was aimed at liberalizing the investment regime and extending the guarantees granted to foreign investors. Several regional development agencies and business centres had been established with the assistance of international programmes, and a national agency had been set up within the Ministry of Industry to assist in the development and execution of the State policy in support of SMEs.

19. Industrial restructuring was an important component of Bulgaria's overall economic reforms, given the need for enterprises in the main branches to urgently renew their technologies. Foreign investment was a major requirement for the country's industrial development. The large-scale investment projects concerning structural and technological renewal and modernization, which were of vital importance to the national economy, were also designed to improve general environmental conditions.

20. His Government had faced additional economic difficulties as a result of the implementation of the Security Council resolutions imposing trade and economic sanctions against the Federal Republic of Yugoslavia. Bearing in mind the General Assembly resolutions calling upon the international community to urgently provide assistance and support to mitigate the adverse impact of sanctions for affected third countries, the Bulgarian delegation was of the view that the countries most affected should have a greater

involvement in UNIDO's programmes and projects relating to post-war rehabilitation and regional industrial development.

21. Bulgaria was committed to continuing its cooperation with the Organization. Despite its present economic difficulties, it had met its financial obligations in full and on time and would urge Member States in arrears to make every effort to honour their commitments. Bulgaria supported the proposal to reactivate the work of the discussion group on timely payment of assessed contributions.

22. His country was ready to offer its technology, expertise and consultancy services for the execution of UNIDO projects in developing countries. It would like to see an increased number of programmes and related activities carried out in Bulgaria with assistance from the Organization. It was hoped that his Government and UNIDO would take steps in early 1998 to begin implementing the memorandum of understanding signed by them with a view to making the UNIDO-Bulgaria Joint Committee operational.

23. **Mr. ZUR** (Israel) said that Israel, as part of its international and regional commitments, was engaged in programmes of cooperation with many countries, with which it shared the experience and knowledge that it had acquired in various fields. For more than three decades, tens of thousands of trainees had participated in courses, both in Israel and in their own countries, in the spheres of education, health, agriculture, industry, social affairs and leadership.

24. It was universally agreed that international support for the Palestinian economy was a strategic goal that was essential for the attainment of peace and stability in the region. In 1997, 500 Palestinians had undergone training in such topics as administration, NGOs, the environment, health systems and tourism development planning. Israel was preparing to receive more than 500 Palestinian trainees to take part in 20 courses, and a further 15 courses had been planned for countries of the Middle East and for trainees from the Palestinian Authority. A programme for the training of Palestinian professionals in occupational health and safety had recently been organized. In cooperation with the United States Agency for International Development, two Israeli experts had participated together with Palestinian colleagues in a project in the field of development and health administration in Atlanta. A one-year course for 25 Palestinian experts in workers' health and rehabilitation had been approved, as had a project planned by a team of Israeli and Palestinian professionals for the development of preventive health services in two Palestinian villages in the West Bank. Two joint study projects were taking place at the universities of Bethlehem and A-Najach under the Netherlands-Israel research programme. That was only a partial list.

25. The meetings held in Washington in November between representatives of the Israeli and Palestinian delegations had demonstrated the commitment of both Israel and the Palestinian Authority to continuing the process that had begun in Oslo. That process, while not as speedy and smooth as had at first been hoped, was irreversible, and ultimately a comprehensive settlement would be achieved.

26. Israel was committed to improving the economic conditions in the territories with a view to providing a positive impetus for Palestinian economic development. The Erez industrial zone, at the crossing point between the Gaza Strip and Israel, had not only continued to function, even in very difficult periods, but had also expanded; it today comprised over 80 factories, a significant number of which were owned by Palestinians, and employed more than 3,000 residents of Gaza. The Gaza industrial estate, due to open in mid-1998, would provide employment for 20,000 Palestinians and offer individual Palestinians an alternative to working in Israel. Karni, the other crossing point in the area, was being designed to function without interruption, subject to security needs. The Israeli business sector was investing in that project, either unilaterally or under joint ventures with Palestinian or international entrepreneurs, with coordination by the Israeli Minister of Trade and Industry and simplification of the bureaucratic processes involved. The Israeli Government was also evaluating the possibilities of locating an industrial zone in the West Bank.

27. Moreover, Israel was seeking to improve the border crossing points and international passages. It had been decided to hand over day-to-day operations at the crossing points from military personnel to civilian professionals under the auspices of the Israel Airport Authority, thereby ensuring that Palestinians using the crossing points would be treated with dignity and caused only minimum delay. The civilian approach would also be adopted with a view to enhancing the transfer of goods produced in the Palestinian Authority to markets in Israel, the Middle East and elsewhere. The Israeli Government had invested over \$1.5 million in improving the infrastructure at the Raffah passage to facilitate the movement of goods between Gaza and Egypt, and had expressed its willingness to enlarge the Allenby crossing point in order to expand the passenger and cargo capacities. In 1997, Israel would donate \$7 million towards developing the security infrastructure at the Karni cargo terminal, which was being built by Israel in coordination with the Palestinian Authority.

28. More than 50,000 Palestinians were currently employed by Israelis. Israel was willing to increase the number of permits for Palestinians in accordance with market demand and to allow some to stay in Israel on a weekly basis, subject to security criteria. To facilitate the employment of Palestinian workers inside Israel, a plan was being proposed to safeguard the flow of Palestinian workers into the country, even at times of security tension. That plan called for cooperation between Israel and the Palestinian

Authority in the creation of a new preferential passage status.

29. All those measures were intended to lessen the effect on the economic situation in the territories of the strict security measures that Israel was obliged to implement following terrorist attacks, thereby laying the foundations for sustained economic growth that would lead to the flourishing of the private sector in the Palestinian Authority and indicate that the peace process meant tangible benefits and served the interests of all parties.

30. **Mr. TURSNOV** (Kazakhstan) said that, in the relatively short time since Kazakhstan had become a Member of UNIDO, it had strengthened its contacts with the Organization with a view to attracting foreign investment, obtaining financial and technological assistance, resolving social problems and developing effective cooperation programmes. His Government was particularly appreciative of the recent visit to Almaty by a representative of the Country Programmes and Funds Mobilization Division, during which views had been exchanged on issues concerning joint investment promotion action, the formulation of industrial development and enterprise restructuring strategies, the execution of the Kazakhstan-India investment training project, cooperation on the trans-Asian continental bridge project, the implementation of a project concerning the restructuring of industrial enterprises and corrective labour institutions in Kazakhstan, cooperation in the area of statistics, and the possibility of opening a UNIDO regional office in Almaty.

31. Kazakhstan's first investment summit, held in Almaty in June, had been attended by representatives from 58 large companies and three international organizations from 18 countries. Attracting foreign investment was a priority area of cooperation between Kazakhstan and UNIDO, and his Government hoped that the implementation of the country's investment promotion programme, in conjunction with the Organization, would begin in the near future. Kazakhstan supported UNIDO's investment promotion programme and the efforts to increase its effectiveness by providing a wider range of services to the private sector at the enterprise level and combining project advancement with the search for sources of project funding, thereby strengthening the links between UNIDO and international financial institutions and commercial banks.

32. Kazakhstan believed that UNIDO did not currently have the appropriate machinery to provide services to clients on a contractual basis for small sums in the range of \$5,000 to \$25,000. The existing system of trust funds virtually excluded such potential clients from using the Organization's services. It would be desirable to establish a UNIDO investment fund in order to expand the Organization's client base and thereby improve its financial position.

33. His Government was at present considering UNIDO's proposal regarding the establishment in Kazakhstan of an interregional investment training centre and the possibility of holding investment promotion seminars and of training national personnel under the Computer Model for Feasibility Analysis and Reporting (COMFAR) and Project Profile Screening and Pre-appraisal Information System (PROPSPIN) programmes, as well as the organization of study tours for high-level teams from State institutions at various UNIDO centres.

34. The President of Kazakhstan, at a recent meeting with representatives of donor countries and international financial organizations, had stressed the need for the forms of cooperation with international organizations accredited in Kazakhstan to be more clearly defined and had indicated the country's readiness to open regional offices in Almaty. The establishment of a UNIDO regional representation there would further enhance cooperation with the Organization and effective programme implementation. In his delegation's view, projects relating to SME development and investment promotion in Kazakhstan might figure among UNIDO's priority programmes.

35. **Mr. NIYIBIZI** (Rwanda) said that the General Conference was meeting at a time when frontiers were shrinking and the former antagonisms of the cold war and the post-independence eras in most developing countries were giving way to a period of regional integration. Rwanda itself was currently adapting to the changing circumstances, having suffered one of the worst tragedies in the history of humankind, the genocide of 1994, in which more than one million people had been massacred in just three months, i.e. an average of 10,000 killings per day. Those tragic events had entirely altered the demographic, social and economic profile of the nation. The country had inherited a large number of widows and orphans, many maimed and incapable of reintegration into active life, and, in 1996, had received back some two million inhabitants who had taken refuge in neighbouring countries, some of whom had committed indescribable atrocities before fleeing the country. The socio-economic infrastructure had been destroyed and production systems paralysed.

36. In July 1994, the Government had set itself a number of tasks, the main ones being the restoration of peace and security, national reconciliation, the repatriation of refugees and the country's socio-economic recovery. Since then, the levels of production had been increased, the gross domestic product (GDP) and agricultural output having risen to 76 and 70 per cent respectively of their 1990 levels. The recovery of the industrial sector had been slower. The trade balance and balance of payments showed large deficits. Rwanda's external debt, estimated at more than \$1 billion in 1996, continued to be a major constraint on the country's development process, the traditional export sectors, coffee and tea, having been seriously affected by the situation in 1994. Despite some progress achieved in recent years in revitalizing the economy and re-establishing financial

equilibrium, Rwanda still faced economic and social problems, including the slow recovery of agricultural and industrial production, debt repayment difficulties, reintegration of victims of the genocide, repatriation of refugees and the judicial system's inability to cope with the level of crime. Additional adverse factors were the landlocked nature of the country, the high density of the population, insufficient natural resources and a lack of skilled labour.

37. Rwanda had accordingly taken political, economic and institutional measures to encourage private investment and increase the productivity of existing enterprises, to promote regional integration with a view to increasing trade, to restructure the agricultural sector through the development of small and micro enterprises and to further the development of basic infrastructures and industrial zones and the privatization of public enterprises. With the aim of promoting private investment in the industrial sector, the Government was devising various measures, including the setting up of an investment promotion office, simplification of the procedures and regulations governing the establishment of enterprises and easing of the tax system. However, additional measures would have to be progressively introduced in order to make domestically produced goods more competitive, such as the establishment of a quality control and standardization office, the launching of entrepreneurship development and training programmes, and the strengthening of financial mechanisms to provide access to resources for investment projects, all of which had to be undertaken within the framework of dialogue between the public sector and the private sector, in order that the latter could play a more dynamic role in the country's economic development.

38. His Government considered UNIDO's role in the revival of Rwanda's industrial sector to be essential. It hoped that the Organization would be represented in Rwanda, thereby enhancing its cooperation with the Government in the formulation and execution of programmes in support of its industrial development. He wished to request that UNIDO grant special assistance to countries which, like Rwanda, had undergone prolonged periods of crisis that had had an adverse effect on their economies. He appealed to the conscience and resolve of the international community in the hope that his country's experience would not be repeated anywhere in the world. Without stability and peace, no development was possible.

39. Notwithstanding the delay in honouring its commitments to UNIDO, Rwanda was determined to remain an active Member and would make every effort to settle its arrears of assessed contributions as soon as possible. Alleviation of its external debt burden could enable Rwanda to revitalize its economy more quickly. He therefore wished to request that consideration be given to special treatment for his country, in view of its present situation.

40. **Mr. PETROSSIAN** (Armenia) said that in recent years the world had undergone unprecedented political and economic changes. International organizations were having to transform themselves in order to be able to address the issues involved and provide their services in an effective manner. His delegation welcomed the reforms currently being undertaken by UNIDO, which, it believed, should remain a specialized agency within the United Nations system; any loss of the Organization's independence or sovereignty would hamper project formulation and implementation. It attached great importance to the narrowing of UNIDO's priorities, enabling it to concentrate its activities in areas where it possessed extensive expertise and could play a unique role. While his delegation welcomed the budgetary reduction, which would help to achieve a leaner and more efficient organizational structure, it felt that caution should be exercised in pursuing that process, since financial and staff cuts could seriously impair UNIDO's ability to fulfil its mandate. It supported the idea of decentralization through strengthened field representation with a broader geographical coverage. Armenia, given the right opportunity, would be pleased to host an Investment Promotion Services (IPS) office at the regional level.

41. Armenia fully supported the rethinking of the Organization's role in support of industrial development. However, market economies could not be fostered purely by the announcement of generalized policies, and his delegation wished to encourage UNIDO to formulate and implement projects aimed at institution-building and the strengthening of support infrastructure at the national and regional levels.

42. Armenia, when part of the former Soviet Union, had been industrialized in an uneven manner. Huge industrial enterprises in virtually every sector had been built to serve a vast market under a planned economy. However, the country had been experiencing difficult economic circumstances since 1991. Links with counterpart enterprises outside Armenia had been severed and traditional markets lost, transport communications impeded as a result of regional instability and industrial progress hampered by energy blockades. The earthquake of 1988 had left northern Armenia, with its three large industrial centres, in ruins. As a result, the country's industrial capacity had fallen by some 80 per cent. In 1991, the Government had initiated reforms with the aim of reintegrating the national economy with the economies of the developed world and was continually seeking ways of achieving economic growth, including structural reorganization and improvements in the legal framework. It had elaborated a policy of export-oriented industrial development, focusing on the promotion of investment, science and technology, SME development and the establishment of an appropriate supporting infrastructure.

43. In recent years, technical and financial assistance had been provided to Armenia by a number of organizations, primarily involving humanitarian aid, the principal requirement at the time. Cooperation between Armenia and

UNIDO had been initiated in Soviet times. Following the 1988 earthquake, two UNIDO missions had been sent to the country, leading to the execution of a joint project for the design and construction of cold-storage facilities. Since then, a technical cooperation programme had been formulated in 1995 but not implemented.

44. Armenia had become a Member of UNIDO in 1992. The total value of the projects undertaken by the Organization in Armenia since that date stood at around \$50,000, while the country's arrears of assessed contributions totalled more than \$700,000 and 1,300,000 schillings. Armenia fully recognized its responsibility to meet its financial obligations and, despite its dire financial situation, was looking into the possibilities of making its contribution to the Organization's budget. The issue had been complicated by the assessment of some Members, which had been revised in accordance with General Conference decision GC.6/Dec.17. Armenia hoped that the discussion group on timely payment of assessed contributions would consider the possibility of reviewing the assessment of unpaid contributions for the period prior to 1995 for all the States concerned, taking those circumstances into account.

45. **Ms. ALEMAYEHU** (Ethiopia) said that Ethiopia had always expressed its unequivocal support for UNIDO's continuation as a specialized agency of the United Nations system. It was certain that the reformed Organization, with its new vision and renewed vigour, would play a prominent role in accelerating the industrialization of the developing countries in the twenty-first century.

46. The structure of the Ethiopian economy, like that of most developing countries, was dominated by agriculture, a sector which accounted for over 50 per cent of GDP and some 80 per cent of total exports, and which employed more than 80 per cent of the population. Its per capita yield had remained low, owing mainly to antiquated farming techniques and deteriorating ecosystems, coupled with the effects of a prolonged war. The manufacturing sector's share of output was about 12 per cent and its share of total exports some 20 per cent; around 70 per cent of its value added originated from fairly large public enterprises, and employment creation had remained low owing, *inter alia*, to the use of capital-intensive technology and to the limited expansion of the sector's industries.

47. Her Government had since 1991 taken steps to rehabilitate the economy; it had launched an economic reform programme and undertaken structural adjustments to establish a market economy. The role of the State had been focused on creating an enabling environment and legal framework, and on streamlining the regulatory conditions, so that the private sector could become the driving force of the economy. Over the past five years, some 1,250 manufacturing industry projects had been undertaken, with a total investment of approximately \$1.3 billion and a capacity for the employment of about 60,000 workers. The

necessary preparations for privatization of public enterprises had been completed, and most retail outlets and a number of hotels, manufacturing businesses and farming enterprises had been privatized.

Realizing the need to consolidate its achievements in order to accelerate the country's development process, the Government had taken a number of measures, including the revision and amendment of the investment code in 1996, with a view to widening the scope of foreign investment and increasing the transparency and efficiency of investment administration, and the formulation of a priority strategy for micro and small enterprise development. In those endeavours, Ethiopia needed the support of the international community.

48. Despite major efforts by the African countries themselves and the implementation of assistance programmes, the continent's industrial development had not yet produced the hoped-for results. Since the developing countries were now opening up their economies and striving to achieve sustained growth in the changing global economic environment, international assistance in attaining their objectives would be more effective. UNIDO's technical capabilities, experience and comparative advantages could greatly contribute to those efforts. The Organization's support for the developing countries as an honest broker and a centre of excellence was now more necessary than ever before and would be of greater benefit since its recipients were more prepared to effectively utilize such assistance.

49. Ethiopia attached great importance to UNIDO's activities to promote industrialization as a means of achieving sustainable economic development. It was pleased to note that, under the Business Plan, priority had been given to the least developed countries (LDCs) and that a stronger field representation in Africa would be ensured. Ethiopia wished to urge that the Industrial Development Decade for Africa (IDDA) programme be strengthened within UNIDO's programme for Africa, with appropriate emphasis on the African States in general and the LDCs in particular. Africa's needs would be better addressed if it was equitably represented within the Secretariat, particularly at the decision-making level.

50. *Mr. Menasra (Algeria) took the Chair.*

51. **Mr. CLERISME** (Haiti) said that his delegation appreciated the efforts deployed to reform UNIDO and make it more efficient in promoting industrialization and sustainable development in the developing countries and countries with transition economies. The criteria formulated by the intersessional working group on the future role and functions of UNIDO would help the Organization adapt its functions to the profound changes taking place in the global economic environment as a result of trade liberalization. His delegation wished to underscore the need for Member States' commitment to the objectives of the Organization and to the implementation of the Business Plan.

52. UNIDO's financial situation had had unfortunate consequences on the functioning of the Organization: a reduction of approximately 50 per cent in personnel over four years, a cut of more than 20 per cent in the budget for the next biennium, the further separation of more than 120 staff members without the funds to meet their indemnity payments, and the threat of the closure of the Geneva office.

53. It was a matter of concern that only 57 of the Organization's 168 Members had paid their assessed contributions in full. It was, however, encouraging that 6 of those 57 States were LDCs, including Haiti. If, despite their scant resources, the LDCs could honour their obligations, it was reasonable to insist that all Member States settle their dues without delay. UNIDO's cash-flow crisis, which to a considerable degree had arisen as a result of the irregular payment pattern, had even caused the Director-General to seek the approval of the General Conference to resort to borrowing up to 25 per cent of the approved annual budget. In the view of the delegation of Haiti, such a step would set the Organization on a course to bankruptcy. On becoming a specialized agency in 1979, UNIDO had received a loan of \$16 million, of which it had to date repaid \$8 million only. If, over the course of 18 years, it had reimbursed only 50 per cent, it was difficult to imagine how it could honour a debt of more than \$26 million within a short time-limit, when two thirds of its Members were still failing to pay their assessed contributions in full.

54. It was now necessary for all Member States to face up to their responsibilities, with a view to facilitating the task of the new Director-General, by settling their dues and/or making interest-free advance payments to the Organization. He would undertake to do everything possible to obtain his Government's consent to making an advance payment, to be deducted from future contributions.

55. Finally, his delegation wished to recommend that the Conference allow the Director-General to stagger the separation of the 125 Professional staff members over a sufficiently long period so that he could discharge that delicate task in a fully equitable manner, and also to authorize him to maintain the Geneva office in operation.

56. **Mr. CUCU** (Republic of Moldova) said that his country attached great importance to the activities of UNIDO, which it regarded as having an important role in promoting industrial development by expanding the possibilities of technical assistance for industrial sectors, encouraging foreign investment and helping to create the necessary conditions for economic restructuring. The Republic of Moldova would continue to support the Organization and believed that its reform would increase the effectiveness of its activities and that its expertise would assist countries, particularly those with transition economies, in addressing the challenges of industrial development.

57. His Government had taken urgent measures to carry out the structural reform of the economy, integrate the

country into the world market and secure external sources of financing. In October 1996, it had approved the conceptual basis of its domestic industrial policy, which had been developed with UNIDO's assistance. One key element of that policy was the promotion of foreign investment. The country's legislation in that sphere provided very favourable terms, allowing foreign investors to invest in any sector of the economy, set up companies with wholly foreign capital, enter into joint ventures with Moldovan entrepreneurs and enjoy a 50 per cent tax exemption.

58. His country was willing to cooperate in the areas of technical assistance for industrial development and the planning and implementation of industrial restructuring within the framework of UNIDO's programmes. His Government considered triangular cooperation with donors and UNIDO, whereby the Organization acted as both a specialized agency and a guarantor against political and commercial risks, to be advantageous. Moldova was prepared to participate in maintaining the Organization's capacities to provide technical assistance by drawing on the scientific and technological potential existing in the country, and would be willing to engage in cooperation in all fields with other States, including the establishment of industrial techno-parks, the regulations governing which were attractive to foreign investors, who benefited from favourable tax and excise regimes.

59. Moldova appreciated the budgetary difficulties facing UNIDO. Despite its own difficult financial situation, it felt it was desirable to participate in the Organization's work. The question of the payment of its arrears to UNIDO was currently being examined by the Government and there were indications that it would be resolved in the near future.

60. The national programmes for the comprehensive development of agro-industry and capacity-building in other sectors were of great importance for his country, as was the environmental protection programme, which provided for specific measures in line with the Montreal Protocol and the United Nations Framework Convention on Climate Change. Moldova's current economic situation limited its use of financial resources for environmental improvement purposes. His Government would accordingly wish to seek additional resources from donors in connection with UNIDO's policies for the transfer of environmentally clean technology under national and regional programmes.

61. Strengthened field representation was a key component of the reorientation of the Organization. Moldova hoped that it would be possible to reach a favourable decision regarding UNIDO's representation in Kishinev. It believed that the field offices could greatly increase the possibilities open to both sides and would lead to the speedier attainment of tangible results.

62. **Mr. SADYKHOV** (Azerbaijan) said that UNIDO's relationship with Azerbaijan dated back to 1968, when an international conference had been held in Baku. Also, many

Azerbaijanis had worked as experts of the Organization in several countries. Since joining UNIDO, Azerbaijan had had an opportunity to take advantage of its unique capabilities in the spheres of industrial restructuring and the promotion of foreign investment, and generally in facilitating the country's transition to a market economy, which had been particularly important since its economic potential had been adversely affected by the consequences of the armed conflict with Armenia and the plight of one million refugees in Azerbaijan.

63. Since 1993, his Government had focused its efforts on regenerating the country's economic base, giving special emphasis to the industrial region of Sumgait, which, with its high concentration of more than 90 industrial enterprises, predominantly in the chemicals, petrochemicals, metallurgical and textiles spheres, had suffered considerably in recent years owing to disrupted trade relations following the break-up of the Soviet Union. The Government had made use of UNIDO's considerable expertise in formulating a strategy for the region's industrial regeneration, involving the establishment of a special economic zone and a development agency to administer the zone and perform supporting and coordinating functions. UNIDO's on-site activities were being carried out in close consultation with local and international business circles with a view to creating an environment conducive to private investment. Many countries had expressed an interest in participating in the project by linking the development of their own facilities to the Sumgait programme.

64. UNIDO's operations in Azerbaijan reflected a new approach to technical assistance, characterized by the implementation of agreed recommendations and the transfer of projects to national ownership and by UNIDO's interaction with other specialized agencies of the United Nations system, in particular the United Nations Development Programme (UNDP). That clearly demonstrated the new role of the United Nations in supporting development, an issue discussed at the recent meeting between the President of Azerbaijan and the Secretary-General of the United Nations.

65. The present Conference session was taking place at a time when a strategy for UNIDO's comprehensive reform was being worked out within the overall context of United Nations reform. Azerbaijan reaffirmed its support for UNIDO's continued existence as a specialized agency responsible for international cooperation to promote industrialization in the developing countries and countries with transition economies. His delegation was of the view that the decisions adopted at recent sessions of the Board and Programme and Budget Committee and also the terms of the Business Plan constituted a good basis for the continuation of the reform process and the defining of UNIDO's future programmes and organizational structure.

66. In carrying out its normative and project implementation role, UNIDO should focus on the co-

ordination of activities based on up-to-date industrial trends having maximum impact on environmentally sustainable industrial development, with the main objective of promoting technological and industrial investment. Other areas of particular importance were the transfer of environmental technologies, human resources development, the development of norms and standards, and the implementation of international protocols, agreements and conventions.

67. Turning to the regional dimension, he noted that UNIDO's efforts had helped to speed up the reforms in many countries. Regional projects could provide potential investors with development concepts and increase local business and investment opportunities. In the pursuit of new initiatives, full advantage would have to be taken of the unique expertise of the Organization's highly qualified staff.

68. **Mr. SUNASSEE** (Mauritius) said that industrialization was essential for achieving the socio-economic development of the developing countries through employment creation, poverty alleviation and income generation. For African States such as Mauritius, there was an increasing need to refine national and regional strategies and policies in the light of the rapidly changing international trading environment. Through the combined efforts of African countries and the support of international institutions such as UNIDO, the continent's economic performance had improved considerably in recent years as a result of the creation of a climate conducive to domestic and foreign investment, the formation of capital markets, the expansion of African entrepreneurship, the promotion of competitive forces and a trend towards economic liberalization.

69. However, the urgent task of rehabilitating or restructuring Africa's industries was hindered by the problems of a scarcity of funds and a weak financial base,

compounded by the reduced net inflow of financial aid to Africa and a decline in private capital flows. The effective implementation of reconstruction programmes would thus to a large extent depend on the availability of financial resources. The establishment of a viable manufacturing base was hampered by a lack of infrastructure, know-how and capital, a shortage of skilled personnel and technical problems relating to capacity utilization. Mauritius was well aware of the efforts deployed by UNIDO in addressing those issues through the formulation and implementation of integrated programmes of technical assistance. Despite its budgetary constraints, which had led to staff cuts and a reduction in activities, the Organization could still play a crucial role in assisting the developing countries in consolidating their industrial base and confronting the challenges of economic liberalization, which was forcing enterprises to seek new ways of enhancing their competitiveness. UNIDO had constantly kept in touch with developments in Africa and relentlessly striven to provide support and assistance in promoting the continent's industrialization. Initiatives such as the IDDA and the Alliance for Africa's Industrialization bore testimony to that. His delegation believed that UNIDO should increase its efforts to bring women into the mainstream of development; the nations of Africa could not afford not to make optimum use of all its human resources.

70. Mauritius, traditionally regarded as a sugar-producing country, had undergone major structural changes to diversify its single-crop economy, with the result that the manufacturing sector had become a leading sector of the economy. Its industrial strategy, based in its early stages on import substitution and manufacturing under the export processing zones regime, had been reviewed owing to the small size of the domestic market and the gradual erosion of some comparative advantages, such as abundant cheap labour, and the emphasis was now placed on improving the competitiveness of domestic enterprises in the export markets through the use of state-of-the-art technologies and best practices. In 1994, the Government had launched a competitiveness enhancement programme, comprising a technology dissemination scheme aimed at promoting technology transfer, productivity and efficiency of industrial enterprises, and a metrology, standardization, testing and quality scheme designed to foster quality improvements and the adoption of international standards. With assistance from UNIDO, an enterprise subcontracting and partnership exchange had been established to facilitate technology acquisition and transfer, and support institutions had been set up to provide training, market information and guidance in the use of up-to-date technologies. The country's performance was closely associated with the crucial role played by the private sector and its partnership with the public sector, the latter acting as a facilitator in creating an enabling environment.

71. Mauritius firmly believed in regional cooperation and, as a member of the Southern African Development Community, the Common Market for Eastern and Southern

Africa (COMESA), the Organization of African Unity and the Indian Ocean Commission, was playing an active role in fostering such cooperation.

72. Economic prosperity was a function of the collaboration of the many organizations engaged in promoting the well-being of nations. His Government hoped that the international community would take the necessary steps to provide a favourable external environment for the industrialization of Africa, giving consideration to alleviating the debt burden of a number of countries.

73. **Mr. CORREA CARDOZO** (Paraguay) said that the commitment assumed by Paraguay at the Yaoundé General Conference session had coincided with its own process of economic and political transition. That did not mean the immediate resumption of technical and financial cooperation with the multilateral organizations, since it had benefited from little or no cooperation hitherto.

74. His Government believed that there was a genuine need for a specialized organization with responsibility for the promotion of industrialization in the developing countries. It attached special importance to international technical cooperation by reason of its contribution to priority areas such as basic infrastructure and support to industry. Paraguay was convinced that social development and industrial development were inextricably linked; it would accordingly continue its unwavering support for UNIDO.

75. The delegation of Paraguay, in its statement on behalf of the Rio Group in the Second Committee of the United Nations General Assembly on sectoral and policy issues, had emphasized that cooperation for industrial and agricultural development had to be supported by an international environment that facilitated developing countries' access to other markets for their products and fostered their access to competitive technologies. It had also expressed approval of the Business Plan, which provided the basis for improving the mechanisms for the use of UNIDO's services taking into account its comparative advantages in relation to other international cooperation agencies. The globalization of production and services, reduced costs of transport and advances in means of communication and other technologies presented opportunities for the development of the Paraguayan economy but at the same time entailed constant challenges. His delegation believed that the Organization could play an important role in assisting the country in overcoming new technical obstacles by facilitating its integration into international markets and helping to narrow the gap with the economies of the industrialized world. It believed that UNIDO could contribute to increasing the competitiveness of small and medium-sized enterprises, supporting cleaner and sustainable industrial development, and promoting exports and human resources development, thereby enabling Paraguay to maximize the benefits of the globalization process.

76. His Government appreciated the efforts made by the Director-General to carry out the mandate which Member States had entrusted to him and believed that they should thus provide UNIDO with the financial resources to meet the requests for its services. Paraguay had fully honoured its financial commitments and urged Member States to do likewise as an expression of support for the Organization.

77. **Mr. VASUDEVAN** (Malaysia) said that, since the last Conference session, Member States had expended considerable time and effort in determining the future role and direction of UNIDO. The Business Plan, agreed upon through a spirit of constructive cooperation, provided a good basis for the Organization's future work and activities, with its focus on the strengthening of industrial capacities and sustainable industrial development. The current session marked the final phase in a difficult but decisive reform process. Malaysia hoped that UNIDO would continue to strive for excellence through increased efficiency and productivity. It was of the view that reform should be an ongoing process, with emphasis placed on continually improving the Organization's budgetary management in order to maximize its delivery capacity.

78. In the present era of globalization and market liberalization, industrial development had become the main engine of economic growth for most developing countries. UNIDO's role in fostering international industrial cooperation through appropriate programmes to facilitate investment crossflows, enhance expertise and upgrade technologies in the developing countries was both relevant and useful. Malaysia attached importance to the role of the private sector as a key contributor to industrial development, and it fully supported the further strengthening of the Organization's linkages with the private sector with a view to assisting in that process.

79. Human resources development was an important element for the success of any industrial development programme and had been incorporated by Malaysia into its industrialization strategy. Under the terms of the Business Plan, human resources development did not feature as a core programme of the Organization. Malaysia hoped that human resources development activities would remain an integral part of all of UNIDO's services, with particular emphasis on technical, technological and managerial training.

80. The timely payment of assessed contributions was one of the main problems facing UNIDO, whose acute financial crisis had been caused by their partial, delayed or non-payment. Malaysia had always paid its contributions to the regular budget in full and on time, and his delegation appealed to defaulting Member States to express their support for UNIDO by settling their arrears without further delay and by paying their future assessed contributions promptly. The sound financial health of the Organization was vital for the successful completion of its reform and for the effective execution of its programmes and projects.

81. *Mr. Förstner (Netherlands) reassumed the Chair.*

82. **Mr. DOS SANTOS GOURGEL** (Angola) said that the present session was taking place at a time when a number of developing countries were facing deep economic and social crises. The continent of Africa, bypassed by foreign direct investment, had the lowest manufacturing growth rate in the world. Africa needed to have access to markets and investment funds and a solid partnership for its development. The amount of assistance provided by UNIDO should accordingly be increased.

83. Angola, a country devastated by 35 years of war, whose industrial development had not kept pace with that of other countries, was convinced that industrialization remained the key factor for its socio-economic development. As a result of a series of measures adopted with a view to achieving macroeconomic stabilization, it had been possible to reduce the rate of inflation significantly and restrict price controls to a few basic commodities, in order to achieve productivity gains and entrepreneurial competitiveness. Angola was currently in the process of transition from a centralized economy to a market-oriented economy. Three years previously, without assistance from UNIDO, it had formulated a policy for the country's re-industrialization, which had been adopted as its national plan under the IDDA II programme. Given the lack of financial and human resources, his Government had opted for a two-phase strategic model comprising the rehabilitation of existing viable industries and the creation of new industries, according priority to the recovery of small and medium-sized enterprises and to the establishment of industrial development areas.

84. Angola believed that the IDDA programme should be accorded the highest priority and be allocated substantial financial resources, and that the Plan of Action for the Alliance for Africa's Industrialization should become an implementing mechanism to facilitate the attainment of the objectives of IDDA II.

85. Angola's pursuit of its re-industrialization programme reflected the importance which it attached to the role of the industrial sector in the development of the national economy. He was sure that UNIDO could play an active role in supporting his Government's efforts. Given the reorientation of UNIDO's activities and the emphasis placed on services in support of the LDCs, particularly in Africa, he wished to request that a subregional office be established in Angola.

86. **Mr. HEZZAH** (League of Arab States), referring to the work to be undertaken in such areas as technology transfer, training and technical assistance under the cooperation agreement signed in 1994 by the League of Arab States and UNIDO, said that the League of Arab States wished to pursue those activities in order to benefit from the projects carried out. It attached great importance to UNIDO's role of promoting international cooperation in support of the developing countries. That role should be further strengthened, in order to enable UNIDO to achieve its objectives. The financial difficulties being experienced by

the Organization made it necessary to insist that all Member States support UNIDO in its efforts to attain those goals.

87. The League of Arab States wished to insist on the need for the Organization to strengthen its programmes carried out in the Arab region and to continue its technical assistance to the Palestinian people. He hoped that the consultations regarding the development of those programmes would be continued. The participation of nationals of Arab States in the UNIDO Secretariat was insufficient, and he wished to request that use be made of their experience and expertise so that they might participate in the activities of the Organization. He also hoped that the number of national and regional offices in the Arab countries would be increased.

88. **Ms. CHAMBALU** (International Federation of Business and Professional Women) said that the Federation attached great importance to the advancement of women in industry. The proportion of women in the industrial workforce had been highest in developing countries where industrialization had been most rapid and successful. However, their participation was on very unequal terms. Women had to be provided with the opportunity to move from low levels of the labour force, where they were concentrated, into decision-making positions, and to be given support in cases where, through globalization and trade liberalization, their traditional labour-intensive production methods were no longer competitive in the face of cheaper, mass-produced goods. Sustainable industrial development policies had to take account of the fact that technology transfer was not gender-neutral and that changes in the structure of production had a different employment impact on men and women. Gender analysis in connection with industrial policies would not only facilitate the integration of women in industrial development but would also draw policy makers' attention to possible transitional hardships that might otherwise be overlooked.

89. The Federation was pleased to note that, under the terms of the Business Plan, emphasis would be given to the integration of women in industrial development and gender issues would be mainstreamed within the planned comprehensive packages of integrated services. However, within the proposed new organizational structure of UNIDO there was no separate entity with responsibility for coordinating the integration of women in industrial development at the policy, operational and research levels. While the Integration of Women in Industrial Development Unit, which would be phased out at the end of the current year, had developed a high level of competence in addressing women-in-industry issues through research and operational activities, it was necessary to enhance the staff's awareness of those issues and its commitment to them.

90. The Federation hoped that UNIDO would ensure that gender issues received adequate attention and that the body of knowledge built up over the years was applied to the Organization's future activities. Clear-cut gender responsibilities should be assigned to individual divisions as

an integral part of their overall programme of work. Monitoring mechanisms needed to be put in place if UNIDO was to fulfil its mandates with regard to the Platform for Action: Equality, Development and Peace, adopted at the Fourth World Conference on Women, and to the System-wide Medium-Term Plan for the Advancement of Women.

91. Finally, the gender composition of UNIDO's personnel had greatly suffered through the staff reduction exercises, and major efforts would be required to restore the relatively good record which the Organization had had in that respect. The Federation accordingly wished to appeal to Member States to offer their support by submitting qualified female candidates for the roster.

92. **Mr. ALI AHMED** (Djibouti) said that, in line with the Paris Declaration on the Least Developed Countries, Djibouti had adopted strategies and policies aimed at promoting its industrial sector and was taking steps to create a legislative and institutional environment conducive to industrial investment promotion. Investment in all branches of industry would be private-sector-led, except where socio-economic imbalances might be generated by reason of the goods or services provided.

93. Aware that, in a climate of increased international competitiveness and economic and trade globalization, Djibouti had to offer very attractive conditions, his Government had opted for an industrialization strategy focusing on the exploitation of national resources, the capturing of foreign markets, the acquisition of technologies and the reduction of food dependency through import substitution. In 1995, the investment code had been amended and laws establishing an enterprise free zone and an industrial free zone had been enacted, with a view to promoting exports. New labour legislation would shortly be adopted, tax reforms were in process of finalization and single-window arrangements were being introduced to meet the needs of domestic and foreign investors. The law concerning the industrial free zone provided for a number of advantages, including a 10 per cent rate of profit tax after a ten-year exemption period, the elimination of all social charges, and preferential rates on inputs such as energy, water and telephone services for all enterprises operating under the free-zone regime. The related labour legislation had been amended, with domestic and foreign investors enjoying virtually extraterritorial status, since salaries and wages were established by the law of supply and demand and not by collective agreement, there were no restrictions on work permits for aliens, and recruitment and dismissal were based on competence and productivity.

94. Djibouti offered investors a major comparative advantage owing to its geographical position and political stability within a region beset by conflicts. As a member of several economic organizations, it provided investors with access to markets with high consumption volumes, and it belonged to two regional organizations, the Intergovernmental Authority on Drought and Development (IGAAD), which had recently incorporated the industrial

sector among its priorities, and COMESA, whose main objectives were economic revitalization and sustainable growth through market integration.

95. With a view to integrating the private sector in the industrialization process, the Ministry of Industry, Energy and Mines was enhancing its institutional capacities in order to meet the needs of local investors. Other major initiatives to encourage private sector investment included measures to establish a guarantee fund for small-scale projects, adjust the focus of the Development Bank's services to SMEs, and reduce factor costs.

96. Djibouti relied on the support of international organizations in meeting its development needs. The financial resources of the State were dwindling at a time when it had to meet recurring charges for development schemes previously undertaken, particularly in the areas of health, education and social infrastructure. In such circumstances, international cooperation was of crucial importance for his country and the international community had so far responded positively to its requirements, as witnessed by the success of the round-table conference recently held at Geneva.

97. His Government had sought technical and financial assistance from UNIDO in the implementation of a number of projects under a plan of action drawn up for the promotion of SMEs, including projects for the operation of a new industrial zone, the establishment of an office to provide assistance to SMEs and to small- and medium-

scale industry, and the setting up of an industrial data bank. Human resources development was an important aspect of SME promotion and a key factor in the attainment of the country's medium-term and long-term industrial development goals. His Government accordingly intended to accord priority to skills upgrading at all levels. It believed that international organizations such as UNIDO and UNDP in particular should support the training efforts of the LDCs.

98. **Mr. ALFINO** (Mozambique) said that, since 1994, his Government had sought to consolidate peace and democracy and implement responsible economic policies for national reconstruction, with the basic objectives of rehabilitating the country's infrastructure, promoting agricultural production and associated industries, developing human resources, creating a favourable environment for growth and investment, and promoting the private sector. Recent economic indicators suggested that the prospects for Mozambique's economic development were positive. Growth of GDP had averaged more than 5 per cent, exports had increased by 30 per cent between 1995 and 1996, and the rate of inflation had fallen from 54 per cent in 1995 to below 10 per cent as a result of tight fiscal and monetary policies, the sectoral policies of the Government and its privatization programme, under which over 700 public enterprises out of an estimated total of 1,250 had now been privatized.

99. The Government's strategy to revive the industrial sector included privatization, support to SMEs and training, as well as measures aimed at facilitating the productive sector's capacity to meet the raw material requirements of industry and manufacturing businesses and at simplifying bureaucratic procedures. Broadly-based economic development required the participation of all sectors of society and one critical component of the Government's development policy was the pursuit of partnership between the public and private sectors with a view to achieving mutually beneficial results.

100. Mozambique recognized that the development of human resources for industry was crucial to the sustainable development of the national economy. It had no doubt that UNIDO could play a very important role in the industrialization efforts of the LDCs with regard to capacity-building, promotion of partnerships and assistance in the design and implementation of industrial policies and strategies. Mozambique had very good experience of working with UNIDO; many projects had already been executed and others were in course of implementation with the Organization's assistance.

The meeting rose at 6.25 p.m.