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887

This volume closed with effect from

December 31, 1959.

See Vol. III

Mr. Richard H. Demuth

December 30, 1959

M. L. Lejeune

U.N. Special Fund Projects

1. United Kingdom - British Guiana: Soil survey of coastal belt in certain interior areas.

The proposed survey should be of great benefit to British Guiana in planning and executing agricultural development. The need for an operation of this type was recognized by the general survey mission in 1953.

The Bank should support this request by the United Kingdom when discussing it with the U.N. Special Fund.

2. The Netherlands - Surinam: Conducting a mineral survey.

The project under consideration was discussed with the general survey mission to Surinam in 1951 but was not included as of "priority nature" in the recommended ten-year development program. However, in view of the extensive mineral evaluation program in Surinam, it would seem logical for the Special Fund to extend the grant in question.

The extent of recent information in the Bank about conditions in Surinam, and particularly mineral development needs, does not permit of a conclusion that the Bank should support this project strongly; instead, it would appear that the Bank should concur in whatever decision the Special Fund makes on this project.

HLP
HLP:mc

ROUTING SLIP		Date	
NAME		ROOM NO.	
Mr. Prasad			
	Action		Note and File
	Appropriate Disposition		Note and Return
	Approval		Prepare Reply
	Comment		Per Our Conversation
	Full Report		Recommendation
	Information		Signature
	Initial		To Handle
REMARKS Returned per our phone talk. <i>[Signature]</i> File is Agreed, we don't have too anything all this at present			
Richard H. Demuth			

ROUTING SLIP

Date

NAME

ROOM NO.

Mr. DeMuth

Action

Note and File

Appropriate Disposition

Note and Return

Approval

Prepare Reply

Comment

Per Our Conversation

Full Report

Recommendation

Information

Signature

Initial

To Handle

REMARKS

Some time ago we started
a study of special fund operations
mainly for information purposes.
Do you think we should
keep this up? If so may we
request you to pass on to us
any papers you may be
receiving of this?

F

Processed Apr 20.

OFFICE MEMORANDUM

TO: Mr. Prasad (through Mr. Avramovic)

DATE: December 21, 1959.

FROM: Marinus van der Mel *Wm*

SUBJECT: Summary of Special Fund operations

Following the suggestion contained in your memorandum of November 4, 1959, a summary of Special Fund operations has been prepared, a copy of which is attached.

The summary describes briefly some salient features of the Special Fund (purposes and scope, organisation and management, nature of resources, etc.) and gives in five annexes details of approved and prospective allocations of the Special Fund and of its financial status. It brings together the main information on the Fund that is now available on the basis of circulated documents.

Pending a clarification of our own mind on the subject, there has been no contact with the Technical Assistance and Liaison Staff as yet.

Special Fund

Mr. R. Demuth

December 21, 1959

Hugh B. Ripman

UN Special Fund - Iron and Steel Industries Singapore

We do not know anything about this proposed project. From the very meager information contained in the summary which you sent, it looks as though this is a job for a firm of consultants.

HBH/bm

✓ Special Fund

Mr. Richard H. Demuth

December 21, 1959

Raymond J. Goodman

Request to U.N. Special Fund from Government of Lebanon for Assistance
in the Establishment of a Regional Civil Aviation School

In response to your enquiry, we know nothing about this project and
have no views which it would be worth passing on to the Special Fund.

Attachment
RJGoodman/bf

RJG

Some notes on The United Nations Special Fund

The Special Fund was established in October 1958 by resolution 1240 (XIII) of the U.N. General Assembly. The following notes give a broad description of the Fund. More exact details may be found in the documents referred to in the footnotes.

Purposes and scope 1/

The Fund is concerned with the technical, economic and social development of the less developed countries. It is a separate entity but its operations are intended to be directed towards enlarging the scope of the U.N. programmes of technical assistance. Certain projects, involving the commitment of relatively large resources over a number of years or requiring a substantial percentage of aid for equipment, are outside the scope of these programmes but may be included in that of the SF.

The initial programmes will concentrate on projects of two types:
(1) development projects designed to bring about a better utilization of the natural or physical resources of a country. These projects fall into four broad categories:

- (a) geological or river basin surveys
- (b) general and comprehensive resource surveys e.g. of the needs and resources of a country or region for electrical energy
- (c) feasibility reports the purpose of which is to close the gap between the stage at which a given development is a promising prospect and the point at which it could go to a lending agency as a commercial investment and to the draughtsman to draw the blueprints
- (d) research institutes including pilot plants. The latter must involve the exploitation of new techniques

(2) training institutes, the purpose of which is a better utilization of human resources. These may vary from

- (a) simple vocational training schools to
- (b) technical institutes of the highest order

The scope and future activities of the SF will be reviewed by the General Assembly of the U.N. "as and when the resources prospectively available are considered to be sufficient to enter the field of capital development, principally the development of the economic and social infrastructure of the less developed countries" (General Assembly resolution 1219 (XII) as paraphrased in E/CN.14/L.1, pp. 3 and 4).

SF distinguished from EPTA, OPEX and IBRD 2/

The SF is distinguished from EPTA (Expanded Program of Technical Assistance) and OPEX (Operational and Executive Personnel - a program for helping under-developed countries obtain operational, executive and administrative personnel for temporary service in their government departments) in that

- (1) its resources are wholly devoted to assisting in the financing of resource

1/ Based on: U.N. Economic & Social Council document E/CN.14/L.1 of December 1, 1958 and annex thereto and SF document SF/L.6 of January 26, 1959 (Statement of Managing Director to the opening meeting of the General Council on January 26, 1959)

2/ Based on SF document CB 2/2/Add.1 of August 31, 1959 (The Scope of the Special Fund)

surveys, research establishments and training institutes,

(2) it is confined to relatively large projects. The original minimum envisaged was \$100,000 but in practice turns out to be about \$250,000.

It is distinguished from IBRD in that

(1) it is not a lending institution (although some assistance may be on a refundable basis),

(2) it does not finance capital formation except in connection with research or training institutes, or "pilot projects".

The SF may finance surveys which lead up to investment by the Bank, its purpose being to clarify the doubt which exists whether to make the investment.

Organization and Management 3/

The SF is administered under the general authority of the Economic and Social Council and of the General Assembly of the U.N.

Its organs are (1) a Governing Council, consisting of representatives of 18 states, which exercises the immediate control of policies and operations, (2) the Managing Director and his Staff who carry on the operations of the SF. The Managing Director has sole authority to recommend to the Governing Council projects submitted by governments, (3) a Consultative Board which assists the Managing Director with advice in the examination and appraisal of project requests and proposed programmes.

SF contributions to and execution of projects 4/

The SF does not normally meet the local currency expenditure entailed in a project and meets only part of the expenditure in foreign currency. A government receiving SF aid is usually expected to make a contribution to the cost of a project of not less than one-quarter and normally of not less than one-half of the total cost.

Projects are executed whenever possible by the U.N., by the specialized agencies of the U.N. or by the International Atomic Energy Agency. The services of other agencies, private firms or individuals may also be contracted for.

Resources 5/

The financial resources of the SF derive from voluntary contributions from governments although donations from non-governmental sources may also be received.

Contributions are to be made in currency readily usable by the Fund or should be transferable to the greatest extent possible into currency readily usable by the Fund.

As mentioned in the General Assembly resolution setting up the Fund the

3/ Based on E/CN.14/L.1 Annex.

4/ Ibid. and CB 2/2/Add.1.

5/ Based on E/CN.14/L.1 Annex, SF/L.26 Annex and SF/L.20/Rev.3.

resources prospectively available are not likely to exceed \$100 million annually. Contributions for 1959 pledged as at October 31, 1959 amounted to the equivalent of almost U.S. \$26 million. New pledges (i.e. for 1960) amounted to the equivalent of about U.S. \$32 million as at October 21, 1959.

Some more details of approved and prospective allocations of the S.F. and of its financial status are given in Annexes I to V to these notes. No data were found on disbursements in the available documents.

ANNEX ISpecial Fund. Allocations approved as at October 21, 1959Number of projects13Contributions (in \$ U.S. equivalent) from:

		\$
	(Direct costs of projects	7,550,000
	(Executing agency costs	648,125
Special Fund 1/	(Managing Director's office	2,875
	(identifiable costs	
	(Total	<u>8,201,000</u>
Governments of benefiting countries		10,355,000 2/3/

Distribution of projects by type:

<u>Type</u>	<u>Number</u>	<u>Contributions</u>	
		<u>S.F. 4/</u>	<u>Governments</u>
		\$	\$
General development survey	1	400,000	n.a.
Water or power surveys	6	2,020,000	1,915,000
Vocational training	3	2,465,000	6,640,000
Research institutes	1	900,000	1,300,000
Agriculture, soils	1	265,000	500,000
Higher technological education	1	1,500,000	n.a.
	<u>13</u>	<u>7,550,000</u>	<u>10,355,000 3/</u>

Geographical distribution:

<u>Region</u>	<u>Number</u>	<u>Contributions</u>	
		<u>S.F.</u>	<u>Governments</u>
Africa	1	305,000	155,000
Asia and Far East	2	1,460,000	2,340,000
Europe	3	1,850,000	4,610,000
Latin America	3	1,550,000	1,350,000)
Middle East	4	2,385,000	1,850,000) 3/
	<u>13</u>	<u>7,550,000</u>	<u>10,355,000 3/</u>

- 1/ The SF contributions roughly equal the foreign exchange costs of the projects. The Managing Director may at his discretion increase the total SF allocation to any project by not more than 15%.
- 2/ Apart from these sums paid to the executing agency through the Special Fund, the governments of benefiting countries are required to pay certain other costs of projects e.g. for local administrative personnel, internal transportation of project equipment, communications (see SF/L.26, pp.9 and 10).
- 3/ Exclusive of government contributions not yet determined to two projects.
- 4/ Exclusive of executing agency costs and the identifiable costs of the Managing Director's Office.

Source: SF/L.12/Addenda 1 to 13.

Annex II

Allocations approved as at October 21, 1959 in U.S. \$ equivalent

<u>Country</u>	<u>Special Fund Contribution</u>				<u>Government Contribution</u>	<u>Executing Agency</u>	<u>Nature of Project</u>
	<u>Total</u>	<u>Direct project costs</u>	<u>Executing Agency costs</u>	<u>Managing Director's Office costs</u>			
Argentina	...	250,000	-	...	50,000	IBRD	Electric power survey
Central America <u>1/</u>	...	900,000	35,000	...	1,300,000	UN	Research institute for industry
Ghana	...	305,000	<u>2/</u>	...	155,000	FAO	Survey of river flood plain
Greece	...	245,000	<u>2/</u>	...	110,000	FAO	Pilot project in groundwater development
Guinea	...	400,000	25,000	...	n.a.	UN	General development survey
India	...	860,000	89,700	...	2,140,000	ILO	Training institute
Israel	...	320,000	<u>2/</u>	...	350,000	FAO	Pilot project in watershed management
Poland	...	700,000	86,900	...	2,500,000	ILO	Management training center
Thailand	...	600,000	15,000	...	250,000	IBRD	Investigation of silting conditions in port channel
Turkey	...	1,500,000	117,950	...	n.a.	UNESCO	Middle East Technical University
U.A.R.	...	300,000	<u>2/</u>	...	1,000,000	FAO	Pilot project for drainage of irrigated land
U.A.R.	...	265,000	182,000 <u>2/</u>	...	500,000	FAO	Soil Survey
Yugoslavia	...	905,000	96,575	...	2,000,000	ILO	Training of vocational instructors
	<u>8,201,000</u>	<u>7,550,000</u>	<u>648,125</u>	<u>2,875</u>	<u>10,355,000</u>		

1/ Regional project for Guatemala, El Salvador, Honduras, Nicaragua and Costa Rica

2/ Only the figure (U.S. \$182,000) for the total cost to the Executing Agency for these ~~four~~ projects is available

Source: SF/L.12/Addenda 1 to 13

ANNEX IIISpecial Fund. Prospective allocations (recommended for 3rd
Session - December 1959 - of the Governing Council)Number of projects31Contributions (in \$ U.S. equivalent) from:

		\$
	(Direct costs of projects	22,121,710
	(Executing agency costs	1,565,150
Special Fund 1/	(Managing Director's office	24,050
	(identifiable costs	
	(Total	<u>23,710,910</u>
Governments of benefiting countries		<u>26,401,119</u> 2/3/

Distribution of projects by type:

<u>Type</u>	<u>Number</u>	<u>Contributions</u>	
		<u>S.F.</u>	<u>Governments</u>
		\$	\$
Water, irrigation and power surveys	7	5,364,210	4,591,000 3/
Agriculture, livestock or soil surveys or institutes (not involving water)	6	4,178,000	3,748,450 3/
Fisheries	2	1,350,100	1,708,350
Meteorology	3	1,332,300	2,480,333
Mineral or geological surveys	3	2,819,600	1,205,000
Industrial research institutes	2	2,661,400	3,698,000
Vocational training	4	2,364,800	3,124,546 3/
University technological training	4	3,640,500	5,845,440
	<u>31</u>	<u>23,710,910</u>	<u>26,401,119</u> 3/

Geographical distribution:

<u>Region</u>	<u>Number</u>	<u>Contributions</u>	
		<u>S.F.</u>	<u>Governments</u>
Africa	3	4,285,000	4,956,350
Asia and Far East	9	8,448,150	8,603,346 3/
Latin America	16	8,826,260	10,638,090
Middle East	3	2,151,000	2,203,333
	<u>31</u>	<u>23,710,910</u>	<u>26,401,119</u> 3/

1/ The SF contributions roughly equal the foreign exchange costs of the projects. The Managing Director may at his discretion increase the total SF allocation to any project by not more than 15%.

2/ Apart from these sums paid to the executing agency through the SF, the governments of benefiting countries are required to pay certain other costs of projects e.g. for local administrative personnel, local transportation of project equipment, communications, (See SF/L.26, pp. 9 and 10).

3/ Exclusive of government contributions (not yet determined) to certain projects (four in all).

SOURCE: SF/L.26/Addenda 1 to 31

Annex IV

Prospective Allocations (Recommended For 3rd Session - Dec. 1959 - Of The Governing Council) in U.S. \$ Equivalent

Country	Special Fund Contribution				Government Contribution	Executing Agency	Nature of Project
	Total	Direct Project Costs	Executing Agency Costs	Managing Director's Office Costs			
Afghanistan	1,257,400	1,149,000	108,400	-	727,000	FAO	Survey of land & water resources & agricultural station
Argentina	997,100	904,800	92,300	-	717,000	ILO	Management development & training of supervisory & skilled personnel
Bolivia	336,500	305,000	31,500	-	150,000	FAO	Agricultural training
Bolivia	283,500	260,000	23,500	-	n.a.	FAO	Pre-colonization survey
Brazil	974,200	850,000	124,200	-	990,000 ^{1/}	FAO	Survey of river basin
Chile	990,300	946,000	40,900	3,400	700,000	UN	Mineral survey
Chile	612,500	568,600	42,800	1,100	1,200,000	WMO	Hydrometric & hydrometeorological stations
China	321,450	310,000	10,900	550	n.a.	UN	Hydraulic development projects
Colombia	540,800	500,000	40,800	-	1,217,500	ILO	Vocational training project
Colombia	370,500	334,000	36,500	-	317,800	FAO	Soil survey
Ecuador	405,500	363,000	41,400	1,100	797,000	WMO	Expansion of meteorological & hydrological services
Ecuador	148,300	137,000	11,300	-	135,000	FAO	Pre-colonization survey
Ecuador	633,800	585,000	45,800	3,000	663,050	FAO	Fisheries institute
India	707,600	662,000	33,100	2,500	967,000	UNESCO	Mechanical engineering research institute
India	351,400	330,000	21,400	-	1,190,046	ILO	Regional labor institutes
India	1,953,800	1,899,000	52,300	2,500	2,731,000	UNESCO	Power engineering research institutes
Iran	1,364,300	1,272,000	92,300	-	1,150,000	UNESCO	Teheran Polytechnic
Israel	314,300	300,000	14,300	-	483,333	WMO	Central meteorological institute
Libya	1,057,800	1,000,000	57,800	-	2,000,000	UNESCO	Institute for higher technology
Pakistan	700,500	650,500	50,000	-	2,029,300	FAO	Soil survey
Pakistan	1,582,600	1,500,000	77,800	4,800	320,000	UN	Mineral survey
Peru	182,500	166,500	16,000	-	n.a.	FAO	Pre-colonization survey
Peru	716,300	645,000	58,300	3,000	1,045,300	FAO	Marine resources research institute
Peru	475,500	445,000	30,500	-	n.a.	ILO	Vocational instructors training institute
U.A.R.	472,400	430,000	42,400	-	570,000	FAO	Survey of groundwater resources
British Guiana	277,100	250,000	25,000	2,100	160,000	IBRD	Survey of siltation conditions of river
Nigeria	735,000	700,000	35,000	-	1,690,000	IBRD	Survey of a multi-purpose dam site
West Indies	881,900	850,000	31,900	-	2,545,440	UNESCO	Engineering faculty for university college
Vietnam	246,700	235,000	11,700	-	185,000	UN	Mineral survey
S.E.Asia ^{2/}	1,326,700	1,265,000	61,700	-	454,000	UN	Survey of four tributaries of river
Africa ^{3/}	2,492,700	2,289,400	203,300	-	1,266,350	FAO	Desert locust survey
	<u>23,710,950</u>	<u>22,121,800</u>	<u>1,565,100</u>	<u>24,050</u>	<u>26,401,119</u>		

^{1/} Of this sum \$405,000 is for foreign exchange costs. ^{2/} Regional project for Cambodia, Laos, Thailand & Vietnam. ^{3/} Regional project for Ethiopia, France, Ghana, India, Iran, Iraq, Italy, Jordan, Lebanon, Morocco, Pakistan, Saudi-Arabia, Sudan, Tunisia, Turkey, United Kingdom and the Yemen.

Source: SF/L. 26/Addenda 1 to 31.

ANNEX V

Financial Status of the Special Fund as at 21.10.59.

A. Resources (exclusive of Governments' payments towards local facilities and counterpart expenditures)

(i) Pledges for 1959	\$25,781,278
(ii) New pledges to date	<u>\$32,034,303</u>
Total	\$57,815,581

B. Allocations Approved - 1959

(i) Projects approved, 2nd session 1/	\$ 7,550,000
(ii) Executing Agency costs, 2nd session 1/	648,125
(iii) Identifiable costs Managing Director's Office, 2nd session 1/	2,875
Sub-total	<u>\$ 8,201,000</u>
(iv) Administrative budget, 1959	<u>400,000</u>
Total	\$ 8,601,000
Balance available for allocation	\$49,214,581

C. Allocations - Proposed

(i) Projects proposed, 3rd session 1/	\$22,121,710
(ii) Executing Agency costs proposed, 3rd session 1/	1,565,150
(iii) Estimated identifiable costs Managing Director's Office, 3rd session 1/	24,050
Sub-total	<u>\$23,710,910</u>
(iv) Preparatory Allocation (SF/L.25) 2/	250,000
Sub-total	<u>\$23,960,910</u>
(v) Administrative budget, 1960 (SF/L.24)	<u>696,100</u>
Total	\$24,657,010
Balance	<u>\$24,557,571</u>

1/ Of Governing Council

2/ Allocation out of which the Managing Director may spend sums in assisting governments, at their request, in preparing applications to the SF.

Source: SF/L.26 Annex

STAFF LOAN COMMITTEE

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MEMORANDUM TO THE STAFF LOAN COMMITTEE

UN Special Fund

The attached report on the Third Session of the UN Special Fund's Governing Council is distributed for information.

Herbert G. A. Woolley
Secretary
Staff Loan Committee

December 17, 1959

3. Recommended Program

All delegates made "general observations" on the recommended program, most of them at length and with considerable repetition. The principal issues raised were the following:

(a) Relations of the Special Fund to EPTA. The Indian delegate, echoed by representatives of other underdeveloped countries, stressed that the function of the Special Fund should be clearly distinguished from those of EPTA, whereas the U.S., in particular, underlined their similarity.

(b) Establishment of Reserve Fund. The Indian delegate also made a strong pitch for establishment of a reserve fund, suggesting tentatively that $7\frac{1}{2}\%$ of total contributions be set aside for this purpose. Although the proposal and his explanation of it were pretty vague, his purpose was clearly to accumulate funds for capital investment. He denied any intention of introducing SUNFED in another form, but the discussion generally followed the lines of the Preparatory Commission debate around the SUNFED issue. All the Asian, African and Latin American delegates, and those of the USSR and Yugoslavia, supported the Indian line, some of them emphasizing that they were doing so on specific instructions from their governments. (The UAR delegate told me privately that he thought it was nonsense, and that they should all concentrate on making IDA an effective instrument.) The Soviet delegate said the reserve fund should be "the nucleus for the capital of SUNFED" and be used for investment in industries, so as to free the developing countries from reliance on private investment which reinforces foreign control of their economies. The other delegations avoided getting involved in the latter argument, but several of them made clear their desire to see some of the Special Fund resources used for investment, especially in industry.

The U.S. delegation, referring to the terms of Resolution 1240, pointed out that there had been no agreement to establish a fund for capital investment; a small reserve to even out year-to-year fluctuations would be another matter, he said, but needn't be faced at present since the Special Fund's commitments so far are still well below total pledges. He argued that setting up any substantial reserve would merely tie up resources and thus reduce the Special Fund's current programs. (Mr. Jha, the Indian delegate, suggested in rebuttal that the reserve be invested in short-term securities, that would increase its value by compound interest.) He said that if a reserve fund were established, with a view to undertaking capital investments, the U.S. would have to reconsider its position as regards future contributions. Canada, Japan and the Western European countries briefly stated their opposition to a reserve fund for capital investment and deplored the repetition of arguments that had been fully aired in the Preparatory Committee and other meetings. The Indian delegate

announced he would introduce a resolution on this subject, but had not done so by the time I left the meetings.

(c) Use of National Executing Agencies. The Indian delegation proposed that responsibility for the execution of some projects be assigned to national agencies of recipient countries. He was strongly supported by the USSR but by no one else. The Italian delegate suggested that national agencies of countries other than the recipients might be used (for example, an Italian agency for execution of a project in Somalia). Mr. Hoffman responded that Resolution 1240 clearly instructs him to use the Specialized Agencies where appropriate, but he underlined his desire to associate the recipient governments with the administration of projects as closely as possible.

(d) Criteria for Rejection of Projects. The Soviet delegate insisted the Governing Council should review the list of projects rejected by the Fund's Management, and the reasons therefor. This view was supported rather tentatively by Pakistan. Mr. Hoffman cited Article 36 of Resolution 1240 as permitting only general statements by the Management with regard to rejected applications, unless the Government in question should request an explanation or discussion of the matter; he stated his willingness to accede to any such request.

The Danish delegate thought the fact that some projects were rejected by the Special Fund as too small, but had apparently not been picked up by the EPTA, indicated a gap; she suggested that no project otherwise suitable for the Special Fund should be rejected on that ground alone unless other financing were available for it.

(e) Geographic Distribution. Most delegates seemed to consider the geographic range of recommended projects satisfactory, but a few expressed disappointment. Italy regretted that no projects had been recommended for Somalia. Argentina, supported by Chile, objected to the British West Indies and British Guiana being classed with Latin America, and thought Special Fund resources should preferably be reserved for independent countries; Ghana took strong issue with this view and the U.K. delegate called attention to the resolution on aid to non-self-governing territories.

(f) Amount of Contributions. Several delegates deplored the fact that pledges had fallen far short of the \$100 million goal. The delegate of Yugoslavia made a long and eloquent plea that resources now spent for arms be diverted to economic development, which was endorsed by several others. The Soviet delegate's claim that his country was doing more than any other to help underdeveloped countries caused the U.S. and U.K. delegations to suggest the USSR ought to increase its contribution to the Special Fund, to which the Russian replied in effect that the suggestion was out of order and anyway the Special Fund had not yet shown that

it deserved greater contributions.

I did not remain for the discussion of individual projects, all of which were ultimately approved.

Many of the delegations went out of their way to praise Mr. Hoffman personally and he seems to have made an excellent impression. His responses to questions and comments were as well received as could be expected, considering that he conceded nothing of substance to opposing viewpoints.

Attached is a list of the new projects approved by the Governing Council, on recommendation of the Managing Director. Taking account of these new commitments, the financial position of the Special Fund shapes up roughly as follows:

<u>Resources</u> ^{1/}	(millions of dollars)	
Pledges for 1959	25.8	
New pledges (to October 21, 1959)	<u>32.0</u> ^{2/}	57.8
<u>Allocations</u>		
Projects approved at 2nd Session	8.2 ^{3/}	
Projects approved at 3rd Session	23.7 ^{3/}	
Administrative budget, 1959	0.4	
Administrative budget, 1960	0.7	
Preparatory allocation for assistance to governments in preparing projects	<u>0.25</u>	<u>33.25</u>
Balance presumed available for future allocation		24.55

^{1/} Not including recipient governments' payments of local costs.

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Program Approved by the Third Session

<u>Country</u>	<u>Project</u>	<u>Amount Recommended \$</u>
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Ecuador	Pre-Colonization Survey	148,300
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India	Regional Labour Institutes	351,400
India	Power Engineering Research Institutes	1,953,800
Iran	Teheran Polytechnic	1,364,300
Israel	Central Meteorological Institute	314,300
Libya	Institute for Higher Technology	1,057,800
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Viet-Nam, Republic of	Mineral Survey	246,700
<u>Regional Projects</u>		
Cambodia, Laos, Thailand and Republic of Viet-Nam	(Lower Mekong River Basin) Survey of Four Tributaries	1,326,700
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	TOTAL	<u>\$23,710,910</u>

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Distribution of projects by subject is as follows:

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Fisheries	2	1,350,100
Meteorology	3	1,332,300
Mineral or Geological Surveys	3	2,819,600
Industrial Research Institutes	2	2,661,400
Vocational Training	4	2,364,800
University Technological Training	4	3,640,500
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Geographical Distribution is as follows:

	<u>No. of Projects</u>	<u>Total Amount Recommended</u> \$
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Asia and the Far East	9	8,448,150
Latin America	16	8,826,260
Middle East	3	2,151,000
	<u>31</u>	<u>23,710,910</u>

Mr. Richard H. Demuth

December 15, 1959

David L. Gordon *DLG*

Meeting of Special Fund Governing Council

The Third Session of the Special Fund's Governing Council, which I attended for the better part of two days last week (December 8 and 9), produced no great surprises. The main topics of discussion were as follows.

1. Administrative Budget

The Managing Director's estimates were accepted after a rather brief discussion. The U.S. delegate suggested that the increased number of D-1 posts was excessive. The Argentine delegate, supported by Peru and Chile, wanted more Latin Americans in the top staff. The delegate of the USSR also complained of insufficiently broad geographical representation; he said his Government had never been asked to recommend staff, although Soviet experts could contribute greatly to the efficiency of technical assistance and Special Fund operations. Mr. Hoffman, in response, insisted on the highest qualifications for his staff. He noted that of the 13 top posts only he himself had come from outside the UN framework, and that these 13 included 3 U.S. nationals, 3 from the U.K., 2 from the Netherlands, and one each from France, Canada, Peru, Australia and Jordan. The Argentine remained unconvinced.

2. Assistance to Governments in Preparation of Requests

All except the Soviet delegate endorsed such assistance, for which \$250,000 was recommended in the proposed budget, although several suggested that the problem might be met partly through a more precise statement of Special Fund operating principles and criteria and instructions for the preparation of projects, and through greater assistance to governments under the EPTA. The USSR delegate assailed the proposal as an evasion of normal budgetary review and control procedures and a diversion of \$250,000 from the needs of underdeveloped countries. He suggested that if adequate instructions were given by the Special Fund, the submissions made by sovereign states, produced in accordance with these instructions, should be given full faith and credit, eliminating the need for any elaborate machinery for preparing and reviewing projects. His view received no support. Mr. Hoffman emphasized that the plan was experimental and subject to review, and would not involve building up permanent staff, and it was approved.

3. Recommended Program

All delegates made "general observations" on the recommended program, most of them at length and with considerable repetition. The

principal issues raised were the following:

(a) Relation of the Special Fund to EPTA. The Indian delegate, echoed by representatives of other underdeveloped countries, stressed that the function of the Special Fund should be clearly distinguished from those of EPTA, whereas the U.S., in particular, underlined their similarity.

(b) Establishment of Reserve Fund. The Indian delegate also made a strong pitch for establishment of a reserve fund, suggesting tentatively that 7½% of total contributions be set aside for this purpose. Although the proposal and his explanation of it were pretty vague, his purpose was clearly to accumulate funds for capital investment. He denied any intention of introducing SUNFED in another form, but the discussion generally followed the lines of the Preparatory Commission debate around the SUNFED issue. All the Asian, African and Latin American delegates, and those of the USSR and Yugoslavia, supported the Indian line, some of them emphasizing that they were doing so on specific instructions from their governments. (The UAR delegate told me privately that he thought it was nonsense, and that they should all concentrate on making IDA an effective instrument.) The Soviet delegate said the reserve fund should be "the nucleus for the capital of SUNFED" and be used for investment in industries, so as to free the developing countries from reliance on private investment which reinforces foreign control of their economies. The other delegations avoided getting involved in the latter argument, but several of them made clear their desire to see some of the Special Fund resources used for investment, especially in industry.

The U.S. delegation, referring to the terms of Resolution 1240, pointed out that there had been no agreement to establish a fund for capital investment; a small reserve to even out year-to-year fluctuations would be another matter, he said, but needn't be faced at present since the Special Fund's commitments so far are still well below total pledges. He argued that setting up any substantial reserve would merely tie up resources and thus reduce the Special Fund's current programs (Mr. Jha, the Indian delegate, suggested in rebuttal that the reserve be invested in short-term securities, that would increase its value by compound interest). He said that if a reserve fund were established, with a view to undertaking capital investments, the U.S. would have to reconsider its position as regards future contributions. Canada, Japan and the Western European countries briefly stated their opposition to a reserve fund for capital investment and deplored the repetition of arguments that had been fully aired in the Preparatory Committee and other meetings. The Indian delegate announced he would introduce a resolution on this subject, but had not done so by the time I left the meetings.

(c) Use of National Executing Agencies. The Indian delegation proposed that responsibility for the execution of some projects be

assigned to national agencies of recipient countries. He was strongly supported by the USSR but by no one else. The Italian delegate suggested that national agencies of countries other than the recipients might be used (for example, an Italian agency for execution of a project in Somalia). Mr. Hoffman responded that Resolution 1240 clearly instructs him to use the Specialized Agencies where appropriate, but he underlined his desire to associate the recipient governments with the administration of projects as closely as possible.

(d) Criteria for Rejection of Projects. The Soviet delegate insisted the Governing Council should review the list of projects rejected by the Fund's Management, and the reasons therefor. This view was supported rather tentatively by Pakistan. Mr. Hoffman cited Article 36 of Resolution 1240 as permitting only general statements by the Management with regard to rejected applications, unless the Government in question should request an explanation or discussion of the matter; he stated his willingness to accede to any such request.

The Danish delegate thought the fact that some projects were rejected by the Special Fund as too small, but had apparently not been picked up by the EPTA, indicated a gap; she suggested that no project otherwise suitable for the Special Fund should be rejected on that ground alone unless other financing were available for it.

(e) Geographic Distribution. Most delegates seemed to consider the geographic range of recommended projects satisfactory, but a few expressed disappointment. Italy regretted that no projects had been recommended for Somalia. Argentina, supported by Chile, objected to the British West Indies and British Guiana being classed with Latin America, and thought Special Fund resources should preferably be reserved for independent countries; Ghana took strong issue with this view and the U.K. delegate called attention to the resolution on aid to non-self-governing territories.

(f) Amount of Contributions. Several delegates deplored the fact that pledges had fallen far short of the \$100 million goal. The delegate of Yugoslavia made a long and eloquent plea that resources now spent for arms be diverted to economic development, which was endorsed by several others. The Soviet delegate's claim that his country was doing more than any other to help underdeveloped countries caused the U.S. and U.K. delegations to suggest the USSR ought to increase its contribution to the Special Fund, to which the Russian replied in effect that the suggestion was out of order and anyway the Special Fund had not yet shown that it deserved greater contributions.

I did not remain for the discussion of individual projects, all of which were ultimately approved.

Many of the delegations went out of their way to praise Mr. Hoffman personally and he seems to have made an excellent impression. His responses to questions and comments were as well received as could be expected, considering that he conceded nothing of substance to opposing viewpoints.

Attached is a list of the new projects approved by the Governing Council, on recommendation of the Managing Director. Taking account of these new commitments, the financial position of the Special Fund shapes up roughly as follows:

Resources^{1/}

	(millions of dollars)	
Pledges for 1959	25.8	
New pledges (to Oct. 21, 1959)	<u>32.0</u> ^{2/}	57.8

Allocations

Projects approved at 2nd Session	8.2 ^{3/}	
Projects approved at 3rd Session	<u>23.7</u> ^{3/}	
Administrative budget, 1959	0.4	
Administrative budget, 1960	0.7	
Preparatory allocation for assistance to governments in preparing projects	<u>0.25</u>	<u>33.25</u>
Balance presumed available for future allocation		24.55

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INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT
INTERNATIONAL FINANCE CORPORATION

INCOMING WIRE

DATE OF WIRE: DECEMBER 10, 1959

WU 2.

ROUTING

TO: IBRD

ACTION COPY TO MR. DEMUTH

FROM: NEW YORK

INFORMATION COPY TO

Decoded By

TEXT:

DEMUTH GOVERNING COUNCIL TODAY APPROVED ALL PROJECTS RECOMMENDED BY
MANAGING DIRECTOR IN AMOUNTS SHOWN IN GOVERNING COUNCIL DOCUMENTS

DOHEN SPECFUNDNEWYORK

cc: T. A. & L.

DEC 11 10 34 AM 1959
ORIGINAL

INCOMING WIRE

ROUTING
ATTENTION TO MR. DUNN
ORIGINATOR
RECEIVED BY

DATE OF WIRE
TO
FROM

ALL INFORMATION CONTAINED HEREIN IS UNCLASSIFIED
DATE 10/10/01 BY 60322 UCBAW/STP

DEC 11 10 38 AM 1959

GENERAL FILES
CORRESPONDENCE

TYPED

UN Special fund

✓

Mr. Richard H. Demuth

December 11, 1959

A. Gasem Kheradjou

Request to U.N. Special Fund from Government of The Republic of China for
assistance in developing a Training and Research Center for Telecommunication
and Electronics

Reference is made to your memo, dated December 8, 1959. At the present time we have no information about the project nor have we any views about it which might be useful to the Special Fund.

AGKheradjou:bk1

No Standard Agreement
between UNSF and Bank.

checked with

H. Kelley
WHO has

2177

Confirmed 1970
11 Nov 4

ROUTING SLIP

Date

NAME

ROOM NO.

~~Mr. Broches~~
~~Mr. Fontaine (in return)~~
~~Open Files~~

Action

Note and File

Appropriate Disposition

Note and Return

Approval

Prepare Reply

Comment

Per Our Conversation

Full Report

Recommendation

Information

Signature

Initial

To Handle

RE KS

From **Richard H. Demuth**

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

OFFICE MEMORANDUM

TO: Files

FROM: Richard H. Demuth

SUBJECT: Standard Agreements -- U.N. Special Fund

DATE: December 7, 1959

Following receipt of the attached letter, I spoke to Mr. Arthur Lewis on the telephone and reminded him that it had been agreed earlier this year that no Standard Agreement would be negotiated between the Special Fund and the Bank covering projects for which we are Executing Agency. After checking with Mr. Hoffman,* Mr. Lewis agreed to proceed on this basis; Plan of Operation for each project will substitute for the Standard Agreement.

* and Mr. Myer Cohen

cc: Mr. Fontein

DEC 3 REC'D

SPECIAL FUND



FONDS SPECIAL

UNITED NATIONS
NEW YORK

TELEPHONE: PLAZA 4-1234

CABLE ADDRESS: SPECFUND NEW YORK

REFERENCE: SF 331 IBRD

2 December 1959

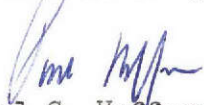
Dear Gene,

.....
.....
I am attaching two copies of a draft Agreement which has been signed with the Agencies in the United Nations family which are serving as Executing Agencies for Special Fund projects. Attached also are copies of the Standard Agreement being negotiated with Governments for whom projects have been approved by the Governing Council.

In order to expedite the implementation of the Argentine Power Survey, we agreed to postpone the signature of the usual Agreements and proceeded with interim Agreements.

Since the International Bank for Reconstruction and Development is serving as Executing Agency for three projects in addition to the Argentine Power Survey, I would like to propose that an Agreement of the type referred to in my first sentence above be concluded between our Organizations at an early date.

Yours sincerely,


Paul G. Hoffman,
Managing Director

Mr. Eugene R. Black,
President
International Bank for Reconstruction
and Development
1818 H Street, N. W.
Washington 25, D. C.

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UNITED STATES
BANK MAIL ROOM

WASHINGTON 5 0 0



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DEC 3 1959



15 June 1959

Draft Agreement between the United Nations Special
Fund and the Government of _____ concerning
assistance from the Special Fund

WHEREAS the Government of _____ has requested assistance from the United Nations Special Fund in accordance with resolution 1240 (XIII) of the General Assembly of the United Nations;

WHEREAS the Special Fund is prepared to provide the Government with such assistance for the purpose of promoting social progress and better standards of life and advancing the economic, social and technical development of

_____;

NOW THEREFORE the Government and the Special Fund have entered into this Agreement in a spirit of friendly co-operation.

Article I

Assistance to be provided by the Special Fund

1. This Agreement embodies the conditions under which the Special Fund shall provide the Government with assistance and also lays down the basic conditions under which projects will be executed.
2. A Plan of Operation for each project shall be agreed to in writing by the Government, the Special Fund and the Executing Agency. The terms of this Agreement shall apply to each Plan of Operation. *which governs?*
3. The Special Fund undertakes to make available such sums as may be specified in each Plan of Operation for the execution of projects described therein, in accordance with the relevant and applicable resolutions and decisions of the appropriate United Nations organs, in particular resolution 1240 (XIII) of the General Assembly, and (subject to the availability of funds.)

in respect of such project

4. Compliance by the Government with any prior obligations specified in each Plan of Operation as necessary for the execution of a project shall be a condition of performance by the Special Fund and by the Executing Agency of their responsibilities under this Agreement. In case execution of a project is commenced before compliance by the Government with any related prior obligations, such execution may be terminated or suspended at the discretion of the Special Fund. *Prior to the performance compliance by the Gov. with such obligations.*

Article II

Execution of Project

1. The Parties hereby agree that each project shall be executed or administered on behalf of the Special Fund by an Executing Agency, to which the sums referred to in Article I above shall be disbursed by agreement between the Special Fund and such Executing Agency.

2. The Government agrees that an Executing Agency, in carrying out a project, shall have the status, vis-à-vis the Special Fund, of an independent contractor. Accordingly, the Special Fund shall not be liable for the acts or omissions of the Executing Agency or of persons performing services on its behalf. The Executing Agency shall not be liable for the acts or omissions of the Special Fund or of persons performing services on behalf of the Special Fund.

3. Any agreement between the Government and an Executing Agency concerning the execution of a Special Fund project shall be subject to the provisions of this Agreement and shall require the prior concurrence of the Managing Director.

4. Any equipment, materials, supplies and other property belonging to the Special Fund or an Executing Agency which may be utilized or provided by either or both in the execution of a project shall remain their property unless and until such time as title thereto may be transferred to the Government on terms and conditions mutually agreed upon between the Government and the Special Fund or the Executing Agency concerned.

Article III

Information concerning Project

1. The Government shall furnish the Special Fund with such relevant documents, accounts, records, statements and other information as the Special Fund may

request concerning the execution of any project or its continued feasibility and soundness, or concerning the compliance by the Government with any of its responsibilities under this Agreement.

2. The Special Fund undertakes that the Government will be kept currently informed of the progress of operations on projects executed under this Agreement. Either Party shall have the right, at any time, to observe the progress of any operations carried out under this Agreement.

3. The Government shall, subsequent to the completion of a project, make available to the Special Fund at its request information as to benefits derived from and activities undertaken to further the purposes of that project, and will permit observation by the Special Fund for this purpose.

4. The Government will also make available to the Executing Agency all information concerning a project necessary or appropriate to the execution of that project, and all information necessary or appropriate to an evaluation, after its completion, of the benefits derived from and activities undertaken to further the purpose of that project.

5. The Parties shall consult each other regarding the publication as appropriate of any information relating to any project or to benefits derived therefrom.

Article IV

Participation and contribution of Government in execution of project

1. The Government shall participate and co-operate in the execution of the projects covered by this Agreement. It shall, in particular, perform all the acts required of it in each Plan of Operation, including the provision of materials, equipment, supplies, labour and professional services available within the country.

2. If so provided in the Plan of Operation, the Government shall pay, or arrange to have paid, to the Special Fund the sums required, to the extent specified in the Plan of Operation, for the provision of labour, materials, equipment and supplies available within the country.

3. Moneys paid to the Special Fund in accordance with the preceding paragraph shall be paid to an account designated for this purpose by the Secretary-General of the United Nations and shall be administered in accordance with the applicable financial regulations of the Special Fund.

4. Any moneys remaining to the credit of the account designated in the preceding paragraph at the time of the completion of the project in accordance with the

Plan of Operation shall be repaid to the Government after provision has been made for any unliquidated obligations in existence at the time of the completion of the project.

5. The Government shall as appropriate display suitable signs at each project identifying such project as one assisted by the Special Fund and the Executing Agency.

Article V

Local facilities to be provided by the Government to the Special Fund and the Executing Agency

1. In addition to the payment referred to in Article IV, paragraph 2, above, the Government shall assist the Special Fund and the Executing Agency in executing any project by paying or arranging to pay for the following local facilities required to fulfil the programme of work specified in the Plan of Operations:

- (a) The local living costs of experts and other personnel assigned by the Special Fund or the Executing Agency to the country under this Agreement, as shall be specified in the Plan of Operation;
- (b) Local administrative and clerical services, including the necessary local secretarial help, interpreter-translators, and related assistance;
- (c) Transportation of personnel, supplies and equipment within the country;
- (d) Postage and telecommunications for official purposes;
- (e) Any sums which the Government is required to pay under Article VIII, paragraph 5 below.

2. Moneys paid under the provisions of this Article shall be paid to the Special Fund and shall be administered in accordance with Article IV, paragraphs 3 and 4.

3. Any of the local services and facilities referred to in paragraph 1 above in respect of which payment is not made by the Government to the Special Fund shall be furnished in kind by the Government to the extent specified in the Plan of Operation.

4. The Government also undertakes to furnish in kind the following local services and facilities:

- (a) The necessary office space and other premises;
- (b) Appropriate medical facilities and services for international personnel engaged in the project.

5. The Government undertakes to provide such assistance as it may be in a position to provide for the purpose of finding suitable housing accommodation for international personnel assigned to the country under this Agreement.

Article VI

Relation to assistance from other sources

In the event that assistance towards the execution of a project is obtained by either Party from other sources, the Parties shall consult each other and the Executing Agency with a view to effective co-ordination and utilization of assistance received by the Government from all sources. The obligations of the Government hereunder shall not be modified by any arrangements with other entities co-operating with the Government in the execution of a project.

Article VII

Use of assistance

The Government shall exert its best efforts to make the most effective use of the assistance provided by the Special Fund and the Executing Agency and shall use such assistance for the purpose for which it is intended. The Government shall take such steps to this end as are specified in the Plan of Operation.

Article VIII

Facilities, privileges and immunities

1. The Government shall apply to the United Nations and its organs, including the Special Fund, its property, funds and assets, and to its officials, the provisions of the Convention on the Privileges and Immunities of the United Nations.
2. The Government shall apply to each Specialized Agency acting as an Executing Agency, its property, funds and assets and to its officials, the provisions of the Convention on the Privileges and Immunities of the Specialized Agencies including any Annex to the Convention applicable to such Specialized Agency. In case the International Atomic Energy Agency acts as an Executing Agency, the Government shall apply to its property, funds and assets and to its officials, the Agreement on the Privileges and Immunities of the International Atomic Energy Agency or, in the absence of such Agreement, the Convention on the Privileges and Immunities of the United Nations.^{1/}
3. In appropriate cases where required by the nature of the project, the Government and the Special Fund may agree that immunities similar to those specified in the Convention on the Privileges and Immunities of the United Nations and the Convention on the Privileges and Immunities of the Specialized Agencies shall be granted by the Government to a firm or organization, and to the personnel of any firm or organization, which may be retained by either the Special Fund or an Executing Agency to execute or to assist in the execution of a project. Such immunities shall be specified in the Plan of Operation relating to the project concerned.

^{1/} Provisional text, subject to revision after consultation with International Atomic Energy Agency.

4. The Government shall take any measures which may be necessary to exempt the Special Fund and any Executing Agency and their officials and other persons performing services on their behalf from regulations or other legal provisions which may interfere with operations under this Agreement, and shall grant them such other facilities as may be necessary for the speedy and efficient execution of projects. It shall, in particular, grant them the following rights and facilities:

- (a) the prompt issuance without cost of necessary visas, licences or permits;
- (b) access to the site of work and all necessary rights of way;
- (c) free movement, whether within or to or from the country, to the extent necessary for proper execution of the project;
- (d) the most favourable legal rate of exchange;
- (e) any permits necessary for the importation of equipment, materials and supplies in connexion with this Agreement and for their subsequent exportation; and
- (f) any permits necessary for importation of property belonging to and intended for the personal use or consumption of officials of the Special Fund or of an Executing Agency, or other persons performing services on their behalf, and for the subsequent exportation of such property.

5. In cases where a Plan of Operation so provides the Government shall either exempt from or bear the cost of any taxes, duties, fees or levies which may be imposed on any firm or organization which may be retained by an Executing Agency or by the Special Fund and the personnel of any firm or organization in respect of:

- (a) the salaries or wages earned by such personnel in the execution of the project;
- (b) any equipment, materials and supplies brought into the country in connexion with this Agreement or which, after having been brought into the country, may be subsequently withdrawn therefrom; and
- (c) any property brought by the firm or organization or its personnel for their personal use or consumption or which, after having been brought into the country, may subsequently be withdrawn therefrom upon departure of such personnel.

6. The Government shall be responsible for dealing with any claims which may be brought by third parties against the Special Fund or an Executing Agency, against the personnel of either, or against other persons performing services on behalf of either under this Agreement, and shall hold the Special Fund, the Executing Agency concerned and the above-mentioned persons harmless in case of any claims or liabilities resulting from operations under this Agreement, except where it is agreed by the Parties hereto and the Executing Agency that such claims or liabilities arise from the gross negligence or wilful misconduct of such persons.

Article IX

Settlement of disputes

Any dispute between the Special Fund and the Government arising out of or relating to this Agreement which cannot be settled by negotiation or other agreed mode of settlement shall be submitted to arbitration at the request of either Party. Each Party shall appoint one arbitrator, and the two arbitrators so appointed shall appoint the third, who shall be the chairman. If within thirty days of the request for arbitration either Party has not appointed an arbitrator or if within fifteen days of the appointment of two arbitrators the third arbitrator has not been appointed, either Party may request the President of the International Court of Justice to appoint an arbitrator. The procedure of the arbitration shall be fixed by the arbitrators, and the expenses of the arbitration shall be borne by the Parties as assessed by the arbitrators. The arbitral award shall contain a statement of the reasons on which it is based and shall be accepted by the Parties as the final adjudication of the dispute.

Still does not include dispute between E.A. + Govt.

Article X

General Provisions

1. This Agreement shall enter into force upon signature, and shall continue in force until terminated under paragraph 3 below.
2. This Agreement may be modified by written agreement between the Parties hereto. Any relevant matter for which no provision is made in this Agreement

shall be settled by the Parties in keeping with the relevant resolutions and decisions of the appropriate organs of the United Nations. Each Party shall give full and sympathetic consideration to any proposal advanced by the other Party under this paragraph.

3. This Agreement may be terminated by either Party by written notice to the other and shall terminate sixty days after receipt of such notice.

4. The obligations assumed by the Parties under Articles III, IV and VII shall survive the expiration or termination of this Agreement. The obligations assumed by the Government under Article VIII hereof shall survive the expiration or termination of this Agreement to the extent necessary to permit orderly withdrawal of personnel, funds and property of the Special Fund and of any Executing Agency, or of any firm or organization retained by either of them to assist in the execution of a project.

IN WITNESS WHEREOF the undersigned, duly appointed representatives of the Special Fund and of the Government, respectively, have on behalf of the Parties signed the present Agreement at _____ this _____ day of _____.

For the Special Fund:

For the Government:

Managing Director,
Special Fund



15 June 1959

Draft Agreement between the United Nations Special
Fund and the _____ concerning the
execution of Special Fund projects

WHEREAS the United Nations Special Fund, on the basis of resolution 1240 (XIII) of the General Assembly, has agreed to provide certain Governments with assistance in carrying out projects for the purpose of promoting social progress and better standards of life and advancing the economic, social and technical development of peoples;

WHEREAS the Managing Director of the Special Fund desires to obtain the services of the _____ (hereinafter referred to as the Executing Agency) to execute certain projects;

WHEREAS resolution 1240 (XIII) of the General Assembly provides that the Managing Director of the Special Fund shall establish and maintain close and continuing working relationships with the Specialized Agencies and the International Atomic Energy Agency concerned with those fields of activity in which the Special Fund will operate and that projects shall be executed, whenever possible, by the Specialized Agencies or the International Atomic Energy Agency concerned; and

WHEREAS the Governing Body of the Executing Agency has agreed to co-operate with the Special Fund on this basis;

NOW THEREFORE the Managing Director of the Special Fund and the Executive Head of the Executing Agency have agreed as follows:

Article I

Performance of work by Executing Agency

1. The Executing Agency agrees to carry out each project in accordance with a Plan of Operation which shall be agreed to by the Special Fund, the Government and the Executing Agency. The terms of this Agreement shall apply to each Plan of Operation.

2. The Executing Agency shall commence execution of each project upon receipt of written authorization to do so from the Managing Director. If the Managing Director, after consultation with the Executing Agency, considers it to be necessary to suspend the execution of the project, he shall so notify the Executing Agency which shall thereupon suspend forthwith all further operations, after which discussion will be entered into as to future action.

Article II

Conclusion of agreement with Governments

1. The Special Fund will enter into an agreement with each Government at whose request a project is undertaken by the Executing Agency in terms substantially similar to those set forth in the Appendix to this Agreement.^{1/} Any substantial variation of these terms directly affecting the Executing Agency will be applicable to it only with its concurrence.
2. The Executing Agency may enter into an agreement with a Government consistent with the terms hereof concerning the execution of a project. Any such agreement shall be subject to provisions of the Agreement referred to in the preceding paragraph and shall require the prior concurrence of the Managing Director.

Article III

Executing Agency's Status in carrying out projects

The Executing Agency shall have the status vis-à-vis the Special Fund of an independent contractor, and its personnel shall not be considered as staff members or agents of the Special Fund. Without restricting the generality of the preceding sentence, the Special Fund shall not be liable for the acts or omissions of the Executing Agency or of persons performing services on behalf of the Executing Agency. The Executing Agency shall not be liable for the acts or omissions of the Special Fund or of persons performing services on behalf of the Special Fund.

^{1/} This Appendix would contain the text of the Agreement with recipient Governments.

Article IV

Information regarding projects

1. The Managing Director of the Special Fund and the Government shall have the right to observe at any time the progress of any operations carried out by the Executing Agency under this Agreement, and the Executing Agency shall afford full facilities to the Managing Director and the Government for this purpose.
2. The Managing Director of the Special Fund shall have the right to be furnished with such written information on any project as he may require, including supporting documentation of the kind mentioned in Article VII below.
3. The Managing Director of the Special Fund shall supply to the Executing Agency all appropriate information becoming available to him in connexion with any operations carried out by the Executing Agency under this Agreement.

Article V

Costs of projects

1. The Executing Agency agrees to perform, without charge to the Special Fund, such part of each project as it may be in a position to undertake without any clearly identifiable additional expense to itself.
2. Each Plan of Operation shall include:
 - (a) a project budget in which operations shall be shown chronologically in stages, with estimates of anticipated obligations and cash disbursements shown separately for each stage;
 - (b) if required, a budget of other expenses necessarily and reasonably estimated to be incurred by the Executing Agency in the executing of projects in an amount to be mutually agreed by the Special Fund and the Executing Agency after taking account of such facilities as the Executing Agency may be in a position to provide without charge.
3. The estimates to be included in the budgets referred to in the preceding paragraph shall cover all the cash expenditures to be made by the Executing Agency.

Article VI

Manner of payment

1. The Managing Director of the Special Fund shall notify to the Executing Agency earmarkings within the budgetary authorizations included in the Plan of

Operation. Such earmarkings shall constitute the financial authority for an Executing Agency to incur obligations and expenditure in respect of a project in accordance with the Plan of Operation and the budgetary provisions contained therein.

2. In making the earmarkings, the Managing Director shall take account of the operational stages specified in the Plan of Operation and the extent to which the Plan of Operation requires the incurring of obligations going beyond any particular operational stage.

3. The earmarkings made by the Managing Director shall so far as the Executing Agency is concerned, not be related to any particular category of income received by the Special Fund.

4. The Managing Director shall arrange for cash remittances to the Executing Agency as required by the Executing Agency for the purpose of covering cash disbursements arising out of obligations incurred within the limit of earmarkings notified by the Managing Director.

5. The accounts of a project shall be closed as soon as practicable, but normally within twelve months after the completion of the programme of work set out in the Plan of Operation, and earmarkings not utilized shall then lapse. In agreement with the Managing Director provision shall be made for unliquidated obligations valid at the closing of the accounts.

Article VII

Records, Accounts, Vouchers

1. The Executing Agency shall maintain accounts, records and supporting documentation relating to operations under this Agreement in accordance with its financial regulations and rules in so far as applicable.

2. The Executing Agency shall furnish to the Special Fund periodical reports on the financial situation of the operations as such times and in such form as may be agreed by the Managing Director and the Executive Head.

3. The External Auditor of the Executing Agency shall examine and report upon the Executing Agency's accounts and records relating to operations under this Agreement.

4. The planning of external audits and co-ordination between external audits of a project shall be effected through the Joint Panel of External Auditors of the United Nations and Specialized Agencies.

5. Without restricting the generality of paragraph 3 above, the Executing Agency shall submit to the Managing Director of the Special Fund audited statements of accounts as soon as possible after the close of each financial period and as soon as practical after the completion of a project together with the External Auditor's Reports thereon.

Article VIII

Expenses of Preparation of Projects

1. The Managing Director will defray to the Executing Agency clearly identifiable additional expenses incurred by the Executing Agency with the prior consent of the Managing Director during the examination of requests from Governments and the preparation of projects.

2. The Managing Director may authorize the incurring of commitments in respect of a project approved by the Governing Council but for which a Plan of Operation has not yet been agreed.

Article IX

Currency and rates of exchange

1. The Managing Director and the Executing Agency shall consult each other regarding the use of currencies available to them, with a view to the effective utilization of such currencies.

2. The Managing Director of the Special Fund may establish operational rates of exchange for transactions between the Special Fund and the Executing Agency under this Agreement. Such rates of exchange may be revised by the Managing Director in accordance with the Financial Regulations of the Special Fund.

Article X

Revision of financial arrangements

Without prejudice to obligations already incurred by the Executing Agency, the Managing Director of the Special Fund may, in agreement with the Government

and the Executing Agency, adjust the main categories of expenditure within a Project Budget (viz. experts, fellowships, equipment) within the total approved therefor by the Governing Council of the Special Fund and may otherwise revise the financial arrangements for a project. Within the total budget approved for each project by the Governing Council, the Executing Agency may in accordance with operational necessity adjust any main category of expenditure by not more than 5 per cent thereof. Subject to the foregoing limitation, the Executing Agency may make any necessary detailed adjustments.

Article XI

Immunities of Subcontractor

In the event that the Executing Agency retains the services of any firm or organization to assist it in the execution of any project, the privileges and immunities to which such firm or organization and its personnel may be entitled under any agreement between the Special Fund and a Government may be waived by the Executive Head of the Executing Agency where in his opinion the immunity would impede the course of justice and can be waived without prejudice to the successful completion of the project concerned or to the interests of the Special Fund or the Executing Agency; the Executive Head of the Executing Agency will waive such immunity in any case in which the Managing Director of the Special Fund so requests.

Article XII

General Provisions

1. This Agreement shall enter into force upon signature, and shall continue in force until terminated under paragraph 3 below.
2. This Agreement may be modified by written agreement between the Parties hereto. Any relevant matter for which no provision is made in this Agreement shall be settled by the Parties in keeping with the relevant resolutions and decisions of the appropriate organs of the United Nations. Each Party shall give full and sympathetic consideration to any proposal advanced by the other Party under this paragraph.
3. This Agreement may be terminated by either Party by written notice to the other and shall terminate sixty days after receipt of such notice.

4. The provisions of Articles IV through VII, inclusive, of this Agreement shall survive its expiration or termination to the extent necessary to permit an orderly settlement of accounts between the Parties and, if appropriate, with the Government.

IN WITNESS WHEREOF the undersigned, duly appointed representatives of the Special Fund and of the Executing Agency, respectively, have on behalf of the Parties signed the present Agreement at _____ this day of _____.

For the Special Fund:

For the Executing Agency:

Managing Director,
Special Fund

Executive Head,
Specialized Agency^{*/}

*/ Or International Atomic Energy Agency.

in Special Fund.

Your ref.: SF 310 GEN

November 30, 1959

Mr. W. Arthur Lewis
Deputy Managing Director
Special Fund
United Nations
New York, New York

Dear Mr. Lewis:

I am replying to your letter of November 10, enclosing for our comments a draft memorandum on "substantive" reporting on Special Fund projects.

My general reaction, which is shared by a number of my colleagues in the Bank, is that the proposed reporting requirements, however reasonable in their purpose, are likely to be unduly rigid as applied to the very wide range of projects of different kinds that the Special Fund will be financing. The Bank will, of course, keep the Special Fund fully informed of developments relating to the specific projects for which we accept responsibility as Executing Agency; and we would expect to make an annual report of a more formal character, covering the general subject matter listed in paragraph 7 of your draft, as well as a final report at the conclusion of the project. With regard to other formal reports, as distinct from ad hoc communications and informal contacts, we believe their frequency and content should depend on the nature and needs of the particular project and be specified in the Plan of Operation (as is contemplated, in any case, in your paragraph 4) rather than forcing each project into a standard pattern.

Your paragraph 5, for example, would call for an "inception report" to be submitted "two months after field operations

have started." This seems a little ambiguous. Is the start of "field operations" meant to refer to the initial despatch of our representative to the field, or the signing of a contract with consultants, or the arrival of their first technician at his post, or the start of (say) a model test, or the formal opening of a technical institute, or what? In fact, the most desirable timing for an initial report might well vary considerably among these different types of projects. It would seem preferable that the Plan of Operation stipulate in each case when the first, and at what intervals subsequent, reports should be made and what they should contain.

I would suggest therefore,

- (a) that the first sentence of paragraph 4 be advanced to become the second sentence of paragraph 2;
- (b) that paragraph 3 be revised to read: ". . . will consist usually of an inception report, an annual report and a final report. Other periodic reports may be stipulated by agreement in the Plan of Operation";
- (c) that a sentence be added to paragraph 4 along the following lines: "They may, however, incorporate pertinent excerpts from the reports made by consultants or interested government agencies." (It is likely in practice that these reports will be compiled in large part by the consultants, and it should be made clear that the necessary underlining of their confidential character would not preclude this.);
- (d) that paragraph 5 be amended to read, "As soon as possible after its initiation, within the period specified in the Plan of Operation, a report will be supplied to the Managing Director on the inception of the project";
- (e) that a new paragraph be substituted for paragraphs 8 and 9, along the following lines: "Other reports, on the same topics but much briefer, may be stipulated by agreement in the Plan of Operation. Such reports, if required, may cover a specified period of time, or a specified phase of operations under the project."

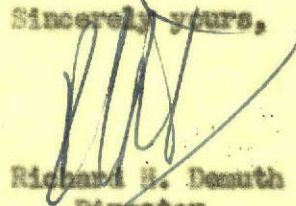
I would emphasize again our intention in any event, regardless of what formal reports are agreed upon for a particular project, to keep you informed of developments as the case requires. I believe our respective headquarters are close enough together to

- 3 -

permit easy contact whenever it is necessary.

With best personal regards,

Sincerely yours,


Richard H. Demuth
Director

Technical Assistance and Liaison Staff


RHD:DLG:mo
cc: Central files

ROUTING SLIP

Date

Nov. 24

OFFICE OF THE PRESIDENT

NAME

ROOM NO.

~~Mr. Roosevelt~~

[Handwritten initials]

~~Mr. Lopez de Letona~~

Files

P-100

Action

Note and File

Approval

Note and Return

Comment

Prepare Reply

Full Report

Previous Papers

Information

Recommendation

Initial

Signature

Remarks

From

November 23, 1959

Dear Paul:

I found your letter of November 6th
waiting for me on my return from South
America. I will be glad to accept the
invitation to participate in the third
meeting of the Consultative Board at
10:00 a.m. on February 12, 1960 at
United Nations Headquarters.

Sincerely yours,

15/ Gene

Mr. Paul G. Hoffman
Managing Director
Special Fund
United Nations
New York, N.Y.

cml

Mr. Richard H. Demuth

November 19, 1959

I. P. M. Cargill

Mineral Survey - Philippines

Nat send files
I refer to the request made by the Philippine Government to the United Nations' Special Fund for assistance in a mineral survey as outlined in the attached summary dated September 23, 1959.

We have no comments to make at this time since we have no information on this project. However, Mr. John Edelman, who is now in the Philippines, has this request in mind and will attempt to gather some information about it while he is there. If in the light of this information we form any views I shall be glad to pass them on to you.



ODajany/bw

Mr. David L. Gordon

November 19, 1959

I.P.M. Cargill

Special Fund -- Reporting by Executing Agency

It is of course clearly understood that we will keep the UN Special Fund fully informed of all developments relating to the siltation survey. However, I would not be prepared to accept the highly complicated proposals made by them without further consideration, and I think the first sentence of paragraph 4 should take care of this. The reporting date of course would have to vary with the nature of each project, and we are once again confronted with the Special Fund's constant desire to have uniform regulations for people who are working for them. I am in particular extremely doubtful whether we shall in due course agree to an inception report of the kind mentioned in paragraph 5. I suppose that the Annual Report is the minimum we can offer but whether there should be reports at more frequent intervals in view of the fact that we will be reporting in any case as the case demands is something I doubt. Paragraph 7 is interesting as an indication of the topics on which the Special Fund wishes to be informed but this again can be discussed in detail when we have our plan of operations. I don't think that paragraphs 10., 11., and 12 call for any comments.

IPMCargill/ts

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

Special Fund

OFFICE MEMORANDUM

TO: I.P.M. Cargill

DATE: November 13, 1959

FROM: W.D.S. Fraser *Wf*

SUBJECT: Special Fund Reporting

1. It seems to me from the draft memorandum that the UN Special Fund expects too much in the way of reports from an Executing Agency. If the Managing Director assumes that each Executing Agency will inform him promptly and in detail of any special difficulties or developments that may arise over the implementation of projects (see para. 2), surely the so-called "Inception Report" and "Mid-year Report" could be dispensed with. An Annual Report and a Final Report should be enough.

2. As an Executing Agency the Bank will presumably carry out end-use inspections and receive progress reports in the same way that it does under loan projects. Copies of the end-use reports, which could constitute an Annual Report, and the progress report summaries prepared by TOD should keep the Special Fund happy. Anything more in the way of reports would unduly increase the workload in the Bank.

ROUTING SLIP		Date November 12/59	
NAME		ROOM NO.	
Europe, Africa and Australasia		813	
Far East		614 ✓	
South Asia and Middle East		600	
Western Hemisphere		513	
Technical Operations		308	
	Action		Note and File
	Appropriate Disposition		Note and Return
	Approval		Prepare Reply
x	Comment		Per Our Conversation
	Full Report		Recommendation
	Information		Signature
	Initial		To Handle
REMARKS The Special Fund has prepared the attached memorandum with regard to reporting on projects and has asked for any comments that the Bank may wish to make. Please let me have, by November 20, any reactions that you think we should communicate to the Special Fund. <i>Mr FRASER - any comments?</i> <i>See memo to Mr. Carrill & Gordon 11/13/59</i>			
From		David L. Gordon <i>DS</i>	

Spec Fund

DRAFT MEMORANDUM

Reporting on Projects

1. This memorandum describes the content of "substantive" reports and their frequency; financial accounting reports will be the subject of a separate note.

I. Reports from the Executing Agency

2. The Managing Director requires individual periodic reports from Executing Agencies on each project for which they act as Executing Agency. Such reports are not intended to serve as a substitute for the continuing day-to-day correspondence between the Special Fund and its Executing Agencies, nor for ad hoc reports that may be necessary. The Managing Director assumes that each Executing Agency will inform him promptly and in detail of any special difficulties or developments that may arise over the implementation of projects.

3. Reports from an Executing Agency on a project will consist usually of an inception report, an annual report, a mid-year report and a final report.

4. The Plan of Operation for each project will stipulate what reports are required. They should be sent in triplicate to the Special Fund. As these reports are for the exclusive use of the Special Fund their preparation is the exclusive concern of the Executing Agency and they should not be shown to anyone outside the Executing Agency or the Special Fund.

A. Inception Report

5. Two months after field operations have started a report will be supplied to the Managing Director on the inception of the project. From this report, the Managing Director should be able to tell whether the project has been successfully launched and, if not, what special teething troubles are occurring.

B. Annual Reports

6. With the exception of projects of short duration, or which have just started, an annual report will be submitted to the Managing Director. It should reach the Special Fund not later than 1 February and should contain an evaluation of the project for the previous calendar year.

7. The Annual Report should include statements on:

- (a) Actual work accomplished in relation to the Plan of Operation. Information as to whether or not the work was progressing on schedule should be included in this section.
- (b) Nature and source of problems and difficulties encountered and the manner in which they had been or should be resolved.
- (c) Names of experts on the job and changes, if any, in their duties, etc.
- (d) Equipment. Where the project calls for procurement of equipment, the action in regard to its procurement, installation, etc., during the period under review should be indicated, if not already covered in (a) above.
- (e) Government participation. This section should contain an evaluation of the extent of participation and co-operation of the recipient government.
- (f) Sub-contracts, where applicable.
- (g) Staff facilities, etc. Only matters which may seriously interfere with the proper execution of the project should be reported under this heading in connexion with personnel, housing, medical facilities, food supplies, transportation, etc.
- (h) Financial data. Summary figures of expenditures under broad headings, e.g., salaries, equipment, transportation, etc. This information is intended to serve as quantitative framework against which the Special Fund may evaluate the overall progress of the project: it is not meant to be a "financial accounting" in the customary sense of the term.
- (i) Broad evaluation of progress of the project.

8. Mid-Year Report

8. With the exception of projects of short duration, or which have just started, a mid-year report will be submitted to the Managing Director, by 1 August, covering the work up to 30 June for that year. While being much briefer, the mid-year report should cover the same topics as the annual report.

9. For some projects, it may be more suitable to have a special end-of-phase report instead of the mid-year or the annual report.

D. Final Report

10. A final report should contain in addition to a narrative on the work performed, a thorough evaluation of the project. Specifically, it should state how the project was carried out in relation to the Plan of Operation; what went right and what went wrong; and what may be expected to result from it in terms of economic growth, investment, etc. The report should contain recommendations on the future course of action to be taken by the Government where the project has a continuing element.

II. Reports to the Government

11. For certain projects, a Government may require periodic reports of a kind described in this memorandum. When this is the case, the Plan of Operation will stipulate how often such reports should be supplied. Normally, the Special Fund will submit to the Government any such reports required by it on projects. Should, in exceptional cases, reports be submitted by the Executing Agency, prior clearance of the Report by the Special Fund should be obtained.

III. Reports from Resident Representatives

12. The Resident Representative will not be expected to report periodically on specific projects. He will, however, be required to submit to the Managing Director a semi-annual report on the position of the Special Fund in his area, the attitude of the Government and public opinion towards the Special Fund and the projects financed by it. He will also take this opportunity to inform the Managing Director of possible future requests to the Special Fund. His Report should include any suggestions he may have for improving Special Fund practices and procedures. It should be brief, normally not more than two or three pages.

9 November 1959.

on Special Fund

SPECIAL FUND



FONDS SPECIAL

UNITED NATIONS
NEW YORK

TELEPHONE: PLAZA 4-1234

CABLE ADDRESS: SPECFUND NEW YORK

REFERENCE: SF 310 GEN

10 November 1959

Dear Mr. Demuth,

The Managing Director has been giving thought to kinds of reports which we shall need on Special Fund projects, for his own information, for the Governing Council, for the Governments concerned, and for publicity purposes.

.....

We have drafted the enclosed memorandum, and shall be pleased to receive your comments at your early convenience.

Yours sincerely,

A handwritten signature in dark ink, appearing to read "W. A. Lewis".

W. A. Lewis
Deputy Managing Director

Ack: Nov 30/59

Handwritten initials in blue ink, possibly "L" and "OS".

Mr. Richard H. Demuth, Director
Technical Assistance and Liaison Office
International Bank for Reconstruction
and Development
1818 H Street, N.W.
Washington 25, D. C.

ack. Nov. 30

FONDS SPECIAL



SPECIAL FUND

UNITED NATIONS
NEW YORK

CABLE ADDRESS: SPECIAL FUND NEW YORK

TELEPHONE: PLAZA 4-1234

10 November 1959

ST 310 GEN

REFERENCE

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Yours sincerely,


W. A. Lewis
Deputy Managing Director

Mr. Richard H. Demuth, Director
Technical Assistance and Liaison Office
International Bank for Reconstruction
and Development
1818 H Street, N.W.
Washington 25, D. C. 20540
NOV 12 1959
RECEIVED

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DRAFT MEMORANDUM

Reporting on Projects

1. This memorandum describes the content of "substantive" reports and their frequency; financial accounting reports will be the subject of a separate note.

I. Reports from the Executing Agency

2. The Managing Director requires individual periodic reports from Executing Agencies on each project for which they act as Executing Agency. Such reports are not intended to serve as a substitute for the continuing day-to-day correspondence between the Special Fund and its Executing Agencies, nor for ad hoc reports that may be necessary. The Managing Director assumes that each Executing Agency will inform him promptly and in detail of any special difficulties or developments that may arise over the implementation of projects.

3. Reports from an Executing Agency on a project will consist usually of an inception report, an annual report, a mid-year report and a final report. *Revise*

4. The Plan of Operation for each project will stipulate what reports are required. *Reports* They should be sent in triplicate to the Special Fund. As these reports are for the exclusive use of the Special Fund their preparation is the exclusive concern of the Executing Agency and they should not be shown to anyone outside the Executing Agency or the Special Fund. *They may, however, incorporate pertinent excerpts from reports by consultants.*

A. Inception Report

5. Two months after field operations have started a report will be supplied to the Managing Director on the inception of the project. From this report, the Managing Director should be able to tell whether the project has been successfully launched and, if not, what special teething troubles are occurring. *Revise*

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Move up

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9 November 1959.

SPECIAL FUND



FONDS SPECIAL

UNITED NATIONS
NEW YORK

TELEPHONE: PLAZA 4-1234

CABLE ADDRESS: SPECFUND NEW YORK

REFERENCE: SF/141/32

6 November 1959

Dear Mr. Black,

Subject to the final decision of the Governing Council at its December session, it is expected that its fourth meeting will take place in the middle of May 1960.

Accordingly, I should like to invite you to participate in the third meeting of the Consultative Board which will be held at United Nations Headquarters Friday, 12 February 1960, at 10.00 a.m. The documentation for this meeting will be sent to you as soon as it is ready.

Yours sincerely,

for *Walter Reuter*
Paul G. Hoffman
Managing Director

Manuscript
EMS

Ack Nov. 23/59

Mr. Eugene R. Black, President
International Bank for Reconstruction and Development
1818 H. Street, N.W.
Washington 25, D.C.

RECEIVED
PANK MAR. ROOM

1959 NOV -9 PM 12:23

Transmitted to: ...
Date of receipt: ...
Reference to: ...
Subject: ...

Principal interest
Date of receipt

Home interest

After meeting with the group on Nov 12, 1959, the following
is being reported: ... The documentation for
action will be made at future meetings. ...
Reference to the ... of the ...
... to ...
... to the ... of ...
... to the ... of ...

25/11/59

9 November 1959

UNITED STATES

ALFRED BOND



ROBERT B. BOND

UN Special Fund

Letter No. 92

November 6, 1959

Re: United Nations - Special Fund

Dear Roger:

The Bank receives from the UN Special Fund papers describing the projects that the Managing Director recommends. Since there is no extra copy available, I summarize the essential features of the projects concerning Peru in personal notes. You will find attached hereto copy of my first three notes re Pre-Colonization Survey, Marine Resources Research Institute, Vocational Instructors' Training Institute respectively.

Tell me whether such U.N. Special Fund papers reach you via the Peruvian Government. If they do, I'll discontinue the sending of my notes.

Sincerely yours,

SR

Serge R. Chevrier
Department of Operations
Western Hemisphere

Encl.

Mr. Roger Chaufournier
Mision del Banco Mundial
Ministerio de Hacienda y Comercio
Noveno piso
Avenida Abancay
Lima, Peru

SRChevrier/MT

OFFICE MEMORANDUM

TO: Mr. Dragoslav Avramovic

DATE: November 4, 1959

FROM: P. S. N. Prasad 

SUBJECT: Summary of Special Fund operations

We have been receiving periodically information on the operations of the Special Fund of the U.N. It gives details of programs underwritten by the Special Fund as well as some description of the projects. Since these operations are going to be of importance, particularly in relation to the forthcoming IDA operations, I think we should make a continuous periodic summary of developments and circulate brief reports on its operations to the management and to the departments.

In order to systematize the receipt of information, we might ask for additional copies of these circulars to be obtained for us through the Technical Assistance and Liaison Staff. Someone in our department working on the foreign aid developments might perhaps also keep track of developments in the area of the Special Fund operations. I believe we have now enough material to initiate the first summary on this subject.

We may think out any other details in connection with this arrangement.

attachment

*Development - UN Special Project
Fund*

The Staff

November 3, 1959

W. C. P. Rutland /

CHART OF ACCOUNT ADDITION

Please add the following to your Chart of Account :

NO 550 - 06 United Nations - Special Fund
Argentine Power Project

cc: Mr. Cavanaugh
Mr. Rama
Mr. Johnston
Mr. Worthington
Mr. Rutland

VChang/elp

NOV 4 REC'D

OFFICE MEMORANDUM

TO: Mr. Eugene R. Black
through Mr. J. Burke Knapp
FROM: P. S. N. Prasad *Prasad*
DATE: November 3, 1959
SUBJECT: Comments of Mr. Kurt Bloch on Mr. Paul Hoffman's speech of October 5, 1959

Mr. Bloch's comments on Mr. Hoffman's speech are correct as methodological refinements. Prices of primary products have changed considerably between 1950 and 1959 and as between different countries. 1950 was a (Korean) boom year when prices were high, and the late 50's years of recession. Because of this, computations which are not adjusted for price changes and are shown in dollar terms, tend to show the rate of progress in output terms (as distinct from income terms) to be less than it really is.

Mr. Bloch's point that comparing the better-managed underdeveloped countries with the poorly-managed ones is more important than comparing the rich with the poor countries is also valid and this is important in itself.

Economic There are also other aspects like the varying rates of population growths which obscure similar rates of economic growth. For example, the rate of growth in Latin America is about 5% plus, but it looks considerably less in per capita incomes because population increase is 2.5% per annum in Latin America as against .5% in Western Europe, which makes a given rate of growth in Western Europe look a little better than it really is. These points are valid and Mr. Bloch is justified in calling Mr. Hoffman's attention to them.

On the other hand, Mr. Hoffman himself mentions in his speech (a copy is placed below) that across-the-board averages are far from ideal measures and admits that the low rate of progress is partly a reflection of the rapid increase in population.

The kind of refinements suggested by Mr. Bloch would certainly, therefore, improve the tone of Mr. Hoffman's picture.

But I doubt if it would invalidate the picture itself - viz., that the divergence between the average increase in per capita income in Western Europe and North America on the one hand and the underdeveloped countries on the other, remains large.

There may be argument as to whether this discrepancy is as large as Mr. Hoffman suggests or is a "wee" bit less. Speaking for my own beliefs, the basic point made by Hoffman cannot probably be questioned - though explanations may vary as to the reasons for this divergence - whether this is due to poor management by the poorer countries themselves, or population growths, or restrictionism and protectionism by the richer countries inhibiting opportunities for expanding trade. All these points of view apparently have been cropping up at the current meetings of the GATT on which a brief report has appeared in the New York Times of yesterday. (Please see clipping attached.)

UNITED NATIONS

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(For use of information media -- not an official record)

Press Release PM/3753
5 October 1959

STATEMENT OF MR. PAUL G. HOFFMAN, MANAGING DIRECTOR,
UNITED NATIONS SPECIAL FUND, BEFORE THE SECOND COM-
MITTEE OF THE GENERAL ASSEMBLY, 5 OCTOBER 1959

Mr. Chairman,

It is a great privilege for me to be present once again at the Second Committee of the General Assembly. In 1956 many of you were my colleagues here while I was a freshman delegate. On this occasion, however, I make my first appearance before you as an International Civil Servant. I should like immediately to express to you my deep appreciation of the General Assembly's confirmation of my appointment as Managing Director of the United Nations Special Fund.

May I also at this time thank the many speakers in the general debate of the Assembly who expressed the interest of their Governments in the Special Fund and commended it for the way it has begun its work.

One year ago the General Assembly adopted Resolution 1240 which established the United Nations Special Fund. Today I have the honor to report to you briefly on what has been accomplished during the short period since the Special Fund got underway. After that I should like to discuss in broader context the problem of accelerating the development of the less developed nations, and the part which the Special Fund can and should play in that great adventure.

You have before you in Document A/4217 the Governing Council's report on progress and operations of the Special Fund which was considered by the Economic and Social Council last July. I do not intend to repeat what is contained in that document.

What I would like to bring before you are certain salient features of our work and planning to date, hoping that this information may assist the General Assembly to "review the scope and future activities of the Special Fund and take such action as it may deem appropriate."

Starting at the end of January, we in the Special Fund gathered together a small staff which began work immediately. The Governing Council, holding its first session at that time, dealt with urgent procedural problems. By the end

(more)

of May I was able to submit to the second session of our Governing Council recommendations for thirteen projects costing slightly more than \$3,000,000. The Council, in addition to approving this first program of projects, also gave its general approval to the broad outlines of policy which I presented in the interest of achieving most productive use of the limited resources available.

Since then, we have gone far in the evaluation and preparation of a second program of projects. I can now inform you that I will be recommending to the Governing Council for approval in December some thirty further projects. While preparing this new program, we are sparing no effort to put the first program into operation in the field. At the same time we have been appraising many further requests for Special Fund assistance for possible recommendation to the Governing Council early next year.

Before projects can be implemented, we are required by the General Assembly to establish a new set of relationships with Governments and with Executing Agencies. These agreements, a number of which have been signed, involve discussion and negotiations which, when finalized, lay the groundwork for future activities in the recipient countries.

In these complex tasks I have been aided by the wise counsel of my colleagues on the Special Fund's Consultative Board -- the Secretary-General, Mr. Hammarskjold, the Executive Chairman of the Technical Assistance Board, Mr. David Owen, and the President of the World Bank, Mr. Eugene Black. May I say here how grateful I am for their deep interest and help. I should also like to take this opportunity to express my gratitude to Mr. Philippe de Seynes and the Directors-General of the specialized agencies for making available so readily the technical knowledge and experience at their command. We have also through continued contacts been able to avoid duplication and overlapping and to achieve a concerted approach.

In brief, we in the Special Fund have endeavored to put the Fund into operation on a sound basis. We have adhered to the guiding principles and criteria set forth in the General Assembly's resolution creating the Fund. We have tried to interpret them in such a way that the present resources would be most effectively used and the future of the Fund assured because of its insistence on strictest standards of performance by all concerned.

In effect, the short period of the Fund's existence has been a period of organization and "tooling up." This reminds me of what Sir Winston Churchill said at the beginning of Britain's war production effort: the first year -- nothing, the second year -- a trickle, and the third year -- a flood. We hope, however, to do better: the first year -- a trickle, the second year -- a stream, and the third year -- a flood.

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It is precisely about the immediate future of the United Nations Special Fund, and bringing about that flood of assistance, that I should like to speak now.

Before this highly knowledgeable group there is no need to devote time to proving that there is an intimate, mutual relationship between the prosperity of the richer nations and that of the poorer nations, or to insist that the revolt of two-thirds of the world's people against continued acceptance of poverty, illiteracy and chronic ill health is one of the most significant events of the century. Nor do I need to stress here that the yearnings of these people for a better life can bring a better world or, if their yearnings are ignored, a world of mounting tensions and explosive unrest.

There is, in fact, a growing awareness everywhere, as we are about to enter the new decade of the 1960's, that this developmental problem may be the all important problem of that period. Its overriding significance has recently been stressed by leaders of many nations.

Many of you in this Committee have been wrestling with the problem of the development of the less developed countries for a long time. Since I took on my new assignment on January 1st, in an effort to see how the Special Fund could best fit into the complex of organizations already working in this field, I have been trying to get this problem into perspective.

Its dimensions and complexity are staggering. There are sixty Member nations and some forty territories associated with the United Nations which, by any definition, would be classified as less developed. More than a billion people live in these one hundred countries and territories. As to complexity, some of the countries have sound development programs, but many are uncertain concerning what they can and should do. Furthermore, the conditions in no two countries are precisely similar, and unless the differences are taken into account, aid programs are unrealistic.

Helping the people in the less developed countries is, of course, not a new idea. For decades, religious groups, private foundations and private individuals have supported educational and medical projects. Colonial powers have gone beyond activities of this type and in many cases launched important economic development projects. But the concept that all the richer nations should individually and jointly, in their own enlightened self-interest, assist in the development of the less developed countries, did not gain wide acceptance until recently. It found its first expressions in the founding of the World Bank, the International Monetary Fund and, somewhat later, in the Point Four Program of the United States and in the Expanded Program of Technical Assistance of the United Nations. This practical

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interest in the development problem was also reflected in the orientation of work programs of many United Nations organs and specialized agencies. It wasn't, of course, until the 1950's that these programs, as well as other bilateral and regional programs for technical and financial assistance in development, really got underway.

Because the field was new, we have had to learn -- often from our mistakes -- how best to plan and execute development programs. This was to be expected. The important thing is to take every advantage of the lessons which this first decade of intensive experimentation can supply.

Despite the wide range of developmental activities carried on in the 1950's, the result in terms of improved living standards, that is in per capita income, has been very disappointing. While I know that across-the-board averages are far from ideal measures, they do permit a grasp of the situation, and here is the picture they give. According to our best estimates, average per capita income in 1950 in the one hundred less developed countries and territories associated with the United Nations was \$110. In 1959 it should reach \$125, perhaps as much as \$130, a net gain of some \$15 to \$20 in ten years. This low rate of progress is partly a reflection of the rapid increase in population. There are 200 million more mouths to feed this year than there were in 1950. This suggests that if international assistance had not been increased in that decade there might well have been a decrease in per capita income.

The fact remains that an increase of even \$20 in annual per capita income in ten years, or \$2 per year, is just not good enough. It is woefully too little, particularly when compared with increases in per capita income in the richer nations. The average increase in per capita income in the Western European nations and North America between 1950 and 1957 (the last year for which figures are available) was approximately \$300 -- in the United States it was \$530.

It is quite all right for the rich countries to get richer, but it is disturbing and distressing to have the desperately poor people remain desperately poor. Actually the gap is widening between income levels in the wealthier and in the underprivileged nations.

The crucial decade of the 1960's is just around the corner. In that decade, if a really explosive situation is to be avoided, an acceleration in the rate of improvement must be achieved. As an absolute minimum, the goal for the year of 1969 should be an average per capita income of \$160 in the 100 countries and territories of which I have been speaking.

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Can this goal be reached? Theoretically it should be easy of attainment. The underlying reason for underdevelopment is under utilization of physical and human resources. There is a vast store of potential wealth in the soil, rivers, forests, mineral deposits and fisheries of the less developed countries. And there is an even greater potential in their human resources. But these potential resources will not be productive to the extent they should unless certain conditions are met.

Among those conditions I would put the need in the less developed countries for a leadership dedicated to the welfare of all their people and, on the part of the people themselves, a willingness to work hard and accept onerous taxation during the initial period of growth. Outside aid can help only those eager to help themselves.

For their part, the donor nations must recognize that economic aid should have only one purpose -- to obtain the highest possible returns in the economic development of the country to whom it is supplied. Thus conceived, outside economic assistance can be genuinely effective and provide a real haven to prosperity in the developed and underdeveloped countries alike. And it would also contribute to peaceful and constructive relations among nations.

The 1950's have clearly demonstrated the need for wider recognition of the advantages of dealing with problems of economic development on a multilateral basis, not only in international lending but also in international investment, pre-investment and technical assistance activities. Of course the needs of the developing nations for outside assistance are so great that the field should be open for any country, any organization, and any group whether public or private to help in any way of its own choosing. But my experience over the recent past has confirmed an early conviction of mine. It is that except in special cases leadership in the planning and operation of important international assistance programs should be supplied by multi-national organizations. Because of their broad membership, they can best treat the development problems realistically, best harmonize action, and contribute the greatest resources of knowledge and talent. The outstanding record of the World Bank and the remarkable achievements of technical assistance programs of the United Nations family are proof of this.

It is the hope of my associates and myself that the Special Fund will give solid proof of the advantages of multilateral administration in the field of pre-investment services. More importantly, we hope that the Fund will be given the means to go far in assisting to provide the sound basis for the sharply increased investment which is needed to ensure that the \$160 per capita income target will be reached in 1969.

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The Special Fund is now helping in the financing of a number of projects aimed at a better utilization of the physical and human resources of the developing countries. These projects include surveys of water resources for irrigation, power, transport and fisheries; soil and mineral investigation; and assisting research establishments and technical training institutes.

In accordance with the principles and criteria enunciated by the General Assembly, the Special Fund has concentrated on relatively large projects, has tried to give due consideration to the urgency of the needs of the requesting countries, and has approved projects which should lead to early results having a wide impact in advancing development, especially by facilitating new capital investment.

The General Assembly has underscored the principle that Special Fund assistance should be used for countries prepared to help themselves. The Fund does not have a rigid rule stipulating a minimum percentage which a recipient Government should contribute in connection with a project. But normally the Fund will not meet expenditures in local currencies, and it does expect the contribution of the Government to be not less than one-quarter and usually not less than one-half of the total cost. I am happy to report that nearly all countries requesting assistance have shown a willingness to contribute resources providing this guaranty of the seriousness of their request and the priority of the project in their larger development programs.

Next, with respect to surveys, it has been felt necessary to limit the Fund's interest only to surveys which are likely to result in sustained follow-up action. This action may be investment, whether by a private or public agency; or it may be a continuing application or dissemination of knowledge. For example, if the Fund is to finance a survey of fisheries resources, it must be satisfied that the Fisheries Department of the country will be able, or will be put in good state, to carry on the extension work required to exploit the resources which the survey is expected to reveal. Or, to take another example, if the Fund is to finance research into new techniques for small industries, some development agency or other source must stand ready to lend small industrialists the money they will need to use the new techniques. What I am saying is that the Fund cannot afford to finance projects which are not likely to be followed up with effective action.

One corollary of this emphasis on application is that the Special Fund supports research when it is already at an advanced stage, near the point of practical and, in many cases, commercial use. It cannot, because of limited funds, support basic

(more)

research in physics, chemistry, biology, medicine, economics or other subjects. In geology it does not support blind searches to discover what exists, but supports only intensive investigations leading to the exploitation of mineral, gas or water resources known to be present. In a word, the Special Fund does not operate in the dark, it operates only where a glimmer of light has revealed highly promising possibilities.

In evaluating requests for assistance in the establishment of technical research laboratories or training institutes, the Special Fund applies these tests: will the activities of the laboratory or institute contribute directly and soon to the economic development of the country? Can the recipient country finance and staff the laboratory or institute when the Special Fund assistance ceases? The Fund's assistance is limited as a maximum to support for five years on a descending scale.

Turning now to the types of projects for which Special Fund assistance has been asked, the most popular category of requests relates to water, its control and its use for irrigation, power, transport and fishing. The next most popular category of requests is for training teachers of technical skills required by industrialization. Additional popular categories are: geological surveys and mineral investigations. On the other hand, there has been a surprising lag in the submission of requests for agricultural schemes, apart from water resources. And there have been very few requests for soil surveys. Housing and transport are further fields where requests for Fund assistance would be particularly fitted to the purposes for which the Fund was created.

As far as the geographical distribution of projects is concerned, it is evident that a balanced spread can be attained only over a longer period than that during which the Special Fund has been in existence. With the new projects which will be submitted to the next session of the Governing Council, it will be possible to achieve a somewhat more appropriate distribution between countries and regions. But as in the case of the distribution among types of projects, more time is needed to arrive at a satisfactory balance.

However, the time factor is not the only one that is relevant to these questions. I am impressed by the fact that many countries -- and among them those in greatest need of international assistance -- are poorly equipped to formulate feasible high priority projects. This problem is not new; its existence was implicit in the General Assembly's resolution which established the Special Fund and called upon the Managing Director to be ready to assist and advise Governments at

(more)

their request in the preparation of their applications for assistance. Accordingly, I hope to be able to submit concrete and detailed proposals towards this end to the Governing Council in December.

It is perhaps worth stressing that projects of the Fund do not compete with projects of other United Nations bodies. In fact, we will employ the United Nations or one of its specialized agencies as Executing Agent for every project approved to date.

Now there has been no dearth of projects requested during our first few months of operation. Up to 31 August the number of requests formally communicated was 122, aggregating \$130,000,000. To meet these requests the Fund has had available this year \$26 million. Preliminary information has also been received concerning 63 further schemes.

This discrepancy between money available and money needed leads me to mention the profound hopes which the less developed as well as many industrialized countries place in the Pledging Conference to be held this coming Thursday. It is ardently hoped that all countries will pledge most generous amounts -- generous not just in the charitable sense, for pre-investment work is in fact one of the most productive investments -- but generous in size. These generous contributions are required because it is urgent that pre-investment work be undertaken on an adequate scale immediately.

Every experience shows that the \$100 million figure mentioned for the Expanded Program of Technical Assistance and the Special Fund is modest -- modest both in terms of what is needed, and in terms of what the world can easily afford. What we all want for 1960, therefore, is not a total of \$75 million or even \$85 million, but at least the full \$100 million. That is why I urge as many governments as are able to pledge a sum towards that target which would be higher than their share on the basis of their quotas of the United Nations budget. And I appeal to all countries which cannot do this to pledge not less than their share as suggested by their quota in that budget.

I am pressing hard for all countries, the poor and the rich alike, to pledge at least their full proportion of contribution because I am absolutely convinced that if the Special Fund's activities can be quickly expanded there will be uncovered many important new opportunities for sound public and private investment. It may be an exaggeration to say that we hope to lure billions with millions, but I am understating the case when I say we can lure many hundreds of millions with millions.

(more)

I am convinced that with appropriate means and policies a more adequate rate of investment can be attained and such substantial progress achieved that the industrialized countries also would reap immediate economic benefits.

Yet I must add that I have no expectation, even if financing is provided, that all one hundred of the less developed countries and territories I mentioned will achieve self-propelling economies by the year 1970. Some will make no progress; some may even retrogress. But if that average increase which I suggested -- \$30 in per capita income -- is attained over the next decade, there will be at least a dozen and maybe twenty countries which will have established self-sustaining growth and be on the march toward real prosperity.

Who can doubt the impact that such an accomplishment would have on those less developed nations which had not made the grade? In the 1970's many more should then stage a breakthrough, and before the year 2000, hunger, illiteracy and chronic ill health everywhere could be but memories of the past. But, in order to generate this progress it is imperative that pre-investment work be intensified. The way to greater investment must be opened up -- and in time.

* *** *

PRESS CLIPPING SHEET

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ASIA-AFRICA BLOC SEEKS GATT HELP

Under-Developed Lands Ask
at Tokyo Talks for Share
in West's Prosperity

By ROBERT TRUMBULL
Special to The New York Times.

TOKYO, Nov. 1—Asian and African countries have voiced a firm demand at the meeting of the General Agreement on Tariffs and Trade here for a more generous share of the prosperity enjoyed by the in-

dustrialized nations of the West.

This was an outstanding development in the GATT ministerial sessions held last week.

Spokesmen for the less developed countries, which cover much of Asia and Africa, were unanimous in asserting that their peoples were being denied a "fair share" of the monetary wealth in circulation these days. They wanted GATT, the trade-regulating organ of thirty-seven countries, to do something about it.

The Asian and African delegates gave two principal reasons for the failure of their economies to keep pace with others in the last year's general upsurge of prosperity.

One reason cited by several speakers was the lack of any

international machinery to stabilize prices of the primary commodities, or raw materials, that are the main exports of the less developed nations.

Another reason given as the slowness of the Western countries to open their markets to manufactured products from nations that are now reaching a stage of "semi-industrialization."

A Western delegate suggested that a third reason might be found in the inability of less developed nations to run their economic affairs in "an orderly manner."

Delegates from Western states, as well as those from Asian and African countries, welcomed the suggestion by Douglas Dillon, United States Under Secretary of State, that

GATT set up an "expert panel" to study means of improving the export trade of the less developed states.

Much was heard about the cheap goods produced by Asian countries with low wage scales, which more advanced states refuse to allow in for fear of undercutting their own higher-paying industries.

But Nityanand Kanungo, India's Minister of Commerce, replied that when the factor of productivity per man-hour was considered, the cost of manufacturing in the so-called low-wage countries was not so far out of line with the West as many thought. In other words, he indicated that while Asians might not be paid so well, it took more of them to do a job under present conditions.

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Date OCT 22 1959

Mr. Black	1024	Mr. Perry	513
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Mr. Cope	813	Mr. Reamy	A318
Mr. Demuth	506	Research Files	822
Mr. Doucet	1017	Mr. Rist	716
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Mr. Goor	705	Mr. Rucinski	600
Mr. Hauenstein	101	Mr. Schmidt	513
Mr. Howell	801	Mr. Sommers	1003
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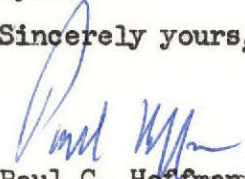
20 October 1959

Dear Ken,

I had the great pleasure of spending an evening with Dr. Isidro Icaza and Dr. Lopez-Herrarte. I enjoyed meeting both of them, especially as Dr. Icaza agreed to increase Ecuador's contribution to the Special Fund from \$15 to \$40 thousand.

It was good to hear from you.

Sincerely yours,


Paul G. Hoffmann
Managing Director

Mr. Kenneth R. Iverson
Department of Operations
International Bank for Reconstruction
and Development
1818 H Street N.W.
Washington 23, D.C.

1959 OCT 22 PM 2: 02

МОНАХЪ ПЛЕСКОУ
БЪЛЪ С. НОУМАН.

It was good to meet you again.

*brought to the attention of the

Wishes to purchase property, a contribution to the project
enjoyed meeting with of them' especially as Dr. Isaac
with Dr. Isidro Torres and Dr. Robert-Henry's. I

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Special Fund

BARRON'S

National Business and Financial Weekly

50 BROADWAY
NEW YORK 4, N.Y.

OCT 16 REC'D

October 14, 1959

*File
12/17/59*

*See memo
to Mr. Black Nov 3/59*

Dear Mr. Black:

Please find enclosed a letter to Mr. Paul G. Hoffman which, I think, you may find of interest.

With best regards.

Yours very sincerely,

Kurt Bloch
Kurt Bloch
Associate Editor

Mr. Eugene R. Black
President
International Bank for
Reconstruction & Development
Washington 25, D.C.

KB/A
enc.

*Mr. Prasad -
Have you
any comments?
END*

BARON'S

National Business and Financial Weekly

30 BROADWAY

NEW YORK, N.Y.

OCT 16 1959

October 16, 1959

Dear Mr. Baron:
Please find enclosed a letter to Mr. Earl C. Norton
which, I think, you may find of interest.

With best regards,

Yours very sincerely,

Earl C. Norton
Associate Editor

Mr. Eugene B. Black
President
Washington Bank for
Reconstruction & Development
Washington 25, D.C.

1959 OCT 16 AM 9:36

RECEIVED
BANK MAIL ROOM

October 14, 1959

Dear Mr. Hoffman:

Having read with some care your speech of October 5, on the UN Special Fund, I have been stumped by your reference to per capita income of 100 "less developed countries and territories."

The figures given seem to be in dollars of current value -- i.e. no attempt appears to have been made to adjust them for price changes. If that were so, one would have to conclude that notwithstanding a substantial decline in raw materials prices (which in 1950 tended to reach an all-time peak), surprising gains in per capita income could be achieved. I wonder if that conclusion is warranted.

Then, of course, the rate of annual gain between 1950 and 1959, at 1.4% or 1.8% would not be as small as it seems. In turn, the 1969 target of \$160, or about 2% p.a., also would look modest, since presumably on the average, no price decline as substantial as that which took place between 1950 and 1959, appears likely.

Permit me to ask whether on some informal basis there are detailed data setting forth the raw statistics on which you based your conclusions.

I, for one, have been struck in recent years by the great variety in development as between different countries. Naturally, mismanaged Indonesia is doing very much more poorly than, say, Malaya. Similarly, Bolivia is doing much worse than, say, Ecuador. Morocco and Tunisia are doing more poorly than, say, Ghana or Northern Rhodesia, etc. Is it, then, meaningful to add up such divergent results and average them per capita?

That question, I am afraid, is the more important as the average is used for purposes of comparison with the so-called "rich" countries. If it could be shown as I think it should, that well-managed poor countries are capable of achieving above-average gains, and that the "average" is pulled down by mismanaged poor countries, we should, I think, gain substantially in our understanding of which pattern of policies promotes, which hinders, economic growth. Such a distinction, I presume, should be of supreme interest to your work.

I should be very grateful, indeed, for whatever, answers you may supply to the foregoing questions. I trust you will not mind that I am sending a copy of this letter to Mr. Eugene R. Black, of

*See Memo from H. P. Brown to
Mr. Black of Nov 3/59*

Page 2.

the World Bank, who is associated with your work, and whom I have been meeting, occasionally, for the past eight years.

With best regards.

Yours sincerely,

Kurt Bloch
Associate Editor

Mr. Paul G. Hoffman
Managing Director
United Nations Special Fund
United Nations, N.Y.

KB/A

ROUTING SLIP

Date

Oct. 19

OFFICE OF THE PRESIDENT

NAME

ROOM NO.

~~Mr. [Signature]~~

506

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Note and Return

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Recommendation

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Remarks

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TELEPHONE: PLAZA 4-1234

CABLE ADDRESS: SPECFUND NEW YORK

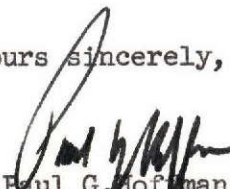
REFERENCE: SF 130 (3) BANK

14 October 1959.

Dear Mr. Black,

Thank you for your letter of October 5th concerning our proposal to set aside \$250,000 for helping governments to prepare requests from the Special Fund. Our present intention is not to use this as a revolving fund, but to put it into the budget every year. Unspent balances will return to the general funds at the end of each year.

Yours sincerely,


Paul G. Hoffman
Managing Director

Mr. Eugene R. Black
President
International Bank for Reconstruction and Development
1818 H Street, NW
Washington 25, D.C.

БЛАГЪ СЪМЪ

ΛΟΝΔΡΟ 27/06/2017

INCOMING MAIL
ROUTING SLIP

Date
OCT 9 1959

Mr. Black	1024	Mr. Perry	513
Mr. Broches	1113	Personnel Div.	207
Mr. Cargill	614	Mr. Poore	801
Mr. Clark	1113	Mr. Prasad	716
Mr. Cope	813	Mr. Reamy	A318
✓ Mr. Demuth	506	Research Files	822
Mr. Doucet	1017	Mr. Rist	716
E.D.I.		Mr. Rosen	614
Mr. Goor	705	Mr. Rucinski	600
Mr. Hauenstein	101	Mr. Schmidt	513
Mr. Howell	801	Mr. Sommers	1003
Iliff	1003	Technical Op.	309
Mr. Knapp	1024	Translation	804
Mr. Lejeune	813	Treasurers	700
Mr. Mendels	1017	Mr. Worthington	A316
Mr. Nurick	1121		
Office of Info.	228		
Office Services	111		

Remarks:

File *Files P-100*
Special Fund

Spec Fund

UNITED NATIONS NATIONS UNIES
NEW YORK

CABLE ADDRESS • UNATIONS NEWYORK • ADRESSE TELEGRAPHIQUE

FILE NO.1

SF 41/23

8 October 1959

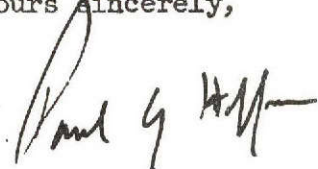
Dear Mr. Black,

At its second session the Governing Council of the Special Fund decided to hold its third session during the first week after the conclusion of the fourteenth session of the General Assembly.

After consultation with the Chairman of the Governing Council, and taking into account that the General Assembly has decided that 5 December should be its closing date, I would like to inform you, that the third session of the Governing Council will be held at United Nations Headquarters from 8 - 10 December 1959.

The provisional agenda will be forwarded to you in due course.

Yours sincerely,



Paul G. Hoffman
Managing Director

Mr. Eugene R. Black
President
International Bank for Reconstruction and
Development
1818 H Street, N.W.
Washington 25, D.C.

UNITED NATIONS
NEW YORK



OFFICIAL ADDRESS - UNITED NATIONS NEW YORK - 100 EAST 47 STREET

8 October 1959

SP 41/23

Dear Mr. Black,
At its second session the Governing Council of the Special Fund decided to hold its third session during the first week after the conclusion of the fourteenth session of the General Assembly. After consultation with the Chairman of the Governing Council, and taking into account that the General Assembly has decided that 5 December should be its closing date, I would like to inform you that the third session of the Governing Council will be held at United Nations Headquarters from 8 - 10 December 1959. The provisional agenda will be forwarded to you in due course.

Yours sincerely,

Paul G. Hoffman
Managing Director

Mr. Eugene R. Black
President
International Bank for Reconstruction and
Development
1818 H Street, N.W.
Washington 25, D.C.

1959 OCT -9 PM 3:02

RECEIVED
LAWYER ROOM

Spe

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT	INCOMING WIRE	INTERNATIONAL FINANCE CORPORATION
--	---------------	--------------------------------------

DATE OF
WIRE: **WU 7**

LOG NO.: **OCTOBER 6, 1959**

TO: **IBRD**

FROM: **NEW YORK**

TEXT:

ROUTING	
ACTION COPY:	
INFORMATION COPY:	MR. DEMUTH
DECODED BY:	

UN Sp

5 DEMUTH REFERENCE YESTERDAYS TELCON I HAVE
REQUESTED FULL PAYMENT DOLLARS 250,000 BE MADE
THIS WEEK

COHEN UNITED NATIONS

October 5, 1959

Mr. Paul G. Hoffman
Managing Director
United Nations Special Fund
New York 17

Dear Paul:

Dr. Lopez-Herrarte of the Bank will introduce Dr. Isidro Icaza, the Minister of Economy in Ecuador.

You will enjoy meeting Dr. Icaza as I am sure you will have many subjects of common interest. He would like to talk to you particularly about several projects in Ecuador.

With kindest personal regards.

Sincerely yours,

Kenneth R. Iverson
Department of Operations
Western Hemisphere

October 5, 1959

Mr. Paul G. Hoffman
Managing Director
United Nations Special Fund
New York 17, New York

Dear Mr. Hoffman:

✓
Thank you for your letter of September 28, enclosing a note that you intend to submit to the Governing Council in December concerning the proposal to set aside \$250,000 for helping governments to prepare requests from the Special Fund.

As you know from our discussion at the Consultative Board meeting, I am entirely sympathetic with this proposal and believe that the note sets it forth very clearly. The only point of detail I might mention relates to paragraph 5(vi) on page 3. Does this sub-paragraph mean that if the cost of the preliminary assistance is debited to an approved project resulting from that assistance, the Preparatory Allocation is credited with a comparable amount? If this is the case, it might be well to say so specifically.

Sincerely yours,

(Signed) Eugene R. Black

Eugene R. Black


ERB:RHD:mth:tf

SPECIAL FUND



FONDS SPECIAL

UNITED NATIONS
NEW YORK

TELEPHONE: PLAZA 4-1234

CABLE ADDRESS: SPECFUND NEW YORK

REFERENCE:

28 September 1959.

Dear Mr. Black,

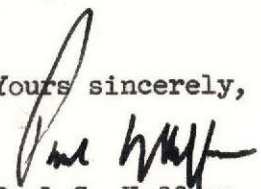
You will remember that we discussed at the meeting of our Consultative Board a proposal to set aside \$250,000 for helping governments to prepare requests from the Special Fund.

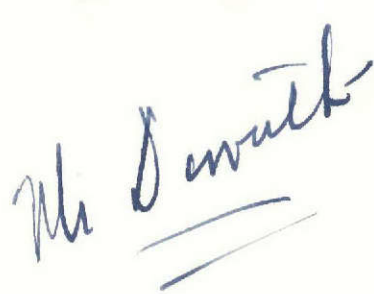
.....

I have now drafted a note for submission to the Governing Council in December, and would welcome any comments which you wish to make on this note.

Documents for the Governing Council have to be in final shape by October 9th, so if you wish to make comments, I should be glad to receive them as much in advance of this date as is feasible.

Yours sincerely,


Paul G. Hoffman
Managing Director


Mr. Eugene R. Black
President
International Bank for Reconstruction and Development
1818 H Street, NW
Washington 25, D.C.

ack. Oct. 5.

FOUNDED 1945



SPECIAL FUND

UNITED NATIONS
NEW YORK

28 September 1959

Dear Mr. Black,

You will remember that we discussed at the meeting of our Consultative Board a proposal to set aside \$250,000 for helping governments to prepare requests from the Special Fund.

I have now drafted a note for submission to the Governing Council in December, and would welcome any comments which you wish to make on this note.

Documents for the Governing Council have to be in final shape by October 31st, so if you wish to make comments, I should be glad to receive them as much in advance of this date as is feasible.

Yours sincerely,
Paul G. Hoffman
Managing Director

Mr. Eugene B. Black
President
International Bank for Reconstruction and Development
1818 H Street, NW
Washington 25, 1959

SEP 30 AM 10:43

RECEIVED
BANK MAIL ROOM

ASSISTANCE TO GOVERNMENTS
IN PREPARATION OF REQUESTS

Note by the Managing Director

1. Nearly every application to the Special Fund is incomplete in the data submitted. In some cases the deficiency can be met by correspondence. However, in the case of two-thirds of the projects now recommended to the Governing Council in the second programme, the Special Fund has arranged for a consultant to visit the country, and re-formulate the application in consultation with the Government.
2. Up to the present, the Managing Director has confined his assistance to the applications which could be put right by a visit of not more than two months' duration. If a longer visit than this is necessary, it is to be presumed that further technical investigations are required before the data needed for framing a Special Fund project will become available. Assistance in making such investigations is available under the Expanded Programme of Technical Assistance and other sources, and Governments have been advised to apply for such assistance if they need it. Already a large proportion of the applications made to the Fund arise out of the recommendations of technical assistance experts.
3. In conformity with Article 32 of Resolution 1240 (XIII), the Managing Director is very anxious to help Governments to prepare suitable applications, and has accordingly been reviewing the situation. While the present practice works well in cases where an application can be put into proper shape within the period of a one or two months' visit, it does not work so well where a visit of several months is required. This is partly because the system of programming used by the Expanded Programme of Technical Assistance makes it difficult to deal quickly with applications of this kind.
4. Accordingly the Managing Director now proposes to the Governing Council that he be permitted to spend at his discretion in any one year up to \$250,000 on assisting Governments at their request, in preparing applications to the Special Fund. The sum provided for this purpose shall

be known as the Preparatory Allocation. Advice financed out of the Preparatory Allocation should be clearly distinguished from evaluation missions dispatched by the Special Fund. On receipt of an application for financial assistance, the Fund may send a consultant to make a confidential report on the merits of the scheme. This consultant reports to the Managing Director. By contrast, an expert who was sent to help a Government prepare an application would advise that Government. The Fund would not be bound by his report, and it should not be assumed that any application which resulted from his recommendations would necessarily be accepted by the Special Fund. The recommendations of this expert would thus be in the same category, vis-a-vis the Special Fund, as the recommendations of technical assistance experts financed by the Expanded Programme.

5. The use of this \$250,000 should be subject to the following rules.

- (i) On receiving an application for financial assistance, the Managing Director may suggest to the Government that further preparatory technical work is needed, and may offer to finance from this Preparatory Allocation the visit of one or more technical advisers.
- (ii) A Government may request assistance from the Preparatory Allocation. In doing so, it must submit to the Managing Director sufficient information about the project which is to be prepared for him to satisfy himself that such assistance could lead to the preparation of a suitable project. The Managing Director shall not grant assistance from the Preparatory Allocation unless he is satisfied that it may lead to the formulation of a suitable project.
- (iii) Assistance shall not be provided from this Allocation unless the Managing Director considers that the preparatory work can be completed within six months. Where assistance would be needed for more than six months, the Government should be referred to the Expanded Programme of Technical Assistance.

- (iv) Provision of assistance from the Preparatory Allocation does not create any presumption that the Fund will agree to contribute financially to a project which is prepared with such help.
- (v) In choosing experts to be financed from the Preparatory Allocation, the Managing Director will consult with the United Nations or the International Atomic Energy Agency, or such specialized agency as may be appropriate.
- (vi) If a project which is approved by the Governing Council results from assistance financed from the Preparatory Allocation, the cost of that assistance shall be debited to the project.
- (vii) The decision whether to grant assistance from the Preparatory Allocation shall be at the absolute discretion of the Managing Director.

Does this mean the \$250,000 fund is built up again

6. The Governing Council is asked to approve a Preparatory Allocation of \$250,000 for the year 1960, subject to the above rules.

28.9.59.



Record Removal Notice

File Title Liaison - United Nations [UN] - Special Fund - Correspondence - Volume 2		Barcode No. 30151495		
Document Date September 28, 1959	Document Type Memorandum			
Correspondents / Participants To: Mr. Richard H. Demuth, Director, Technical Assistance, IBRD From: W.A. Lewis, Deputy Managing Director, UN Special Fund				
Subject / Title Enclosed manual on the Scope of the Special Fund				
Exception(s) Information Provided by Member Countries or Third Parties in Confidence				
Additional Comments		The item(s) identified above has/have been removed in accordance with The World Bank Policy on Access to Information or other disclosure policies of the World Bank Group. <table border="1"><tr><td>Withdrawn by S. Alon</td><td>Date April 11, 2025</td></tr></table>	Withdrawn by S. Alon	Date April 11, 2025
Withdrawn by S. Alon	Date April 11, 2025			

SPECIAL FUND



UNITED NATIONS
New York

With the compliments

of

MYER COHEN

~~Paul G. Hoffman~~

~~XXXXXXXXXXXXXXXXXXXX~~
~~Managing Director~~

Special Fund

For information.

SPECIAL FUND



FONDS SPECIAL

UNITED NATIONS
NEW YORK

INTEROFFICE MEMORANDUM

TO: All Resident Representatives

Date: 25 September 1959

FILE NO.: SF 310 POLICY

FROM: Myer Cohen, Director of Operations *Myer Cohen*

SENDER'S TELEPHONE EXTENSION: _____

SUBJECT: Initialling or Signature of the Plan of Operations
of Special Fund Projects

1. In a few instances recently Resident Representatives have initialled a project Plan of Operation on behalf of the Managing Director of the Special Fund although the final text had not been seen or approved by the Managing Director.

2. In order to avoid misunderstandings with the Government or with an Executing Agency, the initialling or signature of a Plan of Operation on behalf of the Managing Director should be done only upon receipt of specific authorization from Headquarters. Such authorization will be given only after Headquarters has full knowledge of the final text of the Plan of Operation.

3. I am sending a copy of this memorandum to Agencies serving as Executing Agencies on Special Fund projects.

RECEIVED
BANK MAIL ROOM

1959 SEP 29 PM 1:26

STAFF LOAN COMMITTEE

SLC/O/1024
DECLASSIFIED

MAR 11 2025

MEMORANDUM TO THE STAFF LOAN COMMITTEE

WBG ARCHIVES

United Nations Special Fund

The attached notes on the scope of the UN Special Fund, prepared by its Managing Director, are distributed for information. The notes describe the policies the Fund follows in passing on projects presented to it. They are used as a guide for the Special Fund's Technical Assistance Representatives in the field and have not been distributed to governments. The notes should, therefore, be treated as confidential and should neither be given to government representatives nor referred to in discussions with them.

Herbert G. A. Woolley
Secretary
Staff Loan Committee

September 23, 1959



Record Removal Notice

File Title Liaison - United Nations [UN] - Special Fund - Correspondence - Volume 2		Barcode No. 30151495		
Document Date August 31, 1959	Document Type Report			
Correspondents / Participants				
Subject / Title UN Special Fund - Consultative Board 2nd meeting - 11 September 1959- The Scope of the Special Fund - Notes for the use of International Staff				
Exception(s) Information Provided by Member Countries or Third Parties in Confidence				
Additional Comments		The item(s) identified above has/have been removed in accordance with The World Bank Policy on Access to Information or other disclosure policies of the World Bank Group. <table border="1"><tr><td>Withdrawn by S. Alon</td><td>Date April 11, 2025</td></tr></table>	Withdrawn by S. Alon	Date April 11, 2025
Withdrawn by S. Alon	Date April 11, 2025			

SPECIAL FUND



FONDS SPECIAL

UNITED NATIONS
NEW YORK

SEP 15 REC'D

TELEPHONE: PLAZA 4-1234

CABLE ADDRESS: SPECFUND NEW YORK

REFERENCE:

11 September 1959

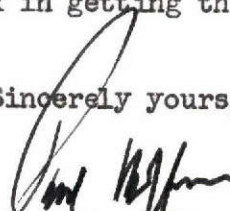
File
10/13/59

My dear Gene,

..... Enclosed is a copy of the letter which I wrote to the Federal Republic of Germany requesting a contribution of \$5,300,000 (\$3,534,000 for the Special Fund and \$1,766,000 for the Expanded Programme of Technical Assistance.) In addition to this letter I have had, as I said in the meeting, two personal conversations with Mr. Etzel, as well as conversations with several members of his Department and most particularly with Professor Korff. I have also met with Vice Chancellor Erhardt on two occasions. I am sure that a word from you to Mr. Etzel that you feel the Special Fund is doing useful and effective work would be most helpful. This holds true also in the case of Mr. Amory, Chancellor of the Exchequer of Great Britain.

In closing, may I tell you how deeply appreciative we are of the help given us by the Bank in getting this new venture under way.

Sincerely yours,


Paul G. Hoffman
Managing Director

Mr. Eugene R. Black
President
International Bank for Reconstruction
and Development
1818 H Street N.W.
Washington 25, D.C.

22 July 1959

Your Excellency,

Subject: United Nations Special Fund

First, may I thank you for the privilege of meeting with you and your associates on the occasion of my recent visit to Bonn. The purpose of that visit was to request the Federal Republic of Germany to subscribe its proportionate share of the \$100 million needed by the Special Fund and the Expanded Programme of Technical Assistance of the United Nations for their programmes in the forthcoming year. In the year 1959 the Federal Republic contributed \$476,190 to the Special Fund and \$1,190,476 to the Expanded Programme.

In 1959 a number of governments contributed more than their proportionate share to the Special Fund and the Expanded Programme of Technical Assistance among them Canada, \$4,000,000; The Netherlands, \$3,642,000; Sweden, \$3,000,000; Norway, \$240,000. Unfortunately, a number of the richer nations gave only token contributions. The total for all governments, excluding the U.S.A. which is a special situation, is as of today approximately \$33,000,000.

The United States Government agreed to contribute two-thirds of the total amount contributed by other nations up to \$38,000,000. In view of the fact that only \$33,000,000 was subscribed by other nations, only \$22,000,000 of this amount can be claimed. This means, of course, that instead of \$100,000,000, approximately \$55,000,000 is available for the current year.

The outlook for contributions for 1960 is much brighter. A number of governments which made token contributions in 1959 have agreed to pay their proportionate share or better in the coming year. Encouraging also is the fact that most of the poorer nations have indicated that they will pay their proportionate share. The United States has again pledged to pay two-thirds of the total amount contributed by other nations.

H.E. Mr. Franz Etsch
Minister of Finance
Federal Republic of Germany
Bonn (Fed. Rep. of Germany)

It is our hope that for the coming year of 1960 the Federal Republic will be willing to contribute its proportionate share of the \$100,000,000 Fund. We are informed that this would be approximately \$5,300,000, with \$3,534,000 for the Special Fund and \$1,766,000 for the Expanded Programme of Technical Assistance.

The Special Fund, as you know, is concentrating on assisting in the financing of resource surveys, the establishment of product research laboratories and the establishment of training institutes. It does not duplicate the activities of any other United Nations Agencies because it does not engage in field operations. Its function is purely financial. In collaboration with recipient governments it selects executing agencies for its projects, usually one of the specialized agencies of the United Nations.

There seems to be a growing recognition that pre-investment resource surveys and training institutes can play a significant role in the rationalizing of aid to the less-developed countries. There is mounting evidence that there is a vast amount of undisclosed wealth in these countries which would provide a sound basis for the sharply increased investment needed to speed the achievement of better living standards. In the last several years, in my opinion, hundreds of millions of aid dollars have been wasted because of insufficient knowledge of the resources of recipient countries and because of a lack of trained people to make effective use of such resources as were available.

In closing may I point out that a decision on the part of the Federal Government to contribute a proportionate share to the Special Fund and the Expanded Programme of Technical Assistance would have several values. First, the dollars themselves would be most useful, second the dollars would help assure the availability of the United States pledge and thirdly, and perhaps most important, your contribution would give dramatic evidence to the leaders of the less developed countries that the Federal Republic of Germany is genuinely unselfishly interested in their development.

Sincerely yours,

Paul G. Hoffman
Managing Director

RECEIVED
BANK MAIL ROOM
1959 SEP 15 PM 1:20

MEMORANDUM FOR THE RECORD
SUBJECT: [Illegible]
[Illegible text block]

REFERENCE IS MADE TO [Illegible]
[Illegible text block]

IT IS REQUESTED THAT [Illegible]
[Illegible text block]

VERY TRULY YOURS,
[Illegible signature]
[Illegible text block]

Mr. Patterson H. French

September 9, 1959

I.P.M. Cargill

U.N. Special Fund Projects

With reference to your memorandum of September 4 regarding the survey of the tributaries of the Mekong River and the projects in China and Viet-Nam, I have no comments to make. In general, the projects would appear to be the kind that would be helpful to the economies of the countries concerned.

IPMCargill/ts

cc: Messrs. Kheradjou, Bachem

Mr. Neil Perry

8 September 1959

Bruno Luzzatto

Special UN Fund projects

BRAZIL - Survey of the lower S. Francisco River basin

On this project I prepared for the Files a lengthy review on August 26, 1959. My comment concerned the length of the Survey which would extend over a 5-year period. The Managing Director of UN Special Fund has accepted the overall plan, and has proposed to the Brazilian government a sharing of the cost. The proposal has been accepted. The cost to the UN has been reduced from \$1,450,000 to 850,000 \$. Mr. Black may safely approve the Managing Director's proposal.

CHILE - Mineral exploration. The summary proposed by UN Special Fund seems to show that this is a reasonable project. We do not have any further information on it.

CHILE - Hydrometric and Hydrometeorological stations. The Director's decision to send a consultant to Chile before taking further action seems reasonable in view of the fact that the success of any survey of this kind depends on the adequacy of the administrative measures taken by the government of the country involved.

BLuzzatto/GW

Mr. G. Neil Perry

September 8, 1959

Kenneth R. Iverson

U.N. Special Fund Projects.

We have reviewed the several projects to be presented to the U.N. Special Fund in Colombia, Ecuador and Peru. Mr. French, in his memorandum of September 4, wanted our comments on the projects in which we have a definite interest.

1. None of the projects have been recommended to the U.N. by the Bank.
2. None of these projects relate directly to any Bank loan or to any project now under consideration by the Bank for a loan.
3. Concerning the substantive description of the proposals, there are no particular questions to be raised without having benefit of further study. It is assumed, of course, that the proposals have recognized the several activities in the same fields which have been financed by the local governments as well as the U.S Point IV program. There has been some experience in the field, as example, of development of fisheries in Peru which would useful in connection with the project in Ecuador. There has also been a number of attempts in the field of colonization which presumably have been taken into consideration.
4. There is always, of course, the question of local finances and whether there projects have sufficient priority to justify the expenditures involved.


K.Iverson:bls

ROUTING SLIP

Date

Sept. 8, 1959

NAME

ROOM NO.

Mr. Black

1024

File

Action

Note and File

Appropriate Disposition

Note and Return

Approval

Prepare Reply

Comment

Per Our Conversation

Full Report

Recommendation

Information

Signature

Initial

To Handle

REMARKS

I think you will want to read, before the meeting of the Consultative Board on Friday, the attached two papers put out by the Special Fund.

I have distributed the papers on the projects to the Area Departments and TOD for their comments and will have the briefing paper for you on those projects for the meeting.

From

Richard H. Demuth
Richard H. Demuth

SEP 3 REC'D

SPECIAL FUND



FONDS SPECIAL

UNITED NATIONS
NEW YORK

TELEPHONE: PLAZA 4-1234

CABLE ADDRESS: SPECFUND NEW YORK

REFERENCE: SF/141/32

1 September 1959

Dear Mr. Black,

With reference to my letter of 10 June 1959, I am enclosing
..... the documentation for the second meeting of the Consultative Board,
which will be held at United Nations Headquarters on 11 September
at 10.00 a.m., in room 2963.

Yours sincerely,

A handwritten signature in black ink, appearing to read "Paul G. Hoffman".

Paul G. Hoffman
Managing Director

Mr. Eugene R. Black, President
International Bank for Reconstruction and Development
1818 H Street, N.W.
Washington 25, D.C.

**UNITED NATIONS
SPECIAL FUND**



CB.2/1
1 September 1959

CONSULTATIVE BOARD
Second Meeting
11 September 1959.

AGENDA

1. Introductory Note by the Managing Director (CB.2/2 and CB.2/2/Add.1)

2. Projects:

(i)	AFGHANISTAN:	Survey of Land and Water Resources and Agricultural Station	(CB.2/3)
(ii)	ARGENTINA:	Training of Supervisory and Skilled Personnel	(CB.2/4)
(iii)	BOLIVIA :	Agricultural Training	(CB.2/5)
(iv)	BOLIVIA :	Pre-colonization Survey	(CB.2/6)
(v)	BRAZIL :	Survey of the San Francisco River Basin	(CB.2/7)
(vi)	CHILE :	Mineral Exploration	(CB.2/8)
(vii)	CHILE :	Hydrometric and Hydrometeorological Stations	(CB.2/9)
(viii)	CHINA :	Hydraulic Development Projects	(CB.2/10)
(ix)	COLOMBIA:	Vocational Instructors Training	(CB.2/11)
(x)	COLOMBIA:	Soil Survey of the Northern Section of Llanos Orientales	(CB.2/12)
(xi)	ECUADOR :	Expansion of Hydrological and Meteorological Services	(CB.2/13)
(xii)	ECUADOR :	Pre-colonization Survey	(CB.2/14)
(xiii)	ECUADOR :	Fisheries Institute	(CB.2/15)
(xiv)	INDIA :	Central Mechanical Research Institute	(CB.2/16)
(xv)	INDIA :	Labour Institutes	(CB.2/17)
(xvi)	INDIA :	Research Laboratories in Power Engineering	(CB.2/18)
(xvii)	IRAN :	Teheran Polytechnic	(CB.2/19)
(xviii)	ISRAEL :	Central Meteorological Institute	(CB.2/20)
(xix)	LIBYA :	Institute for Higher Technology	(CB.2/21)
(xx)	MEXICO :	Civil Aviation Training School	(CB.2/22)
(xxi)	PAKISTAN:	Soil Survey	(CB.2/23)
(xxii)	PAKISTAN:	Mineral Survey	(CB.2/24)

- | | | | | |
|----------|------------------------------------|---|--|-----------|
| (xxiii) | PERU | : | Pre-colonization Survey | (CB.2/25) |
| (xxiv) | PERU | : | Marine Resources Research Institute | (CB.2/26) |
| (xxv) | PERU | : | Vocational Instructors Training Institute | (CB.2/27) |
| (xxvi) | UNITED ARAB
REPUBLIC | : | Survey of the Groundwater Resources of
the Jezireh | (CB.2/28) |
| (xxvii) | UNITED KINGDOM,
BRITISH GUIANA: | : | Survey of Siltation Conditions of the
Demerara and Berbice Rivers | (CB.2/29) |
| (xxviii) | UNITED KINGDOM,
NIGERIA | : | Surveys of Power Development and Multi-
purpose Dams on the Niger River | (CB.2/30) |
| (xxix) | UNITED KINGDOM,
WEST INDIES | : | Faculty of Engineering at the University
College of the West Indies | (CB.2/31) |
| (xxx) | VIETNAM | : | Mineral Survey | (CB.2/32) |

Regional Projects

- | | | | | |
|---------|--|---|---|-----------|
| (xxxi) | CAMBODIA, LAOS,
THAILAND AND
VIETNAM | : | Lower Mekong River Basin:
Survey of Four Tributaries | (CB.2/33) |
| (xxxii) | | : | Desert Locust Survey | (CB.2/34) |

UNITED NATIONS
SPECIAL FUND



CB.2/2
31 August 1959

CONSULTATIVE BOARD
Second meeting
11 September 1959

Introductory Note by the Managing Director
to the Programme for December, 1959

- I. Analysis of Requests
- II. Project Evaluation
- III. Size of the Programme
- IV. Programme for December 1959
- V. Execution of Projects

I. Analysis of Requests

1. Up to 31 July the number of requests formally communicated to the Special Fund was 120 aggregating \$126,531,000. Preliminary information had also been received about a further 63 schemes. The distribution of the 120 formal requests is as follows:

	<u>No.</u>	<u>Amount</u> \$
Water, irrigation, power surveys	24	15,648,000
Agriculture, livestock or soil surveys or institutes (not involving water)	15	17,399,000
Fisheries	3	1,545,000
Meteorology	3	3,157,000
Mineral or Geological surveys	8	14,670,000
Industrial Research Institutes	6	10,839,000
Industrial surveys and Investments	13	5,887,000
Vocational training	19	21,426,000
University technological training	6	12,448,000
University (non-technical)	5	3,268,000
Other surveys	13	7,977,000
Miscellaneous	5	12,267,000
	120	\$ 126,531,000

2. The geographical distribution of the requests is as follows:

	<u>No. of requests</u>	<u>Total</u>
Africa	26	34,515,000
Asia and the Far East	24	30,782,000
Europe	4	3,437,000
Latin America	32	30,323,000
Middle East	34	27,474,000
	120	\$ 126,531,000

3. The present status of these requests is as follows:

	<u>No.</u>	<u>Requested</u>	<u>Recommended</u>
Approved in May 1959	13	12,627,000	7,550,000
Recommended for December	32	54,024,000	22,199,910
Still under consideration	21	18,984,000	-
Rejected	54	40,896,000	-
	<u>120</u>	<u>\$ 126,531,000</u>	<u>\$ 29,749,910</u>

4. The reasons for rejection were as follows:

(a) Not eligible under General Assembly Resolution

Too small	21
Neither investigation nor training	3
Investment	11

(b) Outside Managing Director's Priorities

Education	8
Miscellaneous	5

(c) More suitable for OPEX

3

(d) Referred for further preparation by ETAP

3

54

5. Two-thirds of the rejects are under the heading "not eligible under the General Assembly Resolution". This testifies to continued misunderstanding as to the scope of the Special Fund, due no doubt partly to the nature of the debates over the past eight years. To reduce this confusion, the Managing Director has drafted a manual on the scope of the Fund, for Resident Representatives to use with Governments. Since the manual sets out his current thinking on priorities, as well as his interpretation of the resolution, he does not wish to publish this as a Special Fund document, but intends it for informal use. The comments of the Consultative Board on this manual will be most welcome.

II. Project Evaluation

6. When a request is received, three questions have to be answered:
 - (a) Is it within the terms of reference of the Special Fund?
 - (b) If it is, how would it have to be tailored, financially and otherwise, to fit the Managing Director's priorities?
 - (c) Is it well conceived technically, and likely to be executed successfully?
7. The first two questions have to be answered by the Managing Director and his staff. The manual on the scope of the Special Fund, to which reference has just been made, shows the principles on which the Managing Director is working.
8. For the answers to the third question he relies chiefly on the Specialized Agencies, or on private consultants. Many of the requests are prepared by the Governments with the help of an expert supplied by the Specialized Agencies under technical assistance, or coming from the Headquarters staff. In addition, of the 32 projects recommended for December, 14 were evaluated or redesigned by a specialized agency staff member or team who visited the country specially for this purpose after the request had been received, and 8 were evaluated and redesigned by private consultants hired by the Managing Director; of the remaining 10, technical assistance experts on the spot had helped in designing 4. The other 6 were cases where enough was known about the project at Agency headquarters for it to be evaluated without a special visit.
9. The Managing Director attaches great importance to on-the-spot evaluation, whenever necessary, and provides in his budget for the cost of visits to countries whose requests are under consideration.
10. Where the basic information exists, and the task is merely to design a good project, it is easy for the Managing Director to arrange for somebody to

visit the country for two or three weeks to put the project into shape. However, occasionally in evaluating a request it becomes clear that several months' work is needed before a good Special Fund project can be devised. This applies for example to the three projects listed as "referred for further preparation by ETM". It is for consideration at some stage whether it would be convenient and desirable for the Managing Director to set aside a small fund, of say \$250,000, to be used at his discretion exclusively for giving technical assistance to countries where it seems likely that a few months' preparatory work would produce a good project. This would be specially helpful to those countries whose technical departments have not been adequate to do the kind of basic study which is preliminary to selecting an area for an intensive Special Fund survey. However, since the number of good projects already exceeds available resources, the Managing Director inclines not to make such a proposal to the Governing Council until at the earliest May 1960. This would also give him time to discuss the matter in detail with the United Nations and the Specialized Agencies. Meanwhile he would welcome the views of the Consultative Board.

III. Size of the Programme

11. The sum pledged for 1959 is about \$26,000,000. Out of this, projects approved in May 1959, Agency costs, and the administrative budget will absorb about \$8,500,000, leaving \$17,500,000 for new recommendations.

12. As against this, projects now ready would absorb, together with Agency costs, about \$24,500,000.

13. The Managing Director proposes to recommend that the balance of \$17,500,000 be carried forward to the year 1960, and that the projects to be approved in December 1959 be regarded as the first instalment of the 1960 programme, since in fact none of these projects can be started until some time in 1960.
14. If pledges for 1960 amount to say \$40,000,000, and \$17,500,000 is brought forward from 1959, making \$57,500,000, it will be reasonable to recommend as a first instalment of the 1960 programme all the 32 projects now ready, which total, with Agency costs, about \$24,500,000.
15. One alternative would be to recommend in December only projects totalling about \$16,000,000 (the rest being absorbed by Executing Agency costs). Sooner or later the Managing Director will have to evolve some principles on the basis of which to reject or postpone projects which he would be willing to recommend but for shortage of funds. However, he does not want to make these decisions until he has to.
16. Another alternative would be to decide as a matter of principle that the Special Fund will in respect of any project earmark only the sums likely to be spent in the current and two succeeding years. Then in the first few years, since projects last up to five years, the Special Fund can allocate more money than has been pledged. This is the ETAP practice, in contrast to the UNICEF practice.
17. If the Special Fund follows the UNICEF practice, the commitments of the Special Fund will never at any time exceed the amount pledged or expected to be pledged in the current year. This results in the earlier years in a lower level of activity than the alternative practice (but not necessarily so after the first five years). It also means (and this reflects the same point) that there is

always considerable cash on hand. It is sometimes asserted that the large cash balance of UNICEF has been an obstacle to larger pledges.

18. If the Managing Director's suggestion is adopted, no decision will be required in December on this issue. However, the Governing Council will almost certainly wish to discuss the matter in December, and the Managing Director would welcome the views of the Consultative Board.

19. Another issue which will be raised is whether it is desirable to create a reserve fund, as the resolution permits. The purpose of a reserve fund is to enable the organization to spend at some time in the future more than is then pledged to it. This occasion may arise

- (a) if the excess of needs over resources will be greater in the future than it is at present. If we are justified in expecting pledges to grow in the coming years, it would be more justifiable to be borrowing against the future now than to be building up reserves.
- (b) If it is desired to maintain the momentum of the Special Fund despite a temporary reduction of pledges, due for example, to devaluations.
- (c) If the Special Fund were to pursue the ETAP policy, under which commitments exceed pledges, a reserve of cash might be created against the excess of commitments. This comes to the same thing as reducing the ratio of commitments to pledges. In the limiting UNICEF case, where commitments equal pledges, cash in hand equals the difference between commitments and expenditures.

20. It has also been suggested that a reserve be created in order to build up a fund from which loans can be made. However, it is not necessary to create a reserve for this purpose. Loans can be made at any time out of current pledges.

21. The Managing Director does not see any advantage in creating a reserve fund at present, or in the next year or two. However he would welcome the advice of the Consultative Board.

22. The Special Fund has not yet been asked for a loan, and has not considered suggesting a loan in any case. There is only one type of project which seems to the Managing Director appropriate for a loan, and this is mineral exploration. It would not be inappropriate in some of these cases to suggest that the Special Fund should be repaid out of royalties if its researches reveal valuable ores. Apart from this, the Special Fund expects to be asked for loans to finance commercial investments masquerading as pilot projects. The Managing Director rejects most of the requests put up to him under this designation, because he defines pilot projects very narrowly to include only those where some technical problem in the productive process is not yet fully solved. The very few pilot projects which pass this test will deserve a grant, rather than a loan. Other investments should continue to be treated as outside the Special Fund's terms of reference.

23. The Managing Director would welcome the views of the Board on this issue.

IV. The Programme for December 1959

24. The Managing Director proposes to recommend to the Governing Council all the good schemes of which evaluation has been completed. The list of schemes likely to be ready is as follows:

		\$
Afghanistan	Survey of Land and Water Resources and Agricultural Station	1,149,000
Argentina	Training of Supervisory and Skilled Personnel	904,800
Bolivia	Agricultural Training	295,000
Bolivia	Pre-colonization Survey	162,000
Brazil	Survey of the Lower San Francisco River Basin	850,000
Chile	Mineral Exploration	946,000
Chile	Hydrometric and Hydrometeorological Stations	750,000
China	Hydraulic Development Projects	310,000
Colombia	Vocational Instructors Training	500,000
Colombia	Soil Survey of the Northern Section of Llanos Orientales	316,000
Ecuador	Expansion of Hydrological and Meteorological Services	306,000
Ecuador	Pre-colonization Survey	162,000
Ecuador	Fisheries Institute	585,000
India	Central Mechanical Research Institute	572,000
India	Labour Institutes	330,000
India	Research Laboratories in Power Engineering	1,691,000
Iran	Teheran Polytechnic	1,272,000
Israel	Central Meteorological Institute	300,000
Libya	Institute for Higher Technology	750,000
Mexico	Civil Aviation Training School	750,000
Pakistan	Soil Survey	649,710
Pakistan	Mineral Survey	1,500,000
Peru	Pre-colonization Survey	162,000
Peru	Marine Resources Research Institute	665,000
Peru	Vocational Instructors Training Institute	445,000
United Arab Republic	Survey of the Groundwater Resources of the Jezireh	430,000
United Kingdom- British Guiana	Survey of Siltation Conditions of the Demerara and Berbice Rivers	250,000
United Kingdom- Nigeria	Surveys of Power Development and Multi-purpose Dams on the Niger River	778,000
United Kingdom- West Indies	Faculty of Engineering at the University College of the West Indies	850,000
Vietnam	Mineral Survey	235,000

REGIONAL PROJECTS

Cambodia, Laos, Thailand and Vietnam	Lower Mekong River Basin: Survey of Four Tributaries	1,045,000
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Desert Locust Survey	2,289,400
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22,199,910

25. This list is not final. Some of these schemes are still being evaluated by consultants on the spot. Final decisions will not be made until early in October.

26. The distribution of projects by subject is as follows:

	<u>No.</u>	<u>Amount</u> \$
Water, Irrigation, Power Surveys	7	4,812,000
Agriculture, Livestock or Soil Surveys or Institutes (not involving water)	7	4,036,110
Fisheries	2	1,250,000
Meteorology	3	1,356,000
Mineral or Geological Surveys	3	2,681,000
Industrial Research Institutes	2	2,263,000
Vocational Training	6	3,779,800
University Technological Training	2	2,022,000
	<u>32</u>	<u>22,199,910</u>

27. The geographical distribution is as follows:

	<u>No.</u>	<u>Total</u> \$
Africa	2	1,528,000
Asia and the Far East	9	7,481,710
Latin America	17	8,898,800
Middle East	4	4,291,400
	<u>32</u>	<u>22,199,910</u>

28. The Consultative Board will recognize that, since the initiative in presenting schemes rests with the Governments, the distribution of schemes between subjects and countries depends on the action taken by the Governments. The Managing Director could alter the distribution of the present programme only by withholding some good schemes, on the ground that some subjects, countries or areas, are over-represented. There may be some political advantage in doing this, but it is outweighed by the disadvantage of suppressing development in countries which are ready for it. The remedy for those countries or regions which feel under-represented is to present more and better schemes. Africa is under-represented because no requests have been received from territories in the French Community, or from the Belgian Congo, and because requests from British Africa are just starting to arrive. Asia would be better represented but for the fact that there have been no requests from Burma, Ceylon or Malaya, and only one from Indonesia. In any case, geographical distribution is best considered cumulatively, in relation to the programmes of two or three years, rather than in relation to a single programme.

29. Agriculture continues to be under-represented, except for water schemes. One of the purposes of the manual on the scope of the Special Fund is to encourage Governments to submit more agricultural schemes.

30. Visits of the senior staff of the Special Fund to the under-developed countries may also help to secure more balanced programmes. But the initiative must always rest with the people on the spot.

V. Execution of Projects

31. At the second meeting of the Governing Council there was an extended debate on Executing Agencies, and Executing Agency costs.

32. In the matter of Agency costs there are two separate issues:

(a) Whether legitimate administrative costs should be borne on the regular budgets of the Agencies, or on the budget of the Special Fund.

(b) What role the Agencies should have.

33. As to (a), one of the difficulties is that some Member States of the United Nations take a different line on different governing bodies. On the governing bodies of the Agencies they insist that these costs be borne on the Special Fund budget, whereas in the General Assembly and in the Governing Council of the Special Fund they insist that these costs should be borne on the regular budgets of the Agencies. In consequence several of the Agencies assert that their budgets are so tight that they cannot do any work for the Special Fund unless the Special Fund finances the creation of complete units, paying for professional staff, typing, messengers, office space, stationery, telephone calls, etc.

34. As to (b), from the standpoint of the Special Fund, the Agencies should have whatever role is needed to see that the projects are executed properly. However, some of the Agencies are in dispute with the Governments as to how much agency control is needed for this purpose. Sometimes the Government is clearly over-estimating its own capacities; whereas in other cases the Agency acts

as if it were carrying out a project with Government assistance.

35. At its second meeting the Governing Council made a decision which was intended to enable the Special Fund to by-pass the Agencies, and use the Governments as Executing Agencies. However, the Managing Director is unwilling to use Governments as Executing Agencies, partly because this seems to conflict with the General Assembly's resolution directing the Special Fund to use the Specialized Agencies or the United Nations, except where these are "unavailable or inadequate"; and partly because it seems desirable that the spending of international funds should be kept under international control. If the Special Fund ever agreed to one Government (however efficient) acting as Executing Agency, it would be hard to keep the door closed to other Governments (however inefficient).

36. The Managing Director intends to suggest to Executing Agencies that in appropriate cases the Agency make more use of other institutions for supervision. For example, in projects involving establishment of university departments, it would be appropriate to hand the work over to an established university. Some research institutes, industrial or agricultural, could be supervised by other established institutes. Some geological or engineering projects could be supervised on behalf of the Agencies by consultants or by the technical departments of advanced countries (subject to the consent of the Governments involved). This suggestion will not be welcomed by the Agencies in so far as they regard the existence of the Special Fund as an occasion to build up their own technical staffs and their own operational activities. Each case will have to be studied on its merits.

37. A problem which is certain to arise in the course of executing projects is the failure of a Government to meet its obligations. An extreme case of the possible complications is the desert locust survey, where each of sixteen Governments is committed to make small payments in each of six years. In most cases the project will come automatically to a standstill if the Government defaults on large obligations, since the Special Fund contribution is on the average less than half the total cost of a project. What is chiefly to be feared is not failure to meet large obligations, but failure to pay small sums, such as experts' subsistence allowances; such failures occur every year in the technical assistance programme. The Managing Director has no authority to make payments which have not been sanctioned by the Governing Council. He would prefer not to ask the Council in advance for a reserve out of which to meet sums due from Governments, in those cases where he decides to continue the project despite some small default, but will in each case ask for retrospective approval of sums advanced to meet the obligations of defaulting Governments. Publicity will help to keep down defaults, but experience shows that this is not enough. The Special Fund's chief protection against failure to meet obligations is the fact that it can refuse to consider new project requests from Governments which are in default.

UNITED NATIONS
SPECIAL FUND



CB.2/2/Add.1
31 August 1959.

CONSULTATIVE BOARD
Second Meeting
11 September 1959.

THE SCOPE OF THE SPECIAL FUND

Notes for the use of International Staff

1. UNITED NATIONS DEVELOPMENT AGENCIES

1. The Expanded Programme of Technical Assistance (EPTA), Operational and Executive Personnel (OPEX), the Special Fund, and the World Bank (IBRD) have separate spheres.

2. The Special Fund is distinguished from EPTA and OPEX by two factors. First, the resources of the Special Fund are wholly devoted to assisting in the financing of resource surveys, research establishments and training institutes. Projects outside these categories, even though meritorious, such as improvement of public sanitation, operation of a veterinary inspection service, of the maintenance of aids to navigation, cannot be approved. Therefore, governments should be discouraged from making applications.

3. Secondly, in contrast to EPTA and OPEX, the Special Fund is confined by the General Assembly's resolution to relatively large projects. The Managing Director announced at the first meeting of the Governing Council that his minimum would be \$100,000. In practice it turns out that to avoid overlapping between EPTA and the Special Fund, the Special Fund's minimum must be about \$250,000.

4. The Special Fund is often asked to make an exception and take on small projects for a variety of reasons, among them: (a) Some small countries state that they are too small to have \$250,000 projects. This is not the case; as the list at the end of these notes shows, even the smallest country has plenty of scope for projects of Special Fund size. (b) Some other countries bring small projects to the Fund because their quotas with EPTA are exhausted. The implication is that the Fund has fewer claims on its resources than EPTA, and can therefore be more lax. In fact, the Special Fund has already received requests amounting to five times the money available. The Special Fund is just as short of money as EPTA. To take on projects of EPTA size, apart from adding to confusion, would merely reduce the number of proper Special Fund projects. In any case, the General Assembly has clearly enjoined the Special Fund to concentrate on relatively large projects.

5. Some countries try to get around this limitation by sending in as one project costing over \$250,000 what is really a collection of small projects, although the representation is often made that the collection constitutes a balanced programme. The resolution cannot be evaded in this way. On the other hand, a collection of small studies may well qualify for assistance, if they have a single unifying feature. For example, a pre-investment study of a single manufacturing industry is usually too small for the Special Fund; but an Industrial Research Institute which was studying several manufacturing industries would be a good Special Fund project. So might a collection of studies which are related to a

single purpose, such as is the combination, in studying a river valley, of separate health, soil, engineering and demographic studies.

6. There have been cases where countries have sought to bring projects within the scope of the Special Fund by blowing them up to a point where they would qualify. Every request receives expert evaluation, by technical staff to determine the proper way to do the job, and the proper cost. What determines whether a project passes the size limit is not the amount requested, but the amount which the Special Fund would be willing to contribute to the project on the basis of its own evaluation. A Government may ask for a contribution of \$500,000 towards a project it costs at \$700,000. If after examination the Managing Director decides that the legitimate cost of the whole project should only be \$300,000, towards the foreign exchange cost of which he would contribute only \$100,000, the project will be excluded on the ground that it is too small.

7. The Special Fund is distinguished from the World Bank in that it is not a lending institution. Neither does it finance capital formation, except in connection with research or training institutes. Anything which is within the legal terms of reference of the Bank is outside the terms of reference of the Special Fund (even if it is a project of a kind which the Bank will not in practice take), unless it can be defined as a pilot project.

8. The Special Fund is permitted to finance investment in pilot projects. However, the Managing Director interprets this term to include only investments whose purpose is to solve some technical problem. In the absence of such a problem to be solved, he will not finance an investment merely because this kind of investment is new to

the country, or because market prospects are uncertain.

9. The Special Fund will finance surveys which lead up to investment by the Bank or other financial agency; its purpose is to clarify the doubt which exists whether to make the investment. Once this doubt is clarified, the Fund's function ceases. Thus the Fund will not finance the cost of detailed engineering blueprints. For example, the Fund will finance a survey to determine where a road should run, having regard to economics as well as engineering factors. However, once this is settled, the Fund will not finance the detailed engineering drawings for the road.

II. SPECIAL FUND CATEGORIES

10. The Managing Director reported to the second meeting of the Governing Council that for the time being, because of limited resources, the Special Fund is supporting only those surveys which are likely to result in immediate action, whether by way of investment, or by way of increased productivity. The Special Fund will not finance a survey unless it is clear that somebody is waiting anxiously for the results of the survey in order to take action. This action may be investment, whether by public or private agency. Or it may be dissemination of knowledge; for example, if the Fund is to finance a survey of fishery resources, the Managing Director must be satisfied that the Fisheries Department will be put into a good state to do extension work; or if the Special Fund is to finance research into new techniques for small industries, some development agency must stand ready to lend small industrialists the money they will need to use the new techniques. The Fund will not finance surveys whose results are not likely to be used.

11. One corollary of this emphasis on application is that the Special Fund supports research only when it is already at an advanced stage, near the point of commercial use. It does not support basic research in physics, chemistry, biology, medicine, economics or other subjects. In geology, it does not support blind searches to discover what exists, but supports only intensive investigations of already known ore-bodies. In a word, the Special Fund does not operate in the dark; it operates only in the twilight.

12. The Managing Director has based this decision on his desire to demonstrate, through the Special Fund, the immense opportunities for development in the immediate future; thereby strengthening the case for larger multilateral sources of investment funds, as well as the case for a larger Special Fund itself. However, the same conclusion is reached when one remembers that the Special Fund is not intended to take the place of normal Government operations. Every Government should maintain certain basic services - geological, agricultural, statistical, etc. out of its own revenues, capable of making the kind of preliminary surveys which lead to Special Fund projects. If a Government lacks such services, the principal remedy is to establish a good fiscal system, and raise the revenue needed for establishing basic public services. For assistance in establishing such services it should look not to the Special Fund but to EPTA and to OPEX.

13. However, even in those countries where technical services are least developed, there are usually some "twilight" resources about which sufficient is already known to suggest that intensive survey with the help of the Special Fund would be worth while. It may take some months of further study, perhaps with the help of EPTA, to define this intensive survey precisely. The Special Fund will always be glad to discuss how this preliminary work might be done.

14. In the field of training the Special Fund is concentrating on technical training, and is not financing basic education (including primary, high school and elementary technical) although recognising the importance of basic education. It is also not financing mass education or other extension programmes, except to the extent of training instructors for such programmes. It is interested in training instructors for technical schools, foremen and other supervisory personnel, engineers, agricultural instructors, agronomists, and other persons whose special skill is used directly in production. The only university departments the Special Fund will support are architecture, engineering and agriculture.

III. FINANCIAL RULES

15. In accordance with the General Assembly's resolution, the Special Fund will normally not meet expenditures in local currencies, and will meet only part of the expenditure in foreign currency.

16. Partly as a corollary of this, the Managing Director has made a general rule that the Special Fund will not contribute towards the cost of building or other construction.

17. The Special Fund usually expects a Government to make a substantial contribution to the cost of a project, meaning by this not less than a quarter, and usually not less than half. First the Special Fund does not do things for countries; it merely helps them to help themselves. Secondly, one of the ways in which the Special Fund discovers how much priority a Government attaches to a project is to see how much the Government would be willing to contribute towards it; if a Government is not prepared to put up half the cost out of its own

money, one may deduce that this is not a high priority project. Quite a few requests to the Special Fund have melted away when subjected to this test. Anybody can think of hundreds of natural resource surveys to ask for, if somebody else is going to bear the cost. The Special Fund does not have a rigid rule stipulating a minimum percentage contribution by the Government, but it is very helpful, when in doubt of a project's priority, to apply the test of requiring the Government to meet at least half the cost.

18. Since any progressive Government can produce at any time half-a-dozen good Special Fund schemes, which it intends to carry out sooner or later, it is of no financial significance to such a Government whether it receives \$1,000,000 from the Fund towards one scheme, or \$500,000 towards each of two schemes. The total sum which any one country can hope to get is in any case rather limited.

19. The Managing Director informed the first meeting of the Governing Council that, in helping to finance institutes, he would do so on a tapering basis, with the Fund contributing for not more than five years. When a request is received, the Fund wants to know how large an institute the Government will be prepared to finance out of its own resources at the end of five years. The Fund will not blow the institute up during these five years to a size beyond what the Government will eventually carry. In at least the fourth and fifth years, the Government must assume an increasing share of the cost, so that its budget can take the full cost by at least the sixth year. This is irrespective of whether foreign staff will still be needed; if foreign staff is still needed, the Government must make its own arrangements to hire and pay out of its own resources.

20. The Special Fund was not set up to finance fellowships. There are many other sources of finance for fellowships, including EPTA. Fellowships are

granted in the words of the General Assembly's resolution, only "in so far as they are integral parts" of a project, which normally means only in so far as they are needed to replace foreign personnel working on the project. Hence the normal number of fellowships to a project is well under 20; whereas the typical request is for well over 50.

21. One effect of these financial restrictions is to keep Special Fund projects modest in size. The requirement that a survey leads to quick results keeps the area of a natural resource survey down to what the country would be able to exploit, instead of expensive forays over vast empty spaces. The fact that the Government has to make a substantial contribution keeps out everything that is not of high priority, and relates the size of projects to available resources. Institutes are established only at a scale at which they can be maintained, and benefit by being established at manageable size, instead of being expected to grow too rapidly. One of the major defects of requests which Governments made under the assumption that the Fund would meet the entire cost, was that they tended to be grandiose, and would have involved either wasting money on collecting information which could not be used, or establishing institutions on an unmanageable scale which also could not be sustained.

22. Experience to date suggests that in more than half the projects, the contribution of the Special Fund will be between \$250,000 and \$750,000. Vocational schools are running at up to \$900,000, and engineering faculties at up to \$1,500,000. If geological surveys and river basin surveys are kept down to the collection of readily usable data, the Fund contribution will seldom exceed \$1,500,000. These figures are not intended to acquire authority; many projects

will cost much less, while others may legitimately cost more. They are, however, substantially less than the average request, and are quoted to help resident representatives to prevent the disillusionment which Governments now feel when the Managing Director pricks the bubble, and offers only a quarter of the sum which the Government was asking of the Special Fund.

IV. REVIEW OF CATEGORIES REQUESTED

23. Much the most popular category of requests to the Special Fund concerns water (rivers, irrigation, underground water, siltation of harbours, hydro-electric power). The next most popular category is training in industrial skills required by manufacturing industries. Another popular category is geological surveys and mineral investigations. Here follows some indications of categories of which the Fund would like to see more.

24. The neglect of agricultural schemes (apart from water) is outstanding. The Special Fund has been asked to finance several faculties of engineering, but, to date, not a single faculty of agriculture; several industrial vocational schools, but not a single school for training agricultural or veterinary assistants; several industrial research institutes, but only one agricultural or animal husbandry station; plenty of geological surveys, but very few soil surveys. The Special Fund would welcome more agricultural, fishery, and live-stock projects.

25. Another neglected field is transportation (apart from siltation of harbours). The Special Fund would be willing to finance studies of where roads or railways should run, and of the relative cost and benefit of different methods of transportation.

26. Many countries have small scale industries which could be improved by research into their techniques, design of new equipment, studies of raw materials, reform of marketing, and so on. Such research is appropriate to the Special Fund. However, work of this kind does not bear much fruit unless capital is available to lend to industrialists who wish to adopt the new techniques. If a Government or Development Bank or other agency will set aside say \$1,000,000 for such loans, the Special Fund will consider helping to establish an institute in connection therewith for industrial research and extension.
27. Housing absorbs in most countries from 15 to 25 per cent of gross investment. Much research is needed into methods of reducing housing costs, by use of local building materials, cheaper designs, and better organization of work. A research institute for this purpose is a good type of Special Fund project.

V. SUMMARY

1. The role of the Special Fund is assisting in the financing of resource surveys, research establishments, and training institutes. The following are typical examples of Special Fund projects. The list is not exclusive:

Hydrological and meteorological studies of river basins.

Irrigation studies.

Investigations of groundwater.

Siltation of rivers and harbours.

Investigations of electric power potential.

Soil surveys.

Mineral investigations.

Design of land settlement or colonisation schemes

Agricultural stations

Agricultural education, at university or sub-university levels

Livestock improvement

Fishery investigations and training

Industrial research institutes or pilot factories

Institutes for improvement of small scale industry

Building research institutes

Studies of transportation networks

Training of transport workers (telecommunications, civil aviation, railways, etc.)

Training instructors for technical schools

Training supervisory staff

2. A project is not eligible for the Special Fund if:

- (a) it is not essentially survey, research or training; or
- (b) it is too small, or is a mere aggregation of small items; or
- (c) it is essentially capital formation (other than in research or training); or
- (d) it consists of making engineering blueprints.

3. The Managing Director will not support a survey unless:

- (e) its results will have immediate application; and
- (f) there is some likelihood of funds being available, whether from private or from public sources, to apply the results; and
- (g) the Government is willing to pay all expenditures in local currency, and not less than a quarter (preferably a half) of the total cost.

4. The Managing Director in training:

- (h) supports only technical training and not general education;
- (i) does not assist elementary technical training, mass education, or extension programmes, except by training instructors for such programmes;
- (j) requires evidence that use will be made of the services of the persons trained;
- (k) provides for fellowships only in so far as they are an integral part of some project.

5. In helping to establish institutes, the Managing Director:

- (l) extends assistance for a maximum of five years; and
- (m) needs assurance that the Government will be able to finance the institute when Special Fund assistance ceases; and
- (n) will not during the five years blow the institute up to a size beyond what the Government will ultimately be able to finance; and
- (o) will not contribute towards expenditures in local currencies; and
- (p) will not contribute towards the cost of buildings or other construction; and
- (q) progressively diminishes his contribution towards operating expenses during the last three years of Special Fund assistance.

Mr. S. Aldewereld

July 28, 1959

Neil Bass

Mr. Saitzoff's Assignment - U.N. Special Fund

This is in further reference to Mr. Demuth's note to you of July 24 about extending Alex Saitzoff's assignment with the Special Fund until November 1.

I phoned Alex this afternoon to tell him (1) that the Bank, in response to the Special Fund's request, would like to be able to extend his assignment to November 1, and (2) that if there were compelling personal reasons which would prevent his accepting an extension of the assignment the Bank would not insist that he stay longer than the three months originally agreed upon.

Mr. Saitzoff said that he could not willingly extend his stay beyond the present commitment which ends August 10. For one thing he has made vacation plans, which had to be arranged jointly with his wife's employers, for August 15 through Labor Day. Furthermore, he feels the need of possibly some additional rest if some of the symptoms now bothering him are not overcome during his vacation. He asked, consequently, that the Bank not agree to an extension. He plans to be in the office here the week of August 10 and would be glad to further explain his reasons for not desiring that his assignment be extended.

Extra copy to Mr. Aldewereld (for Mr. Demuth)

cc: Mr. Saitzoff

NB/bli

Mr. Aldewereld

July 24, 1959
(dictated July 23)

Richard H. Demuth

Mr. Saitzoff's Assignment with U.N. Special Fund

When I was in New York this morning with Mr. Iliff talking to Messrs. Hoffman, Lewis and Cohen of the U.N. Special Fund, they asked me to ascertain whether it would be possible to extend Alex Saitzoff's assignment with them until November 1. They have recruited an engineering adviser on a long-term basis but he will not be available until November 1 and they would like to keep Alex to avoid a gap. I understand they have talked to Alex about this proposal and that he has been noncommittal concerning his own wishes.

Could we discuss this at your convenience?

cc: Messrs. Knapp and Howell

RHD:tf

Mr. Eugene R. Black

July 13, 1959

J. Burke Knapp

Arthur Lewis, who is now Paul Hoffman's Deputy in the United Nations Special Fund, came down to visit the Bank a couple of weeks ago to give our professional staff a talk about the work of the Special Fund.

We took this occasion to pick his brains regarding Ghana, where as you know he served for a couple of years as the Economic Adviser to Nkrumah. Attached is a note on this conversation, which I think you will find of special interest.

Attachment

JBK
c.c. Mr. Cope
JBK/js

June 25, 1959

Dear Alec:

It was a pleasure to see you in New York last week. Could you please obtain six copies of the final Financial Regulations of the Special Fund and send them to me. I understand that the drafts were put out as Document SF/L9 but the final have been issued or are to be issued as SF/2.

Sincerely,

Robert W. Cavanaugh

Mr. Alexander M. Saitzoff
c/o U.N. Special Fund
Room 2983
United Nations
New York, N.Y.

RWCavanaugh:emk

SPECIAL FUND

FONDS SPECIAL

UNITED NATIONS
NEW YORK

Telephone: Plaza 4-1234

Cable Address: SPECFUND New York

17 June 1959

Dear Mr. Demuth,

1. The purpose of this letter is to outline the financial arrangements which the Managing Director proposes to apply in connexion with Special Fund projects to be executed by your organization.

Background

2. At its 2nd session, the Governing Council of the Special Fund took the decisions described below which bear immediately upon the financial arrangements to be made between the Special Fund and the Executing Agencies:

- a) Approved the proposed projects, and allocated to each project the sum specified in documents SF/L.12, Add. 1-13;
- b) Authorized the Managing Director to negotiate the costs to be paid to the Executing Agencies in respect of the above projects with the Agencies concerned. The Governing Council felt that the amounts agreed upon in each case should be less than the amounts set out in document SF/L.12, Add.16 (copy attached) and that those amounts should be regarded as maximum in any case;
- c) Requested the Managing Director to ensure in each case that the Government concerned concurs in the choice of the specific Executing Agency;

Mr. Richard H. Demuth
Director, Technical Assistance
International Bank for Reconstruction
and Development
1818 H Street, N.W.
Washington 25, D.C.

./.

- d) Adopted with certain revisions the provisional Financial Regulations (SF/L.9). The regulations, incorporating the revisions, will be issued and circulated forthwith under the symbol SF/2.
3. While the Managing Director will be unable to give earmarkings or other financial authorizations to the Executing Agencies before the Government concurs in the selection of the Executing Agency, and the Project Plan of Operations is signed by all parties, it is possible at this stage to make certain basic arrangements on the logical assumption that these steps will be taken in due course.

Costs to the Agency

4. Attention is drawn to paragraph 2 (b) above. The Managing Director would again wish to inform you of his desire that overhead costs be held to the minimum consistent with the demands of efficient operations, and at the same time to express his appreciation for your readiness to hold these costs down. It would be the intention of the Managing Director to accept your estimate of costs to the Bank, as defined in your cable of 16 May 1959. The Managing Director would appreciate your advice as to how you would wish the total earmarking of \$15,000 broken down for the following periods for the Thailand project on silting conditions in the Bangkok Port Channel:

Calendar year 1959

Calendar year 1960

Calendar year 1961

Calendar year 1962.

5. These earmarkings would be made in pursuance of and subject to Article 13 of the Provisional Financial Regulations of the Special Fund. The Managing Director would expect to receive, as soon as possible after the close of each period specified above, a statement showing for each project as at the final day of the period: (1) the amount of the earmarking for the period; (2) remittance received, by currency; (3) expenditures, by currency; (4) expenditures and unliquidated obligations, as defined in your financial regulations, broken down into the following main objects of expenditure:

A. Administrative Costs

Personal services

Travel

Other

B. Field Supervision

Personal services

Travel

Other

As has been agreed, the Managing Director would not expect to provide funds for any costs which might be incurred by the Bank prior to signature of the Project Plans of Operations. The Bank would absorb any such costs.

Field Costs

6. In pursuance of approvals given by the Governing Council, and subject to signature of the Project Plans of Operations, the Managing Director would intend to earmark the full amount of \$250,000 to the Bank in respect of the

- 4 -

Argentina Power Survey Project immediately upon signature of the Plan of Operations. In the case of the Thailand project referred to in paragraph 4 above, it would be our intention to break the earmarking down into periods of calendar years, and your advice as to the desired breakdown of the total earmarking of \$600,000 by years.

7. The earmarkings would be made in pursuance of Article 13 of the Provisional Financial Regulations, and drawing rights would be limited within each of the above periods to the earmarking for the period.

8. As soon as possible after the completion of each period, the Managing Director would expect to receive a statement from the Agency showing for the Thailand project:

- (1) Total earmarking for the period
- (2) Remittances received by currency
- (3) Expenditures by currency
- (4) Expenditures by six main objects of expenditure (in dollar equivalents, not by currency):
 - a. Personal services
 - b. Supplies and material
 - c. Property and equipment
 - d. Travel and transportation
 - e. Contractual and other services
 - f. Grants and subsidies
- (5) Unliquidated obligations by above six objects of expenditure (in dollar equivalents, not by currency).

A similar statement should be supplied in the case of the Argentina project at the end of 1959, and if the project is not then completed, again at the end of the project.

- 5 -

Payments by Recipient Governments

9. After giving careful consideration to the problems related to collection, disbursement and accounting for government payments in respect of Special Fund projects, the Managing Director is inclined to the view that it would be impractical to divorce the responsibility in respect of governments' payments from the general responsibility for the execution of the project. Accordingly, it is proposed that arrangements be made for the Governments' cash payments in support of the projects to be paid to accounts to be designated by the IBRD. The Bank should report such payments to the Managing Director. This arrangement would permit such payments to be credited to the Special Fund Account in pursuance of Article 4.2 of the Provisional Financial Regulations and would be intended to permit the possibility of obtaining matching payments from other contributing governments. The Executing Agency would account for expenditures made from such funds to the Government, with copies of all accounts so rendered to the Managing Director, Special Fund. The Managing Director would be grateful for your views on this proposal.

Currency Utilization

10. General Assembly resolution 1240 (XIII) suggests that the Managing Director should indicate to contributing governments the currencies which are required for the execution of the Fund's programme. The Managing Director would be grateful if the Agency could review the pledges thus far made for 1959 as set forth in SF/L.10 (copy attached) against the list of projects for which the Agency will act as Executing Agent, and notify him by 15 July 1959 the estimated currency requirements for each project. In considering the estimate, the Agency is asked to give careful heed to the injunction placed on the Managing Director by the Assembly that he endeavor to make the fullest possible use of

- 6 -

available currencies. Experience gained under other programmes suggests that it is especially important at this early stage to make careful plans for currency utilization if accumulation of blocs of "difficult" currencies is to be avoided. At this early stage the Managing Director intends to sanction only very sparing use of dollars and sterling currencies, both in respect of sums required for Executing Agency costs as well as project costs.

11. I would be most grateful for the favour of an early reply.

Yours sincerely,

(signed)

W.A. Lewis
Deputy Managing Director
United Nations Special Fund

June 17, 1959

Mr. Alexander M. Saitzoff
United Nations Special Fund
United Nations
New York, New York

Dear Alex:

Enclosed please find a copy of the Plan of Operation and the proposed Letter Agreement between the Special Fund and the Bank for the Argentine Power Study, incorporating the changes which I mentioned to you over the telephone. Dick Demuth agrees to leave in in Clause 5 (iii) of the Plan of Operation the reference to local professional services.

I would be grateful if you could check the documents now being typed in the Special Fund against this enclosed set of papers to be sure that there are no discrepancies.

With kindest regards,

Yours sincerely,

Douglas J. Fontein

DJFontein:ea

June 16, 1959

Your Ref: SF/141/32

Dear Mr. Hoffman:

I wish to acknowledge receipt of and to thank you for your letter of June 10, 1959, inviting me to participate in the second meeting of the Consultative Board of the United Nations Special Fund to be held at United Nations Headquarters on Friday, September 11, 1959.

In principle the date is agreeable to me, and I will make every effort to attend the meeting.

Sincerely yours,

Eugene R. Black

Mr. Paul G. Hoffman
Managing Director
United Nations Special Fund
United Nations
New York 17, N.Y.

ERB:ELH:em

JUN 16 REC'D

OFFICE MEMORANDUM

TO: Mr. Black

FROM: Richard H. Demuth

SUBJECT: U.N. Special Fund

DATE: June 15, 1959

I think you may be interested and amused by the following excerpt from a "Policy Guide" issued by the U.N. Special Fund to resident representatives and field officers of the Technical Assistance Board.

"The most important question to answer about any project is, who in the Government is going to be responsible for it? This is important in several ways

- (i) The staff of the Special Fund cannot hope, by means of asking however many questions, to decide whether a project is soundly conceived or not. (Italics supplied.) The most important thing to find out is whether the person who has designed it knows what he is about, and can be trusted to spend money wisely. Essentially, the Special Fund has to invest in people, rather than projects."



Record Removal Notice

File Title Liaison - United Nations [UN] - Special Fund - Correspondence - Volume 2		Barcode No. 30151495		
Document Date June 9, 1959	Document Type Memorandum			
Correspondents / Participants To: Mr. Richard H. Demuth, Director Technical Assistance, IBRD From: W.A. Lewis, Deputy Managing Director, UN Special Fund				
Subject / Title Enclosed "Guides to the Policy of the Special Fund"				
Exception(s) Information Provided by Member Countries or Third Parties in Confidence				
Additional Comments		The item(s) identified above has/have been removed in accordance with The World Bank Policy on Access to Information or other disclosure policies of the World Bank Group. <table border="1"><tr><td>Withdrawn by S. Alon</td><td>Date April 11, 2025</td></tr></table>	Withdrawn by S. Alon	Date April 11, 2025
Withdrawn by S. Alon	Date April 11, 2025			

SPECIAL FUND



FONDS SPECIAL

UNITED NATIONS
NEW YORK

TELEPHONE: PLAZA 4-1234

CABLE ADDRESS: SPECFUND NEW YORK

REFERENCE: SF/141/32

10 June 1959

Dear Mr. Black,

At its second session, the Governing Council of the Special Fund decided to hold its third meeting in December of this year, and therefore it will be possible for the Consultative Board to meet in September instead of in August as we contemplated earlier.

Accordingly, I should like to invite you to participate in the second meeting of the Consultative Board which will be held at United Nations Headquarters on Friday, 11 September 1959 at 10.00a.m. It will review project proposals which may be submitted to the Governing Council of the Fund at its December meeting. The documentation for this meeting will be sent to you as soon as it is ready.

.....

For your information, I am enclosing a copy of the first report of the Governing Council which contains a list of the first thirteen projects approved by it.

Yours sincerely,

A handwritten signature in blue ink, appearing to read "Paul G. Hoffman".

Paul G. Hoffman
Managing Director
United Nations Special Fund

ack Jun 16

Mr. Eugene R. Black
President
International Bank for Reconstruction and Development
1818 H Street, N.W.
Washington, D.C.

FOUNDED 1945

SPECIAL FUND

UNITED NATIONS
NEW YORK

10 June 1959

SR/111/32

Dear Mr. Black,

At its second session, the Governing Council of the Special Fund decided to hold its third meeting in December of this year, and therefore it will be possible for the Consultative Board to meet in September instead of in August as we contemplated earlier.

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For your information, I am enclosing a copy of the first report of the Governing Council which contains a list of the first thirteen projects approved by it.

Yours sincerely,

Paul G. Hoffman
Managing Director
United Nations Special Fund

Mr. Eugene R. Black
President
International Bank for Reconstruction and Development
1818 R Street, N.W.
Washington, D.C.

RECEIVED
BANK MAIL ROOM

1959 JUN 16 AM 10:56

General files

OFFICE MEMORANDUM

To: Mr. Richard H. Demuth
From: Douglas J. Fontein
Subject: United Nations Special Fund

June 8, 1959

Attached please find copies of the latest version of the proposed Standard Agreement between the United Nations Special Fund and Governments (Attachment 1) and of the proposed Standard Agreement between the Special Fund and Specialized Agencies acting as Executing Agents of the Special Fund (Attachment 2).

The following may be pointed out in respect of the Standard Agreement between the Special Fund and Governments:

1. Article I, Clause 2

This clause still provides for a Plan of Operation to be agreed to by the Government, the Special Fund and Executing Agency. The clause still does not provide that in case of inconsistency between the Plan of Operation and the Standard Agreement the former shall govern. The Special Fund agrees, however, that, where necessary, a Plan of Operation may deviate from the Standard Agreement.

2. Article I, Clause 3

The phrase "subject to the availability of funds" is still in. This is now required as a result of the Financial Regulations of the Special Fund which were adopted at the recent meeting of the Fund's Governing Council. Reference is made, however, to Article VI of the Standard Agreement between the Special Fund and Executing Agents which provides for earmarkings to be made by the Managing Director of the Special Fund. The Special Fund says that once such earmarkings are made, the Fund is committed and that the sums specified in the earmarkings are set aside and are no longer available for any other purpose.

3. Article I, Clause 4

The words "in respect of such project" should presumably be inserted at the end of the first sentence. The words "at any time prior to the compliance by the Government with such obligations" should presumably be inserted at the end of the second sentence. It has now also been made clear that the termination or suspension is at the discretion of the Special Fund.

4. Article II, Clause 1

The words "or administered on behalf of the Special Fund" have been inserted.

5. Article II, Clause 2, first sentence

This sentence is still in.

6. Article II, Clause 3

The Special Fund would agree to a side letter, limiting the meaning of the words "Any agreement" to exclude agreements in furtherance of the agreed Plan of Operation.

7. Articles IV and V

Article V sets forth the minimum contributions which the Government would be required to make for each project. Such contributions would, in the first instance, be payable in money (Article V, Clause 2), although the Government would be given an option to make such contributions in kind to the extent specified in the Plan of Operation (Article V, Clause 3). The idea is that payments made on account of such contributions should be paid into a Special Fund account (Article IV, Clause 3; Article V, Clause 2). Monies so paid in would be taken into account for purposes of the U.S. matching arrangement.

In addition to the foregoing minimum contributions, Article IV envisages that each Plan of Operation may provide for additional contributions on account of materials, equipment, supplies and labor, etc., which in the first instance would be paid in kind, but which could also be paid for in money.

8. Article VIII, Clause 3

This clause has now been amended to make the granting of privileges and immunities to firms and organizations permissive rather than mandatory.

9. Article IX

This provision only applies to disputes arising between the Special Fund and the Government and does not cover disputes arising between the Executing Agent and the Government or an agency of the Government. The Special Fund says that any dispute arising between the Executing Agent and the Government would be a dispute between the Special Fund and the Government and that the Special Fund should decide whether or not it wants to go to arbitration. The Special Fund further says that, if necessary, an agreement between the Executing Agent and the Government may provide for arbitration of disputes between them.

The following comments apply to the Standard Agreement between the Special Fund and Executing Agencies:

1. Article I, Clause 1

See comments under 1 above.

2. Article I, Clause 2

The words "after consultation with the Executing Agency" have now been inserted. The grounds on which the Managing Director may suspend the execution of the project are not stated. See also the comment under 3 above.

3. Article II, Clause 2

See comment under 6 above.

4. Article III

See comment under 5 above.

5. Article IV, Clauses 1 and 2

It will be necessary in any agreement between the Special Fund and the Bank to spell out what information the Special Fund is entitled to receive.

6. Article V, Clause 2

Query whether these requirements can be met in the case of the Argentine power survey and the Thailand siltation survey?

7. Article VI

Clause 2 permits earmarkings to be made going beyond a "particular operational stage". I suggest that in the Argentine and Thailand surveys we may wish one earmarking for the entire amount of the contracts with the consultants.

I suggest that under Clause 4 we ask for payments to be made to our account covering a substantial part, if not all, of the amounts of the contracts with the consultants.

8. Article VII, Clause 3

This provision would require Price Waterhouse to audit the accounts kept by the Bank in relation with the surveys. I queried who would pay for such an audit if it turned out not to be included in the normal Price

Waterhouse audit of our accounts. The Special Fund said that if necessary they would pay for such an audit.

9. Article VII, Clause 4

I do not know whether the Bank is a party to the Joint Panel.

10. Article VIII

This permits a reimbursement for expenditures incurred in examination of requests and preparation of projects and the incurring of commitments in respect of a project prior to the working out of a Plan of Operation.

11. Article IX, Clause 2

This will have to be covered in any agreement between the Bank and the Special Fund.

12. Article X

This Article permits the Executing Agency to adjust main categories of expenditures by not more than 5% thereof. For any adjustments in excess of this amount approval will have to be obtained from the Managing Director.

13. Article XI

Note the last part of this clause which provides that the Executing Agency will waive the immunity of firms and organizations upon the request of the Managing Director of the Special Fund.

cc: Messrs. Aldewereld
Bachem
Broches
Cancio
Cargill
Cavanaugh
Lopez-Herrarte
Mehaffey
Piccagli
Nurick
Sandelin
Schmidt
Legal Files
General Files

DJFontein:ea

4 June 1959

Draft Agreement between the United Nations Special
Fund and the Government of _____ concerning
assistance from the Special Fund

WHEREAS the Government of _____ has requested assistance from
the United Nations Special Fund in accordance with resolution 1240 (XIII)
of the General Assembly of the United Nations;

WHEREAS the Special Fund is prepared to provide the Government with
such assistance for the purpose of promoting social progress and better
standards of life and advancing the economic, social and technical develop-
ment of _____;

NOW THEREFORE the Government and the Special Fund have entered into
this Agreement in a spirit of friendly co-operation.

Article I

Assistance to be provided by the Special Fund

1. This Agreement embodies the conditions under which the Special Fund shall provide the Government with assistance and also lays down the basic conditions under which projects will be executed.
2. A Plan of Operation for each project shall be agreed to in writing by the Government, the Special Fund and the Executing Agency, and shall then constitute an integral part of this Agreement. Any reference herein to the Agreement shall be deemed to include each Plan of Operation.
3. The Special Fund undertakes to make available such sums as may be specified in each Plan of Operation for the execution of projects described therein, in accordance with the relevant and applicable resolutions and

decisions of the appropriate United Nations organs, in particular resolution 1240 (XIII) of the General Assembly, and subject to the availability of funds.

4. Compliance by the Government with any prior obligations specified in each Plan of Operation as necessary for the execution of a project shall be a condition of performance by the Special Fund and by the Executing Agency of their responsibilities under this Agreement. In case execution of a project is commenced before compliance by the Government with any related prior obligations, such execution may be terminated or suspended at the discretion of the Special Fund.

Article II

Execution of Project

1. The Parties hereby agree that each project shall be executed or administered on behalf of the Special Fund by an Executing Agency, to which the sums referred to in Article 1 above shall be disbursed by agreement between the Special Fund and such Executing Agency.
2. The Government agrees that an Executing Agency, in carrying out a project, shall have the status, vis-à-vis the Special Fund, of an independent contractor. Accordingly, the Special Fund shall not be liable for the acts or omissions of the Executing Agency or of persons performing services on its behalf. The Executing Agency shall not be liable for the acts or omissions of the Special Fund or of persons performing services on behalf of the Special Fund.

3. Any agreement between the Government and an Executing Agency concerning the execution of a Special Fund project shall be subject to the provisions of this Agreement and shall require the prior concurrence of the Managing Director.

4. Any equipment, materials, supplies and other property belonging to the Special Fund or an Executing Agency which may be utilized or provided by either or both in the execution of a project shall remain their property unless and until such time as title thereto may be transferred to the Government on terms and conditions mutually agreed upon between the Government and the Special Fund or the Executing Agency concerned.

Article III

Information concerning Project

1. The Government shall furnish the Special Fund with such relevant documents, accounts, records, statements and other information as the Special Fund may request concerning the execution of any project or its continued feasibility and soundness, or concerning the compliance by the Government with any of its responsibilities under this Agreement.

2. The Special Fund undertakes that the Government will be kept currently informed of the progress of operations on projects executed under this Agreement. Either Party shall have the right, at any time, to observe the progress of any operations carried out under this Agreement.

3. The Government shall, subsequent to the completion of a project, make available to the Special Fund at its request information as to benefits derived from and activities undertaken to further the purposes of that project, and will permit observation by the Special Fund for this purpose.

4. The Government will also make available to the Executing Agency all information concerning a project necessary or appropriate to the execution of that project, and all information necessary or appropriate to an evaluation, after its completion, of the benefits derived from and activities undertaken to further the purpose of that project.

5. The Parties shall consult each other regarding the publication as appropriate of any information relating to any project or to benefits derived therefrom.

Article IV

Participation and Contribution by Government in Execution of Project

1. The Government shall participate and co-operate in the execution of the projects covered by this Agreement. It shall, in particular, perform all the acts required of it in each Plan of Operation, including the provision of materials, equipment, supplies, labour and professional services available within the country, and shall as appropriate display suitable signs at each project identifying such project as one assisted by the Special Fund and the Executing Agency.

2. If so provided in the Plan of Operation, the Government shall pay or arrange to be paid to the Special Fund the sums required, to the extent specified in the Plan of Operations, for the provision of labour, materials, equipment and supplies available within the country.

3. Moneys paid to the Special Fund in accordance with the preceding paragraph shall be paid to an account designated for this purpose by the

Secretary-General of the United Nations and shall be administered in accordance with the applicable financial regulations of the Special Fund.

4. Any moneys remaining to the credit of the account designated in the preceding paragraph at the time of the completion of the project in accordance with the Plan of Operation shall be repaid to the Government after provision has been made for any unliquidated obligations in existence at the time of the completion of the project.

Article V

Local facilities to be provided by the Government to the Special Fund and the Executing Agency

1. In addition to the payment referred to in Article IV, paragraph 2, above, the Government shall assist the Special Fund and the Executing Agency in executing any project by paying or arranging to pay for the following local facilities required to fulfil the programme of work specified in the Plan of Operation:

- (a) The local living costs of experts and other personnel assigned by the Special Fund or the Executing Agency to the country under this Agreement, as shall be specified in the Plan of Operation;
- (b) Local administrative and clerical services, including the necessary local secretarial help, interpreter-translators, and related assistance;
- (c) Transportation of personnel, supplies and equipment within the country;

- (d) Postage and telecommunications for official purposes;
- (e) Any sums which the Government is required to pay under Article VIII, paragraph 5 below.

2. Moneys paid under the provisions of this Article shall be paid to the Special Fund and shall be administered in accordance with Article IV, paragraphs 3 and 4.

3. Any of the local services and facilities referred to in paragraph 1 above in respect of which payment is not made by the Government to the Special Fund shall be furnished in kind by the Government to the extent specified in the Plan of Operation.

4. The Government also undertakes to furnish in kind the following local services and facilities:

- (a) The necessary office space and other premises;
- (b) Appropriate medical facilities and services for international personnel engaged in the project.

5. The Government undertakes to provide such assistance as it may be in a position to provide for the purpose of finding suitable housing accommodation for international personnel assigned to the country under this Agreement.

Article VI

Relation to assistance from other sources

In the event that assistance towards the execution of a project is obtained by either Party from other sources, the Parties shall consult each other and the Executing Agency with a view to effective co-ordination and

utilization of assistance received by the Government from all sources.

The obligations of the Government hereunder shall not be modified by any arrangements with other entities co-operating with the Government in the execution of a project.

Article VII

Use of assistance

The Government shall exert its best efforts to make the most effective use of the assistance provided by the Special Fund and the Executing Agency and shall use such assistance for the purpose for which it is intended. The Government shall take such steps to this end as are specified in the Plan of Operation.

Article VIII

Facilities, privileges and immunities

1. The Government shall apply to the United Nations and its organs, including the Special Fund, its property, funds and assets, and to its officials, the provisions of the Convention on the Privileges and Immunities of the United Nations.
2. The Government shall apply to each Specialized Agency acting as an Executing Agency, its property, funds and assets and to its officials, the provisions of the Convention on the Privileges and Immunities of the Specialized Agencies including any Annex to the Convention applicable to such Specialized Agency. In case the International Atomic Energy Agency acts as an Executing Agency, the Government shall apply to its property,

funds and assets and to its officials, the Agreement on the Privileges and Immunities of the International Atomic Energy Agency or, in the absence of such Agreement, the Convention on the Privileges and Immunities of the United Nations.^{1/}

3. In appropriate cases where required by the nature of the project, the Government and the Special Fund may agree that immunities similar to those specified in the Convention on the Privileges and Immunities of the United Nations and in the Convention on the Privileges and Immunities of the Specialized Agencies shall be granted by the Government to a firm or organization, and to the personnel of any firm or organization, which may be retained by either the Special Fund or an Executing Agency to execute or to assist in the execution of a project. Such immunities shall be specified in the Plan of Operation relating to the project concerned.

4. The Government shall take any measures which may be necessary to exempt the Special Fund and any Executing Agency and their officials and other persons performing services on their behalf from regulations or other legal provisions which may interfere with operations under this Agreement, and shall grant them such other facilities as may be necessary for the speedy and efficient execution of projects. It shall, in particular, grant them the following rights and facilities:

- (a) the prompt issuance without cost of necessary visas, licences or permits;

^{1/} Provisional text, subject to revision after consultation with International Atomic Energy Agency.

- (b) access to the site of work and all necessary rights of way;
- (c) free movement, whether within or to or from the country, to the extent necessary for proper execution of the project;
- (d) the most favourable legal rate of exchange;
- (e) any permits necessary for the importation of equipment, materials and supplies in connexion with this Agreement and for their subsequent exportation; and
- (f) any permits necessary for importation of property belonging to and intended for the personal use or consumption of officials of the Special Fund or of an Executing Agency, or other persons performing services on their behalf, and for the subsequent exportation of such property.

5. In cases where a Plan of Operation so provides the Government shall either exempt from or bear the cost of any taxes, duties, fees or levies which may be imposed on any firm or organization which may be retained by an Executing Agency or by the Special Fund and the personnel of any firm or organization in respect of:

- (a) the salaries or wages earned by such personnel in the execution of the project;
- (b) any equipment, materials and supplies brought into the country in connexion with this Agreement or which, after having been brought into the country, may be subsequently withdrawn therefrom; and

- (c) any property brought by the firm or organization or its personnel for their personal use or consumption or which, after having been brought into the country, may subsequently be withdrawn therefrom upon departure of such personnel.

6. The Government shall be responsible for dealing with any claims which may be brought by third parties against the Special Fund or an Executing Agency, against the personnel of either, or against other persons performing services on behalf of either under this Agreement, and shall hold the Special Fund, the Executing Agency concerned and the above-mentioned persons harmless in case of any claims or liabilities resulting from operations under this Agreement, except where it is agreed by the Parties hereto and the Executing Agency that such claims or liabilities arise from the gross negligence or wilful misconduct of such persons.

Article IX

Settlement of disputes

Any dispute between the Special Fund and the Government arising out of or relating to this Agreement which cannot be settled by negotiation or other agreed mode of settlement shall be submitted to arbitration at the request of either Party. Each Party shall appoint one arbitrator, and the two arbitrators so appointed shall appoint the third, who shall be the chairman. If within thirty days of the request for arbitration either Party has not appointed an arbitrator or if within fifteen days of the appointment of two arbitrators the third arbitrator has not been appointed, either Party may request the President of the International Court of Justice

to appoint an arbitrator. The procedure of the arbitration shall be fixed by the arbitrators, and the expenses of the arbitration shall be borne by the Parties assessed by the arbitrators. The arbitral award shall contain a statement of the reasons on which it is based and shall be accepted by the Parties as the final adjudication of the dispute.

Article X

General Provisions

1. This Agreement shall enter into force upon signature, and shall continue in force until terminated under paragraph 3 below.
2. This Agreement may be modified by written agreement between the Parties hereto. Any relevant matter for which no provision is made in this Agreement shall be settled by the Parties in keeping with the relevant resolutions and decisions of the appropriate organs of the United Nations. Each Party shall give full and sympathetic consideration to any proposal advanced by the other Party under this paragraph.
3. This Agreement may be terminated by either Party by written notice to the other and shall terminate sixty days after receipt of such notice.
4. The obligations assumed by the Parties under Articles III, IV and VIII shall survive the expiration or termination of this Agreement. The obligations assumed by the Government under Article VIII hereof shall survive the expiration or termination of this Agreement to the extent necessary to permit orderly withdrawal of personnel, funds and property of the Special Fund and of any Executing Agency, or of any firm or organization retained by either of them to assist in the execution of a project.

IN WITNESS WHEREOF the undersigned, duly appointed representatives of the Special Fund and of the Government, respectively, have on behalf of the Parties signed the present Agreement at _____ this _____ day of _____.

For the Special Fund:

For the Government:

Managing Director,
Special Fund

4 June 1959

Draft Agreement between the United Nations Special
Fund and the _____ concerning the
execution of Special Fund projects

WHEREAS the United Nations Special Fund, on the basis of resolution 1240 (XIII) of the General Assembly, has agreed to provide certain Governments with assistance in carrying out projects for the purpose of promoting social progress and better standards of life and advancing the economic, social and technical development of peoples;

WHEREAS the Managing Director of the Special Fund desires to obtain the services of the _____ (hereinafter referred to as the Executing Agency) to execute certain projects;

WHEREAS resolution 1240 (XIII) of the General Assembly provides that the Managing Director of the Special Fund shall establish and maintain close and continuing working relationships with the Specialized Agencies and the International Atomic Energy Agency concerned with those fields of activity in which the Special Fund will operate and that projects shall be executed, whenever possible, by the Specialized Agencies or the International Atomic Energy Agency concerned; and

WHEREAS the Governing Body of the Executing Agency has agreed to co-operate with the Special Fund on this basis;

NOW THEREFORE the Managing Director of the Special Fund and the Executive Head of the Executing Agency have agreed as follows:

Article I

Performance of work by Executing Agency

1. The Executing Agency agrees to carry out each project in accordance with a Plan of Operation which shall be agreed to by the Special Fund, the

Government and the Executing Agency, and shall then constitute an integral part of this Agreement. Any reference herein to the Agreement shall be deemed to include each Plan of Operation.

2. The Executing Agency shall commence execution of each project upon receipt of written authorization to do so from the Managing Director. If the Managing Director after consultation with the Executing Agency considers it to be necessary to suspend the execution of the project, he shall so notify the Executing Agency which shall thereupon suspend forthwith all further operations, after which discussion will be entered into as to future action.

Article II

Conclusion of agreement with Governments

1. The Special Fund will enter into an agreement with each Government at whose request a project is undertaken by the Executing Agency in terms substantially similar to those set forth in the Appendix to this Agreement.^{1/} Any substantial variation of these terms directly affecting the Executing Agency will be applicable to it only with its concurrence.

2. The Executing Agency may enter into an agreement with a Government consistent with the terms hereof concerning the execution of a project. Any such agreement shall be subject to provisions of the Agreement referred to in the preceding paragraph and shall require the prior concurrence of the Managing Director.

^{1/} This Appendix would contain the text of the Standard Agreement (SF/L.12/Add.14/Rev.1).

Article III

Executing Agency's Status in carrying out projects

The Executing Agency shall have the status vis-à-vis the Special Fund of an independent contractor, and its personnel shall not be considered as staff members or agents of the Special Fund. Without restricting the generality of the preceding sentence, the Special Fund shall not be liable for the acts or omissions of the Executing Agency or of persons performing services on behalf of the Executing Agency. The Executing Agency shall not be liable for the acts or omissions of the Special Fund or of persons performing services on behalf of the Special Fund.

Article IV

Information regarding projects

1. The Managing Director of the Special Fund and the Government shall have the right to observe at any time the progress of any operations carried out by the Executing Agency under this Agreement, and the Executing Agency shall afford full facilities to the Managing Director and the Government for this purpose.
2. The Managing Director of the Special Fund shall have the right to be furnished with such written information on any project as he may require, including supporting documentation of the kind mentioned in Article VII below.
3. The Managing Director of the Special Fund shall supply to the Executing Agency all appropriate information becoming available to him in connection with any operations carried out by the Executing Agency under this Agreement.

Article V

Costs of projects

1. The Executing Agency agrees to perform, without charge to the Special Fund, such part of each project as it may be in a position to undertake without any clearly identifiable additional expense to itself.
2. Each Plan of Operation shall include:
 - (a) a project budget in which operations shall be shown chronologically in stages, with estimates of anticipated obligations and cash disbursements shown separately for each stage;
 - (b) if required, a budget of other expenses necessarily and reasonably estimated to be incurred by the Executing Agency in the executing of projects in an amount to be mutually agreed by the Special Fund and the Executing Agency after taking account of such facilities as the Executing Agency may be in a position to provide without charge.
3. The estimates to be included in the budgets referred to in the preceding paragraph shall cover all the cash expenditures to be made by the Executing Agency.

Article VI

Manner of payment

1. The Managing Director of the Special Fund shall notify to the Executing Agency earmarkings within the budgetary authorizations included in the Plan of Operation. Such earmarkings shall constitute the financial authority for an Executing Agency to incur obligations and expenditure in

respect of a project in accordance with the Plan of Operation and the budgetary provisions contained therein.

2. In making earmarkings the Managing Director shall take account of the operational stages specified in the Plan of Operation and the extent to which the Plan of Operation requires the incurring of obligations going beyond a particular operational stage.

3. The earmarkings made by the Managing Director shall so far as the Executing Agency is concerned, not be related to any particular category of income received by the Special Fund.

4. The Managing Director shall arrange for cash remittances to the Executing Agency as required by the Executing Agency for the purpose of covering cash disbursements arising out of obligations incurred within the limit of earmarkings notified by the Managing Director.

5. The accounts of a project shall be closed as soon as practicable, but normally within twelve months after the completion of the programme of work set out in the Plan of Operation, and earmarkings not utilized shall then lapse. In agreement with the Managing Director provision shall be made for unliquidated obligations valid at the closing of the accounts.

Article VII

Records, Accounts, Vouchers

1. The Executing Agency shall maintain accounts, records and supporting documentation relating to operations under this Agreement in accordance with its financial regulations and rules in so far as applicable.

2. The Executing Agency shall furnish to the Special Fund periodical reports on the financial situation of the operations as such times and in such form as may be agreed by the Managing Director and the Executive Head.
3. The External Auditor of the Executing Agency shall examine and report upon the Executing Agency's accounts and records relating to operations under this Agreement.
4. The planning of external audits and co-ordination between external audits of a project shall be effected through the Joint Panel of External Auditors of the United Nations and Specialized Agencies.
5. Without restricting the generality of paragraph 3 above, the Executing Agency shall submit to the Managing Director of the Special Fund audited statements of accounts as soon as possible after the close of each financial period and as soon as practical after the completion of a project together with the External Auditor's Reports thereon.

Article VIII

Expenses of Preparation of Projects

1. The Managing Director will defray to the Executing Agency clearly identifiable additional expenses incurred by the Executing Agency with the prior consent of the Managing Director during the examination of requests from Governments and the preparation of projects.
2. The Managing Director may authorize the incurring of commitments in respect of a project approved by the Governing Council but for which a Plan of Operation has not yet been agreed.

Article IX

Currency and rates of exchange

1. The Managing Director and the Executing Agency shall consult each other regarding the use of currencies available to them, with a view to the effective utilization of such currencies.
2. The Managing Director of the Special Fund may establish operational rates of exchange for transactions between the Special Fund and the Executing Agency under this Agreement. Such rates of exchange may be revised by the Managing Director in accordance with the Financial Regulations of the Special Fund.

Article X

Revision of financial arrangements

Without prejudice to obligations already incurred by the Executing Agency, the Managing Director of the Special Fund may, in agreement with the Government and the Executing Agency, adjust the main categories of expenditure within a Project Budget (viz. experts, fellowships, equipment) within the total approved therefor by the Governing Council of the Special Fund and may otherwise revise the financial arrangements for a project. Within the total budget approved for each project by the Governing Council, the Executing Agency may in accordance with operational necessity adjust any main category of expenditure by not more than 5 per cent thereof. Subject to the foregoing limitation, the Executing Agency may make any necessary detailed adjustments.

Article XI

Immunities of Subcontractor

In the event that the Executing Agency retains the services of any firm or organization to assist it in the execution of any project, the privileges and immunities to which such firm or organization and its personnel may be entitled under any agreement between the Special Fund and a Government may be waived by the Executive Head of the Executing Agency where in his opinion the immunity would impede the course of justice and can be waived without prejudice to the successful completion of the project concerned or to the interests of the Special Fund or the Executing Agency; the Executive Head of the Executing Agency will waive such immunity in any case in which the Managing Director of the Special Fund so requests.

Article XII

General Provisions

1. This Agreement shall enter into force upon signature, and shall continue in force until terminated under paragraph 3 below.
2. This Agreement may be modified by written agreement between the Parties hereto. Any relevant matter for which no provision is made in this Agreement shall be settled by the Parties in keeping with the relevant resolutions and decisions of the appropriate organs of the United Nations. Each Party shall give full and sympathetic consideration to any proposal advanced by the other Party under this paragraph.
3. This Agreement may be terminated by either Party by written notice to the other and shall terminate sixty days after receipt of such notice.

4. The provisions of Articles IV through VII, inclusive, of this Agreement shall survive its expiration or termination to the extent necessary to permit an orderly settlement of accounts between the Parties and, if appropriate, with the Government.

IN WITNESS WHEREOF the undersigned, duly appointed representatives of the Special Fund and of the Executing Agency, respectively, have on behalf of the Parties signed the present Agreement at _____ this _____ day of _____.

For the Special Fund:

For the Executing Agency:

Managing Director,
Special Fund

Executive Head,
Specialized Agency*/

*/ Or International Atomic Energy Agency.

May 26, 1959

Manuel Mendez, Esq.
General Legal Division
United Nations
New York City, New York

Dear Mr. Mendez:

Thank you very much for sending me a copy of the Draft
Provisional Financial Regulations of the Special Fund, which
I have read with great interest.

Very truly yours,

Douglas J. Fontein
Attorney

DJFontein:ea



INCOMING WIRE

WU 2

DATE OF WIRE: MAY 21, 1959

TO: IBRD

FROM:
NEW YORK

TEXT:

ROUTING	
ACTION COPY TO	MR. SOMERS ✓
INFORMATION COPY TO	MR. BLACK's office
Decoded By	

3 BLACK FYI HAVE NOW RECEIVED CONFIRMATION FROM ALL
EXECUTING AGENCIES OF COSTS TO EACH FOR SPECFUND PROJECTS
BASED ON OUR GENEVA NEGOTIATIONS. THEREFORE AM PREPARING PAPER
FOR GOVERNING COUNCIL SETTING OUT ESTIMATES AND RECOMMENDING
COUNCIL APPROVAL. PAPER WILL CONTAIN MY COMMENT THAT ESTIMATES SET NO
PRECEDENT FOR FUTURE

HOFFMAN NEWYORK

ORIGINAL

INCOMING WIRE

BU 2

DATE OF WIRE MAY 21, 1954

TO: LOND

FROM:

NEW YORK

TEXT:

3. MACH 111 HAVE NOW RECEIVED INFORMATION FROM ALL

RELEVANT AGENCIES OF COSTS TO MACH FOR THE YEAR 1953

BASED ON OUR OWN INVESTIGATION. THEREFORE AN INTERIM STATE

FOR GOVERNING COUNCIL SETTING OUT PRINCIPLES AND RECOMMENDING

COUNCIL APPROVAL. MAJOR WILL CONTAIN MY COMMENTS THAT RECOMMENDATIONS SETTING

PRECEDENT FOR FUTURE

HOTELMAN NEWARK

TYPED

GENERAL FILES
CORRESPONDENCE

MAY 22 10 36 AM

May 19, 1959

Dear Enrique:

Every year at this time, Bank and Fund have to decide on observers from the international organizations. A question has arisen this year regarding the United Nations Special Fund.

As you know, U.N. is invited and is expected also to represent the Regional Commissions. The T.A.B. gets a separate invitation. I thought the Special Fund could also be comprehended in the U.N. invitation. Gordon Williams thinks the Special Fund should (like T.A.B.) get a separate invitation. Dick Demuth doesn't care. Please let me know right away what you think.

Best regards.

Yours sincerely,



M. M. Mendels
Secretary

Dr. Enrique Lopez-Herrarte

May 18, 1959

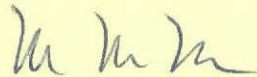
sent to Mrs. Eliason

Dear Mr. Townley:

In answer to your note of May 13, I am having sent you copies of the books by Tinbergen and Diamond and of one by Avramovic of the Bank's Economic Staff. So far as the United Nations Library is concerned, it seems to me that the people in charge may wish to order additional copies to supplement the single copies that you referred to.

Your draft rules of procedure are interesting and, when we are next together, I might mention a few thoughts that occurred as I read them. For example, your Rule I (5) might be improved by providing a maximum size for delegations. I think your Rule VIII (31) is excellent. Other comments I shall reserve until our next meeting.

Yours sincerely,



M. M. Mendels
Secretary

Mr. Ralph Townley
United Nations Special Fund
United Nations, New York

SPECIAL FUND



FONDS SPECIAL

UNITED NATIONS
NEW YORK

TELEPHONE: PLAZA 4-1234

CABLE ADDRESS: SPECFUND NEW YORK

Sept Files

REFERENCE:

15 May 1959

Dear Dick,

.....

I am sending copies of the draft Standard Agreements for use with Governments and with Executing Agencies respectively.

I look forward to an opportunity of discussing this with you and your associates at an early date.

Yours sincerely,

A handwritten signature in cursive script, reading "Myer Cohen".

Myer Cohen
Director of Operations

Mr. Richard Demuth
Director
Technical Assistance and Liaison Staff
International Bank for Reconstruction and Development
1818 H Street, N.W.
Washington 25, D.C.

INCOMING WIRE

WU 4

DATE OF WIRE: MAY 14, 1959

TO: IBRD

FROM: NEW YORK

ROUTING
ACTION COPY TO MR. DEMUTH
INFORMATION COPY TO
Decoded By

TEXT:

2 DEMUTH SPECIAL FUND DRAFT AGREEMENTS WITH GOVERNMENTS

AND WITH EXECUTING AGENCIES SENT YOU AS GOVERNING

COUNCIL DOCUMENT SF L 12 ADDENDA 14 AND 15 BEING WITHDRAWN

AND WILL BE REISSUED PRIOR GOVERNING COUNCIL MEETING MAY 26

COHEN

DUPLICATE

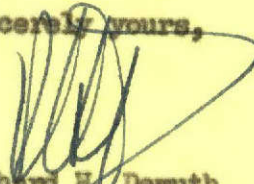
May 4, 1959

Mr. R. B. Stedman
Administrative Officer
United Nations Special Fund
United Nations
New York 17, New York

Dear Mr. Stedman:

Pursuant to the request contained in your letter of April 28, I am enclosing herewith a brief curriculum vitae of Mr. Saitzoff. Mr. Saitzoff will report for duty, as you suggest, on May 11.

Sincerely yours,



Richard H. Demuth
Director
Technical Assistance and Liaison Staff

Enc.

RHD:tf

SPECIAL FUND



FONDS SPECIAL

UNITED NATIONS
NEW YORK

TELEPHONE: PLAZA 4-1234

CABLE ADDRESS: SPECFUND NEW YORK

REFERENCE:

28 April 1959

Dear Mr. Demuth,

Many thanks for your letter of 22 April addressed to Myer Cohen, informing us that you have arranged for Mr. Alexander Saitzoff to replace Mr. Bass from around the middle of May. It would be most convenient if Mr. Saitzoff could start with the Special Fund on 11 May, if that suits you. We would agree that the same administrative arrangements will apply in his case as in the case of Mr. Bass.

We hope and expect to be able to appoint a senior engineering officer to the staff of the Special Fund on a continuing basis in a few months' time and are very glad that IBRD has found it possible to lend Mr. Saitzoff to us to bridge the gap.

Yours sincerely,

Not sent to file
Handwritten signature of R. B. Stedman.

R. B. Stedman
Administrative Officer
United Nations Special Fund

Mr. Richard H. Demuth
Director, Technical Assistance and
Liaison Staff
International Bank for Reconstruction
and Development
1818 H Street, N. W.
Washington 25, D. C.

*P.S. Could you kindly
send a brief
C.V. at your
convenience?
RS*

ack. May 4

RECEIVED
BANK MAIL ROOM

1959 APR 30 PM 1:31

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W. J. ...

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INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT

INCOMING MAIL ROUTING SLIP			Date <i>APR 23 1959</i>	
	Mr. Black	1024	Personnel Div.	207
	Mr. Broches	1113	Mr. Poore	801
	Mr. Cargill	614	Mr. Reamy	A318
	Mr. Clark	1113	Research Files	822
	Mr. Cope	813	Mr. Riley	700C
	Mr. Demuth	506	Mr. Rist	716
	Mr. Doucet	1017	Mr. Rosen	614
	E.D.I.		Mr. Rucinski	600
	Mr. Goor	705	Mr. Schmidt	513
	Mr. Howell	801	Mr. Sommers	1003
	Mr. Iliff	1003	Technical Op.	309
	Mr. Knapp	1024	Translation	804
	Mr. Lejeune	813	Mr. Hauenstein	101
	Mr. Mendels	1017	Mr. Worthington	A316
	Mr. Nurick	1121	<i>Mr. Dadas 522</i>	
	Office of Info.	228		
	Office Services	111		
	Mr. Perry	513		

Remarks:

From: Communications Unit - Room P-106 (Ext. 3630)

SPECIAL FUND



FONDS SPECIAL

UNITED NATIONS
NEW YORK

TELEPHONE: PLAZA 4-1234

CABLE ADDRESS: SPECFUND NEW YORK

REFERENCE:

21 April 1959

*Return report
to files*

Dear Cyril,

.....

I am returning herewith the copy of the report which FAO prepared for the Bank in 1949 on an Ecuadorean tuna fishing and canning project.

It was apparently of use to the project officer concerned.

Thank you very much for letting us borrow it.

Sincerely yours,

Margaret.

Margaret Wolfson

Mr. Cyril H. Davies
International Bank for Reconstruction and
Development
1818 H Street, N.W.
Washington 25, D. C.

*will be returning myself on or about June 1.
Hasta luego.*

1020 16833 67 3205

RECEIVED

RECEIVED
BANK MAIL ROOM
1959 APR 23 PM 3:52

Dear Sirs:
The enclosed
recommends bank for recognition and
is very much appreciated.

Respectfully,
W. J. ...

Sincerely,
W. J. ...

Thank you very much for sending us the letter.

I am very interested in the progress of the project concerning
the bank.

I am very interested in the progress of the project concerning
the bank.

I am very interested in the progress of the project concerning
the bank.

Very truly,
W. J. ...

W. J. ...

W. J. ...



W. J. ...

For 75
(7-48)

132✓

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

ROUTING SLIP

Date 1/5/50

TO-		Name	Room No.
1		<i>Loan Files</i>	<i>1231</i>
2			
3			
4			

FOR-			
	Action		Initialing
	Approval		Preparing Reply
	Comment		Previous Papers
	Filing		Noting and Returning
	il Report		Recommendation
	Information		Signature

REMARKS

*Gen. Wheeler has carbon
copy of this letter. ✓*

att to set of Dec 22, 1949

FROM- *C. H. Davies*
(osa)

FOOD AND AGRICULTURE ORGANIZATION
OF THE UNITED NATIONS



132
ORGANISATION DES NATIONS UNIES POUR
L'ALIMENTATION ET L'AGRICULTURE

1201 Connecticut Avenue, Northwest
Washington 6, D. C.

DEC 27 1949
DEC 27 1949

Dear Mr. Wheeler:

I have the honor to refer to your letter of 14 September 1949, addressed to Mr. Jul, Chief of the Technological Branch, Fisheries Division, of this Organization. In this letter you submitted to us a project on a tuna fishing and canning enterprise for Ecuador, and a preliminary loan application from American and Foreign Enterprises, Inc., New York, New York, with the request that we undertake an appraisal of its technical and economic merits.

..... Following your request, our Division has studied the documents received. During this study, it was found that certain additional information was desired and we have, therefore, at your suggestion, contacted the above mentioned company, from which we received supplementary information. We have also been in touch with the California Fish and Game Commission, and the Compania Administradora del Guano de Peru, in order to get data on the availability of fish along the Ecuadorian coast. We are returning herewith the documents you submitted, and we shall send later copies of the correspondence exchanged with American and Foreign Enterprises, Inc.

It appears that the two most important questions for the evaluation of this project are the availability of fish, and the potentialities of the markets as related to the cost of production. This study has been concerned mainly with these aspects. I should emphasize here that it has not been possible for our staff to go into all the details of the project nor have we felt that consideration of the political and social implications which might occur fall within the scope of our study.

Mr. R. A. Wheeler
Engineering Adviser
International Bank for Reconstruction
and Development
Washington, D.C.

*ack.
Garcia*

1. Availability of Fish

(a) Evidence of Fishing Resources

Information about Ecuadorian tuna fish resources has been received from the California State Fisheries Laboratory, and from Dr. Harvey C. McMillin, College of the Pacific, Seattle, Washington.

Dr. McMillin is probably the fisheries biologist with the greatest experience in Peruvian and Ecuadorian waters. His extensive experience is based on several visits in different months of the year during a three-year survey of the fisheries resources along the Pacific South American coast.

Dr. McMillin, in a communication addressed to American and Foreign Enterprises, Inc., states that "if one were to use anything but sail-propelled rowboat, it would be possible to produce fish any place in this general area along the Ecuadorian coast. This area has a larger population of tuna than is to be found off the California and Mexican coasts where heavy fishing has been carried on for many years." Also, Mr. Reginald Fiedler, formerly with the U.S. Fish and Wildlife Service, and now fisheries adviser to ECA, who made an extensive survey for the U.S. Department of the Interior along the coast of Peru, agrees that the tuna runs are heavy along the Ecuadorian coast and more than satisfactory for the establishment of an industry.

From information supplied by Mr. Edwin K. Holmberg, California State Fisheries Laboratory, Terminal Island, California, the tuna catch around the Galapagos Islands and in the Ecuadorian off-shore waters is composed in the main of yellowfin and skipjack. The yellowfin tuna population is composed of two size groups: one group around 25 to 30 pounds, and another group around the 50 or 60 pound mark. The proportions of the species taken in the Galapagos area by the Californian fishermen are influenced by a preference for yellowfin tuna, that species amounting to 83% of the Galapagos share in the total California landings during 1948, and the first half of 1949. Fishing is carried on all year around the Galapagos Islands, and the heaviest landings in California from these sources are made during the months of September, October and November.

It is known from information supplied by American and Foreign Enterprises, Inc., that present fishing is done by dug-out canoes off the coast of Ecuador. A number of fishermen groups offer to supply the tuna at the rates of 25 to 50 tons per week of yellowfin tuna. In addition, records of shipments of fish livers from Ecuador show considerable tonnage of yellowfin tuna livers. These fish are taken for the livers and the meat is discarded because there is no market for it.

Information has been collected by American and Foreign Enterprises, Inc. from American fishermen familiar with the Ecuadorian fisheries. In particular Mr. Maurice Rankin, who for fifteen years was an employee of the Westgate Sea Products Co. of California, and who during that period did extensive fishing along the coast of Ecuador, claims that there is no lack of live bait in the

many inlets along the coast of Ecuador. Perhaps the strongest statement from private industry was made by Mr. Arch Ekdale, who represents the California Fish Canneries Association, in a public hearing before the Merchant Marine and Fisheries Committee of the U. S. House of Representatives. On 15 February 1949 Mr. Ekdale stated that tuna in Ecuador "are just off-shore. It is a year round fishery. In addition to that, there are sardines that can be packed. There are other varieties of fish that can be packed." Mr. Ekdale's statement is included on page 163 of the Report of said Committee, issued by the U.S. Government Printing Office.

(b) Fishing Methods

It seems certain that tuna can be caught along the Ecuadorian coast by the method of using live bait and purse seiners. It is also likely that the method of using smaller units supplied with ring nets and trolling gear could be used in this general area, which would be cheaper to operate than the larger vessels mentioned above, but we suggest that there will be the necessity of certain experiments being conducted as to the best type of vessel to use as judged by continuity of supply and operational expenses per ton. These might be started with the type of vessel in common use in Peruvian waters, i.e. a 36 to 40 ft. boat equipped with live bait and ring nets, as well as for trolling. Such experiments could be carried on during the twelve month period needed for the building of the factory. During this period also, there would be an opportunity for the experienced fisherman who should be employed to carry out the experimental fishing to train the crews who will eventually be depended upon.

Initially it does not appear to be necessary to acquire larger fishing boats capable of fishing off the Galapagos Islands. However, it should be kept in mind that the proximity of this fishing ground, one of the richest tuna grounds known, furnishes a valuable "safety factor" for the project. If such grounds were exploited, the cannery could operate over a longer period of the year than is contemplated in the project as submitted.

(c) Packing Plant

The project describes in detail the boats, canning and fishmeal installations that are proposed. However, it is understood that these questions have not been finally decided. For instance, it has been indicated by American and Foreign Enterprises, Inc., that the acquisition of the entire plant of the Del Mar Canning Company in Oregon is being considered. With the Del Mar plant, the packing capacity would be raised from 1000 cases per day on an 8-hour shift to 1500 cases per day, and the frozen storage capacity would be 750 to 800 tons, plus a storage space for 100 tons of crushed ice for use by the boats. Production capacity would therefore be increased by 50% over the estimates submitted. 250,000 cases could be packed in 84 days on an 8-hour double shift basis.

Therefore, it does not appear possible for us to give a detailed evaluation of the technical aspects of the proposal until plans have reached a greater degree of finality. It may be said, however, that from the point of view of a general evaluation of the whole proposal from the technical and engineering points of view the plans appear to be satisfactory. At this point it will be noted what has been said with respect to the

equipment of the proposed fishing boats, and the desirability for certain experiments in this connection.

2. Economic Features of Marketing

(a) Present Marketing Possibilities for Canned Tuna

The project is based on exporting almost the entire catch to the U.S. market which is the only market of any significance in the world for canned tuna. As outlined in the study "General Aspects of the World's Tuna Fisheries" (FAO, Fisheries Bulletin, vol. II, no. 4, July-August 1949), most of the tuna now sold in the United States market is canned by U.S. canneries. Imports of canned tuna varied from 15.7 to 11.9% of the total U.S. production in 1937, 1938 and 1939 (when there was a 45% import duty) and to only 6.6% last year (1948) when the duty was 22½%. During the early days of tuna canning, when production was small, a much greater percentage of the pack was imported, but as consumption increased, a large percentage of the pack was taken care of by the U.S. canneries. Raw material for this production was mainly obtained from the American fishing activities and to a certain extent was imported frozen, particularly from Japan.

The 1948 tuna pack was record-breaking and because of that and also because of the general signs of recession and the more plentiful supply of other foods, prices of canned tuna tended to drop. To our knowledge, there exists no published report on the nature of the United States market. As the consumption of tuna developed rapidly during extremely abnormal consumption years there is not much evidence to describe the elasticity of demand in these products, nor do we have sufficient information on the elasticity of supply. It is believed, however, that a further increase of available supplies of canned tuna may drastically reduce prices at which this commodity is demanded. On the other hand, it is felt that substantial reductions in the price of canned tuna will curtail activities for many U.S. factories unless the lowering of canned tuna prices occurs simultaneously with a general drop in the cost of production.

(b) Production Cost for Raw Fish

The great advantage in canning tuna in Ecuador rather than in California, lies in the low cost of fishing in the waters of Ecuador by Ecuadorian fishermen, who do not require the large and expensive tuna clippers or purse seiners, which supply the California tuna packing industry. Many people in the trade hold the opinion that the U.S. price for fish is unlikely to go under the present \$260. to \$310. per ton of raw fish. American fishermen are now trying to force the price of tuna up. It is, in their opinion, impossible for them to produce tuna at less than present prices, which were slashed by some ten percent during 1949 negotiations.

In order to determine the weight that should be given to the costs of fishing in Ecuadorian waters, we requested that a distinction be made by the promoters between fishing and canning costs. Although such a distinction is not possible in accurate terms, the breakdown which has been supplied on an estimated basis is of very great interest. The calculations indicate that the landed cost of tuna will be between \$45. and \$50. a ton. This low cost as

compared with the much higher cost in the U.S. provides something of a safety factor in that such costs could rise should fish become scarce due to any unpredictable fluctuations in the landings. It should be noted that the above costs are higher than those found for the Peruvian catch, which lies between \$30. to \$50. per ton, the difference being due to a number of charges, for example the General Welfare Program, the Ecuadorian Investment and Development Institute, and the employment of the entire fishing staff - executives as well as workers - on an annual basis, which do not appear in the Peruvian estimates.

From the data presented in Mr. Jul's study on Costa Rican fisheries, a copy of which is in your possession, it appears that it might be cheaper to can tuna in Ecuador and export it to the U.S. with the present import duty of $22\frac{1}{2}$ percent, than to ship tuna frozen to the same market. Ecuador possesses the same advantages as Costa Rica, though of course freight expenses would be higher on shipments from Ecuador than they would be from Costa Rica.

(c) Future Marketing Possibilities

As mentioned above, certain people in the trade who are familiar with the technical features in the tuna industry, hold the view that the present price on the U.S. market cannot go much lower due to prevailing operational expenses. No conclusive evidence has been presented to us to support this view. It appears, however, that a number of fishing units are now operating on a marginal profit. However, declines in raw tuna prices may leave insufficient profit to these fisheries operators. It remains to be discovered what the differences are between the operational expenses in these marginal units and the others which are operating on a more profitable basis.

With respect to the competitive position of the present project, it benefits from being first on these low cost grounds, and until other enterprises establish themselves in the region, it should continue to enjoy this advantage.

(d) Price of Canned Production

We have recommended that the sales calculations be based on an average price of \$10. per case of canned tuna, c.i.f. New York. This is well below the present market price; the most recent New York quotation we have seen is \$13.50 a case. Our recommendation is derived from a general consideration, for detailed information on which to base an estimate has not been available. It appears reasonable, however, to count on a further decline in prices of canned tuna if the present volume of production is to be sold. Considering the present level of production cost, it appears that many canneries cannot remain in business if wholesale prices drop much below \$10. a case. If such "marginal" canning operations do go out of business, there will be a corresponding drop in the quantity which is canned, giving new stimulus to the price.

(e) Quality of Canned Production

The product of the projected Ecuadorian Cannery, grade by grade, can be equal in quality to the California canned tuna. Of course, the quality of

fresh fish is the same or better and the quality of the canned product will depend entirely upon the ability and desire of the management of the proposed plant. The pack produced by any firm operating in Ecuador can be of the highest quality if skill and care is used in its processing.

3. Project

(a) Calculations

While we are not in a position to verify in detail the statements used in the calculations for this project, they appear to be based on sound and realistic assumptions.

(b) Local Salaries

The rates of wages used in the estimates seem to be considerably in excess of those now being paid in Ecuador. For instance, it is proposed to pay the common laborer approximately 25 Ecuadorian sucres per day, which is equivalent to \$1.65, although stevedores in Guayaquil are paid only 15 sucres per day, and laborers in the oil fields 20 sucres per day. In addition, the new enterprise will provide free medical care, housing, schooling, etc.

It is the intention of the new enterprise to have each foreign technician assisted by a native Ecuadorian, so that in due time the Ecuadorian would take over the position held by the foreign technician at a similar salary. It would seem that this should be very attractive to the Ecuadorian.

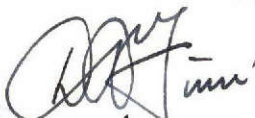
(c) New Contract

The new contract with the Ecuadorian Government grants fishing privileges in the Galapagos area and for the establishment of factories on those islands. This would permit the enterprise to obtain raw material from fishing grounds known to be amongst those of the great productivity in the world.

Conclusions

In the light of the above, and providing that the project is executed according to the plans presented, which seem to include the securing of adequate equipment and personnel, we consider it sound and therefore to be recommended. It would be our opinion that using a price of \$10. per case, which we recommended, that there would be sufficient profit to permit of a relatively fast amortization of the plant, and provided sufficient managerial skills can be secured the risk involved appears to be small.

Yours sincerely,



D. B. Finn, Director
Fisheries Division

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Yours sincerely,


Director
Fishing Division

DEC 28 2 23 PM 1943
RECEIVED
INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT

Pls + copy pp 1 + 2
of this memo

ROUTING SLIP

Date

April 17, 1959

NAME

ROOM NO.

1. Mr. Knapp

~~1024~~

2. Mr. Pliff

~~1003~~

3. Mr. Sommers *my*

1003

Action

Note and File

Appropriate Disposition

Note and Return

Approval

Prepare Reply

Comment

Per Our Conversation

Full Report

Recommendation

Information

Signature

Initial

To Handle

REMARKS

PA

From

Richard H. Demuth

OFFICE MEMORANDUM

TO: Files DATE: April 16, 1959

FROM: Richard H. Demuth

SUBJECT: Special Meeting of U.N. Special Fund Consultative Board on April 14, 1959

The Consultative Board of the U.N. Special Fund met at U.N. headquarters on Tuesday, April 14. Present were Messrs. Hammarskjold and Heurtematte for the U.N., Mr. David Owen for the U.N. Technical Assistance Board, Messrs. Paul Hoffman, Arthur Lewis and Myer Cohen for the Special Fund and Messrs. Black, Demuth and Lopez-Herrarte for the IBRD.

At the outset of the meeting there was considerable discussion on the role of the Consultative Board. While this discussion was not conclusive, it was firmly established on the record that the responsibility of the Consultative Board was to advise on policy issues and not to approve or disapprove individual projects. The suggestion was advanced, but not acted upon, that the agenda of the Board should consist of policy issues rather than a list of projects.

The right of other specialized agencies to participate in the deliberations of the Consultative Board was also discussed. It was generally agreed that the representatives of the other agencies should not attend meetings of the Board as a matter of right since then the Board would deteriorate into another TAB. On the other hand, it was recognized that, under the General Assembly resolution establishing the Special Fund, each specialized agency had a right to participate in Consultative Board deliberations on matters of particular interest to that agency. The general feeling was that meetings of the Board should be kept as small as possible and that the specialized agencies should be discouraged in practice from exercising whatever rights they might have under the resolution. This whole matter was left to be worked out later in the light of experience.

Mr. Black expressed the view that the Special Fund should make an independent evaluation of the merits of projects presented to it even though they come through one of the specialized agencies; he said that this principle should be applied to projects proposed by the Bank as well as to those proposed by others. The Special Fund would need sometimes to retain consultants to make an on-the-spot examination of projects; in every case it should at least satisfy itself that there had been an adequate technical investigation of the project by the sponsoring agency. Mr. Black added that, in his judgment, this implied that the Special Fund would need to build up a small but highly competent technical staff. He thought, at a minimum, the Special Fund should have an engineering adviser, an agricultural adviser and an adviser on technical training.

para 2 - From Col. Dev. Reg.
para 4 copied for Imray - Gen. Reg.

Mr. Hoffman, Managing Director of the Special Fund, said he was in entire agreement with Mr. Black's views and that Mr. Black's staff suggestions were in accord with his own ideas. In this connection, he asked whether the Bank would be willing to let him keep Neil Bass for another several months until he could find a replacement for him. Mr. Black responded that he was not sure that he could agree to continue to release Bass for this purpose, but that even if Bass were not available, the Bank would lend the Special Fund another experienced engineer from its staff.

Mr. Black then remarked that he believed that the Special Fund would face operating difficulties if it could only obtain the necessary Governing Council approval for proposed projects at meetings held twice a year. He felt that, on the one hand, this might result in delaying projects which should move forward promptly and, on the other hand, might lead, as in the present case, to presentation of projects for approval which had not yet been fully investigated. He suggested that a solution might possibly be found in the creation of an Executive Committee of the Council to meet on call of the Managing Director, or in making provision for a mail vote of the Council without meeting. Mr. Hammarskjold took the position that, while such a development was desirable and indeed eventually inevitable, it was too early to propose it to the Governing Council. He felt that the Governing Council should at least go through with the prospective May meeting before any such suggestion was advanced and that in any event it would be preferable for this kind of suggestion to emanate from the Council itself rather than from the Managing Director. There was general agreement with this political judgment of Mr. Hammarskjold.

The meeting then turned to the list of projects which the Managing Director proposed to submit. The portions of the discussion which were of particular interest to the Bank may be summarized as follows:

1. Argentine Power Survey. Mr. Black informed the meeting that Argentina was considering going ahead with the El Chocon project and, if so, the power survey would be called off. The meeting took note of this possibility.

2. There was considerable discussion of the proposed general development survey of Guinea. Mr. Black stated that he did not think that the Special Fund should get into the general survey business at all and there seemed to be general agreement with this view. In the particular case of Guinea, the specific proposal described in the Special Fund papers was in effect drafted by the United Nations itself and is not by any means a definite program of action. The situation is that the United Nations feels that it must do something to support Guinea and the Special Fund is providing up to \$400,000 for whatever the United Nations decides that it can effectively do. Decision will be made on the actual content of the program only after Mr. Rosenberg (a U.N. official being sent to Guinea this week) has returned and made his report. Mr. Hoffman indicated that he was simply providing money and would go along with whatever program the U.N. Secretariat worked out.

3. Thailand Siltation Project. Mr. Hoffman pointed out that there was a potential headache involved in this project because of the French protest against the proposed use of the U.S. Corps of Engineers. Mr. Black said that he thought this was a headache that could be handled by the Bank and that the Bank was willing to undertake to arrange for execution of the project if the Special Fund provided the financing. Mr. Hoffman stated that, under these conditions, he was happy to recommend that the project go forward.

4. Turkey - Middle East Technical University. Mr. Hoffman explained that this was not a Middle East university at all but a national Turkish project. He said that it had been presented in very grandiose form and that his recommended allocation of \$500,000 for teaching personnel over three years and \$2 million for equipment was a substantial cutback of the plans as proposed by Turkey. He added that substantial political pressure was being exerted for the project. Mr. Hammarskjold indicated that he had considerable reservations about the project on the basis of political considerations. He pointed out that, under Mr. Hoffman's proposals, Turkey would be given a very substantial share of the initial allocation of the Special Fund. This might be taken by the Arab countries as indicating U.N. support for Turkey's bid for Middle Eastern leadership. He felt that it would be much better to have the project deferred until other projects of comparable size, and particularly other projects in the Middle East, were also ready for consideration; or, if the project were to go forward in any event, that it be further reduced in size. Messrs. Hoffman and Lewis pointed out that if they deferred the project for the political reasons presented by Mr. Hammarskjold, it would create a political problem with Turkey since there was no substantive reason for not moving forward. They preferred to reduce the project in size and, in fact, welcomed such a reduction as desirable. In the end, they decided to cut the proposed allocation for equipment from \$2 million to \$1 million, making total Special Fund assistance for the project \$1.5 million. (Note: It is of interest that this cutback was made without any discussion or investigation of its effect upon the project itself. In fact, the whole discussion of this project, as of several others, was cast in political terms rather than economic or technical terms.)

5. ICAITI. This project is for support of the Industrial Research Institute for Central America. Mr. Hoffman said that the original request for \$1.8 million had been cut in half but that he was not satisfied that even this reduced amount was necessary and had sent a representative from Olin-Mathieson to investigate the project on the spot. The expert reported that the project was sound and that the \$900,000 support proposed for it was justified. This support is to be conditioned, however, on continuation of governmental support for the Institute at at least present levels.

cc: Messrs. Knapp/Illiff/Sommers
Mr. Aldewereld
Mr. Cope
Mr. Schmidt
Mr. Prud'homme
Mr. Rosen

Mr. R. H. Demuth

April 9, 1959

M. L. Lejeune

Comments on United Nations Special Fund Projects

1. Ghana: Survey of Volta River Flood Plain

On the basis of the limited information we have, such a survey appears a necessary, though perhaps costly, step toward the agricultural development of the area. We would assume that:

- (1) in the survey account will be taken of any effects of the Volta hydro-electric project should it be carried out, and
- (2) the necessary agricultural research will be carried out at the same time to find out the response of the crops expected to be grown to irrigation under local conditions.

These points should, however, be ascertained.

2. Yugoslavia: Vocational Training

This seems a praiseworthy scheme. There is no information given about the Yugoslav Federal Institute of Productivity which is going to direct the program. A description of this organization might have been helpful.

3. Poland: Management Training Scheme

This one is so vague that it does no more than raise a lot of questions. What sort of skills do senior management personnel in Poland need? What sort of "problems of Polish industry" will the new Centre study? What does "adapt national material for teaching purposes" mean?

4. Greece: Pilot Project in Ground Water Development

This would seem a very worthwhile scheme.

5. Turkey: Middle East Technical University

The Managing Director feels that the planned expansion is too rapid and he recommends the Fund's assistance be limited to \$2.5 million instead of the \$5 million requested. The memorandum states that the University is encouraged by the support it is receiving from other external sources. It would be interesting to know who these sources are and what their support consists of. In general, the objective of creating a technical university is a good one but we share the feeling of the Managing Director that the planned expansion is much too fast. If possible, it would seem more desirable to get some existing university elsewhere to carry out the project even if UNESCO must nominally be the Executive Agent.

AMKamarck/vhw

Amle

M

Mr. Richard H. Demuth

April 9, 1959

Orvis A. Schmidt

U.N. Special Fund Projects

1. The description in the attached document appears to us to define adequately the purpose and scope of the study. It might be helpful, however, to attach to any briefing paper prepared for Mr. Black a summary of Section IV, "Organization and Scope of the Power Study" of the recent mission's memorandum.
2. I think Mr. Black is fairly familiar with the general background on this matter.

cc: Mr. Spottswood

MS OASchmidt:dg



Mr. P. J. Squire

April 9, 1959

C. Finne

U.N. Special Fund Projects

I have assembled for the Division Chiefs the following comments on the attached U.N. papers:

1. Argentina - Power Survey

The cost of the survey should be revised to \$250,000. The description of the project given in paragraph 3(a) is slightly inaccurate. The market survey would consist of two parts (i) an Emergency Program for the Greater Buenos Aires and inland systems where necessary and (ii) a longer-range program (10 years) for all systems.

2. Ghana - Survey of Volta River Flood Plain

This survey has to be coordinated with the overall development plan for the Volta river. The survey should also be expanded to include agricultural research.

3. Greece - Pilot Project in Grandwater Development.

Project looks O.K.

4. Guinea - General Development Survey

No comment.

5. India - Industrial Instructors Training Institute

No comment.

6. Israel - Pilot Project in Watershed Development

Project looks O.K.

7. Poland - Management Training Program

No comment.

8. Thailand - Investigation of Silting in the Bangkok Port Channel

Refer to memo prepared by Transportation Division regarding this project.

9. Turkey - Middle East Technical University

No comment.

To: Mr. P.J. Squire

- 2 -

April 9, 1959

10. United Arab Republic - Pilot Tile Drainage Project

Project stated to be needed in the appraisal report on the Aswan dam.

11. United Arab Republic - Soil Survey from Aerial Photographs

Project looks O.K.

12. Yugoslavia - Vocational Training

No comment.

13. Regional - ICAITI

The amount of present assistance from United Nations is not given.

CFinne:ab

cc: Ripman

Spottswood

Van Helden

Craig-Martin

Mr. J. H. Williams

April 8, 1959

E. R. L. Weimar

U.N. General Development Survey to Guinea

Factual remarks

1. The statement to the Consultative Board of the U.N. Special Fund (CB. 1/5, April 2, 1959) is incomplete as it gives only part of the story. The following additional background will perhaps throw another light on the subject.
2. It is true that after Guinea's independence in September 1958 many French civil servants left the country but the figure of 2,000 seems high. French sources mention that 350 civil servants had left Guinea when the withdrawal was terminated (Le Monde, 12/6/58) while the Swiss Neue Zurcher Zeitung puts the total number at some 500 (11/9/58).
3. On the 7th of January France and Guinea concluded an agreement which covers monetary arrangements, technical and administrative cooperation and cultural exchanges. The agreement contains the following details on the technical and administrative assistance. The French Government will assist Guinea in the organization of its public services and in the training of Guinean officials and technicians. In addition it will provide such administrative, technical and cultural personnel as the Guinea Government may ask for. Specifically the agreement states that the Guinea Government will only engage personnel from third countries to the extent to which the French Government may be unable to satisfy the requirements.

Practical comments

4. The three points under 3 in the U.N. document sum up two basically different tasks, firstly general economic development (under a), secondly largely administrative technical assistance dealing with the practical set-up of an administration and day to day advice in this field (b and c). The two objectives are different and will require different types of experts.
5. On practical grounds it can be doubted that a survey mission that is supposed to turn out a complete appraisal of a country's economic resources and prepare a development program will find much time to assist a government in its day to day governing task. If the second task is taken seriously the economic and technical research work will suffer. A better solution would be to have two smaller teams, one a specific economic survey mission while the second would be an administrative assistance mission. There could be fruitful cooperation between the two groups, each benefiting from the other's experience, but the responsibility and basic tasks should be split. Only under (c) would there be a common task, however, the advisory function of the economic team should be limited to problems of development.

ERLWeimar:dc



OFFICE MEMORANDUM

TO: Messrs. Lejeune, Rosen, Rucinski,
Schmidt and Squire
FROM: Richard H. Demuth
SUBJECT: UN Special Fund Projects

DATE: April 7, 1959

Attached is a copy of the papers which will be considered by the Consultative Board of the UN Special Fund next Monday, April 13. As you know, Mr. Black sits on that Board. The attached papers include summaries of the 13 projects which the Managing Director of the Special Fund proposes to present to his Governing Council for approval. I would appreciate it if each of you would have the appropriate persons in your Department go over the project descriptions and send me any comments which you think it would be useful for Mr. Black to have for purposes of discussion at the meeting. I should like to have all comments by the close of business on Thursday, April 9, so that they can be collated on Friday and forwarded to Mr. Black.

noon, Thursday

Ghana - Volta

Greece - Groundwater

Guinea - Gen. Dev. Survey

Poland - Mangrove & Marine Region

Turkey - M.E. & S. Lines

Yugoslavia - Unsettled & Native

Attachment

cc: Mr. Gordon

Mr. David Gordon

April 7, 1959

Richard H. Demuth

UN Special Fund Projects

Attached is a copy of the UN Special Fund papers which will be considered by the Consultative Board next Monday, April 13. Also attached is a copy of a note which I have circulated to the Area Departments and TOD asking for comments on these papers by the close of business on Thursday.

As Hector Prud'homme has doubtless told you, he has agreed that you might spend some time on Friday collating the comments received from the various Departments. I do not believe that this will take more than an hour or two of your time. One copy of the briefing paper which you prepare should be sent to Mr. Black at the River Club in New York, and one copy to me at 993 - 5 Avenue, New York 28, N. Y., in both instances by Special Delivery.

Attachment

RHD:mo

OUTGOING WIRE

CLASS OF SERVICE: NLT

DATE: APRIL 7, 1959

TO: LOPEZ-HERRARTE
HOTEL DEL PRADO
MEXICO D.F.

COUNTRY (MEXICO)

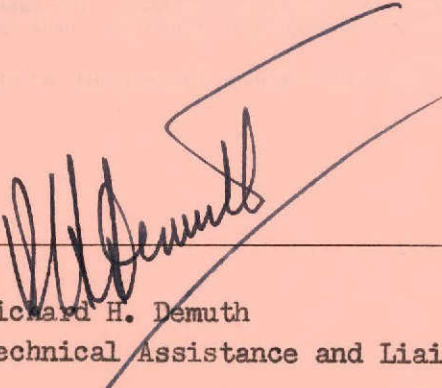
TEXT:

Cable No.

BLACK HAS DECIDED TO SPEND WEEKEND IN MEXICO SO RETURN
FLIGHT CHANGED TO MONDAY AND SPECIAL FUND MEETING TO
TUESDAY

DEMUTH

AUTHORIZED BY:

NAME: Richard H. Demuth
DEPT: Technical Assistance and Liaison Staff
SIGNATURE: 

(Signature of individual authorized to approve cable).

RHD:tf

For Use by Archives Division

Checked for Dispatch

ORIGINAL (File Copy)

(IMPORTANT: See over for guide in preparing Outgoing Wire)

GUIDE FOR PREPARING OUTGOING WIRES

1. Class of Service

Type in class of service desired. Each class is described as follows:

Letter Telegram Letter telegrams are normally delivered the morning after day of despatch. The cost is half the cost of full rate messages with a minimum charge for 22 words including address and text.

Full Rate Full rate messages are normally transmitted and delivered immediately. There is a minimum charge for 5 words, including address and text.

IBF Govt. This is a preferential rate extended to the Bank by some of its member countries. Messages are sent at full rate speed and at about half the cost. This rate normally should be used whenever available. It is at present available for the following countries:

Bolivia	Cuba	Guatemala	* Peru
Brazil	Dominican Republic	Honduras	* Syria
Burma	Ecuador	Jordan	Uruguay
Chile	El Salvador	* Lebanon	Venezuela
* China	* Ethiopia	Nicaragua	Yugoslavia
Colombia	* France	Pakistan	
Costa Rica	Greece	Panama	

* In these countries the letter telegram rate is lower than IBF government rate and should be used for messages when immediate transmission is not required.

Code Code messages are transmitted at full rate (or IBF Govt.) speed and cost. This rate should be used only for confidential messages to staff members having a code with them.

Day Letter Day letters are delivered during the day of transmission and should be used only for messages in the United States and to Mexico and Canada. There is a minimum charge for 50 words in text.

Teletype To be used only for messages to the New York Office, United Nations, and certain commercial firms. For information, call Cable Post (Ext. 3008).

2. Address

Use only last name of addressee and cable address whenever possible. The Bank cable address "INTBAFRAD" is registered in Paris, Bogota, Canal Zone, Karachi, Lima, London, New York, Quito, Tegucigalpa and Tehran. The International Finance Corporation cable address "CORINTFIN" is registered in New York, Paris and London. The name of the country of destination must always be added. (No charge is made for the name of a country.)

3. Text

Messages to Bank Missions and to Resident Representatives should be numbered. These numbers may be obtained by calling Ext. 3008.

Type text in capital letters and double space between lines. The text should be edited to eliminate unnecessary words and unnecessary punctuation. If punctuation is needed, spell out the words "Comma," "Stop," etc.

Use common abbreviations whenever possible, i.e. reourlet, reurfive, etc. Write as one word hyphenated words, hyphenated names, and certain two-word groups, e.g. Airmail, Newyork, enduse.

4. Signature

Type in last name of sender. Use INTBAFRAD as part of the signature only when addressee does not know the address of the sender.

5. Authorization

Type in name and department of staff member authorizing message and have authorizing staff member sign the original (pink copy). A list of authorized signatures is kept in the cable office.

Forward messages in triplicate in a cable envelope to Room 211 for despatch. The cable service is open from 9:00 a.m. to 5:45 p.m. on working days. Special arrangements should be made for the despatch of cables outside of these hours.

ANY QUESTIONS REGARDING INCOMING AND OUTGOING WIRES SHOULD BE REFERRED TO THE CABLE POST, EXT. 3008.

DISPATCHED

GENERAL FILES
CORRESPONDENCE

SPECIAL FUND



UNITED NATIONS
NEW YORK

FONDS SPECIAL

APR 20 REC'D

TELEPHONE: PLAZA 4-1234

CABLE ADDRESS: SPECFUND NEW YORK

REFERENCE:

15 April 1959

*Meeting has been
changed for Sep 11
Mr. Black knows about it
SK 11*

Dear Mr. Black,

After your departure yesterday, the Consultative Board discussed the date of its next meeting. It was tentatively agreed to hold the next meeting at United Nations Headquarters between August 5 and August 10th, as the Secretary-General will be in New York at that time.

A large, dark, circular handwritten scribble or signature on the right side of the page.

I would appreciate it if you would let me know whether the above timing would be agreeable to you and if so, what specific day would be most convenient.

Sincerely yours,

A handwritten signature in blue ink, appearing to read "Paul G. Hoffman".
Paul G. Hoffman
Managing Director
United Nations Special Fund

Mr. Eugene R. Black
President,
International Bank for
Reconstruction and Development
1818 H Street, N. W.
Washington 25, D. C.

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SECRET

1959 APR 20 AM 10:28

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SPECIAL FUND



UNITED NATIONS
NEW YORK

FONDS SPECIAL

UN Spec. Fund

[Handwritten signature]

Handled in person

TELEPHONE: PLAZA 4-1234

CABLE ADDRESS: SPECUND NEW YORK

REFERENCE: SF 310 GUI 1

3 April 1959.

Dear Dick,

.....
When Mr. Lewis visited Conakry early this year, the Government of Guinea showed a marked interest in receiving from the United Nations a general development survey team. Following conversations which we have had in the past week with Mr. Diallo Telli, the Permanent Representative of Guinea to the United Nations, we received from him yesterday the attached request.

Considering the situation in Guinea, we regard this request as one which should be met as a matter of urgency. Consequently, although the details will not be worked out until Mr. Rosenberg has returned at the end of May from his "reconnaissance" mission, we plan to submit the request to the Governing Council at its forthcoming session.

In view of the experience the Bank has had in missions of this kind, we would be most grateful to receive your comments on the proposal. This might be one of the subjects we could discuss when we meet next Thursday.

With kind regards,

Yours sincerely,

Myer Cohen

Myer Cohen
Director of Operations
United Nations Special Fund

Mr. Richard H. Demuth
Director
Technical Assistance and Liaison Staff
International Bank for Reconstruction and Development
1818 H Street, NW
Washington 25, D.C.

U. N. Special Fund

SF 310 GUINEA 1

Guinea: General development survey

In his letter of April 2, 1959, Mr. Diallo Telli, permanent representative of Guinea before the U. N., submitted to the Special Fund an application for credits in the amount of \$400,000 to organize a mission to make a general development survey of Guinea for a period of approximately one year (1959/60). No summary of this project is being prepared. The complete text is given below.

1. The Republic of Guinea acquired its independence on September 28, 1958. In the two months following, nearly all the French officials left the country. Thus the government lost nearly 2,000 administrators and technicians, not only ⁱⁿ the higher echelon, but also at the intermediate level.

2. A mission of highly qualified experts is needed to perform the three following tasks:

a) To make an evaluation of the country's resources and of the inventories and reports already made, in order to prepare new development and professional training programs;

b) To ascertain the country's needs in the field of administration and to assist the government authorities to reorganize the administrative structure;

c) At the request of the government authorities, to provide advice and consultations from day to day on the most urgent problems of administration and development.

3. This last mission is provided by way of exception, in view of the fact that the country cannot wait for the results of the investigations contemplated above.

4. A mission of about 12 experts is contemplated. It would remain in the country approximately one year, with the possibility of extending or shortening the stay of certain members. The mission should include experts in economic policy, fiscal administration, transportation, agriculture, stockraising, geology, teaching, public health, statistics and public administration. The mission should also include, for shorter periods of, say, 3 months, specialists in fields such as forestry, extractive industries, utilization of hydraulic and energy resources, housing construction and financial questions.

TRANSLATION SECTION

Translated From: French 4/7/59 By: G. A.:mh

2.

5. A U. N. technical assistance expert, Mr. A. Rosenberg, is to arrive in Guinea in mid-April. His first task would be to make recommendations as to the exact composition of the mission and the manner in which it should operate. Each member of the mission might be placed in one ministerial department as adviser to that department, but the mission would also have to act collectively in preparing interim and final joint reports. The chief of the mission might be assigned to the President of the Government.

6. The Government of Guinea would provide the members of the mission with offices, lodging and transportation within the country, and all other facilities normally accorded U. N. experts. However, because of the scarcity of personnel on the intermediate level and difficulties of a financial and other nature, the mission would have to be equipped more abundantly than usual in terms of its secretariat and other auxiliary services. The cost of the project to the Special Fund would be between \$350-400,000, chargeable to fiscal years 1959 and 1960. Mr. Rosenberg should make his recommendations by the end of May.

7. The arrival of the experts might be set for the month of August.

Ralph Townley
April 2, 1959

FONDS SPECIAL DES NATIONS UNIES

SF 310 GUINEA 1

Guinée : Etude d'ensemble en matière de développement

Par sa lettre du 2 avril 1959, M. Diallo Telli, Représentant permanent de la Guinée auprès des Nations Unies a présenté au Fonds spécial une demande de crédits jusqu'à concurrence de 400.000 dollars en vue d'organiser une mission chargée d'effectuer une étude d'ensemble en matière de développement de la Guinée, pour une période approximative d'un an (1959/1960). Aucun résumé de ce projet n'est en préparation et le texte complet en est donné ci-dessous.

1. La République de Guinée a accédé à l'indépendance le 28 septembre 1958.

Au cours des deux mois qui ont suivi, presque tous les fonctionnaires français ont quitté le pays. L'administration du pays a ainsi perdu près de deux mille administrateurs et techniciens, non seulement à l'échelon supérieur mais aussi au niveau intermédiaire.

2. Une mission d'experts hautement qualifiés est nécessaire pour s'acquitter des trois tâches suivantes :

- a) Procéder à une évaluation des ressources du pays et des inventaires et rapports déjà établis, aux fins de préparer de nouveaux programmes de développement et de formation professionnelle;
- b) Déterminer les besoins du pays en matière d'administration et aider les autorités gouvernementales à reconstituer la structure administrative;
- c) Donner, à la demande des autorités gouvernementales, des avis et consultations au jour le jour au sujet des problèmes d'administration et de développement les plus urgents.

3. Cette dernière mission est prévue à titre exceptionnel pour tenir compte du fait que le pays ne peut pas attendre les résultats des enquêtes prévues ci-dessus.

4. Une mission d'environ douze experts est envisagée qui resterait approximativement une année dans le pays, avec la possibilité de prolonger ou raccourcir le séjour de certains membres. La mission devrait inclure des experts en matière

de politique économique, d'administration fiscale, de transport, d'agriculture, d'élevage, de géologie, d'enseignement, de santé publique, de statistique et d'administration publique. La mission devrait aussi comprendre pour des périodes plus courtes, trois mois par exemple, des spécialistes dans des domaines tels que la sylviculture, les industries extractives, la mise en valeur des ressources hydrauliques et énergétiques, la construction de logements et les questions financières.

5. Un expert de l'assistance technique des Nations Unies, Monsieur A. Rosenberg, doit arriver en Guinée vers la mi-avril. Son premier travail serait de présenter des recommandations sur la composition exacte de la mission et sur la façon dont elle devrait fonctionner. On pourrait envisager de placer chaque membre de la mission auprès d'un département ministériel en qualité de conseiller de ce département, mais la mission devrait agir aussi collectivement pour la préparation de rapports communs, intérimaires et définitifs. Le Chef de la mission pourrait être placé auprès du Président du gouvernement.

6. Le Gouvernement de la Guinée fournirait aux membres de la mission, bureaux, logements et moyens de transport dans le pays ainsi que toutes autres facilités normalement accordées aux experts des Nations Unies. Cependant, en raison de la pénurie de personnel au niveau intermédiaire et des difficultés financières et autres, la mission devrait être plus abondamment pourvue qu'il n'est d'usage pour ce qui est de son secrétariat et les autres services auxiliaires. Le coût du projet pour le Fonds spécial se situerait entre 350 et 400.000 dollars imputables aux exercices 1959 et 1960. M. Rosenberg devrait formuler ses recommandations à la fin de mai.

7. L'arrivée des experts devrait être prévue pour le mois d'août.

Ralph Townley
2 Avril 1959

FONDS SPECIAL DES NATIONS UNIES

SF 310 GUINEA 1

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Ralph Townley
2 Avril 1959

UNITED NATIONS
SPECIAL FUND



CB.1/1
2 April 1959

CONSULTATIVE BOARD
First Meeting
13 April 1959

AGENDA

1. Introductory Note by the Managing Director (CB.1/1)
2. Projects.
 - (i) ARGENTINA: Power Survey (CB.1/2)
 - (ii) GHANA: Survey of Volta River Flood Plain (CB.1/3)
 - (iii) GREECE: Pilot Project in Groundwater Development (CB.1/4)
 - (iv) GUINEA: General Development Survey (CB.1/5)
 - (v) INDIA: Industrial Instructors Training Institute (CB.1/6)
 - (vi) ISRAEL: Pilot Project in Watershed Management (CB.1/7)
 - (vii) POLAND: Management Training Programme (CB.1/8)
 - (viii) THAILAND: Investigation of Silting in the Bangkok Port Channel (CB.1/9)
 - (ix) TURKEY: Middle East Technical University (CB.1/10)
 - (x) UNITED ARAB REPUBLIC: Pilot Tile Drainage Project (CB.1/11)
 - (xi) UNITED ARAB REPUBLIC: Soil Survey from Aerial Photographs (CB.1/12)
 - (xii) YUGOSLAVIA: Vocational Training (CB.1/13)
 - (xiii) REGIONAL: ICAITI (CB.1/14).

**UNITED NATIONS
SPECIAL FUND**



CB.1/1
2 April 1959

CONSULTATIVE BOARD
First Meeting
13 April 1959

Introductory Note by the Managing Director to the
Programme for May 1959.

1. The following notes are intended to give members of the Board some impression of the requests which have been received, and of the lines which are being followed in evaluating projects. These remarks fall under the following heads:

Analysis of Requests

Priorities

Evaluation of Projects

The May Programme

Analysis of Requests

2. Up to 19 March 1959, the number of requests formally communicated, and within the terms of reference of the Fund, was 61, aggregating \$67,515,000. Preliminary information had also been received about a further 54 projects. The distribution of the 61 formal requests was as follows:

	<u>No. of Requests</u>	<u>Average Request \$</u>	<u>Total Asked \$</u>
Geological and Mining Surveys	5	1,279,000	6,396,000
Water, Power, Irrigation Surveys	14	602,000	8,426,000
Vocational Training	12	943,000	11,314,000
Research Institutes	5	2,293,000	11,464,000
Agricultural, Fishery, Forestry and Soil Surveys	16	838,000	13,402,000
University and Higher Technological Education	<u>9</u>	1,841,000	<u>16,573,000</u>
Total	<u>61</u>		<u>67,575,000</u>

3. There is no reason to regard this distribution as an established pattern, since it consists only of those projects which were ready, for forwarding to the Fund during the first eleven weeks of the Fund's existence. It would be reasonable to expect a larger proportion of the more expensive projects in future distributions, especially of geological surveys, of research institutes, and of higher technological schools.

4. Latin America, Asia and North Africa are well represented in the requests, but no request has been received from any colonial territory in Africa.

Priorities

5. Even when allowance is made for the large amount of "water" in the requests, it is evident that a Fund of \$28,000,000 is much too small to cover legitimate requests. Even a Fund of \$100,000,000 a year would not be sufficient if one were to try to meet all legitimate demands for geological surveys, for higher technological institutes, or for research establishments.

6. One way of reducing the number of projects considered by the Fund is to exclude certain categories of projects altogether. The Managing Director has informed Resident Representatives that he will not support requests covering elementary education, high school education, elementary artisan training, mass education, or the work of liberal arts colleges; but, in the field of education, will concentrate on training instructors for vocational schools, on training agricultural extension workers, on special vocational skills, and on higher technological education in engineering and in agriculture. In the field of geology he will expect Governments to maintain at their own expense geological survey departments capable of doing preliminary surface geological surveys. He is willing to recommend short-term support in establishing such departments, but will concentrate on financing surveys of a more specialized or more technical nature. With experience, other restrictive lines will probably be drawn between the type of service which countries are expected to provide out of their own resources, and projects for which Fund finance will be available.

7. In the field of surveys, priority is accorded to those whose results seem most likely to be utilized soon after the results are available. It is thus necessary in every case to find out what action will follow if the surveys succeed. In some cases the immediate purpose is to attract investment, and it is necessary to be satisfied that there is a project for which investment funds, public or private, are likely to be available. In other cases the survey is a preliminary to further explorations, e.g. some hydrological, marine, or geological investigations. Here it is necessary to be satisfied that there is a continuing organization (such as a Government technical department) which

is capable of interpreting the results and carrying on from where the survey leaves off. Resident Representatives have been informed that the Fund would prefer to spend money on strengthening a technical department so that it can do its own surveys on a continuous basis, rather than spend money on doing ad hoc surveys in conditions where the work cannot be continued because the technical department is too weak.

8. In preparing this first programme the Managing Director has simply put forward all the sound schemes which were ready at the end of March. Shortage of time has kept this number small. Other criteria will have to be used in October to keep the number of submissions in line with the money available.

Evaluation of Projects

9. For the technical soundness of projects the Managing Director is relying, as he is required by General Assembly resolution to do, mainly on the advice of the United Nations and the Specialized Agencies. In fields not covered by these agencies, he is using the advice of private consultants.

10. The most common fault in the schemes put up to the Fund is that they are excessively large. This may be due to the project being designed on too large a scale, having regard to need, or to administrative feasibility; or to the various stages of an investigation being telescoped into one request; or to the desire to have an institute expand more rapidly than is good for efficient development.

11. Another fault for which the Managing Director watches is failure to provide for efficient supervision of an investigation. The Fund is asked to finance a mission consisting of one or two dozen experts, without adequate thought being

given to the logistics of getting large numbers of persons to a particular place at a particular time, and ensuring that their work is properly designed and coordinated. This has led the Managing Director to suggest changes in the organization of some such projects; e.g. to suggest in some cases that the technical department be strengthened and do the work itself, or in other cases that the work be contracted out to a commercial organization.

12. The success of a project depends very much on the competence of its designer and of its director, and upon the influence in the Government of its sponsor, who may have to see it through various political vicissitudes. Resident Representatives have been asked to pay special attention to these aspects when reporting on requests.

13. The Managing Director is conscious of the fact that the cost estimates in most requests are likely to prove inaccurate. There has not been time to make elaborate checks of the figures before putting forward this first programme. In each case the Specialized Agency executing a project will be asked, as its first task, to re-cost the project realistically. Estimates have already been revised upwards in some cases where the cost of hiring foreign experts was clearly understated. The Managing Director intends to ask the Governing Council for authority to increase the cost of projects within a "contingencies" element. Subject to this, the sums recommended to the Governing Council will be not actual but maximum commitments. If the cost of the project is under-estimated, it will have to be redesigned to a smaller scale, or the Government will have to meet the difference.

The May Programme

14. The projects which the Managing Director is proposing to recommend to the Governing Council in May are the following:

	Amount Recommended \$
ARGENTINA: Power Survey	200,000
GHANA: Survey of Volta River Flood Plain	305,000
GREECE: Pilot Project in Groundwater Development	245,000
GUINEA: General Development Survey	400,000
INDIA: Industrial Instructors Training Institute	700,000
ISRAEL: Pilot Project in Watershed Management	320,000
POLAND: Management Training Programme	500,000
THAILAND: Investigation of Silting in the Bangkok Port Channel	600,000
TURKEY: Middle East Technical University	2,500,000
UNITED ARAB REPUBLIC: Pilot Tile Drainage Project	300,000
UNITED ARAB REPUBLIC: Soil Survey from Aerial Photographs	312,000
YUGOSLAVIA: Vocational Training	905,000
REGIONAL: ICAITI	900,000
Total	<u>8,187,000</u>

The distribution of these projects by type is as follows:

	No. of Projects	Amount Recommended
General Development Survey	1	400,000
Water or Power Surveys	6	1,970,000
Vocational Training	3	2,105,000
Research Institutes	1	900,000
Agriculture, Soils	1	312,000
Higher technological education	1	2,500,000
Total	13	<u>8,187,000</u>

15. This programme consists merely of those projects which happened to be ready in time for the meeting of the Consultative Board, and even this list includes two or three where final decision of the Managing Director to submit is still dependent on receipt of further technical information.
16. Water is the only natural resource which is well represented in this collection. There is no geological survey, and irrigation apart, there is only one agricultural project, a soil survey. This corresponds to the current fashion in the thinking of under-developed countries. It is to be hoped that subsequent programmes may help to attract attention equally to other valuable natural resources. There are some excellent training schemes, but the emphasis is exclusively on training for manufacturing industry.
17. The only country which appears in the programme twice is the United Arab Republic. This is accidental.
18. The cost estimates do not include compensation to the Executive Agents, which will have to be negotiated separately for each project in due course. The Managing Director proposes to ask the Governing Council for separate authority to pay the sums resulting from these negotiations. The figures shown do not contain the "contingencies" element, for which separate blanket authority will be sought.
19. Members of the Board are asked to take special note of the request from Turkey for the Middle East Technical University, and of the request from Thailand for an Investigation of Silting in the Bangkok Port Channel.
20. A summary of each project is circulated herewith.

UNITED NATIONS
SPECIAL FUND



CB.1/3
2 April 1959

CONSULTATIVE BOARD

First Meeting

13 April 1959

Ghana: Survey of Volta River Flood Plain

1. The Government of Ghana has asked the Special Fund for assistance in the survey of the lower Volta flood plain, at a total cost to the Special Fund over a period of three years of \$305,000. The Government estimates that it would contribute an additional \$155,000 equivalent over the same period.
2. The proposed survey would include a study and reconnaissance of the Volta flood plain to determine whether suitable soils and topographic conditions exist for the large scale growing of sugarcane, cereals and other irrigated crops, the costs of irrigation and drainage works for selected areas, and the expected benefit to the country's economy from the proposed development.
3. The survey would provide: (a) for examining in detail about 47,000 acres of the flood plain to obtain information for selection of suitable areas to be developed; (b) the design of needed irrigation and drainage works and for planning agricultural development on an area of 15,000 to 20,000 acres selected according to the findings of the reconnaissance. Ghana at present imports more than 30,000 tons of sugar annually; and the production locally of this tonnage, and the growing of sugarcane to support such an industry, would offer employment at a satisfactory level of income to several thousand field and factory workers.

4. In order to carry out the survey and planning, the Government requests the Special Fund to provide a team of experts or the services of an experienced consulting firm. The survey will require three years, of which the first would be devoted to a reconnaissance of up to 47,000 acres, and the remaining two years to a design survey and evaluation. The annual cost to the Special Fund and to the Government would be (in US dollars or equivalent):

	<u>Special Fund</u>	<u>Government</u>
1959-60	135,000	132,000
1960-61	82,500	11,500
1961-62	87,500	11,500
Total:	<u>\$ 305,000</u>	<u>\$ 155,000</u>

Of the requested \$305,000 Fund contribution, \$285,000 would be for experts and \$20,000 for equipment and materials.

5. The Managing Director proposes to ask the Governing Council to allocate up to \$305,000 for this project. The FAO would be appointed as Executive Agent.

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UNITED NATIONS
SPECIAL FUND



CB.1/4
2 April 1959

CONSULTATIVE BOARD

First Meeting

13 April 1959

Greece: Pilot Project in Ground Water Development

1. The Government of Greece has requested assistance to define, test and demonstrate methods for the successful location and efficient development of ground water resources in limestone terrain. The proposal is to carry out a pilot study in three small areas representative of the major types of limestone that occur throughout Greece and her Islands, with their related folding, faulting and fissuring.
2. The limestone strata which underlie much of the Mediterranean region and most of Greece are recognized as potentially a source of plentiful and dependable water supply, as evidenced by the large springs in the mountains and at sub-marine level around the coasts. Hit and miss methods of locating water bearing fissures, however, have resulted in costly and disappointing failures in drilling and a general reluctance to develop such strata. In recent years it has been demonstrated in Israel and Morocco, for example, that wells can be successfully sited in limestone and such wells indeed account for much of the present development of water resources in those two countries.
3. The problem to be solved in Greece is how to differentiate between water bearing and non-water bearing limestone structures and how best to drill and exploit them. This project is intended to find the solution by systematic and

scientific investigation in the laboratory and in the field to define investigation and development criteria. The Geological Institute, which will be conducting these investigations, is one of the best in the Mediterranean region. The duration of the project is three years after which time it is expected that the existing governmental services would be in a strong position to extend the work of survey and development throughout the country.

4. The total cost of the project is estimated at \$355,000. The Fund's participation is budgeted at \$245,000 of which \$105,000 would be for experts, \$135,000 for equipment, and \$5,000 for fellowships. The Government will provide the usual facilities as well as laboratory services, geological field teams, core drills and labour for drilling; they will organize a six weeks training course and hold a technical meeting for nationals of their own and nearby countries to study information on the geological and drilling techniques evolved during the latter stages of the project. They estimate that their contribution through the foregoing elements represents an additional \$110,000 to the current budget of the Institute concerned.

5. The Managing Director proposes to recommend to the Governing Council that an allocation of \$245,000 be made for this project and that the Food and Agriculture Organization be appointed as Executive Agent.

UNITED NATIONS
SPECIAL FUND



CB.1/8
2 April 1959

CONSULTATIVE BOARD

First Meeting
13 April 1959

Poland: Management Training Programme

1. The Government of Poland, in consultation with the International Labour Organisation, has decided to establish a network of training centres for managerial and supervisory staff in industry. Before this can be done those who will plan, organize and direct the programme need to be trained and a central institute for training instructors needs to be established and equipped.
2. The Government of Poland intends to establish a National Management Centre which will be the focal point in this network. This Centre will conduct research into problems of Polish industry, provide consulting services, adapt national material for teaching purposes and train those who will teach at regional centres. Attached to the Centre will be a residential training college where senior management personnel and staff for the regional centres will be trained. The Government proposes to establish 14 regional centres, but the Special Fund's assistance will be confined to the National Centre and residential college.
3. The cost to the Special Fund in assisting in the development of the Centre would be \$500,000 over three years for international personnel, fellowships and specialized equipment.

4. The Government estimates that its contribution to the project during the period of Special Fund financing would amount up to \$4,000,000 in local currency.
5. After the initial three year period, during which the Fund would assist in this project, the Government will assume full financial responsibility for the Centre and its operations.
6. The Managing Director proposes to ask the Governing Council to authorize the allocation of \$500,000 for this project. The International Labour Organisation will be appointed as Executive Agent.

UNITED NATIONS
SPECIAL FUND



CB.1/13
2 April 1959

CONSULTATIVE BOARD
First Meeting
13 April 1959

Yugoslavia: Vocational Training

1. The Government of Yugoslavia has decided, in consultation with the International Labour Organisation, to establish a network of vocational training centres. Before this can be done, those who will plan, organize and direct the programme need to be trained and centres for training instructors need to be set up and equipped.
2. The Yugoslav Federal Institute of Productivity, with assistance from the Special Fund, would extend its activities to assume responsibilities for planning, organizing and directing the programme, as well as to train some of the senior instructors ("master trainers") for vocational training of adult workers and for regular technical education.
3. The Government, with assistance from the Special Fund, would also establish five training institutes for instructors which would be linked to the enterprises and trade associations concerned. Those institutes would be for metal, building, wood, commerce, agricultural machine maintenance and allied trades. They would train instructors for approximately twenty-five centres which would provide instruction in those branches of industry, which employ something in the region of half of the total labour force.

4. The cost to the Special Fund, in assisting in the strengthening of the Federal Institute of Productivity and establishing the five training institutes, would be as follows:

<u>Year</u>	<u>Experts</u>	<u>Fellowships</u>	<u>Equipment</u>	<u>Total</u>
1959	60,000	-	-	60,000
1960	120,000	50,000	500,000	670,000
1961	70,000	100,000	-	170,000
1962	5,000	-	-	5,000
TOTAL	255,000	150,000	500,000	905,000

5. The Government estimates that the value of its contribution to the project during the period of Special Fund financing would amount to something in the neighbourhood of \$10,000,000 in local currency. This would comprise: the value of the buildings, the cost of their adaptation, salaries of 80 Yugoslav specialists, and 40 clerical and other staff.

6. The Managing Director proposes, therefore, on the basis of the request of the Government of Yugoslavia, to ask the Governing Council to authorize the allocation of \$905,000 for vocational training. The International Labour Organisation will be asked to be the Executive Agent for the project.

UNITED NATIONS
SPECIAL FUND



CE.1/10
2 April 1959

CONSULTATIVE BOARD
First Meeting
13 April 1959

Turkey: Middle East Technical University

1. The Government of Turkey has asked the Special Fund to allocate \$5,000,000 to the Middle East Technical University over a period of five years.
2. The Middle East Technical University started teaching in 1956 with a school of architecture. It now has also schools of engineering, administration and liberal arts. The student body at the beginning of the 1958/9 academic year was 350, of whom ten per cent were from outside Turkey.
3. The Government's request is based upon its desire for a very rapid expansion of the University's facilities. Schools of education and of agriculture, and various research institutes are planned. The Government hopes that by 1960 there will be about 600 students, and that when fully operating the University will have 12,000 students.
4. It has asked that the building plans for the campus (being prepared largely by staff provided by UNTAQ) be drawn up with this latter target in mind. While there is some question whether Turkey alone could provide this number of qualified students, the Government hopes to draw students from other countries of the Middle East. In order to facilitate this, all teaching is in English. The University is however a purely national institution.

5. At present the University is operating without a permanent statute and in temporary buildings. Mr. Harold Stassen, the special adviser of UNESCO to the University, has drafted a charter which is at present under discussion with the Government, and the Minister of Education has stated that a charter will be presented to the Grand National Assembly for approval in April 1959. Plans are also under way for the construction of buildings; a 10,500-acre site has been acquired.

6. In fiscal 1958/9 the Government appropriated \$1,400,000 for the University, and it estimates that between 1959 and 1963 it will allocate a further \$10,000,000. Information is awaited on the planned phasing and distribution of Government expenditure.

7. The Managing Director is disturbed by the rapid rate of expansion which is contemplated, both in terms of numbers of students and in terms of the wide range of subjects to be started within a short period. The University is, however, encouraged in its plans by the support which it is receiving from other external sources.

8. The Managing Director proposes to confine the Fund's assistance to a rate of expansion which would seem to him to be reasonably safe, in view of the need to attain and maintain high academic standards. He therefore proposes to confine the Fund's assistance to the fields of architecture and engineering. Determination of the precise sums awaits a further report from Mr. Stassen, who is at present in Turkey, but the Managing Director is thinking in terms of ceilings of \$500,000 for foreign experts, and \$2,000,000 for equipment for

architecture and engineering. The contribution towards the cost of experts would taper, and be rather small in the fifth year.

9. Assistance from the Special Fund would be conditional upon the passage of the appropriate legal instruments providing for the autonomy of the University. Until the University has permanent buildings, the equipment provided will be confined to items appropriate for use in the temporary quarters and capable of being readily transferred subsequently.

10. The Managing Director further proposes that the assistance of the Special Fund be conditional upon a statement of intention on the part of the Government that the annual budget of the University will be assured for the five years covered by the Fund's contribution.

11. The Special Fund would also have to be satisfied that the arrangements for the appointment of staff and for examinations were adequate to ensure that teaching and examining at the University were at an adequate level.

12. The Managing Director is proposing to recommend that UNESCO be invited to act as Executive Agent for this project in the event of its acceptance by the Governing Council.

UNITED NATIONS
SPECIAL FUND



CB.1/2
2 April 1959

CONSULTATIVE BOARD
First Meeting
13 April 1959

Argentina: Power Survey

1. The Government of Argentina has asked the Special Fund for assistance in conducting a general study of Argentine power problems at a total cost to the Special Fund of \$200,000, which would provide for the foreign exchange costs involved in the employment of consultants. The Government estimates that an additional \$50,000 equivalent would be required in local currency which the Government is prepared to furnish.
2. The purpose of the project is to define the probable trends of power demand on the various systems in Argentina during the next ten-year period, the projects that could best provide the required amount of power, the investment cost and the basic institutional and financial policies needed for a successful implementation of the programme.
3. The project would consist of the following phases: (a) making a power market survey of requirements for the next ten years, to determine the emergency needs of the Greater Buenos Aires area and requirements for a longer range supply; (b) selecting projects which from the engineering, economic and financial point of view would best meet these needs; and (c) determining the overall investment requirements of the programme on an annual basis with estimates of the local currency and foreign exchange components. This phase would also consider whether prevailing tariff arrangements are compatible with the development of a sound power industry and, if not, what the basic objectives for sound tariff regulations should be. The foreign experts will be required for about six months.

Note

* to be revised to \$250,000

NE

4. The Managing Director proposes to recommend to the Governing Council an allocation of up to \$200,000 to cover the foreign exchange costs of the study. The International Bank will be appointed Executive Agent to carry out the project.

UNITED NATIONS
SPECIAL FUND



CB.1/6
2 April 1959

CONSULTATIVE BOARD
First Meeting
13 April 1959

India: Industrial Instructors Training Institute

1. The Government of India has asked the Special Fund for assistance in establishing the Central Training Institute for Industrial Instructors, to be set up in Calcutta.
2. The Institute's objective is to train 400 craft instructors in a session lasting five and a half months, with courses in 14 crafts. The annual output will therefore be 800 instructors. The crafts to be covered are those of blacksmith, draftsman (civil and mechanical), electrician, fitter, grinder, machinist, mechanic (instrument and motor), moulder, sheet metal worker, turner, welder and wood worker. In addition to being given thorough training in the crafts themselves, the instructor-trainees will also be taught training procedures and will have opportunities to practice what they learn, because to the Central Training Institute there will be attached an Industrial Training Institute training an equal number of craftsmen in the same crafts covered by the instructor-trainees. The experts provided by the Special Fund are to teach only in the Central Training Institute, but the equipment is for use in both Institutes.
3. There is now in existence a similar institute, at Koni-Bilaspur in Central India, which was started in 1948 and has so far trained 2,062 instructors. It

is very badly located, far from any industrial centre, badly housed and equipped, and it has been decided to replace it with the new institute in Calcutta, where a 32-acre site has been provided in the district of Howrah, an industrial area about five miles from the centre of Calcutta. The Government is also in the process of establishing a second institute at Bombay, which is already operating in temporary quarters and will be in full operation during the present year. The Koni institute received assistance from ILO and ICA, and the Government hopes that these two agencies will help the Bombay institute in the future, while the Special Fund gives similar assistance to the Calcutta institute.

4. There is a severe shortage of trained craftsmen in India at present, and it is recognized that the need for training at this level is relatively greater than the need for engineers and technologists. It has however been found difficult to increase the numbers of craftsmen in the absence of properly trained instructors. The Government states that its objective is to train 3,000 instructors a year, but because of limited resources the immediate aim is only half that number, divided between the institutes at Bombay and Calcutta.

5. The Calcutta institute will be under the general direction of the National Council for Training in Vocational Trades, whose functions include licensing and inspection, prescribing standards for syllabuses, and controlling conditions for the award of National Trade Certificates.

6. The Managing Director is proposing to recommend to the Governing Council that \$700,000 be allocated to this project over three years, of which \$500,000 would be for foreign experts, and \$200,000 for equipment. The cost to the Government of India is estimated at over \$2,000,000. The ILO, who have assisted the Government in designing this project, would be appointed as Executive Agent.

UNITED NATIONS
SPECIAL FUND



CB.1/7
2 April 1959

CONSULTATIVE BOARD
First Meeting
13 April 1959

Israel: Pilot Project for Watershed Management

1. The Government of Israel has requested assistance in testing and demonstrating the technical and economic feasibility of retaining and utilizing the large amount of water that is annually wasted into the sea from ephemeral streams. The proposal is to establish a pilot project on which to integrate the techniques necessary for conservation and rational use of the land and water resources. The site selected is part of a natural catchment area representative of conditions in Israel and much of the Mediterranean region.
2. The problem to be solved in this experiment is to find the best combination of agricultural and engineering techniques to suit a given catchment area. Although the physiographic characteristics of the coastal plains in the region permit the storage of only a small part of the surface water run off in the plains, recent developments indicate that a large part of such excess water can be stored by means of various installations appropriately sited over the entire watershed.
3. In this project it is proposed to draw up a plan and test it on small representative sub-basins. It is in the drawing up of this plan and its implementation that assistance from the Fund is requested. The Fund's

contribution would total \$320,000, of which \$110,000 would be for experts, \$195,000 for equipment, and \$15,000 for fellowships. The cost to the Government would be the equivalent of \$350,000, in the form of local services, departmental engineers and other technical personnel, labour, machinery and materials. The whole project would need about five years to complete with Fund participation largely concentrated in the first three years.

4. Techniques for dealing with the individual problems involved have been worked out in other parts of the world and tangible results may be expected from their integration in this project. Israel has the institutional services to translate the results of this pilot scheme into an action programme.

5. The Managing Director proposes to recommend to the Governing Council that the sum of \$320,000 be allocated to the project and that the Food and Agriculture Organization be appointed as the Executive Agent.

UNITED NATIONS
SPECIAL FUND



CB.1/9
2 April 1959

CONSULTATIVE BOARD

First Meeting

13 April 1959

Thailand: Investigation of Silting in
Bangkok Port Channel

1. The Government of Thailand has asked the Special Fund for assistance in financing an investigation of the silting conditions in the Bangkok bar harbour channel, and for a model study to determine the remedial works needed. Annual dredging costs in the navigation channel now range from the equivalent of \$1.75 million to \$2.75 million dollars annually. A total of \$11 million was spent for this maintenance during the past four years and the estimate for this year is \$1.75 million equivalent. A solution needs to be found that will reduce the rate of silting and the cost of channel maintenance. The project is a pre-investment type of study which would provide data for a decision as to the type and character of works to be undertaken for this purpose and their probable costs.
2. The project would include as its first stage an investigation of the problem of siltation in the bar channel and Chao Pyah river estuary, and as a second stage a hydraulic model study to determine the most economical type of remedial works which would effectively reduce the shoaling. However, the exact requirements of the second stage cannot be determined until the first stage is completed.
3. In late 1955, the Government received proposals on an international basis for the silt survey and model study and the best evaluated offer by one firm

of engineers in conjunction with an internationally known hydraulic laboratory was approximately \$1.4 million. When the Government failed to obtain what it considered to be a reasonable proposal from private laboratories for the project, it arranged for a preliminary study by the U.S. Corps of Engineers, whose preliminary estimate is that foreign exchange expenditure of the order of \$600,000 may be required, in addition to local expenditure by the Government of Thailand of the order of \$250,000. The Government is willing to meet the local expenditure, and asks the Fund to meet the foreign exchange cost.

4. The foreign exchange cost cannot now be determined precisely, since it will depend partly upon whether the contract is undertaken by the U.S. Corps of Engineers or by private contractors, and partly upon the nature of the operations in the second stage of the investigation.

5. The Managing Director proposes to recommend to the Governing Council that the Fund finance the foreign exchange costs of this project, and that the International Bank be appointed the Executive Agent. He would welcome guidance from Members of the Consultative Board on the issues involved in placing this contract.

UNITED NATIONS
SPECIAL FUND



CB.1/11
2 April 1959

CONSULTATIVE BOARD
First Meeting
13 April 1959

United Arab Republic: Pilot Tile Drainage Project

1. The United Arab Republic has requested assistance in setting up a series of small pilot projects in ten representative areas of Egypt to test drainage practices and methods suitable for the varying soil and water conditions in the Nile Valley. These pilot projects are a prelude to the widespread introduction of field drainage in the irrigated tracts largely by the so called "tile drainage" or buried drain pipe method over the next 20 years. The results of improved drainage would be to sustain and improve production on perennially irrigated lands; to prepare basin or flood irrigated lands for perennial irrigation when additional water becomes available; and to reduce the area of land presently wasted under a network of surface excavated drains by constructing sub-surface drainage.
2. The need for drainage has been increasingly recognized in Egypt since the large scale introduction of perennial irrigation earlier this century. Engineering knowledge which has facilitated construction of irrigation works remains far ahead of the knowledge required to solve drainage problems. These pilot projects are designed to solve the problems theoretically and empirically and establish desirable depth, slope, spacing and carrying capacity of drains

according to soil types as well as appropriate and economic construction methods and materials to be used. The Government has recently established a well staffed organization to carry out experimental and applied work in this field. It is this organization which will be charged with the proposed project.

3. The overall project is expected to last four years and cost some \$1,300,000. The Fund would contribute \$300,000 for equipment, foreign experts and fellowships. The balance of the cost is estimated by the Government as their contribution to cover running expenses, technicians, labour, construction materials, office and laboratory facilities, etc.

4. The Managing Director proposes to recommend to the Governing Council that an allocation of \$300,000 be made to support the project and that the Food and Agriculture Organization be appointed as the Executive Agent.

UNITED NATIONS
SPECIAL FUND



CB.1/12
2 April 1959

CONSULTATIVE BOARD
First Meeting
13 April 1959

United Arab Republic: Soil Survey from Aerial Photographs

1. The Government of the United Arab Republic has asked the Special Fund to assist in financing a soil survey from aerial photographs of certain areas which are scheduled to be developed as new irrigation facilities become available. The photographs have already been taken. The purpose of the present project is to interpret the photographs, to select the most promising areas for further detailed surveys, and to train personnel in this type of work.
2. The Special Fund is asked to finance the provision of experts specialized in soil survey and land classification from aerial photographs together with experts specialized in laboratory techniques for soil analysis to train their technicians; fellowships to study soil survey and land classification in desert areas; and equipment including mobile laboratory units. The annual cost to the Special Fund is estimated at:

1959	\$ 87,000
1960	137,000
1961	65,000
1962	23,000
	<u>\$312,000</u>

Of this \$180,000 would be for experts, \$24,000 for fellows and \$108,000 for equipment.

3. The Government estimates that it would contribute \$500,000 to the cost of the soil survey project.

4. The Managing Director proposes to ask the Governing Council to authorize the allocation of \$312,000 for this project. The Food and Agriculture Organization of the United Nations will be appointed as Executive Agent.

\$ 500,000	1953
312,000	1954
188,000	1955
100,000	1956
200,000	1957
312,000	1958

UNITED NATIONS
SPECIAL FUND



CB.1/14
2 April 1959

CONSULTATIVE BOARD
First Meeting
13 April 1959

Regional : ICAITI (Central American Research Institute for Industry)

1. The Special Fund has received a request from ICAITI (Institute Centro-Americano de Investigacion y Tecnologia Industrial) on behalf of the Governments of Guatemala, El Salvador, Honduras, Nicaragua and Costa Rica for assistance to enable it to expand its activities over the five-year period, 1960-64. The assistance requested would enable the Institute to purchase additional plant and equipment and engage more expert staff.
2. ICAITI is a Central American institute of industrial research situated in Guatemala. It was inaugurated in January 1956, under the joint auspices of the Governments of the five Central American Republics and the Economic Commission for Latin America to advise and assist in the programme for the economic integration of the isthmus. Its function is to give technical advice to industry and to investigate the best utilization of the natural resources and raw materials of the region.
3. Initially, the Institute's clients were mainly governments, government entities and municipalities, to whom it gave advice on problems of industrial development, location of industries, etc. It now, however, gives in addition, a wide range of services to private entrepreneurs interested in developing new industries in Central America or in expanding existing ones. Such services range from advice on techniques, productivity and management, through laboratory tests, to pre-investment surveys. In addition, ICAITI also pursues a number of longer-term activities, including projects of applied research in fields selected for their potential social or economic impact; the establishment of standard weights and measures throughout the region, and the publication of technical information.

4. The present proposal is to expand the Institute's facilities to enable it to serve effectively the growing demands of Central American industry. The Institute has requested the Special Fund for \$ 1.8 million for this purpose, over the five years, 1960-64. Upon examination however, the Special Fund felt that this figure was unrealistic and has accordingly engaged an outside consultant to undertake an evaluation of the proposal. Firm figures await the return of the consultant from Guatemala, but the Managing Director is considering ceilings of \$ 500,000 for foreign experts, and \$ 400,000 for equipment. The contribution towards the cost of the experts would taper from say \$ 150,000 in the first year to \$ 50,000 in the fifth year.

5. Under its charter, ICAITI, during its first five years (1955-60) receives contributions from the five participating governments and from the United Nations. If the request to the Special Fund is granted, it is expected that other assistance from the United Nations will be discontinued. The Managing Director proposes to make the Special Fund contribution conditional upon the Governments agreeing to maintain their subventions over the next five years at their current level of \$ 260,000 a year.

6. ICAITI's third source of income is fees from services, which amounted to \$ 54,000 during 1958. By the end of 1964, and the final tapering off of Special Fund assistance, the Institute expects that its income from fees will be adequate to cover all operating expenses without recourse to further Government contributions or other outside assistance.

7. The Managing Director proposes that the United Nations be appointed Executive Agent to administer the proposed grant.

April 1, 1959

Dear Margaret:

In accordance with your telephone request, I am sending you our file copy of the report which FAO prepared for us in 1949 on an Ecuadorean tuna fishing and canning project.

As you will see, this report is no more than a brief analysis of the project, and is in no sense a study of Ecuadorean fisheries. Its preparation did not even involve a visit to Ecuador.

Please return the report to us when it has served your purpose.

Sincerely yours,

Cyril H. Davies

Encl:

Miss Margaret Wolfson
c/o U.N. Special Fund
United Nations
New York 17, N.Y.

CHDavies:bls

(mm)

Files
Pl note
Report dated
Dec 27, '49

SPECIAL FUND



FONDS SPECIAL

UNITED NATIONS
NEW YORK

TELEPHONE: PLAZA 4-1234

CABLE ADDRESS: SPECFUND NEW YORK

REFERENCE: SF 141/23

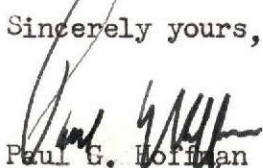
19 March 1959

Dear Mr. Black,

As you know, the General Assembly in its resolution 1240 (XIII), paragraph 26, established a Consultative Board to assist the Managing Director of the Special Fund with advice in the examination and appraisal of project requests and proposed programmes of the Special Fund. The Board is composed of the Secretary-General of the United Nations, the Executive Chairman of the Technical Assistance Board and the President of the International Bank for Reconstruction.

I take pleasure in inviting you to participate in the first meeting of the Consultative Board which will be held at United Nations Headquarters on 13 April 1959, at 10 A.M. It will review projects which may be submitted to the Governing Council of the Special Fund at its meeting which is scheduled for 26 to 28 May 1959.

Sincerely yours,


Paul G. Hoffman
Managing Director
United Nations Special Fund

Mr. Eugene R. Black, President
International Bank for Reconstruction and
Development
1818 H Street, NW
Washington 25, D. C.

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RECEIVED
DWARREN ROOM

FOUNDED 1946



SPECIAL FUND

UNITED NATIONS

NEW YORK

19 March 1959

19 MAR 1959

Dear Mr. Black,

As you know, the General Assembly in its resolution 1340 (XIII), paragraph 20, established a Consultative Board to assist the Managing Director of the Special Fund with advice in the examination and appraisal of project requests and proposed programmes of the Special Fund. The Board is composed of the Secretary-General of the United Nations, the Executive Chairman of the Technical Assistance Board and the President of the International Bank for Reconstruction and Development. I am pleased to invite you to participate in the first meeting of the Consultative Board which will be held at United Nations Headquarters on 13 April 1959, at 10 A.M. It will review projects which may be submitted to the Governing Council of the Special Fund at its meeting which is scheduled for 20 to 25 May 1959.

Sincerely yours,

Paul G. Hoffman
Managing Director
United Nations Special Fund

Mr. Eugene R. Black, President
International Bank for Reconstruction and
Development
1818 M Street, NW
Washington 25, D. C.

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1959 MAR 20 PM 3:55

SPECIAL FUND



FONDS SPECIAL

UNITED NATIONS
NEW YORK

TELEPHONE: PLAZA 4-1234

CABLE ADDRESS: SPECFUND NEW YORK

REFERENCE: SF 141/23

18 March 1959

*File
Special Fund*

Dear Mr. Black,

Following the decision taken by the Governing Council of the Special Fund at its third meeting on 27 January 1959, concerning the date of the second session of the Governing Council, and after consultation with the Chairman, I would like to inform you, that the second session of the Governing Council will take place at United Nations Headquarters in New York from 26 to 28 May inclusively.

The provisional agenda will be forwarded to you in due course.

Yours sincerely,

A handwritten signature in dark ink, appearing to read "Paul G. Hoffman".

Paul G. Hoffman
Managing Director
United Nations Special Fund

Mr. Eugene R. Black
President
International Bank for Reconstruction and
Development
1818 H Street, N.W.
Washington 25, D.C.

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ROUTING SLIP

Date

Feb. 25, 1959

OFFICE OF THE PRESIDENT

NAME

ROOM NO.

Mr. Demuth

506

Dr. Lopez-Herrero

Files

Action

Note and File

Approval

X

Note and Return

Comment

Prepare Reply

Full Report

Previous Papers

Information

Recommendation

Initial

Signature

Remarks

Fr

M.L.

UNITED NATIONS NATIONS UNIES
NEW YORK

CABLE ADDRESS • UNATIONS NEWYORK • ADRESSE TELEGRAPHIQUE

FEB 24 REC'D

FILE NO.:

18 February 1959

My dear Eugene,

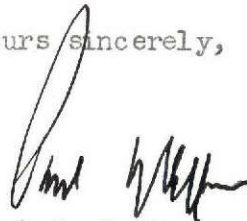
.....

I enclose for your information and for that of your colleagues who will be working with us on questions relating to the Special Fund, copies of a number of papers which have gone out in the last few days. These are: a letter to Governments concerning the arrangements for submitting requests to the Special Fund; a letter to the Field Offices of TAB designating Resident Representatives and Correspondents as our channel of communication with Governments on projects; a letter to the specialized agencies on working relations, together with the Memorandum "Form and Content of a Request to the Special Fund".

I do hope we will have the opportunity of getting together soon. In the meantime I am looking forward to working with the two project officers you are lending to us to help set up our programme for submission to the Governing Council at its meeting in May.

With kind regards,

Yours sincerely,



Paul G. Hoffman
Managing Director
United Nations Special Fund

Mr. Eugene R. Black
President, International Bank for
Reconstruction and Development
1818 H Street N.W.,
WASHINGTON, D.C.

100 100 100 100 100

6661 Wed 21 12 32 PM '94

UNITED NATIONS



NATIONS UNIES

NEW YORK

CABLE ADDRESS . SPECFUND NEWYORK . ADRESSE TELEGRAPHIQUE

FILE NO.1

SF 311

6 February 1959

Sir,

At the first meeting of the Governing Council of the Special Fund, which was held at the United Nations Headquarters from 26 to 27 January 1959, it was decided that the Managing Director would submit to subsequent meetings of the Governing Council to be held in late May or early June, and later in 1959, projects for its approval.

..... I am enclosing copies of an information brochure regarding the
..... Special Fund (SF/1), together with copies of a statement (SF/L.6) which I made at the first meeting of the Governing Council. In this statement my tentative ideas about the initial programme of the Special Fund are outlined, and I would draw your attention particularly to pages 3 and 4 in which I described three broad categories of projects suitable for financing by the Fund.

In order to facilitate the preparation and dispatch of requests to the Special Fund, I have made arrangements with the Executive Chairman of the Technical Assistance Board to provide that where countries are served by a resident representative of the Technical Assistance Board, this



- 2 -

official will normally be the channel of communication between the Government and the Headquarters of the Special Fund at United Nations, New York. In the case of countries and territories not served by a resident representative, communications should be sent directly to the Managing Director through the channel designated by the Government.

..... I enclose copies of a memorandum "The Form and Content of a Government Request to the Special Fund", which has been prepared as a guide to Governments submitting requests.

The General Assembly resolution establishing the Special Fund provides that a Government submitting requests to the Special Fund, should do so through a single channel designated by it. If it intends to submit requests, I should be grateful if your Government would inform me of the official or Department designated for this purpose.

Accept, Sir, the assurances of my highest consideration.

A handwritten signature in dark ink, appearing to read "Paul G. Hoffman".

Paul G. Hoffman
Managing Director
United Nations Special Fund

UNITED NATIONS



NATIONS UNIES

NEW YORK

CABLE ADDRESS . SPECFUND NEWYORK . ADRESSE TELEGRAPHIQUE

FILE NO.1

SF/311

6 February 1959

Dear

I am very pleased that arrangements have been made with Mr. David Owen for you to act on behalf of the Special Fund in dealings with the Government to which you are assigned and that normally all correspondence between the Government and the Special Fund will be channelled through your office.

It is, at the moment, too soon to outline in detail the various ways in which you will be in a position to assist the Special Fund. But I am positive that with your wide experience in dealing with Governments, and your knowledge of the local situation there are many ways in which your assistance will prove to be most helpful.

I am writing to Governments requesting them to designate an official body which will be authorized to submit requests. In that letter, I am also advising them, in accordance with arrangements made with the Executive Chairman of the Technical Assistance Board, that you will normally serve as my channel of communications with the Government to which you are assigned.

You will be receiving a copy of that letter, and will find among its attachments a Memorandum indicating the proposed form and content of requests for assistance from the Special Fund.



- 2 -

I would be most grateful if you would assist the Government in any way possible in the preparation and formulation of requests.

If there are country representatives of any of the specialized agencies available or individual experts whose qualifications might be useful, I believe it is important that these officials be associated with you in any discussions you may have with the Government relating to the formulation of requests. In other words, I am eager that all of the technical and expert knowledge available in a country from the United Nations and specialized agencies be brought to bear at an early stage on the preparation of requests, and I would look to you, as the Resident Representative, to serve as the co-ordinator of such efforts.

While we will not be able to approve a large number of projects this year, we are most anxious to receive information on worthwhile projects which might be considered at an early stage.

May I in conclusion say how much I am looking forward to our association in this new venture.

Yours sincerely,

Paul G. Hoffman
Managing Director
United Nations Special Fund

Also sent to: ILO: UNESCO: WHO: IAEA

UNITED NATIONS NATIONS UNIES
NEW YORK

CABLE ADDRESS · UNATIONS NEWYORK · ADRESSE TELEGRAPHIQUE

FILE NO.: SE/130(3)

6 February 1959

Dear Mr. Sen,

The Governing Council of the Special Fund has ended its first series of meetings, and my colleagues and I are now making a start in shaping up an initial programme which will contain projects for submission to Members of the Governing Council by mid-May, for their next meeting to be held either late in May, or early in June.

While it is my intention to keep in touch with your representative here, I believe it would facilitate our co-operation on specific projects if we could establish a direct line of communication with your Headquarters. Upon receiving a project which relates to the work of the Food and Agriculture Organization I intend to send it to you for comment. It would be most helpful, therefore, if you could nominate a member of your staff at your Headquarters who would serve as a channel of direct communication with the Special Fund on all questions relating to projects.

The General Assembly, in establishing the Special Fund, provides that Governments shall designate an official channel for submission of requests to the Managing Director. I have asked the resident representatives - in addition to being the Fund's normal channel of communications with the Government to which they are assigned - to assist

Mr. Binay Ranjan Sen
Director-General, Food and
Agriculture Organization
Viale delle Terme di Caracalla
ROME, Italy



- 2 -

them in any way possible in the preparation and formulation of requests, and I should be grateful if you would ask your field staff to co-operate with the resident representatives in this work. We have drawn up a statement of the information which ^{we} are asking Governments to submit

..... with each proposal, and I enclose a copy of this.

In addition, of course, we shall be welcoming your collaboration in the work of the Consultative Board and of the Governing Council, in accordance with the provisions of the General Assembly Resolution and the provisional Rules of Procedure of the Governing Council.

May I in conclusion assure you of the desire for the establishment of most cordial working relationships with the Food and Agriculture Organization. I am fully aware of the long and varied experience which your Agency has had in the general work of providing technical and economic aid to under-developed countries, and I am most eager that the Special Fund may have the benefit of your wisdom and experience.

Yours sincerely,

Paul G. Hoffman
Managing Director
United Nations Special Fund

Same letter to ICITO: IMCO: ICAO: ITU: WMO

UNITED NATIONS  NATIONS UNIES

NEW YORK

CABLE ADDRESS : UNATIONS NEWYORK : ADRESSE TELEGRAPHIQUE

FILE NO. SF/130(3)

6 February 1959

Dear Mr. Ljungberg,

The Governing Council of the Special Fund has ended its first series of meetings, and my colleagues and I are now making a start in shaping up an initial programme which will contain projects for submission to Members of the Governing Council by mid-May, for their next meeting to be held either late in May, or early in June.

Upon receiving a project which relates to the work of the International Civil Aviation Organization I intend to send it to you for comment. It would be most helpful, therefore, if you could nominate a member of your staff at your Headquarters who would serve as a channel of communications with the Special Fund on all questions relating to projects.

The General Assembly, in establishing the Special Fund, provides that Governments shall designate an official channel for submission of requests to the Managing Director. I have asked the resident representatives - in addition to being the Fund's normal channel of communications with the Government to which they are assigned - to assist them in any way possible in the preparation and formulation of requests, and I should be grateful if you would ask your field staff to co-operate with the

Mr. Carl Ljungberg
Secretary-General, International Civil
Aviation Organization
International Aviation Building
1080 University Street
MONTREAL, Canada



- 2 -

resident representatives in this work. We have drawn up a statement of the information which we are asking Governments to submit with each proposal, and I enclose a copy of this.

In addition, of course, we shall be welcoming your collaboration in the work of the Consultative Board and of the Governing Council, in accordance with the provisions of the General Assembly Resolution and the provisional Rules of Procedure of the Governing Council.

May I in conclusion assure you of the desire for the establishment of most cordial working relationships with the International Civil Aviation Organization. I am fully aware of the long and varied experience which your Agency has had in the general work of providing technical and economic aid to under-developed countries, and I am most eager that the Special Fund may have the benefit of your wisdom and experience.

Yours sincerely,

Paul G. Hoffman
Managing Director
United Nations Special Fund

UNITED NATIONS SPECIAL FUND

M e m o r a n d u m

The Form and Content of a Request to the Special Fund

The following has been prepared by the Managing Director to serve as a guide to Governments submitting requests to the Special Fund. The type, scope and nature of projects eligible for financing by the Special Fund, under General Assembly resolution 1240 (XIII), are described in "The United Nations Special Fund - An Explanatory Paper by the Managing Director" (SF/1).

A. Covering Letters

The request should normally be accompanied by a formal submission by the person or body designated by the Government to be responsible for submitting requests to the Special Fund. It should be forwarded to the Managing Director by the Resident Representative of the Technical Assistance Board. In countries or territories where there is no Resident Representative, it should be sent direct to the Managing Director.

B. Summary of the Request

This should consist of a resumé of the salient features of the project submission. It should not exceed 1,000 words and should be submitted in six copies.



C. Origin

Fairly full information could be given here. This information should include a historical summary of work previously done and an account of when and where the project originated, e.g., a government department, a private group sponsored by the Government, a visiting mission, the advice of an expert or consultant, resolution of a United Nations organ, or recommendation of an agency. There should be annexed the relevant substantive documentation, such as departmental memoranda, expert or mission reports or financial estimates where they exist. The development of the proposal should be traced up to the point of submission, giving, when pertinent, the name of the principal participants.

D. The Project

(a) Its purpose: The request should contain a full statement as to the contribution which the project is expected to make to the development of the country. This should relate to its immediate significance in, for instance, facilitating new capital investments, introducing technological innovations or improving technical skills. Where the project is intended to lay the basis for the production of a specific commodity, a realistic market analysis for that commodity should be included. Schemes for training institutes should be supported by an estimate of the demand for the services of persons who will be trained. Projects for creating new research stations should state how the research to be done in those stations fits into research already done elsewhere. The request should also be accompanied by a statement as to the degree of urgency attached to the project.



- 3 -

(b) Description: (i) A full description of what is proposed should be given. This should include details concerning the service, engineering and financial aspects of the project; its location, physical features and staff and its administration. Technical, organizational and financial problems likely to be encountered in its execution should also be stated.

(ii) A detailed breakdown of the total cost is required. This should include salaries and wages, equipment and other costs, including fellowships when these are part of the project; foreign exchange costs should be distinguished from local costs. When the project extends over more than a year, details should be given of the outlay for each year.

(iii) The timetable should contain a starting date for work on the project, its phasing and scheduled completion date.

(iv) The arrangements envisaged for the integration of the project into a national development plan, where such exists, should be described. In addition to a description of how the project will fit into the general economic scheme, particulars should also be given as to the relationship of, and co-ordination with, closely associated projects and programmes and, where such projects are complementary to the Special Fund project, their timing.

(c) Financing: (1) The submission should state how much the Government is willing to contribute to the cost of the project, and how much will be contributed by other agencies, besides the sponsoring Government and the Special Fund. Communications from these agencies, indicating their agreement to participate in the project should be



annexed.

(ii) If the Special Fund is being asked to contribute to expenditures in local currencies as well as to foreign exchange expenditures, the reason for this should be explained.

(iii) Special attention will be paid by the Managing Director to a statement describing the plans for the future of the project after Special Fund participation has ended. This should include the proposed plan for the transfer of the financial and other responsibilities of the Special Fund to the requesting country or organizations designated by it. Where the project is to be followed up by investment, a statement of the extent of the commitment by the Government or other intending financiers should be appended.

(iv) When a Government wishes part or all of the monies requested to be made available on a refundable basis, as provided for in paragraph 56 of General Assembly resolution 1240 B (XIII), details of the scheme should be submitted.

E. Regional Projects

When the requesting Government is willing to extend the facilities of a project to neighbouring countries, the arrangements by which this would be done should be described.

Where a number of countries wish to participate in a project which is the subject of a request to the Special Fund, the request should be supported by statements from the Governments of such countries, indicating the degree and form of their respective financial support.



A request for the financing of a project which is based on, or involves an international agreement, should be accompanied by the text of the treaty and full details regarding its entry into force.

F. Economic Setting

In the case of large projects, the Government may wish to accompany the request with extensive economic information which would be of assistance in appraising the project. On the occasions when this is done, the information could include the following: main geographic and economic features, recent economic history, structure of the economy including the national accounts when these are available, prospects of economic growth, foreign trade and balance of payments position, investment, public and private finance and financial institutions, the status of economic planning, where it exists, together with maps and supporting statistics.

Where the information listed in the preceding paragraph is not given, sufficient information should be given^{*} to indicate that the project falls within the framework of a consistent economic policy. The information on this point should be such that the worthwhileness of the project may be assessed against realistic and consistent estimates as to future developments of the national economy and of its main sectors, whether through capital formation, through the opening up of natural resources, or through the improvement of technical skills.

6 February 1959

* For any project submitted for inclusion in the 1959 Programme, this is not a requirement.

INCOMING WIRE

DATE OF WIRE: FEBRUARY 10, 1959

TO: DEMUTH IERD

FROM:

TEXT: NEW YORK

ROUTING
ACTION COPY TO MR. DEMUTH
INFORMATION COPY TO
Decoded By

DEMUTH REFERENCE MY LETTER OF SIX FEBRUARY SPECIAL
FUND WOULD BE GRATEFUL IF MISS WOLFSON COULD BE AVAILABLE
ON TERMS OUTLINED THEREIN FOR PERIOD SIXTEEN FEBRUARY TO
FIFTEEN MAY APPRECIATE ADVICE
STEDMAN UNITED NATIONS

DUPLICATE

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DISPATCHED
GENERAL FILES
CORRESPONDENCE

FEB 11 10 23 AM 1959

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FEB 11 1959

FOR THE DIRECTOR OF THE
BUREAU OF INVESTIGATION
U. S. DEPARTMENT OF JUSTICE
WASHINGTON, D. C.

FROM: SAC, NEW YORK

TO: DIRECTOR

RE: MURDER OF MARTIN LUTHER KING, JR.

DATE OF INFO: 2/10/59

RECEIVED
INVESTIGATION DIVISION
SECTION OF RECORDS
DATE

INCOMING MAIL

RECEIVED

DATE OF INFO: 2/10/59

INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT

INCOMING MAIL ROUTING SLIP			Date FEB 11 1959	
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Mr. Broches	1113	Mr. Poore	801	
Mr. Cargill	614	Mr. Reamy	A318	
Mr. Clark	1113	Research Files	822	
Mr. Cope	813	Mr. Riley	7000	
Mr. Demuth	506	Mr. Rist	716	
Mr. Doucet	1017	Mr. Rosen	614	
E.D.I.		Mr. Rucinski	600	
Mr. Goor	705	Mr. Schmidt	513	
Mr. Howell	801	Mr. Sommers	1003	
Mr. Iliff	1003	Technical Op.	309	
Mr. Knapp	1024	Translation	804	
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Mr. Nurick	1121	<i>Files</i>	<i>P-100</i>	
Office of Info.	228			
Office Services	111			
Mr. Perry	513			
Remarks:				
: Communications Unit - Room P-106 (Ext. 3630)				

UNITED NATIONS



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NEW YORK

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FILE NO.:

9 February 1959

Dear Dick,

I would like to thank you for your kindness and helpfulness in arranging our recent visit to the Bank. Our meetings were very useful and I expect further close working relationships.

We look forward to Neil Bass' arrival shortly.

With kind regards,

Sincerely yours,

A handwritten signature in cursive script, reading "Myer Cohen".

Myer Cohen
Director of Operations
United Nations Special Fund

Mr. Richard H. Demuth
Director of Technical Assistance
and Liaison Staff
International Bank for
Reconstruction and Development
Washington D.C.

1020 FEB 11 PM 4:02
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RECEIVED
BANK MAIL ROOM
1959 FEB 11 PM 4:05

TO: [illegible]
FROM: [illegible]
SUBJECT: [illegible]

[illegible text]

[illegible text]

OFFICE MEMORANDUM

TO: Files

DATE: February 9, 1959

FROM: M. A. Burney *MaB*

SUBJECT: Meeting with Representatives of the U.N. Special Projects Fund.

1. On February 4, Messrs. Prud'homme and Larsen, with the group heads of the South Asia and Middle East Department, met with representatives of the U.N. Special Projects Fund (SPF) -- Messrs. Arthur Lewis and Meyer Cohen -- and Mr. Neil Bass, the liaison officer assigned by the Bank to work with the SPF.

2. Mr. Lewis briefly described the projected scope of SPF operations. He said they will have about \$25 million for 1959, and are interested in two general categories of projects:

(a) Large, long-term projects such as geological surveys, research and training institutes, multi-purpose river development, etc. -- that will have wide interest and economic impact. Such projects could be either within a country or regional in scope, and might cost \$1-5 million each. It is expected that 80-90% of SPF operations will be in this category, and some 34 proposals have already been submitted.

(b) Smaller "pre-investment" projects, costing \$100,000-1 million, designed (if the findings are favorable) to permit early financing by the country concerned, by capital-exporting countries or by international financial institutions.

3. Messrs. Lewis and Cohen asked for suggestions from the Bank, especially for this second category -- for example, some projects which had been submitted to the Bank, which seemed interesting prima facie, but required further technical study before financing could be considered. The initial program for SPF operations and commitments in 1959 is to be submitted to its Governing Council in May. In preparation for that meeting, and for prior discussions with potential client governments, they would like to have half a dozen good illustrative projects in the pre-investment category.

4. Mr. Lewis explained that SPF will finance only foreign exchange expenditures. They will generally use private consulting firms to make their studies. They will get as much assistance as possible from the U.N. specialized agencies and other public and private institutions interested in economic development, and will work closely with the UNTAA. Mr. Lewis also mentioned that the SPF will expect to obtain repayments in those cases where the financial return from the project and the position of the recipient country makes it appropriate to do so; in some cases repayment might be sought from the proceeds of a loan for executing the project.

5. The following projects were suggested by the Department staff:

(a) By Mr. Gordon -- The Government of the UAR has suggested two projects for possible financing by the Bank, about which we have little information but

which seem to fit in the category described by Mr. Lewis:

(i) Qattara Depression. This depression (some 150 miles west of Cairo and 40 miles south of the Mediterranean) is 440 feet below sea level at its lowest point. It is proposed to open a channel from the Mediterranean to the Depression, using the fall to generate power. This project would help to fill the power deficiency in Egypt, pending completion of the High Dam.

(ii) Wadi Natrun. This valley (about 50 miles west of Cairo) has a substantial amount of subterranean water, estimated to be in sufficient quantity to irrigate some three million feddans.

(b) By Mr. Kruithof:

(i) Inland port facilities in East Pakistan. No comprehensive study has been made of the needs, priorities, costs and benefits of inland port facilities in East Pakistan, although the importance of improving such facilities is clear. Such a study would provide the basis for a sound investment program to be undertaken by Pakistan Government or outside sources.

(ii) Power survey in West Pakistan. A comprehensive survey of long-term power development needs and priorities is required, as a basis for planning and executing individual projects.

(iii) Flood control in Bengal. Both India and Pakistan are keenly interested in working out a flood control system in this area.

(c) By Mr. Goodman:

(i) Comprehensive transport study. India's transport system consists of airplanes and railways on the one hand and bullock carts on the other, without much in between. The Bank has long felt that a comprehensive study of transport needs in relation to the overall development program is necessary.

(d) By Mr. Folk:

(i) Telecommunications. There has been no systematic planning for telecommunications system in Iran with the result that extension of such services is carried out haphazardly by local authorities. An overall survey and plan for reorganizing and expanding such facilities is needed.

(ii) Power. A comprehensive study of the power market in Iran is needed to provide the basis for working out individual projects.

6. It was agreed that each division head will prepare a brief description (say 15 lines) of each of the projects for his countries (to be handed to Mr. Gordon within the next day or two).

7. At the request of Messrs. Lewis and Cohen the Bank personnel commented on some of the projects already submitted to the SPF by various countries and organizations.

c.c. Mr. Prud'homme

MABurney/DLGordon:ap

Files - Premier

UN Spec. Fund

Mr. M. L. Lejeune

February 3, 1959

A. M. Kamarek

Cape York Bauxite Deposit, Australia

The bauxite deposit was discovered in 1956 on the western side of Cape York Peninsula, Queensland, Australia. According to Don Hibberd, formerly with the Australian Treasury and now with Consolidated Zinc, geological testing to date has disclosed around 200 million tons of economic grade bauxite. The problems connected with exploiting the bauxite are being worked on by the Commonwealth Aluminium Corporation which was formed by Consolidated Zinc Corporation and the British Aluminium Company.

We have had reports of an agreement reached by the company with Queensland that the costs of development will be borne by the company but that the government will assist in surveys and every other assistance possible.

In addition to the prospecting work, there is the problem of deciding where the necessary port will be built and what the source of fuel should be to make it possible to reduce the bauxite to alumina. The company is also considering building an aluminum smelter. Investigations into hydro-electric resources are supposed to be under way in New Guinea, and the Blair-Athol coal field is also being considered. As far as we know, this work is being practically all done by the private company. The Royal Australian Navy has had a survey vessel charting the coast to aid in the decision on the establishment of a harbor.

AMK/vhw

Mr. Michael L. Lejeune

February 2, 1959

Alexander Stevenson

U.N. Special Fund

Attached are two projects which might benefit from pre-investment surveys.

As to the Bugesera project, the Bank has already taken the position that feasibility studies are worth doing and we know that lack of money and personnel were hampering this.

As regards the Sabi and Shire Rivers schemes, we do not know whether either money or personnel is a bottleneck.

Attachments: (2)

ASStevenson:ang

✓ Ruanda-Urundi -

Bugesera

✓ f of R & N - Shire River
✓ f of R & N - Can. Negs

Trust Territory of Ruanda-Urundi

The Bugesera Project

The Bugesera is a thinly inhabited region of river valleys, lakes and papyrus swamps situated in the east of Ruanda where about 100,000 hectares of land could be reclaimed for cultivation under a scheme for drainage and irrigation prepared in 1955. A number of tunnels, dams and canals would divert some of the waters of the Akanyaru and Nyawarongo Rivers in such a way as to prevent flooding of the valleys in the rainy season, regulate the level of several lakes and irrigate the valleys during the dry season. With the floods controlled, many of the papyrus swamps could be drained, cleared and possibly developed for farming.

Preliminary exploration was carried out in 1955/56 by the Ruanda-Urundi Administration which, however, had only limited personnel and financial means available for this purpose. A Bank mission examined the scheme in the fall of 1956 on the basis of the preliminary findings and concluded that they warranted further studies to establish engineering and economic feasibility. In particular, precise topographic levelling, accurate measurement at all seasons of river flow throughout the entire area and extensive soil and crop surveys had to be undertaken.

No information is available at the Bank as to the progress made in the Bugesera in the past two years.

In an over-populated country like Ruanda-Urundi, any possibility of expanding cultivable land is of the utmost importance and consequently the Bank has indicated to the Belgian Government that it would be prepared to examine the Bugesera project whenever it is fully worked out and its construction cost estimated.

Federation of Rhodesia and Nyasaland

The Federal Government has been examining the possibility of reclaiming and irrigating land in the valleys of the Sabi River in Southern Rhodesia and the Shire River in Nyasaland. Reports prepared by consultants point to the advisability of further studies, soil surveys and crop experiments. No detailed information about the present stage of both projects is available at the Bank but, as far as we know, the Government is pursuing the matter and providing the funds needed for further research.

February 2, 1959

Mr. Martin M. Rosen

February 2, 1959

H. E. Bachem

U.N. Special Fund Pre-Investment Surveys

Thailand

A. Transport

1. Siltation Survey in the Estuary of the Chao Phya River

Promoter: Port Authority of Thailand

Estimated cost: about \$500,000.

The current proposal is to have the data collection done by Thai agencies under the supervision of the U.S. Corps of Engineers and a hydraulic model study done by the Corps in Vicksburg, Mississippi. The port has asked for a DLF loan to finance the survey but DLF refused.

2. Railway Marshalling Yards

Promoter: State Railways of Thailand.

A high priority project, particularly the central Bang-Su marshalling yard at Bangkok, but includes other smaller marshalling yards in the provinces. The State Railways have drafted preliminary plans but need assistance both for the design of the yards and the training of their own engineers. Discussions with the Japanese Railways which were requested to assist the Thai Railways in this program have not led to any firm contractual arrangements.

3. Korat Cut-Off

Promoter: State Railways of Thailand.

This project involves construction of 200 km. of new lines in the Korat plateau. Its main justification would lie in opening up the plateau area. The engineering survey work on this has not been adequate technically, but the main problem is to determine whether the expected economic benefits from opening up this land would justify the project as a high priority item.

B. Land Development and Related Road Surveys in Southern and in North-West Thailand

In order to take advantage of the agricultural potential of Southern Thailand, it would be necessary to improve the main highways in that area and to build feeder roads. Land use surveys should be conducted first on the basis of which the most appropriate location and phasing of such road programs can be determined.

C. Irrigation

1. Meklong River Project (South-Western Part of Central Plain)
Promoter: Royal Irrigation Department.

This is a very attractive project encompassing a large, though now scarcely populated area (about 350,000 hectares) of good land to be irrigated by the Meklong river with year-round dependable water supply. Study is needed to determine appropriate dam site and canal lay-out as well as total cost and expected benefits.

2. Kamphong Petch Project
Promoter: Royal Irrigation Department.

Promises large benefits from a relatively small additional investment after completion of the Yanhee dam. Lay-out of canal system and design of diversion dam need to be studied. Preliminary work is being done by Irrigation Department.

D. Power

1. Survey of Power Potential in the South

Many small rivers with very high head but small flow promise cheap sites, but limited power potential. Survey should determine prospective power demand in area and specific sites to be developed in order of priority. Survey would have to include study of lignite as possible energy source in south.

E. Mineral

Geologic investigation of tin, manganese and iron ore sources. There was a German geological survey on iron ore resources. We have not yet received a copy of report.

Viet-Nam

1. Land Development and Irrigation Projects

The Cai-San project in the south-west involves the development of 60,000 hectares of which about 20,000 are already in production.

The Phung-Hiep-Quon-Lo Project in the south aims at improving 480,000 hectares with new irrigation and drainage canals and improvements to existing system.

Plateau regions of Baumethurot and Pleiku. Present plans call for clearing of 50,000 hectares of forest during next five years and use for production of industrial crops such as castor oil, tung oil, tea, coffee, etc.

February 2, 1959

2. Industry

Survey of cement industry in Viet-Nam particularly of proposed \$5.8 million cement project submitted for DLF financing to determine market, location (including transport aspects) and probable cost.

Philippines

Lack of information about specific project possibilities in the Philippines limits our suggestions to general areas of development within which we feel there is particular need for more intensive project analysis.

A. Irrigation

There are no really large individual project possibilities such as exist in Thailand, but a number of moderate-sized or small projects are under construction or consideration. A loan from the U.S. (DLF - Eximbank) was requested last July to help finance several such projects. We gather that the main reason for the U.S. delay in making a decision on this request is lack of adequate technical preparation.

B. Transportation

A general survey of Philippine transportation needs was carried out two years ago by the Stanford Research Institute. This suggests various priority sectors on which further intensive appraisal might be desirable.

C. Fertilizer

A number of proposals for private investment in fertilizer manufacture have been made recently. One is now under consideration by the Eximbank - DLF. While it may be assumed that considerable thought has gone into these proposals if private investors are willing to put up money for them, it may nevertheless be that a general survey of Philippine needs and manufacturing potential would provide a desirable and perhaps necessary background for an adequate consideration of the private proposals.

HEBachem/JAEdelman/mv

cc: Mr. Street

file 210

Mr. Martin Rosen

February 2, 1959

Richard F. Quandt

U.N. Special Fund - Pre-Investment Surveys in Japan, Korea,
Taiwan and Indonesia.

With reference to Mr. Demuth's note to the Heads of the Area Departments and T.O.D. (dated January 23, 1959) and to your instruction of January 26, I present our Section's report and recommendation as follows:

- a) Japan - In view of the fact that the Japanese Government and economy is well equipped to carry out any survey that is needed in the country's economic development, I do not see much field for the Special Funds activity there.
- b) Korea - Since the subsistence and economic development of Korea is practically entirely in the hands of the U.S. Government, the State Department, I.C.A. should be the authorities to be consulted whether, in what fields and to what extent, the Special Fund could be given a field of action. Another authority, now under liquidation - UNKRA - could advise the Special Fund extensively if they felt that it could perform useful services there but the ultimate word would be that of the U.S. Government.
- c) Taiwan - The same comments are made on the U.S. Government authorities (I.C.A. and D.L.F. in particular) as made in respect of Korea, apply here. At present the Bank is preparing for a survey mission on the proposed Development Bank, the findings of which may yield some indication as to whether the Special Fund could do some survey in Taiwan.
- d) Indonesia - The Consultation Report of I.M.F. dated July 29, 1957, (Part II) on pages 9 and 10 deals with the Indonesian first Five-Year Plan for the years 1956-60 prepared by the Indonesian National Planning Bureau. The plan calls for a total investment of 30 billion Rupees and covers the development of power generation, transportation and communication as primary targets (40%), industry and mining (25%) and, finally, social and cultural services (13%). This all will be developed in the public sector which would absorb 42% of the total outlay, Rp. 10 billion or 33% would be in the private sector and the remaining Rp. 7½ billion or 25% in the village community sector. In this respect the Indonesian authorities could be approached.

RFQ/gm
c.c. Mr. Tolley