



Fifteenth session

UNITED NATIONS KOREAN RECONSTRUCTION AGENCY

REPORT OF THE ADMINISTRATOR FOR RESIDUAL AFFAIRS OF THE AGENCY

(covering the period subsequent to 30 September 1959)

1. The United Nations Korean Reconstruction Agency ceased as an organization on 31 August 1960. Certain responsibilities related to the Agency residual assets have been transferred to the Secretary-General.
2. Formal agreement by the Republic of Korea to the Agency proposals of 4 June 1960 regarding the transfer and control of counterpart funds was obtained 12 August 1960. Recent political events in the Republic of Korea prevented the earlier signing of the Agreement by the responsible Minister.
3. Completion of Projects - The last four projects (of the 257 undertaken by the Agency) on which work remained to be done as at 30 September 1959 have been completed. The Shin Hueng Paper Plant commenced making paper on 1 July 1960, thus permitting the planned reduction of import of Kraft paper during the last half of 1960. The Pusan Auto Repair Shop was dedicated 24 May 1960, and is in operation. The management is being assisted by a Technical Assistance programme for which funds have been set aside to cover the period ending 31 January 1961. Agency assistance to the Chang Hang Smelter project was ended with the departure of the UNKRA-supported metallurgist on 31 December 1959, and the United States-supported International Cooperation Administration is now studying methods to continue the development and expansion of the smelter. All corrective work at the National Medical Center was finished on 4 August 1960 with the completion of the installation of proper ventilating systems and kitchen equipment.
4. Technical Assistance - At the time of the closure of the Agency, arrangements had been completed and funds advanced for administration by the United Nations Bureau of Technical Assistance Operations (TAO) for the continued employment of

three personnel to render service in the Office of the Government of the Republic of Korea until 30 June 1961. In addition, one mechanical specialist has been retained to provide six months' training to operating personnel at the Pusan Auto Repair Shop.

5. The additional specialist referred to in paragraph 68 of document A/4263 was provided to the National Rehabilitation Center for a six-month period ending 30 June 1960 and arrangements have been concluded for TAO to assume responsibility for the four technicians referred to in paragraph 69 of document A/4263.

6. Inha Institute of Technology - As requested by the Republic of Korea (A/4263, paragraph 105) the project to provide vocational training equipment to the Institute has been approved for accomplishment with UNKRA residual funds. Representatives of the United Nations Educational, Scientific and Cultural Organization visited Korea in April of 1960 (for which the Agency provided \$15,000) to make plans with the Republic of Korea with respect to the Institute. Following the report of these representatives, the Director General of UNESCO indicated his desire to proceed with the project. Funds in the amount of \$485,000 were transferred to the Secretary-General on 4 August 1960 for transmittal to UNESCO and these funds will assure full implementation of the project without delay.

7. Disputes and claims - All disputes relating to contracts in which the Agency was involved have been settled or are in proper channels of arbitration or litigation. By agreement with the Secretary-General, the United Nations Office of Legal Affairs will provide general guidance to the retained attorneys with respect to any remaining disputes in litigation or arbitration following the closure of the Agency.

8. All claims relating to the vendor of the machinery and equipment for the Sam Duk Paper Plant and Shin Heung Paper Plant have been settled to the Agency's advantage.

9. Legal action with respect to the original prime contractor and the designer of the Incheon Flat Glass Plant is proceeding, with a decision from the Federal District Court of Appeals expected in the autumn of 1960. Any further litigation arising from this decision will be handled by the attorneys now engaged on the cases.

10. Claims involving the National Medical Center are twofold: a claim against the Architect-Engineer and one against the Construction Contractor. The Agency's claim against the Architect-Engineer will be placed in the hands of Swedish attorneys if it becomes necessary to initiate litigation. The claim against the Construction Contractor is in the first stages of arbitration proceedings.
11. Reserves - To cover all reasonable claims against the Agency, in their entirety, contingent reserves have been established with no offsetting adjustments for Agency claims against the contractors. This conservative method will assure that ample funds are available for all foreseeable contingencies. Such reserves as may prove not required to meet claims will be added to the residual funds available for additional work in Korea, consistent with General Assembly resolution 410 (V).
12. National Medical Center - As reported in paragraphs 130-132 of document A/4263 there was a delay in receiving the documentation required to support the expenditures for equipping the National Medical Center.
13. When the National Medical Center project was initiated it was agreed that the Scandinavian Board - established to represent the interests of the Governments of Denmark, Norway and Sweden - would purchase equipment for the Hospital, utilizing funds which were contributed to UNKRA by the three countries. The method of transfer of funds, the presentation of budgets, and the requirements as to documentation of purchases were, among other matters, prescribed in an Agreement between the Board and the Agency.
14. Owing to difficulties in reaching mutually satisfactory arrangements, approaches were made to the Scandinavian Missions to the United Nations by members of the UNKRA Advisory Committee, and the three Governments later agreed to an examination of the procurement records of the Scandinavian Board by a commercial auditing firm. The work of the auditing firm has been completed and most of the essential documentation obtained and sent to Korea. The report, dated 16 August 1960, has been forwarded separately for the records of the United Nations.
15. It is now considered that all matters related to the project have been finalized to the complete satisfaction of the Agency and the Scandinavian Governments.

16. Procurement - All procurement by the Agency for its projects in Korea ceased in February 1960. All goods on order have arrived in Korea.

17. Finance - The total government contributions received by the Agency were \$142,763,891. Financial management of free cash balances resulted in income of almost \$5 million; other sundry items raised the miscellaneous income to \$7,926,211. The gross resources of the Agency which were completely utilized on 31 August 1960 were therefore \$150,690,102. An amount of \$850,000 of the foregoing, which includes the contingent reserves mentioned in paragraph 11 above, was transferred to the United Nations on the closure of the Agency.

18. Surplus property - In anticipation of its closure, the Agency established a special project for the disposal of surplus property and during the phase-out period more than \$1,000,000 (acquisition cost) of property was transferred at current evaluation to the Republic of Korea for resale or use by government agencies. Most of this property had been used by UNKRA in administering its programme, such as vehicles, office equipment, book-keeping machines, etc., although some was surplus from completed projects. In addition to these disposals, the Agency transferred considerable equipment to the National Medical Center. Through these transfers significant savings in administrative costs were effected and no usable property was left to deterioration.

19. Advisory Committee - During this period of involuntary extension of the Agency's existence, the UNKRA Advisory Committee has continued with the Agency and the Administrator wishes to express his deep appreciation for their valued guidance and help.
