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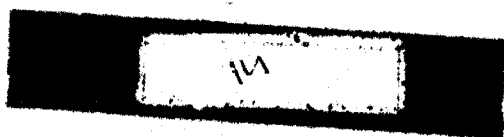
**GOVERNING COUNCIL OF THE SPECIAL FUND  
REPORT ON ITS FIFTH SESSION**

(19-21 December 1960)

**ECONOMIC AND SOCIAL COUNCIL  
OFFICIAL RECORDS : THIRTY-SECOND SESSION**

**SUPPLEMENT No. 11**

**NEW YORK**



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### NOTE

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

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## GOVERNING COUNCIL OF THE SPECIAL FUND

### Report to the Economic and Social Council on its fifth session (19–21 December 1960)

#### INTRODUCTION

1. The Governing Council of the Special Fund held its fifth session at United Nations Headquarters on 19 and 21 December 1960.

2. The present report was adopted by the Governing Council at its twenty-third meeting on 21 December 1960, for presentation to the Economic and Social Council at its thirty-second session, in accordance with paragraph 12 of General Assembly resolution 1240 (XIII).

#### Chapter I

#### ORGANIZATION OF THE SESSION

##### Attendance

3. The list of duly accredited representatives to the fifth session is attached in annex I.

##### Officers

4. The officers for the fifth session of the Governing Council were Mr. C. S. Jha (India), Chairman; Mr. E. Ortona (Italy), First Vice-Chairman; and Mr. H. Bernardo (Argentina), Second Vice-Chairman. These officers were elected at the fourth session of the Governing Council in May 1960.<sup>1</sup>

##### Agenda and records

5. The following agenda was adopted for the fifth session:

1. Opening of the session
2. Adoption of the agenda (SF/L.36/Rev.1)
3. Statement by the Managing Director

<sup>1</sup> See *Official Records of the Economic and Social Council, Thirtieth Session, Supplement No. 11*.

4. Status of contributions (SF/L.23/Rev.9, SF/L.31/Rev.7 and SF/L.39 and Corr.1)
5. Administrative budget estimates for 1961 (SF/L.37 and A/4565)
6. Report of the Managing Director on the implementation of the programmes approved by the Governing Council at its second, third and fourth sessions (SF/L.38 and Corr.1)
7. Consideration of the programme recommended by the Managing Director (SF/R.2 and Add.1-9 and Add.9/Corr.1; Add.10-16 and Add.16/Corr.1; Add.17-33 and Add.33/Corr.1; Add.34-40 and Add.40/Corr.1; Add.41-42)
8. Draft report of the Governing Council to the thirty-second session of the Economic and Social Council (SF/L.41)
9. Date of next session
6. In accordance with rule 4 of the rules of procedure, the Governing Council examined the projects recommended by the Managing Director in private session.
7. Summary records of the meetings of the fifth session were issued as documents SF/SR.21, 22, 22/Add.1, and SF/SR.23.

#### Chapter II

#### STATEMENT BY THE MANAGING DIRECTOR

##### Statement

8. The Managing Director recommended for the approval of the Governing Council at its fifth session 41 new projects and a supplementary allocation for a project which the Council had approved at its second session in May 1959. The total cost of the proposed December 1960

programme was estimated at \$85,400,000, for which he recommended that the Special Fund allocate \$36,200,000. The Governments concerned had indicated that they were prepared to contribute \$49,200,000 in counterpart.

9. The new programmes, in the opinion of the Managing Director, represented a further step toward an equitable geographical distribution although the proportion

of Special Fund assistance to Africa still left much to be desired. He felt confident, however, that this situation would improve steadily and reported that measures had already been taken to assist Governments in Africa to prepare suitable requests.

10. The new programme as compared with earlier programmes also involved a somewhat different distribution of projects by subject areas. While there were fewer projects which involved natural resource surveys, there were more which involved research. Of 16 proposed research projects, 11 were in the field of agriculture, and 5 in industry. The programme included for the first time a project in the vital field of veterinary science and animal husbandry.

11. Training projects continued to hold their previous relative position in the programme. One difference, however, was that the programme included for the first time a project authorized by the Governing Council in May 1960 in the new field of training of teachers for secondary schools in Nigeria. Meanwhile, other vocational training and technical education projects followed a pattern in line with the urgent needs of the developing countries for skilled manpower for industry, public works and agriculture. The emphasis, however, remained strongly on the training of teachers.

12. The Managing Director made to the members of the Council certain suggestions regarding the possible content of programmes for the coming year. It had become abundantly clear that a good many of the less developed countries needed and wanted advisory services in economic planning and programming. They also stood in great need of having greater numbers of their own nationals with the requisite training to meet the heavy responsibilities falling upon their countries' planning and programming services. The Managing Director felt that the Special Fund should give serious thought to the opportunities it had to collaborate with United Nations bodies, including the regional economic commissions, in meeting those needs. That might be done, for example, through Special Fund assistance to regional institutes which would have the dual function of providing, on governmental request, expert services in the development planning and programming field, and of providing exceptionally practical case-study training for talented nationals. One result of strengthening in this way the administrations of the less developed countries would be to create conditions for the most effective use of Special Fund assistance, by determining precisely those areas of the economy in which such assistance could give the greatest impetus to development.

13. Another possible future area of Special Fund activity would be in the execution of detailed manpower surveys. Many of the less developed countries were experiencing difficulty in formulating national educational and training programmes, in the absence of knowledge of their manpower availabilities and requirements for trained manpower, to carry out development programmes. Such manpower studies would, *inter alia*, lay the groundwork for soundly conceived Special Fund projects in the fields of education and training.

14. In connexion with the increase in Special Fund assistance urged by many representatives in the Second Committee of the General Assembly at its fifteenth session, the Managing Director pointed out that the \$49 million firmly pledged or indicated for the Special Fund in 1961 were not sufficient to sustain, in 1961, the present

level of Special Fund activity, let alone raise that level. Even with the Governing Council's recent authorization to commit, beyond cash in hand and pledges on the books, the maximum level to which the Special Fund could allocate funds for the May 1961 programme would, according to the Managing Director, be approximately \$31,700,000. This would not only provide a smaller programme than that proposed at the fifth session but would be also some \$5 million below the size of the programme presently under consideration for recommendation to the Governing Council in May 1961; furthermore it would leave no funds for the December 1961 programme.

15. All aspects of financial policy would be discussed by the Governing Council at its May 1961 session, but the problem of financing the May 1961 programmes had to be met first. The Managing Director proposed to continue the active solicitation of a number of Governments which had indicated that they might increase their contributions for the coming year, so that no worthwhile projects would have to be omitted from the May 1961 programme.

16. Finally, the Managing Director expressed the hope that there would be a deeper appreciation of the great contribution that more adequate financing of pre-investment work could make in speeding the progress of the low-income countries. As understanding grew that so much could be done with so little in bringing about a better utilization of their physical and human resources, he was confident that at the Pledging Conference of 1961 the resources required for the December 1961 programme as well as the May 1962 programme would be forthcoming.

### Summary of discussion

17. The Council welcomed the statement of the Managing Director.<sup>2</sup>

18. There was general agreement with the Managing Director's suggestions for the provision of advisory services in economic planning and programming to less developed countries in collaboration with the regional economic commissions and other appropriate United Nations bodies. Some members felt, however, that this was sufficiently important to require reference to their Governments. Many members expressed a strong preference that such work should be carried out on a regional basis and that full advantage be taken of the special knowledge and experience of the regional economic commissions in the field. It was suggested that the Managing Director should also maintain contact with other international and national bodies sponsoring economic development training institutes.

19. Some members suggested that in the implementation of those suggestions the institutes to be supported by the Special Fund should concentrate their training on specific and concrete problems of a kind not already dealt with by other United Nations bodies. In this connexion, assistance by such institutes to specific countries in setting up economic plans would be worthy of Special Fund assistance, provided such projects were sufficiently large to fall within the Fund's terms of reference.

20. The Governing Council also noted with interest the Managing Director's proposal that the Special Fund

<sup>2</sup> Document SF/L.40.

help carry out detailed manpower surveys in those countries where the absence of basic data on manpower availabilities and requirements presented serious difficulties in the proper formulation of national educational and training programmes. Some members felt that this too was a matter of sufficient importance to require reference to Governments.

21. Some members suggested also that, in further developing Special Fund activities, adequate emphasis should be placed on pilot and demonstration projects, including demonstration centres, plants or works in different branches of economy in the under-developed countries, as envisaged in General Assembly resolution 1240 (XIII).

22. The importance of the new field of activity which the Governing Council had authorized in May 1960 in support of institutes for the training of teachers for secondary schools was underlined. Several members stressed the special and urgent need for such projects in the new and emerging nations of Africa.

23. In reply to several members who had raised the possibility of using governmental and other local bodies in the recipient countries as executing agencies for projects, the Managing Director recalled that paragraph 39 of General Assembly resolution 1240 (XIII) specified that projects should be executed, whenever possible, by the United Nations, the specialized agencies concerned, or by the International Atomic Energy Agency. In actual practice, the plans of operation set out the precise respective functions of the executing agency and the recipient Government in the implementation of projects. The relative administrative and operating responsibilities of these two parties varied greatly from project to project, with the executing agency having, in many cases, a minimal role in day-to-day field operations. The Managing Director stated that he would continue to endeavour to use the governmental and other local services in the recipient countries to the maximum extent compatible with the constitutional requirements of the Special Fund and its efficient and economical administration.

24. There was considerable discussion concerning the financial problems facing the Special Fund in 1961, in light of the Managing Director's remarks on the subject. Several members, while commending the Managing Director for his sound financial policies in the conduct of the Special Fund, believed it would be feasible for him to exceed somewhat the authorized over-commitment of one-third of cash in hand and pledges on the books in financing the future programmes of the Special Fund. Other members expressed reservations on this suggestion. It was generally agreed that this matter required full and careful consideration by the Governing Council at its next session. The Council requested that the Managing Director provide it at that time for the discussion of that item with detailed information on the actual and projected resources and commitments of the Special Fund.

25. Some members inquired whether the Managing Director was experiencing difficulties in the utilization of non-convertible currencies. He replied that an analysis of anticipated currency requirements for projects approved to date was in progress and that so far as he could say at that time, the Special Fund would be able to make full use of the currencies then available. He would present a detailed report on the Fund's currency requirements at the May 1961 session of the Governing Council.

26. It had been suggested by several members that the Special Fund might wish to evaluate project results

in terms of follow-up and economic development which might result from Special Fund assistance. The Managing Director fully agreed that it was important to make a careful and objective evaluation of such results and he said he would be happy to submit to the Governing Council a report on this subject for its consideration at an appropriate time.

27. Several members of the Governing Council expressed the view that the procurement practices followed by the the executing agencies for goods and services financed by the Special Fund should ensure that the resources of the Fund should be used to the greatest possible advantage of the less developed countries. This required that the procurement rules and procedures should be non-discriminatory, as uniform as possible, and designed to obtain the best value for money spent, taking other relevant factors into account.

28. The Managing Director stated that he was fully aware of the high desirability of having sound criteria in the awarding of contracts by the executing agencies. He was also aware of the desirability of having equitable geographical distribution of contract awards, due account being taken of the competence and availability of the services required. He was moreover familiar with the international procedures in the awarding of contracts, and with the rules and regulations developed from the experience of the executing agencies in the selection of contractors. If the Governing Council so wished, he would be pleased to give a full report to the Council at its next session on the criteria and actual practices employed by the executing agencies in contracting for Special Fund assistance.

29. The Governing Council requested that such a report be prepared for submission to its May 1961 session.

30. The delegation of the Union of Soviet Socialist Republics expressed its disagreement with the fact that the fundamental emphasis in the administration of the Special Fund was placed in the field of pre-investment. At the same time it supported the activity of the Special Fund in the field of education and training of national staff. Other delegations, however, pointed out that pre-investment activities were designed to increase investments of all types, public and private, national and international, and that such an increase was extremely important for the economic progress of the less developed countries.

31. The delegation of the Union of Soviet Socialist Republics expressed the desire that the Managing Director should submit, at one of the forthcoming sessions of the Governing Council, proposals for a reduction in the high percentage of local expenditure which the recipient countries bore in connexion with the implementation of Special Fund projects. Some other delegations pointed out that there were, in most cases, reasons in favour of financial participation by the receiving countries, including the fact that the resources of the Special Fund were limited; to the extent that local costs in certain countries might be paid out of the general account, other countries would be deprived of an equivalent amount of aid.

32. The delegation of the Union of Soviet Socialist Republics expressed the desire that foreign private firms should reimburse the Special Fund for the expenses which it incurred in cases where these firms continued projects begun by the Special Fund. No other delegation made any comments on this suggestion.

## STATUS OF CONTRIBUTIONS

33. Three documents were submitted by the Managing Director under this item for the information of the Governing Council.

34. Document SF/L.23/Rev.9 listed the contributions to the Special Fund, pledged and paid, for the financial year 1960 as at 30 November 1960. It noted that of the 77 countries which had made pledges for 1960 in the amount of approximately \$38 million, payments in full or in part had been received as of 30 November 1960 from 58 countries in the amount of \$31,400,000, representing 83 per cent of the total pledged for that year. In addition, some \$800,000 had been received by the Special Fund from 38 countries which had Special Fund projects as their initial payments in respect of local costs.

35. A statement of contributions outstanding for the financial year 1959 as at 30 November 1960 was presented

in document SF/L.31/Rev.7. The balance due as of that date amounted to approximately \$332,000 or slightly more than 1 per cent of the total pledged for 1959.

36. Document SF/L.39 showed the contributions picture for the financial year 1961. Eighty-three Governments had made pledges or had indicated their intention to make contributions to the Special Fund for 1961. In all, the Managing Director estimated that contributions would amount to some \$49 million for that year.

37. The Managing Director's views on the current status of pledges and the problem of financing 1961 programmes above the present level of Special Fund activity were contained in his statement to the Governing Council (see paragraphs 14-16, above).

38. The Council's observations on this subject are contained in paragraphs 24 and 25, above.

## Chapter IV

## THE IMPLEMENTATION OF THE PROGRAMMES APPROVED BY THE GOVERNING COUNCIL AT ITS SECOND, THIRD AND FOURTH SESSIONS

39. In accordance with paragraph 43 of General Assembly resolution 1240 (XIII), the Managing Director submitted to the Governing Council a report describing the status of the 74 projects approved by the Governing Council at its second, third and fourth sessions.<sup>3</sup> Previous reports on the status of approved projects were submitted by the Managing Director to the Governing Council at its third and fourth sessions.<sup>4</sup>

**Progress in the negotiation of agreements and plans of operation**

40. The report to the fourth session of the Governing Council had described the two sets of agreements which constitute the basic legal framework for the execution of Special Fund projects: basic agreements governing the relations between Governments and the Special Fund, and the standard agreements between the Special Fund and the Executing Agencies. Detailed arrangements governing the implementation of each project are laid down in a plan of operation, a tripartite agreement between the Government, the Special Fund and the executing agency.

41. The Managing Director had informed the Governing Council at its fourth session (SF/L.32) that basic agreements had been signed by 28 Governments as of 4 May 1960. Between then and 1 December 1960, 15 other Governments had signed basic agreements with the Special Fund, bringing the total number of signed agreements to 43.

42. In his report to the fourth session the Managing Director reported that plans of operation had been signed for 21 of the 42 projects which had been approved at the second and third sessions of the Council. Between then and 1 December 1960 31 additional plans of operation had been signed.

43. The Managing Director reported at the fifth session that plans of operation for all but two of the 13 projects approved by the Governing Council at its second session had since been signed. Virtually all of the plans of operation had been signed for the projects approved by the Governing Council at its third session and plans had already been concluded for 13 of the 31 projects approved at the fourth session of the Council. Negotiations on the remainder of the projects were generally well advanced.

44. Of the 52 projects for which plans of operation had been signed, more than half were for surveys, and one-third for training.

45. A summary table showing the number of approved projects and the corresponding number for which plans of operation have been signed, by executing agency, and by subject area, is set out below.

	Governing Council Session			
	Second	Third	Fourth	Total
No. of projects approved.....	13	31	30	74
No. of plans of operation signed	11	28	13	52
<i>By executing agency</i>				
United Nations .....	2	4	1	7
ILO .....	3	4	1	8
FAO .....	4	10	6	20
UNESCO .....	1	5	3	9
IBRD .....	1	2	2	5
WMO .....	—	3	—	3
<i>By subject area</i>				
Surveys .....	6	15	7	28
Research .....	1	5	1	7
Training .....	4	8	5	17

**Progress of projects under execution**

46. Between 14 September 1959 and 1 December 1960 the Managing Director authorized the commence-

<sup>3</sup> Particulars concerning each project are given in document SF/L.38, annex I.

<sup>4</sup> See documents SF/L.22 and SF/L.32, respectively.

ment of operations for 41 projects, one of which has since been completed. This is more than half of the total number of projects thus far approved by the Governing Council and it represents a sizable increase over the 16

projects with regard to which operations had begun as of 31 May 1960. A breakdown of the 40 projects under execution as of 1 December 1960 by subject area is shown below:

*Projects under execution as of 1 December 1960*

<i>Subject area</i>	<i>Number of projects</i>	<i>Country or region</i>
Mineral and geological surveys.....	3	Chile, Netherlands (Surinam) and Pakistan
Water power, hydrological and meteorological surveys .....	5	Chile, China, Ecuador, Israel and Nigeria
River basin surveys .....	3	Brazil, Ghana and Lower Mekong (Regional, Asia)
Other land and water use surveys .....	7	Afghanistan, Colombia, Ecuador, Greece, Israel (2), and United Arab Republic
Transport and communications surveys....	2	Argentine and United Kingdom (British Guiana)
Industrial and other surveys.....	1	Guinea
Agricultural, forestry, fisheries and veterinary research .....	4	Ecuador, Peru, Tunisia, and Inter-regional
Industrial and other research.....	3	India (2) and regional (Central America)
Agricultural training .....	1	Bolivia
Industrial training .....	11	Argentina, Colombia, India, Iran, Libya, Morocco, Pakistan, Poland, Turkey, United Kingdom (West Indies), and Yugoslavia

47. Progress reports on each of the 30 projects which were under execution as of 30 September 1960 are contained in document SF/L.38, annex II.

48. The Governing Council discussed the Managing Director's report along with item 3 of the agenda<sup>5</sup> and

expressed its appreciation of the progress made in the execution of the programmes approved at its second, third and fourth sessions.

<sup>5</sup> See paras. 17-32 above.

*Chapter V*

**PROGRAMME RECOMMENDED BY THE MANAGING DIRECTOR**

49. Pursuant to paragraph 35 of General Assembly resolution 1240 (XIII), the Managing Director submitted a programme of project recommendations for approval by the Governing Council at its fifth session. The programme recommended to the fourth session had contained 30 projects for which an allocation of \$22,800,000 had been requested. The programme for the fifth session contained 41 projects and a supplementary allocation for a project originally approved by the Governing Council at its second session. The new programme totalled \$85,400,000 and involved an allocation by the Special Fund of \$36,200,000 and counterpart contributions by recipient Governments in the amount of \$49,200,000. The Managing Director's reports to the Governing Council contained his general comments regarding the recommended programmes, as well as detailed descriptions of each project, providing information on the background of the request, the nature of the project, the method of implementation, and the proposed financial provisions.<sup>6</sup> In accordance with paragraph 35 of General Assembly resolution 1240 (XIII) the Managing Director had consulted with the Consultative Board on his recommendations regarding these programmes.

<sup>6</sup> Documents SF/R.2 and Add.1-42.

**Analysis of requests**

50. The Managing Director informed the Governing Council that up to 30 September 1960, 254 requests were received, amounting to \$236,021,000, in the following subject-areas:

*Requests received by subject-areas*

<i>Subject area</i>	<i>No. of requests</i>	<i>Amounts requested \$</i>
<i>Surveys</i> .....	108	82,618,000
Mineral and geological surveys.....	23	22,267,000
Water power, hydraulic and meteorological surveys .....	16	12,032,000
River basin surveys.....	12	11,593,000
Other land and water use surveys....	36	27,382,000
Transport and communication surveys	10	3,157,000
Industrial and other surveys.....	11	6,187,000
<i>Research</i> .....	46	42,545,000
Agricultural, forestry and veterinary research .....	27	22,529,000
Industrial and other research.....	19	20,016,000
<i>Training</i> .....	77	87,909,000
Agricultural training .....	16	18,261,000
Industrial training .....	39	50,659,000

Subject area	No. of requests	Amounts requested \$
Transport training and communication training .....	15	14,465,000
Other training .....	7	4,524,000
Miscellaneous .....	23	22,949,000
Investment and other projects outside the terms of reference of the Special Fund .....	23	22,949,000
<b>TOTAL</b>	<b>254</b>	<b>236,021,000</b>

#### Geographical distribution of the requests

Geographical area	No. of requests	Amounts requested \$
Africa .....	47	56,163,000
The Americas .....	58	48,717,000
Asia and the Far East .....	63	65,733,000
Europe .....	24	15,735,000
Middle East .....	61	45,934,000
Inter-regional .....	1	3,739,000
<b>TOTAL</b>	<b>254</b>	<b>236,021,000</b>

51. The Managing Director noted that the number of projects which could not be accepted had fallen sharply since the period covered by his report to the fourth session.<sup>7</sup> Of the 7 requests which had been found unacceptable, 3 involved duplication of existing international assistance programmes, 3 were outside the terms of reference of General Assembly resolution 1240 (XIII), and one was not in line with established priorities.

#### Programme recommended

52. The Managing Director recommended for the approval of the Governing Council at its fifth session 41

<sup>7</sup> Document SF/R.1, para. 6.

new projects and the supplementary allocation for one project which had been approved previously. A list of those projects is given in annex II. Estimates of counterpart contributions by the Governments and the total value of the projects are indicated alongside the recommended allocations.

53. The distribution of the recommended new projects by subject area was as follows:

#### Distribution of recommended new projects

Subject area	No. of projects	Recommended Special Fund allocation \$
<b>Surveys</b> .....	<b>11</b>	<b>9,628,400</b>
Mineral and geological surveys .....	1	1,566,300
Water power, hydraulic and meteorological surveys .....	1	633,500
River basin surveys .....	3	2,585,700
Other land and water use surveys .....	4	3,592,300
Transport and communications surveys .....	1	747,000 <sup>a</sup>
Other surveys .....	1	503,600
<b>Research</b> .....	<b>16</b>	<b>15,014,000</b>
Agricultural research .....	11	10,605,900
Industrial and other research .....	5	4,408,100
<b>Training</b> .....	<b>14</b>	<b>11,590,900</b>
Agricultural training .....	3	2,073,100
Industrial training .....	6	5,832,700
Transport and communication training .....	4	2,632,900
Other training .....	1	1,052,200
<b>TOTAL</b>	<b>41</b>	<b>36,233,300</b>

<sup>a</sup> Includes a supplementary allocation of \$400,000 for Thailand: Investigations of the silting conditions in Bangkok port channel, project approved at the second session of the Governing Council (see SF/L.12/Add.9). This project is not counted as a separate project in the first column but the incremental value is included in the second column.

54. The distribution of the projects by geographical area is shown both for the new programme and for the previously approved programmes:

Geographical area	Programme recommended to the fifth session		Previous programmes		Total	
	No. of projects	Allocation \$	No. of projects	Allocation <sup>a</sup> \$	No. of projects	Allocation \$
Africa .....	9	5,994,800	10	6,956,100	19	12,950,900
The Americas .....	11	13,042,800	24	15,882,000	35	28,924,800
Asia and the Far East .....	9	8,063,600 <sup>b</sup>	22	21,238,100	31	29,301,700
Europe .....	2	1,540,700	4	2,760,200	6	4,300,900
Middle East .....	10	7,591,400	13	8,958,700	23	16,550,100
Inter-regional .....	—	—	1	3,866,000	1	3,866,000
<b>TOTAL</b>	<b>41</b>	<b>36,233,300</b>	<b>74</b>	<b>59,661,100</b>	<b>115</b>	<b>95,894,400</b>

<sup>a</sup> Revised; see para. 55 and 56.

<sup>b</sup> Includes incremental allocation for Thailand.

#### Recosting of project allocations approved at the second and third sessions

55. The Managing Director informed the Governing Council at its fourth session that, for reasons related to requirements of budgetary control and sound administrative practice, he was adopting the principle of "gross project costing" for projects submitted to that session and at subsequent sessions. In accordance with that principle, the full allocation for each Special Fund project is set

forth in a project budget, including the obligations undertaken by the recipient Government in respect of operating costs of the project over the period of its duration.

56. In order that the allocations thus far approved by the Governing Council might be shown on a uniform basis, the allocations which were approved at the second and third sessions had now also been recosted from a "net project" to a "gross project" basis. The recosted allocations, by project, are set out in document SF/R.2, annex II.



### Size of preparatory allocation

57. With reference to the use of the preparatory allocation which had been authorized by the Governing Council at its third session, the Managing Director reported that during the first ten months of 1960 assistance had been given to Governments for 15 project requests amounting to \$49,300. Of this amount, the charges for those requests which would subsequently develop into approved projects would be transferred to the project budgets. Although an increase in the use of the preparatory allocation was expected in future, the Managing Director considered that the preparatory allocation could safely be reduced from \$250,000 to \$100,000.

### Executing agency costs

58. Detailed information regarding the level of executing agency costs and the ratio of executing agency costs to gross project costs were provided to the Governing Council.<sup>8</sup> In negotiating these costs with the executing agencies the Managing Director had held to the rule of thumb providing for payment of a flat 2 per cent of estimated costs of equipment plus 10 per cent on the remainder of project costs. In cases where executing agencies employed contractual firms or institutions rather than individual experts, the level of reimbursement to the executing agency would be lower than 10 per cent.

### Summary of discussion

59. In considering the programme recommended by the Managing Director to the Council at its fifth session, one member observed that the number of requests under study appeared to have declined and he wondered whether this would not have some bearing on the increase in the financial resources being requested by the Special Fund. In reply, the Managing Director stated that requests were coming in at a steadily increasing rate and that their quality was also improving. He expected a sharp increase in the number of new requests and it was on the basis of the additional requests received apart from those referred to in document SF/R.2, and of further indications from Governments that had led him to suggest that the Special Fund would need substan-

<sup>8</sup> Document SF/R.2, para. 19.

tially increased resources from the Pledging Conference in 1961.

60. A question was also raised concerning the relatively smaller allocations for equipment in contrast to those for experts in the programme presented at the fifth session compared with those at the previous sessions of the Governing Council. The Managing Director replied that the relative amounts required for the different components varied with the type of project involved. This, in turn, was based in the first instance upon the needs for assistance expressed by the requesting Governments. He further observed that General Assembly resolution 1240 (XIII) stated that programmes should be developed on a project basis, with no *a priori* allocation of funds on a country basis or among basic fields of assistance.

61. One member felt that the Council should be provided with full information on projects which had not been recommended by the Managing Director. The Managing Director stated that, in view of paragraph 36 of General Assembly resolution 1240 (XIII), he did not feel free to report in any specific case the particular reasons for which it had not been possible to accept that project unless the Government or Governments concerned requested such a report.

62. Several members were of the opinion that the present and past programmes failed to include a sufficient number of industrial pilot projects and demonstration centres and requested that this matter receive the attention of the Managing Director.

63. Following the debate on the programme recommended by the Managing Director, the Governing Council decided:

(a) To approve the projects proposed by the Managing Director, as summarized in paragraph 12 of document SF/R.2;<sup>9</sup> and to allocate to each of the projects listed in the sums recommended by the Managing Director;

(b) To authorize the Managing Director to make appropriate arrangements with Governments and the executing agencies for execution of these projects, on the basis of the agreements approved by the Governing Council in May 1959 as bases for negotiation.

64. The Governing Council also agreed that the preparatory allocation be reduced from \$250,000 to \$100,000.

<sup>9</sup> Annex II of the present document.

## Chapter VI

### ADMINISTRATIVE BUDGET ESTIMATES FOR 1961

65. The Governing Council had before it the administrative budget estimates for 1961<sup>10</sup> prepared by the Managing Director, together with the comments thereon by the Advisory Committee on Administrative and Budgetary Questions (A/4565),<sup>11</sup> which had been consulted by the Managing Director in accordance with paragraph 54 of General Assembly resolution 1240 (XIII).

66. The budget estimates for 1961, totalling \$1,087,200 represented an increase of \$391,000 over the approved estimates for 1960. The major part of the increase was related directly to the increased workload in the field (reflected in the increase of \$260,000 in the subvention to the TAB field office budget).

67. One representative noted with regret that the administrative budget estimates for 1961 called for such a sizable increase and that an equitable geographical distribution among the staff had not yet been attained.

<sup>10</sup> Document SF/L.37.

<sup>11</sup> Official Records of the General Assembly, Fifteenth Session, Annexes, agenda item 28.

68. The Governing Council approved the administrative budget estimates for 1961 submitted by the Managing Director, taking into account the report of the Advisory Committee on Administrative and Budgetary Questions<sup>11</sup> relating to these estimates.

*Chapter VII*

**DATE AND PLACE OF THE SIXTH SESSION**

69. The Governing Council decided to hold its sixth session during May 1961, the exact date to be decided by the Chairman in consultation with the Managing Director. The session will be convened at United Nations Headquarters.

## ANNEXES

### *Annex I*

#### Attendance

##### MEMBER STATES

###### *Argentina*

Mr. H. Bernardo.

###### *Canada*

Mr. S. Pollock, Mr. G. L. Hearn, Miss G. J. Sellers.

###### *Chile*

Mr. D. Schweitzer, Mr. C. Mardones.

###### *France*

Mr. M. Viaud, Mr. A. Dangeard.

###### *Ghana*

Mr. A. Quaison-Sackey, Mr. E. Abdallah.

###### *India*

Mr. C. S. Jha, Mr. A. B. Bhadkamkar, Mr. S. S. Nath.

###### *Italy*

Mr. E. Ortona, Mr. M. Franzi, Mr. M. Sarcinelli.

###### *Japan*

Mr. T. Hagiwara, Mr. M. Kakitsubo, Mr. M. Ito, Mr. S. Kadota.

###### *Mexico*

Mr. J. Castafeda, Mr. F. A. Osuna, Mr. A. Cantú.

###### *Netherlands*

Mr. J. Kaufmann, Miss J. D. Pelt.

###### *Pakistan*

Mr. W. Ali, Mr. Y. J. Ahmad.

###### *Sweden*

Mr. R. M. E. Sterner, Mrs. A. Rössel, Mr. D. Malm.

###### *Thailand*

Mr. K. Suphamongkhon, Mr. J. Devakul.

###### *Union of Soviet Socialist Republics*

Mr. E. N. Makeev, Mr. B. P. Prokofyev, Mr. L. N. Astafyev.

###### *United Arab Republic*

Mr. A. H. Abdel-Ghani.

###### *United Kingdom of Great Britain and Northern Ireland*

Mr. A. A. Dudley, Mr. M. W. Errock, Mr. A. H. M. Hillis, Mr. William Bentley, Mr. C. E. Diggins.

###### *United States of America*

Mr. C. H. Phillips, Mr. S. M. Finger.

###### *Yugoslavia*

Mr. M. Pavičević, Mr. B. Jevtić, Mr. B. Radivojević.

##### OBSERVERS FROM MEMBER STATES

###### *Brazil*

Mr. E. Penteado.

###### *Denmark*

Mrs. N. Wright, Mr. E. W. Svenningsen.

###### *Indonesia*

Mr. J. B. P. Maramis.

##### SPECIALIZED AGENCIES

###### *International Labour Organisation*

Mr. J. Rens.

###### *Food and Agriculture Organization of the United Nations*

Mr. J. L. Orr.

###### *United Nations Educational, Scientific and Cultural Organization*

Mr. M. S. Adiseshiah, Mr. C. D. Ewers.

###### *World Health Organization*

Dr. M. R. Sacks.

###### *International Bank for Reconstruction and Development*

Mr. E. López Herrarte.

##### OTHER AGENCIES

###### *International Atomic Energy Agency*

Mr. A. I. Galagan, Mr. A. V. Freeman.

##### NON-GOVERNMENTAL ORGANIZATIONS

###### *International Confederation of Free Trade Unions*

Mr. M. Schlaff, Mr. W. Kemsley.

##### SECRETARIAT

Mr. P. G. Hoffman, Managing Director of the Special Fund; Mr. C. V. Narasimhan, Associate Managing Director of the Special Fund; Mr. P. de Seynes, Under-Secretary for Economic and Social Affairs; Mr. D. Owen, Executive Chairman, Technical Assistance Board; Mr. R. Heurtematte, Commissioner for Technical Assistance; Mr. L. A. Shapiro, Secretary of the Governing Council.

Annex II

Projects Approved by the Governing Council at its fifth session

Country	Project title	Special Fund allocation \$	Estimate of counterpart contribution by Government \$	Estimate of total cost of project \$
ARGENTINA	Petroleum Institute .....	1,110,100	4,003,000	5,113,100
ARGENTINA	Study of nutritional diseases and deficiencies in cattle .....	661,200	348,600	1,009,800
CHILE	Institute for the Development of Forest Resources and Industries .....	1,268,800	900,000	2,168,800
CHILE	Faculty of Engineering, University of Concepción .....	1,043,000	435,600	1,478,600
COLOMBIA	Training of engineers, Industrial University of Santander .....	1,509,700	2,499,000	4,008,700
COLOMBIA	Institute for Technological Research.....	588,700	513,000	1,071,700
ETHIOPIA	School for Veterinary Assistants.....	432,700	290,000	722,700
FEDERATION OF MALAYA	Productivity centre .....	525,400	280,000	805,400
GREECE	Economic survey of the western Peloponnesus	503,600	439,000	942,600
GUATEMALA	Survey of hydraulic resources for electrification and irrigation .....	633,500	250,000	883,500
INDIA	Central Scientific Instruments Organization	935,500	2,200,000	3,135,500
INDIA	Cavitation Research Centre .....	364,100	210,000	574,100
INDIA	National Aeronautical Research Laboratory	1,439,700	6,800,000	8,239,700
INDIA	Vocational training scheme for industrial trades .....	1,050,100	1,690,000	2,740,100
IRAN	Geological Survey Institute .....	1,566,300	2,000,000	3,566,300
IRAN	Animal Health Institute .....	873,500	540,000	1,413,500
IRAQ	Animal Health Institute .....	493,700	828,000	1,321,700
ISRAEL	Training centres for vocational instructors, technicians and foremen .....	816,400	1,380,000	2,196,400
LEBANON	Animal Health Institute .....	598,200	468,000	1,066,200
LIBERIA	Agricultural training and research .....	1,006,900	750,000	1,756,900
LIBYA	Radio and Telecommunications School....	523,600	660,000	1,183,600
MEXICO	Civil Aviation School .....	844,600	1,357,000	2,201,600
MOROCCO	Civil Aviation School .....	624,200	1,148,000	1,772,200
NIGERIA	Training of teachers for secondary schools	1,052,200	1,800,000	2,852,200
PAKISTAN	Hydrological survey in East Pakistan....	1,645,700	2,200,000	3,845,700
PERU	Institute of Agricultural Engineering, National School of Agriculture.....	633,500	352,000	985,500
REPUBLIC OF KOREA	Tidal land Reclamation survey.....	586,200	435,800	1,022,000
SAUDI ARABIA	Land and water surveys in the Wadi Jizan	431,600	1,080,500	1,512,100
SOMALIA	Agricultural and water surveys.....	928,800	290,000	1,218,800
SUDAN	Animal Health Institute .....	264,900	195,000	459,900
SUDAN	Hides, skins and leather: development and training project .....	521,000	347,600	868,600
THAILAND <sup>a</sup>	Siltation study of Bangkok port and economic feasibility studies of an alternative port .....	400,000	100,000	500,000
TUNISIA	Civil Aviation School .....	640,500	1,147,000	1,787,500
UNITED ARAB REPUBLIC	Food processing project .....	568,300	328,000	896,300

<i>Country</i>	<i>Project title</i>	<i>Special Fund allocation \$</i>	<i>Estimate of counterpart contribution by Government \$</i>	<i>Estimate of total cost of project \$</i>
UNITED ARAB REPUBLIC	Cotton Research Laboratory .....	687,300	778,000	1,465,300
UNITED ARAB REPUBLIC	Animal Health Institute .....	668,000	337,000	1,005,000
UNITED ARAB REPUBLIC	Vocational Instructor Training Institute...	888,100	559,000	1,447,100
UNITED KINGDOM: NORTH BORNEO	Surveys of the Labuk Valley .....	769,900	790,000	1,559,900
VENEZUELA	Agricultural survey of selected watersheds in the Northwest .....	778,700	1,000,000	1,778,700
YUGOSLAVIA	Pilot land reclamation project .....	1,037,100	2,895,000	3,932,100
REGIONAL: CAMBODIA, LAOS, THAILAND, REPUBLIC OF VIET-NAM	Hydrographic survey of the Lower Mekong River .....	347,000	320,000	667,000
REGIONAL: LATIN AMERICA	Inter-American Institute of Agricultural Sciences .....	4,001,000	4,211,000	8,212,000
	TOTAL	36,233,300	49,155,100	85,388,400

<sup>a</sup> An allocation of \$615,000 for this project was originally approved by the Governing Council at its second session in May 1959. See SF/L.12/Add.9.

