



CONTENTS

	Page
Agenda item 19:	
United Nations Children's Fund (<i>concluded</i>)	157
Agenda item 10:	
Report of the Governing Council of the Special Fund.	157

President : Mr. Foss SHANAHAN (New Zealand).

Present :

Representatives of the following States: Afghanistan, Brazil, Bulgaria, Denmark, El Salvador, Ethiopia, France, Italy, Japan, Jordan, New Zealand, Poland, Spain, Union of Soviet Socialist Republics, United Kingdom of Great Britain and Northern Ireland, United States of America, Uruguay.

Observers for the following Member States: Australia, Belgium, Hungary, Netherlands, Yugoslavia.

Observers for a non-member State: Switzerland.

Representatives of the following specialized agencies: International Labour Organisation, Food and Agriculture Organization of the United Nations, United Nations Educational, Scientific and Cultural Organization, International Bank for Reconstruction and Development, International Monetary Fund, World Health Organization.

The representative of the International Atomic Energy Agency.

AGENDA ITEM 19

United Nations Children's Fund (E/3439, E/3442, E/3525; E/L.913) (*concluded*)

1. The PRESIDENT invited the Council to consider the draft resolution on the United Nations Children's Fund submitted jointly by the delegations of Afghanistan, Brazil, France, Poland and the United Kingdom (E/L.913).
2. Mr. EL-FARRA (Jordan) opined that the efforts of UNICEF enhanced the prestige of the United Nations throughout the world, and was glad to note that in the draft resolution, approval was expressed of the new responsibilities it was to undertake. All the proposals contained in the draft resolution were constructive, and his delegation would vote for it.
3. He hoped that in future budgetary allocations the Executive Board of UNICEF would pay special attention to the needs of refugee children, who were particularly handicapped because of their helplessness and lesser opportunities.
4. Mr. ITURRALDE (Spain) expressed his delegation's appreciation of the work of UNICEF during the past

year, and said that his government was particularly grateful to UNICEF for continuing its work in the establishment of milk distribution centres in Spain. When the project was completed, more than half a million Spanish children would benefit from it.

5. In principle he agreed with the provisions of the draft resolution, but he found some difficulty in voting for operative paragraph 1, as a Spanish text of the report of the UNICEF Executive Board on its June 1961 session (E/3525) had not yet been issued and his delegation, for one, could not honestly say that it had taken note of the report. If the sponsors could not devise some alternative wording for operative paragraph 1 to take account of his delegation's difficulties, he would ask for a separate vote on that paragraph.

6. The PRESIDENT observed that document E/3525 was at present available only in English, and that the same difficulty faced all delegations using working languages other than English. He wondered if the Spanish and other delegations concerned could see their way to vote for the draft resolution as a whole, if a statement were included in the report of the Council to the effect that document E/3525 had been available in English only at the time when the Council voted on the draft resolution.

7. Mr. ITURRALDE (Spain) said that on that understanding his delegation could vote for the draft resolution as a whole.

The draft resolution (E/L.913) was adopted unanimously.

AGENDA ITEM 10

Report of the Governing Council of the Special Fund (E/3435, E/3521 and Corr.1)

8. Mr. HOFFMAN, Managing Director, United Nations Special Fund, said that the Governing Council of the Special Fund had so far approved 157 projects with a total cost of more than \$304 million, towards which the Special Fund had allocated \$130.5 million and recipient governments had undertaken to contribute the equivalent of \$173.7 million. Basic agreements covering Special Fund assistance had been signed by 65 governments. Plans of operation had been signed for 82 projects, and it had thus been possible to start work in the field on more than half the approved projects, including at least two of the 42 projects approved in the May 1961 programme.
9. Forty-three per cent of the 157 approved projects were for resource surveys: surveys for minerals, power, river basin development and other land and water use, transport, communications and, particularly, industry. Thirty-seven per cent of the projects were for assistance in human resources development: technical education and

training in agriculture, forestry, veterinary science and fisheries, industrial management, public administration, secondary school teaching, communications and transport. Twenty per cent of the approved projects were in the field of applied research, to enable the findings and methods of modern science to be applied in raising levels of living in the less developed parts of the world.

10. A simple enumeration of the three main fields of Special Fund assistance might, however, be misleading, for nearly every project included all three types of activity. Projects for resource surveys and research laboratories were designed not only to produce knowledge, but also to train staff. If the low-income countries had adequate numbers of well-educated and trained staff they would be able to investigate their own natural resources and also provide the management to attract the capital required for the development of those resources; and the Special Fund accordingly placed great emphasis both on the capabilities of its experts and on the need to have national counterparts of the recipient countries available for training.

11. In establishing the Special Fund, the General Assembly had directed that assistance should be limited to relatively large projects. The average gross cost of projects so far approved was \$1,860,000, with the Special Fund's average contribution amounting to over \$830,000. The General Assembly had also agreed that projects could be of relatively long duration, and the approved projects would, on average, take nearly four years to complete, reckoning from the start of operations. One inevitable consequence of that timetable was the necessity for the Special Fund to carry substantial reserves. But, although reserves were large, all funds were not only fully committed, but actually over-committed, a procedure approved by the Governing Council.

12. The Governing Council had shown no disposition to consider any deviation from the principle that the Special Fund should come into a project with the firm intention of withdrawing at the terminating date specified in the plan of operation. In each case the duration had been carefully studied and negotiated and agreed upon; and the recipient governments had undertaken to assume responsibility, without further Special Fund assistance, for carrying on the work at the end of the project period.

13. Because the resources of governments and of the Special Fund were slender, it was particularly important that projects assisted should be of supreme urgency. Where sound national development programmes existed, it was not difficult to determine which projects should have first consideration. But the governments of many less developed countries lacked adequate programming and planning services. Groups of countries in Latin America and Africa had requested the Special Fund to assist them in the establishment of training institutes in that field, and he hoped that the Governing Council would approve those projects when they were submitted to it. In that as well as other fields the Special Fund was collaborating closely with the regional economic commissions.

14. The Special Fund tried to make the fullest possible use of other United Nations organs and agencies, both in the preparation and the execution of projects, and every pro-

ject so far approved had been sub-contracted to the United Nations or to one of the specialized agencies. Once work on a project had been authorized, the Special Fund placed squarely on the executing agency the day-to-day responsibility for operations, but the Managing Director had, of course, the continuing responsibility to follow the execution of projects to completion through inspections and reports by resident representatives and the executing agency.

15. All projects were designed to mobilize and strengthen the responsibility of the country in which they were implemented; and, in order to make that clear, it had been mutually agreed by the Special Fund and the executing agencies that the projects should be referred to as projects of the country concerned, assisted by the Special Fund through the executing agency.

16. He had sought and obtained the agreement of the Executive Chairman of TAB to a suggestion that TAB resident representatives should also serve as Special Fund representatives. The Special Fund was happy to contribute to the cost of strengthening the offices of those representatives, in order that they could more adequately serve the governments concerned and the United Nations programmes. The governments of the low-income countries had urged that the development assistance programmes of the United Nations and the specialized agencies should be better harmonized and integrated at the country level. He had for some time considered that the logical candidate for that responsibility was the resident representative, an opinion that was shared by many of the executive heads of the specialized agencies, and he had been glad to learn from discussions in the Council and TAC that several delegations held similar views.

17. Progress already achieved in the implementation of approved projects was due to the full co-operation given by the executing agencies; but he was concerned about the length of time it had taken to get work under way on certain projects. It was inevitable that certain difficulties should arise in operations of the size and complexity of those with which the Special Fund was concerned, but he still believed it possible to reduce the time-lag if all the interested parties worked on the problem together. He was confident that the agencies would shortly be better equipped to handle both the greater volume and the new type of work arising from Special Fund activities. Governments, too, could help to get the work under way at greater speed by expediting the clearance of experts and the submission of specifications for equipment, by timely payment of their contractual commitments to projects, by taking all steps to ensure that suitable counterpart personnel were available as required, and by seeing that the necessary buildings and facilities were placed at the disposal of the project on the scheduled dates. Further, there was an urgent need for assistance on the part of the governments of the countries from which the senior staff of the right calibre and technical and linguistic attainment might be obtained. The recruitment problem was not simply a matter of conditions of service and emoluments for project personnel. It was also a question of organization and of the encouragement which governments and industry might give to induce persons to serve in United Nations teams. Such persons should not be penalized in

their careers at home for having served the United Nations abroad. He was certain that the reservoir of talent would be found to be still quite large, if suitable efforts were made for its mobilization. But it was not too soon for governments to take measures to create the larger supply of skilled personnel that would be needed for service abroad in the not too distant future.

18. Adequate progress was being made on the majority of projects in operation, and on some of them work was ahead of schedule. Other projects, although in their early stages, were already producing high returns and justifying considerable optimism. In certain cases prospects for substantial investment had been brightened not only because of the results obtained, but also by the mere fact that Special Fund assistance was being provided, thus fulfilling one of its primary purposes. Evidence was likely to be soon forthcoming that the survey of Argentina's power requirements and possibilities had helped to attract important investment capital, and the same was expected of the newly completed Niger River survey. The report of that survey, which had not yet been published, recommended an immediate start on the first stage of a dam project, so that from the end of 1966 onwards the power which Nigeria urgently needed could be produced. The scheme recommended would permit hydro-electric power production at an installed capacity of 860 megawatts, which was larger than that of any dam in western Europe and more than the total hydro-power capacity available in Africa ten years previously. It would satisfy the expected power requirements of Nigeria until 1982.

19. He was sure that the Council appreciated the vital necessity and great potentialities of pre-investment work of the kind the Special Fund assisted. But he wondered whether among others the ministers of finance of the advanced countries shared that recognition and realized that pre-investment activities must be expanded if waste was to be avoided and sound investment in the low-income countries was to be increased to the high level necessary to bring about progress in the under-developed parts of the world. He appealed to all governments to bring their contributions to the Special Fund and EPTA up to the level which the General Assembly had stated to be urgently and immediately required for those vital programmes. The targets proposed for 1962 — \$50 million for EPTA and \$100 million for the Special Fund — were the minimum amounts required. Those sums were relatively small; indeed, only a fraction of one per cent of the \$100,000 million which were being spent annually on armed forces and armaments. Surely governments would have the wisdom to announce at the Pledging Conference their willingness to make in 1962 the \$150 million investment required to help to win the war against poverty, illiteracy and chronic ill-health.

20. Miss SALT (United Kingdom) paid a tribute to the Managing Director and his staff for their sound administration of the Special Fund.

21. The initial process of implementing the 157 projects so far approved by the Governing Council of the Fund had inevitably been somewhat slow, particularly in the earliest stages, but she was glad to note that plans of operation had been signed for seventy-one out of the 115

projects approved up to the end of 1960 (E/3521, para. 9) and she hoped that that rate of progress would be maintained and even accelerated.

22. She also noted with satisfaction the continuing expansion of the Fund's resources. Most of the increase in contributions had come from the industrialized countries, and the United Kingdom had been among the first to make a substantial increase, but some of the developing countries too had given practical expression to their confidence in the Fund by devoting some of their precious resources to increases in their contributions.

23. The scope of the Fund's activities had also widened. Originally, the Fund had concentrated on surveys, applied research, manpower training and technical education. The training of secondary school teachers, particularly in Africa, had now been added and a number of other projects of the same type had been approved at the Governing Council's sixth session. Her delegation approved of those new fields of activity, but suggested that results be awaited before exploring still further possibilities.

24. Demands on the Fund were bound to outstrip its existing resources and the best possible use should therefore be made of those resources. At the sixth session of the Governing Council, the United Kingdom had agreed that the formula governing allocation of funds should remain in force for the time being; but, she suggested, the Managing Director might bear in mind the possibility of employing a somewhat less restrictive formula in the future.

25. Lastly, with regard to the role of the TAB resident representatives, she endorsed the views expressed in the report of the Governing Council on its sixth session (*ibid.*, para. 20). In that connexion, she noted that there had been a general recognition of the value of close co-ordination of effort in United Nations assistance programmes.

26. Mr. WANDEL-PETERSEN (Denmark) expressed his country's warm support for the activities of the Special Fund and noted with satisfaction the improved geographical distribution of the Fund's projects, and particularly the increase in the number of projects in Africa.

27. As already stated in the Technical Assistance and Co-ordination Committees, his delegation shared the Managing Director's view that the status and authority of the TAB resident representatives should be strengthened.

28. On the basis of experience in Denmark and elsewhere, he was fully convinced that the new emphasis placed by the Fund on education and training was not only justified, but was essential. In that connexion, technical training was not enough; sound investment presupposed a nucleus of national and governmental administrators, teachers and skilled workers which only an improved educational system in many of the less developed countries could provide. Consequently, he fully endorsed the secondary-school teacher-training programmes, which fell within the broad concept of infrastructure.

29. With regard to the procurement of equipment and recruitment of experts for the Special Fund, his delegation

agreed with the Managing Director that a better geographical distribution should be aimed at in the future.

30. As to financial questions, he attached great importance to the raising of the preparatory allocation from \$100,000 to its original level of \$250,000. His delegation believed that, in order to improve the Fund's programme, it was advisable to modify to some extent the rather conservative financial policy so far followed, while agreeing that it would be wise not to attempt any revision of basic financial policies until more experience had been gained.

31. With regard to the procurement practices of the executing agencies, it would be useful if in the earliest stages of each project those agencies would co-operate closely with government bodies in the more developed countries which were responsible for technical co-operation. Co-operation of that kind would help to create even more interest in the Fund in those countries able to provide money and experts.

32. It was to be hoped that contributions and pledges to the Special Fund would continue to increase; although not in a position to make commitments at that stage, he was sure that the discussions in Denmark on the strengthening of assistance to the less developed countries would lead to a substantial increase in his country's contribution to the Fund.

33. Mr. DUPRAZ (France) said that the Managing Director's statement on the activities of the Special Fund during the past fiscal year reflected the strenuous efforts he had been making over the years to attain the objectives of the Fund — namely, to ensure better living conditions for the many people throughout the world who were still deprived of proper feeding, decent housing and adequate educational opportunities. The French Government was pursuing the same end, and, like the Managing Director of the Special Fund, regarded that task as one of high priority, although taking a different view on the means which should be employed. Despite the considerable resources in men and money which had been devoted to international assistance during the last decade, the needs of the poorest countries were unfortunately far from being fully met. His delegation considered that, in view of the magnitude of the needs, each industrialized country should endeavour to increase the total amount of its assistance to the greatest possible extent. France had responded liberally to requests from the under-developed countries for aid, particularly from those which had to face the responsibilities of independence, and was at the same time making a substantial contribution in men and money to the execution of multilateral aid programmes operated on a regional basis or under United Nations auspices. Between 1956 and 1959, the aggregate amount of long-term public and private capital provided by France on a bilateral basis for the under-developed countries had been in the neighbourhood of \$4,800 million. Of that amount, more than \$3,270 million had been supplied by the public sector, private sources accounting for \$1,560 million. Having regard to the French national income, that effort was the largest of any industrial country, and went considerably beyond the figure of 1 per cent of the national income, which was considered a desirable target in some quarters. As far as technical assistance alone was

concerned, France had spent something like \$150 million in sending about 30,000 experts abroad. Those figures should be borne in mind in any attempt to evaluate and to compare the contributions of Member States to the technical assistance programmes of the United Nations.

34. As to the nature of the Special Fund's work, it would be remembered that the Fund operated at the pre-investment stage, when projects were being prepared which would later lead to productive investment in basic work, industry or agriculture. The Special Fund thus played an important, albeit an indirect part in the planning of national development programmes, since its action determined the ultimate use of investments much larger than the relatively modest sums available to the Fund itself.

35. Since the outside aid allocated for the financing of certain projects increasingly tended to take the form of loans, whereas assistance at the pre-investment stage was generally provided as a gift, the inference had logically been drawn that amounts intended for technical assistance, and more particularly for the Special Fund, should consist of voluntary contributions whose size should be left to governments to determine. That was the method rightly followed by the United Nations, and the French Government noted that the voluntary character of contributions to EPTA and the Special Fund had not stopped those programmes from expanding, and had in no way impaired their effectiveness. The confidence thus placed in the participating governments had been the best incentive, as was borne out by the fact that contributions to EPTA and the Special Fund had steadily increased. Thus the French Government had raised its contribution to EPTA by 20 per cent in the past year and, when determining the size of its contribution to the Special Fund for 1962, would certainly take into consideration the arguments in favour of intensifying the Fund's activities. Among the relevant factors, mention should be made of the shortage of staff; in his delegation's view, it would be a serious miscalculation to take account of the financial aspect alone and pay no heed to the considerable difficulties affecting recruiting at the moment when the dearth of experts was creating a major problem.

36. The administration of the Fund had been very active, as was shown by the fact that since its inception the Fund had approved 157 projects, representing an aggregate of \$130 million. It was also gratifying to note that the speed of implementation had been greatly increased.

37. Requests for assistance related to a great variety of subjects, and the Fund had to select those which were the most urgent, a task which it had accomplished with remarkable judgment and discrimination. Thus, at a time when many States were achieving independence, the Managing Director had clearly recognized that priority should be given to the training of administrative and technical staff. In pursuing that type of "intellectual" investment, the Fund had perhaps sometimes been led to leave on one side tasks which promised an immediate return. There was nothing surprising in that, because priority was essentially a flexible concept, but the selection of non-self-supporting projects should not become the rule. Similarly, in view of the limited financial resources and the need to allocate those resources on an

equitable geographical basis, it was not desirable that the Fund should concentrate on a few large-scale investments only. Possibly the Managing Director would soon be in a position to reach conclusions regarding the efficacy of the various types of assistance the Fund provided. The French delegation would particularly like to have further information on investments which had resulted from the Fund's intervention.

38. Among the new problems confronting the specialized agencies as a result of the Fund's operations, the recruitment of experts occupied first place. The experience acquired by the specialized agencies in the execution of EPTA projects was not always applicable to the Special Fund's projects, which required homogeneous teams of highly qualified experts and technical support which the executing agency was not always able to supply directly. It was therefore not surprising that new methods had been or were being evolved. The Fund's limited resources could perhaps be employed to still greater advantage if systematic use were made of the help of industrial enterprises, research boards and factory research departments.

39. Lastly, comparing EPTA with the Special Fund, he remarked that both programmes were intended to give the developing countries the benefit of the more advanced countries' experience, in the form of technical assistance, and to create conditions propitious for the establishment of a solid economic infrastructure in the poorer countries. The difference lay in the fact that the Special Fund concentrated on projects relating to more than one sector of the economy and requiring more substantial resources and more time to implement, whereas EPTA provided experts, fellowships and sometimes the minor items of equipment needed for the introduction of new techniques in industry and agriculture and for the necessary administrative and social reforms. The Fund relied on teamwork by experts in different branches; EPTA on the work of individual experts entrusted with a specific mission. The activities under the two programmes, far from competing, were thus largely complementary, and the basic difference which marked their methods served to emphasize their special characteristics, which should in his view be preserved. Nevertheless, co-ordination between the two programmes was essential and should constantly improve.

40. One of the means of achieving such co-ordination would be to maintain the autonomy of the administering bodies and to amalgamate, wherever possible, the services responsible for programme implementation. To some extent that was already being done, since the officials in charge were generally chosen from among the specialized agencies, and the resident representative tended to represent both the Special Fund and TAB. A further step forward might be taken by standardizing the rules for the recruitment of experts and of staff for research departments, so as to avoid any rivalries which might still further accentuate the shortage of competent staff.

41. In that great effort of human solidarity which the industrialized countries had to accomplish in the coming years, international organizations, programme initiators and administrators, States and groups of States would all be at the service of proud and sensitive independent nations. There was no place for rivalry in the execution of the common task: co-operation must be the order of the

day. That was not a restrictive concept, since for a long time to come there would be ample scope for generosity on the part of all concerned.

42. Mr. ABOLTIN (Union of Soviet Socialist Republics) said that his country's participation in the work of the Special Fund was based on the principle that the Fund should assist the economic development of the less developed countries, and particularly their industrial development, and should help in the training of technical specialists in those countries. The completion of the survey of power resources in Argentina and the progress achieved in the implementation of other projects certainly represented some contribution to the economic development of the less-developed countries. Seventy-one plans of operation had been signed for projects approved in 1960, and the Special Fund should expedite the signature of plans of operation for the remaining 44 projects approved in that year.

43. With regard to the general policy of the Special Fund, his delegation wished to insist once again that the Fund should not concentrate its efforts on pre-investment activity, which was merely a way of preparing the ground for the investment of foreign private capital in the most important sectors of the economies of the less developed countries. The General Assembly had stated in resolution 1240 (XIII) that the Fund was to provide systematic and sustained assistance in fields essential to the integrated technical, economic and social development of the less developed countries; and to that end pre-investment activities should be accompanied by direct financing of economic development. The main objective should be to accelerate the development of the national resources of the less developed countries and to stimulate investment of local capital. In cases where foreign private firms carried on projects started by the Special Fund, the firms should reimburse to the Fund all the sums it had expended in connexion with the projects.

44. His delegation was glad to note that the Fund was placing increased emphasis on the training of national personnel in industry, agriculture, transport and communications, in collaboration with the governments of the less developed countries. The programme approved at the Governing Council's sixth session (E/3521, Annex II) included twenty-one training projects, eleven of which were for industrial training. Training projects should be carried out in close co-operation with other United Nations bodies, such as the regional economic commissions — particularly ECAFE — and EPTA, within the framework of general economic development programmes.

45. In selecting projects for approval, the Special Fund should give preference to those most likely to promote industrial development. At the Governing Council's sixth session the Managing Director had referred to the growing need for industrialization in the less developed countries, and had said that the Special Fund would devote more attention to the establishment of small-scale industry; but so far that intention had not been put into effect. Of 42 projects approved at the sixth session, only two were related to industry, and even those two were only industrial research projects. While recognizing the importance of small-scale industry, his delegation believed that the Special Fund should rather supply apparatus and equip-

ment for large-scale industrial undertakings, as many of the less developed countries themselves had requested.

46. There was a certain lack of balance in the distribution of funds amongst the various types of assistance provided by the Special Fund. It was regrettable that the funds allocated for missions of experts in the new programme had risen to 51.7 per cent of total allocations, compared with 46 per cent under the former programmes, whereas the proportion of sums allocated for industrial and other equipment had fallen from 34.5 per cent to 20.8 per cent. The procurement practices of the executing agencies were also unsatisfactory. Members of the Governing Council had not been given sufficient information about those practices, and the Managing Director had not supplied any details about the firms with which executing agencies had concluded contracts.

47. With regard to the geographical distribution of funds allocated, his delegation noted with satisfaction that there had been some increase in the share allocated to countries in Africa. Of 71 projects approved in 1960, fifteen were to be carried out in Africa, compared with only four in 1959. In future, efforts should be made to ensure a more equitable distribution of funds within the African continent itself, and special attention should be given to the needs of the newly independent countries, though without reducing the amount of assistance provided to countries in other regions.

48. Administrative expenses should not be allowed to absorb too large a proportion of the voluntary contributions made by participating governments. Administrative expenses for 1961 were \$424,000 higher than for 1960; in future such expenses should be kept to the barest minimum. Some reduction might also be made in the local costs borne by the less developed countries themselves in connexion with the projects, which in reality represented an additional contribution to the Fund.

49. At sessions of the Governing Council, his delegation had repeatedly suggested that the Council should exercise greater control over the activities of the Managing Director, particularly in regard to the refusal of requests from less developed countries. Suggestions that the Governing Council should be provided with more detailed information on requests refused had unfortunately not been complied with. The Managing Director should submit to the Governing Council a special report on projects not included in the recommended programme, so that the Council itself could consider the projects and take a final decision in regard to their refusal or acceptance.

50. He asked the Special Fund and the representatives of the specialized agencies concerned to take effective steps to ensure full utilization of the Soviet contributions. Whereas twenty-eight experts from the United Kingdom had been selected to assist in the implementation of Special Fund projects, sixteen from the United States, fourteen from France and ten from the Netherlands, only three Soviet experts had been chosen. When equipment had been purchased from his country for the implementation of Special Fund projects, no requests had been made for Soviet experts at the same time. In order to ensure full utilization of Soviet contributions, the com-

petent authorities in his country were prepared to consider requests from governments and executing agencies for the full implementation of Special Fund projects from start to finish.

51. Mr. KLUTZNICK (United States of America) said that the activities of the Special Fund showed great promise; the Managing Director and his staff were to be commended for their devoted work.

52. The pre-investment activities of the Special Fund were very important, and his delegation would not favour any attempts to diminish them. Recent studies had shown that existing resources could make only a small beginning towards meeting the immense needs for pre-investment at the present time.

53. Pre-investment was a factor essential to sound development and constituted the first requirement for attracting capital, whether public or private, and in so far as meeting the needs of the less developed countries was concerned, there was no need to draw a distinction between the two types, as unfortunately there was not enough public capital available to cover all the requirements. It was for those countries themselves to determine which type of capital they preferred, and when asking for both, to decide in what proportions they wished to utilize them. But whatever the decision taken by the country concerned, pre-investment was an inescapable requirement.

54. His delegation noted with satisfaction the emphasis placed on the training of local personnel in the Special Fund schemes, but cautioned against the ever-present danger of over-emphasizing a particular phase of a limited programme. Education and training were indeed a great necessity, but would be of no avail in the absence of capital. Idle trained personnel made the tragedy of unemployment even more tragic. Pre-investment activities were essential in order to make proper use of training schemes.

55. He agreed with the Soviet representative in commending the interest evinced by the Special Fund in projects to stimulate small-scale but modern manufacturing industries (E/3521, para. 15). That kind of activity would be of great benefit to the less developed countries.

56. He welcomed the increase in the number of projects benefiting the new independent States, especially those in Africa; that increase showed that the Fund was ready to move to meet new needs as they developed.

57. His delegation supported the recommended targets for contributions of \$100 million for the Special Fund and \$150 million for the Special Fund and the EPTA programmes together; and also the policy of 133 per cent commitment against uncommitted resources (E/3521, para. 56). That procedure fitted in with the existing time lag between the approval and the execution of projects; nevertheless the Fund could not continue indefinitely to over-commit its resources. The procedure was in fact, simply a book-keeping approach to a problem which demanded increased resources and, while it was important to improve the procedures and the machinery of the Fund, the only effective answer to the problems it was facing was to increase its resources.

58. Mr. PENTEADO (Brazil) joined in the tributes which had been paid to the Managing Director of the

Special Fund. His delegation, which was not a member of the Fund's Governing Council, wished, however, to express its misgivings on one point.

59. He was concerned at the references to "integration" which were sometimes made in connexion with discussions on co-operation and co-ordination between the Special Fund and EPTA. His delegation had good reason to fear that the intention was to introduce into the Council debates the notion of a merger of the two programmes in question. Since the two programmes dealt with the same basic problems in the same areas of the world, their unification seemed an obvious goal, but he feared that the first consequence of such a unification would be the un-

desirable one of a decrease in contributions. Countries which at present contributed, say, \$1 million each to the Special Fund and EPTA might contribute only \$1,500,000 to a unified programme.

60. There were, however, powerful reasons in favour of unification, and his government therefore suggested that some thought might be given to a possible compromise solution. The two programmes might be kept separate, but under a single unified administration. If that solution proved feasible, it might yield the benefits of unification without its disadvantages.

The meeting rose at 10.55 p.m.