



*directing council*

PAN AMERICAN  
HEALTH  
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Topic 30: ESTABLISHMENT OF THE SPECIAL UNITED NATIONS FUND FOR ECONOMIC DEVELOPMENT

The Director-General of the World Health Organization has requested the Regional Directors to bring to the attention of the WHO Regional Committees recent developments regarding the establishment of the Special United Nations Fund for Economic Development. To facilitate a discussion of the topic, the Director has the honor of presenting the following report.

A. Establishment and Organization of the UN Special Fund

At the 23rd Session of the WHO Executive Board, the Director-General of WHO submitted a report on the establishment of the UN Special Fund. This report appears as Annex 27 of WHO Official Records No. 91 and is reproduced as Annex I of this document. The most important points in regard to the establishment and organization of the Fund are summarized below.

On 14 October 1958 the Thirteenth Session of the General Assembly of the United Nations established the Fund "to provide systematic and sustained assistance in fields essential to the integrated technical, economic and social development of the less developed countries". The Fund is to assist projects in the following basic fields: resources (including manpower), industry (including handicrafts and cottage industries), agriculture, transport and communications, building and housing, health, education, statistics and public administration.

Projects qualifying for assistance can take the forms of surveys, research and training, or demonstration, including pilot projects. They may be carried out by the provision of staff, experts, equipment, supplies

and services, as well as the establishment of institutes, demonstration centers, plants or works, and other appropriate means, including fellowships, insofar as they are integral parts of specific projects.

In view of the nature of its operations, which call for concentrated and sustained assistance, the Fund is specifically authorized and expected to approve projects for more than one year's duration. This is in contrast to the Expanded Program of Technical Assistance of the U.N., which operates, from a financial point of view, on a year-to-year basis.

The Fund is administered under the general authority of the Economic and Social Council and of the General Assembly of the United Nations. Its organs are: a Governing Council, the Managing Director and his staff, and a Consultative Board.

The immediate intergovernmental control of policies and operations is exercised by the Governing Council, consisting of representatives of eighteen States elected by the Economic and Social Council. In particular, it provides general policy guidance on the administration and operations of the Fund; exercises final authority regarding the approval of the projects and programs recommended by the Managing Director; reviews the administration and the execution of approved projects; submits reports and recommendations to the Economic and Social Council; and approves the administrative budget of the Fund.

Under the policy guidance of the Governing Council, the Managing Director has over-all responsibility for the operations of the Fund, with sole authority to recommend to the Governing Council projects submitted by governments. Mr. Paul Hoffman was appointed to that post and took office on 1 January 1959.

A Consultative Board 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, or their designated representatives, will assist the Managing Director with advice in the examination and appraisal of project requests and proposed programs of the Fund.

Representatives of the specialized agencies and of the International Atomic Energy Agency will be invited to the deliberations of the Consultative Board when projects falling mainly within their fields of activity are considered.

The Secretary-General of the United Nations will convene annually a pledging conference at which governments are to announce their contributions to the Expanded Program of Technical Assistance and to the Special Fund, respectively.

Projects will be undertaken only at the request of a government or groups of governments. Requests for assistance should be submitted to the Managing Director through the Resident Representatives of the Technical Assistance Board, where they exist. Governments have been requested to designate an official channel for the submission of requests and that channel only will be utilized by the Fund. The Managing Director has asked the TAB Resident Representatives to be the normal channel of communications of the Fund with the governments to which they are assigned.

The Managing Director is responsible for the evaluation of requests, the Governing Council having the final decision on the approval of projects and programs recommended by him. Projects will be executed, whenever possible, by the U.N., by the specialized agencies concerned, or by the International Atomic Energy Agency. The Managing Director is also authorized, if necessary, to contract for the services of other agencies, private firms, or individual experts.

## B. Recent Developments

### 1. Action of the Twelfth World Health Assembly

The Director-General of WHO submitted a progress report to the Twelfth World Health Assembly in Document A12/P.B/12, which is also reproduced as Annex II of this document. Of special importance is part 2.2 of that report, dealing with relationships between the Fund and WHO. The Assembly, in Resolution WHA12.51, delegated to the Executive Board the authority to act on its behalf concerning any question related to the Fund, and authorized the Director-General to cooperate with the Fund and to enter into working arrangements for the provision of services and the execution of health projects.

### 2. Second Session of the Fund's Governing Council

This session took place on 26-28 May 1959 at United Nations Headquarters. At that session, the Managing Director made some important policy statements which were summarized as follows in Document E/3270:

"At the first session of the Governing Council the Managing Director made a statement in which he set out certain tentative general conclusions about the initial policy of the Special Fund. In his view, the policy should be to put major emphasis on projects which would demonstrate the wealth-producing potential of unsurveyed natural resources in the less-developed countries, on training and research institutes and on surveys of limited cost which would lead to early investment. The program should be well-balanced as between these types of projects and also well distributed geographically. Some prominence would be given to pre-investment surveys which might take the form of preliminary engineering or feasibility reports involving economic, technical and commercial evaluation of raw materials, production capacity, capital requirements, cost and profit possibilities, selection of sites, etc.

The Managing Director stated that the Special Fund should not be called upon to defray expenditures which are a normal part of a Government's budget. Consequently, the Special Fund (a) should limit its financing to projects for which there was a definite terminal point to the Fund's commitments, and agreed point at which either Governments or other agencies would take over; (b) the Special Fund would make subventions to operating expenditures only in respect of new or experimental programs; any project which merely extended a program which already existed in one part of a country to other parts, should be met from the Government's budget; (c) annual subventions to operating expenditures would therefore not be large and should not normally be carried beyond a maximum period of, say, five years.

At the second session, in a comment (SF/L.12) on the program he was recommending, the Managing Director stated that, in view of the limited resources available, a line had to be drawn, at least for the time being, between what the Governments should be expected to finance themselves, and types of projects in which the Special Fund would interest itself. Accordingly, for the time being, the Managing Director would adhere to the following principles: (a) in the field of education, he would not support requests relating to elementary education, high school education, elementary artisan training, mass education, or the work of liberal arts colleges; but would concentrate on training instructors for vocational schools, on training agricultural extension workers, on special vocational skills, and on higher technological education in engineering and agriculture; (b) in the field of geology he would expect Governments to maintain at their own expense geological

survey departments capable of doing preliminary surface geological surveys; he would be willing to recommend short-term support in establishing such departments, but would concentrate on financing surveys of a more specialized or more technical nature; (c) in evaluating surveys, priority would be accorded to those surveys whose results seemed most likely to be utilized soon after the results were available; accordingly, the Managing Director would have to be satisfied, when the immediate purpose of a survey was to attract investment, that investment funds, private or public, were likely to be available, or, when the survey was preliminary to further explorations, that there would be a continuing organization (such as a Government technical department) which would be capable of interpreting the results and carrying on from where the Survey left off. The Managing Director would prefer the Special Fund to disburse money on strengthening a technical department so that it could do its own surveys on a continuous basis, rather than finance ad hoc surveys in conditions where the work could not be continued because the technical department is too weak.

For the technical soundness of projects, the Managing Director is relying, as required by General Assembly resolution 1240 (XIII), 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.

The Managing Director drew attention to some of the most common defects on the projects submitted to the Special Fund: projects were often excessively large, either because they were designed on too large a scale having regard to need or to administrative feasibility; or because various stages of an investigation had been telescoped into one request; or because the desired expansion of an institute was more rapid than was good for efficient development. He also emphasized the need for efficient supervision of investigations and for high quality of the people in Government who will be responsible for a project."

The Governing Council was informed by the Managing Director that he estimated that contributions equivalent to at least 26 million dollars will be pledged by governments for 1959. He stated further that if the \$100,000,000 goal established by the General Assembly for both the Expanded Program of Technical Assistance and the Special Fund was to be met, there was need for increasing financial support.

The Governing Council reviewed and approved 13 projects and allocated to each project the sum specified in the Managing Director's recommendations. The list of approved projects follows:

<u>Project Title</u>	<u>Amount Approved</u>
	\$
ARGENTINA - Electric Power Survey	250,000
COSTA RICA, GUATEMALA, HONDURAS, NICARAGUA, EL SALVADOR - Central American Research Institute for Industry (ICAITI)	900,000
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	860,000
ISRAEL - Pilot Project in Watershed Management	320,000
POLAND - National Center for Training Supervisory Personnel in Industry	700,000
THAILAND - Investigation of the Silting Conditions in the Bangkok Port Channel	600,000
TURKEY - Middle East Technical University	1,500,000
UNITED ARAB REPUBLIC - Pilot Project for Drainage of Irrigated Land	300,000
UNITED ARAB REPUBLIC - Soil Survey from Aerial Photographs	265,000
YUGOSLAVIA - Training of Vocational Instructors	905,000
Total:	<u>\$7,550,000</u>

The Governing Council authorized the Managing Director to negotiate with each executing agency the cost of administering each project, within the terms established by the General Assembly and to conclude appropriate agreements with governments and executing agencies.

The Managing Director declared his intention of concluding a single basic agreement with each government to cover all projects with which that government is assisted and a single basic agreement with each executing agency.

The Governing Council decided to hold its 3rd Session during the first week after the conclusion of the XIV Session of the General Assembly in mid-December 1959, at the U.N. Headquarters. It is expected that at this session additional projects will be submitted by the Managing Director.

The 28th Session of the Economic and Social Council (Geneva, July 1959) considered the report of the Governing Council of the Special Fund. The discussion showed that the first thirteen projects so far approved should not be considered as representing a typical pattern. It was emphasized that the nature and scope of projects should vary according to the degree of development in each country and a further shaping of the Fund's policy in the light of experience was envisaged. Consequently, the submission of requests for health projects and their possible approval could establish desirable precedents and have a positive bearing on the Fund's future policy in connection with health problems.

### 3. Plans of PASB/WHO

The Director has carefully considered the types of health projects which present the greatest possibility of being favorably considered by the Managing Director of the Special Fund.

It is felt that within the water supply program, which is being considered as of highest priority by the Organization, there is an impellent need for funds from any source. This program rests on the firm belief, openly expressed by world experts in sanitation questions and endorsed by the governing bodies of PAHO and of WHO, that the availability of water in adequate quantity and quality is fundamental not only for the improvement of the health conditions but also for community, social, and economic development. It is further believed that an essential preliminary requisite in the implementation of this program is a survey of the status of water supply resources, and economic and financial conditions, including rate structure, administration and management of waterworks in the Region.

One type of project which might be considered would be a survey of a selected group of larger municipalities in a specific country to determine what steps can be taken by a particular water department, the national government, or both, to help in solving the financial problems and what steps require outside assistance. Such a survey might include a rather detailed study of the municipalities involved with the final information covering not only reorganization possibilities but effective mechanisms for financing.

It appears that this type of project would best meet some of the needs in the Region and, at the same time, fulfill the requirements to obtain assistance from the Special Fund.

It is possible that in any one country a sufficient number of large municipalities would not be available for establishing such a project, but requests from 3 or 4 countries might be combined into one project.

Accordingly steps have already been taken to contact governments and offer the collaboration of the Organization in the presentation of project requests in this field. It is hoped that at least one of such projects will be presented in the near future. This action depends of course on the expressed desire of the Member Governments, and the Organization has already prepared a preliminary guide for submission of a project on water surveys which will be used in consulting with governments concerning submission of requests.

### C. Final Considerations

The Director-General of WHO has stressed the importance of insuring that the health aspects and the public health potential implications of comprehensive development projects submitted to the Special Fund are fully taken into consideration from the planning stage, and has also stated that the World Health Organization should encourage the submission of requests for health projects to be financed from the Special Fund. PASB/WHO will make every effort to assist governments in this Region in the planning, preparation and execution of such projects.

Annex I: Annex 27 of WHO Official Records No 91  
Annex II: Document A12/P.B/12



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ANNEX I  
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A N N E X I

Annex 27 of WHO Official Records Nº 91, pages 138 to 143 inclusive.

REPORT ON THE ESTABLISHMENT OF THE SPECIAL FUND BY THE GENERAL ASSEMBLY OF  
THE UNITED NATIONS (RESOLUTIONS 1219 (XII) AND 1240 (XIII) )

## Annex 27

REPORT ON THE ESTABLISHMENT OF THE SPECIAL FUND BY THE GENERAL ASSEMBLY OF THE UNITED NATIONS (RESOLUTIONS 1219 (XII) AND 1240 (XIII))<sup>1</sup>

[EB23/53 — 23 Dec. 1958]

REPORT BY THE DIRECTOR-GENERAL<sup>2</sup>

1. In execution of resolution WHA8.21 adopted by the Eighth World Health Assembly concerning a proposed Special Fund for Improving National Health Services, the Director-General submitted reports to the Ninth World Health Assembly,<sup>3</sup> the Executive Board at its nineteenth session, and the Tenth World Health Assembly, on developments regarding the establishment by the United Nations of a Special United Nations Fund for Economic Development. The Director-General also reported to the Executive Board at its twenty-first session<sup>4</sup> and to the Eleventh World Health Assembly<sup>5</sup> on resolution 1219 (XII) on financing of economic development adopted by the General Assembly of the United Nations, and on the views which the Director-General, in response to the invitation in the resolution, had forwarded to the Preparatory Committee.

2. Since the Eleventh World Health Assembly, both the Economic and Social Council at its twenty-sixth session, in July 1958, and the General Assembly of the United Nations at its thirteenth session, in 1958, have again dealt with this question. The General Assembly on 14 October 1958 completed its examination and established a Special Fund to "provide systematic and sustained assistance in fields essential to the integrated technical, economic and social development of the less developed countries". The Special Fund will "assist projects in the fields of resources, including the assessment and development of manpower, industry, including handicrafts and cottage industries, agriculture, transport and communications, building and housing, health, education, statistics and public administration".

<sup>1</sup> See resolution EB23.R80.

<sup>2</sup> The Board also had before it UN document A/CONF.16/1—Statement of Contributions pledged for 1959 to the Expanded Programme of Technical Assistance and to the Special Fund.

<sup>3</sup> *Off. Rec. Wld Hlth Org.* 71, 107

<sup>4</sup> *Off. Rec. Wld Hlth Org.* 83, Annex 16

<sup>5</sup> *Off. Rec. Wld Hlth Org.* 87, Annex 18

The United Nations General Assembly adopted in this connexion resolution 1240 (XIII), which is reproduced in the Appendix to this report.

3. Following the action of the General Assembly of the United Nations and in accordance with paragraphs 13, 14 and 15 of resolution 1240 (XIII) the Economic and Social Council has elected the following members of the Governing Council:

*Economically more developed countries:*

For three years: France, United Kingdom of Great Britain and Northern Ireland, United States of America

for two years: Denmark, Italy, Netherlands;

for one year: Canada, Japan, Union of Soviet Socialist Republics.

*Economically less developed countries:*

For three years: Argentina, India, Mexico;

for two years: Chile, Ghana, United Arab Republic;

for one year: Pakistan, Peru, Yugoslavia.

Mr Paul Hoffman was appointed Managing Director of the Special Fund in December 1958, to take office on 1 January 1959.

4. Once all the pledges are made and the division of several governments' contributions between the Special Fund and the Expanded Programme of Technical Assistance is made, it is estimated that the Special Fund will have about \$26 million at its disposal in 1959.

5. The establishment of the Special Fund being of great importance for international action in the economic and social fields, the Director-General wishes to call the attention of the Executive Board to resolution 1240 (XIII) and to point out some of its provisions having a direct bearing on the responsibilities of the World Health Organization as well as on the Organization's possible relationship with the Special Fund.

6. Paragraph 20 of the resolution provides that "the Governing Council shall make appropriate arrangements in its rules of procedure for the representation of the specialized agencies, the International Atomic Energy Agency and the Executive Chairman of the Technical Assistance Board. To this end, it shall take due account of the practice followed by the Economic and Social Council". Related to this provision is paragraph 27, which provides that "the Managing Director shall make, as appropriate, arrangements for representatives of the specialized agencies and of the International Atomic Energy Agency to be invited to the deliberations of the Consultative Board when projects falling mainly within their fields of activity are considered."

7. Under paragraph 25, the Managing Director "shall establish and maintain close and continuing working relationships with the specialized agencies concerned with those fields of activity in which the Special Fund will operate, and with the International Atomic Energy Agency". It is envisaged that the Managing Director will be assisted by a small group of officials to be selected on the basis of their competence. Paragraph 29 of the resolution specifies that "for other services, the Managing Director shall rely as far as possible on the existing facilities of the United Nations, the specialized agencies, the International Atomic Energy Agency, and the Technical Assistance Board". It is further stated in this paragraph that such "facilities should be made available to the Special Fund without charge except when clearly identifiable expenses are involved" and that "the Managing Director may also, as required, engage expert consultants".

8. The resolution also contains specific provisions concerning the participation of specialized agencies in the formulation of governments' requests, their evaluation and execution. Paragraphs 32 and 34

respectively state, *inter alia*, that "the Special Fund, the Expanded Programme of Technical Assistance, the United Nations, the specialized agencies and the International Atomic Energy Agency should be ready to assist and advise governments, at their request, on the preparation of their applications for assistance", and that the Managing Director, in the evaluation of project requests, "will normally be expected to rely upon the assistance of existing services within the Expanded Programme of Technical Assistance, the United Nations, the specialized agencies and the International Atomic Energy Agency". As to the carrying out of projects, they shall be executed, under paragraph 39, "whenever possible by the United Nations, the specialized agencies concerned, or by the International Atomic Energy Agency, it being understood that the Managing Director shall also be authorized to contract for the services of other agencies, private firms or individual experts". Where requests for assistance fall within the field of two or more organizations, "arrangements shall be made (in accordance with paragraph 41) for joint execution by the organizations concerned and for proper co-ordination".

9. In view of these provisions, the Director-General wishes to suggest that the Executive Board:

- (1) authorize him to initiate with the Managing Director such negotiations on an agreement for co-operation as may be required and, if necessary, to submit it to the Twelfth World Health Assembly;
- (2) recommend to the Assembly:
  - (i) to delegate to the Executive Board the authority to act on behalf of the World Health Assembly concerning any question related to the Special Fund;
  - (ii) to authorize the Director-General to cooperate with the Special Fund and enter into working arrangements for the provision of services and the execution of health projects.

## Appendix

### ESTABLISHMENT OF THE SPECIAL FUND

#### Resolution 1240 (XIII) of the United Nations General Assembly<sup>1</sup>

##### *The General Assembly,*

*In conformity with the determination of the United Nations, as expressed in its Charter, to promote social progress and better standards of life in larger freedom and, for these ends, to employ international machinery for the promotion of the economic and social advancement of all peoples,*

*Conscious of the particular needs of the less developed countries for international aid in achieving accelerated development of their economic and social infrastructure,*

*Recalling its resolution 1219 (XII) of 14 December 1957,*

*Further recalling previous resolutions on the establishment of an international fund for economic development within the framework of the United Nations,*

<sup>1</sup> Mimeographed version

Noting the recommendations contained in Economic and Social Council resolution 692 (XXVI) of 31 July 1958,

#### PART A

1. Commends the Preparatory Committee on its work;
2. Establishes a Special Fund in accordance with the provisions set forth in part B below :

#### PART B

##### I. Guiding principles and criteria

1. Pursuant to the provisions of General Assembly resolution 1219 (XII) and pending a review by the Assembly of the scope and future activities of the Special Fund, as envisaged in section III of that resolution, the Special Fund shall :

- (a) Be a separate fund;
- (b) Provide systematic and sustained assistance in fields essential to the integrated technical, economic and social development of the less developed countries;
- (c) In view of the resources prospectively available at this time, which are not likely to exceed \$100 million annually, direct its operations towards enlarging the scope of the United Nations programmes of technical assistance so as to include special projects in certain basic fields as outlined hereunder.  
The Special Fund is thus envisaged as a constructive advance in United Nations assistance to the less developed countries which should be of immediate significance in accelerating their economic development by, *inter alia*, facilitating new capital investments of all types by creating conditions which would make such investments either feasible or more effective.

2. In establishing programmes, the Managing Director and the Governing Council of the Special Fund shall be guided by the following principles and criteria :

- (a) The Special Fund shall concentrate, as far as practicable, on relatively large projects and avoid allocation of its resources over a great number of small projects;
- (b) Due consideration shall be given to the urgency of the needs of the requesting countries;
- (c) Projects shall be undertaken which will lead to early results and have the widest possible impact in advancing the economic, social or technical development of the country or countries concerned, in particular by facilitating new capital investments;
- (d) Due consideration shall be given to a wide geographical distribution in allocations over a period of years;
- (e) Due consideration shall be given to technical, organizational and financial problems likely to be encountered in executing a proposed project;
- (f) Due consideration shall be given to the arrangements made for the integration of projects into national development programmes and for effective co-ordination of the project with other multilateral and bilateral programmes;
- (g) In accordance with the principles of the Charter of the United Nations, the assistance furnished by the Special Fund shall not be a means of foreign economic and political interference in the internal affairs of the country or countries concerned and shall not be accompanied by any conditions of a political nature;
- (h) Projects shall be devised in such a way as to facilitate transfer, as soon as practicable, of the responsibilities of the

Special Fund to assisted countries or to organizations designated by them.

3. Projects may be for one country or a group of countries or a region.
4. Projects may be approved for the period of time needed for their execution, even if more than one year.

##### II. Basic fields of assistance and types of project

5. The Special Fund shall assist projects in the fields of resources, including the assessment and development of manpower, industry, including handicrafts and cottage industries, agriculture, transport and communications, building and housing, health, education, statistics and public administration.

6. In view of the resources prospectively available at the time of the initial period of the Special Fund's operations, projects to be assisted by the Special Fund might be in one or a combination of the following forms : surveys; research and training; demonstration, including pilot projects. These may be implemented by the provision of staff, experts, equipment, supplies and services, as well as the establishment of institutes, demonstration centres, plants or works, and other appropriate means, including fellowships, in so far as they are integral parts of a specific project financed by the Special Fund, in such proportions as are judged necessary by the Managing Director for each project, taking into account the type of assistance requested by Governments.

##### III. Participation in the Special Fund

7. Participation in the Special Fund shall be open to any States Members of the United Nations, or members of the specialized agencies or of the International Atomic Energy Agency.

##### IV. Organization and management

8. There are established as organs of the Special Fund : a Governing Council, a Managing Director and his staff, and a consultative board. The Special Fund shall be an organ of the United Nations administered under the authority of the Economic and Social Council and of the General Assembly, which will exercise in respect of the Special Fund their powers under the Charter.

9. The Economic and Social Council shall be responsible for the formulation of the general rules and principles which will govern the administration and operations of the Special Fund; the review of the operations of the Special Fund on the basis of the annual reports to be submitted by the Governing Council; and the consideration of the Expanded Programme of Technical Assistance and of the Special Fund in relation to each other.

10. The Economic and Social Council shall transmit the report of the Governing Council, together with its own comments, to the General Assembly. The Assembly will review the progress and operations of the Special Fund as a separate subject of its agenda and make any appropriate recommendations.

##### Governing Council

11. The immediate inter-governmental control of the policies and operations of the Special Fund shall be exercised

by a Governing Council which will consist of representatives of eighteen States.

12. The Governing Council shall provide general policy guidance on the administration and operations of the Special Fund. It shall have final authority for the approval of the projects and programmes recommended by the Managing Director. It shall review the administration and the execution of the Special Fund's approved projects, and shall submit reports and recommendations to the Economic and Social Council, including such recommendations as the Governing Council may deem appropriate in the light of the relevant provisions of General Assembly resolution 1219 (XII).

13. The States Members of the Governing Council shall be elected by the Economic and Social Council from among Members of the United Nations or members of the specialized agencies or of the International Atomic Energy Agency.

14. There shall be equal representation on the Governing Council of economically more developed Countries, having due regard to their contributions to the Special Fund, on the one hand, and of less developed countries, on the other hand, taking into account the need for equitable geographical distribution among the latter members.

15. States Members of the Governing Council shall be elected for a term of three years, provided, however, that of the members elected at the first election, the terms of six members shall expire at the end of one year and the terms of six other members at the end of two years. Retiring members shall be eligible for re-election.

16. Decisions of the Governing Council on important questions shall be made by a two-thirds majority of the members present and voting. These questions shall include questions of policy, the approval of projects and the allocation of funds. Decisions of the Governing Council on other questions shall be made by a majority of the members present and voting.

17. The Governing Council shall adopt its own rules of procedure, including the method of selecting its officers.

18. The Governing Council shall normally meet twice a year and on such occasions as may be necessary, in conformity with its rules of procedure.

19. The Managing Director of the Special Fund shall participate without vote in the deliberations of the Governing Council.

20. The Governing Council shall make appropriate arrangements in its rules of procedure for the representation of the specialized agencies, the International Atomic Energy Agency and the Executive Chairman of the Technical Assistance Board. To this end, it shall take due account of the practice followed by the Economic and Social Council.

#### *Managing Director*

21. The Special Fund shall be administered by a Managing Director under the policy guidance of the Governing Council. The Managing Director shall have the over-all responsibility for the operations of the Fund, with sole authority to recommend to the Governing Council projects submitted by Governments.

22. After having consulted the Governing Council, the Secretary-General will appoint the Managing Director, subject to confirmation by the General Assembly.

23. The Managing Director shall be appointed for a term of four years, or for a shorter period. He shall be eligible for reappointment.

24. Appropriate arrangements shall be made for the participation of the Managing Director in the Technical Assistance Board.

25. The Managing Director shall establish and maintain close and continuing working relationships with the specialized agencies concerned with those fields of activity in which the Special Fund will operate, and with the International Atomic Energy Agency. He may also establish appropriate contacts with other organizations which may be concerned with the activities of the Fund.

#### *Consultative Board*

26. A Consultative Board shall be established to advise the Managing Director. The function of the Board shall be to assist the Managing Director with advice in the examination and appraisal of project requests and proposed programmes of the Special Fund. The Board shall be 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 or their designated representatives.

27. The Managing Director shall make, as appropriate, arrangements for representatives of the specialized agencies and of the International Atomic Energy Agency to be invited to the deliberations of the Consultative Board when projects falling mainly within their fields of activity are considered.

#### *Staff*

28. The Managing Director shall be assisted by a small group of officials to be selected by, or in consultation with him, on the basis of their special competence.

29. For other services, the Managing Director shall rely as far as possible on the existing facilities of the United Nations, the specialized agencies, the International Atomic Energy Agency, and the Technical Assistance Board. These facilities should be made available to the Special Fund without charge except when clearly identifiable additional expenses are involved. The Managing Director may also, as required, engage expert consultants.

30. To facilitate the field co-ordination between the Special Fund and the Expanded Programme of Technical Assistance in the countries seeking assistance, the Managing Director shall enter into an agreement with the Executive Chairman of the Technical Assistance Board concerning the role of the resident representatives in the work of the Fund.

## V. Procedures

#### *Sources and formulation of requests*

31. Projects shall be undertaken only at the request of a government or group of governments eligible to participate in the Special Fund.

32. Governments shall present their requests for assistance in a form indicated by the Managing Director. Requests shall include all possible information on the intended use and benefits expected to be derived from the Special Fund's assistance, evidence of a technical nature regarding the projects for which assistance is requested, data bearing upon the economic appraisal of such projects, and statements concerning the part of costs which the government itself would be ready to assume. The Special Fund, the Expanded Programme of

Technical Assistance, the United Nations, the specialized agencies and the International Atomic Energy Agency should be ready to assist and advise governments at their request, in the preparation of their applications for assistance.

33. The Special Fund shall utilize only the official channel designated by each government for the submission of requests.

#### *Evaluation and approval of requests*

34. The Managing Director shall be responsible for the evaluation of project requests. In this evaluation, he will normally be expected to rely upon the assistance of existing services within the Expanded Programme of Technical Assistance, the United Nations, the specialized agencies and the International Atomic Energy Agency. He shall also be authorized to contract the services of other agencies, private firms or individual experts for this purpose, in case the services of the United Nations, the specialized agencies or the International Atomic Energy Agency are wholly or partly unavailable or inadequate.

35. On the basis of the evaluation of project requests, the Managing Director shall periodically develop programmes for submission to the Governing Council. In developing his recommendations to the Governing Council, he shall consult the Consultative Board.

36. The Managing Director shall, at the request of the Government or Governments which have submitted such projects, submit to the Governing Council for its consideration a report on project requests which he has been unable to include in his programme.

37. The Governing Council shall examine the programmes and projects submitted by the Managing Director. Each project shall be accompanied by :

(a) An evaluation of the benefits expected to be derived by the requesting country or countries;

(b) A summary of its technical evaluation;

(c) A proposed budget showing the financial implications of the project in their entirety, including a statement on the costs which would be borne by the recipient Governments;

(d) A draft agreement with the requesting Government or Governments;

(e) When appropriate, a draft agreement with the agent or agents responsible for execution of the project.

38. The Governing Council shall take a final decision on the projects and programmes recommended by the Managing Director and authorize him to conclude the appropriate agreements.

#### *Execution of projects*

39. Projects shall be executed, whenever possible, by the United Nations, by the specialized agencies concerned, or by the International Atomic Energy Agency, it being understood that the Managing Director shall also be authorized to contract for the services of other agencies, private firms or individual experts in the cases mentioned in paragraph 34 above.

40. Arrangements for the execution of projects shall be subject to the approval of the requesting Government or Governments, and shall be specified in an agreement with these Governments. Such arrangements shall contain provisions regarding the cost, including any local costs, which the re-

questing Government will assume and those facilities and services it will provide.

41. Where requests for assistance fall within the sphere of two or more organizations, arrangements shall be made for joint execution by the organizations concerned and for proper co-ordination.

42. The Managing Director shall make appropriate arrangements to follow the execution of projects.

43. The Managing Director shall report to the Governing Council on the status of projects and the financial position of the projects and programmes.

44. The Managing Director and the Governing Council shall take appropriate measures to ensure an objective evaluation of the results of projects and programmes.

## VI. Finances

45. The financial resources of the Special Fund shall be derived from voluntary contributions by Governments of States Members of the United Nations, or members of the specialized agencies or of the International Atomic Energy Agency. The Fund is also authorized to receive donations from non-governmental sources. It is recommended that contributions by Governments should be paid as early in each year as possible. Furthermore, while contributions will normally be on an annual basis, it is recommended, in view of the expected longer term of many of the Fund's projects, that contributions be pledged or indicated, whenever possible, for a number of years.

46. The Secretary-General is requested to convene annually a pledging conference at which Governments would announce their contributions to the Expanded Programme of Technical Assistance and to the Special Fund respectively. If a Government pledges an initial lump sum, it should, within a reasonably short period, indicate the division of its contribution between the two programmes.

47. Contributions shall be made by Governments in currency readily usable by the Special Fund consistent with the need for efficiency and economy of the Fund's operations, or shall be transferable to the greatest possible extent into currency readily usable by the Fund. To this end, Governments are urged to make available as large a percentage as they may find possible of their contributions in such currency or currencies as the Managing Director may indicate are required for the execution of the Fund's programme. The Managing Director should, consistent with the criteria set forth respecting the nature and utilization of contributions, endeavour to make the fullest possible use of available currencies.

48. The Managing Director shall, at the end of the first year of the operations of the Special Fund and subsequently as he deems necessary, report to the Governing Council for its consideration on the extent to which restrictions which may have been maintained on contributions have affected the flexibility, efficiency and economy of the Fund's operations. The Governing Council shall also consider what action may be necessary with respect to currency found not readily usable in order to facilitate the Fund's operations. Any action in this respect shall be subject to review by the Economic and Social Council and the General Assembly.

49. Contributions shall be made without limitation as to use by a specific agency or in a specific recipient country or for a specific project.

50. To the end that the multilateral character of the Special Fund shall be strictly respected, no contributing country should receive special treatment with respect to its contribution nor should negotiations for the use of currencies take place between contributing and receiving countries.

51. Since programmes shall be developed on a project basis, there should be no *a priori* allocation of funds on a country basis or among basic fields of assistance.

52. Recipient Governments shall be expected to finance part of the costs of projects, at least that part payable in local currency. This general rule may, however, be waived in the case of countries deemed financially unable to make even a local currency payment.

53. The Special Fund shall be governed by financial regulations consistent with the financial regulations and policies of the United Nations. The financial regulations for the Fund shall be drafted by the Secretary-General of the United Nations, in consultation with the Managing Director, for approval by the Governing Council, after review by the Advisory Committee for Administrative and Budgetary Questions. In the preparation of these regulations, account shall be taken of the special requirements of the Fund's operations; in particular, appropriate provision shall be made to permit the approval of projects of more than one year's duration and for an exchange of currencies between the Fund and the Special Account for the Expanded Programme of Technical Assistance. Provision should also exist under which the Managing Director is authorized in consultation

with the Governing Council to establish appropriate financial rules and procedures.

54. The administrative budget prepared by the Managing Director with the assistance of the Secretary-General of the United Nations shall be submitted for approval to the Governing Council with the comments, if any, of the Advisory Committee on Administrative and Budgetary Questions. It shall be submitted to the General Assembly at the same time as the annual report of the Governing Council with the comments of the Advisory Committee on Administrative and Budgetary Questions.

55. The Special Fund shall be authorized to build up gradually a reserve fund by earmarking a specific percentage of the total contributions of each year up to an amount to be determined by the Governing Council on the recommendation of the Managing Director.

56. The Governing Council shall be authorized to consider allocating part of the resources of the Special Fund for assistance on a refundable basis at the request of Governments for projects within the terms of reference of the Fund.

#### PART C

*Reaffirms* the conditions set forth in section III of General Assembly resolution 1219 (XII), under which the Assembly shall review the scope and future activities of the Special Fund and take such action as it may deem appropriate.

*776th plenary meeting,  
14 October 1958*

CD11/20 (Eng.)  
ANNEX II  
ORIGINAL: ENGLISH

A N N E X    I I

document A12/P.B/12

REPORT ON THE ESTABLISHMENT OF THE SPECIAL FUND  
BY THE GENERAL ASSEMBLY OF THE UNITED NATIONS  
(RESOLUTIONS 1219 (XII) AND 1240 (XIII) )

and annex I



TWELFTH WORLD HEALTH ASSEMBLY

A12/P&B/12  
4 May 1959

Provisional agenda item 6.10

ORIGINAL: ENGLISH

REPORT ON THE ESTABLISHMENT OF THE SPECIAL FUND  
BY THE GENERAL ASSEMBLY OF THE UNITED NATIONS  
(RESOLUTIONS 1219 (XII) AND 1240 (XIII))

Report by the Director-General

1. INTRODUCTION

1.1 Pursuant to resolution WHA8.21 adopted by the World Health Assembly concerning a proposed Special Fund for improving national health services, the Director-General has been submitting progress reports to the World Health Assembly and the Executive Board on developments regarding the establishment by the United Nations of a Special United Nations Fund for Economic Development, the latest reports being to the Eleventh World Health Assembly and the Executive Board at its twentieth-third session.<sup>1</sup>

1.2 The Director-General reported to the Executive Board at its twenty-third session that a Special Fund had been created by the Thirteenth General Assembly of the United Nations, "to provide systematic and sustained assistance in fields essential to the integrated technical, economic and social development of the less developed countries" Following the discussion of this report, the Executive Board adopted resolution EB23.R80.<sup>2</sup>

2. DEVELOPMENTS SINCE THE TWENTY-THIRD SESSION OF THE EXECUTIVE BOARD

2.1 Development of the Special Fund

2.1.1 In the period following the twenty-third session of the Executive Board, the Special Fund has been elaborating its policy, formulating its programme and establishing procedure for the presentation of government requests as well as for co-operation with specialized agencies. The first session of its Governing Council took place on 26-27 January in New York; that session was primarily devoted to the administrative arrangements of the Special Fund and to organizational matters related to the Governing Council. The second session of the Governing Council has been scheduled from 26-28 May, when the first programme of operations recommended by the Managing Director on the basis of the requests received will be examined.

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<sup>1</sup> Off.Rec. Wld Hlth Org. 87, Annex 18, pages 486-501  
Off.Rec. Wld Hlth Org. 91, Annex 27, pages 138-141

<sup>2</sup> Off.Rec. Wld Hlth Org. 91, 41

2.1.2 It has been reiterated that the Special Fund's assistance will be limited to surveys, research and training, and demonstrations including pilot projects, and that assistance will not be extended to any projects which include operations. The Managing Director of the Special Fund advanced the opinion that the programme should put major emphasis on projects which would demonstrate the wealth-producing potential of unsurveyed natural resources in the less developed countries, on training and research institutes and on surveys of limited cost which would lead to early investment. It should be well-balanced as between these types of projects and also well distributed geographically. From the standpoint of cost these projects divide themselves into three categories ranging from \$ 100 000 to \$ 5 million. A statement by Mr Paul G. Hoffman, Managing Director, containing his detailed suggestions on the Special Fund's policy in this connexion is attached as Annex I. However, at an informal meeting with members of the Technical Assistance Board in March, the Deputy Managing Director of the Fund stated that the Managing Director is not thinking primarily in terms of multi-million-dollar projects, but of somewhat smaller projects.

By the end of January, it was assumed that contributions equivalent to at least some US\$ 26 million will be pledged by governments for 1959.

2.1.3 An explanatory paper clarifying the objectives and principles of the Special Fund and the methods and procedure of its operation, as well as a memorandum advising governments on the procedure to follow in the formulation and presentation of their requests were sent to all Member States of the United Nations, the specialized agencies and the International Atomic Energy Agency. In accordance with the suggested procedure, requests for assistance from the Special Fund should be forwarded to the Managing Director by the Resident Representative of the Technical Assistance Board. The Managing Director has asked the Resident Representatives of the Technical Assistance Board to be the Special Fund's normal channel of communication with the governments to which they are assigned, and to assist governments in any way possible in the preparation and formulation of requests.

In countries or territories where there is no Resident Representative, requests should be sent direct to the Managing Director.

2.1.4 The intention has been expressed by the Special Fund to co-operate with the specialized agencies, and to make use of their varied experience in the work of providing technical and economic aid to underdeveloped countries. The Managing Director of the Fund has suggested that the field staff of specialized agencies be instructed to co-operate with the representatives of the Technical Assistance Board in the preparation and formulation of requests. At the invitation of the Managing Director, an informal meeting with representatives of the specialized agencies was held at the United Nations Headquarters; the latter also attended the first session of the Special Fund's Governing Body.

## 2.2 Relationships between the Special Fund and the World Health Organization

2.2.5 Since the Managing Director of the Special Fund took over his responsibilities, correspondence has been exchanged between him and the Director-General on general questions involved in the establishment of co-operation, as well as on more specific questions regarding the types of health projects which could be assisted by the Special Fund and arrangements for carrying out such projects. In view of the opinions advanced at the Eleventh World Health Assembly that the Special Fund should be approached in order to explore to what extent governments could apply to it for assistance in the execution of their malaria eradication programmes, the Director-General has made specific inquiries in this respect.

2.2.6 Following the authorization by the Executive Board for "the Director-General to initiate with the Managing Director of the Special Fund such negotiations on arrangements for co-operation as may be required",<sup>1</sup> a meeting was arranged last February between the Managing Director, his Deputy and a representative of the Director-General. In the course of that meeting, the questions referred to above were reviewed and the representative of the Director-General emphasized the Organization's desire to co-operate fully with the Fund.

2.2.7 These discussions confirmed the hope expressed by the Executive Board "that in its activities the Special Fund will give due attention to the importance of health in an integrated economic and social development, and will extend its assistance to the carrying out of outstanding health projects". The Managing Director

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<sup>1</sup> Off. Rec. Wld Hlth Org. 91, resolution EB23.R80, page 41

has assured the representative of the Director-General that should requests for health projects of the type defined by the Special Fund be submitted, they will be taken into consideration. To our knowledge, no such request has as yet been made by any government.

2.2.8 As to the malaria eradication programme, which includes operations, it is considered by the Managing Director as outside of the Special Fund's field. In this connexion, the Director-General has received the following letter dated New York, February 27, 1959, from the Managing Director:

"My associates and I have had an opportunity since the recent meeting of our Governing Council to renew in a preliminary fashion various proposals which have come to us concerning the possibility of assistance from the Special Fund.

The Special Fund's field includes 'surveys, research and training, and demonstration including pilot projects' in health and housing, and we shall be at all times glad to receive proposals from governments which fall within these terms of reference. Malaria eradication as such does not fall within our terms of reference."

2.2.9 No formal notification has yet been received in respect of arrangements for the carrying out by the World Health Organization of any health projects approved by the Special Fund authorities. In accordance with paragraph 3 of the Executive Board's resolution EB23.R80, the Managing Director of the Special Fund was informed that the World Health Organization favours a contractual relationship as the simplest arrangement in this respect. The Deputy Managing Director of the Fund informed an informal meeting of members of the Technical Assistance Board that, once the Governing Council has approved a project and selected an executing agency (normally the United Nations or a specialized agency) the Fund will execute an agreement with the agency on the work to be done by the agency. Any related non-project costs to be reimbursed by the Fund will be negotiated at the same time.

2.2.10 The resolution which the Executive Board recommends to the World Health Assembly for adoption will enable the Executive Board and the Director-General to pursue action to ensure co-operation with the Special Fund and to enter into such working arrangements as might be appropriate.

### 3. CONCLUSIONS

3.1 From the outset, the World Health Organization has considered the establishment of the Special Fund as an important milestone in the development of international co-operation and a new source for increasing assistance in the economic and social fields. The Director-General wishes again to stress the importance of ensuring that the health aspects and potential implications of comprehensive development projects submitted to the Special Fund are fully taken into consideration from the planning stage.

3.2 The Director-General wishes to point out, however, that the participation of the Special Fund in health projects will primarily depend upon governments. It is the individual government's responsibility to include the health aspects in its proposed multi-purpose projects or to formulate its requests for separate health projects and submit them in accordance with the Special Fund's procedure. The World Health Organization's Headquarters, regional officers, and field staff will co-operate and extend full assistance to governments in the planning and preparation of such requests.

STATEMENT BY THE MANAGING DIRECTOR OF THE SPECIAL FUND TO  
THE FIRST MEETING OF THE GOVERNING COUNCIL OUTLINING  
THREE CATEGORIES OF PROJECTS

"In the first category we would place large undertakings involving expenditure of as much as five million dollars, which might take several years to complete. These might well be regional in character. We have already had submitted to us several proposals for surveys of great rivers whose waters, if properly utilized for irrigation, power and other purposes, might substantially add to the wealth of the nations in the region.

In the second category we have in mind placing projects of two types, costing in the neighbourhood of a million dollars. First, general and comprehensive resource surveys; second, training and research centres for which there seems to be a great need. We have already received a great number of applications to support training institutes of various kinds, and we have no doubt that the Fund can make a major contribution in this area. We are also very conscious of the need to strengthen research institutions, in all spheres of knowledge, and in particular in agricultural and livestock research. Here also there is scope for activity on a regional basis, though of course national institutes may be fully justifiable. Pilot plants fall within this same category of research activity. In many cases industrial processing will use the same techniques in developed as in under-developed countries, and activity on the pilot scale would be required only in special circumstances. Nevertheless, new techniques need to be developed and exploited which suit the resources of under-developed countries, and we see this as a sphere in which the Fund may make an imaginative contribution. Several of the specialized agencies have shown their interest in research and training institutes. We shall, of course, solicit the assistance of the appropriate specialized agencies in both evaluating our projects and in working out all plans for establishing them.

In the third category we would place surveys, somewhat limited in nature involving costs say between \$100,000 and \$500,000, which give promise of uncovering projects of immediate interest to investing agencies. These pre-investment surveys might often take the form of a preliminary engineering or feasibility report. By 'feasibility' I mean the stage which comes between the general survey recommending the establishment of a given industry and the full engineering report in which a project is spelled out in final form in terms of blueprints, specifications, construction contracts, etc. The feasibility report involves economic, technical and commercial evaluation of raw materials, production capacity, capital requirements, cost and profit possibilities, selection of the site in relation to the raw material and market for the finished product, power, water and transport facilities. We have too few projects of this character at the present time but we hope that the emphasis which has been placed on large undertakings will not discourage governments from filing such requests."