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

1 INTRODUCTION

The Special Fund was established by the General Assembly of the United Nations on 14 October 1958 by resolution 1240 (XIII) 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, agriculture, transport and communications, building and housing, health, education statistics and public administration".

The Director-General reported on this matter to the Executive Board at its twenty-third session and following discussion the Executive Board adopted resolution EB23.R80¹ which requested the Director-General to report developments in this matter to the Twelfth World Health Assembly.

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 procedures 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 was held on 26-28 May, when the first programme of operations recommended by the Managing Director on the basis of the requests received was examined.

/2.1.2 It has ...

¹ 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.

Regional projects may also be implemented if it is considered that the information to be sought is of interest to several countries; if the problem to be tackled involves movement across national frontiers; if the project can be handled more economically on a regional basis; or if the project is part of a wider move towards economic integration or customs union. The Managing Director will, however, only recommend it if it will receive financial support from two or more of the governments concerned.

Some regional projects are devised by regional commissions of the United Nations or by regional bodies of the specialized agencies. These bodies often play a useful part in developing regional projects, but, under the General Assembly resolution, only governments are authorized to submit requests to the Fund. Every regional project must be sponsored individually by the governments concerned, each of whom must state that it is willing to contribute to the cost of the project, and indicate how much it will contribute. Many projects continue after Special Fund financing has ceased, and the Managing Director usually requires assurance that the sponsoring country will assume full financial responsibility. In the case of regional projects, this may require the sponsoring governments to enter into an international agreement providing for the continuance of the project after Fund participation has ceased.

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 and the specialized agencies. 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 (see Annex 1 for form and content of request). 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 Special Fund has also expressed its intention 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. ...

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.

3 PROGRAMMES APPROVED BY THE GOVERNING COUNCIL

3.1 At its second session the Governing Council approved the following thirteen projects:

Argentina	An electric power study
Costa Rica, Guatemala, Honduras, Nicaragua, El Salvador	Central American Research Institute for Industry (ICAITI)
Ghana	Survey of Volta River flood plain
Greece	Pilot project in ground water development
Guinea	General development survey
India	Industrial Instructors' Training Institute
Israel	Pilot project in watershed management
Poland	National centre for training supervisory personnel in industry
Thailand	Investigation of the silting conditions in the Bangkok port channel
Turkey	Middle East Technical University
United Arab Republic	Pilot project for drainage of irrigated land
United Arab Republic	Soil survey from aerial photographs
Yugoslavia	Training of vocational instructors

The discussion of the Economic and Social Council showed that the 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 a positive bearing on the Fund's future policy in connexion with health problems.

/3.2 Comments ...

3.2 Comments on projects submitted to the Special Fund

At the meeting of the Governing Council of the Special Fund, the Managing Director stated that "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.

3.3 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. These basic agreements will cover all matters which are common to every project.

4 RESPONSIBILITY OF GOVERNMENTS

Governments will be expected to contribute to the cost of the project by providing, for example, labour, material, equipment and supplies available locally; the local living costs of experts and other personnel assigned by the Special Fund or the Executing Agency to the country concerned; local administrative and clerical services; transportation of personnel and supplies and equipment within the country; postage and telecommunications for official purposes. They will also be expected to furnish the necessary office space and other premises.

The terms of reference of the Special Fund place squarely upon the countries themselves the responsibility of proposing projects, for contributing substantially to their costs and for obligations which will continue when the project is completed or handed over. The Managing Director has stated that the Special Fund should not be called upon to defray expenditures which are a normal part of a government's budget and it will consequently limit its financing to projects for which there is a terminal point to the Fund's commitments. It will give assistance only to new or experimental programmes and any programme which merely extended a project which already existed in one part of a country to other parts, should be met from the Government's budget. Many projects will continue after Special Fund financing has ceased and the Managing Director usually requires assurance that the sponsoring country will assume full financial responsibility on the withdrawal of Special Fund assistance.

5 ACTION TAKEN BY THE TWELFTH WORLD HEALTH ASSEMBLY

The Twelfth World Health Assembly having considered the report of the Director-General on the establishment of the Special Fund¹ delegated to

/the Executive ...

¹ Document A12/P&B/12

the Executive Board the authority to act on behalf of the World Health Assembly concerning any question related to the Special Fund, and authorized the Director-General to co-operate with the Special Fund and to enter into working arrangements for the provision of services and the execution of health projects.

6 HEALTH PROGRAMMES WHICH MIGHT APPROPRIATELY BE FINANCED FROM THE SPECIAL FUND

The Director-General has suggested that the activities in the field of health directly related to economic development and the purposes for which special projects are to be accepted might fall within the following three inter-related groups:¹

- (1) Certain diseases are in themselves important in the economic development of underdeveloped countries, for instance, malaria, yaws, tuberculosis, bilharziasis, ankylostomiasis, onchocerciasis and trypanosomiasis, the latter such diseases would have a direct impact on the economic development and on the standard of living.
- (2) Since economic development cannot be dissociated from manpower resources and is dependent on a productive labour force, a healthy population is basic to any large-scale industrial or agricultural development programme. This requires healthy living conditions and due consideration should be given to the health aspects of housing and town planning. More particularly the need for providing a safe and adequate water supply and sewerage systems. Sound public health services are indispensable to provide both preventive and curative facilities and of course occupational health problems must be met.
- (3) Economic development is liable to create new health problems by the spread of diseases. Two classical examples are malaria and bilharziasis which have been dangerously spread to new areas through irrigation or other water resources schemes. In addition, important industrial development schemes, which bring about the migration of populations and their crowding in relatively small areas, may create health hazards to the newcomers as well as to the local population.

7 ACTION TAKEN ON THE REGIONAL LEVEL

Two meetings have been held in the Regional Office to discuss the possible use of the Special Fund by countries in the Western Pacific. The area representatives have been fully briefed on the matter and are being sent copies of all documentation received from Headquarters. The services of the regional office staff are available to discuss with health administrations any possible projects which it is considered

/might be ...

¹ Off. Rec. Wld Hlth Org. 87, Annex 18, page 487

might be presented to the Governing Council of the Special Fund and to assist in the preparation of a project proposal.

The first government in the Region to submit such a proposal is Korea which has requested assistance in a clonorchiasis and paragonimiasis control project.

ANNEX 1

UNITED NATIONS SPECIAL FUND

Memorandum

The Form and Content of a Request to the Special Fund

The following has been prepared by the Managing Director to serve as a guide to Governments submitting requests to the Special Fund. The type, scope and nature of projects eligible for financing by the Special Fund, under General Assembly resolution 1240 (XIII), are described in "The United Nations Special Fund - An Explanatory Paper by the Managing Director" (SF/1).

A. Covering Letters

The request should normally be accompanied by a formal submission by the person or body designated by the Government to be responsible for submitting requests to the Special Fund. It should be forwarded to the Managing Director by the Resident Representative of the Technical Assistance Board. In countries or territories where there is no Resident Representative, it should be sent direct to the Managing Director.

B. Summary of the Request

This should consist of a resumé of the salient features of the project submission. It should not exceed 1000 words and should be submitted in six copies.

C. Origin

Fairly full information could be given here. This information should include a historical summary of work previously done and an account of when and where the project originated, e.g., a government department, a private group sponsored by the Government, a visiting mission, the advice of an expert or consultant, resolution of a United Nations organ, or recommendation of an agency. There should be annexed the relevant substantive documentation, such as departmental memoranda, expert or mission reports or financial estimates where they exist. The development of the proposal should be traced up to the point of submission, giving, when pertinent, the name of the principal participants.

D. The project

(a) Its purposes: The request should contain a full statement as to the contribution which the project is expected to make to the development of the country. This should relate to its immediate significance in, for instance, facilitating new capital investments, introducing technological innovations or improving technical skills. Where the project is

/intended to ...

intended to lay the basis for the production of a specific commodity, a realistic market analysis for that commodity should be included. Schemes for training institutes should be supported by an estimate of the demand for the services of persons who will be trained. Projects for creating new research stations should state how the research to be done in those stations fits into research already done elsewhere. The request should also be accompanied by a statement as to the degree of urgency attached to the project.

(b) Description: (i) A full description of what is proposed should be given. This should include details concerning the service, engineering and financial aspects of the project; its location, physical features and staff and its administration. Technical, organizational and financial problems likely to be encountered in its execution should also be stated.

(ii) A detailed breakdown of the total cost is required. This should include salaries and wages, equipment and other costs, including fellowships when these are part of the project; foreign exchange costs should be distinguished from local costs. When the project extends over more than a year, details should be given of the outlay for each year.

(iii) The timetable should contain a starting date for work on the project, its phasing and scheduled completion date.

(iv) The arrangements envisaged for the integration of the project into a national development plan, where such **exists**, should be described. In addition to a description of how the project will fit into the general economic scheme, particulars should also be given as to the relationship of, and co-ordination with, closely associated projects and programmes and, where such projects are complementary to the Special Fund project, their timing.

(c) Financing: (i) The submission should state how much the Government is willing to contribute to the cost of the project, and how much will be contributed by other agencies, besides the sponsoring Government and the Special Fund. Communications from these agencies, indicating their agreement to participate in the project should be annexed.

(ii) If the Special Fund is being asked to contribute to expenditures in local currencies as well as to foreign exchange expenditures, the reason for this should be explained.

(iii) Special attention will be paid by the Managing Director to a statement describing the plans for the future of the project after Special Fund participation has ended. This should include the proposed plan for the transfer of the financial and other responsibilities of the Special Fund to the requesting country or organizations designated by it. Where the project is to be followed up by investment, a statement of the extent of the commitment by the Government or other intending financiers should be appended.

/(iv) ...

(iv) When a Government wishes part or all of the monies requested to be made available on a refundable basis, as provided for in paragraph 56 of General Assembly resolution 1240 B (XIII), details of the scheme should be submitted.

E. Regional Projects

When the requesting Government is willing to extend the facilities of a project to neighbouring countries, the arrangements by which this would be done should be described.

Where a number of countries wish to participate in a project which is the subject of a request to the Special Fund, the request should be supported by statements from the Governments of such countries, indicating the degree and form of their respective financial support.

A request for the financing of a project which is based on, or involves an international agreement, should be accompanied by the text of the treaty and full details regarding its entry into force.

F. Economic Setting

In the case of large projects, the Government may wish to accompany the request with extensive economic information which would be of assistance in appraising the project. On the occasions when this is done, the information could include the following: main geographic and economic features, recent economic history, structure of the economy including the national accounts when these are available, prospects of economic growth, foreign trade and balance of payments position, investment, public and private finance and financial institutions, the status of economic planning, where it exists, together with maps and supporting statistics.

Where the information listed in the preceding paragraph is not given, sufficient information should be given* to indicate that the project falls within the framework of a consistent economic policy. The information on this point should be such that the worthwhileness of the project may be assessed against realistic and consistent estimates as to future developments of the national economy and of its main sectors, whether through capital formation, through the opening up of natural resources, or through the improvement of technical skills.

6 February 1959

*For any project submitted for inclusion in the 1959 programme, this is not a requirement.