



Fifth session

Agenda item 39

BUDGET ESTIMATES FOR THE FINANCIAL YEAR 1951

APPLICATION OF THE UNITED NATIONS FOOD AND AGRICULTURE ORGANIZATION
FOR A LOAN FROM THE WORKING CAPITAL FUNDSeventh report of 1950 of the Advisory Committee on Administrative
and Budgetary Questions

1. In accordance with a decision taken by the Fifth Committee at its 247th meeting on 13 October 1950, the Advisory Committee on Administrative and Budgetary Questions has considered the report of the Secretary-General (A/1322) on the application of the Food and Agriculture Organization for a loan of \$800,000 from the Working Capital Fund of the United Nations.
2. The Advisory Committee takes note that the above amount represents the estimated balance of expenditure relating to the transfer to Rome of the headquarters of FAO, and that the Council of the latter organization proposes that repayment of the loan be made over a period of four years, in equal annual instalments of \$200,000.
3. The draft resolution relating to the Working Capital Fund for the year 1951 submitted by the Advisory Committee (A/1312, chapter I, appendix III)* makes provision for the granting of loans to specialized agencies in the initial stages of their existence and "pending receipt by the agencies concerned of sufficient contributions under their own budgets." It is further provided that such loans shall normally be repayable within two years.
4. The Advisory Committee, having regard to the exceptional circumstances which underlie the application from FAO, recommends that the General Assembly

* See Official Records of the General Assembly, Fifth Session, Supplement No. 7, page 15.

/should approve
A/1445

should approve the granting of a loan of \$800,000 to FAO, subject to repayment within a maximum period of four years, and subject also to the following recommendations:

- (i) In view of the considerations set forth in paragraph 3 above, specific authorization for the loan should be included in the resolution relating to the Working Capital Fund (1951) to be adopted by the General Assembly;
- (ii) Any balance of the loan outstanding at the end of a period of two years from the date of the granting of the loan should bear interest, at a rate to be agreed between the Secretary-General of the United Nations and the Director-General of FAO;
- (iii) The Council of FAO should make every effort to arrange for the repayment of the loan within a shorter term than four years.

5. In making these recommendations, the Committee has taken under consideration the purpose for which the Working Capital Fund of the United Nations has been established, as well as the probability that heavy withdrawals beyond those normally required for the financing of budgetary appropriations may have to be made during the early months of 1951.

6. Finally, the Advisory Committee considers that, if approved by the General Assembly, the proposed loan should in no way constitute a precedent for the submission of other applications of a similar nature.

7. A draft paragraph to give effect to the above recommendation is submitted herewith, for inclusion in the draft resolution relating to the Working Capital Fund (1951):

"4. The Secretary-General is authorized to advance from the Working Capital Fund:

- (a).....
- (b).....
- (c).....
- (d).....

new paragraph

(e) "A loan to the Food and Agriculture Organization of the United

/Nations

Nations to an amount not exceeding \$800,000, to finance the removal of its headquarters to Rome. Such a loan shall be repayable within a maximum period of four years, in annual instalments of not less than \$200,000. Interest, at a rate to be determined between the United Nations and the Food and Agriculture Organization, shall be payable on any balance of the loan outstanding at the end of a period of two years from the date on which the loan is made."

(f).....