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ADVANCES FROM THE WORKING CAPITAL FUND

(WITH SPECIAL REFERENCE TO THE FINANCING OF THE UNITED NATIONS
CONFERENCE ON TRADE AND EMPLOYMENT AND ITS PREPARATORY BODIES)

Report of the Fifth Committee

Rapporteur: Mr. O. P. MACHADO (Brazil)

1. Part B of resolution 166 (II); adopted by the General Assembly on 20 November 1947, authorized the Secretary-General, under certain conditions, to enter into commitments to meet unforeseen and extraordinary expenses during the year 1948, funds for this purpose to be advanced from the Working Capital Fund. Under part C of the same resolution, the Secretary-General was authorised to advance funds from the Working Capital Fund to establish various revolving funds, to make loans to specialized agencies, and to make advances for certain other purposes.
2. In connexion with the above resolution and the request of the Advisory Committee on Administrative and Budgetary Questions that the Secretary-General submit a full report to the General Assembly on the subject of the financing of the United Nations Conference on Trade and Employment (and its preparatory bodies) and of the Interim Commission of the International Trade Organization (A/598, paragraph 229), the Secretary-General presented a report (A/678) on the three main types of advances:
 - Part I - Unforeseen and extraordinary expenses
 - Part II - Revolving funds and recoverable advances
 - Part III - Loans to specialized agencies.
3. In accordance with instructions given by the General Assembly at its 142nd meeting, held on 24 September 1948, this question was referred to the Fifth Committee. The Committee, at its 146th, 151st and 152nd meetings, took note of the parts of the Secretary-General's report dealing with unforeseen and extraordinary expenses and revolving funds and recoverable

advances and discussed the question of advances to the United Nations Conference on Trade and Employment and its preparatory bodies.

4. Before coming to decisions on the specific questions raised by advances to the United Nations Conference on Trade and Employment and its preparatory bodies, the Committee discussed general principles regarding the financing of new specialized agencies. In this connexion, a memorandum of 30 June 1948 addressed by the Advisory Committee on Administrative and Budgetary Questions to the Secretary-General, was circulated to the Fifth Committee (A/C.5/W.91). The Committee decided, at its 151st meeting, to recommend the adoption of the following principles:

- (a) That expenses in connexion with technical preparatory committees established by the Economic and Social Council for the creation of any new specialized agency in accordance with the terms of Article 59 of the Charter and held prior to the first full conference, should be borne, as a general rule, on the United Nations budget;
- (b) That the expenses of a first general conference called to frame the constitution of an organization and to open it for signature may in appropriate circumstances be borne on the United Nations budget;
- (c) That the expenses of preparatory or interim commissions created by the constituent conferences should be borne by the Governments ratifying the constitution of a proposed new specialized agency;
- (d) That any loans made by the United Nations to an established specialized agency should be on a fully reimbursable basis.

5. At a subsequent meeting, the Committee discussed the application of these principles to the financing of the Conference on Trade and Employment and its preparatory bodies. The extent to which the United Nations should assume obligations on its own budget with respect to the financing of the preparatory work for the International Trade Organization was decided by voting separately on the specific advances which had been made during 1947 and 1948 (A/678, page 16). The result of the voting was as follows:

- (a) The Committee decided that the advances made from the Working Capital Fund in connexion with the Drafting Committee of the Preparatory Committee of the Conference on Trade and Employment held at Lake Success in February 1947 and with the second session of the Preparatory Committee, held at Geneva from April to October 1947, should be replenished to the Working Capital Fund by the United Nations (18 votes in favour to 15 against, with 5 abstentions).

- (b) The Committee decided that the advances made from the Working Capital Fund in connexion with the United Nations Conference on Trade and Employment, held at Havana from November 1947 to March 1948 should also be borne by the United Nations (17 votes in favour to 16 against, with 5 abstentions).
- (c) The Committee rejected the proposal that the cost of \$150,000 for salaries of United Nations staff furnished to the United Nations Conference on Trade and Employment held at Havana, should be reimbursed to the United Nations (12 votes in favour to 14 against, with 11 abstentions).
- (d) The Committee then adopted as a whole a United States proposal that all expenses relating to the financing of the preparatory work for the International Trade Organization up to the creation of the Interim Commission should be borne by the United Nations (17 votes in favour to 15 against, with 7 abstentions).

6. The Fifth Committee next considered the question of advances to the Interim Commission of the International Trade Organization for the balance of 1948 and during the year 1949. Upon assurances from the Secretary-General, based on the Final Act and Related Documents of the United Nations Conference on Trade and Employment, and recent assurances of the Executive Secretary of the Commission, the Fifth Committee agreed to approve additional loans to finance expenses of the Interim Commission, not to exceed \$30,000 for the period 1 November to 31 December 1948, and \$344,843 for the financial year 1949, making a total additional loan of \$374,843, with the understanding that all loans made or to be made to the Commission would be repaid to the United Nations within two years from the date such loans have been made (33 votes in favour to none against, with 5 abstentions).

7. The Fifth Committee recommends, therefore, the adoption of the following resolution:

ADVANCES FROM THE WORKING CAPITAL FUND

THE GENERAL ASSEMBLY

1. TAKES NOTE of the report of the Secretary-General with respect to advances from the Working Capital Fund for unforeseen and extraordinary expenses in 1948 and for the operation of the revolving funds and recoverable advances (A/678);

2. DECIDES that sums advanced from the Working Capital Fund to meet expenses relative to the financing of the United Nations Conference on Trade and Employment until the creation of the Interim Commission of the International Trade Organization at Havana, amounting to \$779,642, shall be borne by the United Nations;

3. AUTHORIZES the Secretary-General, subject to the provisions of the resolution on the Working Capital Fund, to make to the Interim Commission of the International Trade Organization, for the purpose of financing its expenses, additional loans from the Working Capital Fund not to exceed:

(a) \$30,000 for the period 1 November 1948 to 31 December 1948;

(b) \$344,843 for the period 1 January 1949 to 31 December 1949;

4. REQUESTS the Secretary-General, in making such loans, to indicate that all loans already made, and those which may be made under this authorization, shall be repayable to the United Nations within two years from the date such loans have been made.
