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BUDGET ESTIMATES FOR THE FINANCIAL YEAR 1951

APPLICATION OF THE UNITED NATIONS FOOD AND AGRICULTURE ORGANIZATION FOR A LOAN FROM THE WORKING CAPITAL FUND

Report of the Secretary-General

1. In accordance with a decision taken by the Council of the Food and Agriculture Organization at its ninth session held in Rome during May 1950, the Director-General of the FAO has submitted to the Secretary-General an application for a loan of \$800,000 from the Working Capital Fund of the United Nations, for the purpose of financing in part the costs of the projected transfer of FAO headquarters from Washington, D. C. to Rome. The balance of the amount needed for financing the expenses of the move will be available from FAO's accumulated reserves.

2. The relevant decision of the Council of the Food and Agriculture Organization, as set out in the report of its ninth session, was as follows:

"Taking into account the decision of the Conference that the unspent balance of the second and third financial years (now estimated at approximately \$420,000) should be used to defray in part the expense connected with the transfer of headquarters to Rome, a balance of approximately \$800,000 will have to be provided from other sources.

"The Council considers that the most practical way of obtaining this amount is for the Director-General to apply to the United Nations for a loan from its Working Capital Fund, to be repaid over a period of four years.

"The Council therefore recommends that the Director-General should forthwith apply, through the Secretary-General of the United Nations, to the United Nations General Assembly for authority to be given to the Secretary-General to grant a loan of approximately \$800,000 to FAO.

"At the same time, the Director-General should take advantage of the very generous offer of the Italian Government to consider the possibility of making such a loan to FAO and should enter into negotiations with that Government to obtain terms as favourable as possible. In the event of a

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loan being granted by the United Nations, it would then be unnecessary for FAO to take advantage of this further instance of the generosity of the Italian Government, which has already helped in many ways to facilitate the early transfer of FAO to Rome. If, however, the loan from the United Nations is not available, or if it is granted for a shorter period than four years, the Director-General should then take advantage of the offer of the Italian Government so that the repayment liabilities of the organization, in respect of any sums borrowed, do not exceed \$200,000 a year, whether the loan is provided wholly by the United Nations, partly by the United Nations and partly by the Italian Government, or wholly by the Italian Government."

3. The Council's request was formally communicated to the Secretary-General in a letter addressed to him on 31 May 1950 by the Director-General of the Food and Agriculture Organization. The attention of the General Assembly is called to the fact that the conditions relating to loans to specialized agencies have customarily been included in the terms of the resolution concerning advances from the Working Capital Fund and have provided, inter alia, that such loans should normally be repayable within a period of two years. The draft resolution on the Working Capital Fund which the Advisory Committee on Administrative and Budgetary Questions has proposed for adoption by the General Assembly, A/1312 (Chapter I, Appendix III*) contains a similar provision with respect to 1951. The application submitted on behalf of the Food and Agriculture Organization, however, seeks authorization for repayment of the \$800,000 requested in equal annual instalments over a four-year period commencing with 1951. The Council of FAO has recommended that, in framing the budget of the organization for 1951 and for each of the three following years, the first charge should be a sum of \$200,000 for payment of such instalments.

4. In a subsequent communication to the Secretary-General, the Director-General of FAO states that final decision regarding the financing of the move of FAO headquarters to Rome will be taken by the FAO Conference which is to convene in Washington on 6 November 1950. The hope is expressed that it will be found possible for the loan application to be considered and disposed of by the General Assembly prior to this date.

* See Official Records of the fifth session of the General Assembly, Supplement No. 7, page 15.

5. The Secretary-General therefore submits the application of the Food and Agriculture Organization for a loan of \$800,000, including the question of repayment terms and conditions, to the General Assembly for a decision, in connexion with its consideration of the draft resolution on the Working Capital Fund under item 39 of the provisional agenda (A/1293).
