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DELEGAÇÃO DOS ESTADOS UNIDOS DO BRASIL
DPD

Comissão Preparatória das Nações Unidas

Nº 47

Londres, em 22 de dezembro de 1945

5 JAN 1946
Nº 230

Quota do Brasil para o Fundo de Emergência das Naçoes Unidas.

602.(04)

Senhor Ministro,

Com referência à correspondencia telegráfica que dirigi a essa Secretaria de Estado, a proposito de certas modificações na quota a ser paga pelo Brasil para o Fundo de Emergencia das Nações Unidas, tenho a honra de passar às mãos de Vossa Excelência, para a devida apreciação, os documentos PC/AB/30, PC/AB/30/Rev.1, PC/AB/30/Rev.2 e PC/AB/30/Rev.3, respectivamente de 10, 12, 16 e 18 do corrente, apresentados pelo Sub-Comité de Assessores Tecnicos à consideração do 6º Comité - de Administração e Orçamento da Comissão Preparatória das Nações Unidas.

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2. Como Vossa Excelência terá oportunidade de examinar nos referidos documentos, as alterações introduzidas no texto do Relatório do Comité Executivo, arts.22 a 25, Capitulo VII, seção IIa., pag. 100, variaram bastante, o que me levou a formular o meu pedido de instruções sobre o

A Sua Excelência o Senhor Pedro Leão Velloso,
Ministro de Estado das Relações Exteriores.

T.G.

o particular.

3. Apresentado o primeiro desses documentos no dia 10 último, ao Comité nº 6, após o adiamento da discussão voltou ao Sub-Comité de Assessores Tecnicos para uma nova revisão que, aliás, por duas vezes mais não satisfez os delegados do Comité de Administração e Orçamento.

4. Somente no dia 18 entrou finalmente em ultima discussão o documento em questão, revisto pela terceira vez. Apresentava nova estrutura, aliás bem diferente do documento original PC/AB/30, de 10 do mês em curso. Suprimia a desigualdade da quota entre as Nações Unidas estabelecida no art. 23, do Capitulo 7ª, Seção Segunda, do Relatorio do Comité Executivo e mantida nos documentos PC/AB/30, PC/AB/30/Rev.1 e PC/AB/30/Rev.2. Essa quota que oscilou nesses documentos de 5.000 a 10.000 dolares para as Nações de percentagem inferior a 3% (Tabela nº 1 da Organização de Alimentação e Agricultura), destinava-se ao Fundo de Emergencia, que, como Vossa Excelência não ignora, é destinado a ocorrer às despesas do ano de 1946 e aos adiantamentos já feitos pelo Reino Unido, até a elaboração do 1º Orçamento das Nações Unidas que será preparado pela Assembléa provavelmente em Setembro do ano vindouro. Para as outras nove Nações, cuja estimativa estava calculada acima dos 3%, a quota variou entre 75% e 85% o que dava para o Brasil, incluido entre estas últimas, a percentagem de 4%, uma vez que a recomendação do Comité de Assessores Tecnicos conservou a sugestão do Comité Executivo, de arredondar essa percentagem para o numero inteiro mais proximo.

5. Passaram assim as Nações Unidas, de acordo com o novo plano proposto no documento PC/AB/30/Rev. 3, a concorrer para o Fundo de Emergencia, obedecendo certa unifor-

uniformidade, guardadas as proporções de quotas, de acordo não mais com a tabela 1a. (do primeiro ano) da Organização de Alimentação e Agricultura - destinada anteriormente apenas a regular o quantum das nove Nações - e sim conforme a tabela do segundo exercicio financeiro da citada Organização. Essa decisão veio beneficiar consideravelmente o Brasil cuja percentagem baixou de 4% a 2,60, além de ficar estatuido que o pagamento dessa quota seria um mero adiantamento a ser posteriormente deduzida na importancia arbitrada pela Assembléa para o primeiro orçamento das Nações Unidas. Além disso ficou estabelecido no novo documento que essa tabela do segundo exercicio financeiro da Organização de Alimentação e Agricultura vigoraria em carater excepcional e apenas para o ano de 1946.

6. Apesar de serem essas modificações bastante mais favoraveis, em principio, varios paises ao ser discutido o documento PC/AB/30/Rev.3, consideraram perigoso dar seu assentimento para que fosse ele transmitido à Assembléa em carater de recomendação, pois materia de tal relevancia exigia cuidados especiais, uma vez que as permanentes mudanças de cifras obrigavam as Delegações a consultar seus respectivos Governos. Entre as Delegações que assim procederam encontrava-se a do Brasil e se bem que apenas nove Nações houvessem exteriorisado o desejo de que o documento em questão fosse encaminhado à Assembleia como simples papel de trabalho, o Comité nº 6 diante da formal discrepancia, assentiu, por unanimidade, em adotar uma nota explicativa,na qual se declarava aceitar que o documento PC/AB/30/Rev.3, não implicava qualquer obrigação financeira a ser tomada pelos Estados Membros perante a Assembleia Geral.

Geral.

7. Ficava assim preservada qualquer decisão posterior que viessemos a tomar e cumpridas as instruções de Vossa Excelência.

8. Ao que se diz, Senhor Ministro, a Assembleia pouco modificará este documento. Dessa forma, dificilmente poderá ser arbitrada, nova percentagem mais favoravel que essa estabelecida pela tabela do segundo exercicio financeiro da Organização de Alimentação e Agricultura. Por outro lado os países membros, considerando que essa contribuição é mero adiantamento, aceitam a percentagem. Segundo calculos rapidamente feitos, a nossa quota para este Fundo de Emergencia variará para o Brasil entre meio milhão de dolares e 750.000 dolares. Estabelecido que essa tabela não vigorará para a avaliação do Orçamento em 1947, parece-me que, salvo melhor juizo, o Brasil poderia aceitar este plano.

9. Porque, Senhor Ministro, não sei se conviria ao Brasil, no caso de uma resolução unanime da Assembleia, em Janeiro, ou mesmo da maioria, pôr-se ao lado dos poucos dissidentes, para a obtenção de uma percentagem mais baixa que essa de 2,60% e que deveria ser, segundo as instruções de Vossa Excelência, de 1,67. Devo esclarecer a Vossa Excelência que o Brasil não poderá pleitear uma solução unilateral, pois as resoluções em tal caso obedecem a normas gerais e o arbitramento da quota a ser paga basear-se-á num determinado coeficiente para todas as Nações que oscilará de acordo com uma das tabelas internacionais já elaboradas.

10. Pleiteando o posto que temos em mira e dado o prestigio que desfrutamos, não só perante as Nações Ameri-

Americanas,mas tambem no seio dos grandes paises membros das Nações Unidas, parece-me que semelhante atitude poderia vir a colocar-nos ao lado dos Estados que vacilam diante das grandes responsabilidades a assumir. Entretanto, ao instruir-me Vossa Excelência sobre as condições que poderiam ser aceitas pelo Brasil, estou certo de representarem elas o maximo de esforço a que podemos chegar, no momento, para fazer face a esses novos compromissos.

11. Entretanto, peço respeitosamente permissão a Vossa Excelência para ponderar que se a Delegação do Brasil não obtiver uma redução geral dessa percentagem para o Fundo de Emergencia - no que envidará seus melhores esforços como já o fez - deveriamos aceitar este novo sacrificio certos de que dele surgirão compensações que redundarão em proveito da nossa posição internacional.

12. Seguro de haver interpretado as instruções de Vossa Excelência, rogo-lhe, Senhor Ministro, que, com a possível urgencia esclareça a Delegação do Brasil à Assembleia da maneira pela qual deverá agir em Janeiro proximo, quando será debatida e resolvida a questão em apreço.

Aproveito a oportunidade para renovar a Vossa Excelência os protestos da minha respeitosa consideração.

A. de Freitas-Valle

Original: English.

PC/AB/30.
10 December, 1945.

PREPARATORY COMMISSION OF THE UNITED NATIONS

COMMITTEE 6:

WORKING CAPITAL FUNDS

I. EMERGENCY WORKING CAPITAL FUND

1. The Executive Committee (Report PART III, Chapter VII, Section 2, paragraphs 22 - 25, p. 100),

CONSIDERING that

(a) the interim budget of the Organization should be financed by the establishment of an Emergency Working Capital Fund;

(b) the Fund should consist of advances which would stand to the credit of Members and eventually be set off against assessed contributions;

(c) the Fund should be established at a figure sufficient to cover expenditure likely to be incurred until contributions for the first annual budget are assessed and received, i.e. that the figure should provide a working margin over the interim budget,

RECOMMENDED that

(i) each Member should make a basic advance of $5,000 (U.S.); and

(ii) additional advances up to the total of the Fund should be provided from time to time as funds are required by instalments from certain Members in agreed proportions, the scale of the Food and Agriculture Organization being adopted for this purpose as a temporary measure and only those Members assessed in the Food and Agriculture Organization scale at over 3% contributing in the proportion laid down and rounded up or down to the nearest whole number.

2. Recommendation (ii) above means, in effect, that apart from the basic advance of $5,000 (U.S.) which would be paid by all Members, the remainder of the Fund would be advanced by nine countries, namely:

Australia	China	U.S.S.R.
Brazil	France	U.K.
Canada	India	U.S.A.

whose total percentage allocations under the F.A.O. scale, when rounded up or down to whole numbers, amounts to 75% of the total. In calculating their share of the balance of the fund additional to the product of the $5,000 (U.S.) advances, it would therefore be necessary to increase the percentage allotted to these nine countries on the F.A.O. scale by approximately one third.

3. In considering the size of the Emergency Working Capital Fund the Advisory Group of Experts has borne in mind the following considerations:

(a) that the first annual budget of the United States for 1946 could not be approved by the General Assembly until May or June;

(b) that action could not be taken by Members to make appropriations for their contributions until after that time;

(c) that delay may occur before substantial sums are received by the United Nations.

4. In view of this prolongation of the interim or provisional period, which does not appear to have been contemplated when the amount of the basic advance was fixed, the Advisory Group

RECOMMEND:

(a) that as a measure of precaution the Emergency Working Capital Fund should be sufficient in amount to provide for expenditures of the Organization for the period up to 31 December, 1946.

(b) that the basic advance by all Members recommended by the Executive Committee should be increased from $5,000 (U.S.) to at least $10,000 (U.S.).

5. While it is considered that an emergency working capital in adequate amount would furnish an expedient method for financing the Organization during 1946, the Advisory Group are of the opinion that early consideration should be given to a more permanent arrangement for providing working capital funds to finance the following categories of expenditure:

(a) Emergency expenditure. (e.g. Financing security measures.)

(b) Expenditures on new or expanded projects voted by the General Assembly and requiring implementation prior to the beginning of a new financial year.

(c) Other contingencies.

The Advisory Group accordingly recommend the establishment of a Permament Working Capital Fund at an early date.

6. The size of such a Permanent Working Capital Fund, as well as the procedure with which such a fund would be constituted, would be determined by the General Assembly.

7. In this connection the Advisory Group draw attention to the recommendation of the Executive Committee regarding the establishment of the proposed Emergency Working Capital Fund (Report, Part III, Chapter VII, Section 2, paragraph 23):-

> "that the advances constituting the Emergency Working Capital Fund should be eventually set off against assessed contributions".

The Advisory Group, after due consideration of the Executive Committee's recommendation and in the light of the need for the early establishment of a Permanent Working Capital Fund, venture to suggest one method by which such a fund might be established:-

(i) that the Permanent Working Capital Fund might be provided from advances by all Members in proportion to the scale determined by the General Assembly for the allocation of contributions to the annual budget of the organization;

(ii) that the nine Members whose advances would constitute the major part of the Emergency Working Capital Fund should forego the setting off of their advances against contribution for the time being in order that the Emergency Working Capital Fund could be maintained at its original amount;

(iii) that the consequential adjustments necessary to achieve the purposes of the suggestion contained in (i) above might be made by such stages as shall be determined by the General Assembly;

(iv) that at the appropriate time the proposed Emergency Working Capital Fund be converted into a Permanent Working Capital Fund.

8. The adoption of the above recommendations by the Preparatory Commission would entail amendments in paragraphs 19, 20, 21, 23 and 24 of Chapter VII Part III of the Executive Committee Report (see page 5).

PROPOSED AMENDMENTS TO CHAPTER VII, PART III,
OF THE REPORT OF THE EXECUTIVE COMMITTEE

19. In the heading of this paragraph insert the word "provisional" for the word "interim".

20. The following should be added to the second line in paragraph 20 after the word "Assembly":

"which could not take place before May or June, 1946"

The last two sentences to be deleted and the following added:

"In view of the lapse of time required before contributions to the first annual budget would actually be received, the provisional period for which it will be necessary to make special financial provision, (see paragraphs 22/25 below) should be taken to cover the whole of the financial year 1946. The provisional budget should therefore provide for the same period. Estimates of expenditure should be divided into two portions , the first to cover the period up to 30 June, 1946, and the second the period 1 July to 31 December, 1946. The provisional budget would be superseded by the first annual budget at the time of its adoption by the General Assembly at the second part of its first session."

21. As the Secretary-General will not be appointed early enough during the first session of the General Assembly to prepare a provisional budget estimate in time for its approval, the Preparatory Commission has entrusted this task to its Executive Secretary, assisted by the Advisory Group of Experts referred to below in paragraphs 29 to 36.

NOTE: Throughout the report the phrase "Provisional Budget" should be substituted for "Interim Budget".

23. This paragraph should read as follows:

"The Emergency Working Capital Fund should be fixed at a figure sufficient to cover the expenditure likely to be incurred until contributions for the first annual budget are assessed and received, i.e., a figure to provide a working margin over the provisional budget. As the first annual budget of the United Nations could not be approved by the Assembly until the second part of its first session and action could not be taken by Members to make the necessary appropriations until after that time, delays may occur before substantial contributions would be actually received from Members. The fund should therefore be large enough to cover the expenditure to be incurred in 1946, with a suitable margin."

"The Emergency Working Capital Fund should consist of advances which would stand to the credit of Members and eventually be adjusted with respect to assessed contributions or advances to a permanent working capital fund. All Members should agree to make a basic advance of $10,000 (U.S.). Additional advances up to the total of the fund authorized by the General Assembly by certain Members in agreed proportions should be provided."

24. This paragraph should read as follows:

"It is suggested for this purpose the scale agreed for the Food and Agriculture Organization should be taken, and that those Members assessed under that scale at over 3% should contribute in the proportions laid down, rounded up or down to the nearest whole number. This would mean, in effect, that apart from the basic advance of $10,000 (U.S.) which would be paid by all Members, the remainder of the fund would be advanced by nine countries, namely, Australia, Brazil, Canada, China, France, India, U.S.S.R., U.K. and U.S.A."

The following paragraph should also be inserted to follow paragraph 4 of Section 2, Chapter VII, Part III of the Executive Committee's Report:

"It will be necessary to make permanent arrangements for providing temporary financial accommodation for the Organization in order to meet various contingencies. This should be done by the establishment of a Permanent Working Capital Fund, which should be large enough to meet items such as the following:

(a) Emergency expenditures

(b) Expenditures on new or expanded projects voted by the General Assembly in September which require implementation prior to the beginning of the new financial year.

(c) Other contingencies.

"A simple method by which this Fund might be established would be for the nine Members whose advances will constitute the bulk of the Emergency Working Capital Fund, to forego for the time being the setting off of their advances against contributions. In this way the reception of the contributions to the First Annual Budget would restore the Emergency Working Capital Fund to its original figure. This Fund could then be converted into a Permanent Working Capital Fund. The Permanent Fund should eventually be shared by all Members in proportion to the scale voted for the allocation of contributions to the Budget. This could be accomplished by adjustments in such stages as the General Assembly might determine. The Permanent Working Capital Fund should at any rate to begin with be set at a figure approximate to the expenditure of the Annual Budget, and as it may be anticipated that actual expenditure of the Organization during its first year, which is to be financed by the Emergency Working Capital Fund, will be lower than that

of normal years, its conversion into the Permanent Working Capital Fund would not provide an excessive reserve. If the experience of subsequent years were to show that the total of the Fund should be reduced this could easily be effected by adjustment of later contributions."

Del.Bras.N.U./47/1945/Anexo 2.

Original: English.

PC/AB/30/Rev.1.
12 December, 1945.

PREPARATORY COMMISSION OF THE UNITED NATIONS

COMMITTEE 6:

WORKING CAPITAL FUNDS

I. EMERGENCY WORKING CAPITAL FUND

1. The Executive Committee (Report Part III, Chapter VII, Section 2, paragraphs 22 - 25, p.100), having reached the conclusion that:

(a) the interim budget of the Organization should be financed by the establishment of an Emergency Working Capital Fund;

(b) the Fund should consist of advances which would stand to the credit of Members and eventually be set off against assessed contributions;

(c) the Fund should be established at a figure sufficient to cover expenditure likely to be incurred until contributions for the first annual budget are assessed and received, i.e. that the figure should provide a working margin over the interim budget, consequently RECOMMEND that:

(i) each Member should make a basic advance of $5,000 (U.S.); and

(ii) additional advances up to the total of the Fund should be provided from time to time as funds are required by instalments from certain Members in agreed proportions, the scale of the Food and Agriculture Organization being adopted for this purpose as a temporary measure and only those Members assessed in the Food and Agriculture Organization scale at over 3% contributing in the proportion laid down and rounded up or down to the nearest whole number.

2. The Advisory Group assume that recommendation (ii) above means, in effect, that apart from the basic advance of $5,000 (U.S.) which would be paid by all Members, the remainder of the Fund would be advanced by nine countries, namely:

Australia	China	U.S.S.R.
Brazil	France	U.K.
Canada	India	U.S.A.

whose total percentage allocations under the F.A.O. scale, when rounded up or down to whole numbers, amounts to 75% of the total. In calculating their share of the balance of the fund additional to the product of the $5,000 (U.S.) advances, it would therefore be necessary to increase the percentage allotted to these nine countries on the F.A.O. scale by approximately one third.

3. In considering the size of the Emergency Working Capital Fund the Advisory Group of Experts has borne in mind the following considerations:

(a) that the first annual budget of the United States for 1946 could not be approved by the General Assembly until May or June;

(b) that action could not be taken by Members to make appropriations for their contributions until after that time;

(c) that delay may occur before substantial sums are received by the United Nations.

4. In view of this prolongation of the interim or provisional period, which does not appear to have been contemplated when the amount of the basic advance was fixed, the Advisory Group

RECOMMEND:

(a) that as a measure of precaution the Emergency Working Capital Fund should be sufficient in amount to provide for expenditures of the Organization for the period up to 31 December, 1946.

(b) that the basic advance by all Members recommended by the Executive Committee should be increased from $5,000 (U.S.) to $10,000 (U.S.)

II. Permanent Working Capital Fund

5. While it is considered that an Emergency Working Capital Fund in adequate amount would furnish an expedient method for financing the Organization during 1946, the Advisory Group are of the opinion that early consideration should be given to a more permanent arrangement for providing working capital funds to finance the following categories of expenditure:

(a) Emergency expenditure (e.g. Financing security measures)

(b) Expenditures on new or expanded projects voted by the General Assembly and requiring implementation prior to the beginning of a new financial year

(c) Other contingencies

6. The Advisory Group accordingly recommend the establishment of a Permanent Working Capital Fund at an early date. This fund should be subscribed by all Members in proportion to the scale determined by the General Assembly for the allocation of contributions to the annual budget of the Organization. The size of the fund and the procedure by which it would be constituted should be determined by the General Assembly.

7. The Executive Committee recommended, (see 1.(b) above), that the advances by Members in respect of the Emergency Working Capital Fund should eventually be set-off against assessed contributions. After careful consideration the Advsiory Group have come to the conclusion that this might be effected as follows:-

(a) that all Members whose advances constitute the Emergency Working Capital Fund should forego the setting off of their advances against contribution for the time being in order that

the Emergency Working Capital Fund could be maintained at its original amount;

(b) that at the appropriate time the proposed Emergency Working Capital Fund be converted into a Permanent Working Capital Fund;

(c) that the adjustments necessary to redistribute the fund in order to divide it among members in proportion to the scale of contributions fixed by the Assembly, should be made by such stages as shall be determined by the General Assembly at the second part of the first session.

8. The effect of these recommendations would be that Members would pay their contributions to the First Annual Budget in full and would in this way forego the setting-off of their advances to the Emergency Working Capital Fund against their contributions to the First Annual Budget.

9. The adoption of the above recommendations by the Preparatory Commission would entail amendments in paragraphs 19, 20, 21, 23, and 24 of Chapter VII, Part III of the Executive Committee Report (see page 5).

Proposed Amendments to Chapter VII, Part III,
of the Report of the Executive Committee.

19. In the heading of this paragraph insert the word "provisional" for the word "interim".

20. The following should be added to the second line in paragraph 20 after the word "assembly":

"which could not take place before May or June, 1946"

The last two sentences to be deleted and the following added:

"In view of the lapse of time required before contributions to the first annual budget would actually be received, the provisional period for which it will be necessary to make special financial provision, (see paragraphs 22/25 below) should be taken to cover the whole of the financial year 1946. The provisional budget should therefore provide for the same period. Estimates of expenditure should be divided into two portions, the first to cover the period up to 30 June, 1946, and the second the period 1 July to 31 December, 1946. The provisional budget would be superseded by the first annual budget at the time of its adoption by the General Assembly at the second part of its first session."

21. As the Secretary-General will not be appointed early enough during the first session of the General Assembly to prepare a provisional budget estimate in time for its approval, the Preparatory Commission has entrusted this task to its Executive Secretary, assisted by the Advisory Group of Experts referred to below in paragraphs 29 to 36.

NOTE: Throughout the report the phrase "Provisional Budget" should be substituted for "Interim Budget".

23. This paragraph should read as follows:

"The Emergency Working Capital Fund should be fixed at a figure sufficient to cover the expenditure likely to be incurred until contributions for the first annual budget are assessed and received, i.e., a figure to provide a working margin over the provisional budget. As the first annual budget of the United Nations could not be approved by the Assembly until the second part of its first session and action could not be taken by Members to make the necessary appropriations until after that time, delays may occur before substantial contributions would be actually received from Members. The fund should therefore be large enough to cover the expenditure to be incurred in 1946, with a suitable margin.

"The Emergency Working Capital Fund should consist of advances which would stand to the credit of Members and eventually be adjusted with respect to assessed contributions or advances to a permanent working capital fund. All Members should agree to make a basic advance of $10,000 (U.S.). Additional advances up to the total of the fund authorized by the General Assembly by certain Members in agreed proportions should be provided."

24. This paragraph should read as follows:

"It is suggested for this purpose the scale agreed for the Food and Agriculture Organization should be taken, and that those Members assessed under that scale at over 3% should contribute in the proportions laid down, rounded up or down to the nearest whole number. This would mean, in effect, that apart from the basic advance of $10,000 (U.S.) which would be paid by all Members, the remainder of the fund would be advanced by nine countries, namely, Australia, Brazil, Canada, China, France, India, U.S.S.R., U.K., and U.S.A."

The following paragraph should also be inserted to follow paragraph 4 of Section 2, Chapter VII, Part III of the Executive Committee's Report:

"It will be necessary to make permanent arrangements for providing temporary financial accommodation for the Organization in order to meet various contingencies. This should be done by the establishment of a Permanent Working Capital Fund, which should be large enough to meet items such as the following:

(a) Emergency expenditures.

(b) Expenditures on new or expanded projects voted by the General Assembly in September which require implementation prior to the beginning of the new financial year.

(c) Other contingencies.

"A simple method by which this Fund might be established would be for all Members whose advances constitute the Emergency Working Capital Fund, to forego for the time being the setting off of their advances against contributions. In this way the reception of the contributions to the First Annual Budget would restore the Emergency Working Capital Fund to its original figure. This Fund could then, at the appropriate time, be converted into a Permanent Working Capital Fund. The Permanent Fund should eventually be shared by all Members in proportion to the scale voted for the allocation of contributions to the Budget. This could be accomplished by adjustments in such stages as the General Assembly might determine. The Permanent Working Capital Fund should at any rate to begin with be set at a figure approximate to the expenditures of the Annual Budget, and as it may be anticipated that actual expenditure of the Organization during its first year, which is to be financed by the Emergency Working Capital Fund, will be lower than that

of normal years, its conversion into the Permanent Working Capital Fund would not provide an excessive reserve. If the experience of subsequent years were to show that the total of the Fund should be reduced this could easily be effected by adjustment of later contributions."

Original: English

PC/AB/30 Rev.2
16 December, 1945.

PREPARATORY COMMISSION OF THE UNITED NATIONS

COMMITTEE 6:

WORKING CAPITAL FUNDS

1. The Executive Committee (Report Part III, Chapter VII, Section 2, paragraphs 22 - 25, p. 100), having reached the conclusion that:

(a) the interim budget of the Organization should be financed by the establishment of an Emergency Working Capital Fund;

(b) the Fund should consist of advances which would stand to the credit of Members and eventually be set off against assessed contributions;

(c) the Fund should be established at a figure sufficient to cover expenditure likely to be incurred until contributions for the first annual budget are assessed and received, i.e. that the figure should provide a working margin over the interim budget, consequently RECOMMEND that:

(i) each Member should make a basic advance of $5,000 (U.S.); and

(ii) additional advances up to the total of the Fund should be provided from time to time as funds are required by instalments from certain Members in agreed proportions, the scale of the Food and Agriculture Organization being adopted for this purpose as a temporary measure and only those Members assessed in the Food and Agriculture Organization scale at over 3% contributing in the proportion laid down and rounded up or down to the nearest whole number.

2. Recommendation (ii) above would mean in effect, that apart from the basic advance of $5,000 (U.S.) which would be paid by all Members, the remainder of the Fund would be advanced by nine countries, namely:

Australia	China	U.S.S.R.
Brazil	France	U.K.
Canada	India	U.S.A.

whose total percentage allocations under the F.A.O. scale, when rounded up or down to whole numbers, amounts to 75% of the total. In calculating their share of the balance of the fund additional to the product of the $5,000 (U.S.) advances, it would therefore be necessary to increase the percentage allotted to these nine countries on the F.A.O. scale by approximately one third.

3. The Advisory Group of Experts have considered first the working capital requirements of the Organization which should include the following elements:

(a) that the first annual budget of the United Nations for 1946 could not be approved by the General Assembly until May or June;

(b) that action could not be taken by Members to make appropriations for their contributions until after that time; and therefore;

(c) that delay may occur before substantial sums are received by the United Nations.

4. In view of

(a) the fact that the interim or provisional period referred to in Chapter VII, paragraph 20, must be taken to cover the financial year ending 31 December, 1946, and

(b) the desirability of establishing from the outset the principle of proportionate allocation among all Members broadly according to capacity to pay,

The Advisory Group

RECOMMEND:

(i) that a Working Capital Fund be established by the General Assembly at the First Part of the First Session, the fund to consist of advances by all Members which will stand to their credit and will be adjusted as indicated in paragraph 6 below against assessed contributions.

(ii) that the fund shall be of sufficient amount to provide

(1) expenditure of the organization for the calendar year 1946;

(2) the cost of the Preparatory Commission; and

(3) the costs incidental to the convening of the first meeting of the General Assembly incurred prior to December, 1945.

(iii) that the scale according to which these advances should be allocated among Members be that agreed for the Food & Agriculture Organization.+ The adoption of this scale, however, should not be taken to imply any precedent and will be superseded as soon as the General Assembly has adopted a scale for the allocation of contributions to the first annual budget.

(iv) that provision be made in the first annual budget to be adopted by the General Assembly at the Second Part of its First Session for the adjustments required to redistribute the working capital fund among Members in proportion to the scale of contributions adopted by the General Assembly at that time.

+ The F.A.O. scale contains no allocations for Argentina, Turkey or Saudi Arabia, but a total provision is made for new members of a 1.75% quota.

5. The foregoing recommendation for action to be taken by the General Assembly at the first part of the first session constitute the minimum required to provide for the financing of the Organization during the provisional period which has been estimated as covering the financial year of 1946. The provision of working capital for the Organization, however, is a need of a more permanent nature and the Advisory Group is strongly impressed by the necessity of making arrangements as soon as possible to finance

(a) Emergency expenditure

(b) Expenditures on new or expanded projects voted by the General Assembly and requiring implementation prior to the beginning of a new financial year, and

(c) Other contingencies.

A Working Capital Fund should thus form an essential feature of the permanent financial arrangements of the Organization.

6. The Advisory Group accordingly

CONSIDER

that Members should forego the setting off of their advances to the Working Capital Fund for a short period in order that the fund could be maintained provisionally at its original figure by the reception of the contributions to the first annual budget.

They further

SUGGEST

that the General Assembly consider at its second session in September 1946, the figure at which the Working Capital Fund should be maintained during the financial year 1947, and that provision be made in the budget for

1947 for the maintenance of the fund at the figure then determined. Should that figure be less than the original figure of the Working Capital Fund determined by the General Assembly at the first part of its first session, adjustments should then be made so that the advances to the fund made by Members in 1946 would be set off against their contributions for the financial year 1947. Should the figure be equal to the original figure, no adjustments will be necessary as the portion of the 1947 contribution devoted to the Working Capital Fund will exactly offset the advances made by Members in 1946.

7. The effect of these recommendations would be that the Members would pay their contributions under the first annual budget in full and would forego the setting off of their advances to the Working Capital Fund against contributions pending the decision as to the size of the Working Capital Fund arrived at by the General Assembly at its second session in September, 1946. Should the figure then determined by the General Assembly be equal to the original figure determined at the first part of the first session, no adjustments in contributions will have to be made. Should the figure fixed, however, be smaller, adjustments would be necessary. The contributions of Members to the 1947 budget would include a portion corresponding to the Working Capital Fund and advances made by Members to the fund in 1946 would be set off against their contributions for the 1947 budget of the Organization.

8. The Adoption of the above recommendations by the Preparatory Commission would entail amendments in paragraphs 19 to 24 of

Chapter VII, Part II of the Executive Committee Report. (see page 6)

Proposed Amendment to Chapter VII, Part III, of the Report of the Executive Committee

Paragraph 19. (p.99) In the heading of this paragraph insert the word "provisional" for the word "interim".

Paragraph 20. (p.100) The following should be added to the second line after the word "assembly":

"which could not take place before May or June, 1946"

The last two sentences to be deleted and the following added:

"In view of the lapse of time required before contributions to the first annual budget would actually be received, the provisional period for which it will be necessary to make special financial provision, (see paragraphs 22/25 below) should be taken to cover the whole of the financial year 1946. The provisional budget should therefore provide for the same period. Estimates of expenditure should be divided into two portions, the first to cover the period up to 30 June, 1946, and the second the period 1 July to 31 December, 1946. The provisional budget would be superseded by the first annual budget at the time of its adoption by the General Assembly at the second part of its first session."

Paragraph 21. Delete the first sentence and substitute the following:

"As the Secretary-General will not be appointed early enough during the first session of the General Assembly to prepare a provisional budget estimate in time for its approval, the Preparatory Commission has entrusted this task to its Executive Secretary, assisted by the Advisory Group of Experts referred to below in paragraph 29".

For Paragraph 22 to 24 the following should be substituted:

Paragraph 22. "It is recommended that the necessary funds be provided out of a Working Capital Fund. The fund should be fixed at a figure sufficient to cover the following:

(a) Expenditure of the Organization for the calendar year 1946;

(b) the cost of the Preparatory Commission; and

Note: Throughout the report the phrase "Provisional Budget" should be substituted for "Interim Budget"

(c) the costs incidental to the convening of the first meeting of the General Assembly incurred prior to December, 1945, Besides covering expenditures likely to be incurred until contributions for the first annual budget are assessed and received, the figure should provide a working margin over the provisional budget

"As the first annual budget of the United Nations could not be approved by the Assembly until the second part of its first session and action could not be taken by Members to make the necessary appropriations until after that time, delays may occur before substantial contributions would be actually received from Members. The fund should therefore be large enough to cover the expenditure to be incurred in 1946, with a suitable margin".

Para.23.

"The funds should consist of advances which would stand to the credit of Members and eventually be set off against assessed contributions. From the outset the principle of proportionate allocation of advances among all Members should be established, broadly according to capacity to pay. It is suggested that for this purpose the scale agreed for the Food and Agriculture Organization should be taken. It should, however, be stressed that the use of the Food and Agriculture Organization scale is merely a matter of convenience and in no sense a precedent for the assessment of contributions. Provisions should be made in the first annual budget to be adopted by the General Assembly at the second part of its first session for the adjustments required to redistribute the fund among Members in proportion to the scale of contributions adopted by the General Assembly."

Para.24.

The question of the Working Capital Fund has been submitted to the Advisory Group of Experts who are of the opinion that the provision of working capital for the Organization is a need of a more permanent character, and that therefore the Working Capital Fund should form an essential feature of the permanent financial arrangements of the Organization in order to finance

(a) Emergency expenditure.
(b) Expenditures on new or expanded projects voted by the General Assembly and requ. ng implementation prior to the beginning of a new financial year, and
(c) Other contingencies

"The Advisory Group therefore consider that Members should forego the setting off of their advances to the Working Capital fund for a short period in order

that the fund could be maintained at its original figure by the reception of the contributions to the first annual budget, and they further suggest that the General Assembly at its second session, September, 1946, consider the size of the Working Capital Fund required and that provision be made in the budget for 1947 for the maintenance of the fund at the figure then determined. Should the figure be lower than the original figure of the Working Capital Fund fixed by the General Assembly at the first part of its first session, adjustments would be made so that the advances to the fund made by Members in 1946 will be set off against their contributions for the financial year 1947. Should the figure be equal to the original figure, no adjustments will be necessary as the portion of the 1947 contribution devoted to the Working Capital Fund would exactly offset the advances made by Members in 1946."

Del.Bras.N.U./47/1945/Anexo 4

Original: English.

PC/AB/30/Rev.3.
18 December, 1945.

PREPARATORY COMMISSION OF THE UNITED NATIONS

COMMITTEE 6:

WORKING CAPITAL FUNDS

1. The Executive Committee (Report Part III, Chapter VII, Section 2, paragraphs 22 - 25, p. 100), having reached the conclusion that:

(a) the interim budget of the Organization should be financed by the establishment of an Emergency Working Capital Fund;

(b) the Fund should consist of advances which would stand to the credit of Members and eventually be set off against assessed contributions;

(c) the Fund should be established at a figure sufficient to cover expenditure likely to be incurred until contributions for the first annual budget are assessed and received, i.e. that the figure should provide a working margin over the interim budget, consequently recommended that:

(i) each Member should make a basic advance of $5,000 (U.S.); and

(ii) additional advances up to the total of the Fund should be provided from time to time as funds are required by instalments from certain Members in agreed proportions, the scale of the Food and Agriculture Organization for its first financial year's contributions being adopted for this purpose as a temporary measure and only those Members assessed in the Food and Agriculture Organization scale at over 3% contributing in the proportion laid down and rounded up or down to the nearest whole number.

2. The Recommendation of the Executive Committee, see paragraph 2(c) (i) and (ii) above, would have meant in effect, that apart from the basic advance of $5,000 (U.S.) which would be paid by all Members, the remainder of the Fund would be advanced by nine countries, namely:

Australia	China	U.S.S.R.
Brazil	France	U.K.
Canada	India	U.S.A.

whose total percentage allocations under the F.A.O. scale, when rounded up or down to whole numbers, amounts to 75% of the total. In calculating their share of the balance of the fund additional to the product of the $5,000 (U.S.) advances, it would therefore be necessary to increase the percentage allotted to these nine countries on the F.A.O. scale by approximately one third.

Consideration of problem by the Advisory Group

3. In approaching this problem, the Advisory Group of Experts have confined their considerations mainly to two factors:

(a) the Working Capital requirements of the Organization; and

(b) means by which these can be met.

With regard to (a) they have been impressed by the following considerations, namely,

(i) that the first annual budget of the United Nations for 1946 could not be approved by the General Assembly until May or June;

(ii) that action could not be taken by Members to make appropriations for their contributions to the first annual budget until after that time; and therefore;

(iii) that delay may occur before substantial sums are received in the form of Member's contributions to the first annual budget by the United Nations.

The Advisory Group have therefore reached the conclusion that

the interim or provisional period referred to in Chapter VII, paragraph 20, must be taken to cover the whole of the financial period up to 31 December, 1946. They have departed from certain of the proposals of the Executive Committee for raising the Working Capital Fund including the system of basic advances set forth in paragraph 2 (i) above in favour of the scheme recommended below.

4. In the light of these considerations the Advisory Group SUGGEST:

(a) that a Working Capital Fund be established by the General Assembly at the First Part of the First Session, the fund to consist of advances by all Members which will stand to their credit and will eventually be set off in a manner to be determined by the General Assembly at the earliest possible date. These advances could be provided in instalments from time to time as funds are required in accordance with a schedule to be determined.

(b) that the fund shall be of sufficient amount to provide

(i) expenditure of the Organization for the calendar year 1946;

(ii) the cost of the Preparatory Commission; and

(iii) the costs incidental to the convening of the first meeting of the General Assembly incurred prior to 31 December, 1945.

(c) that the scale according to which these advances should be allocated among Members be the scale agreed for the second financial year of the Food and Agriculture Organization.* The adoption of this scale, however, should not be taken to imply any precedent and will be superseded as soon as the

* The F.A.O. scale contains no allocations for Argentina, Turkey or Saudi Arabia, but a total provision is made for new members of a quota of 4.81%.

General Assembly has adopted a scale for the allocation of contributions to the first annual budget.

(d) that provision be made in the first annual budget to be adopted by the General Assembly at the Second Part of its First Session for the individual adjustments of the working capital fund among Members in proportion to the scale of contributions adopted by the General Assembly at that time.

ANNEX I

PROPOSED AMENDMENTS TO CHAPTER VII, PART III, OF THE REPORT OF THE EXECUTIVE COMMITTEE

If the proposals of the Advisory Group contained in paragraph 4 PC/AB/30/Rev.3., were adopted the following proposed amendments to Chapter VII, Part 3 of Report of the Executive Committee would be required.

Paragraph 19. (p.99). In the heading of this paragraph substitute the word "provisional" for the word "interim".

Paragraph 20. (p.99). The following should be added to the second line after the word "assembly":

"which could not take place before May or June, 1946"

The last two sentences to be deleted and the following added:

"In view of the lapse of time required before contributions to the first annual budget would actually be received, the provisional period for which it will be necessary to make special financial provision, (see paragraphs 22/25 below) should be taken to cover the whole of the financial year 1946. The provisional budget should therefore provide for the same period. Estimates of expenditure should be divided into two portions, the first to cover the period to 30 June, 1946, and the second the period 1 July to 31 December, 1946. The provisional budget would be superseded by the first annual budget at the time of its adoption by the General Assembly at the second part of its first session".

Paragraph 21. Delete the first sentence and substitute the following:

"As the Secretary-General will not be appointed early enough during the first part of the first session of the General Assembly to prepare a provisional budget estimate in time for its approval, the Preparatory Commission has entrusted this task to its Executive Secretary, assisted by the Advisory Group of Experts appointed by him".

For Paragraph 22 to 24 the following should be substituted:

Paragraph 22. "It is recommended that the necessary funds be provided out of a Working Capital Fund. The fund should be fixed at a figure sufficient to cover the following:

(a) Expenditure of the Organization for the calendar year 1946;

Note: Throughout the report the phrase "Provisional Budget" should be substituted for "Interim Budget."

(b) the cost of the Preparatory Commission; and

(c) the costs incidental to the convening of the first meeting of the General Assembly incurred prior to December, 1945.

"As the first annual budget of the United Nations could not be approved by the General Assembly until the second part of its first session and action could not be taken by Members to make the necessary appropriations until after that time, delays may occur before substantial contributions would be actually received from Members. The fund should therefore be large enough to cover the expenditure to be incurred in 1946, with a suitable margin".

Paragraph 23.

"The funds should consist of advances which would stand to the credit of Members and eventually be set off against their assessed contributions. These advances could be provided in instalments from time to time as funds are required in accordance with a schedule to be determined. From the outset the principle of proportionate allocation of advances among all Members should be established, broadly according to capacity to pay. It is suggested that for this purpose the scale agreed for the second financial year of the Food and Agriculture Organization for the contributions should be taken. It should howevhowever, be stressed that the use of the Food and Agriculture Organization scale is merely a matter of convenience and in no sense a precedent for the assessment of contributions. This scale will be superseded as soon as the General Assembly has adopted a scale for the allocations of contributions to the First Annual Budget".

Paragraph 24.

"The need for Working Capital is not limited solely to the provisional period. A Working Capital Fund should form an essential feature of the permanent financing arrangements of the Organization in order to insure means for financing various contingencies".

ANNEX II

ADDITIONAL COMMENTS BY THE ADVISORY GROUP OF EXPERTS

1. The foregoing proposals for action to be taken by the General Assembly at the first part of the first session constitute the minimum required to provide for the financing of the Organization during the provisional period which has been estimated as covering the whole of the financial year of 1946. The provision of working capital for the Organization, however, is a need of a more permanent nature and the Advisory Group is strongly impressed by the necessity of making arrangements as soon as possible to finance

(a) Emergency expenditure

(b) Expenditures on new or expanded projects voted by the General Assembly and requiring implementation prior to the beginning of a new financial year, and

(c) Other contingencies.

A Working Capital Fund should thus form an essential feature of the permanent financial arrangements of the Organization.

2. The Advisory Group accordingly are of the opinion that Members should forego the setting off of their advances to the Working Capital Fund for a short period in order that the fund could be maintained provisionally at its original figure by the reception of the contributions to the first annual budget.

3. They further suggest that the General Assembly consider at its second session in September, 1946, the figure at which the Working Capital Fund should be maintained during the financial year 1947, and that provision be made in the budget for 1947 for the maintenance of the fund at the figure determined by the General Assembly.

4. The effect of these proposals would be that the Members would pay their contributions under the first annual budget in full and would forego the setting off of their advances to the Working Capital Fund against contributions pending the decision as to the size of the Working Capital Fund determined by the General Assembly at its second session in September, 1946.

5. Should the amount of the Working Capital Fund then determined by the General Assembly be less than the original figure of the Working Capital Fund determined by the General Assembly at the first part of its first session, adjustments should then be made so that the advances to the Working Capital Fund made by Members in 1946 would to that extent be set off against their contributions for the financial year 1947.

6. Should the figure determined by the General Assembly be equal to the original figure determined at the first part of its first session no adjustments in Members contributions would have to be made in respect to this item, etc.

7. The adoption of the above recommendations by the Preparatory Commission would entail amendments in paragraphs 19 to 24 of CHAPTER VII, Part II, of the Executive Committee's Report.
