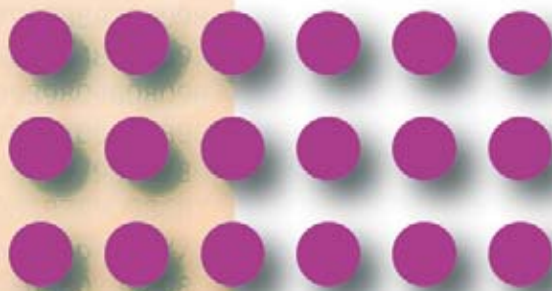


2006-2007

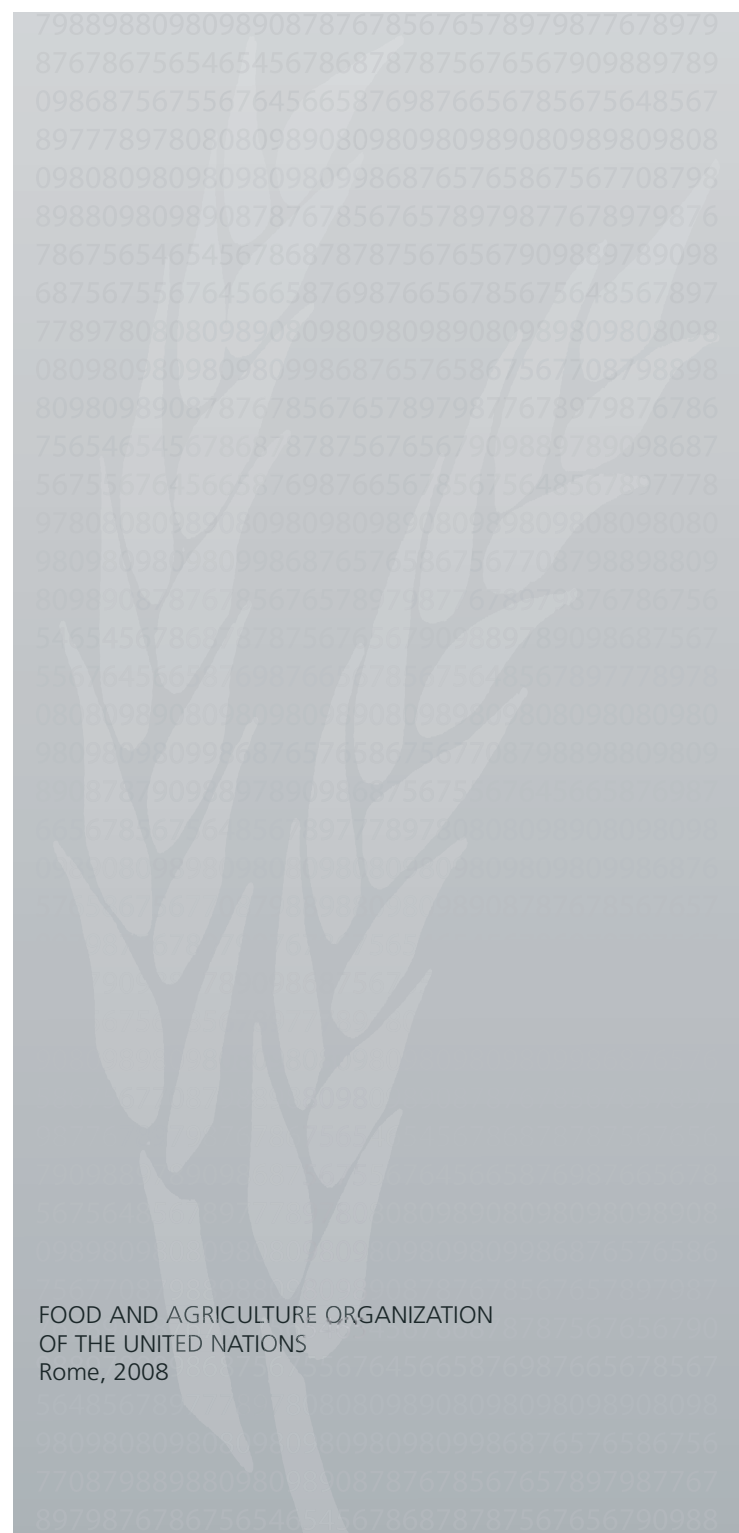
Audited Accounts **FAO**



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Audited Accounts **FAO**

2006–2007



FOOD AND AGRICULTURE ORGANIZATION
OF THE UNITED NATIONS
Rome, 2008

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FINANCIAL STATEMENTS 2006-07

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PART B

Report of the External Auditor

The Report of the External Auditor is available under Conference document reference number C 2009/5 B

FINANCIAL STATEMENTS 2006-07

Opinion of the External Auditor

I have audited the accompanying financial statements, comprising Statements I to IV, Schedule 1, Annexes I and II and the supporting Notes 1 to 27 of the Food and Agriculture Organization of the United Nations for the financial period ended 31 December 2007. These financial statements are the responsibility of the Director-General. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with the Common Auditing Standards of the Panel of External Auditors of the United Nations, Specialized Agencies and the International Atomic Energy Agency and conforming to International Standards on Auditing. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, and as considered by the auditor to be necessary in the circumstances, evidence supporting the amounts and disclosures of the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the Director-General, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for the audit opinion.

In my opinion, these financial statements present fairly, in all respects, the financial position as at 31 December 2007 and the results of operations and cash flows for the period then ended in accordance with Food and Agriculture Organization's stated accounting policies set out in Note 2 of the financial statements, which were applied on a basis consistent with that of the preceding financial period.

Based on a test check, in my opinion, the transactions of Food and Agriculture Organization have, in all significant aspects, been in accordance with the Financial Regulations and Legislative Authority.

In accordance with Article 12.9 of the Financial Regulations, I have also issued a long-form report on my audit of the Food and Agriculture Organization's financial statements.



Vinod Rai
Comptroller & Auditor General of India
External Auditor

10th September 2008

Certification of Financial Statements

The amounts shown in the statements properly reflect the recorded financial transactions for the period:



Manoj Juneja
Assistant Director-General
Department of Human, Financial and Physical Resources

Approved:



Jacques Diouf
Director-General

August 2008

FOOD AND AGRICULTURE ORGANIZATION OF THE UNITED NATIONS

Statement I: Income and Expenditure and Changes in Reserves and Fund Balances

For the biennium ended 31 December 2007

(US\$ '000)

	Notes	Funds		Total	
		General and Related	Trust and UNDP	2006-07	2004-05
INCOME					
Assessment on Member Nations	3	793,755	-	793,755	793,309
Voluntary contributions	4	58,754	835,521	894,275	659,043
Funds received under inter-organizational arrangement	5	1,330	13,500	14,830	17,255
Jointly financed activities	6	32,348	-	32,348	26,671
Miscellaneous	7	23,651	36,333	59,984	21,770
Investment income – long-term	11	42,650	-	42,650	36,643
Information Products Revolving Fund		1,062	-	1,062	1,440
Government Counterpart Cash Contributions		1,745	-	1,745	1,796
Net other sundry income		14,345	-	14,345	13,109
Gain/(loss) on Exchange Difference	23	19,411	-	19,411	(14,762)
TOTAL INCOME		989,051	885,354	1,874,405	1,556,274
EXPENDITURE					
Regular Programme	8	925,575	-	925,575	908,294
Projects	8	-	849,021	849,021	634,812
TOTAL EXPENDITURE		925,575	849,021	1,774,596	1,543,106
EXCESS OF INCOME OVER EXPENDITURE		63,476	36,333	99,809	13,168
Amortization of staff related liabilities	9	(45,445)	-	(45,445)	(32,963)
Staff related schemes	11	(42,650)	-	(42,650)	(36,643)
Provision for contributions receivable and other assets		(4,442)	-	(4,442)	(72,036)
Provision for investments		-	308	308	77
Deferred Income	18	(33,039)	-	(33,039)	26,468
Arrears Allocation	19	-	-	-	31,270
Net decrease in Capital Expenditure account	24	6,889	-	6,889	-
NET (SHORTFALL) EXCESS OF INCOME OVER EXPENDITURE		(55,211)	36,641	(18,570)	(70,659)
Transfer of Interest to Donor Accounts	15	-	(36,333)	(36,333)	(14,319)
Transfers from/(to) Reserves					
Working Capital Fund	22	(25,197)	-	(25,197)	25,197
Special Reserve Account	23	(23,327)	-	(23,327)	25,079
Fund balances, beginning of period as previously reported		(124,832)	(308)	(125,140)	(90,438)
Change in accounting policy with respect to:					
Provision for staff related liabilities	20, 21	(397,671)	-	(397,671)	-
Provision for delays of contributions	10, 20	160,956	-	160,956	-
Fund balances restated, beginning of period		(361,547)	(308)	(361,855)	(90,438)
FUND BALANCES, END OF PERIOD		(465,282)	-	(465,282)	(125,140)

The accompanying notes are an integral part of the financial statements

FOOD AND AGRICULTURE ORGANIZATION OF THE UNITED NATIONS

Statement II: Assets, Liabilities, Reserves and Fund Balances

As at 31 December 2007

(US\$ '000)

	Notes	Funds		Total	
		General and Related	Trust and UNDP	2006-07	2004-05
ASSETS					
Cash and term deposits		36,198	201,614	237,812	110,860
Investments – short term	11	-	450,022	450,022	368,368
Contributions receivable	12	122,294	18,208	140,502	192,858
Less: Provision for delays of contributions	10	(15,115)	-	(15,115)	(179,043)
Accounts receivable	13	45,824	-	45,824	48,607
Investments – long-term	11	299,654	-	299,654	208,746
TOTAL ASSETS		488,855	669,844	1,158,699	750,396
LIABILITIES					
Bank Loans	14	-	-	-	71,000
Contributions received in advance	15	62	564,830	564,892	384,362
Unliquidated Obligations	16	41,936	81,938	123,874	102,571
Accounts payable	17	38,192	-	38,192	20,948
Deferred Income	18	68,595	-	68,595	35,556
Staff related schemes	21	719,147	-	719,147	239,566
TOTAL LIABILITIES		867,932	646,768	1,514,700	854,003
RESERVES AND FUND BALANCES					
Working Capital Fund	22	25,654	-	25,654	-
Special Reserve Account	23	25,623	-	25,623	-
Capital Expenditure Account	24	3,223	-	3,223	10,112
Special Fund for Emergency and Rehabilitation Activities	25	-	25,249	25,249	11,421
Unrealized gains / (losses) on investments	11,20	31,705	(2,173)	29,532	-
Fund Balances, end of period		(465,282)	-	(465,282)	(125,140)
TOTAL RESERVES AND FUND BALANCES		(379,077)	23,076	(356,001)	(103,607)
TOTAL LIABILITIES, RESERVES AND FUND BALANCES		488,855	669,844	1,158,699	750,396

The accompanying notes are an integral part of the financial statements

Statement III: Cash Flow

For the biennium ending 31 December 2007

(US\$ '000)

	2006-07	2004-05
CASH FLOWS FROM OPERATING ACTIVITIES		
Net shortfall of income over expenditure (Statement I – General and Related Funds)	(55,211)	(84,975)
Adjustment for:		
Provision for investments	308	(80)
	(54,903)	(85,055)
(Increase)/Decrease in contributions receivable	52,356	(74,470)
Increase/(Decrease) in provision for contributions, net of impact of change in accounting policy in 2006-07	(2,972)	69,979
(Increase)/Decrease in accounts receivable	2,783	(4,520)
Increase in contributions received in advance	180,530	32,112
Increase in unliquidated obligations	21,303	15,170
Increase/(Decrease) in deferred income	33,039	(26,468)
Increase/(Decrease) in accounts payable	17,244	(4,747)
Increase in staff related schemes, net of impact of change in accounting policy in 2006-07	81,910	57,384
(Decrease) in arrears allocation	-	(41,382)
NET CASH FROM (USED IN) OPERATING ACTIVITIES	331,290	(61,997)
CASH FLOWS FROM INVESTING ACTIVITIES		
(Increase) in investments – short-term, net of unrealized gains/(losses)	(83,827)	(76,595)
(Increase) in investments – long-term, net of unrealized gains/(losses)	(59,203)	(48,135)
NET CASH (USED IN) INVESTING ACTIVITIES	(143,030)	(124,730)
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase in Working Capital Fund, net of transfers from General Fund	457	14
Increase in Special Reserve Account, net of transfers from General Fund	2,296	2,058
Increase in Special Fund for Emergency and Rehabilitation Activities	13,828	11,421
Increase/(Decrease) in Capital Expenditure Account	(6,889)	10,112
Increase/ (Decrease) in loans	(71,000)	71,000
NET CASH FROM (USED IN) FINANCING ACTIVITIES	(61,308)	94,605
NET INCREASE/(DECREASE) IN CASH	126,952	(92,122)
CASH AT BEGINNING OF PERIOD	110,860	202,982
CASH AT END OF PERIOD	237,812	110,860

The accompanying notes are an integral part of the financial statements.

FOOD AND AGRICULTURE ORGANIZATION OF THE UNITED NATIONS

Statement IV: Status of Regular Programme Appropriations

For the biennium ended 31 December 2007

(US\$ '000)

Chapter	Net Budget ¹	Deferred Income and Reserves from previous biennium ²	Actual Other Income ³	Transfers ⁴	Income deferred to next biennium ⁵	Adjusted Budget	Expenditure against Adjusted Budget ⁶	Currency Variance ⁷	Budget Rate Expenditure ⁸	Budget vs. Actual Variance ⁹
1 Corporate Governance	18,100	-	572	1,700	-	20,372	21,431	(1,059)	20,372	-
2 Sustainable Food and Agricultural Systems	209,600	-	12,137	(3,300)	-	218,437	229,064	(10,656)	218,408	29
3 Knowledge Exchange, Policy and Advocacy	189,100	-	39,479	1,600	-	230,179	241,978	(11,843)	230,135	44
4 Decentralization, UN Cooperation and Programme Delivery	212,700	36,415	28,648	(1,600)	(69,887)	206,276	214,517	(8,352)	206,165	111
5 Management and Supervision Services	110,500	-	26,626	350	-	137,476	146,896	(9,465)	137,431	45
6 Contingencies	600	-	(28)	-	-	572	183	(35)	148	424
8 Capital Expenditure	4,700	8,851	-	1,700	(2,770)	12,481	13,314	(833)	12,481	-
9 Security Expenditure	20,400	-	105	(450)	-	20,055	20,181	(971)	19,210	845
TOTAL EFFECTIVE BUDGET	765,700	45,266	107,539	-	(72,657)	845,848	887,564	(43,214)	844,350	1,498
10 Transfer to Tax Equalization Fund	86,043	-	-	(86,043)	-	-	-	-	-	-
Deferred Income and Reserves										
a TCP Deferred Income (Chapter 4)	36,415	(36,415)	-	-	69,887	69,887	-	-	-	69,887
b Capital Expenditure account (Conf Res 10/2003) (Chapter 8)	10,112	(8,851)	-	-	2,770	4,031	-	-	-	4,031
Total	898,270	-	107,539	(86,043)	-	919,766	887,564	(43,214)	844,350	75,416

The accompanying notes are an integral part of the financial statement.

Notes to Statement IV : Status of Regular Programme Appropriations

¹ Conference resolution 7/2005 appropriation

² US\$ 8.9 million made available from the Capital Expenditure Facility for spending under Chapter 8, Capital Expenditure (Conference Resolution 10/2003) US\$ 36.4 million of TCP 04-05 appropriation deferred until 06-07 (at budget rate of exchange)

³ Actual Other Income as reflected in Statement I is comprised of the following items:

Voluntary Contributions	58,754
Funds received under inter-organizational arrangements	1,330
Jointly financed activities	32,348
Government counterpart cash contributions	1,745
Other sundry income (exclusive of income generated by the Money and Medals Programme of \$0.9 million)	13,362
Total actual other income	<u>107,539</u>

⁴ Finance Committee approved transfers (FC 119/2)

⁵ US\$ 69.9 million of TCP 06-07 appropriation deferred until 08-09 (at budget rate of exchange) US\$ 2.8 million deferred until 08-09 under Capital Expenditure Facility (FC 122/2) (at budget rate of exchange)

⁶ Represents amounts charged to The Regular Programme budget and the TCP prior biennium appropriation (US\$ 888.1 million and US\$ 35.6 million, respectively, for 2006-07 – refer also to Footnote 8). Statement IV excludes US\$ 36.1 million of expenditure charged to the General Fund in Statement I, which is not considered in the Programme of Work and Budget for 2006-07, as follows:

Unbudgeted salary increase for Headquarters' General Service staff:	
- Charged to Special Reserve Account	6,400
- Funded by Contribution from the Russian Federation	7,877
Unbudgeted current service cost for:	
- After Service Medical Plan	13,357
- Terminal Payments	8,266
Other	167
Total expenditure excluded from Statement IV	<u>36,067</u>

⁷ Currency Variance represents actual expenditure and actual other income adjusted to reflect the translation of Euro-denominated transactions at the Budget Rate of Exchange rather than the UN Operational Rate of exchange in effect at the date of the transactions

⁸ Budget rate expenditure represents actual expenditure adjusted by currency variance

⁹ Variance between adjusted budget and budget expenditure

Notes to the Financial Statements

1. The Organization

The Food and Agriculture Organization (the Organization), was established on 16 October 1945. Its headquarters are in Rome, Italy. The purpose of the Organization is to raise levels of nutrition and standards of living; secure improvements in the efficiency of the production and distribution of all food and agricultural products; better the condition of rural populations; and thus contribute toward an expanding world economy and ensure humanity's freedom from hunger.

The Organization's Programme of Work is approved by the Conference of Member Nations. The related budget appropriations voted are financed by annual contributions based on an assessment on Member Nations and Associate Members by the Conference. Unutilized appropriations at the close of the financial period are cancelled, except for the Technical Cooperation Programme (TCP) appropriation which remains available for obligations during the financial period following that for which the funds were voted and Chapter 8 appropriation, which is transferred to the Capital Expenditure Account to be carried forward for use in subsequent financial periods.

Voluntary contributions for special purposes, which are consistent with the policies, aims and activities of the Organization, may be accepted by the Director-General and Trust and Special Funds established accordingly. In addition, the Organization receives funds under an inter-organizational arrangement with the United Nations Development Programme (UNDP) to participate as an executing agency for UNDP technical cooperation projects or act as implementing agency for UNDP funded projects executed by other executing agencies. Voluntary contributions and funds received include payment towards recovering certain costs relating to technical, managerial and administrative services (support costs) which are a necessary part of extra-budgetary projects.

In agreement with the main multilateral financing agencies for agriculture, the Organization provides investment support services under jointly financed missions to individual countries, for which it receives reimbursement of an agreed share of costs.

2. Summary of Significant Accounting Policies

Financial Period

The financial period is a biennium consisting of two consecutive calendar years.

Basis of Preparation

The financial statements are prepared in accordance with United Nations System Accounting Standards (UNSAS) applied consistently. Changes in accounting policy are made only if the adoption of a different policy is required by resolution of the Governing Bodies of the Organization or by UNSAS, or if the change would result in a more appropriate presentation of the financial statements.

FOOD AND AGRICULTURE ORGANIZATION OF THE UNITED NATIONS

Income

Income is recognized when the Organization becomes entitled to it with the exception of voluntary contributions, funds received under inter-organizational arrangement and jointly financed activities, which is recognized proportionately with the degree of project activity completed as measured in terms of expenditure.

Expenditure

Expenditure is recognized as costs are incurred.

Equipment, Furniture and Vehicles

The cost of equipment, furniture and vehicles is fully expensed in the year of purchase.

Reporting Currency

The financial statements are expressed in US dollars, the functional currency of the Organization.

Foreign Currencies

As of 31 December 2007, all assets and liabilities in currencies other than US dollars are translated at the UN operational rate of exchange at the reporting date. Exchange differences are taken to the income and expenditure account and transferred to the Special Reserve Account. Income and expenditure in currencies other than US dollars are translated into US dollars at the UN operational rates of exchange, which approximate the market rate in effect at the date of the underlying transactions. Prior to the 2006-07 biennium, only cash and term deposits denominated in other than US dollars were translated at the UN operational rate of exchange at the reporting date.

Investments

Beginning in the 2006-07 biennium, investments are stated at market value determined on a total portfolio basis. Change in value is recorded in a separate component of reserves called "Unrealized gains/losses on investments". Gains and losses due to changes in market value are recognized in income when the investments are liquidated and the gains and losses realized. The Organization classifies its investments as available-for-sale, as they are neither frequently actively traded for short term gains, nor do they consist of fixed term investments, which are held until maturity. Prior to the 2006-07 biennium, investments were stated at the lower of cost or market value determined on a total portfolio basis.

Staff Related Schemes

Beginning in the 2006-07 biennium, the Organization has recognized in the accounts 100% of the actuarially-determined liabilities for the Compensation Payments Plan, Terminal Payments Plan, Separation Payments Plan and After Service Medical Coverage Plan (collectively "Staff Related Schemes"). Future changes in the liabilities will reflect expenditure related to the actuarially determined current service cost and interest expense plus or minus adjustments due to changes in actuarial assumptions and/or experience.

The expense rates and liabilities are determined by actuarial valuation. Current service costs and amortization of unrecorded liabilities are charged to expenditure on an accruals basis.

FOOD AND AGRICULTURE ORGANIZATION OF THE UNITED NATIONS

Commencing in 1998 through December 2007, the resultant unrecorded liability for After Service Medical Plan and other Staff Related Schemes were being amortized over 30 years and 15 years, respectively. Since the Organization has recognized the entire liabilities for Staff Related Schemes, amortization will no longer be required in subsequent periods.

Rounding Policy

The financial statements are expressed in thousands of US dollars.

Consolidation Policy

- FAO Programme of Work

The consolidated financial statements are reported by segment consisting of (a) General and Related Funds and (b) Trust and UNDP Funds.

- FAO Credit Union

Conference Resolution 37/75 stipulated that the Credit Union is an integral part of FAO and provided that (a) the Credit Union funds and net assets be placed in a special account administered separately from all other funds and assets administered by FAO; (b) all costs incurred in the operation of the Credit Union and any financial liabilities arising out of the Credit Union activities are chargeable to the Credit Union funds and assets and (c) the statutes of the Credit Union contain provisions safeguarding the position of the Organization. These principles were duly incorporated in the statutes of the Credit Union. The Credit Union audited financial statements are not consolidated but separately presented to the Finance Committee.

- FAO Commissary

The operations and funds of the Commissary are, defined by Article XIII, Section 27, of the Headquarters Agreement which recognizes that such officials enjoy (i) the right to import, free of duty and other levies, prohibitions and restrictions on imports and (ii) through the medium of FAO, reasonable quantities, to be agreed upon in accordance with a procedure to be established between the Italian Government and FAO of foodstuffs and other articles for personal use and consumption and not for gift or sale. The Commissary audited financial statements are not consolidated but separately presented to the Finance Committee.

3. Assessment on Member Nations

	2006-07	2004-05
	US\$ 000	US\$ 000
Regular Programme assessments	785,555	782,009
After Service Medical Coverage assessment	14,100	14,100
less: Amount in respect of Tax Equalization Fund	(5,900)	(2,800)
	793,755	793,309

Conference Resolution 7/2005 approved appropriations of \$765.7 million to be used for the Programme of Work as proposed by the Director General for 2006-07. Such appropriations, plus an amount of \$14.1 million to fund the amortization of After-Service Medical Coverage

FOOD AND AGRICULTURE ORGANIZATION OF THE UNITED NATIONS

(ASMC), minus estimated Miscellaneous Income of \$6.0 million, were budgeted to be financed by contributions from Member Nations of \$773.8 million. The contributions are comprised of split assessments in US Dollars of \$353.1 million and in Euros of €353.6 million (equivalent to US Dollars \$420.7 million at the Budget rate of exchange of US Dollar 1.19 to €1.00). Actual Assessments on Member Nations of \$793.8 million reflect the difference between the average UN Operational rate of exchange of US Dollar 1.25 to €1.00 at the time the €353.6 million was assessed and the rate of exchange assumed in the budget.

The split assessment arrangement was approved by Conference Resolution 11/03, in 2003 and this arrangement was first used for the assessments on Member Nations in 2004-05. Based on total assessments expressed in US Dollars as reported in Statement I, the actual split of assessments in US Dollars and Euro for 2006-07 was approximately 44% and 56%, respectively.

4. Voluntary Contributions

	2006-07 US\$ 000	2004-05 US\$ 000
(a) General and Related Funds		
Support costs	58,754	39,927
(b) Trust and UNDP Funds		
Donor countries	584,643	487,051
Donor institutions	153,985	77,562
Multidonor projects	96,893	54,503
	835,521	619,116
	894,275	659,043

General and Related Funds Support costs represent income generated for support services provided to Trust and UNDP fund projects by the Regular Programme.

5. Funds Received under Inter-Organizational Arrangements

	2006-07 US\$ 000	2004-05 US\$ 000
(a) General and Related Funds		
Support costs	1,330	1,559
(b) Trust and UNDP Funds		
Funds received under inter-organizational arrangement	13,500	15,696
	14,830	17,255

FOOD AND AGRICULTURE ORGANIZATION OF THE UNITED NATIONS

6. *Jointly Financed Activities*

	2006-07 US\$ 000	2004-05 US\$ 000
FAO/World Bank Cooperative Programme	25,226	21,454
African Development Bank	915	1,740
Asian Development Bank	93	360
International Fund for Agricultural Development	3,535	1,317
European Bank for Reconstruction and Development	557	620
Others	2,022	1,180
	32,348	26,671

7. *Miscellaneous Income*

	2006-07 US\$ 000	2004-05 US\$ 000
(a) General and Related Funds		
Bank and term deposit interest	11,204	5,062
Short-term investment income	3,339	-
Lapse of accrued liabilities	3,607	3,450
Bank charges	(2,303)	(1,875)
Bank interest paid	(1,835)	(333)
Prior period	-	130
Contribution from the Russian Federation	7,877	-
Other	1,762	1,017
	23,651	7,451
(b) Trust and UNDP Funds		
Short-term deposit investment income	36,333	14,319
	59,984	21,770

The contribution from the Russian Federation to the 2006-07 Programme of Work and Budget of \$7.9 million was recorded as Miscellaneous Income in accordance with a decision of Council (CL 131/REP).

FOOD AND AGRICULTURE ORGANIZATION OF THE UNITED NATIONS

8. Expenditure

	2006-07 US\$ 000	2004-05 US\$ 000
(a) General and Related Funds:		
Staff salaries	624,752	571,352
Other human resources	88,396	93,207
Official travel	54,028	64,937
General operating expenses	56,060	55,637
Purchase of equipment	32,466	54,601
Training	8,129	12,581
Contracts	44,824	44,445
Sundries	16,920	11,534
	925,575	908,294
(b) Trust and UNDP Funds		
Staff salaries	165,620	132,916
Other human resources	138,948	92,097
Official travel	91,643	63,227
General operating expenses	52,512	36,129
Purchase of equipment	218,768	184,458
Training	31,540	21,037
Contracts	142,083	99,498
Sundries	7,907	5,450
	849,021	634,812
	1,774,596	1,543,106

The expenditure of the General and Related Funds consists of the following:

	2006-07 US\$ 000	2004-05 US\$ 000
Regular Programme	888,075	812,544
TCP prior biennium appropriation	35,556	62,025
Arrears allocation	-	31,270
Information Products Revolving Fund	1,062	1,440
Sundry	882	1,015
	925,575	908,294

Regular Programme expenditure includes \$27.1 million of expenditure related to the 2006-07 TCP appropriation; \$13.3 million of Capital Expenditure spending associated with Chapter 8 of the Programme of Work and Budget, which was established at the end of the previous biennium (refer to Notes 18 and 24 for further details); and, \$36.1 million of expenditure not provided for in the Programme of Work and Budget 2006-07 (refer also to Statement IV).

FOOD AND AGRICULTURE ORGANIZATION OF THE UNITED NATIONS

9. Amortization of Staff Related Liabilities

	2006-07	2004-05
	US\$ 000	US\$ 000
After Service Medical Coverage	45,445	29,986
Terminal payments	-	2,977
	45,445	32,963

Prior to 31 December 2007, the portion of after service staff liabilities recorded in Statement II approximately reflected only that amount for which assets were set aside to fund such liabilities. In 1998, the Organization began recognizing the unrecorded portion in order to fully recognize the liabilities over 30 years. The amortization of the after service medical coverage liability represents the amount of the unrecorded portion of the total liability which was being recorded on Statement II and which would be required to be matched by Member Nation contributions in order to achieve full funding by 2027. Amounts are determined by actuarial valuation. The amortization of the terminal payments for 2006-07 was included in 2006-07 Regular Programme expenditure and reflects amounts incurred in excess of the recommended rate of contribution determined by actuarial valuation.

As of 31 December 2007, the full amount of after service staff related liabilities, which includes both funded and unfunded portions, has been recorded in Statement II.

10. Provision for Contributions

Reconciliation of provision for delays of contributions:

	2006-07	2004-05
	US\$ 000	US\$ 000
Opening Balance as at 1 January 2006 and 2004	179,043	109,064
Increase/(Decrease) in provision for contributions related to:		
Assessments on Member Nations	(160,956)	71,604
Government Counterpart Cash Contributions	(566)	432
Special Reserve Account assessments	(2,296)	(2,057)
Working Capital Fund assessments	(110)	-
Net increase/(decrease) in provision for contributions	(163,928)	69,979
Closing Balance as at 31 December 2007 and 2005	15,115	179,043
Of which Provision for:		
Assessments on Member Nations	8,405	169,361
Government Counterpart Cash Contributions	6,534	7,099
Special Reserve Account assessments	151	2,448
Working Capital Fund assessments	25	135
Closing Balance as at 31 December 2007 and 2005	15,115	179,043

The net decrease in the provision related to Assessments on Member Nations, Special Reserve Account and Working Capital Fund assessments reflects a change in accounting policy, which was recorded as an adjustment to the opening balance of the General Fund reserve of \$161 million (refer to Note 20 for further details) and adjustments to the Special

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Reserve Account and Working Capital Fund reserves of \$2.3 million and \$0.1 million, respectively. As of 31 December 2007, the Provision for these assessments relates entirely to a former Member Nation (ex-Yugoslavia).

The decrease related to Government Counterpart Cash Contributions reflects the decrease in amounts of the related gross contributions receivable outstanding (refer to Note 12) and, consistent with the Organization's past practice and policy, is recorded within net expenditure in Provision for contributions receivable and other assets in Statement I.

11. Investments

	2006-07 US\$ 000	2004-05 US\$ 000
Trust and UNDP Funds		
Short-Term Investments	450,022	368,368
Total Short-Term Investments	450,022	368,368
General and Related Funds		
Long-Term Investments earmarked for:		
Compensation Plan	16,749	16,589
Separation Payments Scheme	82,173	77,875
After-Service Medical Coverage	200,732	114,282
Total Long-Term Investments	299,654	208,746
Total Investments	749,676	577,114

As at 31 December 2007, the accounting policy was changed and the investments are now stated at fair market value. In 2004-05 and prior, investments were stated at the lower of cost or market value.

Long term investment securities are held by the custodian, Northern Trust Company, and are managed by external investment managers. Both long and short term portfolios consist of investments that are considered available-for-sale. The current investment guidelines for the long term portfolio have an asset allocation of approximately 50% equities and 50% fixed income. The fixed income portion is in Euros, while the equities are in US Dollars.

As in prior years, the Organization issued an additional assessment in 2006-07 of \$14.1 million towards funding the amortization of the After-Service Medical Coverage. The amounts received from this additional assessment are allocated to the long-term investment portfolio in proportion to the overall Member Nation assessments actually paid.

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Unrealized gains/(losses) on investments	2006-07	2004-05
	US\$ 000	US\$ 000
Short-Term Investments		
Cost	452,195	368,676
Market value	450,022	368,368
Unrealized (loss) on short term investments	(2,173)	(308)
Long-Term Investments		
Cost	267,949	208,746
Market value	299,654	230,272
Unrealized gain on long term investments	31,705	21,526

The unrealized loss of \$2.2 million on short term investments and the unrealized gain of \$31.7 million on long term investments were provided for in the Reserves and Fund Balances. At 31 December 2005 unrealized gain on long term investments was not recognized as investments were valued at the lower of cost or market value.

Conference Resolution 10/99 and 10/2001 approved, inter alia, that (i) any income generated from the investments held in respect of the Separation Payments Scheme and Staff Compensation Plan be applied to ensure the adequacy of those funds to extinguish the respective liabilities, (ii) should there be additional investment income then this should first be earmarked for the After Service Medical Coverage liability and subsequently for the Terminal Payments liability. Long-term investment income earned in 2006-07 in the amount of \$42.6 million was applied to Staff Related Schemes in 2006-07 (2004-05 - \$36.6 million).

12. Contributions Receivable

	2006-07	2004-05
	US\$ 000	US\$ 000
(a) General and Related Funds		
Assessment on Member Nations	113,179	169,361
Government Counterpart Cash Contributions	6,534	7,099
Working Capital Fund	133	135
Special Reserve Account	2,448	2,448
	122,294	179,043
(b) Trust and UNDP Funds		
Voluntary Contributions	6,197	5,972
Funds receivable under inter-organizational arrangement	12,011	7,843
	18,208	13,815
	140,502	192,858

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13. Accounts Receivable

	2006-07	2004-05
	US\$ 000	US\$ 000
Accounts Receivable, advances and prepayments	35,451	29,564
Other UN and non UN organizations	11,526	17,976
Accrued interest and other	2,962	1,067
	49,939	48,607
Less: Provision for Accounts Receivable	(4,115)	-
Accounts Receivable, net	45,824	48,607

Accounts Receivable, advances and prepayments at 31 December 2007 includes \$14.9 million of advances to staff members against their earned Separation Payment Scheme entitlements (2004-05 - \$8.0 million). Such amount will be deducted from the final entitlements to be paid out upon end of the staff members' service (Refer to Note 21 for further details).

As of 31 December 2007, Accounts Receivable are reported net of a provision to state balances at their expected net realizable value. The offset to the Provision for Accounts Receivable was recorded as expenditure in Provision for contributions receivable and other assets in Statement I.

14. Bank Loans

The Organization suffered cash shortages in the last five months of 2005 due to delays in payment of contributions by Member Nations. After recourse to the Working Capital Fund and Special Reserve Account balances to meet the General Fund cash requirements, the Organization was further obliged to borrow externally from August through 31 December 2005. The borrowing is repayable in periods up to two weeks, with various institutions, at prevailing inter-bank rates. Unsecured external borrowings of \$71 million at 31 December 2005 were repaid in 2006 on receipt of contributions from Member Nations.

15. Contributions Received in Advance

	2006-07	2004-05
	US\$ 000	US\$ 000
(a) General and Related Funds:		
Assessment on Member Nations	62	58
(b) Trust and UNDP Funds:		
Voluntary contributions	564,830	384,304
	564,892	384,362

Contributions Received in Advance for Trust and UNDP Funds represent the part of voluntary contributions, received from various donors, which has not yet been utilized for the implementation of the relevant projects. Income on Trust Fund and UNDP projects is recognized as project expenditure is incurred and the balance of contributions received in

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advance reduced accordingly. In accordance with the Donor Agreements, any unspent balance will be returned to the donors.

The contributions received in advance are maintained in cash and short term investments and interest income maturing on these balances is transferred to Trust Funds and UNDP donor accounts.

Interest income attributed to cash and short term investments related to Voluntary Contributions and transferred to Trust Funds and UNDP donor accounts included above amounted to \$36.3 million (2004-05 - \$14.3 million).

16. Unliquidated Obligations

Unliquidated obligations represent liabilities for the cost of personnel, contracts and outstanding purchase orders entered into as at 31 December 2007.

17. Accounts Payable

	2006-07 US\$ 000	2004-05 US\$ 000
Field disbursements	1,447	1,676
Pension and medical schemes	2,818	2,918
Staff fiduciary accounts	20,673	10,138
Other accounts payable	13,254	6,216
	38,192	20,948

Staff fiduciary accounts represent funds related to the operation of the contributory medical and insurance arrangements for staff. The funds are used for related purposes such as settling claims received after the expiry of the medical and insurance contracts.

18. Deferred Income

	2006-07 US\$ 000	2004-05 US\$ 000
Opening Balance as at 1 January 2006 and 2004	35,556	62,024
Add: 2006-07 Regular Programme assessment relating to TCP appropriation (2004-05)	95,703	98,645
Less: Transferred to income in respect of expenditures incurred against:		
(i) TCP 2004-05 appropriation (2002-03)	(35,556)	(62,024)
(ii) TCP 2006-07 appropriation (2004-05)	(27,108)	(63,089)
Net increase / (decrease) in deferred revenue during the biennium	33,039	(26,468)
Closing Balance as at 31 December 2007 and 2005	68,595	35,556

The Technical Cooperation Programme (“TCP”) was launched in 1976 to make FAO’s specialized competence more readily available to member countries to solve pressing

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development problems in the agriculture, fisheries and forestry sectors as well as to address related rural development and socio-economic issues.

TCP is a Regular Programme activity funded through assessed Member Nation Contributions. Appropriations are available over two biennia. The amount of appropriation unutilized in the first biennium is recorded as deferred revenue and can be carried forward to be fully utilized in the following biennium. Deferred revenue as recorded in Statement II is calculated as the difference between the total appropriation as set out in the Programme of Work and Budget less actual expenditure incurred. All expenditure in currencies other than US Dollars are translated at the UN Operational Rate of exchange in effect at the date of the transaction.

19. Arrears Allocation

The balance of the Arrears Allocation remaining at the end of 2005 was transferred to the new Capital Expenditure Account in accordance with Conference Resolution 10/2003. The movements in Chapter 9 “One-time expenditure” are as follows:

	2006-07	2004-05
	US\$ 000	US\$ 000
Arrears Allocation for one-time Expenditure	-	41,382
Less: Expenditure incurred	-	(31,270)
Transfer to Capital Expenditure Account	-	(10,112)
	-	-

20. Change in Accounting Policy

As part of a continuing effort to improve the quality and transparency of the Organization’s financial reporting the Organization, beginning with the current biennium’s audited accounts, changed its accounting policies related to three areas: 1) Provision for Contributions Receivable from Member Nations; 2) Liabilities for Staff After-Service Schemes; and, 3) Investments.

Provision for Contributions Receivable from Member Nations

Prior to 2006-07, the Organization’s policy was to record a provision against 100% of outstanding amounts of Contributions Receivable from Member Nations until such time as they were collected. Beginning in 2006-07 the Organization’s policy is that all assessments to Member Nations are deemed collectible. Therefore, a provision is recorded against these assessments only under exceptional circumstances. As of 31 December 2007, the Organization has provided for 100% of outstanding amounts from a former Member Nation (ex-Yugoslavia). The reduction in the provision was recorded as an adjustment to the opening balance of the General Fund Reserve (\$160.9 million), Working Capital Fund (\$0.1 million) and Special Reserve Account Reserves (\$2.3 million) based on the assessments to which the provision related.

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Liabilities for Staff Related Schemes

Prior to 2006-07, the Organization recorded only a portion of the actuarially determined liability associated with the After Service Medical Plan and no liability was recorded for staff entitlements under the Terminal Payment Scheme. As of 31 December 2007, the Organization has recorded 100% of the actuarially-determined liabilities for Staff Related Schemes in Statement II. The difference of \$397.7 million between the total liabilities and the amounts recognized after recording current service cost, amortization and long-term investment income was recorded as an adjustment to the opening balance of the General Fund Reserve.

Investments

Prior to 2006-07, investments were recorded at the lower of historical cost (as adjusted for earned income) or fair value, as determined by reference to an external market. As of 31 December 2007, investments are recorded at their fair market value. The increase and/or decrease was recorded in the account Unrealized gains/(losses) on investments as a separate component of Reserves and Fund Balances in Statement II as at 31 December 2007 and, therefore, did not impact opening balances of Total Reserves and Funds.

21. Staff Related Schemes

	2006-07	2004-05
	US\$ 000	US\$ 000
Compensation Payments	16,749	16,589
Separation Payments	97,079	77,875
Terminal Payments	29,177	-
After Service Medical Coverage	576,142	145,102
Total accrued liabilities	719,147	239,566
Add: Unrecorded liability	-	414,272
Total Staff Related Liabilities	719,147	653,838
Less: Earmarked long-term investments at fair market value	(299,654)	(230,272)
Less: Advances on Separation Payments Scheme	(14,905)	(8,034)
Total Unfunded Staff Related Liabilities	404,588	415,532

The additional provision required as at 31 December 2007 to ensure that the staff related liabilities were fully provided is summarized as follows:

	2006-07
	US\$ 000
Compensation Payments	-
Separation Payments	-
Terminal Payments	29,177
After Service Medical Coverage	368,494
	397,671

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Compensation Payments

Compensation Payments are due to staff members and their dependants in case of death, injury or illness attributable to the performance of official duties and, in certain circumstances, to supplement the disability and survivors' pensions paid by the United Nations Joint Staff Pension Fund. Compensation Payments are subject to actuarial review to ascertain the liabilities and recommend rates of contribution. The valuation method used is the One-Year Term Cost Method. Principal actuarial assumptions and the actuarial present value of expected claims of the last actuarial valuation as at 31 December 2007 (and 2005) are as follows:

	2007	2005
(i) Annual discount rate	5.6%	4.5%
(ii) Annual cost-of-living increases in benefits	2.5%	2.0%
Actuarial present value of expected claims (\$ 000s)	16,749	16,589

Separation Payments

Separation Payments are due to General Service category staff at Headquarters who are entitled to receive a separation payment equivalent to 1/12th of the staff member's Final Net Annual Salary rate multiplied by years of service between 1 January 1975 and 31 December 1990, plus 1/13.5th of the staff member's Final Net Annual Salary rate multiplied by years of service after January, 1, 1991. Separation Payments are subject to actuarial review to ascertain the liabilities and recommend rates of contribution. The valuation method used is the Projected Unit Credit Cost Method. Principal actuarial assumptions and the actuarial present value of expected claims of the last actuarial valuation as at 31 December 2007 (and 2005) are as follows:

	2007	2005
(i) Annual discount rate	5.6%	4.5%
(ii) Future rate of salary inflation	3.0%	2.5%
Actuarial present value of benefit obligation (\$ 000s)	97,079	77,875

Terminal Payments

Terminal Payments relate to payment of accrued annual leave, repatriation grant, termination indemnity, cost of repatriation travel and the removal of household goods for all eligible staff. Terminal Payments are subject to actuarial review to ascertain the related liabilities and recommend rates of contribution. Principal actuarial assumptions and the actuarial present value of expected claims of the last actuarial valuation as at 31 December 2007 (and 2005) are as follows:

	2007	2005
(i) Annual discount rate	5.6%	4.5%
(ii) Future rate of salary inflation	3.0%	2.5%
Actuarial present value of benefit obligation (\$ 000s)	29,177	25,932

After Service Medical Coverage

The After Service Medical Coverage Plan provides for worldwide coverage for necessary medical expenses of eligible former staff members and their dependants. The After Service

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Medical Coverage liability represents the present value of the share of the Organization's medical insurance costs for retirees and active staff post-retirement benefit accrued to-date. After Service Medical Coverage is subject to actuarial review to ascertain the related liabilities and recommend rates of contribution. The valuation method used is the Projected Unit Credit Cost Method with Service Prorate. Principal actuarial assumptions and the actuarial present value of expected claims of the last actuarial valuation as at 31 December 2007 (and 2005) are as follows:

	2007	2005
(i) Annual discount rate	5.6%	4.5%
(ii) Salary Inflation rate	3.0%	2.5%
(iii) Medical Inflation rate (as at 31 December 2007, the rate is assumed to be a flat 5%. As at 31 December 2005, the medical inflation rate is assumed to decline linearly from 6.5% to 4.5% over the next 10 years)	5%	6.5%
Actuarial present value of expected claims (\$ 000s)	576,142	533,442

Pensions

The Organization is a member organization participating in the United Nations Joint Staff Pension Fund (UNJSPF), which was established by the United Nations General Assembly to provide retirement, death, disability and related benefits. The Pension Fund is a funded, defined benefit plan. The financial obligation of the Organization to the UNJSPF consists of its mandated contribution, at the rate established by the United Nations General Assembly, together with any share of any actuarial deficiency payments under Article 26 of the Regulations of the Pension Fund. Such deficiency payments are only payable if and when the United Nations General Assembly has invoked the provision of Article 26, following determination that there is a requirement for deficiency payments based on an assessment of the actuarial sufficiency of the Pension Fund as of the valuation date. At the time of this report, the United Nations General Assembly has not invoked this provision.

The actuarial method adopted for the United Nations Joint Staff Pension Fund (UNJSPF) is the Open Group Aggregate method. The cost of providing pensions is charged to the income statement of the UNJSPF so as to spread the regular cost over the service lives of employees, in accordance with the advice of the actuaries, who carry out a full valuation of the period plan every two years. The plan exposes participating organizations to actuarial risks associated with the current and former employees of other organizations, with the result that there is no consistent and reliable basis for allocating the obligation, plan assets and costs to individual organizations participating in the plan.

FAO, as well as other participating organizations, is not in the position to identify its share of the underlying financial position and performance of the plan with sufficient reliability for accounting purposes, and hence has not recorded any assets or liabilities in its accounts in this regard, nor included related information pertaining to the plan such as actuarial assumptions in its footnotes. The Organization makes contributions on behalf of its staff (currently payable by the participant and FAO at 7.9% and 15.8%, respectively, of the staff member's pensionable remuneration) and records its share of the contribution as expenditure within Staff costs. Total retirement plan expenditure incurred by the Organization for the biennium 2006-07 amounted to \$102.4 million (2004-05 – \$96 million).

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22. Working Capital Fund

	2006-07 US\$ 000	2004-05 US\$ 000
Authorized level at 1 January 2006 and 2004	25,395	25,395
New Member Nations	283	-
Authorized level at 31 December 2007 and 2005	25,678	25,395
Opening Balance as at 1 January 2006 and 2004	-	25,183
Net transfers from / (to) General Fund	25,197	(25,197)
Assessments to New Member Nations	283	14
Net decrease in provision	109	-
Other	65	-
Closing Balance as at 31 December 2007 and 2005	25,654	-

The purpose of the Working Capital Fund is to advance moneys on a reimbursable basis to the General Fund in order to finance budgetary expenditures pending receipt of contributions to the budget; finance emergency expenditures not provided for in the current budget; and make loans for such purposes as the Council may authorize in specific cases. The authorized level of the Working Capital Fund set-up by Conference resolution 15/91 was originally \$25 million and is increased by the Working Capital Assessments on new Member Nations.

The balance of \$25.2 million, which was advanced from the Working Capital Fund to the General Fund in August 2005 was subsequently reimbursed in 2006 on receipt of contributions from Member Nations. In conjunction with a change in accounting policy on provisioning for Member Nation Contributions, the Organization recorded \$0.3 million of assessments made in 2006-07 as increases to the Working Capital Fund and concurrently reversed \$0.1 million of provision directly to the Working Capital Fund.

23. Special Reserve Account

	2006-07 US\$ 000	2004-05 US\$ 000
Authorized level at 1 January 2006 and 2004	38,285	37,455
Opening Balance as at 1 January 2006 and 2004	-	23,021
Exchange differences on translation of foreign currencies	19,411	(14,762)
Net transfer from/(to) General Fund	10,316	(10,316)
Other transfer to General Fund for unbudgeted General Service salary increase	(6,400)	-
Total transfers from/(to) General Fund	23,327	(25,078)
Receipts from Member Nations	-	2,057
Net decrease in provision	2,296	-
Closing Balance as at 31 December 2007 and 2005	25,623	-

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The purpose of the Special Reserve Account is to protect the Organization's Programme of Work against the effects of unbudgeted extra costs arising from adverse currency fluctuations and unbudgeted inflationary effects. The authorized level of the Special Reserve Account is set by Conference Resolution 13/81 at 5% of the effective working budget for the respective subsequent biennium, amounting to \$38.3 million in 2006-07. Net gains or losses on exchange are charged to the Special Reserve Account.

The balance of \$10.3 million, which was advanced from the Special Reserve Account to the General Fund in 2005 was subsequently reimbursed in 2006 on receipt of contributions from Member Nations.

Other transfer to General Fund of \$6.4 million represents the partial funding of the General Service Salary increase in accordance with CL 131/REP.

24. Capital Expenditure Account

	2006-07 US\$ 000	2004-05 US\$ 000
Opening Balance at 1 January 2006 and 2004	10,112	-
Approved appropriations	4,725	-
Expenditure under Chapter 8 of Programme of Work and Budget	(13,314)	-
Transfer from other Chapters	1,700	-
One-time transfer of balance on Arrears Allocation	-	10,112
Closing balance at 31 December 2007 and 2005	3,223	10,112

The Capital Expenditure Account was established by Conference Resolution 10/03 as Chapter 8 of the Programme of Work and Budget and incorporated in Financial Regulation 6.11.

The opening balance on the Capital Expenditure Account of \$10.1 million was transferred from the remaining balance on the Arrears Allocation at 31 December 2005 in accordance with the approval of Finance Committee, endorsed by Council (CL129/REP paragraph 48).

Unutilized Chapter 8 appropriations at the close of the financial period are transferred to the Capital Expenditure Account and can be carried forward for use in subsequent financial periods.

At 31 December 2007, the balance of the Capital Expenditure Account includes \$1.7 million of additional appropriation which was transferred from end of biennium surpluses in other Chapters in accordance with FC 122/2 (refer also to Statement IV).

25. Special Fund for Emergency and Rehabilitation Activities

The Finance Committee, at its 102nd Session in May 2003, supported the proposal to establish the Special Fund for Emergency and Rehabilitation Activities (SFERA), with funding to be provided from the donor community and the Emergency and Rehabilitation Division (TCE). The initial target funding level was set at \$2 million.

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The FAO Council, at its Hundred and Twenty-seventh Session in November 2004, noted the Director-General's proposal to extend the target funding level of the SFERA to \$20 million and to create an emergency trust fund with an annual target funding level of \$80 million.

	2006-07 US\$ 000	2004-05 US\$ 000
Opening Balance at 1 January 2006 and 2004	11,421	-
Movements of the SFERA during the biennium:		
Contributions Received from Donors	33,371	12,781
Transfer from TCE	14,228	12,000
Advances to projects	(27,663)	(9,957)
Applications to Trust Funds projects	(32,471)	(13,470)
Refund of Advances	26,363	10,067
Closing balance at 31 December 2007 and 2005	25,249	11,421

26. *Contingent Liabilities*

Rome Municipal Garbage Tax

FAO received an assessment for garbage collection tax from the Rome Municipality for 1995 of the Lire equivalent of \$1.1 million representing an increase of 425% from the previous year. By Note Verbale of June 1995, FAO informed the Italian Permanent Representation of the impossibility of accepting such a request due to both legal and financial considerations. As of the end of 2007 the total garbage tax assessed on FAO is estimated at approximately Euro 13 million - approximately \$19 million at year-end exchange rates (2004-05 - \$8.9 million) - which results in a contingent liability of \$17.2 million (2004-05 - \$7.1 million) since \$1.8 million (2004-05 - \$1.8 million) had already been provided for. FAO has a legal obligation under provisions of relevant treaties to pay that portion of garbage collection tax that corresponds to the cost of the service rendered. Therefore, pending conclusion of an agreement with all parties involved, any amount charged by the Rome Municipality for garbage services rendered constitutes a potential liability for the Organization. Despite repeated efforts and discussions with Italian Authorities, the matter remains substantially unresolved.

Personal Services Agreements

FAO recently received several lawsuits submitted by several ex-holders of Consultancy contracts ("Personal Services Agreements" or "PSA") who were hired by a Unilateral Trust Fund to work on various projects. Due to the uncertainty surrounding the cases and the fact that claims are still in the early stages, no liability is yet deemed probable and, therefore, no amounts have been set aside by the Organization. However, there is a possibility in light of the number of claims already received, that FAO could incur a liability in the range of approximately \$1.2 – \$5.5 million.

27. Other Disclosures

Equipment, Furniture and Vehicles

The historical cost of fully expended FAO equipment, furniture and vehicles at the end of the biennium was as follows:

	2006-07	2004-05
	US\$ 000	US\$ 000
General and Related Funds	66,709	68,973
Trust and UNDP Funds	62,668	50,786
	129,377	119,759

Voluntary Contributions in-kind

The Headquarters premises in Rome are provided rent-free by the Host Country in accordance to the Headquarters agreement. In addition, various Member Nations provide premises for FAO offices in field locations. It is estimated that the commercial rental value of the Headquarters and Field property provided rent-free is approximately \$43.2 million and \$8.2 million per year (2004-05 - \$16.2 million and \$4.7 million) respectively.

Non- freely Convertible Currencies

At 31 December 2007, cash balances held in non-freely convertible currencies amounted to \$5.7 million (2004-05 - \$3.4 million). Such amounts will be used in the normal course of business.

Currency Swaps

With the introduction of split assessments, the Organization has entered into US Dollar/Euro swaps with the Bank for International Settlements (BIS) and HSBC as counterparts, to fund delays of Euro receipts from Member Nations throughout the biennium. At 31 December 2007, there were open positions with BIS with a nominal value of €25 million, closed on 10 January 2008, and open positions with HSBC with a nominal value of €8.3 million, closed on 4 January 2008. The fair market value of all swaps outstanding at 31 December 2007 was approximately negative \$0.6 million. This unrealized loss is offset by gains in revaluation of outstanding Member Nation contributions denominated in Euro.

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**Schedule I: Assessed Contributions Outstanding for the Regular Programme
at 31 December 2007 (expressed in US\$000)**

Member Nation	2004 & prior	2005	2006	2007	Instalments due in future years	Grand total
Andorra	0	0	0	5		5
Antigua and Barbuda	319	9	13	13		354
Argentina	22,491	4,892	4,234	0		31,617
Armenia	0	0	0	0	1,503	1,503
Azerbaijan	0	0	0	0	754	754
Benin	0	0	1	0		1
Bolivia	0	34	0	20	40	94
Burundi	88	4	4	4		100
Cape Verde	0	0	0	4		4
Central African Republic	210	4	4	4		222
Chile	0	0	591	990		1,581
Comoros	272	4	4	4		284
Costa Rica	51	55	133	135		374
Cote d'Ivoire	0	0	15	26		41
Cuba	0	53	191	191		435
Democratic Republic Of Congo	25	17	13	13		68
Dominica	0	0	0	3		3
Dominican Republic	105	98	93	156		452
Gambia	70	3	4	4		81
Georgia	0	0	0	0	1,257	1,257
Guatemala	0	0	22	88		110
Guinea	0	0	8	8		16
Guinea-Bissau	100	4	4	4		112
Haiti	0	0	0	8		8
Iran, Islamic Republic of	0	0	1	695		696
Iraq	5,817	354	69	0		6,240
Jordan	5	20	28	0		53
Kazakhstan	0	0	0	0	217	217
Kiribati	0	0	2	2		4
Korea, Republic of	0	0	0	95		95
Kyrgyzstan	868	4	4	4		880
Lebanon	0	0	0	109		109
Liberia	313	3	3	4		323
Libyan Arab Jamahiriya	0	0	0	110		110
Lithuania	0	0	0	0	554	554
Malawi	0	0	0	3		3
Marshall Islands	0	0	0	3		3
Mauritania	0	0	4	4		8
Mexico	0	0	4,950	5,213		10,163
Micronesia	0	2	3	3		8

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**Schedule I: Assessed Contributions Outstanding for the Regular Programme
at 31 December 2007 (expressed in US\$000)**

Member Nation	2004 & prior	2005	2006	2007	Instalments due in future years	Grand total
Moldova	0	0	0	0	675	675
Montenegro	0	0	0	1		1
Myanmar	0	0	0	43		43
Nauru	11	4	4	4		23
Nicaragua	1	3	3	4		11
Niger	0	0	1	4		5
Nigeria	0	0	82	187		269
Palau	4	4	4	4		16
Paraguay	41	41	45	52		179
Peru	0	0	295	408		703
Philippines	44	256	250	250		800
Saint Lucia	0	0	0	1		1
Sao Tome and Principe	269	4	4	4		281
Saudi Arabia, Kingdom of	0	0	0	62		62
Senegal	0	0	0	22		22
Seychelles	0	0	0	24	125	149
Sierra Leone	92	4	4	4		104
Solomon Islands	37	4	4	4		49
Somalia	345	4	4	4		357
Sudan	15	15	30	35		95
Tajikistan	143	1	3	3		150
Timor-Leste	0	0	0	4		4
Togo	0	0	0	1		1
Tunisia	0	0	0	1		1
Turkmenistan	429	13	22	22		486
Tuvalu	0	0	2	3		5
Uganda	0	0	0	1		1
United States of America	1,755	71	9,818	29,481		41,125
Uruguay	0	0	0	126		126
Uzbekistan	0	0	0	61		61
Venezuela, Bolivarian Republic of	0	0	0	26		26
Yemen	0	0	0	1		1
Yugoslavia 1990-2000	8,405	0	0	0		8,405
TOTAL	42,325	5,984	20,973	38,772	5,125	113,179

FOOD AND AGRICULTURE ORGANIZATION OF THE UNITED NATIONS

**Annex I: Status of Technical Cooperation Programme Projects Funded Against
2006-07 Appropriation at 31 December 2007**

Country	No. Projects	Budget	Expenditure	Balance
		(US\$ '000)	(US\$ '000)	(US\$ '000)
AFRICA				
Algeria	4	543	262	281
Angola	4	1,209	243	966
Benin	3	383	112	271
Botswana	4	1,642	397	1,245
Burkina Faso	4	775	222	553
Burundi	3	525	235	290
Cameroon	3	500	294	206
Cape Verde	2	354	64	290
Central African Republic	2	633	9	624
Chad	1	63	91	(28)
Comoros	1	200	23	177
Congo	2	285	290	(5)
Congo, The Democratic Republic of	3	926	507	419
Cote d'Ivoire	3	780	178	602
Eritrea	3	938	430	508
Ethiopia	2	143	24	119
Gabon	1	200	16	184
Gambia	3	784	298	486
Ghana	3	459	43	416
Guinea	2	211	72	139
Guinea-Bissau	3	639	247	392
Kenya	4	720	90	630
Lesotho	2	757	170	587
Liberia	4	1,324	388	936
Madagascar	3	659	339	320
Malawi	4	881	548	333
Mali	1	265	55	210
Mauritania	3	844	256	588
Mauritius	2	509	204	305
Mozambique	4	670	485	185
Namibia	2	372	186	186
Niger	2	548	42	506
Nigeria	2	49	83	(34)
Regional Africa	15	2,801	1,001	1,800
Rwanda	3	602	107	495
Sao Tome and Principe	3	883	112	771
Senegal	3	861	171	690
Seychelles	2	809	190	619
Sierra Leone	4	978	466	512
South Africa	3	990	2	988

FOOD AND AGRICULTURE ORGANIZATION OF THE UNITED NATIONS

**Annex I: Status of Technical Cooperation Programme Projects Funded Against
2006-07 Appropriation at 31 December 2007**

Country	No. Projects	Budget	Expenditure	Balance
		(US\$ '000)	(US\$ '000)	(US\$ '000)
Swaziland	2	797	40	757
Tanzania, United Republic of	3	650	487	163
Togo	2	477	4	473
Uganda	5	1,406	444	962
Zambia	3	941	344	597
Zimbabwe	2	816	57	759
	139	32,801	10,328	22,473
ASIA				
Bangladesh	4	1,243	30	1,213
Bhutan	1	449	24	425
Cambodia	4	712	123	589
China	6	1,072	418	654
India	3	343	204	139
Indonesia	3	808	214	594
Kazakhstan	1	162	12	150
Korea, Democratic People's Republic of	6	1,092	276	816
Lao, People's Democratic Republic	3	302	84	218
Maldives	3	905	228	677
Mongolia	5	1,362	378	984
Myanmar	2	333	164	169
Nepal	4	1,144	157	987
Pakistan	3	995	568	427
Philippines	3	1,010	285	725
Regional Asia Pacific	7	1,253	686	567
Sri Lanka	3	1,031	42	989
Thailand	4	1,203	468	735
Viet Nam	3	598	163	435
	68	16,017	4,524	11,493
EUROPE				
Albania	2	342	8	334
Armenia	2	273	99	174
Azerbaijan	3	833	20	813
Belarus	2	380	46	334
Bosnia and Herzegovina	1	270	156	114
Croatia	3	508	179	329
Georgia	3	298	168	130
Kosovo	2	493	105	388
Lithuania	1	230	180	50
Macedonia, The Former Yugoslav	1	223	69	154
Moldova, Republic of	2	578	380	198
Turkey	3	425	11	414

FOOD AND AGRICULTURE ORGANIZATION OF THE UNITED NATIONS

**Annex I: Status of Technical Cooperation Programme Projects Funded Against
2006-07 Appropriation at 31 December 2007**

Country	No. Projects	Budget	Expenditure	Balance
		(US\$ '000)	(US\$ '000)	(US\$ '000)
Ukraine	1	204	69	135
	26	5,057	1,490	3,567
GLOBAL INTERREGIONAL	5	1,368	510	858
	5	1,368	510	858
LATIN AMERICA				
Antigua and Barbuda	2	234	40	194
Argentina	3	754	451	303
Bahamas	2	352	14	338
Barbados	2	373	56	317
Belize	2	364	105	259
Bolivia	2	438	107	331
Brazil	3	497	158	339
Chile	3	705	294	411
Colombia	2	349	323	26
Costa Rica	2	458	105	353
Cuba	5	1,255	57	1,198
Dominica	2	533	141	392
Dominican Republic	5	796	209	587
Ecuador	3	470	420	50
El Salvador	2	434	191	243
Grenada	4	694	80	614
Guatemala	2	542	200	342
Guyana	2	225	0	225
Haiti	3	532	257	275
Honduras	2	272	163	109
Jamaica	1	90	36	54
Mexico	3	566	134	432
Nicaragua	5	831	588	243
Panama	4	901	25	876
Paraguay	2	477	0	477
Peru	2	657	190	467
Regional Latin America	11	3,189	2,585	604
Saint Kitts and Nevis	3	276	302	(26)
Saint Lucia	2	552	198	354
Saint Vincent and the Grenadines	2	668	20	648
Suriname	2	736	3	733
Trinidad and Tobago	2	311	6	305
Uruguay	2	298	304	(6)
Venezuela, Bolivarian Republic of	2	126	64	62

FOOD AND AGRICULTURE ORGANIZATION OF THE UNITED NATIONS

**Annex I: Status of Technical Cooperation Programme Projects Funded Against
2006-07 Appropriation at 31 December 2007**

Country	No. Projects	Budget	Expenditure	Balance
		(US\$ '000)	(US\$ '000)	(US\$ '000)
	96	19,955	7,826	12,129
NEAR EAST				
Afghanistan	2	709	55	654
Djibouti	2	252	55	197
Egypt	5	672	322	350
Iran (Islamic Republic of)	3	642	74	568
Jordan	2	191	140	51
Kyrgyzstan	3	432	28	404
Lebanon	2	208	134	74
Libyan Arab Jamahiriya	1	282	0	282
Morocco	3	851	142	709
Oman	2	556	55	501
Regional Arab States	3	865	3	862
Sudan	5	1,176	261	915
Syrian Arab Republic	3	887	68	819
Tajikistan	3	886	119	767
Tunisia	2	396	0	396
Turkmenistan	1	199	8	191
Uzbekistan	3	905	283	622
Yemen	3	1,412	37	1,375
	48	11,521	1,784	9,737
SOUTHWEST PACIFIC				
Cook Islands	3	891	6	885
Fiji	1	203	42	161
Kiribati	1	57	0	57
Marshall Islands	1	300	52	248
Micronesia, Federated States of	1	122	0	122
Nauru	1	73	106	(33)
Niue	1	261	14	247
Samoa	1	214	15	199
Solomon Islands	1	307	0	307
Tonga	4	518	54	464
Tuvalu	1	56	148	(92)
Vanuatu	2	27	209	(182)
	18	3,029	646	2,383
TOTAL	400	89,748	27,108	62,640

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**Annex I: Status of Technical Cooperation Programme Projects Funded Against
2006-07 Appropriation at 31 December 2007**

Country	No. Projects	Budget	Expenditure	Balance
		(US\$ '000)	(US\$ '000)	(US\$ '000)
2006-07 Project Appropriation			95,703	
Total Expenditure			27,108	
Unobligated Balance carried forward in accordance with Financial Regulations 4.3 (Statement II)			68,595	

FOOD AND AGRICULTURE ORGANIZATION OF THE UNITED NATIONS

**Annex II: Status of Technical Cooperation Programme Projects Funded Against
2004-05 Appropriation at 31 December 2007**

Country	No. Projects	Expenditure <i>(US\$ '000)</i>
AFRICA		
Algeria	3	13
Angola	2	153
Benin	3	331
Botswana	5	124
Burkina Faso	3	46
Burundi	1	137
Cameroon	4	399
Cape Verde	3	191
Central African Republic	3	269
Chad	4	419
Comoros	2	122
Congo	1	5
Congo, Dem. Rep. of	4	417
Cote d'Ivoire	2	18
Equatorial Guinea	2	465
Eritrea	3	(52)
Ethiopia	1	149
Gabon	3	296
Gambia	2	119
Ghana	3	264
Guinea	5	257
Guinea-Bissau	3	675
Kenya	4	213
Lesotho	4	268
Liberia	6	158
Madagascar	3	326
Mali	2	50
Mauritania	2	(2)
Mauritius	3	52
Mozambique	4	162
Namibia	4	422
Niger	4	205
Nigeria	3	314
Regional Africa	15	1,528
Rwanda	2	247
Sao Tome and Principe	2	202

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**Annex II: Status of Technical Cooperation Programme Projects Funded Against
2004-05 Appropriation at 31 December 2007**

Country	No. Projects	Expenditure (US\$ '000)
Senegal	4	352
Sierra Leone	2	53
South Africa	2	254
Swaziland	4	220
Tanzania, United Republic of	2	160
Togo	2	176
Uganda	2	157
Zambia	5	299
Zimbabwe	3	82
	146	10,715
ASIA		
Bangladesh	1	204
Bhutan	4	330
Cambodia	4	173
China	7	413
India	2	168
Indonesia	5	1,241
Kazakhstan	1	62
Korea, Democratic People's Republic of	6	378
Lao People's Democratic Republic	1	98
Malaysia	1	77
Maldives	2	143
Mongolia	2	305
Myanmar	2	261
Nepal	1	255
Pakistan	8	667
Philippines	3	163
Regional Asia Pacific	16	1,067
Sri Lanka	3	98
Thailand	2	83
Timor-Leste	3	141
Viet Nam	4	23
	78	6,350
EUROPE		
Albania	1	98
Armenia	4	133
Azerbaijan	1	166
Bosnia and Herzegovina	1	2

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**Annex II: Status of Technical Cooperation Programme Projects Funded Against
2004-05 Appropriation at 31 December 2007**

Country	No. Projects	Expenditure (US\$ '000)
Bulgaria	2	331
Croatia	1	247
Georgia	1	2
Hungary	3	494
Latvia	1	123
Lithuania	2	289
Macedonia, The Former Yugoslav	2	161
Malta	1	(3)
Moldova, Republic of	1	40
Montenegro	1	80
Poland	3	506
Serbia	1	81
Turkey	2	59
Ukraine	3	417
	31	3,226
GLOBAL INTERREGIONAL	13	1,096
	13	1,096
LATIN AMERICA		
Antigua and Barbuda	1	116
Argentina	2	176
Bahamas	1	21
Barbados	2	265
Belize	2	135
Bolivia	1	21
Brazil	3	686
Chile	3	162
Colombia	3	120
Costa Rica	3	469
Cuba	2	347
Dominica	3	98
Dominican Republic	5	305
Ecuador	2	113
El Salvador	3	264
Grenada	4	109
Guatemala	4	584
Guyana	2	94
Haiti	5	105
Honduras	2	513
Jamaica	5	238
Mexico	3	225
Nicaragua	3	71

FOOD AND AGRICULTURE ORGANIZATION OF THE UNITED NATIONS

**Annex II: Status of Technical Cooperation Programme Projects Funded Against
2004-05 Appropriation at 31 December 2007**

Country	No. Projects	Expenditure (US\$ '000)
Panama	4	501
Paraguay	3	161
Peru	3	277
Regional Latin America	16	1,609
Saint Kitts and Nevis	1	35
Saint Lucia	2	120
Saint Vincent and the Grenadine	1	103
Suriname	3	199
Trinidad and Tobago	3	60
Uruguay	3	235
	103	8,537
NEAR EAST		
Afghanistan	1	174
Djibouti	3	109
Egypt	3	114
Iran (Islamic Republic of)	1	148
Jordan	1	126
Kuwait	2	4
Kyrgyzstan	2	234
Lebanon	3	245
Libyan Arab Jamahiriya	2	55
Morocco	4	29
Oman	1	52
Qatar	1	6
Regional Arab States	10	1,594
Sudan	5	(7)
Syrian Arab Republic	4	231
Tajikistan	2	345
Tunisia	4	130
Uzbekistan	3	283
Yemen	2	133
	54	4,005
SOUTHWEST PACIFIC		
Cook Islands	2	132
Fiji	1	90
Kiribati	2	226
Marshall Islands	1	130
Micronesia, Federated States of	1	64
Nauru	2	92
Niue	3	177
Palau	1	89
Papua New Guinea	2	296

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**Annex II: Status of Technical Cooperation Programme Projects Funded Against
2004-05 Appropriation at 31 December 2007**

Country	No. Projects	Expenditure
		<i>(US\$ '000)</i>
Samoa	2	185
Solomon Islands	2	88
Tonga	1	89
Tuvalu	1	68
Vanuatu	1	68
	22	1,794
Miscellaneous	-	(167)
TOTAL	447	35,556
Appropriation 2004-05		98,645
Expenditure against 04/05 Project Appropriation		98,645
Balance		0

