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SOCIAL COUNCIL**

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SUB-COMMITTEE OF THE WHOLE ON THE FINANCES OF THE IRO

ESTIMATES SUBMITTED BY THE WORKING PARTY FOR THE
PROVISIONAL OPERATIONAL BUDGET FOR THE FIRST
FINANCIAL YEAR OF THE IRO

B. OPERATIONAL BUDGET

PART I. OPERATIONS OTHER THAN LARGE SCALE
RESETTLEMENT.+

Section 1

Personnel and Establishment Costs

Assembly Centre, Training, Repatriation,
Hospital, Search, and Screening Teams in Germany,
Austria, Italy and the Middle East (3400 officers @
\$3000 per annum average cost (including salary,
allowances, subsistence and provident fund
contributions)) \$ 10,200,000

Administrative Services and supplies
(Communications, travel, office supplies,
office services) 100,000

Purchase and maintenance of vehicles for
administrative services 4,000,000

Total \$ 14,300,000

+ These calculations have not included the Far Eastern problem (with the exception of the German and Austrian refugees in Shanghai). Information is expected this week from the Chinese Government which will enable the Committee to add the necessary estimates.

Section 2

Care and Maintenance

(a) Basic Supplies for Displaced Persons

in Europe, Mexico, the Middle East,

India, and Shanghai (at an average cost of

75c. per diem for 231,750,000 man days) ... \$ 173,000,000

Refugees in France, Belgium, Holland,

Spain and Portugal (10,000 German and

Austrian refugees in Europe now under

care of IGC) ... \$ 1,880,000

Spanish Republican Refugees (4300 in

Metropolitan France and French North

Africa now receiving financial

assistance from IGC) ... 625,000

Refugees within the Mandate of IRO,

including Nansen refugees, but not covered by

existing relief programmes ... 400,000

Sub-total for Basic Supplies ... \$ 175,905,000

(b) Welfare and Special Services

(at an average cost of 2c. per day for

237,000,000 man days) ... 4,740,000

(c) Training and Retraining ... 1,875,000

Sub-Total 6,615,000

Total for Care and Maintenance 182,520,000

Section 3

Repatriation

(a)	For transportation costs of	
(i)	Displaced Persons in UNRRA or other camps in Middle East, Africa, India, and Mexico (10,000 at \$250 per person)	.....\$2,500,000
(ii)	German and Austrian refugees in Western Europe (4,000 at \$40 per person)	..... 160,000
(iii)	German and Austrian refugees in Shanghai (3,000 at \$450 per person)	..... 1,350,000
	Sub. total for Transportation	..... 4,010,000
(b)	For 90 day food allowance	
(i)	German and Austrian refugees (7,000 for 90 days at 35¢. per diem)	..... 220,500
(ii)	Displaced Persons repatriated from UNRRA and Military Government camps (160,000 for 90 days at 35¢. per diem)	..... 5,040,000
	Sub. total for Allowances	..... 5,260,500
	Total for Repatriation	..... 9,270,500

Section 4

Emigration and Re-establishment of Family Units and Individuals

(a) Transportation and necessary incidental charges:		
(i) For overseas settlement of displaced persons from Germany, Austria and Italy (50,000 at \$300 per person)	.....	\$15,000,000
(ii) For settlement in countries of Western Europe (25,000 at \$8 per person)	.....	200,000
Sub-total for transportation	.....	\$15,200,000
(b) Re-establishment:		
(i) For overseas re-establishment (50,000 persons at \$45 per person)	.....	2,250,000
(ii) For re-establishment in adjacent countries (25,000 persons at \$16 per person)	.....	400,000
Sub-total for re-establishment		\$ 2,650,000
Total	.....	\$17,850,000

Section 5

Local Re-establishment

Short-term loans for local re-establishment (allowing an average of \$200 per person for 2,500 persons)	\$ 500,000
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Section 6

<u>Reserve for contingencies</u>	\$25,000,000
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Grand Total	\$249,440,500
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BASES OF ESTIMATES SUBMITTED BY THE WORKING PARTY
FOR THE PROVISIONAL OPERATIONAL BUDGET FOR THE FIRST
FINANCIAL YEAR OF THE IRO

PART I. OPERATIONS OTHER THAN LARGE SCALE RESETTLEMENT

Section 1

Personnel and Establishment Costs

The estimate for personnel cost is an adjustment of the UNRRA estimate (submitted to the Committee in E/REF.FIN/W.7) taking into account

- (a) the principle of division between administrative and operating costs tentatively adopted by the Committee which results in removing UNRRA personnel costs for Central, Zone and District offices out of the operational budget;
- (b) an average salary level and provident fund contribution in keeping with policies established by the United Nations and the competitive position of IRO and the national services;
- (c) that while the total number of displaced persons in the camps will decrease markedly, the operational personnel will not decrease correspondingly in view of the fact that a skeleton team must be maintained for each camp (unless policy of the IRO in administration of the camps deviates substantially from UNRRA practice), and that certain programmes such as supply, training and retraining, and screening of eligibles will be expanded in the first year of IRO's operations.

- (d) that locally recruited personnel will continue to be paid from local currency and will not be chargeable to IRO.

The estimate for administrative services and supplies is based on the UNRRA cost adjusted in view of the difference in definitions of operations and administrative cost and the fact that

measure increased responsibility of IRO for imported supplies will increase this cost by at least the same amount. This factor also makes it imperative to make a certain allowance for purchase and maintenance of vehicles for the operations. This item will of course, depend on relationships with the military authorities and the availability of such vehicles. The cost has been reckoned at roughly \$1,500,000 for maintenance of 4,300 vehicles to be taken over from UNRRA during the first year; \$1,500,000 for replacement of 400 of these vehicles; and \$1,500,000 for purchase of 500 trucks necessary to undertake supply responsibilities to be taken over from the Armies by the IRO.

Section 2

Care and Maintenance

The estimates for supplies, welfare and special services, and training and retraining are submitted with the following explanation:

(a) the man-days in camps (now under UNRRA or Military Government care) were calculated by distributing the withdrawals by reason of repatriations, emigrations, local re-establishment and resettlement by estimated months of departure, subtracting from total camp population at the beginning of the month, and multiplying the remainder by number of days in the month.

(b) The average costs of maintenance per day (for basic supplies - food, clothing, medical supplies, fuel, maintenance of shelter, and certain overhead costs including POL) was calculated at 75¢ assuming that the Armies will maintain a large part of existing facilities for handling supplies and for maintaining camp accommodations without cost

to the IRO. This represents imported supplies for which IRO

The budget estimates for care of groups outside UNRRA and Army camps are based on IGC experience with the addition of a relatively small sum for aid to refugees under the IRO mandate who are not the concern of existing agencies.

The welfare and special services estimates cover two items of the UNRRA budget (Special Service and Amenity Supplies). The working party felt that 2¢ per man-day in camps plus a small sum for persons under IRO care outside camps would be sufficient. This will cover recreational equipment, educational materials, religious items, confectioneries and tobacco, and toilet items, and items for special groups such as infants.

The training and retraining estimate was expanded 16% beyond the present UNRRA programme on the assumption that the Committee will wish to make possible a programme directly related to emigration and resettlement possibilities, the wider availability of materials, and general rehabilitation of the employable population of the camps and among the refugees.

Section 3

Repatriation

The estimates for transportation costs do not include costs for transporting displaced persons from Germany, Austria, or Italy in accordance with the principle established by the Committee that the Military Governments should be responsible for seeing that the enemy or ex-enemy countries stood as large a share of the cost of the displaced persons programme as their economics would allow. Existing transportation facilities (ways and rolling stock) should come in this category of indigenous supply. The working party, therefore, has assumed that there will be no cost to the IRO for transportation of Displaced Persons in these areas.

The same assumption cannot be made for the 10,000 which the Committee estimated will be repatriated from the Middle East, Africa, India and Mexico. The average transportation costs for these persons is estimated to be \$250.

With respect to German and Austrian refugees from Nazi persecution it is expected that a considerable number will return to Germany and Austria, mainly the latter, during 1947. A fair proportion of these, however, will be able to return and re-establish themselves out of their own resources; but it is estimated that there will be 5000 who will require assistance from the IRO. Not all of these, however, will require the full scale of help which is admissible. Allowing for this fact it is assumed that the total help given will be equivalent to the full assistance admissible for 4000 instead of 5000 persons. Since some of these are in countries adjacent to Germany and Austria, it is not necessary to allow more than the average sum of \$40 per person for transportation and incidental charges.

It is expected that approximately 3000 of the 15,000 European refugees in Shanghai will desire repatriation. Estimated cost of sea transportation from Shanghai to an Italian port and thence by rail to Germany or Austria is \$450, including expenses incidental thereto. Since practically none of these persons are in a position to contribute to the costs of their repatriation, the estimate on transportation account is \$1,350,000.

The calculations on the 90 day food supply are based on an assumption of "hard rations" (non-perishable, packed foods), the cost of which is estimated at 35¢ per diem. It is not deemed practicable to anticipate the transportation of indigenous supplies from Germany, Austria or Italy, in view of the fact that these food supplies are largely bulky and perishable.

Some difficulties are likely to arise with regard to the 90 days ration from German and Austrian repatriates. It is improbable that the governments of the countries in which they are located will allow them to take out these rations and it will therefore be necessary either to give them cash allowances in Reichsmarks on arrival in Germany or to allow them to draw on IRO supplies to that extent. In either case the 35¢ per diem used for the displaced persons "hard ration" is used as the cost factor.

Section 4

Emigration and Re-establishment of Family Units and Individuals

It is estimated that during the year 1947, 175,000 displaced persons will emigrate from Germany, Austria and Italy, of whom 150,000 will go overseas and 25,000 will move to the adjacent countries of Western Europe. It is further estimated that 10,000 displaced persons or refugees will emigrate overseas from countries other than Germany, Austria and Italy.

Of the total of 160,000 overseas emigrants it is expected that funds will be available from other sources for the emigration of 100,000, and that owing to immigration laws of some countries it will not be permissible to help an additional 10,000, leaving 50,000 persons whose costs will be chargeable to the IRO. The estimated expenditure for these is as follows:-

(a) Transportation	\$ 15,000,000
(b) Re-establishment	<u>2,250,000</u>
	\$ <u>17,250,000</u>

In regard to the number of 25,000 that are expected to move to countries adjacent to Germany it may be assumed that the greater part of this movement will be in response to the requirements of those countries for specialized labour. In that case the governments concerned will probably meet the greater part of the cost of

establishment. Some expenditure however may have to be incurred by the IRO and provision is therefore made of \$ 600,000 debitable as follows:

- (a) to transportation \$ 200,000
- (b) to re-establishment \$ 400,000

Section 5

Local Re-Establishment

It has been found from experience that in certain conditions a valuable method of making refugees or displaced persons self-supporting is by means of short-term loans, repayable over a period which is usually about twenty-four months and is very rarely in excess of thirty-six months. Such short-term loans are usually advanced to small craftsmen or others who are unable to resume their occupation because they have not the money to buy the implements of their calling. It is, however, necessary that the would-be borrower should have the right of employment in the country in which he is located and for the purpose of security of the loan and its recovery it is necessary that there should be a satisfactory assurance of him being allowed to stay in that country and of his intention to do so. It appears unlikely that these conditions will be satisfied for many displaced persons in Germany but there will be a limited number of such cases both in Austria and Italy. The chief scope for the employment of this method is, however, in some of the countries of Western Europe. The IGC and several voluntary agencies are making use of this method and their common experience is, that, provided reasonable care is taken in verifying the character and reliability of would-be borrowers before sanction is given to loans, a very high percentage of the capital is recovered. Within a few years a revolving fund is established which progressively reduces and eventually eliminates the annual provision required for this purpose. It is economical because it removes from the maintenance list persons who would have otherwise to be assisted

Since it takes some time for the system to be established and become fully operative, a comparatively small provision is proposed for the first year, but it is suggested that if this should prove to be insufficient, additional provision should be made either from the Reserve for Contingencies or by re-appropriation from other sections within the operational budget.

Section 6

Reserve for Contingencies.

In view of the large number of unpredictable factors which will determine the work load of the IRO in its first year and the vital importance of its success, the working party recommends a contingency fund of approximately 10% the use of which, will be safeguarded by the financial regulations of the Organization.
