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IN THE NEAR EASTReport of the Working Group on the Financing of the United Nations
Relief and works Agency for Palestine Refugees in the Near EastRapporteur: Mr. Sverre BERGH JOHANSEN (Norway)

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I. INTRODUCTION

A. Origin and background of the Working Group

1. The Working Group on the Financing of the United Nations Relief and Works Agency for Palestine Refugees in the Near East (UNRWA) was established by the General Assembly under resolution 2656 (XXV) of 7 December 1970 to study all aspects of the financing of the Agency. In the resolution, the Assembly requested the Working Group to assist the Secretary-General and the Commissioner-General of UNRWA in reaching solution to the problems posed by the Agency's financial crisis.
2. At the twenty-fifth and succeeding sessions, the General Assembly considered the reports submitted to it by the working Group, 1/ and adopted resolutions commending the efforts of the Working Group and requesting it to continue them for a further year. 2/
3. The Working Group consists of the representatives of France, Ghana, Japan, Lebanon, Norway, Trinidad and Tobago, Turkey, the United Kingdom of Great Britain and Northern Ireland and the United States of America. The Chairman of the Working Group is Mr. A. Coşkun Kirca of Turkey.

B. Consideration of the report of the Working Group at the thirty-eighth session of the General Assembly

4. The report of the Working Group on its activities in 1983 3/ was considered by the General Assembly at its thirty-eighth session under agenda item 73, entitled "United Nations Relief and Works Agency for Palestine Refugees in the Near East". At its 4th plenary meeting, on 26 September 1983, the Assembly decided to include this item in its agenda and to allocate it to the Special Political Committee, which considered it at its 24th, 26th to 35th and 44th meetings, held between 9 November and 2 December 1983.
5. At the 35th meeting of the Committee, on 22 November, the representative of the Netherlands introduced a draft resolution (A/SPC/38/L.14; a revised text (A/SPC/38/L.14/Rev.1) was issued in order to insert a reference to General Assembly decision 36/462 of 16 March 1982 concerning the special report of the Working Group) entitled "Working Group on the Financing of the United Nations Relief and Works Agency for Palestine Refugees in the Near East", sponsored by Austria, Bangladesh, Canada, Denmark, Germany, Federal Republic of, Indonesia, Liberia, the Netherlands, New Zealand, Nigeria, Pakistan, the Philippines, Spain, Sri Lanka, Sweden and Yugoslavia.
6. Under the terms of the draft resolution, the General Assembly would:
 - (a) Commend the Working Group for its efforts to assist in ensuring the Agency's financial security;
 - (b) Take note with approval of the report of the Working Group;

(c) Request the Working Group to continue its efforts, in co-operation with the Secretary-General and the Commissioner-General, for the financing of UNRWA for a further period of one year;

(d) Request the Secretary-General to provide the necessary services and assistance to the Working Group for the conduct of its work.

7. At its 44th meeting, on 2 December, the Committee adopted the draft resolution without a vote.

8. At its 98th plenary meeting, on 15 December, the General Assembly considered the draft resolution regarding the Working Group, which had been recommended by the Special Political Committee together with other draft resolutions under this item. The Assembly adopted the draft resolution without a vote as resolution 38/83 B of 15 December 1983.

II. ACTIVITIES OF THE WORKING GROUP DURING 1984

9. Throughout the year the members of the Working Group have followed with concern the difficulties experienced by the Agency and in particular the serious financial situation it continued to face. The Working Group held three meetings, on 3, 8 and 12 October 1984, to consider the recent developments in the Agency's financial situation and to prepare its report including its recommendations to the General Assembly.

10. At its meeting on 3 October the Working Group heard the Director of the UNRWA Liaison Office, who submitted on behalf of the Commissioner-General a report providing up-to-date information on the financial situation of the Agency (see sect. III below).

III. FINANCIAL SITUATION OF UNRWA

11. The representative of UNRWA informed the members of the Working Group about the financial situation of the Agency for 1984 and about prospects for 1985. Budgeted expenditure for 1984, as set out in the Commissioner-General's annual report for the period 1 July 1982 to 30 June 1983, 4/ had been revised in the light of newly available data and, at the beginning of 1984, had been increased from \$233 to \$235.1 million. Income, however, was estimated to reach \$180.9 million, or some \$6 million more than in 1983. It was pointed out, however, that this increase was more than accounted for by a one-time contribution of \$8.9 million that resulted from the General Assembly's decision in resolution 38/201 of 20 December 1983 to allocate that amount to UNRWA for its education programme from the remaining balance of the United Nations Emergency Operation Trust Fund. Unless further contributions were pledged before the end of the year, the shortfall, or budgetary deficit would stand at \$54.2 million. Despite this relatively large budgetary deficit, the Commissioner-General expected that the Agency would be able to maintain its services through to the end of 1984 without any serious reductions. The budgetary deficit would be eliminated by deferring non-cash items (such as

liabilities for area staff separation benefits), by the non-implementation of some budgeted items and by drawing down cash.

12. The prospects for 1985 were grim. Budgeted expenditure for 1985 was estimated to increase by \$23 million from \$235.1 million to \$258.2 million. The net cash requirements for 1985 were estimated at \$225.3 million, some \$60 million more than was forthcoming in 1984. Inevitably in a service organization, the major element in the increased expenditure stemmed from increased staff costs, which in turn were the result of continued inflation in the area. Savings would be effected wherever possible and the Commissioner-General would continue to exercise the same tight control over expenditure as he had done in the past. The Commissioner-General, however, warned that the practice of postponing maintenance and construction as a means of balancing the Agency's budget not only perpetuated an unhealthy and even dangerous work environment but was also uneconomical. It was also pointed out that drawing down of cash balances, another method used to balance the budget, might not be possible in 1985. It seemed clear, therefore, that the most effective way of bridging the gap between expenditure and income was by increasing income, which meant increasing contributions by Governments. The Working Group was informed that the Commissioner-General had already begun to solicit increased contributions for 1985 and he looked to the Working Group to assist him in that task.

IV. CONCLUDING REMARKS

13. The working Group is pleased to note that the Commissioner-General expects to be able to maintain the Agency's operations until the end of 1984 without any major reductions in services and, in particular, without having to interfere with the all-important school programme. Nevertheless, it is disturbed to note that income has increased by only some \$6 million over 1983. Moreover, it notes with concern that this increase is more than accounted for by a one-time contribution resulting from General Assembly resolution 38/201, which indicates a net decrease in income from voluntary contributions. In this connection the Working Group recalls that the level of income in 1983 was \$16 million less than in 1982 and it expresses its deep concern at this apparent trend towards lower contributions from the international community.

14. The working Group is seriously concerned at the prospects for 1985. It will not be possible for the Agency to get through the year without a financial crisis if current trends in expenditure and income continue. The Group considers it essential to draw the attention of Governments to this problem now so that they can respond in time.

15. The Agency estimates that its expenditure in 1985 will be \$258.2 million, an increase of \$23 million, or roughly 10 per cent, over 1984. Deducting those cash costs that can be deferred, expenditure in kind and contributions from United Nations agencies, the net cash required from voluntary contributions by Governments and intergovernmental agencies in 1985 is estimated to be \$225.3 million, or \$60 million more than has been received to date in 1984. This is the sum the Commissioner-General must seek from the international community.

16. In meeting this requirement the Agency will not have available to it in 1985 two important sources of finance that have helped it to get through 1984. The first is the sum of \$8.9 million which was the one-time contribution from General Assembly resolution 38/201 referred to above. The second is the cash-balance reserve which the Commissioner-General expects to draw down by \$17 million in 1984, but which it is estimated will contain no more than \$5 million, or two weeks' operating funds, at the beginning of 1985.

17. The working Group is confident that the Commissioner-General will, as in the past, continue to maintain the strictest economies and to use the resources placed at his disposal in the most efficient manner. Nevertheless, it agrees that if UNRWA is to continue its operations the international community must increase its financial support.

18. The Commissioner-General, the working Group and the refugees themselves have on several occasions emphasized that the highest priority should be assigned to the educational programme of UNRWA. The willingness of some of the major contributors to convert their contributions in kind into cash has been a decisive factor in maintaining the educational programme at its current level. The Working Group expresses the hope that the contributors concerned will continue to assist the Agency in this respect.

19. UNRWA was created to provide humanitarian assistance to the Palestine refugees pending a political settlement of the refugee problem. The General Assembly has repeatedly stressed the urgency of such a settlement. The Working Group shares this goal. In the mean time, the humanitarian services of UNRWA remain indispensable and should have the whole-hearted support of all the international community. It is essential that Members of the United Nations make the necessary financial contributions to ensure a continuation of the Agency's humanitarian assistance to the Palestine refugees.

20. The working Group strongly urges all Governments to recognize the serious financial situation that will be confronting UNRWA in 1985 and to be prepared to respond to it. It urges on them the following action:

(a) That Governments that have not contributed to UNRWA start to contribute;

(b) That Governments that have so far made only relatively small contributions make more generous contributions;

(c) That Governments that generously made special contributions to UNRWA last year or earlier do so again in 1984 and 1985;

(d) That Governments that have made generous contributions to UNRWA throughout the year continue to make generous contributions and strive to increase them;

(e) That Governments make payment of their contributions as early as possible in the calendar year.

Notes

1/ Official Records of the General Assembly, Twenty-fifth Session, Annexes, agenda item 35, document A/8264; *ibid.*, Twenty-sixth Session, Annexes, agenda item 38, document A/8476; *ibid.*, Twenty-seventh Session, Annexes, agenda item 40, document A/8849; *ibid.*, Twenty-eighth Session, Annexes, agenda item 43, document A/9231; *ibid.*, Twenty-ninth Session, Annexes, agenda item 38, document A/9815; *ibid.*, Thirtieth Session, Annexes, agenda item 54, documents A/10268 and A/10334; *ibid.*, Thirty-first Session, Annexes, agenda item 53, document A/31/279; *ibid.*, Thirty-second Session, Annexes, agenda item 55, document A/32/278; *ibid.*, Thirty-third Session, Annexes, agenda item 50, document A/33/320; *ibid.*, Thirty-fourth Session, Annexes, agenda item 50, document A/34/567; *ibid.*, Thirty-fifth Session, Annexes, agenda item 53, document A/35/579; *ibid.*, Thirty-sixth Session, agenda item 60, document A/36/615; and *ibid.*, Thirty-seventh Session, agenda item 65, document A/37/591.

2/ Resolutions 2791 (XXVI) of 6 December 1971, 2964 (XXVII) of 13 December 1972, 3090 (XXVIII) of 7 December 1973, 3330 (XXIX) of 17 December 1974, 3419 (XXX) of 8 December 1975, 31/15 C of 23 November 1976, 32/90 D of 13 December 1977, 33/112 D of 18 December 1978, 34/52 D of 23 November 1979, 35/13 D of 3 November 1980, 36/146 E of 16 December 1981 and 37/120 A of 16 December 1982.

3/ Official Records of the General Assembly, Thirty-eighth Session, Annexes, agenda item 73, document A/38/558.

4/ *Ibid.*, Supplement No. 13 (A/38/13).
