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CONTENTS

Agenda item 26:

Report of the Director of the United Nations Relief and Works Agency for Palestine Refugees in the Near East.....	99
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Chairman: Mr. Emilio ARENALES CATALAN
 (Guatemala).

AGENDA ITEM 26

Report of the Director of the United Nations Relief and Works Agency for Palestine Refugees in the Near East (A/3686 and Corr.1, A/3735)

At the invitation of the Chairman, Mr. Labouisse, Director of the United Nations Relief and Works Agency for Palestine Refugees in the Near East (UNRWA), took a seat at the Committee table.

1. Mr. LABOUISSSE (Director of the United Nations Relief and Works Agency for Palestine Refugees in the Near East) said that the annual report for the period 1 July 1956 to 30 June 1957 (A/3686 and Corr.1) described what the Agency had been able to achieve and indicated what it had not been able to do. The Agency's work lay in two fields, relief and rehabilitation. Food and medical care was provided for more than 900,000 Arab refugees in the Gaza Strip, Jordan, Lebanon and Syria, 360,000 of them living in camps, and close to 170,000 refugee children attended schools run by the Agency and the United Nations Educational, Scientific and Cultural Organization (UNESCO), or attended other schools at the Agency's expense. The Agency operated two vocational training centres and assisted refugees in various ways towards self-support.

2. During the year under review, the Agency had survived a period of unusual strain. In the wartime conditions of November 1956, a completely new supply line to Gaza had been created at short notice and distribution of foodstuffs to refugees in the Gaza Strip had been held up for no more than four days. There had been other emergencies, but all essential services to the refugees had been maintained throughout the year and relations with the host Governments had, on the whole, improved. He was personally proud of the record of UNRWA and of its staff.

3. The Agency was a humanitarian and non-political organization, but its work had to be considered against the political background of the Palestine question, with which the refugee problem was inextricably linked. The refugees felt that a grave injustice had been done them and were still bent on returning to their homeland. It would be unrealistic to expect decisive progress towards the reintegration of the refugees into the economic life of the Near East, either by repatriation or resettlement, unless they were given a choice between

repatriation and compensation, in accordance with General Assembly resolution 194 (III) of 11 December 1948, or unless some political settlement could be found. He had stressed the problem year after year in the General Assembly discussions, but it was depressing to note that, in spite of a growing anxiety in all parts of the world concerning the situation in the Near East, there was great reluctance to face the fact that the root cause of the instability in the area was the unsolved problem of Palestine and the refugees.

4. As he had stated at the first meeting of the *Ad Hoc* Committee of the Whole Assembly (Pledging Conference for Extra-Budgetary Funds) held on 4 October 1957,^{1/} UNRWA was one of the prices—and perhaps the cheapest—that the international community was paying for not having been able to solve with equity the political problem of the refugees from Palestine. It was for want of a remedy that UNRWA, which had originally been established to carry out a short-term relief programme, was still caring for over 900,000 Arab refugees. He considered it his duty to say that, pending some affirmative action towards a political solution, international assistance would continue to be required for some time to come.

5. It was urgent for the Agency to know how much the General Assembly was prepared to pay in order to finance the Agency, whose mandate it had officially extended to 1960. There were only two solutions to the present financial problem: either sufficient funds must be contributed by Member States to enable UNRWA to carry out its tasks in 1958 or the General Assembly must take the fateful decision on a drastic curtailment of the Agency's activities.

6. The facts of the financial situation were clear and unpleasant. At the end of the eighteen-month period ending 31 December 1957, UNRWA would have spent approximately \$51.4 million of the budget of \$65.4 million accepted by the General Assembly at its eleventh session. Expenditure had been curtailed by about \$14 million because it had become clear towards the end of 1956 that contributions would not reach the level approved by the Assembly; but the Agency had still spent \$8.8 million more than it had actually received, the difference being made up from its rapidly dwindling reserves of working capital. The cuts in expenditure had affected UNRWA's relief programmes moderately and its rehabilitation programmes seriously.

7. With regard to relief, the regular issue of rations had been maintained; health and welfare services had been provided at the normal level; and there had been some shelter construction, all at a cost of roughly \$27 per head per year. However, construction had been restricted for lack of funds and it had been necessary to discontinue the distribution of clothing initiated in 1956. Furthermore, it had been impossible to improve

^{1/} See A/AC.90/PV.1.

the level of relief, which was inadequate, as he had already pointed out. It should be the occasion for deep disappointment that a humanitarian objective so eminently worthwhile could command the active support of little more than one-third of the Members of the United Nations.

8. In the rehabilitation field, lack of funds had seriously hampered the Agency's ability to carry on certain projects endorsed by the Assembly which were among those of most interest to the refugees. Although the great majority of the refugees were opposed to re-settlement projects, feeling that they implied the abandonment of all hope of repatriation, there had been a growing realization among the host Governments and among the refugees themselves of the usefulness to them of certain types of self-support projects. The individual grants programmes in Jordan and Syria had proved particularly attractive in that respect. Although the results of those programmes, under which several thousands of refugees had been enabled to make a new start in life, had not been spectacular, they had been solid achievements. It had therefore been most distressing that the Agency had had to bring them to an abrupt end because of lack of funds.

9. It was true that the two vocational training centres, one in Gaza and one in Jordan, had continued to operate under the rehabilitation programme, but shortage of funds had prevented the construction of several additional vocational and agricultural training centres. Two teacher-training centres had had to be closed and the programme of handicraft training for school children curtailed, for the same reason.

10. The only part of the rehabilitation work which had survived almost intact was the general education programme carried out by UNRWA under the technical guidance of UNESCO. As roughly half the refugee population was under fifteen, general education was most important and one of the best ways of preparing the refugees for self-support. During the year under review there had been 115,000 pupils and over 3,100 teachers in the 372 UNRWA schools, and 53,400 UNRWA-assisted refugee pupils had attended other schools throughout the area. The Agency provided elementary education for all who wanted it and a limited amount of secondary education which it was constantly being urged to increase. It also granted a few university scholarships to promising students. Thus the Agency had met its growing financial difficulties by curtailment in both the relief and the rehabilitation field, maintaining only the bare essentials of its activities.

11. Turning to the future, he said that he had presented to the Assembly a global budget of \$40.7 million for 1958—\$25.7 million for relief and \$15 million for rehabilitation. The relief budget was an absolute minimum at the present level of activity. The rehabilitation budget was divided into two parts, both described in annex G of the annual report. The first part, amounting to \$7 million, to which priority should be given, represented the estimated cost of continuing existing activities, mainly general education and the two vocational training centres. The second part, estimated at a little under \$8 million, represented the cost of resuming activities which had been deferred or cut, such as the individual grants programme and the construction of new training centres. It would also cover the additional costs of the secondary education programme in Gaza, about which he had requested the advice of the Assem-

bly in paragraph 43 of his report. The UNRWA Advisory Commission had unanimously recommended approval of the budget as it stood; it had also expressed concern over the financial situation of the Agency in a statement circulated to the Assembly (A/3735).

12. When he appeared before the Ad Hoc Committee of the Whole Assembly at its first meeting on 4 October 1957, he had commented on the methods by which UNRWA was financed and on the technical reasons for its present plight. Its reserves were now nearly exhausted and it would require either contributions from a larger number of Governments that at present or increased contributions from the ones already supporting it. He had also stressed that contributions must be received in advance of expenditures in view of the fact that, on the most favourable assumptions regarding the payment of pledges, the Agency would have in hand on 31 December 1957 barely enough funds to meet its present reduced rate of expenditure for two months. He had therefore urged the establishment of a working capital fund composed of the Agency's small remaining reserves and a supplementary payment of \$8 million.

13. As had been pointed out in the Secretary-General's letter of 6 November 1957, the results of the Pledging Conference for Extra-Budgetary Funds had not been satisfactory. So far as UNRWA was concerned, it had sufficient funds to meet its reduced level of expenditure until the end of the current year, but future prospects were dark. The pledges for the calendar year 1958 were still \$2 million short of the amount required for the minimum relief budget of \$25.7 million, even on the assumption that regular contributors which had not yet been able to make their pledges would in fact contribute the same amounts as in 1957. Furthermore, as the United States contribution could not exceed 70 per cent of the total, there was a danger that the amount from that quarter might be less than was expected if other Member States did not contribute the remaining 30 per cent.

14. In the rehabilitation field the picture was even darker. The Agency had expectations of only about \$5 million out of the \$15 million required for the rehabilitation budget, and that amount might be reduced to \$3.4 million if the 70 per cent matching principle was applied there also. That would mean not only that there would be no funds for the resumption of old activities and the starting of new ones but that there would not even be enough to finance general education.

15. There had been no response to his request for the establishment of a working capital fund. If the Assembly did not provide adequate working capital, there would be a constant danger of a breakdown in the Agency's operations. As contributions were made at the times most convenient to Governments and not at any one time, a working capital fund was a necessity.

16. The Agency had a continuous operating responsibility which could not easily be adjusted to suit fluctuating financial circumstances. Thousands of refugees received rations, attended feeding centres and hospitals and sent their children to school every day. Such a diversity of services could not be started or stopped at short notice according to whether or not funds would be available for the coming months, and advance planning, purchase and distribution were required. Even a small enterprise, let alone a big Agency, could not be operated without reasonable reserves.

17. It was impossible to make up the prospective deficits by administrative economies or a general reduction of the standard of services. The Agency had done an efficient job with the funds it had received, but the services it provided were already at minimum level. No United Nations agency should be asked to carry on services at sub-human levels.

18. The Agency had reached the stage where it would be necessary, if it did not receive adequate funds, to eliminate whole categories of activities—to terminate health and sanitation services, cut the supplementary feeding programme or close the UNRWA schools. Such a course would inevitably have the most serious human and political repercussions, and any decisions entailing such far-reaching consequences could be taken by the Assembly alone. As Director of UNRWA, he was strongly opposed to such reductions, as they would entail extreme suffering and privation for the refugees. They would also have serious repercussions on the host countries, which must therefore be given due warning by the Assembly of what the future held in store.

19. The restriction of the Agency's activity, being so far of a marginal nature, had hitherto had relatively little impact on economic and political conditions in the area, but any further reduction would be another matter. There were about 500,000 UNRWA-assisted refugees in Jordan—more than one-third of the population—and about 220,000 in Gaza, where they outnumbered the local residents two to one. The stoppage of refugee services in those areas would not only have a brutal effect on the refugee population; it would also have a serious impact on the vulnerable local economies. Furthermore, the four host countries could not absorb the 170,000 children now being educated at UNRWA's expense into their own educational systems at short notice. They must be given warning if they were to deal with the many problems that would face them if UNRWA failed to carry on its present activities; if the Assembly failed to provide the necessary funds, that would be tantamount to a decision to bring whole sections of the Agency's activities to an end.

20. He had been bitterly disappointed when it became apparent that voluntary contributions would not be sufficient to meet the budget he had submitted to the Assembly, but he still believed that the necessary funds would somehow be forthcoming. He had reason to hope that most of the regular contributors to UNRWA would continue their contributions in 1958; some had even indicated that they intended to increase them. Unfortunately, that was not enough.

21. Summing up, he said that UNRWA needed: first, \$2 million more than could be foreseen at the present time to meet its minimum relief budget for 1958; second, a further \$2 million to carry on only first-priority items—largely educational projects—in the field of rehabilitation; third, a further \$8 million to meet its full rehabilitation budget and, fourth, another \$8 million for an adequate working capital fund.

22. Compared with the task to be fulfilled, the figures were not staggering. The first \$4 million—the first and second items—would enable the Agency to carry out its minimum tasks; the next \$8 million would give some refugees the chance of becoming self-supporting; and the final \$8 million would ensure orderly operations and meet emergencies. The decision was now in the hands of the General Assembly.

23. The CHAIRMAN thanked the Director of UNRWA for his very clear statement which deserved the full attention of members of the Special Political Committee, in view of the urgent decisions which the Assembly had to take in the matter. If members had no objection, the Director's statement would be circulated as an official Committee document.

It was so decided. 2/

24. The CHAIRMAN moreover recalled the essential passage of the statement made by the President of the General Assembly at the first meeting of the Ad Hoc Committee of the Whole Assembly:

"The General Assembly faces a serious challenge: whether it can develop appropriate procedures for raising money so that its wishes with respect to a body it itself has created can be carried out." 3/ He felt that the best thing would be to keep that main idea in mind in discussing the item under consideration.

25. Mr. HILL (Australia) thanked the Director of UNRWA on behalf of the Australian Government for his untiring efforts in carrying out a very important humanitarian task. It was necessary to read between the lines of the Director's annual report to appreciate many of the difficulties which the Agency had had to overcome in carrying out its work.

26. The most pressing problem was that of financing the Agency's activities. It seemed somewhat ironical that a change in the normal procedure had been introduced, an Ad Hoc Committee of the Whole Assembly having been set up instead of using the Negotiating Committee for Extra-Budgetary Funds in order to emphasize the importance of providing adequate funds for the Agency's work, and that that procedure had resulted in fewer pledges than before.

27. As the Director of the Agency had stated in chapter V of his annual report, the Agency's working capital on 31 December 1957 would hardly suffice for two months' operations and the Agency would be short \$2 million for the execution of its proposed relief programme. The Director had also stressed the need either for contributions from Governments which had never contributed at all, or else for increased contributions from those who had been contributing to the Agency's support for many years. The Australian delegation questioned the justice of the second alternative.

28. The Governments of the Arab countries had made considerable contributions to the welfare of refugees, and reference should be made in that connexion to the assistance given by the Governments of Egypt, Jordan and Lebanon to orphans and handicapped children. The Governments of the Arab countries should, however, bear in mind that the plight of the refugees might be even worse were it not for the regular contributions made by a small proportion of the Members of the United Nations. If that number were increased, the Agency could for example proceed with the individual grants programme which, as indicated in paragraph 48 of the Director's annual report, was at present one of the most effective methods developed by the Agency to help refugees to become self-supporting. It was extremely regrettable that the scheme had had to be discontinued for the lack of funds.

2/ The complete text of the statement made by the Director of UNRWA was circulated as document A/SPC/20/Rev.1.

3/ See A/AC.90/PV.1.

29. In the summary conclusions of his annual report, paragraph 95, the Director of UNRWA requested the General Assembly to take certain urgent measures to enable the Agency to face an extremely serious financial crisis. In regard to the payment of contributions he recalled that his delegation had pledged, subject to approval by the Australian Parliament, the normal Australian contribution for 1958. The Australian delegation could not but approve the Director's request in paragraph 95 (e) of the report that contributions pledged towards the 1958 budget should be paid in advance of expenditures. However, the Australian delegation thought it would be somewhat unrealistic to adopt a resolution in which the General Assembly would approve a draft budget for 1958, the funds for which might not definitely be forthcoming from voluntary contributions.

30. The question of financing the Agency's activities was connected to some extent with that of its relations with the host Governments. In resolution 1018 (XI), the General Assembly had noted that the host Governments had expressed the wish that the Agency should continue to carry out its mandate and had also expressed their desire to co-operate fully with the Agency. It was encouraging to note that the Director of the Agency had recorded in chapter IV of his annual report an improvement in the Agency's relations with the host countries. On the other hand, the Agency's status as a public international organization was not always fully recognized by the host countries.

31. Turning to the political aspects of the refugee problem, he observed that the problem could be solved only in the context of a political settlement of the situation in the Middle East. It should be emphasized that the United Nations had been responsible for UNRWA, but not for the refugee problem. Without retracing

history in an attempt to allocate responsibility, it could nevertheless be said that the parties bore an equal share. On the one hand, the Government of Israel had opposed the return of the refugees, although it had made some vague suggestions regarding limited repatriation. Israel had once taken a position on the matter of compensation but, apparently, had now retreated from it. On the other hand Israel's right to ensure its existence as a viable State could not be contested. Nevertheless the Arab States still refused to recognize its very existence. A situation appeared to have been reached in which inflexibility by one party was met with equal inflexibility by the other. Unfortunately, persistent instability in a most sensitive area of the world, the Near East, which imperilled international peace, offered scant hope of an early improvement in the existing situation.

32. At the eleventh session of the General Assembly the representative of Australia had emphasized the exacerbated feelings resulting from the repetition of border raids and counter-raids.^{4/} In that sphere, at least, some slight hope could now be seen. The presence in the Near East of the United Nations Emergency Force (UNEF) had put an end to such incidents and thereby helped to create a more favourable atmosphere for a final settlement of the problem. In conclusion, he noted that the peace-loving States Members of the United Nations agreed on the need to maintain UNEF in the Near East and were prepared to pay \$25 million a year to maintain a force of 6,000 men to keep the peace in the area. Would they not conceivably be prepared to pay the same amount in order to keep 900,000 refugees alive?

The meeting rose at 4 p.m.

^{4/} See Official Records of the General Assembly, Eleventh Session, Special Political Committee, 28th meeting.