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UNITED NATIONS RELIEF AND WORKS AGENCY FOR
PALESTINE REFUGEES IN THE NEAR EAST

Report of the Working Group on the Financing of the
United Nations Relief and Works Agency for Palestine
Refugees in the Near East

Rapporteur: Mr. Arne ARNESEN (Norway)

1. By its resolution 2656 (XXV) of 7 December 1970, the General Assembly decided to establish a Working Group on the Financing of the United Nations Relief and Works Agency for Palestine Refugees in the Near East (UNRWA), consisting of nine Member States, to study all aspects of the financing of the Agency. In accordance with paragraph 2 of this resolution, the President of the General Assembly, in consultation with the Secretary-General, designated France, Ghana, Japan, Lebanon, Norway, Trinidad and Tobago, Turkey, the United Kingdom of Great Britain and Northern Ireland and the United States of America as members of the Working Group.
2. The terms of reference of the Working Group are contained in paragraphs 3, 4 and 5 of General Assembly resolution 2656 (XXV), which read as follows:

"The General Assembly,

...

"3. Requests the Working Group, in consultation with the Secretary-General and the Commissioner-General of the United Nations Relief and Works Agency for Palestine Refugees in the Near East, to present an interim report to the General Assembly not later than 14 December 1970 containing its recommendations on possible measures to be taken to prevent the reduction of the Agency's services in 1971;

"4. Also requests the Working Group, in the interval between the twenty-fifth and twenty-sixth sessions of the General Assembly, to assist, as appropriate, the Secretary-General and the Commissioner-General of the United Nations Relief and Works Agency for Palestine Refugees in the Near East in reaching solutions to the problems posed by the Agency's financial crisis;

"5. Further requests the Working Group, in consultation with the Secretary-General, the Commissioner-General of the United Nations Relief and Works Agency for Palestine Refugees in the Near East and the specialized agencies, to present a comprehensive report on all aspects of the financing of the Agency to the General Assembly at its twenty-sixth session."

The present interim report is presented to the General Assembly in accordance with paragraph 3 of that resolution.

3. The Working Group held its first meeting on 9 December 1970 and elected Mr. Nuri Eren of Turkey as its Chairman, Mr. H.R. Amonoo of Ghana as its Vice-Chairman and Mr. Arne Arnesen of Norway as its Rapporteur.

4. At the same meeting, the Working Group took up the question whether the meetings should be closed or open and decided that they should normally be held in closed session. It also decided, with regard to the procedure in reaching decisions, not to take votes but instead to seek a consensus. In addition, in cases where divergent views were advanced during its deliberations, it was decided that they could be appropriately reflected in its reports to the General Assembly.

5. The Commissioner-General of UNRWA made a statement reviewing the financial situation of the Agency for the remaining period of 1970, the projection for 1971 and possible measures to meet the serious financial crisis of UNRWA.

6. The Working Group had consultations with the Executive Director of the United Nations Children's Fund, the Administrator of the United Nations Development Programme, the Controller of the United Nations and a representative of the Assistance Secretary-General for Inter-Agency Affairs. As a result of these consultations, it appeared that there was no immediate possibility of lending UNRWA short-term cash assistance. It was suggested, however, that in order to be able to take advantage of short-term assistance from the Working Capital Fund, should that possibility arise in the future, the General Assembly might authorize the Secretary-General to make advances for this purpose in accordance with existing requirements.

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7. There was a frank and full discussion by the members of the Working Group during the five meetings held between 9 and 14 December 1970. There was, in general, broad agreement on all aspects of the problem, including the need to concentrate on formulating recommendations on possible measures to be taken to prevent the reduction of the Agency's services in 1971. It was also agreed that UNRWA was faced with a cash or liquidity crisis as well as with a more long-term financial, budgetary problem.

8. The Working Group, having considered the information at its disposal, has made the following observations:

(a) A distinction should be made between an immediate cash or liquidity crisis which is threatening the Agency's capacity to meet payrolls, invoices, etc. during January-March of 1971, and a financial crisis in 1971 resulting from an expected shortfall of \$5.5 to \$6 million in income in relation to requirements.

(b) The Working Group, in examining ways and means of coping with the pending cash or liquidity crisis, has been informed that a number of contributors would endeavour to make early payment of at least a substantial portion of their contributions to UNRWA. In that event, the Agency might be able, with other means available, to cover short-term cash needs to meet its immediate obligations during the first two or three months of 1971.

(c) The Working Group considered other possibilities of dealing with the cash or liquidity crisis, for instance by obtaining short-term loans from a variety of sources. Reference was made to the possibility of borrowing from the Working Capital Fund, other United Nations Funds, other international bodies, or from Governments in anticipation of contributions.

(d) The Working Group, in agreeing to the need of short-term rescue efforts, wishes to emphasize that loans by themselves do not solve the basic financial crisis which is threatening the future work of the Agency. This crisis is a result of the shortfall of income in relation to expenditure requirements. A suggestion was made that a group of Member Governments might guarantee a loan to help UNRWA meet its financial crisis in 1971.

The Working Group will attempt to deal with this basic problem in depth at a later stage.

(e) It is the intention of the Working Group to undertake consultations with the executive heads of other international agencies and United Nations programmes during its next programme of work.

9. If despite all efforts the financial crisis should continue, the question of the reduction of services would still confront UNRWA, with all the attendant dangers which everyone would wish to avoid. UNRWA would then be faced with the necessity of reducing services. In such an event the Working Group would assist, as appropriate, the Secretary-General and the Commissioner-General of UNRWA in reaching solutions to the problems posed by the Agency's financial crisis, in order to enable UNRWA to meet its financial and budgetary responsibilities.

10. The Working Group is of the opinion that priority should be given to finding ways and means of securing increased financial assistance. It submits to the General Assembly the following recommendations:

(a) The General Assembly should renew its appeal to all non-contributing Governments to contribute and should request all Governments already contributing to increase their contributions to the Agency.

(b) The General Assembly should recommend that contributing Governments endeavour to make early payment of at least a substantial portion of their contribution to UNRWA, with a view to meeting the liquidity crisis of the Agency.

(c) In order to be able to take advantage of short-term assistance from the Working Capital Fund, should that possibility arise in the future, the General Assembly should authorize the Secretary-General to make advances for this purpose in accordance with existing requirements.

(d) Consideration should be given to consultations with regional groups in soliciting additional contributions as well as to the need to adjust methods of securing additional income to specific situations.

(e) The General Assembly should include in its appeal requests to non-governmental organizations, foundations and individuals for contributions.

(f) Serious consideration should be given to the possibility of public fund-raising campaigns in the early part of 1971. All Governments, international agencies and non-governmental organizations should be urged to provide all possible support.

(g) The Secretary-General should be requested to make available to the maximum extent possible facilities of the Office of Public Information in order to disseminate information on UNRWA's humanitarian work to all news media. At the same time, it is hoped that Governments and news media will utilize this material for as wide a distribution as possible.

(h) The General Assembly should express its support for the efforts of the Director-General of the United Nations Educational, Scientific and Cultural Organization to launch an appeal for funds for the improvement and continuation of educational services for Palestine refugees and urge all Governments to respond generously.

(i) The General Assembly should urge all organizations of the United Nations system to study ways by which they might assist UNRWA or undertake activities helpful to the refugees which would lessen the financial burden of UNRWA, to the maximum extent possible.

(j) The General Assembly should request the Working Group to continue consultations with executive heads of other international agencies and United Nations programmes during its next programme of work.

(k) The General Assembly should express the hope that the response to the appeal for additional funds will be such that it will enable UNRWA to continue its humanitarian task. Every effort should be made to avoid subjecting a large group of human beings, whose recent history has been an unusually tragic one, to further distress.

RECOMMENDATION OF THE WORKING GROUP ON THE FINANCING OF THE
UNITED NATIONS RELIEF AND WORKS AGENCY FOR PALESTINE REFUGEES
IN THE NEAR EAST

11. The Working Group recommends to the General Assembly the adoption of the following draft resolution:

Report of the Working Group on the Financing of the United Nations Relief
and Works Agency for Palestine Refugees in the Near East

The General Assembly,

Having considered the report of the Working Group on the Financing of the United Nations Relief and Works Agency for Palestine Refugees in the Near East,^{1/}