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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

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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 solutions 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. During 1980, Mr. Orhan Eralp and Mr. A. Coskun Kirca of Turkey served as Chairman of the Working Group, and Mr. Clarus Kobina Sekyi and Mr. Hilary Kuwele Ziniel of Ghana served as Vice-Chairman.

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

4. The report of the Working Group on its activities in 1979 3/ was considered by the General Assembly at its thirty-fourth session under agenda item 50, entitled "United Nations Relief and Works Agency for Palestine Refugees in the Near East".

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; and *ibid.*, Thirty-third Session, Annexes, agenda item 50, document A/33/320.

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 and 33/112 D of 18 December 1978.

3/ Official Records of the General Assembly, Thirty-fourth Session, Annexes, agenda item 50, document A/34/567.

At its 4th plenary meeting, on 21 September 1979, the Assembly had decided to include this item in its agenda and to allocate it to the Special Political Committee, which considered it at its 6th to 14th meetings, held between 17 and 26 October 1979.

5. At the 10th meeting of the Committee, on 23 October, the representative of the Netherlands introduced a draft resolution (A/SPC/34/L.6) entitled "Working Group on the Financing of the United Nations Relief and Works Agency for Palestine Refugees in the Near East", sponsored by Canada, Denmark, Germany, Federal Republic of, India, Indonesia, Iran, Malaysia, the Netherlands, New Zealand, the Philippines, Spain, Sweden, Trinidad and Tobago, Yugoslavia and Zaire.

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) Note with approval 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 14th meeting, on 26 October, the Committee adopted the draft resolution without a vote.

8. At its 76th plenary meeting, on 23 November 1979, 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 unanimously as resolution 34/52 D.

C. Terms of reference of the Working Group

9. In resolution 34/52 D, the General Assembly requested 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.

II. ACTIVITIES OF THE WORKING GROUP DURING 1980

10. The Working Group followed with concern the financial situation of the Agency as it developed throughout the year. In this connexion, it held meetings at United Nations Headquarters with the Commissioner-General, Mr. Olof Rydbeck, in March and October 1980.

11. At the 63rd meeting, on 27 March 1980, the Commissioner-General informed the Working Group of the financial situation of the Agency as of that date and of the measures he was taking to meet the deficit. Those included, on the one hand, approaches to contributors to increase their contributions for 1980 and on the other, the establishment of a list of items in the budget which would not be approved until additional income to cover them was forthcoming. He was particularly concerned about the Agency's education programme and advised that, unless additional contributions were received, there would be insufficient funds to enable him to maintain the programme at the present level in all fields until the end of the year. He would therefore have no alternative but to reduce services and, after considering the options available, he had decided to plan to withdraw financial support from the Agency's schools in Jordan and the Syrian Arab Republic as from September 1980. He recognized the serious consequences that would follow if he were forced to implement this plan, but it had the advantage over others of giving time for additional contributions to be solicited. He himself would spare no effort to avoid having to take such action and he invited the assistance of the Working Group in this endeavour.

12. The Working Group agreed to consult on ways in which it could assist the Commissioner-General in his efforts and to hold a further meeting in the near future in that connexion.

13. At its 64th meeting, on 18 April 1980, the Working Group elected Mr. Hilary Kuwele Ziniel of Ghana as Vice-Chairman. The Working Group discussed measures to assist the Commissioner-General in his appeal for contributions. It was agreed that the Chairman, on behalf of the Working Group, should launch an urgent appeal to all States Members of the United Nations and members of the specialized agencies, as well as to the heads of the specialized agencies, to provide the necessary additional funds to enable the Agency to maintain its services to the Palestine refugees at existing levels and to avoid the consequences referred to by the Commissioner-General. The Working Group approved the text of a letter to that effect which the Chairman sent out on 18 April 1980.

14. At its 65th meeting, on 3 October 1980, the Working Group paid tribute to the leadership of its outgoing Chairman, Mr. Eralp, and elected as its Chairman Mr. A. Coskun Kirca of Turkey. The Working Group heard a report by the Commissioner-General of UNRWA in which he informed the Working Group of developments since March, as well as of the current financial situation of the Agency and the outlook for 1981. He was able to inform the Working Group that a number of Governments had generously made additional special contributions for 1980, which had made it possible for him to authorize the continuation of financial support for the Agency's schools in Jordan and the Syrian Arab Republic until the end of 1980. Details of the current financial situation of the Agency as well as the outlook for 1981, as described by the Commissioner-General, are set out in section III below. The comments of the Working Group on that situation are set out in section IV below.

III. THE FINANCIAL SITUATION OF UNRWA

15. At the beginning of 1980, the Commissioner-General estimated that expenditures required in 1980 to maintain services to Palestine refugees at established levels, to provide satisfactory facilities for those services and to compensate staff for cost-of-living increases were of the order of \$211.5 million, while pledged and expected income for the year was \$155.2 million. That left a projected budgetary deficit of \$56.3 million. In addition, outside the budget, \$6.0 million was needed to replenish the Agency's working capital. At the same time, the Commissioner-General drew up a list of budgeted expenditures approximately totalling the amount of the deficit and suspended approval of disbursements to meet them. The as yet unapproved items were listed by order of priority, with the continuation of financial support for the Agency's schools in Jordan and the Syrian Arab Republic heading the list.

16. By October 1980, the revised estimated budgeted expenditure was \$211.3 million, while pledged or expected income had risen to \$174.2 million, resulting in a reduction of the budgetary deficit to \$37.1 million. Because of generous additional special contributions by some Governments, the Commissioner-General had been able to approve expenditure for the continuation of financial support for the Agency's schools in Jordan and the Syrian Arab Republic until the end of 1980 and to make provision to meet the expected cost in 1980 of the recommendations of the salary survey (carried out by the International Civil Service Commission), which is to be applied to area staff pay in the West Bank and Gaza fields. Unless further substantial contributions were received before the end of the year, however, he would not be able to approve expenditure on the remaining items on the list, nor would funds be available to replenish working capital.

17. The Commissioner-General reiterated that in 1981 the Agency intended to follow the practice of establishing as early as possible a list of suspended budgeted expenditures equal to the deficit, and of moving them from the non-approved to the approved category only as pledges of additional income were received. According to current estimates, the financial needs of the Agency in 1981 were estimated at \$236.9 million, including provision to increase working capital by \$6.0 million. This amount was \$20 million greater than in 1980 despite the fact that no provision was being made in the 1981 budget to restore the flour content of the basic ration. Estimates of income were necessarily more uncertain than those of expenditure. If contributors maintained their contributions at the 1980 level, the estimated budgetary deficit would be \$56.7 million. If, however, the special additional contributions made in 1980 were not repeated, the budgetary deficit would be \$70.4 million. It was therefore clear that unless income increased substantially in 1981, the Agency would again have to face the possibility of having to reduce its educational programmes. Moreover, because of the increased magnitude of the budgetary deficit, the Agency would have less time than in 1980 to raise additional funds. According to present projections, which would depend on what was pledged at the pledging conference, the Agency would have to take action to withdraw financial support from its schools in Jordan and the Syrian Arab Republic as early as January 1981, or from the schools in all five fields of operation at the end of the school year in May/June 1981.

IV. CONCLUDING REMARKS

18. The Working Group continues to believe that as long as a just and lasting settlement of the problem of the Palestine refugees has not been achieved, the Agency's humanitarian services in the form of relief assistance, health care and education remain indispensable.
19. The financial situation of UNRWA continues to be very serious. During 1980 a drastic reduction of services has been avoided only through continued generous support of a relatively small number of countries as well as through the receipt of generous additional contributions from some countries.
20. In its resolution 32/90 A extending the mandate of UNRWA for a further period of three years, the General Assembly emphasized the need for a firm basis for the financing of the Agency and called upon all countries to participate in the financing of UNRWA. In spite of this and the efforts of the Commissioner-General and the Working Group it has not been possible during the past year to achieve such a basis. It continues to be a relatively small group of countries that bears the major burden of the financing of UNRWA.
21. The financial outlook for UNRWA for 1981 is very serious. The projected shortfall in financial requirements for 1981 is the highest in the history of the Agency. Without a substantial increase in income for 1981 over 1980 the Agency will have to reduce its educational programme as well as to suspend some other classes of expenditure. Such a reduction in the services of UNRWA will have serious social and political consequences, with implications for the refugees, for the host countries and for the prospects of a just and lasting peace in the Middle East. The continuation of UNRWA services is an obligation of the entire world community acting through the United Nations.
22. The Working Group therefore reiterates its call upon those Governments which have not yet contributed to UNRWA to start contributing. It urges those Governments which have so far made only relatively small contributions to contribute more generously towards the financing of UNRWA. The Working Group expressed the hope that those Governments which in the past have contributed so generously will continue to increase their contributions.
23. In light of the very serious financial situation facing UNRWA during 1981, the Working Group is ready to continue to assist the Commissioner-General in his fund-raising efforts.