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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 1981, Mr. A. Coşkun Kirca of Turkey served as Chairman of the Working Group and Mr. Hilary Kuwele Ziniel of Ghana served as Vice-Chairman.

### B. Consideration of the reports of the Working Group at the thirty-sixth session of the General Assembly

4. The report of the Working Group on its activities in 1981 3/ was considered by the General Assembly at its thirty-sixth session under agenda item 60, entitled "United Nations Relief and Works Agency for Palestine Refugees in the Near East". At its 4th plenary meeting, on 18 September 1981, the Assembly decided to include this item in its agenda and to allocate it to the Special Political Committee, which considered it at its 21st to 28th and 46th to 51st meetings, held between 2 November and 7 December.
5. At the 26th meeting of the Committee, on 9 November, the representative of the Netherlands introduced a draft resolution (A/SPC/36/L.10) 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, India, Indonesia, Liberia, Mali, the Netherlands, New Zealand, Nigeria, the Philippines, Spain, Sri Lanka, 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 28th meeting, on 10 November, the Committee adopted the draft resolution without a vote.

8. At its 100th plenary meeting, on 16 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 unanimously as resolution 36/146 E.

9. At the same meeting, the General Assembly decided to keep open its thirty-sixth session until the Working Group had submitted its proposals on ways of meeting the deficit of the Agency's budget for 1982 (decision 36/431).

10. At its 106th plenary meeting, on 16 March 1982, the General Assembly had before it the special report of the Working Group submitted pursuant to decision 36/431. Following the presentation of the special report by the Rapporteur of the Working Group, the President of the General Assembly drew attention to the extremely serious consequences the closing of the Agency's 643 schools would have for the refugees, for the host Governments and for the peace and stability of the region, and informed the Assembly of the appeals for funds that had been launched by the Commissioner-General, by the Secretary-General and by the Secretary-General of the League of Arab States, appeals to which the Working Group's recommendations would add the weight of the authority of the General Assembly. He added that until the situation to be faced by the Agency in the future became clearer as a result of the response to those appeals, it was felt wiser not to declare the consideration of the item concluded (A/36/PV.106, pp. 6-11). The General Assembly then decided to take note of the report of the Working Group, to adopt the recommendations set out in its report and to suspend temporarily consideration of the item (decision 36/462).

11. At the 111th plenary meeting, on 20 September, the President, recalling General Assembly decision 36/462 and noting that no further action had been taken on the item, which had been already included in the provisional agenda of the thirty-seventh session, declared that consideration of the item had been concluded (A/36/PV.111, p. 21).

## II. ACTIVITIES OF THE WORKING GROUP DURING 1982

12. As the Working Group indicated in the special report which it submitted to the General Assembly on 10 March, it held a series of eight meetings during the first months of 1982, in the course of which detailed examination was made of the budgetary figures provided by the Agency and of measures that might assist in

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reducing the Agency's expenditure. Consideration was also given to a variety of possible ways and means of increasing the income of UNRWA or of providing it with financial support through the regular budget of the United Nations. Consideration was also given to the income from Palestinian Arab properties in Israel mentioned in Assembly resolution 36/146 C of 16 December 1981.

13. In its recommendations, which the General Assembly adopted on 16 March (see para. 10), the Working Group urged the Commissioner-General to continue his efforts to make the most efficient use of the resources of UNRWA and to request the Joint Inspection Unit (JIU) to carry out a comprehensive review of the Agency's organization, budget and operations. It also recommended that the Assembly should call upon all Governments to contribute to the Agency, or to contribute at an increased level. Finally, it recommended that the Assembly call on Governments and organizations making contributions in kind either to give cash instead or to allow UNRWA to sell their contributions for cash.

14. When the Commissioner-General met with the Working Group on 8 October, he provided updated information on the financial situation of the Agency (see sect. III below). The Commissioner-General indicated that, as a result of the recommendations made by the Working Group in its special report of 10 March, approved by the General Assembly on 16 March in its decision 36/462, JIU had begun its study of the Agency and would report to the General Assembly next year at its thirty-eighth session. Moreover, he had been informed that the request to donors to convert contributions in kind to cash would be complied with by the European Economic Community (EEC), which immeasurably increased the real value of the contribution to the Agency. The Commissioner-General also confirmed once again that an increase in contributions remained the only sure way of providing the Agency with the means to carry out its programmes and he stressed the importance of maintaining the Agency's education programme. The Commissioner-General further informed the Working Group of the Agency's emergency operations in Lebanon, which he had described in his special report to the General Assembly (A/37/479).

### III. FINANCIAL SITUATION OF UNRWA

15. In his statement, on 8 October 1982, the Commissioner-General informed the Working Group that budgeted expenditure for 1982 had been revised from \$265.6 million, as originally estimated in his report for the period from 1 July 1980 to 30 June 1981, 4/ to \$225.1 million, as of 1 October 1982. Projected income had also been revised from \$185.3 million to \$181.6 million, thus leaving an estimated budgetary deficit of \$43.5 million. The reduction in expenditure had been accomplished through continuing management action to reduce costs and staff, deferral of all actions which were deferrable, persistence in soliciting additional contributions and, finally, by initiating the phase-out of the ration programme announced at the beginning of September 1982. As a result of these measures and other factors, the financial situation of the Agency had improved somewhat during the year, enabling him to avoid the closure of any schools which, at the beginning of the year, he had feared he might be forced to do. The budgetary deficit, however, still stood at \$43.5 million, and he would liquidate this by further drastic cuts in expenditure on construction and planned programme improvement and by withholding cost-of-living adjustments due to the staff in one of the fields of operation.

16. The Commissioner-General informed the Working Group that the estimates of expenditure and income for 1983, as presented in his report for the period 1 July 1981 to 30 June 1982, 5/ had been revised as a result of developments since they had been drawn up. The two developments were: first, his decision to phase out the basic food ration, and secondly, the clear indications he had received from EEC that it would convert a substantial portion of its food contribution to cash. As a result, estimated expenditure and income had been reduced from \$271.4 million and \$185.3 million to \$235.9 million and \$175.4 million respectively, thus reducing the projected deficit from \$86 million to \$60.5 million. The Commissioner-General assured the Working Group that, while he would do his utmost to further reduce expenditure without compromising the integrity of the Agency's programmes, increased cash contributions remained the only sure way of providing the Agency with the means to carry out its programmes. He had already initiated action to this end and looked forward to the continued assistance of the Working Group in this regard.

17. The Commissioner-General also informed the Working Group of the financial implications of the emergency relief operation the Agency had undertaken in Lebanon. The cost of that operation for the period June to December 1982 now stood at \$21.5 million (A/37/479, annex II), and he was happy to be able to report that that amount had been subscribed. It was clear, however, that the emergency relief operation would need to be extended for at least a further six months, to June 1983. The cost of such an extension would be an additional \$21.9 million (A/37/479, annex III). He would soon be launching an appeal for that purpose, and he hoped that the Working Group would join with him in raising the necessary additional funds. He emphasized that those costs did not take into account what would be needed for the reconstruction of the Agency's installations which had been damaged or destroyed, or for providing the refugees with temporary shelter other than tents. Such a programme, which could not be commenced until the necessary political decisions were taken, would be enormously costly and would require special financial provision.

#### IV. CONCLUDING REMARKS

18. The year 1982 has been another financially difficult year for UNRWA. At the beginning of the year, the Agency faced an estimated deficit of \$80.3 million. Various measures taken by the Commissioner-General, as well as additional cash contributions, however, have made it possible during the year to reduce the estimated deficit for 1982 to \$43.5 million. This improvement of the financial position has provided the Commissioner-General with sufficient financial resources to secure continuation of the educational programme in all fields throughout 1982. To cover the deficit, the Commissioner-General will, however, have to make further drastic cuts in expenditure on construction and planned programme improvement, as well as to withhold some cost-of-living adjustments due to the staff.

19. The financial outlook for 1983 gives rise to concern. The projected deficit for 1983 amounts to \$60.5 million. While welcoming that this figure is \$25 million lower than earlier projections, the Working Group considers the magnitude of the estimated deficit a matter of concern. In addition to the \$60.5 million, an additional \$21.9 million is required for the emergency programme in Lebanon.

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20. This continuing shortfall in income emphasizes the urgent need for more stable financing for UNRWA. During 1982 there has been no significant progress towards broadening the participation in the financing of the Agency. A relatively small number of countries continue to shoulder the major portion of the financing of UNRWA. In this context, the Working Group wishes to draw attention to the considerations about the financing of UNRWA which were set out in the Working Group's Special Report of 10 March 1982 (A/36/866 and Corr.1). The Working Group believes that these considerations are still valid.

21. An encouraging development for UNRWA in 1982, however, has been the indication of a positive response from some major contributors to the invitation of the Working Group and the General Assembly in March 1982 to convert some of their contributions in kind into cash. The Working Group expresses the hope that other Governments making contributions in kind may be able to follow suit.

22. To ensure the continuation of UNRWA services at their present level, the international community must increase its financial support of UNRWA. The Working Group strongly reiterates its call on Governments that have not yet contributed to UNRWA to start contributing. Governments that have made only relatively small contributions are urged to contribute more generously. The Working Group calls upon Governments in a special position to do so to increase their contributions. Finally, the Working Group urges Governments that in the past have made generous contributions to continue to make generous contributions and to strive to increase their contributions. The Commissioner-General, for his part, will have to continue to make the most effective and economical use of the resources available. The Working Group will continue to assist the Commissioner-General in securing financial support for the Agency.

23. 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 meantime, the humanitarian services of UNRWA remain indispensable and should have the whole-hearted support of all the international community.

#### 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; and *ibid.*, Thirty-fifth Session, Annexes, agenda item 53, document A/35/579.

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 and 35/13 D of 3 November 1980.

3/ Official Records of the General Assembly, Thirty-sixth Session, Annexes, agenda item 60, document A/36/615.

4/ Official Records of the General Assembly, Thirty-sixth Session, Supplement No. 13 (A/36/13).

5/ Ibid., Thirty-seventh session, Supplement No. 13 (A/37/13).

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