



PARTIAL VERBATIM RECORD OF THE THIRTEENTH MEETING*

Chairman: Mr. PIZA-ESCALANTE (Costa Rica)

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* Circulated pursuant to a decision taken by the Committee at its 13th meeting.

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the Committee.

Distr. GENERAL
A/SPC/33/PV.13
30 October 1978

ENGLISH

AGENDA ITEM 54

UNITED NATIONS RELIEF AND WORKS AGENCY FOR PALESTINE REFUGEES IN THE NEAR EAST
(A/33/13, A/33/276, A/33/285-287, A/33/320, A/SPC/33/L.6)

- (a) REPORT OF THE COMMISSIONER-GENERAL;
- (b) REPORT OF THE WORKING GROUP ON THE FINANCING OF THE UNITED NATIONS RELIEF AND WORKS AGENCY FOR PALESTINE REFUGEES IN THE NEAR EAST;
- (c) REPORT OF THE UNITED NATIONS CONCILIATION COMMISSION FOR PALESTINE;
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Mr. McELHINEY (Commissioner-General of the United Nations Relief and Works Agency for Palestine Refugees in the Near East): May I congratulate you, Sir, on your election as Chairman of the Special Political Committee and wish the Committee success in its deliberations. I thank you for the opportunity to present my report on the activities of the United Nations Relief and Works Agency for Palestine Refugees in the Near East (UNRWA) for the period 1 July 1977 to 30 June 1978.

If I may, I should like to call attention to some basic facts about UNRWA which I hope will help to set the Agency's activities in proper perspective.

In paragraph 10 of my report I have summarized the essentials of UNRWA's three basic programmes: education and training services, health services and relief services. I do not intend to go over the services in detail here, but I should like to explain briefly some considerations that should be kept in mind if one is to understand what UNRWA does.

The first point I would make is that UNRWA exists to provide those three basic social services to registered Palestine refugees only. The General Assembly's periodic decisions to renew UNRWA's mandate are essentially decisions that the services should continue and that they should be provided by a United Nations agency.

Substantial numbers of Palestinian Arabs are not registered as refugees; the Agency has no mandate to provide its services to non-refugee Palestinians and only a limited mandate to provide assistance to certain displaced, non-registered Palestinians. Moreover, not all of the registered Palestine refugees receive

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services from the Agency. Of the approximately 1,760,000 Palestine refugees now registered, about 1,500,000 receive health services, about 830,000 receive relief services, mainly the basic ration, and about 320,000 receive education and training services.

The second point, which is closely related, is that the Agency provides services to refugees whether they are camp inhabitants or not. Nearly two thirds of the registered refugees potentially eligible for services live outside camps. UNRWA's responsibilities arise from the presence of refugees, not from the existence of camps. The camps are not UNRWA camps. UNRWA does not manage them nor is it responsible for the security or policing of them. The refugees themselves and the Government authorities where the camps are located exercise those functions. UNRWA installations inside and outside camps are premises protected by international agreements, but the camps themselves and their inhabitants are under the jurisdiction of local authorities.

The third major point is that the services are continuing and institutionalized. They are not the kind of services normally provided to refugees, that is, the services are not short-term emergency assistance or disaster relief. UNRWA operates very much as a government operates. It has quasi-governmental functions. It provides education, health care and relief directly to a refugee population now approaching 1,800,000, a larger population than that of many Member States. While UNRWA's services to the Palestine refugees have the effect of assisting Governments in the Near East, the assistance takes the form of services almost entirely rendered directly to the refugees, not through Governments or Government employees or Government institutions but by UNRWA and UNRWA employees and institutions - that is, the Agency's own schools and training centres, its own health centres and clinics, its own ration distribution centres.

The fourth point I would make, deriving from the institutional character of the Agency, is that ultimately the means of effecting economies if income were to be drastically insufficient would not be the temporary suspension of activities which could easily be resumed if money subsequently became available, but rather the dismantling of the institutional structure which provides the services. If a dismantling, a mass termination of staff and the closing of

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UNRWA installations were forced on the Agency by lack of funds, the structure could not be easily or quickly reconstituted. UNRWA could reduce some of its services in a limited way without dismantling the structure but it could not turn whole programmes off and on at will, any more than a Government can; and that observation is especially relevant to the education and health programmes. Members of the Committee will appreciate that the services UNRWA now provides, certainly the education and health care and at least some part of the relief services, would have to continue to be provided even if the General Assembly were to decide to liquidate UNRWA. The services are not emergency assistance; they are the kind of basic services Governments routinely make available within the limits of their resources. Presumably, in present circumstances, if UNRWA were unable to provide the services the Governments in the Agency's area of operations would have to assume the responsibility. Over the longer term the Agency has always assumed that at some point, in the context of a general settlement in the Middle East, its mandate would be cancelled and that provision would be made by the General Assembly for the Agency to turn over its schools, health centres and other installations to whatever authorities were to become responsible for the education, health care and welfare of the population they served. Moreover, it is assumed that most if not all of the Agency's teachers, medical personnel and other employees, totalling about 16,600, would be continued in employment by these authorities. It is obvious that the Agency could not turn over a dismantled structure to any authority and that the authority's task would be vastly more complicated if it had to create the required structure.

The fifth point is that the resources required to provide UNRWA services come almost entirely from voluntary contributions by Governments. Governments are free to contribute what they wish and they may or may not contribute enough to maintain the services. When Governments are unwilling to contribute enough, UNRWA must reduce or suspend its services.

Let me turn briefly now to certain special problems which confronted the Agency in 1978. I deal with them in paragraphs 15 to 26 of my report and shall not repeat the details.

The first of these problems is finances, to which I shall revert later, if I may.

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The second is the situation in Lebanon, which once again has had a direct impact on the operations of the Agency. UNRWA's services to the Palestine refugees in Lebanon continue to be provided to the extent possible given the circumstances, but I think that the disruption of UNRWA's activities there is of very little importance by comparison with the broader aspects of the appalling tragedy of Lebanon, with which we are all too familiar. I do not wish to catalogue UNRWA's operational difficulties in Lebanon, because doing so would detract from what I really want to convey: my deep feeling of sympathy for the Lebanese people and my heartfelt wish that ways will be found, and found quickly, to end the plague of political disruption, consuming hatred, death and destruction that has descended on that land.

I regret that this situation confronted the Agency with the third special problem I mentioned in my report - the relocation of UNRWA headquarters, partly to Vienna and partly to Amman, which was completed early in August. My preference, the Agency's preference, would have been to have all of headquarters remain within the Agency's area of operations, but for very practical reasons that was not feasible. As will be seen from the letter from the Chairman of the UNRWA Advisory Commission enclosed with my report, the Commission has requested me to keep the question of future consolidation of headquarters in the area under study with a view to relocation to the area when feasible, in consultation with the Commission. Meanwhile, I should like to note the greatly increased effectiveness of headquarters operations resulting from its relocation to Vienna and Amman.

The fourth special problem mentioned in my report is the continuing problem of interference with staff in the performance of their official duties and the violation of Agency premises. Details are provided in the body of the report.

Finally, I should like to revert to the most difficult problem the Agency faces: its uncertain and inadequate financing.

The situation this year, in 1978, is still essentially as described in paragraph 13 of my annual report. To bring the facts and figures in that paragraph up to date, I should mention that estimated budgeted expenditures are now \$137.7 million; pledged or expected income at this time

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is \$126.4 million; and the deficit is therefore at this point \$11.3 million. After receiving additional contributions, I have approved the continuance of the preparatory cycle of education - that is, the lower secondary education - for Palestine refugee children to the end of 1978 after I had been forced to withhold approval of expenditure for this UNRWA activity, which the refugees consider to be of the highest importance. I have appealed again to contributors to make special contributions for 1978 to eliminate the deficit. To the extent that the appeal is unsuccessful, additional budget items will be eliminated and some drawdown of working capital will be required.

The situation next year, in 1979, is expected to be worse - so much worse that the Agency may enter a basically different phase of its chronic financial crisis. To explain what I mean by that, I should like to trace briefly the history of UNRWA's financial difficulties.

I said earlier that nearly all of UNRWA's income was in the form of voluntary contributions from Governments and that when Governments were unwilling to contribute enough UNRWA must reduce or suspend its services. I pointed out also that ultimately the means of effecting economies if income were to be drastically insufficient would be the dismantling of the institutional structure which provides services to the refugees.

Governments have not been willing to contribute enough and the Agency has had to accommodate itself to insufficient income. Next year income may well be drastically insufficient. One can trace the history of budget reductions forced upon the Agency by insufficient income back to the 1950s, but in that period the problem was not acute because a large reserve of funds in the form of working capital was available to cover any essential expenditures not covered by current-year income. The establishment of ration ceilings in the 1960s also eased the problem of financing. Nevertheless, it is worth noting that in only eight of the 28 years of the Agency's existence has income received in the year of expenditure been sufficient to cover budgeted expenditures, and that it has been necessary to draw down working capital in each of the other 20 years to cover at least some part of the budgetary deficit.

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In the 1970s, the Agency has been sparing in its use of working capital but has nevertheless drawn it down so that by next year it will be at such a dangerously low level that it can no longer be counted on to supplement current income.

In the present decade, the 1970s, the Agency has moved from budget reductions that had a long-term rather than an immediate effect on services to refugees, such as failure to replace unsatisfactory school premises, to actual reductions in what have become lower-priority services, such as cuts in the flour ration. So far, we have accommodated ourselves to insufficient income by reducing expenditures that involved no dismantling of the institutional structure. What we have been forced by lack of funds to eliminate or reduce could still be restored later if money became available. But UNRWA is now at the point where those non-structural economies are unlikely to suffice and it is not only possible but probable that at least some part of the institutional structure will have to be dismantled to permit UNRWA to survive and provide at least reduced services to the Palestine refugees.

Specifically, not only is it a virtual certainty that in 1979 the flour ration will have to be reduced still further to an average of 5 kg per recipient per month, by comparison with the normal 10 kg, or the 6.7 kg being issued in 1978; also, unless income is substantially higher than now projected, all or a major part of the preparatory - the lower secondary - cycle of education for Palestine refugee children will have to be abandoned at the end of the current school year. A ration reduction can be restored by buying more of the commodity in question; such an economy is non-structural. But if the Agency is forced to discharge the teachers who teach in the preparatory cycle, a part of the institutional structure will be destroyed and it could not be re-established easily or quickly even if money subsequently became available for the purpose.

The Agency has tried to avoid the reduction of services - and, more importantly, the dismantling of the UNRWA structure - by every means available. Most recently, a new income solicitation procedure has been introduced by which all non-contributing Member States are asked to consider contributing and all

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major contributors are asked to consider contributions of specified amounts which, when added together, would make the Agency financially viable. The response has been mixed but sufficiently encouraging to warrant continuing the procedure, with some modifications.

However, no new contributors have been added, so it is still the case that less than half the Member States contribute. The main burden of financing UNRWA still falls on a few Governments. Only 16 Governments and the European Economic Community make yearly contributions of \$1,000,000 or more and only a few others make substantial contributions below that amount. The inequity inherent in the present system is resented by the major contributors. In particular, those whose contributions have generally kept pace with UNRWA's rising costs are increasingly reluctant to go on raising their contributions each year. They point to the fact that the great majority of Member States who vote for General Assembly resolutions urging non-contributing Member States to contribute and present contributors to increase their contributions do not themselves do what they urge.

A great variety of policy and other considerations affect the attitudes of Member States in deciding whether and how much to contribute. The Agency cannot be concerned with the why of the matter, since the system is voluntary and no justification need be given for failing to contribute or for contributing at a relatively low level. The Agency is, however, very much concerned about the consequences of the attitudes as they affect the welfare of the Palestine refugees, since the General Assembly has charged the Agency with contributing to the refugees' welfare. Whatever the attitudes that cumulatively produce inadequate income year after year, I hope all members of this Committee realize that the adverse consequences of those attitudes are borne by the refugees. They are the chief sufferers, but the world is the poorer for not providing what they need.

UNRWA is only your agent and can provide only such social benefits to the refugees as you allow it to provide within the limits of what you contribute.

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I think it is clear that the Palestinians, including the refugees - who, as I have learned through personal experience, are a resourceful, capable and proud people - would rather be in a position to provide themselves with the benefits. You are the international community and without your help the refugees cannot in their present circumstances provide themselves with all they need, nor can they alone change those circumstances. You have decided that, as long as these adverse circumstances persist, you should contribute to their welfare and should maintain in existence an agency through which to channel aid. UNRWA, the agency you created and have maintained, cannot channel aid that you do not provide.

Is it not reasonable to suggest that you should give practical expression to the decisions of principle you have taken? You can do so by pledging contributions to UNRWA at the annual pledging conference later this year. If you are unwilling to do so, then it is indeed true, as I say in the conclusion of the introduction to my annual report that

"... The time is rapidly approaching when the implications of that fact will have to be assessed and the Agency be given guidance by the international community on the nature and level of services the community wishes to provide". (A/13/13, supplement No. 13, para. 27)
