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Chairman: Mr. MOLAPO (Lesotho)

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AGENDA ITEM 53

UNITED NATIONS RELIEF AND WORKS AGENCY FOR PALESTINE REFUGEES IN THE NEAR EAST
(a) REPORT OF THE COMMISSIONER-GENERAL (A/31/13)

Sir John RENNIE (Commissioner-General of the United Nations Relief and Works Agency for Palestine Refugees in the Near East): Mr. Chairman, I thank you for giving me an opportunity to introduce my report on UNRWA's activities for the period 1 July 1975 to 30 June 1976. But may I first congratulate you on your election as Chairman of the Special Political Committee and offer my best wishes for a constructive series of meetings.

This is the sixth report that I have the honour of presenting to the General Assembly in your Committee, Mr. Chairman. The period it covers has been the most difficult in my experience of UNRWA, which covers in all eight years; indeed, I believe it has been one of the most difficult periods in the whole history of UNRWA. What that implies, of course, is not simply that the Agency has had financial or operating difficulties, but that many of the Palestine refugees whom the Agency serves, and of those among whom they live, have once again experienced violence and deprivation, anguish and suffering, and despair about their future.

Foremost in our minds at this time must be the situation in Lebanon, the host country in which UNRWA's headquarters has been situated since the Agency was established 26 years ago, and whose official and unofficial hospitality my headquarters colleagues and I enjoyed until circumstances forced our temporary departure last January. My report is concerned with the Palestine refugees, but I should like to express, on behalf of UNRWA, our deep sympathy with the many citizens of Lebanon, who, like so many of the Palestine refugees in Lebanon, have been the victims of forces over which they had little or no control.

In introducing my report last year I said that more radical measures than redeployment of staff might be necessary to enable Agency headquarters to carry out its work and continue to provide guidance and support to operations in all fields.

In the report now before the Committee I have described the action that had to be taken on my return from the General Assembly. I should like to express here my warm appreciation of the ready assistance UNRWA received from the Governments of Jordan and of Austria in facilitating the establishment of temporary headquarters in Amman and in Vienna. We owe a special debt of gratitude to our sister United Nations organization UNIDO for placing at our disposal in Vienna facilities without which we should not have been able to operate from there so quickly and effectively or so economically.

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General of UNRWA)

There has, of course, been some loss of operating efficiency in the enforced splitting of headquarters, and headquarters should be reunited as soon as possible in the area of operations. Nevertheless, we have been able to discharge effectively our responsibilities for the support and supervision of field operations. There were direct air connexions with all fields and the capitals of all host Governments until the Beirut airport was closed in June and communications by radio, telex, telephone and post have been good. Indeed, the headquarters office in Vienna can still communicate directly by telephone with Beirut when it is impossible from Amman or Damascus. This has been of inestimable benefit during the recent difficult months in Beirut.

I have given an account in my report of operations in Beirut to the end of June, and I think the Committee would wish me to bring that account up to date. What I shall say is based on the most recent reports from the UNRWA field office in Beirut and on a meeting our Director of Health and I held with senior local staff at Chtaura in Lebanon last month. I should like at this point to pay a tribute to the sense of responsibility, the loyalty and the concern for the integrity of the Agency's work that has been shown by senior local staff in Lebanon in appallingly difficult conditions.

The port of Beirut has been out of operation for most of 1976 and supplies of food-stuffs have had to be shipped through the Syrian ports. Road transport into and within Lebanon has been impossible at times but flour, other food commodities and medical and relief supplies have been moved through Syria to the main areas where Palestine refugees live --- the Beirut and Tripoli areas, the Bekaa valley and south Lebanon. As a result arrears of ration distribution are being overtaken. Clinics in some camps have had to function with only the auxiliary staff living in the camps, because of the impossibility of access during fighting, but professional medical staff have subsequently been redeployed in accordance with the movement of the refugee population, and use is being made of a mobile clinic. UNRWA's health service has always been oriented towards preventive medicine and in Lebanon relied on private hospitals, some of which were forced to close as the fighting became worse. Fortunately a number of medical teams from Arab countries supplemented the work of the Palestine Red Crescent in western Beirut and the International Committee of the Red Cross (ICRC) established an emergency hospital

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there also. To meet the need for immediate relief for refugees from the Dikwaneh camp in the Tall Zhatar area UNRWA brought nearly 20,000 blankets, kitchen kits, and medical supplies from Amman and Gaza to Beirut and south Lebanon, purchased clothing and mattresses and made special distributions of food-stuffs. I should like to express my appreciation of generous, immediate donations from voluntary organizations which made some of this relief possible. Schools that were still operating in June were closed for the holidays in July and August and the intention is to reopen as many as possible as soon as conditions permit. Many, however, have been seriously damaged or are occupied by displaced refugee families. Much equipment has been destroyed -- there is for instance a need for thousands of desks -- as have other school requisites, such as text-books. It has not yet been possible to make a detailed, complete survey of damage and losses but a technical team from headquarters is being based on the Damascus field office to undertake this task. The Siblun Training Centre has been closed throughout the 1975-1976 school year and no date can yet be set for reopening.

The agency's central warehouse in Beirut, which held supplies for all fields, was preserved intact until last week, when it was hit by four incendiary rockets which set fire to two of the main buildings. A detailed survey has not yet been made but preliminary reports suggest that hundreds of thousands of dollars worth of supplies have been destroyed. Altogether the cost of repairing damage, replacing equipment and supplies and providing more permanent shelter for displaced refugees or those whose dwellings have been damaged, is likely to be of the order of \$2 million to \$3 million, though I must make clear that this figure is provisional. The amount of \$521,000 shown in the draft budget for 1977 in chapter II of the report represents only a first estimate of damage up to about April 1976. Clearly this additional burden on UNRWA's finances emphasizes the need for further contributions in 1976 so that commitments can be entered into speedily and before the end of this year as soon as conditions permit.

I regret that I can give the Committee no figure for casualties among refugees in Lebanon. The conditions in Lebanon, especially in Beirut, have been such that normal reporting of deaths has been impossible. I hope that as ration distribution is regularized figures will become available but I should here point out that only about half of the registered refugees receive rations. Once clinics, especially

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maternal and child care sessions, resume on a regular basis more information will become available. Among UNRWA staff there have been about 20 fatal casualties but this figure may not be complete, as schools have been closed since June.

I believe that the Committee is aware of the extent of UNRWA's responsibilities for camps in Lebanon and elsewhere. As some public misunderstanding persists, however, I have thought it necessary to refer in the opening paragraph of the introduction to previous explanations of the position. There are two points I should like to make now. UNRWA has, and had, no responsibility for police or other security functions in camps -- the Cairo Agreement, for instance, was not one to which UNRWA was a party or on which UNRWA was consulted. The second point is that only half of the refugees in Lebanon live or lived in camps. This point should be borne in mind when there is reference to the return of the refugees to their camps, a matter on which I assume UNRWA will be consulted by the authorities in due course. In the meantime, as I have said in a message I sent to the President of Lebanon earlier this month, I believe the best contribution UNRWA can make to the restoration of stability in Lebanon is to resume its full services as soon as possible, and that is what we are trying to do. We are heartened by the agreement reached in the discussions at Riyadh last week and shall do all we can to co-operate with those responsible for implementing it.

With your permission, Mr. Chairman, I should now like to turn to UNRWA's financial situation. In paragraphs 4 to 17 of the introduction to the report I have provided some further information on aspects of UNRWA's finances that I hope will be helpful to the Committee in understanding how these successive crises develop and what form they take. In view of the importance of the relationship between assets and liabilities for continued operation without infringement of the financial regulations or breach of contractual, legal obligations I have provided on page 9 an illustrative table. I have provided also, in paragraphs 12 and 13, information on changes in working capital and in expenditure over a period. I hope this information will illuminate UNRWA's financial problem for the Committee and, in particular, will show how precarious the position has become.

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General of UNRWA)

I am only too conscious that each year I utter dire predictions and each year so far UNRWA survives. There should be no illusion, however, that UNRWA can always survive. These dire predictions have not been unfounded; the danger of a breakdown is only too real. In 1976 it is not too much to say that, from month to month, the Agency has been kept going since the end of May by successive special contributions. The deficit, when I reported to the Working Group in May, was \$US 43 million. Since then about \$27 million has been received in special contributions, the latest, a further \$6 million from the United States, only last week. I should add that there has been some reduction in expenditure as a result of changes in currency exchange rates.

As assets have been expended on services, the margin of assets over liabilities has decreased. In September, last month, if a special contribution had not been pledged as the UNRWA Advisory Commission met, I should have been obliged to inform the Commission that services could not be maintained, for lack of funds, beyond 30 November 1976, and would therefore have to be suspended, and that, accordingly, because of the Agency's contractual obligations towards its staff, all staff would have to be given the required one month's notice of termination of their appointments. Suspension of services and termination of staff would have been a calamity, but one which may again face the refugees and the Agency in 1977 unless earlier assurances of adequate funding are given. Because of UNRWA's chronic financial situation it is the liability for separation benefits to its local staff that assumes the role of precipitating the crisis of imminent suspension of services, I have therefore informed the General Assembly in paragraph 10 of the only means by which, as far as I can see, this precipitation could be avoided. I have pointed out, however, that even if the General Assembly were prepared to accept this contingent liability, UNRWA's budgetary problem would remain.

I believe that in spite of a budget deficit of \$11.2 million UNRWA can now maintain its operations for the remainder of 1976, though all expenditure provided for in the budget cannot be undertaken unless further contributions are received. I believe it is probably too late now to make up short issues of flour earlier in the year which resulted from our inability for lack of funds to purchase flour after March. We already face a problem in obtaining sufficient flour for the first

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months of 1977, though if supplies cannot arrive in time, I hope we may be able to borrow flour locally against later replacement from flour for which orders will have been placed. I am very concerned about our possible inability once again to commit funds for school construction, as happened last year. Many schools are already on double shift and, unless more class-rooms can be build, the UNRWA/UNESCO system, with a school population in which natural growth is still taking place, may have to turn children away in 1978. I have also referred to the need for funds for repair and replacement in Lebanon.

I should like again to express my warm appreciation, through their representatives here, to all Governments who have contributed to UNRWA this year, and especially to those who have increased their contributions or made special contributions in response to appeals by the Working Group, by the Secretary-General and by me. The result has been to raise income to nearly \$114 million, about the same level as last year. Even if the same measures are taken to curtail expenditure as were taken last year, UNRWA's slender working capital will be further reduced, and, for the reasons I have given, UNRWA's ability to provide education for all registered refugee children and to participate in the restoration of normal life in Lebanon will be impaired.

As regards 1977, I have shown in paragraph 13 of the introduction to my report how the rate of increase in annual expenditure has slowed down. This deceleration is entirely due, however, to lower commodity prices and improved exchange rates. Both these factors cannot be counted on to continue to operate favourably -- the depreciation of the Lebanese pound has been significant -- and against them must be set the high rates of inflation in the countries in which UNRWA carries on its activities. Chapter II of the report shows estimated expenditure for 1977 at just under \$140 million and in view of these uncertainties I do not consider it would be prudent at this stage to reduce this figure. Even if, therefore, the full amount of income represented by total government pledges in 1976, regular and special, were pledged from the beginning of the new year, UNRWA would face a deficit of about \$25 million. If special contributions are not incorporated in pledges for 1977, the prospective deficit will be twice this amount and from the beginning of the year a crisis will be impending and the threat of

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suspension of services will hang over the Agency and the refugees. In such circumstances it is impossible to devote to constructive work the attention it requires.

The Working Group has again reviewed the structure of UNRWA's financing and will be reporting separately on its activities. I wish only to say that in 1976 I have been able to report personally to the Group on three occasions, in March, in June and in October, and to thank the Chairman and his colleagues for their understanding and support. Neither the Group nor I can propose a fully effective means of reconciling a voluntary system of financing, as desired by the General Assembly, with an assurance of sufficient funds to pay for programmes which continue at the same real level. I can only suggest that the uncertainty would be mitigated if contributors would accept the reality that having survived one year as a result of special contributions, UNRWA cannot possibly survive the following year without them. Accordingly, I appeal to Member States to incorporate their special contributions in their regular contributions when making their pledges for 1977. If they will also take into account the likelihood in a period of inflation of some increase in the cost of the same services and make a corresponding increase in their pledges, this will be even more helpful. If UNRWA is to do what the General Assembly expects of it, there must be effective financial support from all Member States who regard UNRWA's programmes as an international responsibility and who have the resources to contribute significantly to their cost.

In conclusion, more than once in my reports or before this Committee I have expressed my concern about UNRWA's continued viability in the conditions in which it must operate. The events in Lebanon are a shocking reminder of the urgency of reaching a just and lasting settlement in the Middle East, which will take account of the legitimate rights and interests of the Palestinian people. To borrow a phrase, at present they float in the sea of politics like an iceberg on which no man can land but which can sink a ship. Like it or not -- who can deny it? -- without such a solution, there will be no solution to the problem of the Palestine refugees. Talk of returning all the refugees to their camps -- camps in which more than half of them have never lived and some of which have been destroyed -- offers no solution.

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