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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. The Chairman of the Working Group is Mr. Mustafa Aksin of Turkey.

B. Consideration of the report of the Working Group at the forty-third session of the General Assembly

4. The report of the Working Group on its activities in 1988 3/ was considered by the General Assembly at its forty-third session under agenda item 76, entitled "United Nations Relief and Works Agency for Palestine Refugees in the Near East". At its 3rd plenary meeting, on 23 September 1988, the Assembly decided to include this item in its agenda and to allocate it to the Special Political Committee, which considered the item at its 22nd, 24th, 26th, 27th and 34th meetings on 9, 10, 14, 15 and 28 November 1988.
5. At the 34th meeting of the Special Political Committee, on 28 November 1988, the representative of the Netherlands introduced a draft resolution entitled "Working Group on the Financing of the United Nations Relief and Works Agency for Palestine Refugees in the Near East" (A/SPC/43/L.15) sponsored by Austria, Bangladesh, Canada, Denmark, Germany, Federal Republic of, India, Indonesia, Liberia, Malaysia, the Netherlands, New Zealand, Pakistan, the Philippines, Spain, Sweden and Yugoslavia.
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) Take note with approval of 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 of UNRWA, for the financing of the Agency 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 34th meeting, on 28 November 1988, the Committee adopted the draft resolution without a vote.

8. At its 71st plenary meeting, on 6 December 1988, 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 without a vote as resolution 43/57 B on 6 December 1988.

II. ACTIVITIES OF THE WORKING GROUP DURING 1989

9. Throughout the year the members of the Working Group have followed with concern the difficulties experienced by the Agency and, in particular, the serious financial situation it continued to face. The Working Group held two meetings on 11 September and 10 October 1989 to consider the recent developments in the Agency's financial situation and to prepare its report to the General Assembly, which it adopted on 10 October 1989.

10. On 11 September 1989, the Working Group heard the Comptroller of UNRWA, who submitted an up-to-date report on the financial situation of the Agency (see section III below).

III. FINANCIAL SITUATION OF THE UNITED NATIONS RELIEF AND WORKS AGENCY FOR PALESTINE REFUGEES IN THE NEAR EAST

11. In 1988, the Agency received sufficient funding to enable it to deliver its regular programme as budgeted, except for construction. Expenditure on the regular programme amounted to some \$211 million. In addition, the Agency delivered emergency-related programmes in Lebanon, the West Bank and the Gaza Strip costing some \$20 million from funds specially contributed for those purposes. At the end of 1988, there was a balance of \$29 million in the general fund, representing an operational reserve sufficient to maintain regular operations for a period of about six weeks.

12. According to present indications, it appears that, during the current year, the Agency will again be able to deliver the essential part of its regular and emergency-related programmes as planned. As in 1988, however, the construction programme is underfunded and much-needed work will again have to be postponed. There is also a shortfall in funding to meet planned expenditure for emergency assistance and reconstruction in Lebanon.

13. Those projections depend on a number of factors, one of the most important of which is the movement of the exchange rates of local currencies against the dollar. At the beginning of 1989, it was apparent that the fall in the value of one of the major local currencies would significantly reduce the dollar cost of budgeted expenditure. The Commissioner-General therefore took the decision to reduce the 1989 budget as presented to the General Assembly 4/ by \$6 million from \$233 million to \$227 million. The salaries of the area staff, however, have had to be increased in several of the Agency's fields of operation to compensate the staff for the loss of purchasing power, thereby reducing the dollar value of exchange-rate savings. Salary surveys are still proceeding in a number of fields and may lead to further increases. Those could affect the above projections for 1989, as well as for next year, since the budget for 1990 is being prepared on the basis of current salary scales and exchange rates.

14. Although it appears that the Agency will be able to meet its expenses for the remainder of the current year, there is cause for serious concern about 1990. While it is still too early to give precise figures, an increase of 5 per cent in budgeted expenditure for the regular programme is anticipated. That figure has been used for planning purposes and in discussions with donors as the minimum increase in contributions needed to meet the Agency's requirements for its regular programme in 1990. In addition, funding will be required to maintain the emergency-related programmes in Lebanon, the West Bank and the Gaza Strip. At the end of 1989, the balances remaining in those funds may be quite small and, at the most, will last only a month or so. If the programmes are to be maintained at 1989 levels, contributions of between \$25 million and \$30 million will be required over and above the increased contributions that will be needed to finance the regular programme.

IV. CONCLUDING REMARKS

15. The Working Group is pleased to note that UNRWA received sufficient funding to deliver the essential parts of its regular and emergency-related programmes in 1988 and expects to do so again in 1989. It expresses its appreciation to donors, especially to those who increased their contributions, for making these results possible. It notes, however, that, in both years, the construction budget was underfunded and that therefore much-needed construction work will have to be postponed yet again.

16. The Working Group shares the Commissioner-General's concern about the financial outlook for 1990. In that connection, it notes that the favourable financial outcome in 1988, as well as the satisfactory projection for 1989, was not so much attributable to increased contributions as to reductions in costs owing to favourable movements in exchange rates against the dollar. As the Working Group has pointed out before, exchange-rate fluctuations can easily reverse their present trends and unfavourably affect the Agency's finances. It is therefore necessary to continue to stimulate higher contributions not only from traditional donors, but perhaps, more importantly, from new ones. The Working Group commends the Agency for its efforts in those directions; the medium-term plan continues to assist donors in establishing the level of their contributions, while the meeting of major

donors and others with the Commissioner-General and his senior officials, which has become an annual event, provides a welcome opportunity for donors to become better informed about the Agency's programmes. The Working Group also commends the Commissioner-General for his efforts, including a rigorous schedule of personal fund-raising visits, to attract an increased level of contributions. The Working Group notes that the Commissioner-General continues to envisage an annual growth of 5 per cent in expenditures in order to maintain the regular programme at its current level. This should be achieved with due regard for efficiency and good management which, in turn, should stimulate the confidence of potential donors. The Working Group points out that a significant increase in contributions will be required if services are to be maintained at current levels.

17. The Working Group is particularly concerned about future funding for the Agency's emergency-related programmes which, it notes, are now in operation in three of its five fields. Those programmes are largely unfunded for 1990 and will require an additional \$25 million to \$30 million. The Working Group shares the Commissioner-General's concern about the situation that would arise if those programmes had to be curtailed for lack of funding.

18. The Working Group therefore strongly urges all Governments to bear in mind those considerations when deciding upon the level of their contributions for 1990. In particular, it urges that:

(a) Governments that have not yet contributed to UNRWA should start to do so;

(b) Governments that have so far made only relatively small contributions should increase their contributions;

(c) Governments that in the past have made generous contributions to UNRWA should continue to do so and should strive to increase them;

(d) Governments should consider making special additional contributions for construction projects and in support of the emergency-related programmes in Lebanon and in the occupied territories of the West Bank and the Gaza Strip that would not affect their contributions to the regular fund;

(e) Governments should endeavour to pay their contributions as early as possible in the calendar year.

Notes

1/ Official Records of the General Assembly, Twenty-fifth Session, Annexes, agenda item 35, document A/8264; document A/8476 and Corr.1; Official Records of the General Assembly, 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,

Notes (continued)

document A/32/278; ibid., Thirty-third Session, Annexes, agenda item 54,
document A/33/320; ibid., Thirty-fourth Session, Annexes, agenda item 50,
document A/34/567; ibid., Thirty-fifth Session, Annexes, agenda item 53,
document A/35/526; ibid., Thirty-sixth Session, Annexes, agenda item 60,
document A/36/615; ibid., Thirty-seventh Session, Annexes, agenda item 65,
document A/37/591; ibid., Thirty-eighth Session, Annexes, agenda item 73,
document A/38/558; ibid., Thirty-ninth Session, Annexes, agenda item 75,
document A/39/575; ibid., Fortieth Session, Annexes, agenda item 79,
document A/40/736; ibid., Forty-first Session, Annexes, agenda item 75,
document A/41/702; and ibid., Forty-second Session, Annexes, agenda item 79,
document A/42/633.

2/ General Assembly 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 D (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, 35/13 D of 3 November 1980, 36/146 E of 16 December 1981, 37/120 A of 16 December 1982, 38/83 B of 15 December 1983, 39/99 B of 14 December 1984, 40/165 B of 16 December 1985, 41/69 B of 3 December 1986 and 42/69 B of 2 December 1987.

3/ Official Records of the General Assembly, Forty-third Session, Annexes, agenda item 76, document A/43/702.

4/ Ibid., Forty-third Session, Supplement No. 13, addendum (A/43/13/Add.1).
