



General Assembly

Distr.
GENERAL

A/40/207
29 March 1985

ORIGINAL: ENGLISH

Fortieth session
Item 79 of the preliminary list*

UNITED NATIONS RELIEF AND WORKS AGENCY FOR PALESTINE REFUGEES
IN THE NEAR EAST

Special report of the Working Group on the Financing of the
United Nations Relief and Works Agency for Palestine
Refugees in the Near East

Rapporteur: Mr. Sverre BERGH JOHANSEN (Norway)

CONTENTS

	<u>Paragraphs</u>	<u>Page</u>
I. INTRODUCTION	1 - 5	2
II. FINANCIAL SITUATION OF UNRWA	6 - 9	2
III. CONCLUDING REMARKS	10 - 13	3

* A/40/50 and Corr.1.

I. INTRODUCTION

1. The Working Group on the Financing of the United Nations Relief and Works Agency for Palestine Refugees in the Near East submitted its last regular report (A/39/575) to the General Assembly at its thirty-ninth session.
2. At the end of February 1985, the Commissioner-General of the United Nations Relief and Works Agency for Palestine Refugees in the Near East (UNRWA) urgently requested the Working Group to hold a meeting as soon as possible so that it could be informed about the alarming financial situation of the agency. He indicated that he would send the Comptroller to UNRWA to New York to give an oral report about the acute budgetary crisis which had already forced him to make major cuts in the 1985 operational budget.
3. The Working Group met on 1 March 1985 and elected Mr. Iltter Türkmen (Turkey) as its new Chairman and Mr. Shigeru Endo (Japan) as Vice-Chairman. It heard and discussed the report of the UNRWA Comptroller.
4. At the same meeting, the Working Group decided to prepare a special report on the financial situation of UNRWA and to take other steps to assist the Agency at this critical point.
5. At its meeting on 26 March 1985, the Working Group adopted the special report. It also authorized the Chairman to take whatever other steps he might find possible, in consultation with the Commissioner-General and the Secretary-General, to assist them in their fund-raising efforts.

II. FINANCIAL SITUATION OF UNRWA

6. The Comptroller of UNRWA provided the Working Group with details of the critical financial situation facing the Agency in 1985. Contributions to the Agency had declined from \$190.6 million in 1980 to an estimated \$177.9 million in 1984, while pledged and expected contributions for 1985 amounted to only \$164.4 million. The Comptroller explained that contributions by donors were classified as follows: cash for the general fund; commodities for the general fund; and cash and commodities for specific projects. According to present indications, the Agency could expect for 1985: \$138.3 million in cash for the general fund, \$13 million in commodities for the general fund and \$13.1 million in cash and commodities for specific projects. However, the operating budget or expenditure planned to maintain the programmes in 1985 amounted to \$231.6 million. Of this total, \$205.1 million represented cash expenditure for which only \$138.3 million seemed to be assured so far. There was, therefore, a cash shortfall of some \$67 million.
7. When the Commissioner-General became aware of this situation at the end of 1984 he immediately instituted a number of austerity measures with the aim of reducing planned expenditure as much as possible without seriously impairing the programmes. These measures were: (1) reductions in personnel costs, including

postponement of pay increases and cost of living adjustments due to the area staff in 1985, amounting to \$13.9 million; (2) postponement of expenditure on construction, maintenance and replacement of equipment, amounting to \$19.4 million; and (3) across the board reductions in provisions made for administrative services, supplies and reserves, amounting to \$6.4 million. The reductions thus effected totalled some \$40 million, leaving an unfunded balance of some \$27 million.

8. Having reduced planned expenditure as much as possible, the Commissioner-General had then launched an appeal for \$27 million in cash, which represented the minimum needed to maintain the education, health and relief programmes intact until the end of 1985. This appeal was contained in a letter dated 19 February 1985 sent to all Governments and selected intergovernmental organizations. The Commissioner-General intended to follow up this appeal by personal visits to as many potential donor Governments as possible. The Secretary-General has kindly lent his assistance in this regard and the Commissioner-General has already begun his series of visits. In addition, senior officials of the Agency have begun visits to a number of capitals.

9. The Commissioner-General has stressed the seriousness and urgency of the situation. In his letter of 19 February 1985, he stated:

"If this sum (\$27 million) cannot be met, the consequences will be reduced services to the refugees - with the education programme the most vulnerable - and large-scale redundancy among the 17,000 locally-recruited Palestinian staff.

"The States Members of the United Nations have frequently reaffirmed their collective conviction that UNRWA must not be allowed to collapse, because of the human distress that that would cause to a population of refugees already deeply agitated and the impact that would have on the political turmoil which already frustrates efforts to find a peaceful solution to the question of Palestine.

"If the threats of collapse are not to materialize, additional pledges are required by May. At the end of that month, further decisions on the future of our programmes will have to be made in the light of the response of donors."

III. CONCLUDING REMARKS

10. The Working Group expresses its deep concern at the financial outlook for UNRWA in 1985 as described by the Comptroller. It is disturbed to note that voluntary contributions, on which the Agency depends if it is to continue its services, have been declining since 1980 and that cash income in 1985 is expected to fall short of cash requirements by \$67 million.

11. The Working Group expresses its appreciation to the Commissioner-General for the efforts he has made to reduce expected expenditure by eliminating \$40 million through a series of austerity measures. At the same time, it notes that a major portion of these measures relate to the deferral of payments due to the area staff for salary increases and cost of living adjustments which it assumes will have to be met at some time in the future. It also notes that, once again, the Commissioner-General has had to defer much needed construction to replace unsatisfactory premises, maintenance and replacement of equipment, all of which will probably be more costly in the long run. Nevertheless, the Working Group agrees that, in the circumstances, the Commissioner-General had no other alternative, since it would be unrealistic to expect that additional contributions amounting to \$67 million could reasonably be expected from the international community.

12. Even so, the additional amount of \$27 million being sought by the Commissioner-General is considerable and is needed before this coming May if reductions in the major services are to be avoided. The Working Group reiterates its conviction that the international community should not allow the Agency to collapse for want of funds, and it pledges its full support to the Commissioner-General and the Secretary-General in their efforts to raise the additional funds required. In this connection, it cannot fail to note that many Governments that have shown their support for UNRWA by their votes in the General Assembly do not contribute to it. It urges them to do so. It also invites those Governments that are contributing to make additional special contributions.

13. As an initial step, the Working Group has authorized its Chairman to address a letter to the Secretary-General underlining the critical financial situation, endorsing the Commissioner-General's appeal and emphasizing the need for Governments to respond generously and in good time. The Chairman will request that the letter be circulated as a document of the General Assembly and of the Security Council. The Working Group has also authorized its Chairman to take whatever other steps he might find possible, in consultation with the Commissioner-General and the Secretary-General, to assist them in their fund-raising efforts.
