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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. I. Türkmen of Turkey.

B. Consideration of the report of the Working Group at the fortieth session of the General Assembly

4. The report of the Working Group on its activities in 1985 [3/](#) was considered by the General Assembly at its fortieth session under agenda item 79, entitled "United Nations Relief and Works Agency for Palestine Refugees in the Near East". At its 3rd plenary meeting, on 20 September 1985, the Assembly decided to include the item in its agenda and to allocate it to the Special Political Committee, which considered it at its 22nd to 28th, 31st and 34th meetings, between 4 and 15 November 1985.

5. At the 31st meeting of the Special Political Committee, on 13 November 1985, 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/40/L.17), sponsored by Austria, Canada, Denmark, the Federal Republic of Germany, India, Indonesia, Liberia, Malaysia, the Netherlands, New Zealand, Nigeria, 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 15 November 1985, the Special Political Committee adopted the draft resolution without a vote.
8. At its 118th plenary meeting, on 16 December 1985, 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 [40/165 B](#) on 16 December 1985.

II. ACTIVITIES OF THE WORKING GROUP DURING 1986

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 three meetings, on 17 September and 3 and 13 October 1986, to consider the recent developments in the Agency's financial situation and to prepare its report including its recommendations to the General Assembly.
10. At its meeting on 17 September 1986, the Working Group heard the Comptroller of UNRWA, who submitted an up-to-date report on the financial situation of the Agency (see sect. III below).

III. FINANCIAL SITUATION OF UNRWA

11. As foreshadowed in the report of the Working Group submitted to the Assembly at its fortieth session (see A/40/736, para. 19), UNRWA was able to survive an extremely difficult year in 1985, finishing with only a small gap between income and expenditure. This favourable outcome was due to further additional contributions received late in the year, which reduced the shortfall from \$5 million, as projected in September 1985, to approximately \$1 million at the end of 1985.
12. The budget for 1986 provided for a total expenditure of \$194 million, made up of expenditure under the General Fund of \$173 million (\$160 million cash and \$13 million in-kind), \$13 million on projects (\$8 million cash and \$5 million in-kind) and \$8 million on construction. Experience so far in 1986 indicated that cash expenditure from the General Fund for the whole year would amount to \$156 million or \$4 million less than had been projected.
13. On the income side, cash contributions to the General Fund as at 31 August 1986, including those pledged and expected, amounted to \$153.5 million. There was therefore a projected shortfall as between cash requirements and cash contributions of \$2.5 million. Cash contributions for the projects were assured except for about \$800,000 needed for the supplementary feeding programme. All of the in-kind contributions required for the General Fund and for projects were assured. The construction budget, however, remained largely unfunded, with only some \$1.5 million pledged out of a requirement of \$8 million. Leaving aside the Construction budget, the total cash shortfall for ongoing programmes was estimated at a little over \$3 million.
14. The Commissioner-General has made special efforts during 1986 to secure the level of contributions required. Pursuant to the suggestion he had made in his report for the period from 1 July 1984 to 30 June 1985, [4/](#) and in keeping with the recommendation of the Working Group, he called an informal meeting to be attended by representatives of major donor Governments as well as representatives of the UNRWA Advisory Commission and of the Working Group on the Financing of UNRWA. The meeting, which was held at Vienna on 22 and 23 May 1986, led to a greater understanding of donors' concerns and of the Agency's tasks and the difficulties it faced, particularly as regards financing, in fulfilling its mandate. The meeting was seen as the beginning of a process of mutual exchange of views and information between the Agency and donor Governments that would be continued in the future. Since that meeting, the Commissioner-General has maintained his contacts with Governments, both at UNRWA headquarters and by paying visits to a number of capitals.
15. As a result of those efforts most major donors have maintained their contributions and a number of Governments have increased them. The Agency has also benefited from changes in the exchange rate of local currencies against the United States dollar. The Commissioner-General was, of course, continuing his efforts to raise the additional funds required and he was confident that the Agency would be able to maintain its services at existing levels through the end of the year.
16. In order to provide a more rational longer-term approach to the planning and execution of the UNRWA programme, the Agency introduced

a three-year medium-term plan. The plan, which covers 1987, 1988 and 1989, would be revised annually and would provide the basis for the preparation of each year's annual budget. It would also provide the opportunity for better monitoring and evaluation of programmes.

17. At the time of preparation of the present report the budget for 1987 was still being formulated. However, it was expected that expenditure would increase by not more than 5 per cent. The increase was due almost entirely to the projected increase in the school population. Even without precise figures, it was clear that, if UNRWA were not to slip back into the deep financial difficulties that it had experienced in the past several years, the funds provided by Governments for 1987 would have to be increased. Merely maintaining 1986 levels would not be sufficient. Moreover, changes in currency exchange rates might not continue to favour the Agency, making it all the more important that Governments increase their contributions. For his part, the Commissioner-General would continue to maintain the strictest economies and to increase the efficiency of the operation in order to ensure that the funds placed at his disposal were used for the optimum benefit of the refugees.

IV. CONCLUDING REMARKS

18. The Working Group is pleased to note that the Agency was able to finish 1985 with only a small shortfall between income and expenditure. It expresses its appreciation to those Governments whose additional contributions made possible this favourable outcome.

19. The Working Group is also encouraged to note that the financial situation of the Agency in 1986 is less critical than it was in 1985 and that the Commissioner-General expects to be able to maintain services to refugees without interruption. The Working Group congratulates the Commissioner-General on his untiring and successful efforts to raise the funds required. In particular, it notes with satisfaction the action taken by the Commissioner-General to achieve closer co-operation and mutual understanding between the administration of the Agency and the Governments that support it. In this connection, it notes the successful informal meeting held at Vienna on 22 and 23 May 1986 and looks forward to further such meetings. It also notes the Commissioner-General's continuing dialogue with Governments which, although time-consuming, is an important element in ensuring continuing support. The Working Group also expresses its deep appreciation to donors, especially to those that increased their contributions in 1986.

20. The fact that very little much needed construction will be undertaken in 1986 is, however, a matter of concern. The Working Group is aware that many of the Agency's facilities are in need of replacement and that in recent years construction work had to be postponed for lack of funds. The Working Group recognizes that the Commissioner-General must give priority to maintaining services and that funds can only be allocated to construction when services are assured. Nevertheless, adequate school buildings and health centres are essential to the proper delivery of services, and replacement of these facilities cannot be postponed indefinitely. The Working Group endorses the Commissioner-General's efforts to seek funding for construction from non-governmental sources as well as his efforts to persuade Governments to make special contributions for construction over and above their contributions to the General Fund.

21. The Working Group welcomes the introduction of a three-year medium-term plan. Such a plan will be of great assistance to donor countries by giving them advance guidance on future financial needs. It will also provide opportunities to improve the development and evaluation of the programme.

22. The Working Group notes that expenditure in 1987 is expected to be some 5 per cent higher than in 1986 and that this means that the level of income will not only have to be maintained but increased. It recognizes the great effort that was necessary to secure the funding required to maintain services in 1986 and emphasizes that special efforts will again be necessary in 1987. In this connection, it wishes to draw attention to the influence of changes in currency exchange rate that, in 1986, worked in favour of the Agency but that may work against it in 1987.

23. The Working Group therefore strongly urges all Governments to recognize that UNRWA will need additional financial support in 1987. In particular, it urges that:

- (a) Governments that have not contributed to UNRWA start to contribute;
- (b) Governments that have so far made only relatively small contributions make more generous contributions;
- (c) Governments that have in the past generously made special contributions to UNRWA do so again in 1986 and 1987;
- (d) Governments that in the past have made generous contributions to UNRWA continue to do so and strive to increase them;
- (e) Governments 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; 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, document 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; ibid., Thirty-fifth Session, Annexes, agenda item 53, document A/35/579; 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 71, document A/38/558, and ibid., Thirty-ninth Session, Annexes, agenda item 71, document A/39/575.

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, 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 and 39/99 B of 14 December 1984.

3/ Official Records of the General Assembly, Fortieth Session, Annexes, agenda item 79, document A/40/736.

4/ Ibid., Supplement No. 13 (A/40/13 and Corr. 1 and Add. 1 and Add. 1/Corr. 1).
