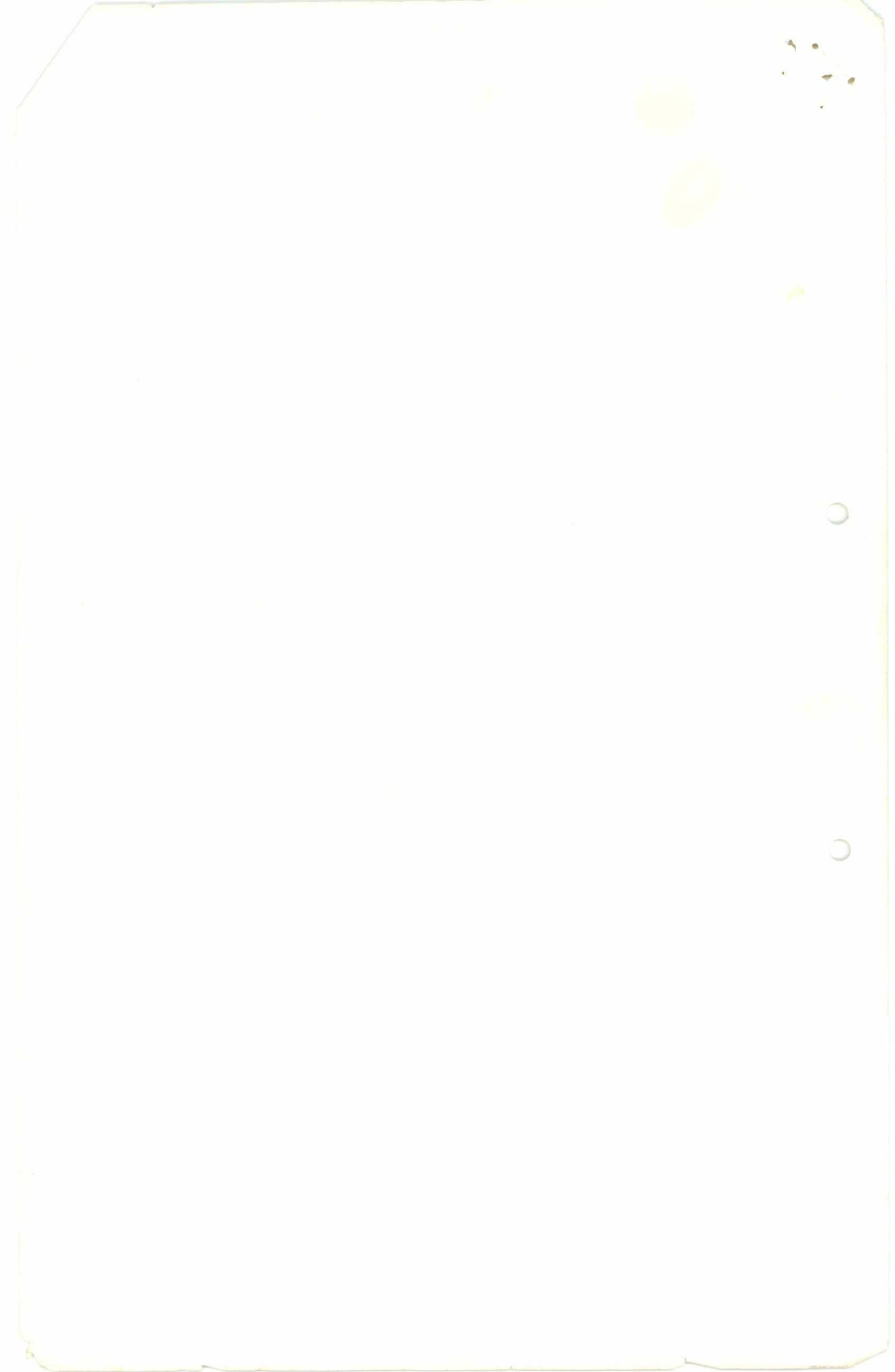


ANNUAL REPORT OF THE DIRECTOR
OF THE
UNITED NATIONS RELIEF AND WORKS AGENCY FOR PALESTINE REFUGEES
IN THE NEAR EAST

Covering the period 1 July 1955 to 30 June 1956



NOTE

In submitting the attached report, the Director wishes to call the attention of the General Assembly to the fact that it was drafted before the crisis in the Near East that occurred during October and November 1956. A special report describing the activities of the Agency, as a direct result of this crisis, will be submitted separately to the General Assembly.

The attached report describes the work undertaken by the Agency during the period 1 July 1955 to 30 June 1956. It describes also the local operating conditions under which the Agency's work was carried out, as well as the financial situation which confronts the Agency.

It is essential that the General Assembly should understand the human factor which conditions the Agency's work and which will continue to condition it so long as the political problem posed by the Palestine question is unsolved. It is equally essential that the General Assembly should be fully aware of the prevailing operating conditions, which depend also in large measure on the degree of political tension in the area.

Furthermore, each member government of the United Nations should clearly realize that, whatever the political situation surrounding the Agency's work, it will remain impossible for that work to be adequately undertaken in the absence of financial support commensurate with the policies which the General Assembly authorises UNRWA to follow.

Beirut, 14 November 1956.

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INTRODUCTION

1. In accordance with the provisions of paragraph 21 of resolution 302 (IV) of 8 December 1949 and of paragraph 11 of resolution 916 (X) of 3 December 1955, the following report on the work of the United Nations Relief and Works Agency for Palestine Refugees in the Near East (UNRWA) for the year ending 30 June 1956 is submitted to the General Assembly.
2. A detailed description of the origin of the Agency and of its mission and work prior to 1 July 1955 will be found in earlier reports and United Nations documents¹.

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- 1 A. Final report of the United Nations Economic Survey Mission for the Middle East (28 December 1949), document A/AC.25/6, parts I and II.
 - B. Report of the Secretary-General on Assistance to Palestine Refugees: see Official records of the General Assembly, Fourth Session, Ad Hoc Political Committee, Annexes, volume II, page 14, document A/1060.
 - C. Reports of the Director of UNRWA and special reports of the Director and Advisory Commission to the General Assembly:
 - (a) Ibid. Fifth Session, Supplement No.19, document A/1451/Rev.1;
 - (b) Ibid. Sixth Session, Supplements Nos.16 and 16 A, documents A/1905 and Add. 1;
 - (c) Ibid. Seventh Session, Supplements Nos.13 and 13A, documents A/2171 and Add.1;
 - (d) Ibid. Eighth Session, Supplements Nos.12 and 12A, documents A/2470 and Add.1;
 - (e) Ibid. Ninth Session, Supplements Nos.17 and 17A, documents A/2717 and Add.1;
 - (f) Ibid. Tenth Session, Supplements Nos.15, 15A and 15B, documents A/2978 and Add.1.
 - D. Pertinent General Assembly resolutions:

194 (III)	of 11 December	1948;
212 (III)	of 19 November	1948;
302 (IV)	of 8 December	1949;
393 (V)	of 2 December	1950;
513 (VI)	of 26 January	1952;
614 (VII)	of 6 November	1952;
720 (VIII)	of 27 November	1953;
818 (IX)	of 4 December	1954;
916 (X)	of 3 December	1955.

3. The tasks assigned by the General Assembly to the Agency remain those described in the report of the Director and Advisory Commission to the ninth session² as:

- (a) the continuing long-term task which aims at assisting the refugees to become self-supporting; and
- (b) the temporary task of providing subsistence, medical care and shelter for the refugees.

The complementary nature of these tasks was noted in the last annual report³. Progress has been slow and fragmentary in connection with the first of the above tasks, for reasons which were described fully in last year's annual report and which are set forth in Section II below. It is believed that the second task - the details of which are described in Section I below - has been carried out as well as local conditions and available funds have permitted. The experience of the year confirms not only that the need for relief, in some form, will continue for several years more (though the present mandate of the Agency extends only until 1960), but also that, in order to carry out the Agency's vast and complex operation with the maximum efficiency, full cooperation between the recipients of relief, the host governments, the contributing governments and the Agency itself is required.

4. In the light of this experience, it is particularly important that the General Assembly review carefully what the Agency has done during the year ended 30 June 1956. After appraising the results of that work, and considering the local operating conditions in the area (Section III below) and the financial situation which confronts the Agency (Section IV below), the General Assembly will be able to determine specific lines of action for the future.

2 A/2717/Add.1, para.32. The Commission's membership consists of representatives of the Governments of Belgium, Egypt, France, Jordan, Lebanon, Syria, Turkey, United Kingdom and U.S.A.

3 A/2978, para.5.

5. An effective review and appraisal can be made only if there is a clear understanding of the human factor which conditions the Agency's work. Above all, the problem posed by the Palestine refugees is concerned with human suffering, with the memories and frustrations of hundreds of thousands of individual human beings. It is not simply an economic problem susceptible of economic solutions. The substantial accomplishments of the Agency to date should be measured primarily in human terms - what has UNRWA been able to do to help the refugees to live? The lack of accomplishment in some fields should also be viewed in the light of the psychological reactions which derive from the suffering, memories and frustrations of these displaced people.

6. As this report is being written in mid-1956, the situation in the Near East is extremely serious. It is to be hoped fervently that it will have ameliorated by the time this report is published. However, it would be a grave error to believe that a state of tension exists only when military operations, frontier incidents or political antagonisms are making headlines in the world press. Although it varies in degree, there is a continuing tension in this sensitive area, and it is a matter for constant concern. During the discussion of the Director's report at the tenth session of the General Assembly, it was stated that there was inadequate understanding of the close connection between the continuous tension in the Near East and the problem of the Palestine refugees. During the period under review, there has been an increasing awareness, in public discussions of the situation, that the nearly one million people whose lives were disrupted by the events of 1947-48 are to-day, in 1956, one of the most important causes of the continued unrest and, at the same time, the victims of it. But that awareness has not yet been transmuted into constructive political action.

7. It must be stressed once more that the refugees' desire to return to their homeland continues unabated. There are, of course, some who have established themselves satisfactorily in

new lives; but the great majority maintain their collective claim that a grave injustice has been done to them, and assert that the only acceptable solution is a return to their homes. As indicated in last year's report⁴, it is not possible to estimate how many refugees would in fact accept an opportunity to be repatriated if that repatriation were to mean something different from returning to their old homes and their former way of life. So long, however, as nothing is done to help requite this longing for their homeland, either by giving them the choice between repatriation and compensation provided for in paragraph 11 of General Assembly resolution 194 (III) of 11 December 1948, or through some other solution acceptable to all parties, the long-term task assigned to the Agency will prove unrealizable.

8. It is easy to understand why this desire to return to their former homes has made impossible any large-scale progress in the Agency's long-term task of bringing about "the reintegration of the refugees into the economic life of the Near East"⁵ during the period under review. It is not so immediately understandable why it has become more difficult and frustrating to carry out the Agency's short-term relief task. But it has. This problem will be discussed in more detail in section III below. It will suffice to say here that the difficulties have their roots in the attitude of the refugees, and to some extent of the host governments, towards the Agency. For the past eight years, the refugees have held the United Nations largely responsible for their plight; the Agency has been the symbol of the United Nations to most of them, who regard UNRWA relief as a debt owed them by the world at large. They have considered, and still consider, that the relief services are insufficient. The fact that the Agency's funds are extremely limited and that every effort has been made, within the limitation of available funds, to provide increasingly better services is seldom understood and in any event is not accepted as a valid

4 A/2978, para.36.

5 Resolution 393 (V) of 2 December 1950, para.4.

consideration. It must be added that unscrupulous political agitators have consistently exploited the understandable bitterness of the refugees; the result is to encourage ill-will and, in certain cases, open resistance towards the Agency. Whether the refugees' attitude has been objectively right or wrong does not affect the present issue, which is concerned only with the attitude as a fact and with its consequences for the Agency.

I. THE PROVISION OF RELIEF

9. During the year under review, the Agency has adhered to the policy adopted by the General Assembly at its tenth session that the programme of relief should be pursued bearing in mind the limitations imposed by the extent of contributions⁶. Standards of relief have been maintained at least at the previously existing levels, and in some cases have been slightly improved. For example, there have been improvements in refugee housing, the health services have been somewhat expanded, and for the first time the Agency has begun to meet part of the children's need for new clothes.

10. It will be recalled that the Director presented to the tenth session of the General Assembly a special report on "Other Claimants for Relief"⁷. In its resolution 916 (X), the Assembly noted⁸ "the serious need of the other claimants for relief ... namely the frontier villagers in Jordan, the non-refugee population of the Gaza strip, a number of the refugees in Egypt and certain of the Bedouin;" and appealed "to private organizations to give them increased assistance to the extent that local governments cannot do so".

11. As a consequence of that resolution, the Director has been compelled to consider assistance to these other claimants for relief as outside the Agency's mandate. Private organizations have continued to help them; but he feels it his duty to report

6 Resolution 916 (X) of 3 December 1955.

7 A/2978/Add.1.

8 Resolution 916 (X), paras.5 and 6.

that a meeting of a large number of important private organizations during the period under review came to the conclusion that the size of the task was such that they could not undertake the large-scale and long-term relief programme which was necessary to provide even a minimal relief service. Consequently, the need outlined in the special report has been unmet and still exists.

12. The Director also wishes to report that the Agency is continuing to receive applications for assistance, to which lack of funds prevents it from acceding, from bona fide Palestine refugees who did not apply for assistance on the establishment of UNRWA because they then had sufficient resources to live on, and did not foresee that the Palestine problem would remain without a solution for a long time. Many of them have used up their resources and are now in need. (These applicants are in addition to those already on the rolls who, as described in paragraph 30 below, are in need of shelter that they can no longer provide for themselves.)

Registration and Numbers

13. Annex A to the present report shows that the number of refugees registered with the Agency has increased from 905,986 to 922,279 during the year under review. There has been no substantial change in their geographical distribution, though the movement has continued of small numbers of refugees both from the Gaza strip and from Jordan seeking work in the countries around the Persian Gulf; similarly, a movement has continued of refugees from that part of Jordan west of the Jordan River into the eastern part of the country.

14. The difficulties encountered in Jordan regarding the deletion from the ration rolls of the names of those not entitled to relief, and the consequential limitation in the distribution of basic foodstuffs to children, were mentioned in the previous annual report⁹ and fully described in the special report to the

9 A/2978, para.9.

tenth session on "Other Claimants for Relief"¹⁰. The tenth session noted "with gratification that the Government of Jordan and the Agency have made substantial progress toward resolving the difficulties which impede the granting of rations to all qualified children in Jordan"¹¹. Although agreement was reached between the Government and the Agency, in October 1955, on procedures for rectification of the relief rolls through a jointly administered system of additions and deletions, it has unfortunately not proved possible to put those procedures into effect. This has been mainly due to the troubled political situation in Jordan, which apparently has made the Government unwilling to embark on any new action that might be opposed by refugee leaders. The distribution of relief therefore remains inequitable in Jordan, to the detriment of many refugee children and much against the wishes of the Agency; the correction of this situation rests in the hands of the Government of Jordan and of the refugees themselves. Under existing circumstances, it is impossible to determine whether the Agency spends more on giving relief to persons not entitled to it than it saves by not giving rations to children who should have them. In any event, the situation is thoroughly unsatisfactory and should be corrected. The Agency considers that this will require either action by the Jordan Government along the lines already mentioned, or new instructions from the General Assembly.

15. It has been the Agency's policy to regard a refugee family as self-supporting when its income reaches a certain level, depending on the size of the family and the area in which it lives. In the past, the policy was to make the family subject to removal from the relief-rolls, with simultaneous loss of rations and all other services (medical, educational etc.), when its income reached that level.

10 A/2978 Add.1, Section VI.

11 Resolution 916 (X), para.4.

16. The rigidity of that system, which resulted in a family normally receiving either all the Agency's services or none of them, encouraged the natural unwillingness of a recipient of relief to admit the earning of an income which provided an alternative (complete or partial) source of livelihood. Further, the Agency's ration-card was regarded by refugees as their only evidence of refugee status. These considerations, added to the fact that refugees tended to look on relief as a right, have made it unnecessarily difficult for the Agency to eliminate from the relief rolls the refugees who become self-supporting by their own efforts.

17. The Agency has therefore modified the system so that the assistance given to a refugee family decreases gradually as the family's income rises. The modified system has been put into effect in Lebanon. The steps in the scale at which the different services are suspended have been adjusted so as to give the refugees an incentive to earn more - that is to say, the value of the service suspended is less than the difference of income between one step and the next. And the services which in the eyes of many refugees are the most important - free medical care and education - are only suspended when the refugee concerned can reasonably be expected to be able to afford to pay for them himself. The alteration in assistance, consequent on increased income, is now therefore not only quantitative but qualitative. This modification as applied in Lebanon has produced good results, being regarded as more equitable both by the refugees and by the Agency.

18. Proposals for the institution of the same system in Jordan and Syria were made to the respective governments during 1955, and to the Egyptian authorities later for its institution in Gaza. The Agency believes that it would be in the interests of all concerned if the proposals could be put into effect in all areas.

Food

19. There has been no change in the quantity of basic foodstuffs (dry rations) distributed by the Agency to each refugee on the ration rolls; it continues to provide about 1,600 calories daily

in winter and 1,500 in summer.

20. In addition to the quantity distributed to all refugees on the ration rolls, a monthly ration of basic foodstuffs, equivalent to about 500 calories daily, has been made available since 1 July 1955 to pregnant and nursing women; an average of 27,000 women have benefitted monthly. Extra rations have also been provided for non-hospitalized TB cases for the first time.

21. The supplementary feeding programme (cooked meals) for persons certified by the Health Division as needing them has been improved by an increase in the proportion of fresh foods used, and provides an additional 700 calories per day for its beneficiaries. The average number of refugees who benefitted from this programme during the year was 46,600 daily. As the necessary funds were not contributed, it was not possible to implement the Director's suggestion (with which the Advisory Commission agreed)¹² that a quantitative improvement in supplementary feeding be made.

22. Further, an average of 190,000 refugees benefitted from a daily distribution of milk. The ration for babies under one year provides 190 calories per day; that for children between one and fifteen years old, for pregnant and nursing women and for sick persons on doctor's recommendation provides 140 calories per day. This milk is distributed both in liquid form and as powder. The number of children receiving their daily ration of liquid milk in school has increased from an average of about 21,000 in the previous year to an average of about 40,000 in the period under review.

23. The scientific study of the nutrition of the refugees referred to in the last annual report¹³ was conducted during the year under review. It was planned by the World Health Organization, in cooperation with the Food and Agriculture Organization of the U.N., and the directing staff was appointed by the WHO. It consisted of a survey of the nutritional status of individual refugees as well as of the actual food consumed by refugee families. Similar surveys were made of individuals and families among the non-refugees,

12 A/3017, para.11.

13 A/2978, para.13.

for comparative purposes. The results of the survey have not as yet been received by the Agency.

24. As has been indicated in the last two annual reports, the Agency does not consider that the quantity of basic foodstuffs made available to the refugees is adequate for a complete diet. The reasons whereby the refugees are able to subsist, without evident signs of general malnutrition, were set forth in the last annual report¹⁴. The Agency would like to be in a position to increase the amount of foodstuffs distributed, but has been unable to do so because of the limitation of funds. As an indication of the amount of money which would be involved in increasing the distribution of basic foodstuffs to all refugees on the ration rolls, the Agency has estimated that, on the basis of current prices, the cost to it for every 100 calory increase would be of the magnitude of about \$1,000,000. This would be in the form of flour, the cheapest commodity practicable for the purpose.

Shelter

25. The increase and improvement in camp accommodation noted in the last annual report¹⁵ has continued. The percentage of registered refugees living in camps has increased from 37.1 to 38.9 during the year. Whereas the number of tents has remained stationary at about 14,000, the number of huts has increased from 60,043 to over 79,000. The number of tents is thus less than half what it was in 1950, and the number of huts has increased about seven times.

26. In Gaza, where the conversion of Agency camps from tents to huts was completed in 1954, camp construction continued during the period under review, but it went only part way to meet the needs of new families. During the year, 1,824 huts were built by the Agency, which in addition provided roofs for another 287 huts built by the refugees themselves.

14 A/2978, para.12.

15 A/2978, para.14.

27. In Jordan, the Agency has embarked on a two-year programme aiming to eliminate tents completely. Part of the same programme involves the building of improved public service buildings - schools, clinics, feeding centres and so forth - of which a good number are now finished. The establishment of new families resulting from the 4,000 marriages of camp residents in Jordan per annum means that there will be a continuing need for more huts to be constructed. In addition, the Government has requested that more camps be built in Jordan, and a survey of need is being made jointly by the Government and the Agency; but, aside from administrative and financial difficulties, finding appropriate sites presents problems.

28. The three camps under construction in Lebanon at the end of the last fiscal period have been completed. One of them houses refugees who previously were semi-nomad Bedouins; their establishment in a settled life without prejudice to their ultimate domicile is an apparently successful social development. It is expected that a review of the camp situation in Lebanon may lead to the government requesting that more huttled camps should be built.

29. In Syria, the initiative of the government in organizing, in co-operation with the refugees and the Agency, new refugee housing schemes in the neighbourhood of Damascus and Lattaqie, where opportunities for work are good, was mentioned in the last annual report. The scheme near Lattaqie is now complete. The Agency is building huts for some 50 destitute refugee families and gives cash grants towards the cost of a new shelter to families becoming too big for their existing huts and to newly marrieds establishing a new home.

30. In spite of the progress made by the Agency in providing the refugees with more adequate shelter, their overall minimum needs have not yet been met. The steady pressure for the admission of the destitute into the Agency's camps is illustrated by the rise in the proportion of registered refugees in camps¹⁶:

16 Annex A, table 3.

June 1950	29.3%
1952	32.6%
1954	34.4%
1956	38.9%

There are still refugees living in caves in the hills of Palestine; there are still concentrations of refugees in unofficial camps for which the Agency cannot afford to assume responsibility; in and around many official camps there are still so-called squatters - refugees for whom Agency shelter cannot be provided. And (a problem peculiar to Lebanon) it has not yet proved possible to provide adequate accommodation for the refugees moved during the year by the local authorities for security reasons from the border area. The need of newly married persons for a new home of their own is not entirely met, the lag being due in part to delays in construction and in part to budgetary difficulties. Further, it has been possible only partly to meet the need (reported last year) of refugees living outside camps, who have exhausted their resources and can no longer provide for themselves.

31. It must be reported with particular regret that the funds were not forthcoming to provide the 53,500 Bedouins in Jordan with the tenting stated in last year's report¹⁷ to be needed. They have received no shelter assistance since they became refugees, and their tents are now in rags. It will be recalled that the replacement of Bedouin tents was one of the improvements in relief standards proposed by the Director and approved by the Advisory Commission subject to the contribution of the necessary funds¹⁸.

32. To summarize, the Agency's present shelter programme has the following objectives:

- (a) to replace tents with huts in existing camps, and to build new camps to replace unsatisfactory accommodation;
- (b) to provide accommodation in camps for the most urgent needs caused by social changes among the existing camp population;
- (c) to provide tents for the Bedouins mentioned above.

17 A/2978, para.16.

18 A/3017, para.11.

The present budget provides for this policy, taking into account the rate at which construction can go forward; but the extent to which the policy can be carried out depends upon the receipt of funds.

33. In addition, the Agency would like to provide shelter for the first time for some refugees who have always been inadequately housed and for others who through the exhaustion of their own resources now find themselves in need. This problem is particularly acute in Jordan and Lebanon, although it also exists to some degree in Gaza and Syria. The accomplishment of this objective would require funds additional to those requested in the present budget. It is difficult to estimate how much would be needed in any particular period as the rate of expenditure necessarily depends on factors somewhat beyond the Agency's control such as the availability and suitability of camp sites that would have to be made available by the host governments and the speed with which construction could in fact be carried out in the various areas. It is however possible to say that as of the present, a total of about \$3,500,000 would be needed; about 56,000 families would benefit.

Health

34. An account of the Agency's health services, which remain substantially unchanged from the previous year, is contained in annex B below. In general, the health of refugees under the Agency's care has continued to be satisfactory.

35. Among the over 3,300 workers active in the field of health (including medical care, supplementary feeding and camp maintenance services) more than 100 doctors and 100 qualified nurses extended their services to the refugees. 90 clinics and out-patient departments were made use of and more than 2,200 beds were operated or subsidized. In the field of maternal and child health, attendance at the Agency's maternity clinics and infant health centers increased considerably to reach the impressive yearly figures of over 120,000

and almost 500,000 respectively.

36. There has been a modest expansion of the school health service which was established the previous year; one new school health team has been established in Jordan, so that at the end of the year four were operating in that country, two in Gaza, and one each in Lebanon and Syria. The importance of this service is that the continuous examination of the school-children will enable the general trend of their health to be determined over the years as well as particular conditions of ill-health to be treated in individual children.

37. Regarding tuberculosis, the negotiations for the construction of hospital facilities in Lebanon mentioned in the last annual report have been successfully concluded. At the Agency's expense, a new wing is being added to an existing private sanatorium; refugee patients will thus benefit from its existing facilities. The anti-tuberculosis programme has been strengthened in Jordan by the appointment of additional staff. The reporting system has been improved, as well as the method of following-up contacts. These administrative changes result from the recommendations made by a WHO consultant during the early months of 1955. There has been no material change during the year as regards tuberculosis care and control in the Gaza strip and Syria.

38. For some years, the Agency has been working towards the elimination of malaria in the Yarmouk and Jordan Valleys, which was one of the most malarial regions in the world. From the Agency's point of view, this has been necessary partly because of the large numbers of refugees living in the ^{Jordan} Valley and partly as a preparatory step towards its irrigation and development. The work has consisted in the draining of swamps and the gradual elimination of mosquitoes by a larvicidal campaign and residual spraying; it has also included the education of the villagers in anti-malaria measures. The result in the three years since 1953 has been the drainage of 18 out of the 22 main swamps in the area, with a consequential increase in agricultural land, and the reduction of clinical malaria to one fifth

of its previous incidence. This work is now being integrated with the anti-malaria campaign of the Jordan Government covering the remainder of Jordan, the objective being the complete eradication of malaria from the whole country.

39. During the year, improvements were also made in environmental sanitation, especially in the disposal of excreta and refuse. The programme of health education of the public on which so much emphasis was laid proved successful and played an important role in the Agency's preventive health services. In the field of medical education, and beside the para-medical training programme (see Annex B), plans for expanding especially the public health training of the Agency's doctors and nurses are to be carried out next year.

40. The Agency's present health policy is guided by the principle of following the national health programmes in the host countries and of integrating the Agency's services with any new plans and projects there. The present budget provides for that policy. As regards preventive health services, however, higher standards of care than those provided by the host governments are desirable to help to meet the problems caused by overcrowding and living conditions in the camps. Increase of hospital facilities for TB patients in Gaza and Jordan, expansion of maternal and child-care services, and adjustment of personnel standards in camp clinics are among the improvements desirable for that reason.

Welfare

41. A description of the Agency's welfare services will be found in annex C to the present report. Their aim and the methods used to reach it are unchanged; they are designed to help to maintain the morale of refugees by means of group activities and individual case work.

42. During the year, a survey has been made of the needs of handicapped youth. It has been estimated that there are about 3,000 orphans among the refugees, and in addition about 4,400 cripples, blind, and deaf and dumb. From both the medical and welfare points of view, the care of orphans and chronic cases has

always been regarded as an activity inappropriate for a temporary agency like UNRWA. The Agency has tried to place in private and governmental institutions those who cannot be cared for in their own families. It has found, however, that those institutions cannot carry the additional burden of refugee cases without special help. The Agency has, therefore, decided as an experiment to place 185 such children in existing institutions which will take charge, against the payment of a modest capital sum, of their maintenance, education, specialized training and eventual placement.

43. At first sight, this experiment appears to be an extension of the Agency's welfare services. In fact, however, if it is successful and then extended, it will lead to the rehabilitation, at a moderate cost, of several thousand refugees who would otherwise continue to receive UNRWA's services and in the long run remain a permanent burden on their countries of residence.

44. As the Agency's main point of contact with voluntary agencies is its welfare services, the Director takes this opportunity to place once more on record his appreciation of the important work of non-governmental organizations presently helping the Palestine refugees, with an inspiring spirit of selfless service. Some, not actually working in the field, provide funds and supplies. Others provide medical and welfare services (including hospitals and clinics), clothing, and supplementary food; they also encourage and assist the construction of houses for refugees and they initiate small industrial and artisanal enterprises to help refugees become self-supporting. A high proportion of the voluntary agencies are of religious inspiration; and a note-worthy function of those which are foreign to the Near East is to continue to keep the plight of the Palestine refugees before the attention of the public in their home countries.

Clothing

45. During the period under review, the Agency began for the first time to provide some new clothes for refugee children in its care. Under this project, boys under fifteen are being given a

pair of shorts or trousers, a shirt and undergarments; and girls are being given a dress and undergarments. These clothes are being sewn largely by the refugee mothers themselves. Part of the cloth for this project has been woven by refugee weavers in the Gaza strip using yarn made available by the Agency; much needed and highly appreciated employment has thus been afforded. This UNRWA programme does not, however, diminish the need of refugee children for clothes collected by voluntary agencies.

46. Similarly, the clothing needs of adults have still to be met from contributions of used clothing coming from overseas, which during the year under review have totalled 1,307 metric tons. Shoes are also needed, and have been contributed in increased amounts (101 metric tons in the year under review). It remains important for the welfare of the refugees that collections of clothing and shoes should continue; but it is equally important that the material sent is in usable condition and suitable for the refugees' way of life. The Agency continues to pay for the transport of the used clothing and footwear to the Near East.

Improvement of relief standards

47. The Director noted in his last report to the General Assembly¹⁹ that additional food supplies, improved shelter, more kerosene and clothing, as well as assistance to the chronically ill, were needed. He pointed out, however, that such improvements raised issues of policy, because of the obvious requirement that, once started, they be continued.

48. After discussion of the matter, the Advisory Commission recommended, in its special report transmitted for the information of the General Assembly, that, if new sources of funds could be found the supplementary feeding programme for children should be extended, the tents of certain Bedouin should be replaced, additional²⁰ kerosene should be distributed and shelter in Gaza should be improved.

19 A/2978, paras.31 and 32.

20 A/3017, paras.11 and 12.

49. As the additional funds have not been contributed - indeed, the budget for normal relief needs has been under-subscribed²¹ - it has unfortunately been impossible to make these improvements during the period under review. Provision for most of them, amounting to \$1.5 million, has been included in the relief budget for the period 1 July 1956 to 31 December 1957, but whether they can be brought about will still depend on the availability of funds.

50. The Director wishes again to bring the general question of improvements in relief standards to the attention of the General Assembly. At the start of the Agency's operations, and for some years afterwards, the General Assembly assumed that the refugee problem would be short-lived. The barest emergency standards were therefore adopted. As these standards were plainly inadequate, gradual improvements were made and are continuing to be made,

especially since (at its ninth session) the General Assembly extended the Agency's mandate to 30 June 1960. In spite of this, the present standards are satisfactory neither to the Agency nor to the refugees nor to the host governments. Visitors from other parts of the world who have shown an interest in the refugee problem also criticise the standards.

51. The improvements which the Agency considers should be made in standards of feeding, of shelter and of health services, have been mentioned in paragraphs 24, 33 and 40 above. Specifications as to these improvements will be presented to the General Assembly at a later date, if it so desires.

II. ASSISTANCE TOWARDS SELF-SUPPORT

52. It cannot too often be emphasized that a refugee who has lost or has never acquired the habit of self-reliance and self-supporting work will be a useless burden on the community, whether he is later to be repatriated or to be resettled. In spite of the fact that one of the obstacles to the achievement of the General Assembly's goal of making the refugees self-supporting continues

21 See para.89 below.

to be the opposition of the refugees in the mass and, in some cases, of the Governments of the area²², it is nevertheless true that most of the refugees, as individuals, are willing to work when the opportunity is presented and especially if they can also keep their UNRWA ration cards. To begin with, it should be remembered that a large number of refugees of the professional and property-owning classes (not recipients of UNRWA relief) have already fully established themselves in the Arab states. Many others, as reported last year²³, have found part-time or full-time work. This applies particularly in Syria where refugees in agricultural areas have the same opportunities for seasonal work as Syrians and where many of those in the industrial centers (especially Aleppo and Damascus) may find full-time work. It applies to a lesser extent in Lebanon, where a substantial number of refugees, particularly those living around Beirut and Tripoli, and in the Bekaa, are in regular or part-time work as a result of the expanding Lebanese economy. Unfortunately, however, the work opportunities are especially scarce in the areas in which most of the refugees live - Jordan and the Gaza strip.

53. One should not, therefore, draw the conclusion that the willingness of individuals to work will permit substantial progress towards making the mass of the refugees self-supporting and independent of outside support. First, four-fifths of the refugees live in Gaza and Jordan; so that even if all the refugees in Lebanon and Syria should become self-supporting, the greater part of the problem would remain. In Gaza and Jordan, opportunities for local work and the chances of finding work by moving elsewhere remain small relative to the size of the problem. Secondly, the majority of the older generation of refugees are small farmers and farm labourers whose experience is quite unsuited to the skilled jobs at present available, or likely to become available in the

22 A/2978, para.34.

23 A/2978, para.12 (b).

immediate future. Thirdly, there is the natural increase of the refugee population. Finally, as already mentioned in previous reports, the refugees as a whole continue collectively to resist large-scale development projects, which appear to them to involve permanent resettlement and therefore to carry serious political implications.²⁴ It is, therefore, evident that, in the absence of wider and bolder political decisions concerning the entire refugee problem, there should be no optimism regarding its solution.

54. In the circumstances and under its existing mandate, the Agency has no alternative course in the matter of rehabilitation than the one it is now following. That is: to pursue with vigour the activities in which refugees and host governments are prepared to cooperate; and, to the extent that it can be directly related to making refugees self-supporting, to offer to assistⁱⁿ the economic development of the host countries; and to be prepared, by the elaboration of plans in cooperation with the host governments, for the time when it may be possible to move ahead to larger-scale constructive enterprise. What has been done during the year under review is fully described in annex D to this report. What follows here is a summary, emphasizing the important points.

Education

55. Next to the relief services proper (rations, shelter and health services), the Agency's educational system described in annex E to the present report, is that part of its programme which is most acceptable to and desired by refugees and host governments. The Agency regards education and technical training as one of the most important means open to it for preparing the refugees to become self-supporting in accordance with the mandate given it by the General Assembly²⁵. Its coordination with regional policy is normally ensured by consultation with the respective host governments and by means of a joint working party (which met during

24 A/2978, para.40.

25 for example, in resolution 393 (V), para.4.

the period under review in November 1955) convened by UNESCO and consisting of representatives of the Departments of Education in the host governments, of the Arab League and of the Agency.

56. The growth of the educational system was mentioned in last year's report ²⁶; it has continued during the year under review. The relevant figures are set out in detail in annex E. It will be noted from these figures that the number of new pupils entering the system has for the last two years become less, while on the other hand the pupils already in the system, and particularly girl pupils, tend to stay at school longer. Both these factors indicate that the system itself is gradually becoming normal.

57. To keep pace with the expansion of the Agency's schools, and to improve the standard of education provided in them, the Agency has in the year under review instituted a system of teacher training. Two pilot training centres have opened in Jordan; and on the basis of experience gained, the Agency intends to open one full-scale teacher training centre for men and one for women in Jordan, and one centre in Lebanon. The Egyptian authorities have also established a centre in Gaza, to which the Agency sends trainees at UNRWA expense. In all areas, the standard of teachers who could be recruited, as well as their morale, has been improved by a new salary scale which was introduced on 1 July 1955.

58. The Agency's technical training programme has not developed as rapidly as was hoped. Although the agricultural training centre in Gaza was ready in April 1956, its opening was delayed at the time by frontier incidents and the resulting local political situation. Disturbances in Jordan during the winter delayed the finalization of arrangements for an agricultural training centre in the Jordan Valley. It has proved unexpectedly difficult to find sites in Jordan and Lebanon for the agricultural and vocational training centres that are planned; and as regards the terms on which the land would be made available and the centres constructed,

account has had to be taken in reaching an agreement with landowners and the host governments, of the fact that the Agency has a short life relative to the considerable expenditures involved, and of the desirability of ensuring a continuous appropriate use for the centres after the Agency has been liquidated. Towards the end of the period under review, however, two sites had been chosen in Lebanon and one in Jordan, and preparatory work had started on them. In Syria, the Government and the Agency have agreed in principle that an agricultural training centre should be established.

59. The experimental introduction of handicraft training in Gaza has proved a great success. It aims at preparing young refugees in the last two years of elementary and the first two years of secondary schooling to enter vocational training and to help to overcome any aversion the pupils have to working with their hands. It was intended that thirty handicraft units should be built or rented in Jordan, and instructors trained, so that the programme might begin in Jordan at the start of the 1956/57 academic year. For budgetary reasons the number of units to be provided in Jordan for 1956/57 was, however, cut to twenty; and plans for building a further sixteen in 1957/58 have had to be cancelled. Cuts have also had to be made in the budgetary appropriations for the handicraft programme in Gaza.

60. At the end of the period under review, an acute problem was facing the Agency as regards its education programme in the Gaza strip, where the small area and the lack of natural resources mean that there are inadequate local opportunities of suitable employment for children leaving school. Children leaving elementary schools are in general unable to find work; and, with the main objective of keeping them occupied, the Agency was urged by the Egyptian authorities to allow a larger number than contemplated in the Agency's programme to attend secondary school. This, however, would clearly

only postpone the issue. For although the smaller numbers leaving secondary schools in past years have on the whole been absorbed in employment either in the Gaza strip or elsewhere in the Arab world, their employment has generally been as school-teachers, and opportunities for them in that profession are diminishing as their numbers increase. Evidently, therefore, the Agency's education system in Gaza can only lead to increased frustration and social unrest in the absence of increased opportunities for work in Gaza and increased opportunities for finding work in other parts of the Near East. The former received the attention of the Agency and of the Egyptian authorities²⁷, but it became clear that no possible action in Gaza alone could by itself solve this major unemployment problem.

61. The subsidies paid by the Agency to the governments, missions and other bodies in respect of the education of refugee children in their schools do not cover their full costs. The Agency receives many requests to increase its subsidies, but has not found it possible to meet them, particularly in view of the fact that the number of refugee pupils entering secondary education is rapidly increasing and that it is expensive for the Agency to maintain such pupils even at the present subsidy rate. This raises the question as to whether the Assembly regards the Agency as solely responsible for all refugee education, and, if so, whether the additional funds can be made available.

Placement

62. A characteristic of the countries of the Near and Middle East is their steady economic development. An economic study published by the Agency during the year under review called attention to the remarkably high proportion of the national income that is being devoted in all countries of the area to this purpose. One result of that development is that there are, as has been pointed out in paragraph 52 above, numerous refugees in part or full-time employment in Lebanon and Syria.

63. In order to help refugees to find jobs with various employers both in the host countries and elsewhere, the Agency has for some years had a placement service, with representatives in its field offices.

27 see para. 71 below.

The service keeps a register of qualified refugees, arranges for trade testing, and keeps contact with potential employers throughout the area. It also when necessary pays refugees' fares to the location of the job. During the period under reference, nearly 20,000 refugees found employment with government and private employers. The jobs so found, however, are often short-term and seasonal, not resulting in permanent self-support.

64. During the year under review, 1,040 refugees who wished to emigrate, who had obtained visas on their own initiative and who had requested assistance from the Agency have been given travel grants when they demonstrated that they would otherwise not have been able to use their visas.

Agricultural development

65. In addition to its education system and placement service, intended to help refugees to find and take advantage of existing opportunities for employment, the Agency has a number of projects in execution or contemplation which are designed to increase the number of jobs at present available. Most of these projects concern the development of agricultural land.

66. During the year under review, the engineering surveys having been finished previously, feasibility reports were completed concerning the two major projects mentioned in last year's report²⁸ -- those for the utilization of the waters from the Jordan watershed in the Jordan Valley and from the Nile in Western Sinai. The technical conclusions reached in the reports are summarized in Annex D. It should be noted, of course, that no work on the Jordan project can begin until agreement has been reached between the governments concerned. As regards the Sinai project, the Egyptian Government stated during the year under review that insufficient water was available from current resources; the project cannot therefore be implemented for the time being.

67. Among the Agency's seven small-scale agricultural projects, 79 families were installed during the period under review in one settlement near Bethlehem; irrigation work and housing construction was completed so that the population of another settlement in the Jordan Valley could be increased from 40 families to 70; exploratory well-drilling has indicated the possibility of increasing the cultivated area of a third project (also in the Jordan Valley) from 800 to 7,000 dunums; and the number of families on a fourth in Syria was increased from 50 to 71. The afforestation programme in Gaza was also expanded.

Loans and Grants

68. As part of its programme to increase the number of jobs available in the host countries, the Agency in previous years administered in Syria a programme of individual grants, up to LS.²⁹500 per person, to refugees engaged in small commercial enterprises to enable them to become self-supporting. This programme has continued, and a much larger one has been developed in Jordan during the year under review to assist the development of agricultural, commercial and industrial enterprises, as well as house-building. At the start, the programme in Jordan encountered some political opposition on the alleged ground that its success would prejudice refugees' rights to repatriation. This opposition has continued, although as of the end of the period under review, objections had somewhat diminished.

69. Larger enterprises are assisted in Jordan by means of the Jordan Development Bank, an independent enterprise to whose paid-up capital of JD.³⁰417,507 the Agency has contributed JD.350,000. The Bank makes loans for agricultural and industrial

29 LS 10 = \$2.82 = £ 1.

30 JD 1 = £ 1 = \$2.80.

development; among the latter are loans for the establishment of a cigarette factory and a new hotel in Jerusalem. An estimated 2,000 refugees are employed in enterprises supported by the Jordan Development Bank.

70. What are in reality grants in kind are made by providing modest houses for refugees who would be self-supporting but for the burden of rent. During the period under review, one such housing project for 28 families has been completed and another for 48 nearly finished; both are in Jordan.

71. Works, Projects and General Development

71. In resolution 393 (V), adopted on 2 December 1950, the General Assembly considered that, without prejudice to the provisions of previous resolutions concerning repatriation or compensation, "the reintegration of refugees into the economic life of the Near East, either by repatriation or resettlement, is essential for the time when international assistance is no longer available ...". The emphasis on works leading to self-support rather than to the provision of temporary employment was further endorsed when, on 26 January 1952, the General Assembly in resolution 513 (VI) approved the programme of relief and reintegration according to which the Agency has operated ever since. Thus, the Agency has considered that, with the exception of funds expended on its education programme, all expenditures on rehabilitation should be conditional on the rapid self-support of a commensurate number of refugees. The Agency wishes to request the General Assembly's consideration of two possible departures from this policy.

72. The first relates to possible measures to meet the extremely serious conditions of poverty and unemployment in the Gaza Strip, described in the last annual report. The

economic situation was slightly improved during the year under review through employment given to some 2,000 weavers under the Agency's clothing programme;³² the continued operation of the Agency's carpentry and other shops to supply Agency needs for such things as desks and other furniture required for the expansion of the education system; the maintenance of its own factory for the construction of pipes, bricks and other cement products needed in its housing programme; increases in Agency salaries (of school-teachers, for example);³³ as well as increases in Egyptian expenditure in the Gaza Strip. Nevertheless, these factors by themselves have been wholly inadequate to effect any real improvement in the economic condition of the Gaza Strip and of the refugees living there. Consequently, at the end of the period under review, proposals were drawn up by the Agency and the Egyptian authorities for the introduction of a special programme of works projects in Gaza. The main purpose of the projects was to provide employment and improve morale so as to prevent social and political unrest. They were, at the same time, to provide some much-needed improvements in the area. Among the projects considered were: the construction of roads in Gaza town and in the Khan Younis municipality; the construction and repair of roads in refugee camps; the construction of a new drainage system in the Gaza municipality; the construction of a small port; and a project to create opportunities for young refugees to be profitably occupied in learning how to use simple tools as well as the elements of simple farming. After discussion with the Agency's Advisory Commission, the Director decided to proceed with the last-mentioned project, but to take no action with regard to the others pending the approval of the General Assembly and the provision of adequate funds.

32 Para . 45 above.
33 Para . 58 above.

73. The second suggested change in policy relates particularly to the situation in Jordan, where opportunities for self-support projects are very limited. The experience of the year under review has confirmed that some progress can continue to be made through small-scale agricultural schemes, individual grants and the like. However, these programmes, when taken all together, do little more than scratch the surface, for they have resulted in only a relatively small number of refugees becoming self-supporting. The Agency therefore requests that, in addition to continuing these small-scale programmes and in addition to its readiness to participate in the Yarmuk-Jordan project when related political problems are resolved, the General Assembly consider the enlargement of the Agency's mandate so as to permit expenditures, by loans or grants, upon general development programmes, with which the immediate employment or self-support of refugees need not be directly connected, but which will eventually benefit the refugees through increasing the general economic activity of the country.

III. RELATIONSHIP WITH HOST GOVERNMENTS

74. In the last annual report, and during the discussion of the Director's report by the Ad Hoc Political Committee at the tenth session of the General Assembly, attention was called to certain difficulties arising from Government-Agency relationships which were hampering the efficient carrying out of the Agency's work.³⁴ The Director stated that if arrangements could not be made with the governments concerned to overcome these difficulties, he would consider it his duty to bring these matters before the General Assembly again and in more detail.³⁵

75. The Director is glad to report that in some cases satisfactory arrangements have been made, and the Agency is grateful to the individual government officials and technicians who have helped to this end. He regrets to have to report, however, that in certain respects the situation has grown more difficult, and he accordingly believes it important that the General Assembly should give serious thought to this matter.

76. In considering this question, the following factors should be borne in mind:

(a) The refugees constitute a high proportion of the total population of the host countries. In Gaza, refugees make up about 69% of the entire population of the strip; in Jordan, 36% of the people are refugees; in Lebanon the percentage is much smaller, almost 7%, but still substantial. Only in Syria is the proportion reasonably small, i.e. 2.3%.

(b) The economies of the host countries have been subjected to serious strains by the influx of such large numbers of people. This strain is felt not only by the taxing of

34 A/2978, para. 59 and annex G.

35 Director's statement to the Ad Hoc Political Committee, 14 November 1955, para. 27.

existing limited public services and resources, and by depressed labour markets, but the governments themselves are called upon to finance some services for the refugees, as distinct from those financed by the Agency.

(c) The Agency is conducting very extensive operational services in various fields of nutrition, health and education, all being matters of direct concern to the host governments.

(d) Although the Agency's mandate is strictly humanitarian, the refugee problem is at the core of the Palestine question, which ^{is} one of the most explosive political issues in the host countries and in the whole Near East.

77. These factors give the Agency's operations an importance in the life of the host countries that is unusual for an international organization. It follows that actions taken by the Agency are bound to affect actions and policies of the host governments and vice versa.

78. This inter-relationship between government and Agency has of course existed from the time UNRWA commenced its operations - then believed to be short-termed. It was, however, relatively easy to make accommodations when it was hoped that the refugee problem was only a temporary one. But, as the years have passed and no solution to the problem was found, this inter-relationship has been subject to increasing strains on both sides. One cause of strain is due to the fact that the refugee problem is approached by the Agency, under its mandate, from the sole point of view of relief and rehabilitation, whereas the problem represents for the Arab governments a burning political issue also.

79. Under the circumstances, some of the governments of the host countries have tended more and more to want to control or to impose restrictions on Agency actions. This creates particular difficulties in the personnel field. For example, two of the

governments have asserted, in effect, the right to veto the appointment of individual staff members of the Agency; they have forced Agency personnel to leave their territory, without justified explanation; and they have refused admission of certain Agency personnel into their territories, even though no objection was raised against them in other host countries. The authorities of one of these have even prevented certain Agency staff members from leaving territory under its control, even when duty travel was involved.

80. As already mentioned in the reports of the Director to the ninth and tenth sessions, ³⁶ the host governments have at times ignored the Agency's international status in other ways - as, for example, by the imposition of import restrictions or taxes on supplies imported for refugees. The Agency, for its part, has sought to maintain its international character and to resist the infringements upon it mentioned in this and the preceding paragraph, but often without success.

81. In a number of other cases, misunderstandings and differences of opinion have arisen as to the nature and extent of UNRWA's responsibilities, which have caused serious difficulties for the Agency in the efficient conduct of its operations. One example is to be found in the situation in Jordan where, because of the refusal of the Government to carry out procedures for establishing more accurate registration records, the Agency has been unable to remove ineligible names from the rolls and to replace them with eligible ones, particularly children (see paragraph 14 above). Another example is to be found in the situation in the Gaza strip, where the Egyptian authorities took the position that the Agency was responsible for providing secondary education for all qualified pupils desiring such schooling, even though the percentage of pupils there who were given secondary education was already above that applied by UNRWA in other host countries and above that provided for in the Agency's programme for the progressive development of its education system (see paragraph 61 above). Still another example of uncertainty

as to ultimate responsibility was presented when refugees not living in camps were forced to move from border or other areas (on security grounds) without adequate arrangements being made by the authorities to provide new facilities to house such refugees.

32. Where the Agency does not find it possible to provide the additional rations or the shelter or educational or other services demanded, it is often publicly accused by refugees and, at times, by others, of failing to meet its responsibilities and of following policies inimical to the interests of the refugees. The heart of this problem lies in the realm of politics and, in effect, in the unsolved Palestine question itself. The refugees, who live frustrating lives, often in insecure areas, and who see little visible hope for the future, bring constant pressure on the host governments to improve their material and political situation. They and the governments openly regard the United Nations as responsible for their plight, and the consequent tendency is to deflect all pressures to UNRWA. Further, although some officials and some journalists have raised their voices in support of UNRWA's work, very little has been done publicly by the governments to explain the true nature of the Agency's responsibilities and authority. Thus, the suspicions and ill-will which have been permitted to develop over the years, to the detriment of all concerned, have not been allayed. In some areas, this situation has, at times, become quite serious - as, for instance, when a cabinet minister in one host country stated that the Agency's policy was to "exterminate" the refugees through the deliberate refusal of proper medical attention. In this particular case, it was several weeks before a denial was issued by the Minister, even after strong official protests had been made by the Agency. False statements not only sow dissension and fear among the uninformed mass of the refugees: they also make the day-to-day work of the Agency and of its staff (which includes over 9,000 Palestinians) more difficult still; and they might, in the last analysis, be construed as an encouragement to unrest.

8. Many things done by the Agency no doubt could be done better. As mentioned in section I above there are basic ameliorations the Agency would very much like to carry out if it had sufficient funds; also there are improvements in procedures, in staffing and in policies that can and are being made. All in all, however, the Director believes that the job done by UNRWA is a reasonably good one, having in mind the scanty funds available and the frustrating conditions under which its staff works. He also believes that it would be in the interest of the Palestine refugees to have the facts concerning the Agency presented to them fairly and thus improve the atmosphere in which the Agency operates. This can best be achieved by a concerted effort on the part of the host governments to explain to the refugees, to the general public in the Arab states and to government officials at all levels the true nature of the mission entrusted to UNRWA and the limitations of its authority and its funds.

84. In the light of the preceding paragraphs it seems indispensable to ask the General Assembly to re-examine and make a reappraisal of the Agency's terms of reference, and to determine how best the refugees are to be assisted. For example, does the Assembly consider that the Agency should continue to have direct operational responsibilities - and do the host governments desire this? Or does the Assembly wish the Agency's essential functions to be more limited, with operational control and responsibility entirely in the hands of the host governments? It is important that the nature and extent of the Agency's responsibilities and authority be made clear, and agreed by the host governments. It is also important that the Agency, no matter what its responsibilities, have the open and full cooperation of host governments. It should be understood that, in the event that local conditions in any area unduly hamper the carrying out of those responsibilities, it may be necessary for the Agency to suspend or terminate its operations in such area.

IV. FINANCES

1. The Director draws the particular attention of the General Assembly to the urgent necessity of ensuring the provision of adequate funds for the Agency's work. This is a matter of transcendent importance. He must repeat the statement made in the last annual report that "if adequate funds are not made available when and as needed, serious and possibly disastrous hardships will be caused to the refugees who are dependent for their daily needs on UNRWA's services"³⁷. The Director regrets to report that, in spite of the appeals made during the past year, adequate funds were not received to enable the Agency to provide all the relief services needed.

66. The situation will even worsen this year if urgent measures are not taken by the member states of the General Assembly to remedy it promptly. Not only should some relief services be improved (as indicated in paragraph 50 above and in the last special report³⁸ of the Advisory Commission), but the cost of basic materials is rising and the number of refugees is increasing. Consequently, if more funds are not received this year than last, the Assembly must contemplate a decrease in the services made available to the refugees. Such a possibility presents a very grave and serious decision to all states who are members of the United Nations, each of whom presumably has a direct interest in the condition and future of the Palestine refugees, on whose behalf the General Assembly created UNRWA. It may be of interest to the Assembly to know that, during the past year, only 23 member countries contributed to UNRWA and that, of those, two countries contributed 94% of the total.

67. A full report of the Agency's financial and budgetary position is contained in annex F to this report. The reader is also referred to the financial statements and report of the Board of Auditors to be presented separately to the General Assembly. The following paragraphs will serve to highlight some of the most important features of the Agency's financial position.

37 A/4978 para.56.

38 A/3017.

89. The budget for the operations described in this report, including administrative expenses and overheads, was \$26.8 million in respect of relief services and \$16 million in respect of education and small-scale self-support projects. In addition, the Agency's Advisory Commission recommended a supplementary relief budget of \$1.7 million, providing the money could be found over and above that necessary to finance the regular budget;³⁹ and a further \$76 million would have been needed if the irrigation projects in the Jordan and Yarmuk Valleys and in Western Sinai could have been started.

90. Actual expenditure on relief services during the year under review was \$23.4 million; the difference between budgetted and actual expenditure is more fully explained in annex F, being mainly accounted for by the facts that it did not prove necessary to use the operational and other reserves provided for in the budget, that certain construction and equipment purchases were deferred, and that commodity costs were lower than originally anticipated. Contributions actually received from governments during the year for the relief programme amounted to \$22.6 million which, added to the \$0.4 million in miscellaneous income, made available \$23 million for relief services. As a result of the undersubscription of funds for the regular relief budget, it was obviously impossible to undertake the services provided for in the supplementary relief budget. Regarding self-support projects, small expenditures were required in respect of the Jordan and Sinai projects; on education and small-scale projects, \$8.8 million was spent. Governmental contributions to the rehabilitation fund, from which education as well as small-scale projects are financed, amounted to \$1,000,000 during the year. Miscellaneous income applicable to rehabilitation purposes was slightly more than \$0.1 million.

90. There was thus a deficit both on relief and on rehabilitation account. This deficit was met by drawing down working capital. The serious consequences of this necessary

action will be discussed below.

Fiscal period 1956/57

91. During the year under review, the Agency's budget for the subsequent fiscal period was prepared. As reported to the tenth session of the General Assembly⁴¹, the Agency is taking steps to make its fiscal period coincide with the calendar year; and therefore the budget now submitted covers the eighteen months period from 1 July 1956 to 31 December 1957.

92. For the 18 months fiscal period beginning 1 July 1956, a relief budget of \$43.4 million has been established. Of this amount, \$14.0 million is budgetted for the first six months period beginning 1 July 1956; \$29.4 million is budgetted for the calendar year 1957. The budget for the calendar year 1957 includes an amount of \$1.5 million in respect of certain special items referred to in annex F, including three of those provided for in the supplementary relief budget for 1955/56. With the exception of the special items, the relief budget merely provides for the continuation of existing programmes under normal conditions of operation. It can readily be seen that the relief budget as a whole is rigid, and cannot be materially reduced apart from major decisions regarding changes in relief policy.

93. The budget for self-support purposes can be divided into that part whose continuation at a certain level is implicit in past decisions and in the nature of the operations themselves - the education system, existing agricultural projects, the placement service, community and crafts centres - for which \$17 million is budgetted for the 18 months, and that other part covering work which could, in a dire emergency, be stopped or which has not yet started. This latter work includes the building of new schools and vocational training centres, new agricultural projects and the loans and grants programmes: that is to say, those parts of the self-support activities which in fact are most constructive, appreciated and successful. For it, \$5 million is budgetted.

40 paras 93 and 94

41 A/978, annex F, para.18.

24. The Agency's theoretical working capital is the difference between its assets, which include goods in stock, claims and accounts receivable as well as cash, and its liabilities. That working capital, less the non-cash assets, represents the working capital available for future commitments. On 30 June 1955, total theoretical working capital was \$35 million, and available working capital was \$20 million, of which \$18.5 million was ear-marked by the contributors for the rehabilitation fund. On 30 June 1956, total working capital was \$27.2 million, but available working capital had fallen to \$14.3 million, \$10.1 million of which was similarly ear-marked for the rehabilitation fund. At current rates of expenditure, the available capital would last the Agency less than six months. The difficulties resulting from shortage of capital were mentioned in last year's annual report⁴², but the requested increase in working capital was not provided.

25. In addition to the dangerously small figure for available working capital, the high proportion of it ear-marked for self-support raises difficulties. In the past, it has been the Agency's⁴³ practice, as reported to the tenth session of the General Assembly to finance its relief services from the rehabilitation fund during the early months of each fiscal period before contributions to the relief fund are paid. This is rapidly becoming no longer possible, partly because the cash available is diminishing and partly because contributions to the relief fund have been less than relief expenditures. As the Agency does not know before the end of any fiscal period what the total relief contributions during that year are going to be, it assumes that funds will be forthcoming and accordingly temporarily uses rehabilitation funds. The latter fund, however, is in the nature of a trust fund; and the Director will soon find himself in the position of having to borrow from it more than he expects to be able to pay back, unless he can receive firmer assurances than he has been able to obtain heretofore that the relief budget will in fact be fully subscribed.

42 A/2978 annex F para. 16.

43 A/2978 annex F, para. 14.

Contributions

96. For the 18 months beginning 1 July 1956, relief contributions amounting to \$43 million are required after taking into account probable miscellaneous income. The experience of the year under review is that, unless some special efforts are made, contributions are likely to be less than \$36 million (\$24 million for a twelve-month period), leaving a likely deficit of \$7 million or more. Small economies here and there in existing operations will be totally inadequate to reduce this deficit, which can only be prevented by a substantial increase in contributions or by the cutting of major parts of the Agency's services.

97. For the self-support programme, including education, contributions amounting to \$22 million are needed. As a result of large contributions to the rehabilitation fund made in earlier years, it has not been necessary for some time to request funds for this purpose as a matter of urgency. This year, however, contributions must be made if the programme is to continue.

98. In considering the Agency's financial position and its urgent need for adequate funds, it is vitally important to bear in mind the fact that, for the sake of the refugees' very subsistence, the greater part of the Agency's work has to be carried on continuously, without any interruption. Although the budget is expressed in terms of dollars, it must be looked upon as representing essential goods (so many tons of flour or rice, such and such types of medical supplies, so many shelters, so many tires, pencils and school desks) and essential services (so many doctors, nurses, school teachers, drivers, warehousemen, sanitation workers, etc.) It is illusory to think that a budget figure for one year is necessarily an accurate gauge of what that figure should be for the next year. The Agency's duty is to think in terms of what it must provide to the refugees - hence, when prices and costs rise, the contributions must increase even if the Agency is just to